

**2011-2013**

## **SOCIAL ACCOUNTS CYCLE - 3**



### **INDUSTREE FOUNDATION**

Sy No. 36/5, Somasundarpalya,

HSR Layout Sector II,

Bangalore – 560102 India

[www.industree.org.in](http://www.industree.org.in)

Email: [info@industree.org.in](mailto:info@industree.org.in)

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We are grateful to CSIM – Mrs. Aruna and Mrs. Usha, who made this experience so pleasant and gave the direction to writing of social accounts.

**Neelam Chhiber**  
**Managing Trustee**  
**Industree Foundation**

## Glossary of Terms Used

AHVV	Ambedkar Hastshilp Vikas Yojna
CFC	Common Facility Centre
DCH	Development Commissioner (Handicrafts)
DTDW	Design & Technical Development Workshop
EPCH	Export Promotion Council of Handicrafts
GBF	Grassroots Business Fund
GNFF	Global Natural Fibres Forum
GOI	Government of India
HRD	Human Resource Development
ICPL	Industree Crafts Pvt. Ltd.
ID	Identity Card
IF	Industree Foundation
IFC	International Finance Corporation
IICD	Indian Institute of Crafts Design
IMBT	Industree Mutually Beneficial Trust
ITPL	Industree Transform Private Ltd
MF	Micro Finance
MNC	Multi National Corporation
MVOA	Mission, Values, Objectives & Activities
NABARD	National Bank for Agriculture & Rural Development
NGO	Non Government Organization
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NPT	Narsapur Producer Transform Pvt Ltd
NRLM	National Rural Livelihoods Mission
NSDC	National Skill Development Corporation
PPP	Public Private Partnership
SAA	Social Accounting & Audit
SHG	Self Help Group
SPV	Special Purpose Vehicle
SUTP	Skill Upgradation Training Program
USD	United States Dollar

## Preface

Industree Foundation is in the third cycle of Social Accounts. This Social Account has been prepared for the period Apr'11 to Mar'13 as separate documents for ICPL and IF as opposed to the 2 previous joint social account documents for ICPL and IF. The purpose of a joint SAA was to better understand the inter-relationship between the two entities and the functionality of Industree as a whole. Post scale up of ICPL, the reason for separating the audits is to enable the scale up of IF, which will impact the long term scale up of the blended capital model that is INDUSTREE/MOTHEREARTH.

### Objectives of SAA process

- To consolidate the social impact done over the years in terms of trainings and development
- To build on monitoring and evaluation systems brought in since the last accounts
- To highlight the social commitment of the organization through external accreditation

### Social Accounting Team

Name	Designation	Role
Neelam Chhiber	Managing Trustee Industree Foundation	MVOA structuring, forming methodology, implementation
Neju George	Sr Program Manager	MVOA structuring, providing information database for Industree Foundation
Aruna Subramaniam	Director, CSIM, Bangalore	Supervision of Audit process, guiding of each step in the documentation process
Usha Ravi	Joint Director, CSIM, Bangalore	Supervision of Audit process, guiding of each step in the documentation process
Poonam	Project Manager- Industree Foundation	Documentation for ICF

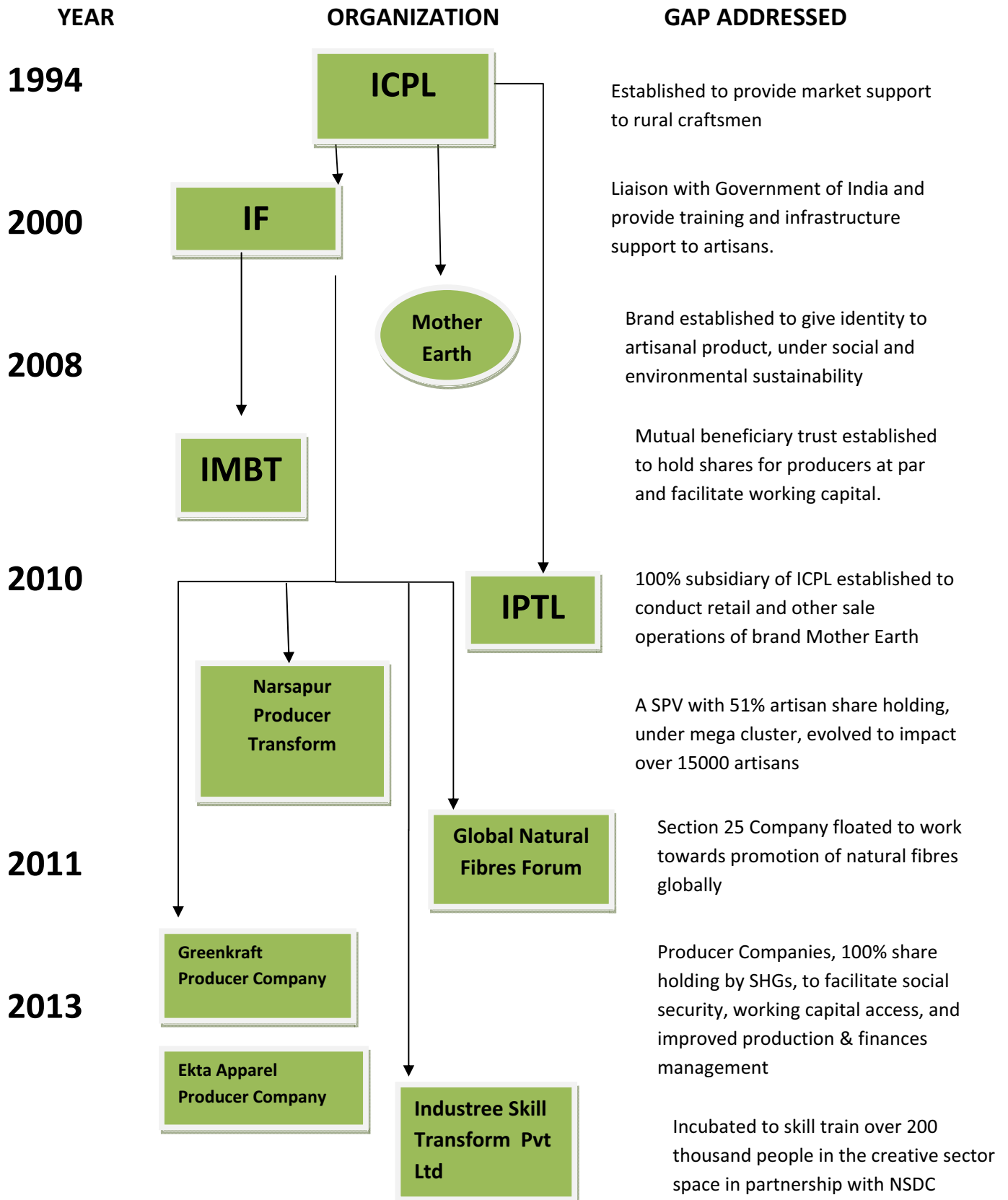
## Introduction

Industree is a blended capital model that is building the eco system for the growth of rural artisanal producers or the creative industries manufacturing sector that comprises the second largest rural income provider after agriculture in India. The eco system currently consists of a for profit that is building the market demand end in Indian and global markets with impact investors- Future Ventures and GBF, a non profit that is building the producer owned production core along with state of the art production infrastructure with GOI, philanthropic capital and public funds, a skill development for profit with NSDC and a working capital financial instrument that will augment the supply chain financing needs of the sector. The model currently impacts 10,000 artisans at 6 million USD in sales, or Rs 33 crores, and hopes to reach sales of 100 million USD in the next 7 years and impact 1, 00,000 artisans.

Industree's Social Account's, a means to ensure that the social and environmental returns it ensures are backed by hard data, were in the past prepared jointly for both ICPL and IF. This 3<sup>rd</sup> set is being prepared as separate documents for ICPL and IF, the purpose of the Social Audit being to better understand the inter-relationship between these two entities and the functionality of Industree/MOTHER EARTH as a whole. Post scale up of ICPL, the reason for separating the audits is to enable the scale up of IF, which will impact the long term scale up of the blended capital model that is INDUSTREE/MOTHEREARTH.

Artisanal skills are significant as rural income providers in India. This includes what has so far been called the handicraft and handloom sector in India. India currently exports Rs.12, 000 Crore of handicrafts alone, and this is merely 3% of existing global markets. The industry is however heavily biased against the artisan, who receives a very minor portion of this. This sector has thrived because of the infrastructure and capital infusion provided by urban, mostly North and West India based exporters in towns and cities. At the same time India is witnessing an unprecedented domestic retail boom, with Indian retailers expanding into food, apparel & home in a large way, mostly importing artisanal home accessories from overseas. This indicates a huge market opportunity for the millions of under compensated handloom weavers and handicraft artisans, who represent a large traditionally skilled rural workforce, which is unorganized, and suffers from poor production infrastructure, access to working capital, and contemporary entrepreneurial skills. Mother Earth visualizes a large opportunity in the development of these producers into production units and producer companies, which when provided with appropriate finance, markets, designs, production infrastructure and management tools. This would be a direct way of creating inclusive growth.

## EVOLUTION OF INDUSTREE



Industree was co-founded by Ms Neelam Chhiber – Industrial Designer from NID and Ms Gita Ram – Social Investor. Neelam is alumnus of Social Impact International, Global Social Benefit Incubator, Santa Clara University, USA and the Harvard Executive Programme. She is recipient of the Social Entrepreneur of the Year award, from the Jubilant Schwab Foundation, 2011.

The nonprofit, Industree Foundation engages with the government and its programs on issues of skill training, production infrastructure, working capital at rural level, which are crucial to scaling the sector. One of the key reasons for the lack of growth of the sector is the scattered nature of practitioners, without access to common purchase of raw materials, common production centers, skill enhancement and suitable technology that enhances their productivity but does not deem them redundant.

Currently Industree Foundation is engaged with 2 programs of the Ministry of Textiles, Natural Fiber Theme Cluster program, impacting 7,500 artisans, across 7 states in 28 districts and the Mega Cluster program, impacting 15,000 lace artisans in AP, (a PPP model with Industree holding 51% shares in the company and 49% being held by 9 producer societies). It is envisaged that all these producers will eventually supply into the demand being created, thus closing the backward integrated value chain. Additionally since its inception Industree Foundation has engaged with 10,000 artisans scattered across the country in a wide variety of craft skills on new designs and techniques. Over 90% of these producers are women, minorities, backward classes.

Industree Foundation is in discussion with NRLM to initiate work in 3 states, Karnataka, Tamil Nadu and Chattisgarh, with proposals to bring 2000 artisans per state into the value chain. In addition Industree Foundation's proposal to set up a training company for the handicraft and handloom sector with NSDC has received sanction, though the for profit mooted - Industree Skill Schools Transform Pvt Ltd.

Industree Foundation's engagement with GOI has been built painstakingly over the last 12 years, because of Industree's experience with the consumer market. If global markets and India's own growing market needs to be tapped by these rural artisanal producers competitively, they need to be clustered and have access to suitable production infrastructure and working capital instruments, in addition to efficient order/supply chain management. The latter is being provided by Mother Earth, with help from Impact investors while the former are still highly critical components of the eco system that Industree Foundation is working on.



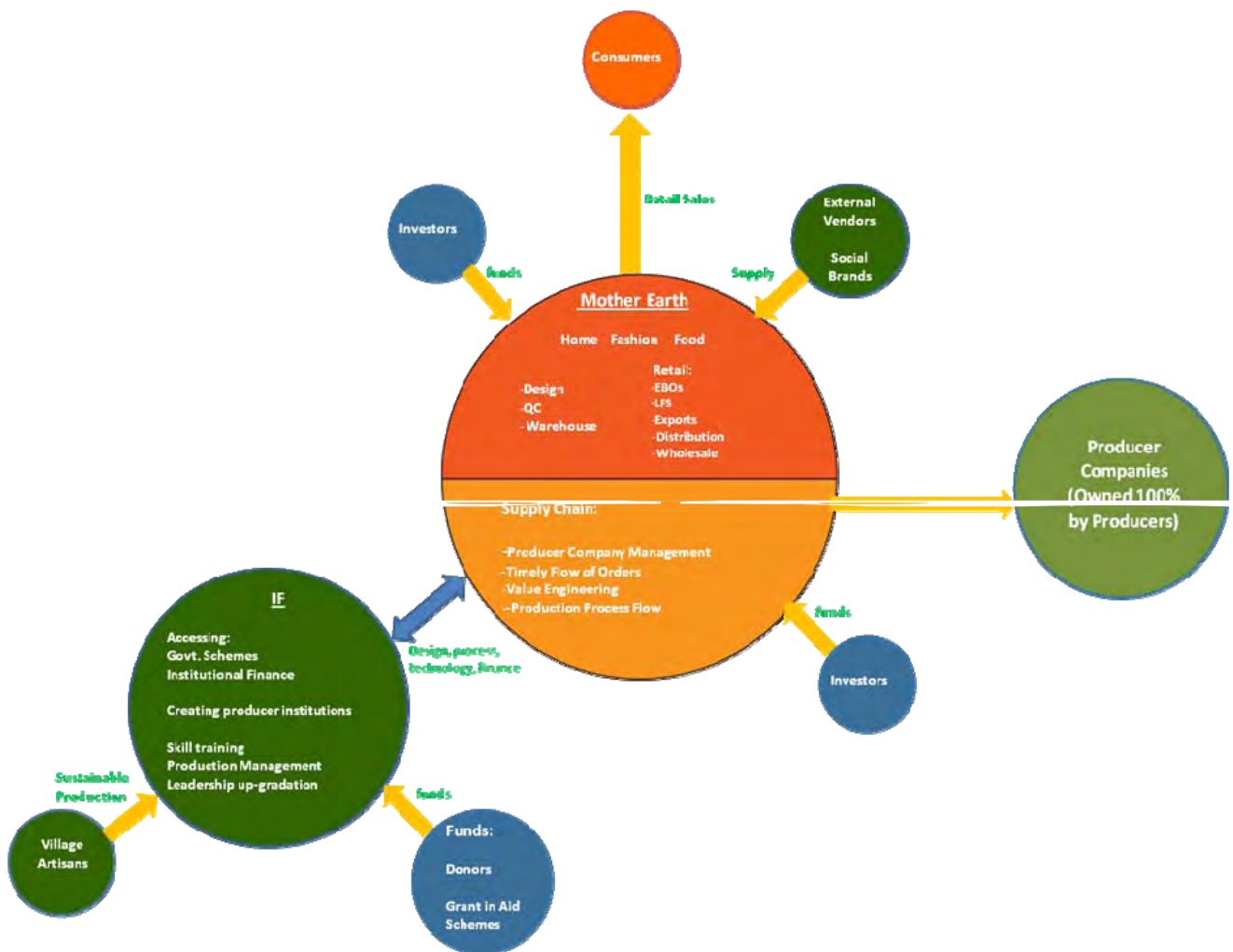
Industree Foundation needs access to donor funding to enable it to fulfill its part in the value chain for the following reasons. Firstly artisans need assistance with equity in the business model, once they are clustered in producer companies. Working capital for these producer companies can be explored with priority sector banking once this equity is in place. Alternately IF is exploring the possibility of piloting a nonprofit independent working capital finance instrument. In addition GOI skill and capacity building schemes factor in a 50% advance, leaving it to the implementing agency to complete the project with internal funds. Reimbursements arrive after almost a year. The scale and speed at which IF is working to effectively link producers to markets Mother Earth is creating, requires additional funding resources. The critical role of the government in this blended capital scenario is providing access to improved infrastructure for production in rural areas, a component, which their schemes have. Synchronicity is key in these blended capital models and therein lies the largest challenge for IF in implementing these schemes in a timely fashion.

### **Operational Model**

ICPL gathers market insights and develops designs based on customers' preferences and functionality. Industree Foundation translates these designs into training programs for rural artisans. ICPL then sources products from artisans trained by ICF and markets them in domestic as well as export markets. IF is working on capacity building of artisans so that they can channelize their ICPL earnings and put them to better use through artisans groups (based on the SHG model) and become independent producing entities.

### **Organization Structure**

Industree Foundation is guided by an eminent Board of Trustees. The Sr Program Manager works directly under the Managing Trustee and leads a team of 12 people divided in three departments. Since the area of operation is wide, staff members are called upon to do multi tasking and cannot be classified under one head.



**Recommendations from Previous Year's Audit:**

IF and ICPL/Mother Earth need to integrate better and need to share more information and experience. This doesn't mean that they dilute their mission or their commitment to their stakeholders. In fact, they will be able to cater much better to their stakeholders if they work together more efficiently. They will continue to do different things, but everyone concerned must appreciate and be comfortable with the hybrid nature of Industree.

## OBJECTIVE WISE REPORTING

Below is the summary of Mission and Objectives of Industree Foundation. Since separate audit is done for 1<sup>st</sup> time for Industree Foundation, the values are still not evolved. The values would be evolved in next cycle of social accounts.

<b>Mission</b>	
<b>To enhance, protect and create secure artisanal livelihoods through socially, inclusive , economically and environmentally sustainable production</b>	
<b>Objective 1</b> <b>To build production capacities of semi rural artisans by</b>	<b>Activities</b> <ol style="list-style-type: none"> <li>1 Building leadership capacity and encouraging group ownership of production.</li> <li>2 Creating sustainable producer owned institutions</li> <li>3 Skill up gradation (direct and indirect)</li> <li>4 Enhancing the design capabilities of producers (direct and indirect)</li> <li>5 Identifying and clustering artisans in geographically remote areas</li> <li>6 Accessing Institutional funding</li> <li>7 Engaging with schemes of government and other developmental trainings</li> </ol>
<b>Objective 2</b> <b>To assist small artisanal producers reach markets by</b>	<b>Activities</b> <ol style="list-style-type: none"> <li>1 Providing access to working capital</li> <li>2 Engaging with ICPL</li> <li>3 Reviving languishing crafts - Killimangalam</li> </ol>
<b>Objective 3</b> <b>Enhancing Social Security for artisans by</b>	<b>Activities</b> <ol style="list-style-type: none"> <li>1 Accessing state policies for health insurances, life insurances</li> <li>2 Helping access ID cards</li> </ol>
<b>Objective 4</b> <b>To promote and advocate policy for sustainable use of natural fibres nationally and globally by</b>	<b>Activities</b> <ol style="list-style-type: none"> <li>1 Encouraging Policy advocacy for Natural fibres</li> <li>2 Hosting the international secretariat of the Global Natural Fibre Forum</li> <li>3 Training and setting up of enterprises internationally &amp; Knowledge and expertise sharing on production and technology globally</li> </ol>

## Stakeholder Analysis

The stakeholder analysis for the SAA is given below.

<u>Stakeholder</u>	<u>Status</u>	<u>Total Estimated number</u>	<u>Sample</u>	<u>Remarks</u>
Board of Trustees	Consulted	5	3	Co-Founders and Trustees Consulted
Incubated Groups	Consulted	9	3	Case studies of two major SHGs covered. Orissa & Erode
Industree Foundation staff	Consulted	15	10	Information on activities concerning employees from different departments in the organization
Artisans	Consulted	>7500	102	Random sample taken from Karnataka, Rajasthan and Uttar Pradesh
Government Officials	Consulted	20	4	Office Bearers in Office of Development Commissioner (Handicrafts), Ministry of Textiles, GOI
Funding Agencies	Consulted	5-6	2	Organizations who have supported activities financially
ICPL	Consulted	47	47	For Profit arm of Industree Model

## **Scope and Methodology of the Social Accounts**

These third social accounts cover the time period from April 2011 to March 2013. All organizational objectives and activities have been covered. All stakeholders have been consulted except the International Project. The MVOA framework was split into specific objectives for the Non profit and For Profit entities; indicators were refined over 3 to 4 rounds of discussion between the consultant and the Industree Foundation team. All consultations were undertaken between February – March 2013 by the Industree Foundation team. All secondary data was extracted from various systems by the Industree team. At points in these accounts, information from ICPL was brought in wherever relevant to Foundation's work. Report writing was done primarily by the representatives with strong support from the team.

With holding of International Secretariat of Global Natural Fiber Forum, a huge scope of work at international level has been started. A lot of effort has been put in developing contacts, liaison with International agencies for partnerships being done. In next cycle, the result of these collaborations would be taken into account and overall social impact assessment can be done.

In the coming year, we would focus on consulting artisans right after the training. Since IF works in remote areas, it becomes difficult to go back after a period of time to take feedback. Hence in this year, feedback from seemingly small sample of artisans has been taken.

## Sampling and Consultation Methodology

Stakeholder	Number Covered	Number Responded	Method of Consulting	Area Consulted
Board of Trustees				
Mission of the Organization and Expansion	3	3	Email	Comments on performance of Foundation
Incubated Groups				
The support received, challenges and problems faced	2	2	Telephonic Structured Interview & Case Study	The effect of intervention by Foundation
Staff of Industree Foundation				
Activities concerning employees from different departments in the organization	10	10	Questionnaire circulated over email	Work environment and performance in achieving the mission
Artisans				
Effectiveness of the trainings, management and capacity building efforts	102	102	Questionnaire and group discussion	Impact of skill trainings and other interventions by Foundation
Government Officials				
Effectiveness of the training programs, fulfilling expectations and following norms	4	2	Telephonic Interview	Feedback on programs conducted through DC(H)
Funding Agencies				
The outcomes of projects funded and overall experiences of working with the foundation	3	2	Informal Views	Feedback on achieving the outcomes of projects as decided.
Staff of ICPL				
Awareness of activities by ICF and knowledge of hybrid model	47	16	Questionnaire	Questionnaire circulated by email

## Report on Performance – Mission & Values

Industree Foundation has undergone major change in its approach towards development in last four years. After years of training artisans, it was realized that until artisans have a handholding support they cannot sustain their livelihoods. Skill/ design trainings were not enough to ensure livelihoods. This led Industree Foundation to design a complete end to end model which mitigates the gaps between trained artisan and successful enterprise. In comparison to earlier model which trained artisans and placed orders, this current model extends itself for facilitation to set up production unit, raw material linkages, trainings, machinery installation, market linkages and micro finance support for working capital. In last one year, Industree has been able to cover 150 artisans in this model and provide them livelihood.

Another important step has been in making micro finance linkages. Industree has tied up with social MF agencies and banks to provide working capital to groups incubated by Industree. One of the major hurdles, which even successful enterprises face, is lack of working capital. Current retail works either on consignment or at 90 to 120 days credit. Artisans who survive at bare minimum are not able to work on these terms and hence many leave their traditional crafts and move towards other labor jobs. This led Industree to take linkages to micro finance as one of their major activity and tie up with different social finance organization (Since interest rates of social finance is less and collateral is not required, it is best option for artisans). Industree has facilitated more than 10 million worth of working capital through various linkages. The details are shared in respective activities.

Since Social Audit is done for the first time separately for Industree Foundation, the set of values is still not evolved. The team will brain storm the different aspects of the foundation and come up with set of values which will be put up to Board Members and decided. The next cycle of social accounts would include the values for Industree Foundation.

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Objective 1: To build production capacities of rural artisans

Activity 1	Quality Indicators	Quantitative Indicators
<b>Building leadership capacity &amp; encouraging group ownership of production</b>	<b>Artisans taking up leadership positions in SHGs, business leaders, group leaders, and as directors of producer company.</b>	<b>No of new groups formed by artisans who were earlier working as member of parent SHG</b>  <b>Number of Group Leaders meetings facilitated to bridge gap between supply chain and producers.</b>

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Industree works towards building leadership capacity in artisans to become entrepreneurs and take responsibility of the production and increase their productivity. There is one training organized every month for the leaders of incubated groups to train and mentor them in resolving production issues. The funding for the same was received from Grassroots Business Fund. The focus of this training is how to best optimize the production capability of groups and increase in earnings of their members.

11 group trainings were organized for Bangalore Cluster SHGs. These trainings were attended by 1<sup>st</sup> & 2<sup>nd</sup> leader of each group. All the issues pertaining to production, issue of raw material, quality feedbacks, technical problems and overall issues on productivity were brought up and training was done to manage and resolve the issues. The major blocks have been problems caused due to delay in payments / wages. The group leaders were mentored to motivate the artisans to continue working and learn to face ups and downs in business.

These trainings also worked as a platform to communicate with supply chain team members of Mother Earth and get more clarity on issues faced by them.



**Table 1.7.1 : Number of Group Leaders Trainings Organized In Last One Year**

S. No	Date	Leaders Present
1	1/29/2012	24
2	2/25/2012	28
3	3/14/2012	30
4	4/21/2012	28
5	5/18/2012	29
6	6/23/2012	22
7	7/29/2012	29
8	8/30/2012	28
9	9/18/2012	20
10	10/23/2012	25
11	12/31/2012	25

Industree also instills the sense of responsibility in leaders to take ownership of their groups and outputs. There have been instances where the artisans have separated from existing groups to take leadership and form their own groups. Following SHGs have been facilitated to set up their enterprise.

**Table 1.7.2: SHGs formed in Bangalore Cluster**

S. No	Name of SHGs	SHGs Members
1	Ashraya	11
2	Samnvaya	19
3	Vandana	20
4	Vismaya	10
5	Rainbow	17
6	United	44
7	Mother	10
8	Asha Shg	9
9	Prathik creation	7
10	Indira	10
11	Maruthi	14
12	Omega	4
13	Ektha	11
14	Green Land	8
	<b>TOTAL</b>	<b>194</b>

IF has further mobilized 12 SHGs in Bangalore Cluster and facilitated the registration of “**Bangalore Green Craft Producer Company**” to increase the production capacity and enable the groups to collectively compete with mass production required for the export businesses. This collective entity also gives them access to increased finance, social security and host of other benefits. **Out of 5 directors, of Green Craft , 3 are women.** The registration of Producer Company has been attached as Annexure. **EKTA Producer Transform Pvt Ltd** is in the process of being formed. There are 44 artisans who are shareholders. This company focuses on garment manufacturing.

The differentiating factor that puts IF apart from many other NGOs is its intent on building leadership capability amongst the group members. Unlike many other organizations, Industree does not limit group activities/production to remain with IF/Mother Earth. Groups are encouraged to supply to other vendors and expand their units based on their capabilities. The groups have supplied to other brands like Charaka & Fab India.

#### ***In words of Artisans/Entrepreneurs***

*I have started my carrier from NGO sector with various projects in 2007. Then I got good job opportunity in Cipla, an MNC in Sikkim in 2010. However, I was not satisfied. I wanted to be an entrepreneur and work in handicrafts sector. I did not have any money for investment, experience or support for the same. During this time, I got call from Industree to work as project co-ordinator for setting up artisan based livelihood in Puri District. It was like dream come true. I left my job at Sikkim and came back to my hometown in Puri. The remuneration was less than what I was getting at MNC. But it was very satisfying. Industree trained artisans and helped in setting up the production enterprises. After one year, the artisans were able to make quality products and their per day productivity also increased. We had started with 15 artisans, soon other artisans joined in and we formed 4 groups. Today I am an entrepreneur, working with 85 artisans in four units.*

*Without Industree’s guidance, training and support this would have not been possible. Only thing I am unhappy about is payments. It takes more than 30 days for getting payments and it is difficult to sustain artisans. The funds flow is a big problem. I think industree should work towards providing better working capital flow for entrepreneurs like me so that we can survive in this otherwise challenging field.*

(As told by **Sridhar Parida, Smarki Handicrafts, Orissa**)

Industree focuses on soft skills training along with hard skills. There has been instance where artisan trained by Industree have gone abroad and conducted trainings for other groups. Mrs Bill Klynter an artisan from Meghalaya had gone to Mozambique to train African artisans.

In order to encourage group ownership of production, Industree facilitates two meetings every month where members of the group come together to discuss the issues faced by the group. The issues on productivity, discipline as well as savings are discussed.

Account training has been given to SHG leaders to track their receipt, payments and stocks. SHG members have also been given training on how to use internet.

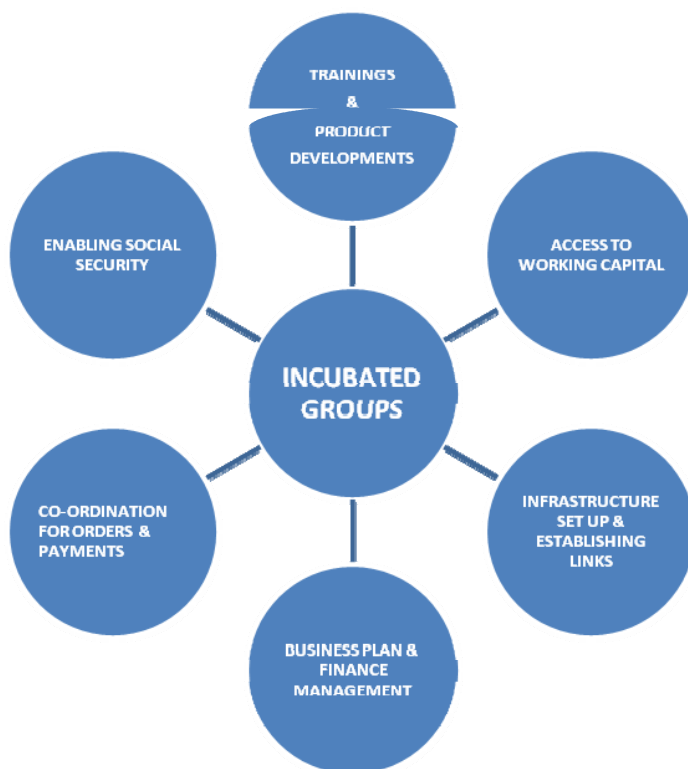
Rotation of leaders is done every year so that other members get an opportunity to take leadership of the group.

**Table 1.1.3: No of group meetings facilitated**

S. No	Name of SHGs	SHGs Members	Number of Meeting Facilitated
1	Ashraya	11	20
2	Samnvaya	19	20
3	Vandana	20	15
4	Vismaya	10	20
5	Rainbow	17	20
6	United	44	20
7	Mother	10	15
8	Asha Shg	9	5
9	Prathik creation	7	12
10	Indira	10	20
11	Maruthi	14	8
12	Omega	4	10
13	Ektha	11	5
14	Green Land	8	15
	<b>TOTAL</b>	<b>194</b>	<b>205</b>

Activity 2	Quality Indicators	Quantitative Indicators
Creating sustainable producer owned institutions	Process chart of incubating and handholding support  Case study for OM Shakti SHG, Erode, Tamil Nadu	No of producer groups set up

Industree Foundation has been doing social mobilization and trainings for the past 10 years. But over the years it was found that mobilization and training is not enough. Artisans at grass root level need quite a lot of management support to start up an enterprise. This led IF to dig deeper and come out with a set of processes which helped artisans to function independently. Starting from social mobilization, to training and setting up production units, effort also been put into building backward and forward linkages for sourcing raw material, local manpower, market linkages, etc. The units are mentored for a period of 6 months to 2 years (depending on the requirement) till they are able to independently run the units. Summary of the processes is given below.



**Table 1.4.1 : PROCESS FOR INCUBATION OF GROUP**

1	Identification of Cluster - traditional skill set and natural materials found in that area
2	Baseline survey of artisans for understanding of their socio economic condition
3	Feasibility study for group production & readiness of members
4	Formation of SHGs - resolutions
5	Opening of Bank Account
6	Skill training and design development
7	Ensuring social security through accessing Artisan ID card and Health Insurance
8	Feedback and sample approvals/ new developments
9	Preparation of Business plan for the group
10	Setting up Infrastructure
11	Machinery installation & raw material sourcing
12	Costing and getting the order
13	Supervision during order implementation
14	Training for Quality control
15	Managing Finances
16	Handholding support for minimum 6 months

IF has incubated 9 groups for setting up production facilities and ensure regular incomes.

**Table No. 1:4:2 Production Units Incubated in RURAL INDIA**

<b>Sr No</b>	<b>State</b>	<b>District</b>	<b>No of Artisans</b>	<b>Product Focus</b>
1	Andhra Pradesh	East Godavari	20	Banana Baskets
2	Karnataka	Bangalore	10	3-D Products River grass
3	Karnataka	Gadag	19	Palm Leather Flip-flops
4	Karnataka	Gadag	15	Handloom cotton weaving
5	Karnataka	Gadag	10	Banana Bark Braiding
6	Orissa	Puri	15	Palm Leaf Weaving
7	Orissa	Puri	15	Palm Leaf Weaving
8	Rajasthan	Alwar	20	Date Leaf Coiling Basketry
9	Tamil Nadu	Erode	30	Banana Mats Weaving
	<b>TOTAL</b>		<b>154</b>	

The groups have produced goods worth more than 16 Lakhs and have supplied to Mother Earth and Charaka Brand. The baskets from Andhra Pradesh have been exported to TJ Max and Palm Leather Flipflops are exported to Holland. Erode works on Banana Bark mats which are for domestic as well as export market. Presently, ERODE group is working on production order for IKEA.

Two of these groups, Erode and Bangalore, have moved to the mainstream for supplying to Mother Earth. Other groups are being handheld by Industree Foundation and would be moved to main stream when they are trained enough to carry on their activities by themselves.

Erode is recognized as one of the hubs of handloom weaving in India. The traditional skill of handloom weaving has been passed down from one generation to other. In recent past, handloom sector has been facing tough competition from power loom and synthetic fabric. This led to decline of weaving tradition and large scale migration of weavers in search of alternate livelihoods.

Industree intervened in 2009 to conduct a baseline survey and worked on social mobilization. The artisans were mobilized into groups. OM SHAKTI SHG was one of them. Mr Velangiri was appointed as co-ordinator for the cluster. He worked for facilitating social security measures for artisans.

Apparent need for value addition surfaced. This led to innovation in design using banana bark instead of cotton. ICF trained artisans to use other natural fibres which have high market potential. In July 2012, design workshop was organized by Industree for group of 30 artisans for developing different handloom product ranges in cushion covers, mats, etc with different material combinations.



Saraswathi and Pushpavali; SHG Leaders of OM Shakti took up the responsibility of starting the enterprise based on this training. They motivated other group leaders to join in production activities. Industree trained them in motivating and encouraged them to start working. I F, approached Mother Earth to get orders for these groups and gave them working capital from its fund to procure raw material. Looking at their potential and enthusiasm, working capital loan was accessed to them from Milaap. Efforts were put to bring about systems for consistency in production. Over 7 months, the group has supplied 7 lakhs worth of products to Mother Earth. The efforts of ICF have been fruitful now that the group has been selected for exporting to IKEA.

Activity 3	Quality Indicators	Quantitative Indicators
Skill up gradation (direct and indirect)	Feedback from artisans for new skills learned.	No of Skill Up gradation& Design Development Programs conducted

Industree has conducted numerous trainings for skill up gradation and design development for artisans. Various natural fibres like palm leaf, banana, cotton, moonj, date leaves, etc have been covered. The trainings are tailor made for group of artisans based on requirements. The initial survey is done before the trainings to access skill level of artisans, raw materials in the area, the availability of resources like electricity, water, etc.



Artisan accepting the toolkits after skill training at Naogaon, Alwar, Rajasthan.

The curriculum is designed to make best use of raw materials found in the available resources of the area. The product line focuses of maximum productivity through material combinations and new product ranges.

The duration of the skill upgradation training is four months. Artisans are given stipend at the end of training along with the required tool kits to continue the craft they have learnt.



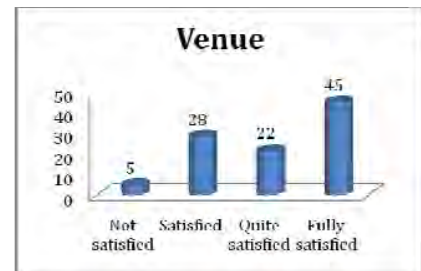
**Table 1.5.1: Trainings conducted from April 2011 to March 2013**

Sr No	State	District	Village	No of Trainings	No of Artisans Covered	Raw Material	Skill Imparted
1	Andhra Pradesh	East Godavari	S.Agraharam	2	40	Banana Fiber	Rope making/ Coiling
2	Andhra Pradesh	East Godavari	Perur	2	40	Banana Fiber	Rope making/ Coiling
3	Andhra Pradesh	Prakasam	Tanguturu	2	40	Banana Fiber	Rope making/ Coiling
4	Andhra Pradesh	Prakasam	Ethamukula	2	40	Banana Fiber	Rope making/ Coiling
5	Rajasthan	Alwar	Naugaon	1	20	Moonj	Coiling
6	Rajasthan	Alwar	Ramgarh	1	20	Moonj	Coiling
7	Uttar Pradesh	Luknow	Kishanpur	1	20	Moonj/ Kass	Coiling
8	Uttar Pradesh	Sitapur	Salam Purmalali	1	20	Moonj/ Kass	Coiling
9	Andhra Pradesh	East Godavari	S.Agraharam	1	30	Banana Bark	Design training
10	Andhra Pradesh	Prakasam	Tanguturu	1	30	Banana Bark	Design training
11	Orissa	Puri	Malud	1	30	Palm Leaf	Design training
12	Orissa	Puri	Brahmagiri	2	50	Water Hyacinth	Design training
13	Tamil Nadu	Erode	Chithode	1	30	Banana Fiber/River Grass	Design training
14	Tamil Nadu	Dharma puri	Nallam Palli	1	30	Banana Fiber/River Grass	Design training
15	Karnataka	Bangalore	Bangalore urban	1	15	River grass	3-D product design
16	Karnataka	Gadag	Betigeri	1	20	cotton	Weaving
17	Karnataka	Gadag	Narsapur	1	20	Areca Palm Leaf	Flipflops training
18	Karnataka	Gadag	Narsapur	1	30	Banana Bark	Product design
19	Bihar	Purnia	Amour	1	30	Banana/ Date Leaves	Design Development
20	Bihar	Purnia	Amour	1	30	Banana/ Jute fibre	Design Development
	<b>TOTAL</b>			<b>25</b>	<b>585</b>		

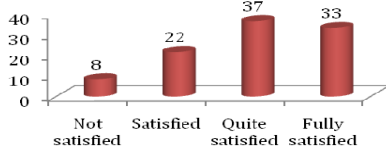
**Impact of Trainings:** The trainings were sanctioned in 6 states across India under Theme Cluster Project. The production has started in 4 states after the training – (Tamilnadu, Andhra Pradesh, Orissa and Rajasthan), the two states (Uttar Pradesh and Bihar) are in the stages of Sampling and making market led designs. Only skill upgradation program was sanctioned in Uttar Pradesh hence artisans did not get an opportunity to learn more on multi material and new designs. In Bihar, the artisans were given design trainings, however, due to constraints of remote areas, it is difficult to reach and handhold the artisans.

Questionnaire was administered to artisans out of state through project partners. The responses were collected from Rajasthan, Uttar Pradesh and Bangalore groups on various aspects of training and social security facilitation issues.

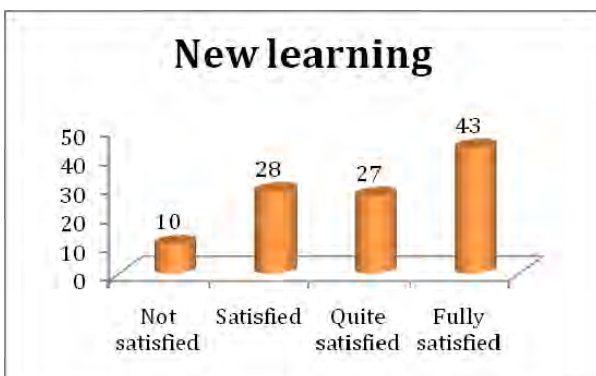
90% of the artisans said they were happy with the trainings provided by Industree. Only 48% of the artisans were happy with the designs introduced for production. Since the market linkages were provided, 75% of them believed they will be earn more after using new designs. 65% of the artisans said they were introduced to new machinery and techniques of production during the training.



**Planning & execution**



45% of the artisans were highly satisfied with the selection of venue, only 5% artisans seem to be dissatisfied about the venue. 22% of the artisans found the planning and execution to be as satisfactory.



Activity 4	Quality Indicators	Quantitative Indicators
Enhancing the design capabilities of producers (direct and indirect)	Products adopted in the market	No. of new designs developed and designers involved.  Introduction of new machinery.

Industree engages with empanelled designers from NID, IICD, NIFT and other premier institutes to conduct design trainings. In past one and half year, over 200 designs have been developed from natural fibres like banana, river grass, palm leaf and water hyacinth. Numerous designs have been adopted in the market.

**Table 1.6.1: Number of Designs Developed from April 2011**

Sr No	Raw Material Explored	Designer Engaged	No of Designs Developed	District/State
1	Banana Fiber	Aravind Jashuva Babu	33	East Godavari/ Andhra Pradesh
2	Banana Fiber	Kamera Venkatesh	29	Prakasham / Andhra Pradesh
3	Palm Leaf	Aarti Yadav	32	Puri / Orissa
4	Water Hyacinth	Athar Ali	35	Puri / Orissa
5	Banana Fiber	Shyam Aravindakshan	52	Erode / Tamil Nadu
6	River Grass	Shyam Aravindakshan	24	Erode / Tamil Nadu
7	Banana Bark, Bamboo	Rajashekhar	30	Purnia / Bihar
8	Jute / Banana/ Bamboo	Jayant	30	Purnia / Bihar
<b>TOTAL DESIGNS DEVELOPED</b>			<b>265</b>	

**Products Adopted in Retail/Export Market**

**ORISSA**



**RAJASTHAN**



**TAMIL NADU**



**ANDHRA PRADESH**



Industree not only works on developing new techniques for cost effectiveness but also emphasis on use of advanced technology for reducing drudgery of rural artisans and maximizing their productivity. The new machinery has been designed and manufactured by Industree to increase production capacities of artisans.

**Table 1.6.2 Advanced Machinery Designed and Introduced to Artisans**

Sr No	Advanced Technology	Benefits
1	Ratt Machines	The advanced Ratt machines come with 5 hooks to enable 5 strands of rope to be twisted at same time. This increases productivity of artisans by 5 times against the traditional Ratt Machines of 1 hook
2	Dyeing Techniques	Introduction to Direct Dyes which absorb the color much faster against the basic dyes used by artisans traditionally. Direct Dyes can be dyed in 22 shades in each colour. The effort has also been made to get colour consistency by giving instructions on exact proportions of chemical to be mixed.
3	Splicing Machines	Splicing machine increases the productivity by 10 times against hand splicing. It also ensures the evenness of spliced material which is essential for export market. Wastage is also reduced through usage of machine.
4	Fibre Extraction Machine	The traditional fibre extraction method of pounding the bark/leaf has been replaced by fibre extraction machine in our clusters. The innovation by industree has been in designing low cost machine in comparison to what is locally available making it affordable for artisanal groups.
5	Needles with Wooden Handles	Artisans used common metal needles available in market for coiling work. The force required to push the fibre through coiled grass injured the thumbs of artisans. To make this process easier for artisans, needles with wooden handles were introduced. Now the grip also has improved and artisans are able to work better and safer.

### Glimpse of Machinery Introduced



**SPLICING MACHINE**

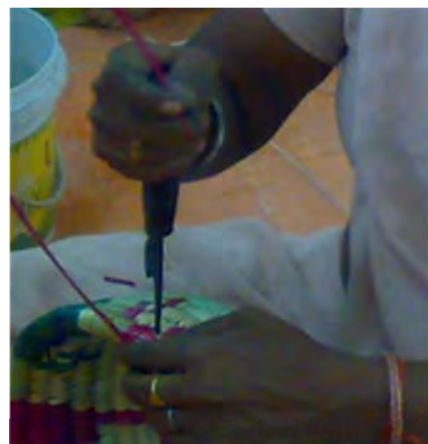
**FRAMES**

### SAFE NEEDLES FOR COILING TECHNIQUE

Traditional needles used by artisans practicing coiling technique are blunt on the holding side. Many times, artisans thumbs (through which the needle is pressed to force grass through khar) are injured and swollen. This reduces the productivity since it becomes very painful and inconvenient to work with swollen thumb for long time. Hence, Industree has introduced advanced needles with wooden handles that can be used eliminating the chances of damaging the thumbs.



**BEFORE**



**After Training**

Activity 5	Quality Indicators	Quantitative Indicators
Identifying and clustering artisans in geographically remote areas	Increase in productivity after clustering	No of cluster development projects being implemented.

**Need for cluster:** Although widely regarded as the largest employer after agriculture, the size and contribution of India's handicraft and handloom sectors continue to elude understanding and priority. Today the sector is in crisis as it faces a market transformed by competition. To respond to market demand with high quality products which are delivered on time without exception it is essential that rural artisans are organized. The cluster-based approach is increasingly being recognized as one of the strategies for cost effective, inclusive, sustainable and integrated development of Micro, Small and Medium Enterprises (MSMEs). Efforts are now being put to tap the potential of craft sector with an integrated approach while appreciating the very factors that differentiate the sector from large, medium or even the small scale industry.

Clustering is essential because artisans need to be moved to 21<sup>st</sup> century production methods. If one individual artisan makes a product from start to finish, it is unlikely that the product will be globally competitive. With opening of global trade, the only way an artisan will survive against mass production is if they are clustered into appropriate sized groups. Certain amount of division of labour to improve efficiency and productivity requires to be enabled.

Gadag is one of the clusters formed by Industree Foundation. Gadag is well known for Handloom Weaving in India. When Industree intervened it found there was huge number of artisans working in their homes. Since they were working independently they could not invest resources for getting raw material on their own. They used to depend on middleman for supply of raw material and wages. This led to their over dependency and economic exploitation.

After clustering, they have now been tied up with co-operative society for getting raw material and they can supply directly to consumers at better rates. They have been linked up with Charaka and Mother Earth Brand to supply handloom fabric.

**Clustering has resulted in increase in wages by 20% (for weavers) and 50% (for reel winders) at unit.**

**Table 1.2.1 Summary of Clusters facilitated by Industree Crafts Foundation**

Sr No	Project	No of Clusters	No of Artisans to be Mobilized
1	Theme Cluster Project – DC(Handicrafts)	<b>28</b>	7492
2	Narsapur Producer Transform Pvt Ltd	<b>1</b>	15000
3	Bangalore Rural Cluster (now Green Craft Prod Co.)	<b>1</b>	152
4	Gadag Cluster	<b>1</b>	100

Narsapur Producer Transform Private Ltd (NPT) is a special purpose vehicle,(SPV) a private limited company enabled with assistance from Government of India. It is 49% owned by 9 producer societies with total population of 15000 women, the remaining 51% is held by Industree and Future Ventures. This is deemed a Mega Cluster in the Ministry of Textiles, GOI Scheme. As part of the Mega Cluster, GOI has helped create a SPV to improve designs for the cluster and upskill the artisans. Post GOI funding it is assumed that the private company will run on its own revenue generation. GOI has created Common Facility Centres (CFC) for artisans to work in and these are being used to fulfill orders placed by IKEA. If the CFCs were not there, it would have been extremely difficult to fulfill IKEA orders since export orders required compliances.

487 artisans have been trained in various trainings on design in diversified products. The trainings have been for product sampling and training for trainers.

Products in various categories like toys, bags, home linen, t shirts, footwear, finger puppets, decorative lamp shades, etc have been developed and exhibited in international exhibitions.





## COLLAGE OF PRODUCTS DEVELOPED AT NARSAPUR CLUSTER



After Design Trainings, Industree promoted the products developed at Narsapur at various international exhibitions and presented them to exporters. Looking at the designs and quality of products, lot of inquiries were received. Narsapur cluster has got 1<sup>st</sup> order from IKEA to export laptop bag sleeves. There are 25 people employed to work on IKEA order. The lace artisans who were getting Rs. 30/- a day are now getting wages between Rs. 100-150/- per day.

Major feedback at the exhibitions was – 1.) products were too intricate, that they looked like machine made. 2.) because of intricacy, the cost was high hence not affordable for exporters. The products are in the process of re-design to fulfill requirements of export markets.

Industree has partnered with **DC(H)** for implementation of Theme Based Clusters in 28 districts across India covering 7492 artisans spread over 150 villages. This project is being implemented in Rajasthan, Uttar Pradesh, Orissa, Bihar, West Bengal, Tamil Nadu and Andhra Pradesh.

**Table 1.2.2 Clusters adopted under AHVY scheme of DC(Handicrafts)**

SR NO	STATE	DISTRICT	NO OF ARTISANS
1	TAMIL NADU	Tirunelveli	300
2		Dharmapuri	450
3		Krishnagiri	303
4		Kanyakumari	200
5		Tuticorin	250
6		Erode	271
7	ANDHRA PRADESH	East Godavari	260
8		Prakasam	270
9		Guntur	270
10	RAJASTHAN	Baran	250
11		Alwar	250
12		Dausa	251
13	UTTAR PRADESH	Lucknow	200
14		Firozabad	270
15		Varanasi	320
16		Badohi	263
17		Sitapur	303
18	WEST BENGAL	Nadia	257
19		Midnapur	250
20		Purulia	255
21		Cooch Behar	243
22	BIHAR	Navada	150
23		Purnea	670
24		Gaya	180
25	ORISSA	Puri	198
26		Sambalpur	220
27		Bolangir	203
28		Bargarh	185
<b>TOTAL NUMBER OF ARTISANS</b>			<b>7492</b>

**CLUSTERS ADOPTED UNDER AMBEDKAR HASTSHILP VIKAS YOJNA**



Industree has facilitated the formation of “Bangalore Green Craft Cluster”, resulting in formation of Green Craft Producer Company, by mobilizing artisans and clustering them in Self Help Groups. This was initiated in 2005-2006. The orientation, formation and opening of bank accounts were done for these groups. Over the years, training has been provided in organizing monthly meeting, savings and lending activities and overall functioning of SHGs. The groups have also been given accounts training on how to maintain cash registers, stock register, bank book, etc. Training has also been provided



on to operate a computer and basic internet usage for opening email account, receiving/sending emails and using Google search. The current 16 SHG’s under this company, have provided Rs. 2.5cr worth of merchandise to Mother Earth in year 20012-13. The Producer Company was registered in Sept 2012, but billing in this company is starting from April 2013.

**Table 1.2.3 Number of Artisans mobilized for Greenkraft Natural Fibre Cluster in Bangalore. (Project started in 2005-6) also called Greenkraft Producer Company.**

S. No	Name of SHGs	Male	Female	Total Members
1	Nethaji	16	4	20
2	Sahara	16	4	20
3	Roja	5	15	20
4	Ashraya	17	3	20
5	Samanvaya	2	18	20
6	Greenland	7	13	20
7	Evergreen	13	7	20
8	Wonder	5	7	12
	<b>TOTAL MEMBERS</b>	81	71	152

Activity 6	Quality Indicators	Quantitative Indicators
<b>Accessing Institutional funding</b>	<b>Repeated projects received from Commonwealth Secretariat and Govt of India</b>	<b>Amount of funds raised for trainings and other programs to increase production capacity of artisans</b>

Industree has partnered with number of organizations for increasing production capacities of artisans through skill trainings and design workshops, mobilizing artisans and formation of producer groups, setting up infrastructure, leadership trainings, market linkages and handholding support. Since there are very few organizations which can support this integrated approach, Industree pitches for funds on particular aspects which is in tandem with the funding agency’s objective. For e.g. Development Commissioner (Handicrafts)’s mandate is only imparting trainings, hence the artisans trained through support from DC(H) get further support from Development Marketplace – IFC project to set up their units and start functioning. Industree engages with different organizations to bring them together and work towards increasing production capacities of artisans.

Last year, Industree partnered with Grassroots Business Partners for building/enhancing production capacities of artisans through coordinating regular meetings, ensuring their saving habits are formed, facilitation in opening group bank account, financial literacy trainings, regular monitoring the functions of the group, etc.

Challenges : The major challenge in raising fund is the hybrid nature of enterprise. Many a times, funding agencies expect the for-profit arm of Industree to fund the activities of not-for-profit entity. Organizations tend to compare this hybrid model to that of CSR component of big corporate. The challenge lies in putting across to them that focus of for-profit entity is establish to support artisans and is not in the position to today to take burden of training and development at grass roots level.

Moreover, the Non-profit Industree Foundation does not have funds to hire a full time fund raiser and so far the fund raising is done at a very passive level by applying to the different projects by staff involved in project execution. This leads to cash flow crisis in the organization because there is no money for paying the salaries of employees.

**Table No. 1:3:1: Amount of Funds Raised from April 2011 to March 2013**

<b>Sr No.</b>	<b>ORGANIZATION</b>	<b>Project Focus</b>	<b>Amount Received</b>
<b>NATIONAL PROJECTS</b>			
1	Dasra Social Impact - Grant Award	Award received for best scale up plan for not for profit organization	745950
2	Despande Foundation - Give2Asia Grant	Setting up 5 producer owned enterprises	816000
3	Diya Foundation Grant	Training and setting up production facility for parents of mentally disabled children	144100
2	Donation Received	Donation received for trust activities	1312100
4	Govt of India - AHVY AP	Design and Technical Development Workshop Andhra Pradesh	270000
5	Govt of India - DC(H) - AHVY	Design and Technical Development Workshop Orissa	720000
3	Govt of India - DC(H) HRD - Seminar on Natural Fiber Workshop	Organizing seminar on natural fibres for 100 artisans at Bangalore	419500
6	Govt of India AHVY	Design and Technical Development Workshop Tamil nadu	541000
7	Grassroots Business Partners - Technical Asst Grant	Building up systems & processes in Mother Earth and Capacity Building of Producer Groups	4254333
4	International Finance Corp - Development Market Place India 2011	Setting up 5 producers owned enterprises	2498266
8	Kinnara Capital	SHG Producer Development Project	434906
9	Madhya Pradesh Hastashilp Vikas Yojana	Consultancy for imparting training on natural dyes	150000
5	Solidaridad Network Asia Ltd - Grant	Support to meet fire and safety compliances by producer groups.	316035
10	Studio Tjeerd Veenhoven. Netherlands	Assistance to materialize innovation done in Palm Leather and set up production facility	632832

11	Government of India AHVY Project	Receivables from Government of India for various trainings done***	2845800
<b>TOTAL FUND RAISED FOR NATIONAL PROJECTS</b>			<b>16100822</b>
<b>INTERNATIONAL PROJECTS</b>			
1	Commonwealth Secretariat– London	Consultancy for facilitation of GNFF Forum	424690
2	Commonwealth Secretariat London - GNFF - Sect Workshop Project	Assistance for organizing Asian Regional Symposium of Global Natural Fibres Forum	3557357
3	Commonwealth Secretariat London - Zambia & Mozambique MSME Project	Consultancy for conducting skill and design workshop in Zambia and Mozambique	2564002
4	SEDCO SWAZILAND	consultancy for organizing skill & Design training in Swaziland	763976
5	Commonwealth Secretariat London	Assistance for country visits to Bangladesh, Srilanka & Malaysia for promoting GNFF Forum	695830
6	Happie Mchawo Tanzania	Consultancy for procurement of upgraded machinery for Tanzania	385546
<b>TOTAL FUND RAISED FOR INTERNATIONAL PROJECTS</b>			<b>8391399</b>
<b>Net Total</b>			<b>24492222</b>

\*\* The programs have been conducted and Utilization Certificates have been submitted to Government.

Activity 7	Quality Indicators	Quantitative Indicators
Engaging with schemes of government and other developmental trainings	Feedback from Government Officials	Numbers of sanction orders received from GOI  Engagement with organizations other than DC(H)

Since its inception, Industree Foundation has been engaging with governmental and non governmental agencies to impart trainings to artisans to make them employable and earn their livelihoods. The Development Commissioner (Handicrafts), Ministry of Textiles, Government of India has been one of the major partners in this process. Industree has accessed various schemes of DC (H) to train and up skill numerous artisans in remote clusters spread across India.

Partnerships have also been initiated with NSDC (National Skill Development Corporation) and NRLM (National Rural Livelihood Mission) for large scale impact in field of skill up gradation and livelihood creation within various parts of our country. The NRLM project focuses on Karnataka and Tamil Nadu and aims to impact 3000 artisans by end of March 2014. Over 2 lakh youth / women artisans are projected to be trained under, Industree Skill Transform, a for profit, assisted by NSDC, promoted by Industree Foundation, over a period of 10 years.

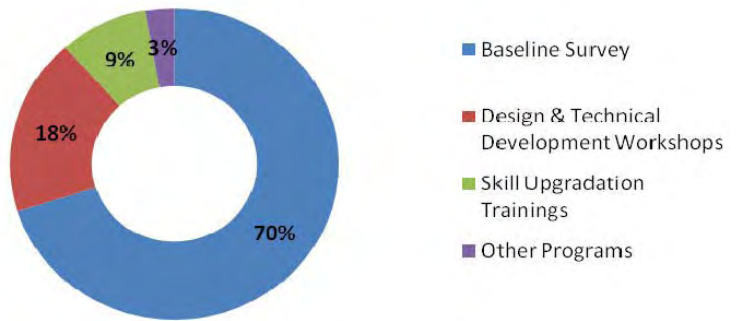
Historically, Industree Foundation acted as a consultant to NGO’s and has been an implementing agency with Government of India. It has engaged with over 8000 people, since 2006, in different parts of India for skill trainings, design development, exhibition, seminar, etc. A number of natural fibres like banana bark, water hyacinth, palm leaf, screw pine, moonj grass, river grass, etc has been explored and advanced technologies/processes for increased productivity has been designed and passed on to artisans.

Apart from DC (H), Industree- also engages with many other public / private organizations to facilitate trainings. 2075 artisans have been reached through collaborations with different organizations to impart trainings. However, the Government of India plays a prominent role in supporting the projects and reaching out to artisans.



PROGRAM	ARTISANS IMPACTED
Baseline Survey	7177
Design & Technical Development workshops	1880
Skill Upgradation Trainings	890
Other Programs	291
<b>TOTAL</b>	<b>10238</b>

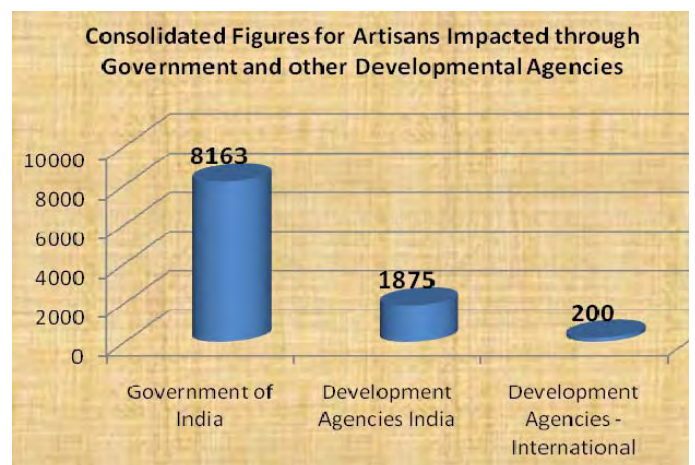
### PROGRAMS BREAK UP



There has been steady relationship developed with Government of India. 80% of the artisans reached are through DC(H) supported programs and they remain our primary partners in working developing artisanal livelihoods.

### CONSOLIDATED FIGURES FOR ARTISANS IMPACTED THROUGH GOVERNMENT AND OTHER DEVELOPMENTAL AGENCIES

Organizations	No of Artisans Reached
Government of India	8163
Development Agencies India	1875
Development Agencies - International	200
<b>TOTAL</b>	<b>10238</b>



“SMARKI SELF HELP GROUP” is one of the groups based in Malud village, Puri District, Orissa. Industree Foundation had mobilized people in Hubasahi village in 2009-10 and submitted proposal to Government for Design Intervention Program. The proposal got sanctioned after almost two years and Industree went to conduct the program. Most of the young artisans had left their traditional craft. But since the program was sanctioned for that village, other old women were called to participate and design workshop was conducted from 27<sup>th</sup> Jan to 10<sup>th</sup> Feb 2012. Since the participants were in the age group of above 45, they were not interested to do production.

During the same time, Industree had approached DM India for Gap Mitigation Grant for incubation of units in Orissa, Rajasthan and Bihar. With this grant, Industree selected other young artisans from nearby Malud village who were practicing traditional palm leaf craft and trained them in developing better designs. The artisans were constantly engaged with, a shed was rented and production started. Simultaneously, Industree also worked towards developing leadership ability and trained Sridhar for taking responsibility, problem solving, adapting to requirements of market and managing production activities.

After a year now, Sridhar has been able to stabilize Malud unit and has set up one more unit in Patna village. 30 artisans are working with him and he is able to do production worth 75000/- every month and ensuring artisans get fair wages and deliver quality product. From January 2013 onwards, he has been put on commission basis. Before that Industree was paying him monthly salary from DM Grant.



## Conclusion and Learning:

- 1.) Creating sustainable producer institutions has been a major challenge for Industree. Building leadership requires a deep engagement with the producers. A participatory method of training and professional content needs to be built around it. It needs to be a paid for model to bring about the commitment from the producers. Looking at important role of Skill Building (both hard and soft), a new separate entity is being formed –‘Industree Skill Transform Pvt Ltd’ – which will take over skilling role from Industree Foundation. This company has been formed with a vision to train over 2 Lakh artisans with debt funding from NSDC.
- 2.) Over the last two years, it was found that forming isolated groups across the country does not help, since one group of 20 artisans cannot meet the demand and overheads to manage such scattered groups is too high. Henceforth, from the very beginning the focus would be on creating clusters and putting up CFCs in the areas rather than training one group of artisans.
- 3.) Clustering: One of the major drawback in achieving the desired targets by Industree has been delay in sanctions by Government. Many times it has been found that by the time sanction comes, group is lost and artisans have moved to other locations in search of livelihood. One of the clusters which has sustained well is Narsapur, because the societies already existed. In coming years, the focus would be in doing projects in mega clusters. So that work done is retained.
- 4.) There is lot of scope in technology up gradation. Other countries have reached far ahead in getting technology for basic processes like mechanized rope making, weaving and fibre extraction etc. Next year onwards, research will be taken up as a project and efforts would be made to tie up with Department of Science and Technology (DST) for projects.
- 5.) Industree has always worked on getting projects and consultancies from Government and other developmental agencies. There has never been any grant funding raised, hence there it is very difficult to sustain office staff who work in administration and accounting roles. The effort needs to be made for raising grant funding for smooth functioning of the organization.

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## Objective 2: To assist small artisanal producers reach markets

Activity 1	Quality Indicators	Quantitative Indicators
Providing access to working capital	<p><b>Repayment of Loans</b></p> <p>Wages paid to artisans month on month although actual payment for products manufactured recd after 90 days.</p>	<p><b>Tie up with banks for various credit schemes for SHGs</b></p> <p><b>Amount of funds coordinated from social finance for working capital.</b></p>

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Working Capital is one of the major hurdles for SHGs to start production. Since the payment cycle on an average in retail sector is set at 90 days (i.e. 3 months) and considering one month taken for completing the order, SHGs incoming cash flow starts after four months. Industree works with social finance providers and banks to provide working capital to these SHGs through loans, cash credit facility, bill discounting etc. These ensures that wages and other routine expenses can be done month on month and artisans can continue work which otherwise would not have been possible.

Social Finance Companies do not give loans to any groups directly since they need a guarantee from established NGO for repayment of loans. Officially interest charged from producers is at 8% wherein 6% is for the social finance and 2% for the Foundation. Industree does not take 2% for its management cost and charges only 6% from producers.

Industree has employed a full time co-ordinator for dealing with micro finance loans. Co-ordinator takes the data from individual members of the groups, collects required documents and completes the formal applications to apply for the loans. He is responsible for all communications between the finance agency and the producer groups. It takes about 90 days to close in on the application. The co-ordinator also takes the responsibility for follow ups and repayments to social finance institutions. The data is maintained month wise on EMIs and loan balances.

The supply chain team ensures that loan amount is utilized in a productive manner by the group and maximizes the use of resources by avoiding any extra /un required expenditure in groups. Majority of

the produce is supplied to Mother Earth. However, the groups are open to supply to other vendors also. In past one year, the groups have supplied to brands like Fab India and to many other local vendors.

I F has accessed loans worth Rs.10 million for working capital to these groups. The responsibility of regular repayment of these loans lies with I F. In addition to the 8.5 million below, 10 groups have bill discounting facilities with Corporation Bank, to the tune of Rs 2 lakhs per month, while 3 have cash credit facilities.

<b>ORGANIZATION</b>	<b>LOAN ACCESSED</b>	<b>LOAN REPAID</b>
Milaap	4.2 million	2.0 million
Kinnara Capital	2.0 million	1.4 million
Rangde	2.3 million	2.1 million
<b>TOTAL</b>	<b>8.5 million</b>	<b>5.7 million</b>

The procedure for Cash Credit Facility has been completed for three groups.

<b>Group Name</b>	<b>Cash Credit amount</b>
<b>Ashraya SHG</b>	<b>10 Lakhs</b>
<b>United SHG</b>	<b>8 Lakhs</b>
<b>Prathik Creations</b>	<b>3 Lakhs</b>

**Table 2:1:2: SHG wise Details of Loans Given**

<b>S. No</b>	<b>Name of the SHG</b>	<b>No of times loan given</b>	<b>Total Amount</b>
1	Alifathima SHG	1	50000
2	Amman	2	330000
3	Asha SHG	1	350000
4	Ashraya	5	1135000
5	Creative Krafts	4	865000
6	Gadag Hand Loom Unit	1	500000
7	Gadag Palm Leather Unit	1	200000
8	Green Land	1	150000
9	Mother Earth	2	300000
10	Om Sakthi SHG	1	600000
11	Omega SHG	2	380000
12	Padmavathi SHG	1	255000
13	Parthik Creation 1	2	403000
14	Rainbow	2	400000
15	Rajendra	1	60000
16	Raninbow	1	200000
17	Sahara SHG	2	350000
18	Sankalp Enterprises	1	100000
19	Shree Amman -1	2	380000
20	Topaz	1	105000
21	United SHG	2	365000
22	Vandana	2	210000
23	Vismaya	4	900000
	<b>TOTAL</b>	<b>42</b>	<b>8588000</b>

10 Self Help Groups have been linked with Bill Discount facilities. The bill discounting amount is used for working capital for next orders.

Sr No.	SHG Name	Amount
1	Ashraya	1585622
2	Creative crafts	1864295
3	Greenland	668867
4	Indra	417412
5	Padmavathi	540447
6	Rainbow	533332
7	Sri Amman crafts	1766997
8	United	1496781
9	Vandana	462805
10	Vishmaya	533332
<b>Total</b>		<b>9869890</b>

Activity 2	Quality Indicators	Quantitative Indicators
Engaging with ICPL/ITPL	Feedback from ICPL staff members	Increase in number of artisan joining groups

In Industree’s blended capital model, enabling an eco system for the growth of the creative industries manufacturing sector, the for profit, ICPL, Mother Earth, holds 12% shares of the company in a Mutually Beneficial Trust for its supplier Producer Company’s to buy at par. The non profit, Industree Foundation is building the producer owned production core along with state of the art production infrastructure within Government of India rural development schemes and philanthropic capital. Industree Skill Transform, a for profit initiated in April 2013 has started on a paid for skill development model for the sector.

IF has facilitated registration of Industree Mutual Beneficiary Trust. It was registered in June 2008 prior to the external equity infusion by Future Ventures. The founders of Industree, Ms Gita Ram and Neelam Chhiber have placed 7% each of their personal shares (14000 shares totaling 15.29% shares of Industree Crafts Pvt. Ltd. In 2008) in the IMBT for producers to buy at par (Rs 100). Per share cost diluted to Future Ventures was at Rs 1666/-, and in the last valuation by KPMG was at Rs 2,800 per share. The shares for the Producer Companies are being held in trust in IMBT.

IF as part of its activity of training and setting up artisan producer groups understood that the transition phase from when a group started production activities to the time they were able to independently handle operations and Financial Management was usually 6 months to 1 year. The trained artisans in remote villages had difficulty in market access and also to work with the standard supply chain processes at Mother Earth. Moreover the dearth of working capital and management of cash flows required dedicated hand holding. Hence IMBT took upon the role to act as the go between.

During the hand holding period the focus is put on developing the entrepreneur/ leaders in the group, instilling responsibility and accountability, constant support and guidance for problem solving, motivation, training on costing of products and basic accounting methods, social security for artisans working in the groups, etc. The focus is also put on helping artisan groups understand the urban market demand and requirements from buyers, the goal is to make them flexible to cater to varied market demands.



The result of ICPL and Industree Foundation collaboration is reflected in below metrics showing the number of artisans mobilized/trained and the amount of purchases done by Mother Earth. The format of this metrics is provided by Grassroots Business Partners who have funded ICF as well as ICPL in development of producer owned enterprises.

Grassroots Business Fund has invested in ICF for building up systems and processes and for capacity building of producer groups incubated by IF. The project resulted in increased production capacity and resultant incomes for the group members.

Self Incubated Group	Description	Q1	Q2	Q3	Q4	YTD
Total number of artisans in SHGs	At the end of reporting period	120	175	183	193	193
Total Purchases	During the reporting period	5,871,844	8,747,372	15,850,844	7,529,395	37,999,455
Payments to Artisans	During the reporting period	1,761,553	2,624,212	4,755,253	2,258,819	11,399,837

Activity 3	Quality Indicators	Quantitative Indicators
<b>Revival of Languishing Crafts</b>	<b>Interest expressed by 18 women to come and learn the craft</b>	<b>No of Artisans mobilized for training in tie/dye Ikkat Mats</b>

Killimangalam Weavers cooperative society was founded over 60 years ago. Descendants from the weavers community who had migrated from Tamil Nadu some 500 years ago were originally the members of the society. The weavers have exquisite fine korai grass weaving and tie and dye skills with natural dyes, which were the traditional skills of the community, passed on from one generation to the other. But over the last 40 years, fewer and fewer members from the community have taken up weaving as a profession. Currently only 5 weavers (mostly from other communities) and one master crafts man are all that is left of a glorious past.

The society and its looms had been idle for the last five years. Over the last 8 months there has been a lot of effort put into reviving this cooperative.

A three month program to initiate and kick start the revival was conducted. Five weavers and two assistants and a master weaver were engaged. To start with chemical dyes were used. During this three month period, production time and costing was done. The program helped gear up the unit for production, ensured practice and helped instill confidence in their skills. The women are currently managing the production of mats by themselves with some assistance from a retired clerk who is managing the accounts on a honorary basis. They have also been able to produce 10 mats with the traditional natural dye technique. Currently their production is about Rs15000 a month with earnings of 3000-4000. They have an order of natural dye runners and table mats with chemical dyes to execute in the current month.

The challenges this society is currently facing is in getting dedicated managerial assistance, enough working capital to build up stocks, and to train youngsters in the craft to ensure its survival. Proposal for Revival of Languishing Craft has been put up to DC(H) and financial support has been requested to train younger generation the traditional tie and dye ikkat mat weaving. Continuous encouragement and trust has been built to give marketing support for women who choose to learn and practice the craft. 18 women artisans have come forward to make it their profession.

## **Conclusion Objective 2:**

- 1.) Working capital is one of the very critical component for doing production and sustainability for groups. MFI loans are not appropriate because their interest rates are too high and the return on principal is too short term. Production groups need long term loans at lower rates of interest. They need minimum 5-7 year loans. The best scenario is a supply chain financing or bill discounting facilities. Thus, the SHG are being clustered into producer companies to enable the same.

### Objective 3: Enhancing social security for artisans

Activity 1	Quality Indicators	Quantitative Indicators
Accessing state policies of Health insurance for artisans	Feedback from artisans on benefits of Health Insurance	Number of health insurance cards accessed for artisans.

Rajiv Gandhi Shilpi Swasthya Bima Yojna (RGSSBY) is Health Insurance scheme floated by Government of India in collaboration with Reliance General Insurance Scheme. This scheme provides health care facilities for artisan, his/her spouse and two children up to the amount of Rs. 15,000/- per annum. This facility is available from age of 0 months to 80 years. Annual premium is Rs. 1000/- (Contribution of 150/- by artisan & 850/- by Government) ICF has enrolled all the artisans in this scheme & co-ordinates for getting claims. Total 194 Health Insurance cards have been accessed for Bangalore groups and many more have been applied for groups in AHVY Clusters

**Table 3.1.1 Details of Health Insurance Claims Received from Sept to Dec 2012**

Sl.No	Name of the Artisan	Patient Name	ID Register No	Unit Name	Amount Reced Date	Claim Received
1	Guruprasad K.C	Sarojamma	18255	Master Trainer	12.9.2012	545
2	Divya	Divya	14045	United SHG	12.9.2012	1800
3	Lissy	Lissy	KK/18270	Rainbow	30.10.2012	250
4	Manigandan	Manigandan	14030	Ashraya	16.11.2012	2240
5	Guruprasad K.C	Sarojamma	18255	Master Trainer	16.11.2012	1025
6	Guruprasad K.C	Guruprasad K.C	18255	Master Trainer	16.11.2012	155
7	K.G.Mani	K.G.Mani	18347	Master Trainer	16.11.2012	625
8	Kumar D	Kumar.D	26148	Tea Kumar	16.11.2012	751
9	Steela Mary	Steela Mary	18320	Vismaya SHG	16.11.2012	773
10	Guruprasad K.C	Sarojamma	18255	Master Trainer	16.11.2012	545
11	Poornima	Bhavani	18228	Prathik SHG	17.1.2013	341
12	Guruprasad K.C	Guruprasad K.C	18255	Master Trainer	24.1.2013	250
13	Lissy	Tins Tainus	KK/18270	Rainbow	17.1.2013	1055
<b>Total</b>						<b>10355</b>

Knowing the frustrations and delays of long administrative processes for getting claims, ICF intervenes and co-ordinates to get claims on behalf of artisans. This facility has huge benefit for artisans over unforeseen expenses on account of illness. This can be seen with small instance of Guruprasad who has accessed claims 5 times over last 6 months.

Guruprasad is one of the master artisans working with ICF in Bangalore. He has migrated from small town 'Shimoga' with his family of 5. Both he and his wife are working hard to make ends meet. In last 6 months, Guruprasad has received claims for 5 times for himself and his wife's illness. Amounts may be small, but the assurance of having the security makes lots of difference. The very fact, insurance is provided, artisans are willing to visit the doctors at first sight of symptoms against the previous scenario where they would delay visit the doctor to avoid spending money. Guruprasad says "this insurance scheme is very helpful for artisans like me. Now we can save money for future"

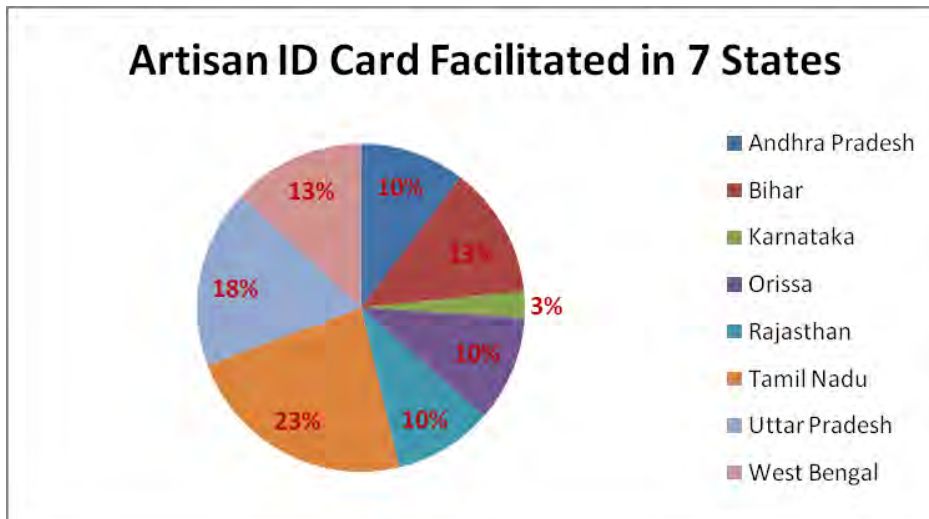


Activity 2	Quality Indicators	Quantitative Indicators
Helping to access Artisan ID Cards	Benefits of Artisan ID Card	No of ID cards accessed for artisans

Artisan ID card is the Identity Card issued by Development Commissioner (Handicrafts) to artisans. The benefits of Artisan ID card can be summarized as follows:

- ✓ Craft wise Proof of identity of individual artisans.
- ✓ Eligible to enroll & get all benefits through DC(H) Training/welfare Schemes.
- ✓ Eligible to participate National level/International level DCH/EPCH exhibitions.
- ✓ Eligible to get financial support from nationalist banks through Artisans Credit Card
- ✓ Can apply for Merit certificate/State/National Award.

Industree had facilitated applications for ID card access for over 7500 artisans across 7 states in India. Artisan ID card is mandatory for accessing further schemes of Development Commissioner (Handicrafts), like Health Insurance, Life Insurances, etc.



### Conclusion & Learning Objective 3:

- 1.) Since both Artisan ID card and Health Insurance are both Government Schemes, it takes a lot of perseverance on part of Industree to keep pressing and following up with government departments for issuance of cards. Further to it, Artisans need to be empowered to utilize the schemes on their own. They are still not able to fill up the forms for claims themselves and are not able to devote time to follow ups for the claims from Government.
- 2.) The social security in terms of PF and ESI is not viable for individual SHG groups. Hence the groups are being clustered into a Producer Company. One HR Manager is being hired to take care of social security and other benefits for the members.

**Objective 4: To promote and advocate policy for sustainable use of natural fibres nationally and globally**

Activity 1	Quality Indicators	Quantitative Indicators
Encouraging policy advocacy for natural fibres	Report on other natural fibres submitted to ministry	

Ms Neelam Chhiber is on the national committee of natural fibre advocacy. The committee has also put up report on other natural fibres to Government of India. The outcome of this advocacy resulted in India having a policy for other natural fibres. This policy was looked at with great interest by other countries in the Global Natural fibres Forum. The Africa, Caribbean and Pacific Regional Symposium has urged the member countries to evolve Natural fibre Policies promoting the interests of Small producers citing the example of the Indian Policy. This dissemination was made possible by the advocacy work carried out by IF. Various presentations were made in different national and state Forums by IF representatives on the importance of Natural fibres over the last 2 years. However IF has not systematically looked into documenting its advocacy efforts

**COMPOSITION OF THE SUB GROUP ON OTHER NATURAL FIBRES**

1. Shri Sanjay Agarwal,	Office of the Dev. Commissioner[Handicrafts], New Delhi	Convener
2. Smt Neelam Chhiber,	M/s Industree Craft Foundation, Bangalore	Co--Convener
3. Smt Alka Nangia Arora,	Office of the Dev. Commissioner[Handicrafts], New Delhi	Member
4. Father Johnson,	M/s KIDS, Kottapuram	Member
5. Smt Shama Pawar,	M/s Kiskindha Trust, Karnataka	Member
6. Smt Gulshan Nanda,	M/s CCIC, New Delhi	Member
7. Smt Manju Nirula,	M/s Craft Council of India, Delhi Chapter	Member
8. Smt Usha Krishna,	M/s Word Craft Council, Chennai	Member
9. Shri Rakesh Kumar,	M/s Export Promotion Council for Handicrafts, New Delhi	Member
10. Shri K.S. Yadav,	M/s Rajiv Gandhi Charitable Trust, RaeBareli	Member
11. Shri Jagdish Borah,	M/s NEHHDC, Guwahati	Member
12. Shri Vijayaraghavan,	Coir Board, Kochi [Kerela]	Member
13. Shri S.T.S. Lepcha,	M/s Uttranchal Bamboo & Fibre Board,Dehradun	Member
14. Smt Anuradha Sahu,	M/s Auro Arts Society, Raipur	Member
15. Shri S. RamaKrishnan,	M/s Vibrant nature, Chennai	Member
16. Shri Manish Kumar Gupta,	Ministry of Textiles, Govt. of India	Member

Activity 2	Quality Indicators	Quantitative Indicators
Hosting the International Secretariat of Global Natural Fibres Forum	<p>Report on Global Natural Fibres Forum Symposium.</p> <p>Action Plan developed for taking forward activities of GNFF.</p>	<p>Country visits to propagate and promote GNFF forum.</p> <p>Hosting Website</p>

IF was a pioneer organization who promoted the Global natural Fibre Forum for small producers across the globe and at present is the International Secretariat for Global Natural Fibres Forum, supported by Commonwealth Secretariat. Global Natural Fibres Forum Company has been registered in India under Section 25 of Companies Act. The representatives of Industree Foundation has represented and helped in organizing GNFF in various countries across the globe through visits and presentations namely Bangladesh, Srilanka, Malaysia and Thailand in Aisa, South Africa, Zambia and Mozambique in Africa, Jamaica in the caribbean and UK in Europe. These countries were visited by IF personnel and today hold significant contacts in each of these countries

IF has developed a website ([www.globalnaturalfibres.org](http://www.globalnaturalfibres.org)) entirely dedicated to Natural Fibres which provides information on various natural fibres, organizations working in the field of natural fibres and help section. Every month ICF receives number of queries from Natural fibre craft stakeholders on various issues of knowledge, technology available, partnerships, etc. **120 countries** have visited the website for information on natural fibres.



## Asian Symposium

IF organized Asian Regional Symposium of Global Natural Fibres Forum on Sept 25-27 2012. It was an excellent platform for collaboration amongst natural fibre stakeholders with participation from 10 countries and 80 individuals. Wide range of issues from latest developments, designs, markets, etc were discussed and presented by pioneers in respective fields. An exhibition of natural fibre products was kept on all three days of the symposium.

The symposium covered various aspects on natural fibres beginning with natural fibres found across the world, research done on potential uses of natural fibres, the design component, market linkages, challenges faced by communities, various models adopted to promote natural fibres and the collaborations amongst organizations. Symposium also focused on creating lobby for natural fibres to make policy decisions at International level.

The symposium helped underline two aspects 1) how developing the natural fibre sector and its commercialization was not only a means to develop and promote alternatives to synthetics and timber, that would help protect the earth's ecology in these times when we are on the brink of its irreparable destruction 2) but that it also innately has an agenda of addressing issues of socio-economic development, poverty and exclusion. Time and again, it emerged how work associated with the natural fibre sector was deeply intertwined with empowerment, equity and economic development of marginalised communities; in boosting rural economies and also in helping to retain cultural heritage.

The symposium also featured a unique exhibition which offered a glimpse of the variety of natural fibres available for use and demonstrated the scope for their application in the handicraft sector and beyond that into agriculture, construction, and horticulture.

IF has done research on natural fibre practitioners in Asia. IF members visited Malaysia, Bangladesh and Srilanka to understand natural fibre industry there, the innovations done on use of natural fibres and support received from national government for promotion of fibres. The study was also undertaken to traditional and contemporary use of natural fibres in these countries along with the state of



Watipaso Mkandawire Adviser (Enterprise Development), Commonwealth Secretariat, UK giving opening remarks at symposium



communities involved in working with natural fibres. This resulted in more enhanced understanding and helped in designing the symposium content which was helpful to the participants.

Post Symposium, Industree has officially partnered with IJSG (International Jute Study Group), head quartered at Bangladesh for collaboration and co-operation for promotion of natural fibres in the world. An exposure visit was organized for representatives from Mennonite Central Committee (Bangladesh), International Jute Study Group (Bangladesh), Jamaica Business Development Corporation), Deo Ruhinda, Sisal Trading Corporation, Tanzania, and Indian counterparts to understand the Industree Model to set up natural fibre based artisanal livelihoods.

An action plan has been drafted by IF to take forward the activities of GNFF and support the natural fibre community across the globe which has been attached as Annexure.



Activity 3	Quality Indicators	Quantitative Indicators
<p>Training and setting up of enterprises internationally</p> <p>Knowledge &amp; expertise sharing on production &amp; technology globally</p>	<p>Products developed at Zambia and Mozambique</p>	<p>Number of programs done internationally to train and consult in setting up enterprises.</p>

**Industree** has facilitated formation of enterprises not only in India but also in parts of Africa. Industree has worked with Government of Zambia and Mozambique for development of natural fibre in industry in their respective countries.

IF was selected as the consultants by the Commonwealth Secretariat based on a global call and both contracts for Zambia and Mozambique were awarded to IF. The Zambian Government was represented by the Zambian Development Agency, the local Communities by the Munwa Crafts Association of above 4000 artisans in the Western Province of Mongu. The following activities were conducted



1. Project Inception Workshop 16<sup>th</sup>-17<sup>th</sup> December 2010
2. Raw Material and Skills Analysis Survey on field
3. Scoping and Diagnostic visit- March 20<sup>th</sup> -24<sup>th</sup> 2011
4. Project design planning and sourcing
5. Design and Technical Development Training July 4<sup>th</sup>- 24<sup>th</sup> 2011
6. Production post training by artisans
7. Shipping of Appropriate machinery from IF for group production
8. Product Exhibition 21<sup>st</sup>-23<sup>rd</sup> Nov 2011

9. Seminar on markets strategy and debriefing- 21<sup>st</sup> to 23<sup>rd</sup> Nov 2011

In Mozambique ,the Govt was represented by IPEME (the Small And Medium Industries development Ministry) the Local community through CEDARTE (and NGO with presence in over 9 provinces of Mozambique and the commonwealth secretariat.

1. Project Inception Workshop 13th -14th<sup>th</sup> December 2010
2. Raw Material and Skills Analysis Survey on field Jan- Feb 2011
3. Scoping and Diagnostic visit- March 16-20th<sup>th</sup> 2011
4. Project design planning and sourcing
5. Design and Technical Development Training July 25th August 15<sup>th</sup> 2011
6. Production post training by artisans
7. Shipping of Appropriate machinery from IF for group production
8. Product Exhibition 18-21st Nov 2011
9. Seminar on markets strategy and debriefing- 18th to 21st Nov 2011

It is a source of great pride that IF staff some who were travelling out of the country for the first time were able to go out to both the countries and train artisans in Africa, a job done exceedingly well and acknowledged by both the country stakeholders. It was not uncommon to see the trainees break into dance and songs every time they learnt a new design, product and dyeing. Munwa Crafts Association of Zambia were able to further scale up their activities and also went to the extent of being the suppliers of palm flies for Commonwealth conferences in Africa. In Mozambique, small women entrepreneurs have expanded their product reach and now regularly participate in national exhibitions. CEDARTE the local partner has been able to market products in the capital from artisans trained by IF.



As part of its mandate as the Secretariat of GNFF IF has also been able to assist assists countries in technology up gradation. Industree has designed and send advanced machineries to Zambia, Mozambique, Tanzania and Swaziland for development of natural fibre industry. Advanced Ratt machines, modified looms, Fibre Extraction Machines etc has been recently shipped to Tanzania as a part of technology assistance program.

## Conclusion & Learning Objective 4:

- 1.) Industree Foundation's role in initiating the formation of the GNFF is extremely path breaking. This brings to the fore its deep commitment and interest in the small producers. The GNFF principal mandate is to look at the development of the bio-economic sector from the view point of the small producers. In the years to come, natural fibres will possess a great role in sustainable economic development through creative industries manufacturing, biocomposites, bio energy, etc. It is also being noted a wholistic approach to the same will bring about viability. This has been proven by the final symposium in London from 25-27 June, attended by 18 countries. Continued support from the COMSEC and attendance by BASF, the world's largest chemical company and Interface Global.

## ENVIRONMENTAL IMPACT

IF has been a pioneer in promotion and use of natural fibres. It has facilitated research, lead advocacy and trained thousands of artisans in use of natural fibres at national and international level. This sustainable production creates huge amount of environmental impact. Although there is no standard measure to say how much precisely this impact has been created, we would just like to showcase through an example of Natural fibre mat and a non biodegradable plastic mat.

### Raw Material

#### Natural Fibre

Biodegradable
Renewable source of energy
sustainable
Usage or production does not cause any health hazards

#### Plastic

Non-Renewable source of energy
Non-sustainable
Emissions released during production cause serious health hazards

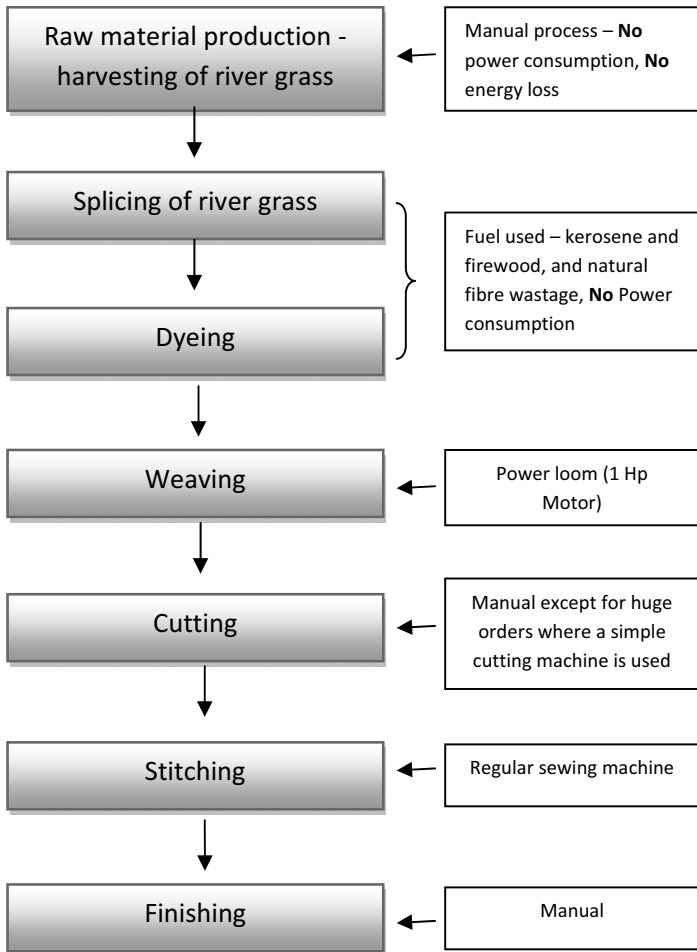
Comparison of natural fibre mat production and plastic mat production:

<b>Production process</b>	<b>Natural Fibre Mat</b>	<b>Plastic Mat</b>
Raw Material	River grass	Polymer – pellets
Source	Renewable	Non renewable
Raw material production	Sowing of seeds	Petroleum drilled & transported to a refinery
	Irrigation	Crude oil and natural gas are refined into ethane, propane
	Harvesting	Ethane and propane are "cracked" into ethylene and propylene
		Treated with catalyst to form polymer
		Polymer melted in extruder
		Cooled & converted to pellets
Pre-Production process	Cutting and splicing of river grass	Production of plastic straws
	Dyeing	Weaving
	Weaving	
	Lacquer finish	
Steps in production process	Cutting of river grass sheet to required dimensions	Printing(optional)
	Sealing of the edges by gumming	Cutting of plastic sheet into required dimensions
	Stitching of cloth strips for borders	Finishing of the edges
	Finishing	
Technology (Machinery)	Power looms	Mat production line/Power looms
	Cutting Machine	Cutting machine
	Sewing machine	Printing machine
<b>Environmental effects and impacts</b>	<b>Natural Fibre Mat</b>	<b>Plastic Mat</b>
Energy utilization in production	9.7 MJ/kg (from river grass to mat)	78 MJ/kg ( plastic production)
Water Consumption	Water used in dyeing process	Huge amount of water is used for

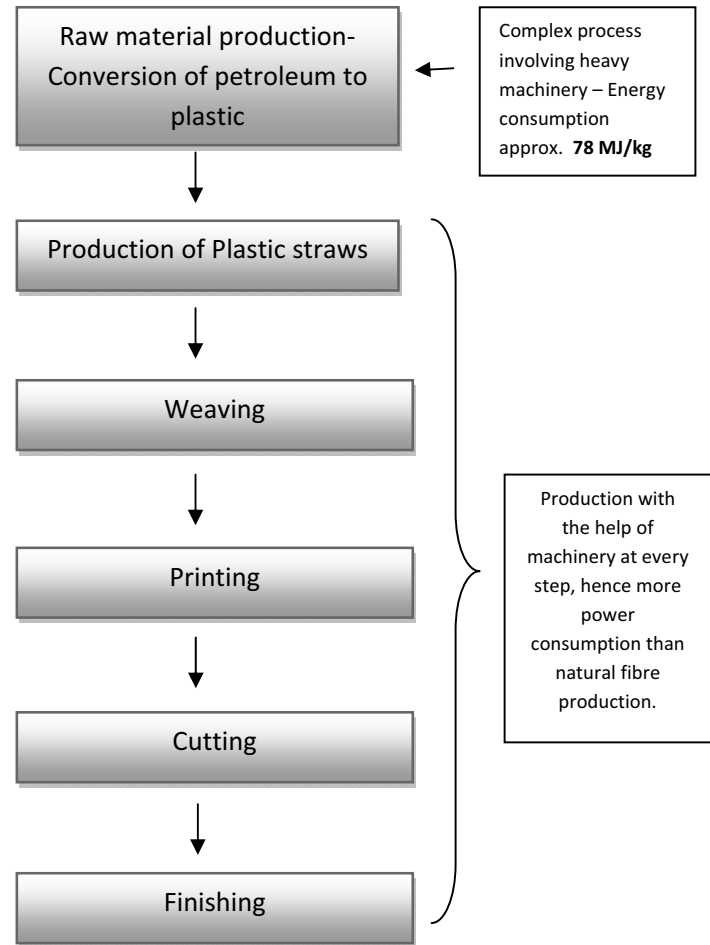
	( 0.45 l/kg approx.)	cooling and cleaning process
Effluent	The left over dye solution is dried in a cement pit and is not released anywhere. So there is no or minimum seepage in the ground.	Spills/leaks of chemicals. Waste water contaminated with acid, alkali, solvents etc
Emission	-	Emissions include heavy metals, chlorofluorocarbons, polycyclic aromatic hydrocarbons, volatile organic compounds, sulfur oxides and dust
Wastage	Leftover river grass	Unused plastic
Re-usability/Recyclability	<ul style="list-style-type: none"> <li>• The solution for dyeing can be re-used around 20 times till it becomes concentrated with impurities and cannot be further used.</li> <li>• Waste river grass is used as a fuel to boil water during dyeing process.</li> </ul>	Some types of plastics are recyclable but the process has high power consumption and has high toxic gas emission and release of waste water which has high pollution load.
Biodegradability	Natural fibre is biodegradable	Plastic is non biodegradable & take ten to thousands of years to decompose.
Sustainability	<p>The main raw materials used to make a mat i.e. river grass and cotton fabric, are from a natural source and are bio-degradable, thus are sustainable in nature. These constitute more than 85% of a product. Less than 15 % of the product is of synthetic nature.</p> <p>River grass – 66% Fabric(100% cotton) –15% Thread(100% cotton) – 5% Lacquer – 8% Colour – 1% Gum – 5%</p>	Plastic constitutes almost 100% of a product. So 100 % of the product is not sustainable.

## Production process and energy consumption

### Natural Fibre product



### Similar plastic product



### **Concluding Remarks by the Managing Trustee**

IF has made a major impact with the foundation it has created with GOI to build production capacities of rural artisans. Office of DCH, Ministry of Textiles, GOI clustered its schemes into 5 main Theme Cluster programs, ( Xmas Accessories, Personal accessories, Embroidery and Crochet, Tribal Craft and Natural Fiber) one of which was selected to be Natural fiber, based on IF advocacy, learnt from ICPL's market outreach. India is an agro based economy with enormous localized raw material resource and having DCH recognize this as a valuable income generation activity with strong market potential, is by no means a small success.

Secondly IF has been the only implementing agency of the 5 selected which has made progress into the 3rd year of the activity and submitted proposals for the 4th year. Secondly its association with ICPL is connecting the Theme Cluster idea with markets such as IKEA. Hence its activities leading to objective 1, have been reasonably fruitful via GOI funding. Though its ability to raise funds from other public fund resources , to augment or gap fund GOI programs, has improved substantially, in coming years its communication and presence in various other fund raising programs needs to be substantial for it to achieve its aims effectively for other activities to achieve objective 1.

Its activities to reach objective 2, which is to assist small artisanal producers to reach markets, have been considerable and there is a strong measure of success here too. The gap between the real needs of working capital or supply chain financing are still enormous, but it would not be fair to rest the entire burden of this activity at the door of IF as there are deep ecosystem issues at play here. The experience with Killimangalam, though currently 100% voluntary in nature, both by IF and Madhuri, who has been working on the project, is a great source of inspiration as this is a craft, which was in the hands of a 60 year old society, revived by Mrs. Gita Ram, 30 years ago, which had almost shut down over the last 3 years. This is one of India's only tie die /ikat mat weaving skills left in the country and also I might add, globally, having received the UNESCO seal of excellence. The 2 master craftsmen engaged in the craft are plus 80 years old and If activity has protected the craft, ensuring that a next generation of younger women carry it forward. Great credit needs to go to Madhuri and the entire IF team , and ICPL teams, for all pitching in towards this task.

On its activities to reach objectives 3 and 4 I would express, great satisfaction, as IF's role in building GNFF has been exemplary. IF, SR Project Coordinator, Neju Gorge's ability to motivate his team in conducting a Global Seminar, with enormous satisfaction from all Global participants and Commonwealth Secretariat needs a special mention here. The recently concluded Global meet at London, had attendance from 18 countries an generated enormous energy with a strong action plan for the future.



## OTHER STAKEHOLDERS VIEWS

### BOARD OF TRUSTEES

#### Mr. Ashok Chatterjee

IF is implementing the Theme Cluster program, of GOI, and once it shows results, it would be good news, as there is a lot that one hears to the contrary about the cluster based approach. If Industree Foundation (IF) works with SHGs that are exclusively groups of women, it needs to work actively on building leadership within women in groups. IF needs to provide comprehensive feedback to GOI on the design of their schemes as many others find them extremely restrictive, without the follow up, extension that training always needs.

IF has skills in incubating production units .What does incubation in the craft sector actually demand? This has become a growing concept in other industries and it would be important to understand ICF's experience in this sector where the marketing back-up so essential for incubation is often missing.

IF, could review its process of design development workshops under the GOI guidelines. Design needs to be seen as a process. IF needs to play a larger role in the sector in showing how technology has replaced drudgery and increased safety, leaving room for more value addition through craftsmanship.

IF could outline clearly what are the entrepreneurship capacities that have been passed onto artisans. What artisans need is the opportunity/ability to become entrepreneurs if they so wish, and for all artisans to be able to negotiate better with the market through their understanding of the concept and language of entrepreneurship.

IF could play an advisory role on Bangalore Green Craft Producer Company, in terms of developing leadership amongst the artisans to manage it. IF has taken a global lead in natural fibre development. What has been the benefit of this advocacy so far, particularly in India, needs to be indicated clearly.

#### GITA RAM (Co-Founder- Industree Foundation)

Industree Foundation has done excellent work in the last few years. The concern about AhVY is that everything is time bound. Perhaps many of the milestones need to be revisited and reviewed. Skill training is one thing but the next steps need to be strengthened so that the artisans are not languishing - for want of follow up, for orders or for leadership.

## **PROJECT PARTNERS**

“Organization of GNFF was excellent. The quality of the participants and presentations were excellent. There were many challenges in the process of organizing the event but you were able to raise above these challenges and manage to keep sane.”

Watipaso Mkandawire  
Adviser (Enterprise Development)  
Special Advisory Services Division  
Commonwealth Secretariat (UK)

The DC(H) programme in which I was associated with Industree Crafts Foundation, Bangalore was the HRD workshop held during Dec 2011 at Bangalore. The Programme was well organized and conducted as per the scheme parameters and it helped the artisans to strengthen their technical and soft skills. The artisans also were helped in accessing health insurance programme from dch welfare schemes through your organization.

**Mr Shashidhar**  
Assistant Director, (Mysore)  
Office of Development Commissioner (Handicrafts)  
Government of India

In terms of training and quality of production, Industree has done well. The handholding support is there but could be better in terms correct guidance on how to plan minimum re order level of raw materials, how to source directly from vendors, etc. I think it is very important that the lines of communication are kept open and that there is MoU even after the training period between the partners.

**Ms Sarah Santamaria**  
Chief Executive Officer  
Diya Foundation, Bangalore

The organizing and quality of training by IF is very good. They have in-depth knowledge of their field and are able to deliver in the most challenging circumstance. The only recommendation I can give is that they should apply for more schemes and reach out to even more artisans.”

**Mr Dhanshekharan**  
Assistant Director (Salem)  
Office of Development Commissioner (Handicrafts)  
Government of India

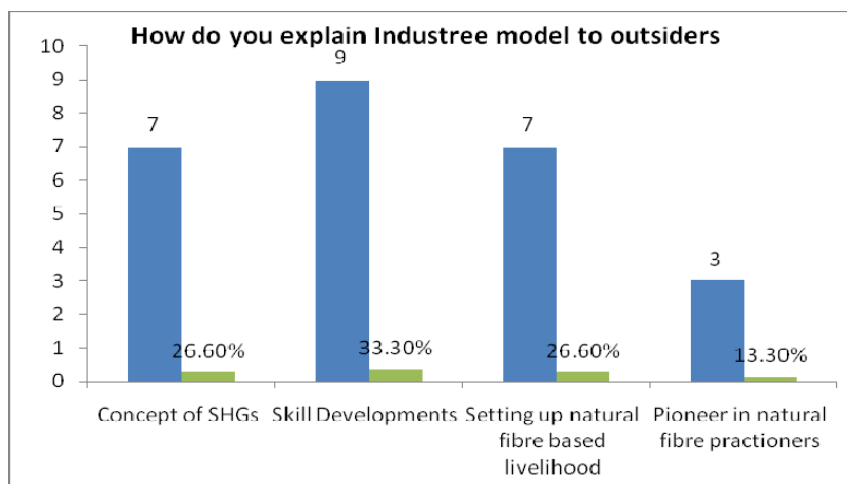
## STAFF

60% of the employees felt that Industree Foundation is achieving the mission “To enhance, protect and create secure artisanal livelihoods through socially, economically and environmentally sustainable production”.

There have been major changes in the administrative staff in last two years. Only 30% of the staff has more than 2 years of experience in Industree. However, there is good communication and in depth understanding of the mission of the foundation. 90% of the staff responded they are well aware of the SHG Concept which is the core functioning area of foundation. 40% of the staff interacts regularly with the artisans.

*“Artisans are able to lead a better life after association with Industree through constant income and social security like health insurance, PF and ESI”. -  
Rashmi*

When asked how do they explain Industree model to outsiders, majority responded as Skill Developments, closely followed by concept of SHGs and setting up of natural fibre based livelihoods.



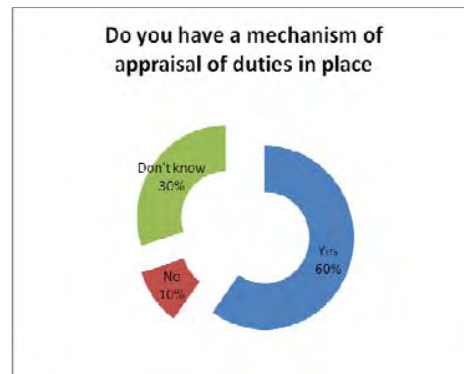
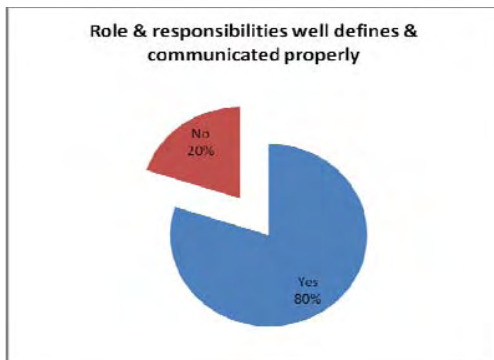
40% of the staff has received the training in the areas of

- How to execute accounts properly in correct time
- Time Management
- SHG Management
- Discover my world – Phase I & II

Many of the employees felt happier in working with artisans and were encouraged through team support. Other happiness factors included connecting rural artisans with market, product developments and capacity building of rural artisans. Some of the reasons for unhappiness were working on last minute without planning, delay in salary payments and reimbursement of conveyance/travel expenses

and project management.

80% of the staff reflected that their roles and responsibilities were well defined. The older employees also felt that mechanism of appraisal was in place. However, new employees were not sure of the same.



## ARTISANS

Focus group discussion was done in four groups spread across different SHGs incubated by Industree in Bangalore to understand their perspective on functioning of Industree Foundation. This discussion was to assess whether artisans have benefitted through various interventions of IF and their grievances. 42 artisans were covered in three separate Group Discussions.

Gist of group discussions is as follows:

- All the members expressed their happiness for bringing them under this type of SHG concept by ICF.
- They told that the working environment is very good, people are very friendly here. They did not have any skills in handicrafts & ICF provided skill training because of which they are able to earn their livelihoods now.
- Apart from this accounts training & computer training was provided to them on Sundays for a period of 3 months. Satish says "I did not know anything about computers before joining this SHG but now I can independently use computer".
- The constant orders after training by ICF has provided them with financial assistance like working capital loans from financial institutions like Milaap, bill discounting & over draft facility. **The incomes for some of the members have increased from Rs. 2,800 to Rs.5,850.**
- All of them are getting PF & health insurance for their families.
- Meena told "our SHG is like my mother's home & I feel happy to come & work here. If I will not come here for 2- 3 days, I feel bad. I am working here since 5 years & I will not quit this job. It has provided financial assistance to my family".
- They also expressed that they should get personal loans from financial institutions apart from the loans given for the SHG.

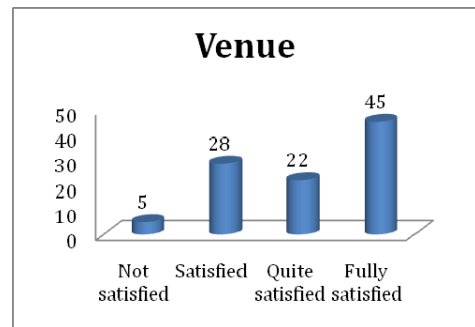
- Monthly savings are done regularly by each member. Regular group & monthly meetings are conducted which is a platform to express & share the view & problems of each member. Through one of these meetings, the group helped Anusha with Rs. 15,000- for her engagement.
- Now the group has been selected for International orders like IKEA & they told they had few productions related issues like shortage of raw materials, delay in payment of wages which will be taken care by ICPL.

The overall impression was that all the members are happy about ICF & also working with SHG which has improved their lives & living.

**Questionnaire** was administered to artisans out of state through project partners. The responses were collected from Rajasthan, Uttar Pradesh and Bangalore groups on various aspects of training and social security facilitation issues.

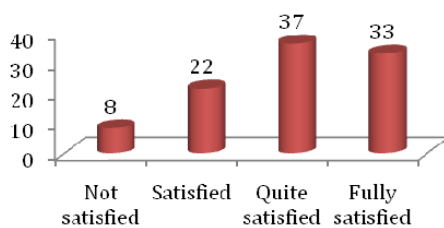
90% of the artisans said they were happy with the trainings provided by Industree. Many of the artisans reflected that they had not received the artisan ID cards and Health Insurance cards even after been applied through Industree before a long time.

Only 48% of the artisans were happy with the designs introduced for production. Since the market linkages were provided, 75% of them believed they will be earn more after using new designs. 65% of the artisans said



they were introduced to new machinery and techniques of production during the training.

### Planning & execution

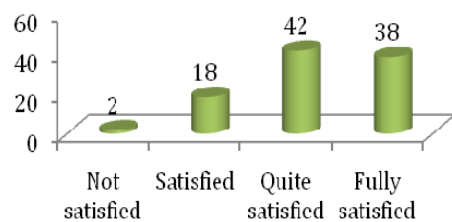


45% of the artisans were highly satisfied with the selection of venue, only 5% artisans seem to be dissatisfied about the venue. 22% of the artisans found the planning and execution to be as satisfactory.

### New learning



### Outcome



## Key Aspects Checklist for Social Accounts

### 1 Human Resources

		Number			Date/Details/Comment
1.1	<b>Number of employees:</b> Full-time Part-time Occasional Volunteer	14			
1.2	<b>Number of members</b>	6 (Board of Trustees)			Mrs Neelam Chhiber Mrs Gita Ram Mr Ashok Chatterjee Mr Arun Raste Mr N V Ramanna Mrs Nivedita Ram
		Y	N	NA	
1.3	<b>Policies and Procedures in place:</b>				
	a. employee contracts	Y			Appointment Letters (both parties signed)
	b. employee job descriptions	Y			Job descriptions are mentioned in each employee's appointment letter
	c. staff appraisals	Y			Yearly appraisals
	d. grievance procedures		N		
	e. disciplinary procedures	Y			Staff discipline procedures (like In & Out), claiming expenditures/ submission of accounts
	f. equal opportunities	Y			
	g. other, such as family friendly policy:		N		
1.4	<b>Investors in People</b>			NA	
1.5	<b>Consultations:</b>				
	a. with paid employees	Y			As a part of social accounting process.
	b. with volunteers			NA	
	c. other	Y			Consultations with other stakeholders including artisans,

					funders, government officials, board of trustees.
--	--	--	--	--	--

## 2 Good Governance and Accountability

		Y	N	NA	Date/Details/Comment
2.1	<b>Legal form of organization:</b>	Y		NA	
	<b>Constitution (tick appropriate):</b>				
	Sole trader <input type="checkbox"/>				
	Association <input type="checkbox"/>				
	Partnership <input type="checkbox"/>				
	Company limited by shares <input type="checkbox"/>				
	Company limited by guarantee <input type="checkbox"/>				
	Industrial and Provident Society <input type="checkbox"/>				
	Credit Union <input type="checkbox"/>				
	Community Interest Company <input type="checkbox"/>				
	Workers Co-operative <input type="checkbox"/>				
	Charitable status <input type="checkbox"/>				
	Housing Association <input type="checkbox"/>				
	Other				
	What?.....				
2.2	<b>Appropriate annual return filed</b>	Y			
2.3	<b>Annual General Meeting held</b>	Y			
2.4	<b>Regular Board/Management Committee meetings</b>	Y			<i>4 Board meetings in a year</i>
2.5	<b>Annual Report published</b>	Y			2009-10
2.6	<b>Membership increased/decreased</b>			NA	
2.7	<b>Social Accounts prepared</b>	Y			2010-11
2.8	<b>Social Accounts verified by Social Audit Panel</b>	Y			
2.9	<b>Social Accounts reported to Stakeholders</b>	Y			<i>Put upon website and circulated through email to stakeholders</i>
2.10	<b>Consultations:</b>				
	a. with members of the organisation	Y			Questionnaire attached
	b. with members of the Board or Management Committee	Y			Feedback on performance of foundation.
	c. with Advisory Body members (if	Y			

	appropriate)				
2.11	<b>Other quality systems used</b>				

<b>Additional information</b>
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### 3 Asset Lock and Use of Surplus

		Y	N	NA	Date/Details/Comment
3.1	<b>Asset Lock in constitution</b>				
3.2	<b>Use of surplus:</b>				
	a. no surplus made				
	b. to reserves or re-investment				
	c. to charitable purposes	Y			Surplus Transfer to General Fund
	d. to employee bonuses				
	e. to directors' emoluments				
	f. to other	Y			<i>Travel and Health Insurance for all Personnel</i>

### 4 Financial Sustainability

		Y	N	NA	Date/Details/Comment
4.1	<b>Annual Accounts prepared and filed</b>	Y			<i>Accounts Filed for 2011-12</i>
4.2	<b>Balance sheet strengthened/weakened</b>			NA	
4.3	<b>Profit/loss for year</b>			NA	

### 5 Environmental Sustainability

		Y	N	NA	Date/Details/Comment
5.1	<b>Environmental policy in place</b>			NA	



5.2	<b>Reports on environmental practices available:</b>			NA	
	a. energy use: heat and light				
	b. energy use: transport				
	c. consumption of materials				
	d. re-use of materials				
	e. recycling of materials				
	f. waste disposal				
5.3	<b>Carbon footprint calculated</b>		N		
5.4	<b>Other</b>				

## 6 Local Financial and Economic Impacts in the Community

		Y	N	NA	Date/Details/Comment
6.1	<b>Purchasing policies defined</b>			NA	
6.2	<b>Report on effect of purchasing policies available</b>			NA	
6.3	<b>Local multiplier effect of organization calculated</b>			NA	
6.4	<b>Savings to public purse calculated</b>		N		
6.5	<b>Value of volunteer contribution</b>		N		
6.6	<b>Total inward investment attracted</b>	Y			
6.7	<b>Cash and in-kind contributions to the community</b>		N		
6.8	<b>Other financial and economic impact calculations:</b>		N		Details given in Social Audit

### **Future plans for the next Social Accounting Cycle**

The social accounting cycle for I F would be for every two years and we will draft the next social accounts for 2013-2015

### **Dialogue and disclosure**

IF intends to improve its social accounting systems and to report on its achievements and shortcomings once in two years. One of the first steps in this direction would be to share the findings of this audited accounts with all the stakeholders consulted, and several that were not consulted as part of this cycle.

The audited social accounts will be hosted on the IF/Mother Earth website.

A printed version of the summary accounts will be published and shared with relevant stakeholders

A power point version of the findings of the accounts will be used as part of the communication materials that IF uses

The full version of the accounts including notes of the panel meeting and all background data will be available at the IF office in Bangalore for inspection upon request

A soft copy of the report will be sent to all our Board members

Financial Information

Industree Foundation Financial Accounts for the year ended 2012

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.3.2012**

Particulars	Sch. No.		Year Ended 31-3-2012
<b>INCOME:</b>			
By Workshop & Project Grant Received		6517815.00	
By Consultancy fee Received		2039482.00	
By Donation Received		622100.00	
By Other Receipts		83455.00	
<b>Total</b>	<b>2.1</b>		<b>9262852.00</b>
<b>EXPENDITURE:</b>			
To Training & Development Expenses	2.2	6267797.00	
To Administrative Expenses	2.3	1884901.00	
To Financial Expenses	2.4	22920.00	
To Depreciation	1.4	63870.00	
<b>Total</b>			<b>8239488.00</b>
Excess of Expenditure over Income			1023364.00
Less: Provision for Taxation			0.00
<b>Net Excess of Income over Expenditure</b>			<b>1023364.00</b>

**BALANCE SHEET AS AT 31.3.2012**

Particulars	Sch. No.		As on 31-3-2012
<b><u>SOURCES OF FUNDS:</u></b>			
General Fund	1.1		1509646.00
Loan Fund :			
Secured & Unsecured loans	1.2		10131204.00
Total			<u>11640850.00</u>
<b><u>APPLICATION OF FUNDS :</u></b>			
Fixed Assets :	1.3		242230.00
<b><u>Current Assets:</u></b>			
a. Deposits		4575831.00	
b. Sundry Debtors		5372232.00	
c. Cash & Bank Balances		4025902.00	
	1.4	<u>13973965.00</u>	
<b><u>Less : Current Liabilities &amp; Provisions</u></b>	1.5	2575345.00	
<b>Net Current Assets</b>			11398620.00
Total			<u>11640850.00</u>

FINANCIAL INFORMATION FOR THE YEAR ENDED 2013

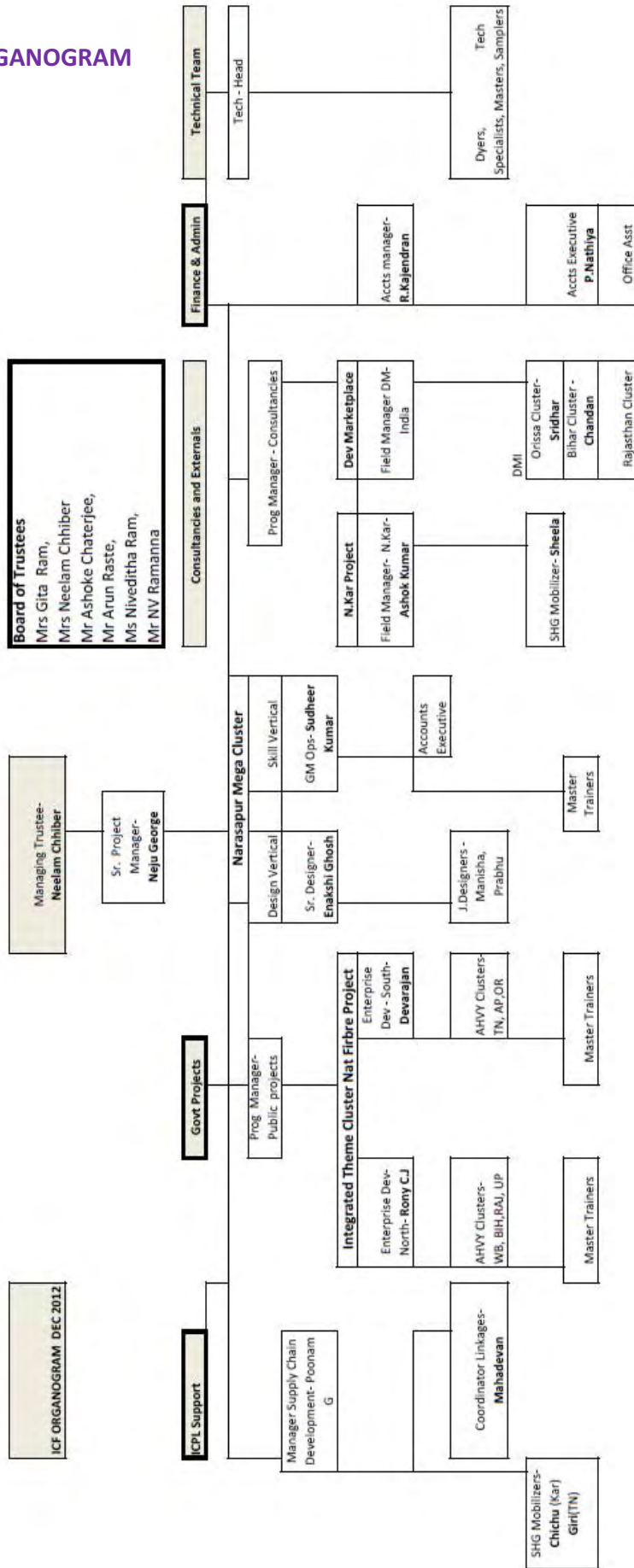
**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.3.2013**

Particulars	Sch. No.		Year Ended 31-3-2013
<b><u>INCOME:</u></b>			
By Workshop & Project Grant Received		10902716.00	
By Consultancy fee Received		974520.00	
By Donation Received		690000.00	
By Other Receipts		118501.00	
Total	2.1		<b>12685737.00</b>
<b><u>EXPENDITURE:</u></b>			
To Training & Development Expenses	2.2	9489227.00	
To Administrative Expenses	2.3	3758871.00	
To Financial Expenses	2.4	218950.00	
To Depreciation	1.4	68510.00	
Total			<b>13535558.00</b>
Excess of Expenditure over Income			(849821.00)
Less: Provision for Taxation			0.00
Net Excess of Expenditure over Income			(849821.00)

**BALANCE SHEET AS AT 31.3.2013**

Particulars	Sch. No.		As on 31-3-2013
<b><u>SOURCES OF FUNDS:</u></b>			
General Fund	1.1		659825.00
Loan Fund :			
Secured & Unsecured loans	1.2		5710970.00
<b>Total</b>			<b>6370795.00</b>
<b><u>APPLICATION OF FUNDS :</u></b>			
Fixed Assets :	1.3		413342.00
<u>Current Assets:</u>			
a. Deposits		1007448.00	
b. Sundry Debtors		6148574.00	
c. Cash & Bank Balances		363371.00	
	1.4	7519393.00	
<u>Less : Current Liabilities &amp; Provisions</u>	1.5	1561940.00	
Net Current Assets			5957453.00
<b>Total</b>			<b>6370795.00</b>

# ANNEXURE 1: ORGANOGRAM



## ANNEXURE 2: QUESTIONNAIRES

### I. Employee Questionnaire

You may be aware that Industree Foundation is undertaking a Social Audit. As part of the Social Audit process, we require each of your valuable inputs on the working conditions of our foundation. In view of this, we have come up with a simple questionnaire, which is easy to answer.

Thank you for your co-operation!

1 Name:

2. Age:

3. Sex:

4. Location (Home town):

5 How long have you been working for Industree? \_\_\_\_\_ Years \_\_\_\_\_ months

6 Please list two things you **like** about working with Industree

- a.
- b.

7 Please list two things you **do not like** about working with Industree?

- a.
- b.

8. USP of Industree as an employer:

9. Please write down details of the training you have received in the last 12 months?

10. What training do you think you need to improve your skills / performance?

11. Are your role and responsibilities well defined and communicated properly? YES/NO

12. Do you have a mechanism of appraisal of duties in place? YES/NO

13. Have you ever felt the need of a system which would help you perform your tasks better? YES/NO.

14. Do you have any suggestion for bringing such a system in place?



1

16. Do you know what a Self Help Group (SHG) is?

17. How do you explain industree model to outsiders? (multiple selections)

- a. Concept of SHGs
- b. Skill Developments
- c. Setting up natural fibre based livelihood
- d. Pioneer in natural fibre practioners
- e. Any other \_\_\_\_\_

18. Do you feel the primary producers are able to lead a better life after associating with Industree? Please give your views

19. Please fill in the following table as per the

Employee details	Prior to Association with Industree	After Association with Industree
Annual Income		
Daily Working Hours		
Monthly Days of Work		

***In the following questions please circle the most appropriate responses...***

Here is our **Mission Statement**:

**To enhance, protect and create secure artisanal livelihoods through socially , economically and environmentally sustainable production**

20. Please say how well you thinking we are achieving the above Mission.

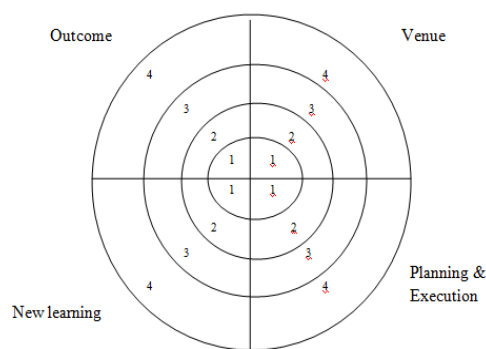
Very well      quite well      OK      poorly      very badly      don't know

**Finally, do you have any general comments?**

**QUESTIONNAIRE FOR ARTISANS**

**Name of the Artisan:**

- |   |              |
|---|--------------|
| 1. Have you been part of skill up gradation training conducted b y ICF              | a. Yes b. No |
| 2. Do you feel you have learnt new skills   | a. Yes b. No |
| 3. Do you think it has helped you in increase in productivity                       | a. Yes b. No |
| 4. Are you happy with the training provided to you                                  | a. Yes b. No |
| 5. Have you received your Artisan ID cards  | a. Yes b. No |
| 6. Do you know the benefits of Artisan ID Cards                                     | a. Yes b. No |
| 7. Have you received your Health Insurance Card                                     | a. Yes b. No |
| 8. Have you been explained the benefits of Health Insurance Card                    | a. Yes b. No |
| 9. Have you been part of design workshop conducted by ICF                           | a. Yes b. No |
| 10. Are you happy with the new designs introduced by ICF                            | a. Yes b. No |
| 11. Do you feel you will be able to earn more after using this new designs          | a. Yes b. No |
| 12. Were the new machinery/techniques has been introduced to you in the Training    | a. Yes b. No |
| 13. What is the name of your SHG  |              |
| 14. Do you know you are member of SHG   | a. Yes b. No |
| 15. Do you have equal say in decision during SHG meetings                           | a. Yes b. No |
| 16. Is there any discrimination done in your SHG based on Religion, Caste or Gender | a. Yes b. No |
| 17. Rate your experience of working in a group                                      |              |



- |  |              |
|--|--------------|
| 18. Have your capabilities increased to lead the group                     | a. Yes b. No |
| 19. Have you participated in the monthly leadership meetings called by ICF | a. Yes b. No |
| 20. Do you have regular SHG Meetings & regular discussions                 | a. Yes b. No |

**Signature of the Artisan**