

**I. MEASURING-UP**

“NGOs should concentrate on creating models and create intensive critical mass of work”... “What is the reach of your NGO?”.... “How long do you experiment with the public money?”.....”Scaling-up is the business of government”.....”Have you completed three years to be eligible for funds floated by government?”

These questions define the challenges faced by Chitrika this year. With focus on increasing the reach and at the sometime non-compromising stance towards quality of cooperatives promoted, Chitrika has reached 60 artisans as against the target of 100. The year has been a great leaning experience for the team at professional as well as personal level. The issues that we dealt with have stretched our efforts beyond cooperative promotion. Hence, for the coming year, Chitrika aims to stretch its efforts’ portfolio beyond cooperative promotion to include “Technology for Handlooms/Handicrafts” and “Nurturing human resources for artisan livelihoods”. We are positive and feel that the coming year will see the knowledge and capacity sharing between Chitrika and Community as a more vibrant and enabling process.

Strategic intent – Are we on the right track?

Chitrika intends to work on economic and social well-being of the artisans. It wants to achieve this through working on inputs, processes, outputs and structures in the artisan value-chain. Looking beyond the value-chain, Chitrika also endeavors to work on alternative livelihoods for youth in artisan sector. The table below explains the progress of Chitrika in different aspects of artisan livelihoods vis-à-vis its strategic intent. Re-looking at mission and vision of Chitrika, reach-wise the number of weavers reached directly has remained small. In terms of breadth of issues, each aspect in production, marketing and institutions have been explored. The core philosophy, approach and issues identified have remained true to the intent with which the organization has started. “Artisan based”, “community-driven”, “shortening the value-chain”, “alternative livelihoods for artisan youth”, and “building community’s capacity to manage marketing” have been the keystone on which our efforts are based. The areas, which left us wanting, are 1) community reluctant to share marketing responsibility and also lack of appropriate mechanisms at the organizational level to involve them in marketing, 2) inadequate level of investment from the community, 3) reluctance of banks to provide working-capital loans to new generation cooperatives, 4) lack of known best practices in pre-loom processes in handlooms and 5) lack of resources to work on alternative livelihoods and new artisan clusters

The objectives with which Chitrika set out to work and progress in each of the objectives is presented below with a vision for future.

Objective – Work Correlation

#	Aspects	Present	Future
1	Finance → Working capital Loan	→ Rs. 3.9 lakhs to one cooperative	NBFC for artisan cooperatives

	→ Consumption loan → Health and life insurance	→ Rs. 47,000 for one cooperative → 30 weavers	
2	Marketing → Sales → Spread → People trained	→ Rs. 7.3 Lakhs → Andhra Pradesh, Tamil Nadu, Karnataka, New Delhi, Madhya Pradesh → 3	Own marketing entity owned collectively by cooperatives
3	Production	→ .....Meters of production → Comprehensive production management system (manual and visual processes) → Attempts to explore quality standardization technology and quality determination technology	→ Developing production management systems that are fool-proof and standardized → Developing a customer education programme
3	Technology	→ Loom changes → Production Management and Marketing Computerization	Technology cell for working on low cost technologies for artisans
4	Institution Building	→ Cooperative promotion - 4 → Federation possibility exploration	→ Cooperatives and their federations reaching 1 lakh artisans by 2015 → Exploring new institutional forms
5	Collaborations	→ With Maya Organic for lacquer toys cluster	→ Yet to get a clear idea
6	Alternative livelihoods	No Progress	→ Alternative Livelihoods Training School
7	Learning Labs	No Progress	→ Still working out the aspects that this school of artisans will cover

## II. TIME-LINE OF WORK

The table below lists out the tasks undertaken every month by Chitrika during the year 2007-2008. Internal work pertains to the direct implementation work of Chitrika. External assignments are the works taken up to supplement the financial resources of Chitrika. These assignments are related to the craft sector.

#	Month	Internal Work	External Assignments
1	April	→ Intellecap Srijan Microfinance Business Proposal Competition → Summer Marketing support for cooperative	→ GERES' Wool transformation evaluation study on enterprise and marketing
2	May	→ Summer Marketing for D Valsa Cooperative → Annual Report preparation for	→ GERES' Wool transformation evaluation study on enterprise and marketing

		<p>Chitrika</p> <ul style="list-style-type: none"> <li>→ External Audit</li> <li>→ General body of cooperative – annual report, annual accounts and audits</li> <li>→ Support in preparation of AGM for the Coop</li> <li>→ Exploring tie-ups with FINO</li> </ul>	
3	June	<ul style="list-style-type: none"> <li>→ Marketing support to Coop</li> <li>→ Training internal staff</li> </ul>	→ IISD report on price volatility in cotton yarn sector
4	July	<ul style="list-style-type: none"> <li>→ East-Coast Market exploration</li> <li>→ Exploring new clusters in Srikakulam</li> <li>→ Proposals submitted to NABARD, RIF</li> <li>→ Garmenting field testing</li> </ul>	<ul style="list-style-type: none"> <li>→ IISD report on price volatility in cotton yarn sector</li> <li>→ Livelihood Finance Manual for ALCI</li> </ul>
5	Aug	<ul style="list-style-type: none"> <li>→ Spinning Mills Exploration</li> <li>→ Low cost handloom marketing exploration</li> <li>→ New Staff recruitment and Training</li> <li>→ Proposal to Global Knowledge Partnership</li> </ul>	<ul style="list-style-type: none"> <li>→ Livelihood Finance Manual for ALCI</li> <li>→ Endogenous Tourism Programme – UNDP- Samode visit</li> </ul>
6	Sep	<ul style="list-style-type: none"> <li>→ Monsoon Marketing</li> <li>→ Proposals to SRTT, Ministry of Panchayati raj</li> <li>→ Preparation for promotional and marketing material for handloom</li> <li>→ Complete accounting system in place</li> </ul>	<ul style="list-style-type: none"> <li>→ Voluntary work for ALCI – articles for <i>Transforming India</i> Magazine</li> <li>→ Presentation on Khadi for Sreenidhi International School</li> </ul>
7	Oct	<ul style="list-style-type: none"> <li>→ Marketing Support to weavers</li> <li>→ Proposal to SDTT</li> </ul>	→ Endogenous Tourism Programme – UNDP- Kullu visit
8	Nov	<ul style="list-style-type: none"> <li>→ Support to IRMA students on cluster feasibility study</li> <li>→ Review of HR policy</li> <li>→ Proposal to AKF</li> <li>→ Preparation for Global Knowledge Partnership event</li> </ul>	→ Endogenous Tourism Programme – UNDP
9	Dec	<ul style="list-style-type: none"> <li>→ GKP – Malaysia – Fellowship presentation and final round</li> <li>→ Institutional Order follow-up support to coop</li> <li>→ Support to IRMA students on cluster feasibility study</li> </ul>	→ Voluntary work for ALCI – articles for <i>Transforming India</i> Magazine
10	Jan	<ul style="list-style-type: none"> <li>→ Market support to coop</li> <li>→ Staff Training</li> <li>→ Mobilization of weavers in new cluster</li> <li>→ Initiation of work in toy artisan cluster in Etikoppaka</li> </ul>	→ New cluster exploration in Telangana for <i>Urvi</i>
11	Feb	→ Field visit to other toy clusters	→ Lanco - Kondappali Initiative

		→ Cooperative formation process in Boddam , Kumka, Edulavalasa and Etikoppaka → Internal management systems established and computerized in the coop	
12	Mar	→ Strengthening the existing coop → Summer marketing	→ Endogenous Tourism Programme – UNDP

### Operations

In the year 2007-2008, Chitrika was involved in strengthening one weaver cooperative in Devaravalasa village, Srikakulam. It's in the process of promoting two handloom weaver cooperatives in Srikakulam and one handicraft organic toy cooperative in Vishakapatnam. In the year 2007-2008, Chitrika has been intensively involved in working with cooperative in Devaravalasa village and the progress of which is presented below:

### *Cooperative Snapshot*

#	Head	Number	Remarks
1	Membership	30	2 more cooperatives are in the process of registration and membership will increase to 100 within three cooperatives
2	Sales	Rs. 7.3 lakhs	Approximate sales for 16 weavers as the new members have started production from February 2008
3	Profit	Rs.1.3 lakh	
4	Person days	225 days per weaver	The target is to increase the person days to 300 with complete production for the cooperative
5	Member Funds	Rs.1125	Rs.100 share capital, Rs.25 admission fee and Rs.1000 deposit (loan from weaver)
6	Chitrika's Loan		
7	Average Monthly income	Rs. 2000 per weaver/ month	In the case of increased orders, the income of some of the weavers have gone up to Rs.6500 per weaver in a month
8	Staff Trained	2	Accounts, production management
9	Board meetings	20	Monthly meetings and production planning meetings
10	Member training	1	One-day member training on governance issues
11	Cooperative Employee training	2	Accounts management, production management
12	Exposure visits to BOD cooperative	2	Mangalagiri Cluster – Twice Gangannapadu Cluster

Apart from this cooperative, Chitrika has identified four new locations – Kumkam, Boddam, Edulavalasa and Etikoppaka (toy cluster). The cooperatives are in the process of registration.

### III. FINANCIALS

Chitrika finds raising funds through a mix of grants and consulting related to artisan livelihoods fulfilling. Such a mix gives scope for improving Chitrika knowledge portfolio. In terms of adequacy of funds, Chitrika had sufficient funds to carry out cooperative formation, employee capacity building and exploring new clusters. But providing working-capital support to cooperatives out of the grant funds has limited the funds available for establishing a garmenting unit and yarn bank. Also, developing a marketing professional could not be undertaken due to paucity of funds. Total inflow of funds in the year 2007-2008 has been Rs. 8,25,615 and total outflow has been Rs. 5,71,812 as expenses and Rs. 2,97,984 as cooperative working capital and general loan funding. Chitrika plans to create a corpus fund for providing livelihood finance to artisans.

#	Funder	Status	Remarks
1	HIVOS	Utilized	Srikakulam Cluster Project
2	Consultancy	Partly Utilized	Working capital corpus fund to be created
3	Donations from CEO	Partly Utilized	→ Exploration of new clusters → Administrative Expenses

#### Income sources

#	Source	Amount	Details
1	Consulting Income	1,31,493	IISD, ALCI
2	Grant from HIVOS	5,41,719	Programme grant for weavers in Srikakulam
3	Grant from CEO	1,49,403.5	Srijan - Intellectap price money and one international consulting assignment
4	Grant from Individuals	3000	Grant by Ms. G. Aruna and Mr. G V Ramanujam
	<b>Total</b>	<b>825615</b>	

Apart from the above-mentioned direct monetary grants, CEO Ms. Vijaya Switha works voluntarily for the organization. Grant from her in the form of her forgone income is Rs. 2.4 lakhs. Also, Chitrika rightfully acknowledges the voluntary support provided by Access Livelihood Consulting India Private Limited for many of our projects as well acting as a sounding board as it has helped in developing many new ideas. Chitrika has also received two tables, one chair and a computer in donation from Mr. Rajagopal and we at Chitrika have immensely benefited from the contribution, which helped us in providing better infrastructure at Hyderabad as well Ponduru to our employees.

#### Indirect Income

#	Source	Amount
1	Interest on General Bank Account	572
2	Interest on FCRA bank account	8431
3	Service fee from the cooperative	12090
	<b>Total</b>	<b>23843</b>

#### IV. COMING YEAR

Time of Chitrika will be divided mainly on the following programmes/projects.

- Consolidating the existing cooperatives
- One-year hand-holding for Endogenous Tourism Programme – UNDP – Kullu and Samode sites
- Long-term hand-holding support for Lanco - Kondappali toys cluster
- SDTT Pan Andhra Handloom Market Study
- Artisan livelihoods based NGO capacity building programme
- Alternative livelihoods for artisan youth

#### *New thought processes*

#	Initiative	Status
1	Lacquer Toys	Cooperative in the process of registration; production to start by April 2008 month end
2	Artisan Private Limited Company	❖ Note being prepared ❖ Clusters are developed for the same ❖ Funding exploration
3	Quality Assurance systems	❖ Physical examination and visual inspection systems have been developed ❖ Changes in the loom, attaching beams to reduce banding and changes during pre-loom work have been implemented ❖ Bobbin-winding machine has been set-up
4	Employee Review systems	❖ Out-put linked log sheets, planning sheets have been developed ❖ Human resource policy in place (awaiting approval)
	Employees	❖
5	Cotton procurement	❖ Process of procuring cotton has started to work with khadi weavers
6	Linking to Mills	❖ Current year raw material procurement from spinning mills directly. Yarn traders have been eliminated to a great extent

#### *Cooperatives*

Cooperatives will be strengthened to manage their own production, governance and financial processes. Marketing intermediation from Chitrika will go on with local markets being completely managed by the cooperatives. In particular, cooperatives will be strengthened in the following aspects:

- Computerized accounting system
- Zero-Defect systems – loom changes, quality assurance systems
- Local marketing and accounts person for each cooperative
- New product development every quarter – season
- Experimenting on frame-loom and polyester mixed yarn
- Bank-linkage for working capital
- Health and life insurance for all the cooperative members
- Completion of training on – quality, cooperative management, marketing and accounting for each cooperative

*Future Committed funds*

#	Funder	Fund	Status	Remarks
1	SDTT	Rs.5,00,000	Un-utilized	Pan Andhra Handloom Market Study
2	ETP-UNDP	Rs. 2,31,000	Yet to receive	Consulting, hand-holding support to two ETP clusters
3	Lanco-Kondapalli	Rs.1,40,000	Yet to receive	Long-term hand-holding support
4	Maya Organic	Yet to be finalized	-	For Etikoppaka cluster development

The other sources that will be explored are Sir Ratan Tata Trust, AP Tourism Development Corporation for developing endogenous tourism sites, NABARD, SIDBI< CAPART, UNDP-Small Grants Programme and GIVE.

**Annual Plan**

Organization and individual annual plan has been presented below. A detailed activity plan for each target has been developed during two rounds of discussions with staff and external facilitators. The focus on improving human resources for Chitrika has been reiterated by the staff and external facilitators. It was also felt that certain non-core activities or certain tasks within a bigger project can be outsourced to part-time staff.

Cooperatives Related	CHITRIKA Related
• Weavers – 100	• Market Study – SDTT
• Cooperatives – 4 ( 2 new by June and August)	• Technology Study & Strategy Paper
• Artisans – 30	• Implementation, Looms, system, New Equipments
• Cooperative – 1	• Trainings – Cooperative – 8, Youth – 3
• Cooperative finance – 20 lakhs	• Funding Target – 15 lakhs (1 Govt. Source)
• Sales Handlooms – 1.2 crores	• Human Resource – 7
• Yarn Bank	• Alternative Livelihoods – Paper & Trainings
• Garmenting Unit	• Recruitment - Office Staff - Two Program – MTS – Voluntary – ICFAI
• Spinning Unit	• Chitrika website
• CAD Centre	• FCRA
• Etikoppaka	• Design – Weaver Training, Designer, Technology consultant
• Production Unit	• Material Development – quality assurance manual
• Marketing Company	• Governance – Board reorganisation (3 new), three board meetings
• Dyeing Unit	• Improved review systems
	• Field worker primer
	• Library Management System
	• Log sheet & FIR
	• Marketing Data Base

	<ul style="list-style-type: none"> <li>• Inventory Management System</li> </ul>
	<ul style="list-style-type: none"> <li>• Bar coding</li> </ul>
	<ul style="list-style-type: none"> <li>• Trainings to Artisan Based NGOs</li> </ul>
	<ul style="list-style-type: none"> <li>• Handloom Museum proposal to funders</li> </ul>
	<ul style="list-style-type: none"> <li>• Endogenous Tourism – Dept of Tourism AP</li> </ul>
	<ul style="list-style-type: none"> <li>• Artisan Livelihood Learning Program to School Students</li> </ul>
	<ul style="list-style-type: none"> <li>• Administrative Policy</li> </ul>
	<ul style="list-style-type: none"> <li>• Market – Delhi, Bangalore, Indore, Gujarat</li> </ul>

## V. WHY?

- ❖ Definition of social entrepreneurship is understood differently by different sponsors, entrepreneurs, corporates, NGOs and funders. Is its corporate throwing in some money for social cause or is it a socially responsible entrepreneur or is it an enterprise that work on socio-economic outcomes where they enhance the livelihoods and in the process addressing both economic and social needs of the target group? Past year’s experience shows that there are conflicting views on social entrepreneurship and organizations working on livelihoods are looked at as being too commercial by social sector or as too social by corporates. How do we position ourselves?
- ❖ Technology and handlooms – do they compliment each other? Can they survive without each other? Or are they at two opposing ends? Though it is not a complex question to start with much of the work in handlooms has been done to improve spinning and weaving technology. What about pre-loom activities, which have become a major bottleneck in weaving process as well as emerging as key reason for weavers to shift to other occupations. How to work on complimentary technologies for weaving is another key question, which Chitrika will try to explore this year.
- ❖ A socio-economic innovative idea – seek funding to set-up an artisan livelihoods based NGO – build the market for the products – convert the initiative into a private limited company has become the norm of some of the livelihoods based NGOs. There is an immense moral dilemma when working on marketing aspects of livelihoods. The challenge is to separate the desire to control the venture and at the same time not to subsidize the business. How will Chitrika continue as an NGO providing support services, still keeping marketing in the hands of the weavers and at the same time how to charge for its services in order not to subsidize the marketing efforts? How to enable artisans to market on their own to avoid NGO becoming a commercial, controlling entity deviating from its founding objective?
- ❖ Building community stake-holdership requires patience, building a critical mass and making the initiative central to their livelihood. But can anybody tell me how long does it take for the community to own-up?
- ❖ To scale-up or not to scale-up? Many NGO’s say that scaling-up is not the business of NGOs who are supposed to create models. But are the costs incurred for creating so called models justified?
- ❖ When will banks find it “ok” to lend to cooperatives? Is the risk not same as lending to self-help groups? Don’t you think we need a separate banking institution for lending to cooperatives that are more professional, not government owned?(not



Chitrika

An Artisan Support Organization

definitely cooperative banks lending to cooperatives promoted by governments who do not lend to mutually aided cooperative societies)

These questions are not just the reflections of Chitrika team, but also a small portion of the annual report dedicated to seeking advice and may be possible solutions. Please feel free to mail your suggestions, feedback and may be possible solutions to [chitrika@gmail.com](mailto:chitrika@gmail.com).

**IDENTITY**

- ❖ Chitrika is registered under Andhra Pradesh Societies Act, 2001 on 5<sup>th</sup> October 2005. The registration number is 1603 of 2005. Memorandum of Association and Articles of Association are available on request
- ❖ Chitrika is registered under section 12A of the Income Tax Act, 1961 and with DIT (Exemptions), Andhra Pradesh under section 80G, valid till March 2009 (Reg.No.....)
- ❖ Chitrika is in the process of getting registered under Foreign Contribution (Regulation), Act, 1976.

*Name and address of Bankers:* Andhra Bank, Tirumalgherry branch, Karkhana, Secunderabad – 500009

*Name and address of Auditors:* Mahesh, Virendar and Sriram, Ameerpet, Hyderabad

Mission

“Enhancing the livelihoods of the artisans in Andhra Pradesh”

Vision

Achieving economic and social well being of 1 lakh artisans by 2015

**GOVERNANCE: DETAILS OF BOARD MEMBERS:** (as on March 31<sup>st</sup> 2008)

#	Name	Occupation/Designation
1	Mrs. Vijaya Switha Grandhi Secretary	Development Professional, founder <i>Chitrika</i> , PGDRM IRMA
2	Mr. Abhiram Katta Treasurer	Consultant, ACA, PGDBM – IIM Bangalore, Currently working in At Kearny
3	Mr. G. Bhargava	Development Professional, runs an organization called <i>Progressive Organization of People</i> in Kurnool for labourers and urban Poor
4	Mr. Raghunandan Rao	Project Director, <i>DRDA</i> , Khammam
5	Mr. Rajendra Shaw	Communication Professional, Founding member of <i>Center for Development Communication (CDC)</i> , Hyderabad
6	Mr. Gopi Krishna	Development Professional and is a Project Manager in <i>Sbramik Kala</i> , Belguam
7	Mr. P.B. Srinivas	Entrepreneur, runs a bio-chemicals factory, was a CAPART fellow, PGDBM IIM Calcutta

- ❖ Chitrika board met once in the FY 07-08 on.....
- ❖ A board rotation policy exists and practiced
- ❖ The board approves programmes, budgets, annual plan and audited financial statements. The board ensures organization’s compliance with laws and regulations

**ACCOUNTABILITY AND TRANSPARENCY**

- ❖ No remuneration, sitting fee or any other form of compensation has been paid since inception of Chitrika to any board member
- ❖ The following reimbursements have been made to board members:
  - Traveling expenses to attend board meetings – *Nil*
  - Traveling expenses to Ms. Switha Grandhi, CEO during the year for monitoring field activities and training – Rs.
  - No other reimbursement have been made to any board member
- ❖ CEO’s remuneration: *Nil*
- ❖ Remuneration of three highest paid staff members
  - Rs.16,000/- p.m.
  - Rs.10,000/- p.m.
  - Rs.6000/- p.m.
- ❖ Remuneration of lowest paid staff member: *Rs.2500/- p.m.*
- ❖ Staff Details: (as on March 31<sup>st</sup> 2008)

Gender	Paid Full Time	Paid Part Time	Paid Consultants	Unpaid Volunteers
Male	3	0	0	0
Female	1	0	0	0

- ❖ All directors are volunteers giving their time pro bono. They are not included in the details above
- ❖ Distribution of staff according to salary levels

Slab of gross salary (in Rs) plus benefits paid to staff (per month)	Male staff	Female staff	Total staff
Less than 5000	-	1	1
5,000 – 10,000	2	-	2
10,000 – 25,000	1	-	1
25,000 – 50,000	-	-	-
50,000 – 1,00,000	-	-	-
Greater than 1,00,000	-	-	-
<b>Total</b>	<b>3</b>	<b>1</b>	<b>4</b>

- ❖ Total cost of national travel by all staff during the year: Rs.20,255 only
- ❖ Total cost of international travel by all staff during the year

#	Name	Designation	Destination	Purpose	Gross Expenses (Rs.)	Sponsored by
1	Switha Grandhi	CEO	Kualalampur	GKP-YSEI Social Entrepreneurship Competition	Incurred by GKP	Global Knowledge Partnership
<b>Total</b>					-	