



# Industree Crafts Foundation

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Building Responsible Value Chains

## Annual Report - FY 2014-2015



## CREATIVE MANUFACTURING - A BACKGROUND

In spite of having the world's largest and most varied skill base in the creative manufacturing sector, India only commands 2 percent of the global market share. A broken value chain is the reason for it. Across the country, most artisans work outside the formal framework, having to depend on middlemen for access to raw material, capital and getting their product into the market. Human rights abuses like low wages, long hours, forced overtime, unsafe working conditions, sexual, physical and verbal abuse and short term contracts are systemic. What is also lacking is a steady flow of orders which renders artisans helpless, not knowing from where or when their next source of income will come in. And women, who comprise a majority of the workforce, get the short end of the stick, sometimes earning less than half of what the men doing the same work earn.

*What is needed is a cultural revolution for the sector!*

## This is where we step in..

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**Industree Foundation** is a Bengaluru-based nonprofit that has been working in the Creative Manufacturing sector to better lives through artisanship since 2000. Its award-winning work comprises of integrating creative producers (artisans working on handloom and handicrafts, of whom a majority are women) into the formal economy. By doing so, it has paved the way for equitable and sustainable, economic and socially inclusive growth for artisanal communities for almost two decades.

Industree Foundation has so far trained over 30,000 artisans in the creative manufacturing sectors across India and Africa. In addition, Industree Foundation has helped establish and handheld Bangalore Greenkraft Producer Company in the handicrafts sector and Ektha Apparel Producer Company in the apparel sector, comprising of 2,000 women entrepreneurs and servicing customers like Mother Earth and Ikea. It has also incubated a third producer company with 15,000 women micro entrepreneurs in Narasapur, Andhra Pradesh.

## Activities

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### Handholding of Producer Companies

Industree Foundation helped set up two producers companies, Bangalore Greenkraft Producer Company (BGK) to cater to the natural fiber handicrafts segment in 2012 and Ektha Apparel Producer Company for the garment sector in 2014. These companies were part of an effort to ensure end-to-end traceability across the value chain, and ensure that artisans have access to regular work and increasing incomes.

Since their set up, Industree Foundation has been handholding these two companies to ensure that they are able to cater to market needs in a professional and profitable manner. Industree Foundation has been absorbing the costs of the professionals that have been assigned to these organizations and will continue to do so, until these companies are able to afford them. In addition, the two companies operate out of the same premises as Industree.

### Impact:

Industree Foundation's hand-holding process with Greenkraft includes helping the organization move from traditional batch production to flow production, where various artisans make different pieces of a product. This focus on lean implementation has resulted in increased production rate, reduced wastage and enhanced profitability. Greenkraft has to be able to grow their business with a turnover of INR 7.2 crore and a profit of INR 1 lakh for FY 2014-15.

Ektha, in its first year of operations grew to become an organization that employed 100 employees. It has recorded a turnover of INR 1 crore for FY 2014-15.

Dear Stakeholders we are pleased to share with you the annual report of Industree Foundation, for the year 14-15. Globally the creative industries are growing at 20%, and India with the world's largest workforce still stand at just 2% Global market share. Despite being a sector which caters to the growing sustainable fashion and accessories business, we still see our artisanal work force languishing, being forced to migrate because of lack of work, and a huge skill Loss, with the next generation not participating in their traditional practices.

Further we see that despite the Skill Mission, women producers who are our focus, fail to find work in their areas of residence and have to move in search of work once they are skilled. It is the need of the hour for Industree Foundation to scale and take its model of producer owned production to the next level. We hope with the support of all our stakeholders that we are able to achieve our ambitious

## Building an ecosystem framework

Most interventions for the Creative Manufacturing sector typically involve training people to learn new skills or improve on methodologies for already existing skills. However, despite giving world class training, without the supporting infrastructure—access to capital, markets and design inputs—many trained artisans will continue to languish without regular work. With many artisans continuing to work in the informal sector, they rarely bear the fruits of their work as a result of a fragmented value chain.

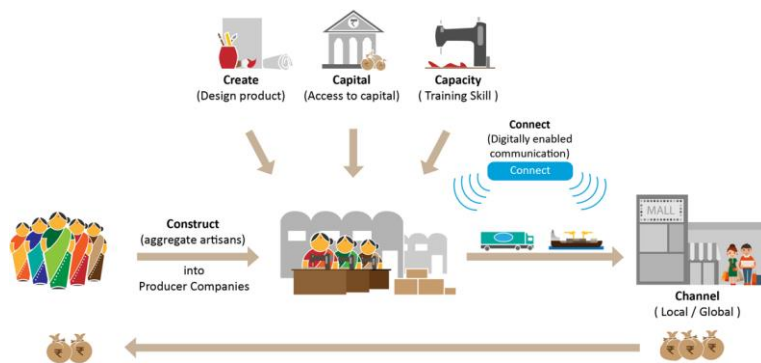
It has therefore evident that for any real impact for the producers in the Creative Manufacturing sector, a more holistic approach is needed.

This financial year, we believe has been key in Industree Foundation's journey within the Creative Manufacturing sector. Based on our learning from setting up and handholding the producer companies, we came up with an ecosystem approach called the 6C framework that can potentially change the way the sector operates.

### Impact:

The 6C framework consists of an enabling ecosystem that can nurture and sustain creative manufacturing businesses. This ecosystem consists of access to training hard and soft skills (Capacity), working capital (Capital), designs (Create), infrastructure and handholding support (Construct), markets (Channels) and linkages with all parts of the ecosystem through digital online/offline technology (Connect).

## The 6C framework





## Skill development in Sitalpati

A Skill Development Training was conducted for a cluster of scheduled caste artisans in Sitalpati craft (mat weaving from Sitalpati grass) in Cooch Behar, West Bengal. Training modules covered aspects like customer need identification, work flow process, pricing, traditional and contemporary design and pattern making. **Impact:**

100 scheduled caste artisans received 50 hours of comprehensive training in the Sitalpati craft.

## Industrial training for Artisans/Clusters Managers

Traditionally, craft has been a family vocation and products were typically sold in local markets, directly to consumers. However, with rapid urbanization, artisans have very minimal connect with the consumers, most of whom are now present in urban towns and cities. To stay ahead with the changing times, it becomes essential for artisans to develop products that appeal to newer markets, and at the same time preserve their traditional crafts.

It is to facilitate this that Industree Foundation conducted a workshop for artisans/cluster managers from Tripura working in bamboo craft early 2015. Funded by Tripura Bamboo Mission, the workshop was meant to provide artisans with insights into new markets, managing production to cater to demand, enhancing productivity through waste minimization, division of labor, costing and more. The workshop was conducted at the Industree Foundation premises and the curriculum covered aspects like Marketing, Production Planning, Quality Parameters, Costing and Business Plan.



## Incubation of ISTPL

Industree Skill Transform Private Limited (ISTPL) was incorporated in 2013 to train people in the creative manufacturing sector in partnership with National Skill Development Corporation. As an incubator, Industree Foundation has transferred its knowledge of the Creative Manufacturing sector to ISTPL. Industree Foundation's experience in setting up and handholding two producer companies, namely Greenkraft Producer Company and Ektha Apparel Producer Company, has helped ISTPL build out curriculums, and in turn a sustainable model for development in artisanal sectors.

### Impact:

ISTPL has been enlisted as a training partner by NSDC. In 2014-2015, ISTPL delivered training to xyz artisans from the following craft clusters: Sewing Machine Operator, Hand Rope Making, Basketry and Embroidery. Of the xyz artisans who attended the training, over 50% have been placed in jobs. In addition, ISTPL has also trained xyz artisans in Sewing Machine Operator – Level 4, through Recognition of Prior Learning under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY-1) scheme.

### Impact:

*"If we replicate this model back in our village and work hard, we can do a lot more"* – Artisan, Namita Paul, Basketry

*"What could not be learnt in Tripura, I learnt here"* – Jayanta Deb, Production Manager

*"Now we can work well and get more done with our group"* – Priyabrata Chakraborty, Production Manager

A total of 20 artisans/cluster managers participated in the workshop across two batches, the first deployed from January 22nd 2015 to February 4th 2015, and the next from February 6th 2015 to February 23rd. Each of the artisans was then awarded a certificate in Enterprise Training.



## Women's Supervisory Training Programme

A prevalent issue on the shop floors of creative manufacturing units is that while almost 90% of the artisans are women, the supervisors are typically men. This also means that chances of sexual harassment and verbal abuse on the work floor are greater. It was with this intention that Industree Foundation, along with three other Bangalore-based manufacturing organizations namely Gokaldas Exports, Gokaldas Images and India Designs, took an undertaking to up-skill women on the shop floor to take on supervisory roles and move up the value chain, and in the process create conditions for a safer workplace.

In mid-2014, the Garment Sector Roundtable Organized Women's Supervisory Training Programme to which Industree Foundation sent two artisans working with Ektha Apparel Producer Company. The Programme conducted over a period of seven weeks at Bangalore and covered technical skills, human resource management, workplace health and safety, and law, compliance and workplace dignity. Of the 35 female artisans who participated in the Programme, 70% are currently employed as shop floor supervisors. The remaining 30% were

### Impact:

Kamarunnisa, a sample tailor from Ektha Apparel Producer Company attended the Women's Supervisory Training Programme. After the workshop, she has moved on to the rolls of Industree Foundation and now heads the training of Sewing Machine Operators.



## Impact Edge

Impact Edge is a joint initiative of Industree Foundation and Srishti Institute of Art Design and Technology. It offers projects that combine business strategy with design thinking, to design impact businesses that seek to create social impact profitability. It deals with solving social problems in real situation using design thinking and business strategy. It prepares potential entrepreneurs in the livelihoods space, including creative manufacturing and agriculture through a mix of projects, challenges, boot camps and incubation with hands on mentoring.

Some of the projects in the Impact Edge cluster:

- Manipur Weaves
- Kauna Reed Producer Collective
- Women of Haryana
- Cool Canes
- Salt of the Earth

## Impact Edge-Manipur Weaves

**Objective:** Create an impact enterprise owned by the women weavers of the Kabui and Meitei communities residing in Tazei and Taobungkhok in Imphal, Manipur and provide an aspirational sustainable livelihood for them and continue this tradition as a way of life.

**Potential Impact:** Increase the daily earnings of the weavers from Rs.40 per day to Rs.180-Rs.200 per day and then sustain the increased wages. Initially impact the lives of 56 weavers in who work with READ Global an international NGO working in Manipur to start with, and then adapt it to spread to other weaving communities in Manipur. The census reports 290,000 weavers in Manipur alone.

**Present scenario:** The Kabui and Meitei communities of Manipur are a richly diverse culture. Weaving has been a part of their culture for generations. Next to agriculture, handloom weaving provides the highest employment to these women. Lack of exposure to modern retail, the rise in cheap mill made fabric makes their handloom products fetch low returns. Many migrate to big cities for menial service jobs as do their children. As a result the artisanal practices of Manipur are slowly dying out while condemning several generations to menial jobs in distant places.

**Partners:** READ India



## Impact Edge- Kauna Reed Producer Collective

**Objective:** Build a sustainable business enterprise to harness the traditional skills of Kauna artisans in Thoubal district and connect them with local and new markets such that their business and incomes grow to the point of being an aspirational livelihood for the next generation of artisans.

**Potential Impact:** Triple the incomes of 1500 women artisans over a 5 year period while indirectly enhancing socio-economic conditions for 10,000 people in Manipur. The project would also become a model for other creative production clusters in the North East and be replicated across the region.

**Present scenario:** Kauna is an indigenous Manipur plant. The ecofriendly plant grows in low-lying water logged fields. Farmers in the Thoubal area of Manipur have actually found it comparable or even more remunerative to cultivate kauna as opposed to paddy. The skilled kauna artisans of Manipur traditionally weave sleeping mats, mattresses and cushions. Rapid modernization has seen the use of kauna mattresses replaced by industrially made foam and spring mattresses.

The main issue is that of matching product to market and ensuring sustained demand.

**Partners:** Odesh, Manipur

## Impact Edge- Women of Haryana

**Objective:** Create manufacturing enterprises owned and managed by the women of Palwal district in Haryana, providing them with a sustainable livelihood and hence solve the social problems faced by them.

**Potential Impact:** Triple the incomes of the women artisans. Initially impact the lives of 60 women in the 3 villages of Chhainssa, Swamika and Bhigawali and later expand to 4 more villages of the Palwal district which will empower 1500 women over a 5 year period.

**Present scenario:** The women in Haryana lag behind many of their national counterparts across indicators like health, education, sanitation etc. Also, they hardly have any employment avenues and they live largely in a gender unequal society. This in turn sets up a vicious cycle of disempowered women further weakened by them being financially dependent.

These women have long been skilled in crafting artifacts from natural grasses that grow locally like Seekh, Barua, Moonj etc. and this skill has been passed to them from generations. Though their skill is spectacular, but crafts not evolved much in terms of form and motif and hence not market-oriented.

**Partners:** READ GLOBAL India, Sankul New Delhi



## PARTNERSHIP

## WOMANITY FOUNDATION

In July 2013, Neelam Chhiber was awarded the WomenChangeMakers Fellowship. The Women ChangeMakers program, instituted by the Womanity Foundation, identifies and aids social entrepreneurs to achieve large-scale social change by contributing to progress for women and their communities. This opened the doors for several partnerships with organizations that would step in to help Industree Foundation assess internal processes, build out a fundraising plan, identify long-term strategy and more.

**May 2014:** Zigla Consultores performed a needs assessment of Industree Foundation and baseline evaluation in order to identify the main gaps and Recommend a 3-year Action Plan.

**March 2015:** Ernst & Young LLP (EY) was engaged to assist Industree Foundation design strategic approaches to its fundraising. The engagement entailed undertaking a diagnostic of the as-is state of the organization and understand the organization's preparedness in terms of going to market. In line with this, EY prepared a Diagnostic Report in March 2015.

## Balance Sheet as on March 31st, 2015

Particulars	Sch. No.	As on 31-3-2015
<b><u>SOURCES OF FUNDS:</u></b>		
General Fund	1.1	1798689.00
Loan Fund :		
Secured & Unsecured loans	1.2	6872906.00
<b>Total</b>		<b>8671595.00</b>
<b><u>APPLICATION OF FUNDS :</u></b>		
Fixed Assets :	1.3	1341426.00
Current Assets:		
a. Deposits		822620.00
b. Sundry Debtors		7361388.00
c. Cash & Bank Balances		2240084.00
	1.4	10424092.00
<u>Less</u> : Current Liabilities & Provisions	1.5	3093923.00
Net Current Assets		7330169.00
<b>Total</b>		<b>8671595.00</b>

## ACCOUNTS

## Income and Expenditure Account as on March 31st, 2015

Particulars	Sch. No.	Year Ended 31-3-2015
<b><u>INCOME:</u></b>		
By Workshop & Project Grant Received		1500000.00
By Consultancy fee Received		858210.00
By Donation Received		2794500.00
By Other Receipts		38028.00
<b>Total</b>	2.1	<b>5190738.00</b>
<b><u>EXPENDITURE:</u></b>		
To Training & Development Expenses	2.2	1976209.00
To Administrative Expenses	2.3	2189161.00
To Financial Expenses	2.4	119852.00
To Depreciation	1.4	169853.00
<b>Total</b>		<b>4455075.00</b>
Excess of Income over Expenditure		735663.00
Less: Provision for Taxation		0.00
Net Excess of Income over Expenditure		735663.00

## Organization information

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- Registered name: Industree Crafts Foundation
- Trust registration no: TRN: 362 /200-01
- Date of registration: August 24th 2000
- Trustees: NeelamChhiber, Gita Ram
- Board of Directors: Arathi Laxman, Ashoke Chatterjee, Gayathri Vasudevan, Gita Ram, NeelamChhiber, NiveditaRam, NV Ramana, TrilochanSastry

## DISCLOSURES

### Statutory information

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- PAN no: AAATI2700B
- Income Tax Reg u/s 12AA: Trust/718/10A/Vol.I/I-180/2001-02/CITII
- Approval for exemption u/s 80G : DIT(E)/80G(R)/AAATI2700B/X-109/2010-11
- FCRA registration no: 094421327
- We bank with: ICICI, Koramangala 7th Block, Bangalore
- Statutory Auditors: Vengadamani& Co



