

Charaka

Invigorating Gandhian Thoughts

/ Dr. Balu Athani

Driven by situational factors in the Malenad region, intellectuals at the Kavi - Kavya (Poet - Poetry) Trust in 1996, formed a new initiative called the "Charaka Gramodyog Unit", primarily to generate alternate reliable employment opportunities for rural women. Starting with just 2 hand-operated looms and 2 sewing machines near Heggodu village, this unit was later registered as a cooperative entity named "Charaka Mahila Vividhodesha Kaigarika Sahakara Sangha" (Charaka) in 1996. The initiative has now carved its own unique place in the hand-loom map of the country. This success story has many inter-woven threads which make it unique. For one, hand-loom weaving is not a traditional occupation for the people of Malenad, but was imbibed. A market-oriented approach for production, natural dyeing using herbal colors, sale of ready made garments and direct marketing efforts are other factors that make this initiative unique and 'Beyond Horizon'.

Driving factors for establishing Charaka

- Replacement of traditional agriculture with plantation crops
- Absence of industrial activity
- Increasing population and pressure on forest resources
- Migration in search of livelihood

The Institution

The effort to promote livelihoods is organized through a network of institutions. Kavi-Kavya is a trust and a parent body that acts as a mentor. During the initial period, it helped facilitate coordination of supply chain activities between Charaka and Desi (a Bangalore-based trust that markets artisan's products) and supported market development initiatives for Desi. Today, Charaka deals directly with Desi. The central production unit run by Charaka, looks after several stages in the value chain like yarn procurement, reeling, dyeing, washing, tailoring, embroidery, finishing, quality control, packing and forwarding to retail shops run by Desi. Besides Charaka, Desi also works with other self-help groups, rural crafts people, craft councils and societies etc, to source a range of product varieties.



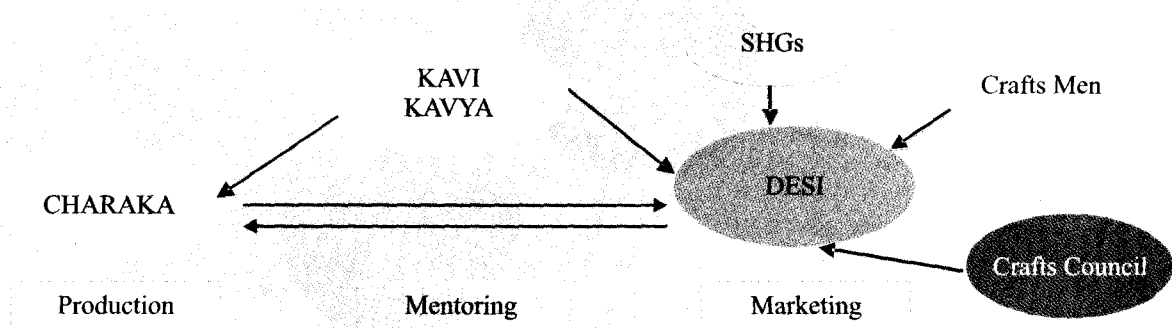
Charaka has 300 members of whom 251 are women. These women members participate as production workers and belong to nearby villages and are from small farming or landless agricultural labourer families. Membership is irrespective of caste. Members are in the age group of 18 to 30 years and constitute a 9 members' young and enthusiastic managing committee to look after the decision making process. Elections are held once in 5 years to constitute the managing committee. An interesting feature is that every one including the president continues working in the production process on a wage basis without any discrimination and the Executive head (Secretary) compulsorily changes once in 3-5 years, so that more members can get trained in leadership and administration.

Production strategy

1. In-house production, skill set and human resource management:

The production process is well organized to handle the market demands. A portfolio of nearly 159 different products from spectacle cover to furnishings is made possible due to close integration and a coordinated system of complex steps, beyond just looming. It involves dyeing, block printing, screen printing and

Fig: Organizational networks for value chains (Green lines indicate the current transaction relationships)



tailoring units. Some of the popular items like Kurta, Jubba, Pyjama, Churidar, Short tops, Banians, Bed spreads, Furnishing fabrics form a major component of the production.

Each activity involves a different skill set that is imparted to members by rigorous trainings from professionals as per the needs at Charaka. Trainees undergo a 6-month training period and are provided with a stipend. Apart from skill training, each division is supervised by an expert to oversee the performance. The point to be noted here is that none of the members are from weaver families. All the women took it up as an additional activity to enhance their livelihoods. Only the teachers belong to professional weaver communities. There is however, high turnover of working members due to migration of women after marriage. Charaka has tried to cope with this by continuous recruitment and setting up a permanent training facility.

2. Distributed production

Tailoring activities are being decentralized to member-level at every village, so that members can work on their convenience. The ready to stitch materials are provided on a job work basis to 3 units in different villages.

3. Out sourcing

Due to increasing demands from the market, Charaka is outsourcing the fabric from different weaving families across the state. 45 of the total 100 looms belong to these outsourced groups. Dyed yarn is provided for fabric making. Charaka plans to develop these groups as independently organized production entities on par with facilities at Charaka, so that enough materials can be supplied to Desi and marketing can be further increased.

The wide range product profile consists mainly of ready to wear cloth materials 75% of production and the remaining 25% consists of bed linen, handbags, furnishings, etc.

Quality Control:

Charaka has instituted a process of continuous quality checks at each stage of production. The supervisors are expected to watch for quality control parameters in their domains before



Women examining quality of finished product

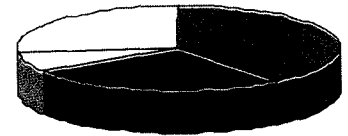
handing over to the next step. The products pass through a final check by skilled quality control observers before packing and forwarding.

Marketing Strategy:

Market research and the product profile:

Mr. Prasanna, one of the key founders of Charaka had a vision that the producer cooperative should meet the expectations and demands of the urban consumer. The urban-rural linkage should be a two way process benefiting both producers and consumers. Evolution of such a wide ranged product profile is thus by the sheer inquisitiveness and efforts by Kavi-Kavya to understand the dressing

Women employed - skill wise

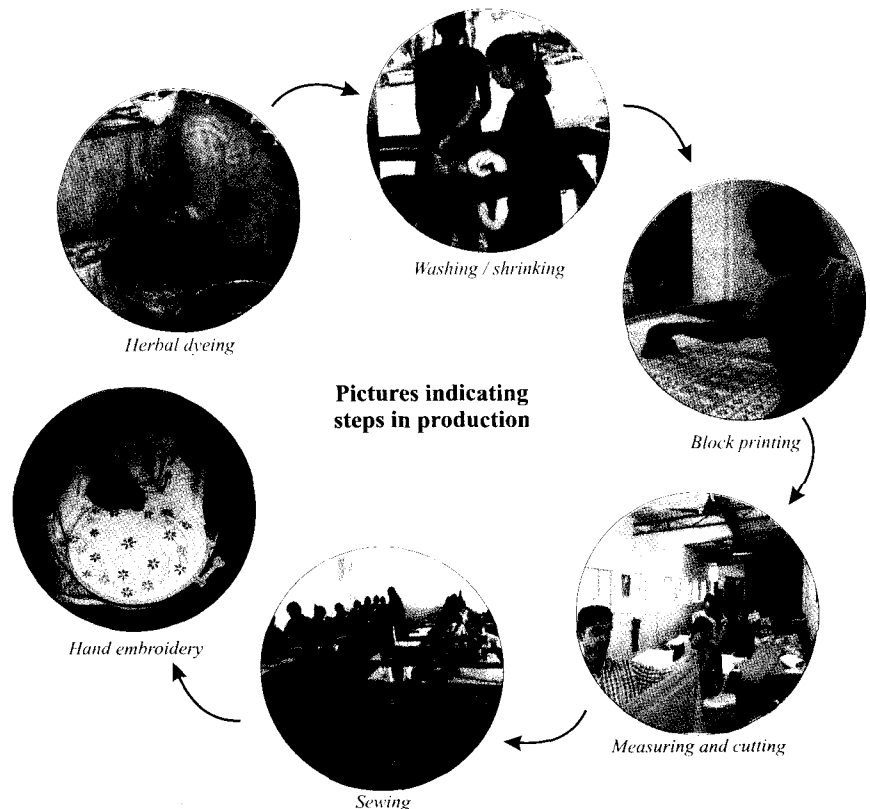


- Handlooms
- Tailoring
- Dyeing
- Other

attitudes, felt and unfelt needs and identifying the niche segment among the urban consumers through processes like informal market feedback and observation over the years. The broad product-range succeeded in pulling many customers to the stores where Charaka stocks its products.

Product differentiation:

Attempts were made to differentiate the products within the hand-loom segment by selling only "ready to use" garments, which apart from being a business strategy, had its logical roots in expanding employment opportunities for rural women. Apart from this, the products being 'natural' (no harmful chemicals were used), 'hand-woven'



Key Statistics of Charaka	
1. Turnover	Rs 197m
2. Share Capital	Rs. 48750
3. Excess of Income	Rs. 3.07 m
4. Excess of Income (2007-08)	Rs 1.28 m
5. Fixed Assets	Rs. 3.88 m
6. Grants Received	Rs 2.2 m
7. Liquidity Ratio	6.56
8. Gross Profit%	9.73
9. Average Production/member	3585 Units

and pure cotton materials, attracted middle class people apart from environment activists, intellectuals, media executives and young college students, and helped to create a niche market segment.

Promotion:

Much of the promotion is done through campaigns by setting up exhibition cum sales stalls during social and cultural events. Desi brochures form the point of purchase material. Charaka Utsava (Charaka Festival) is held as a promotional event once a year.

Pricing:

Charaka's marketing philosophy

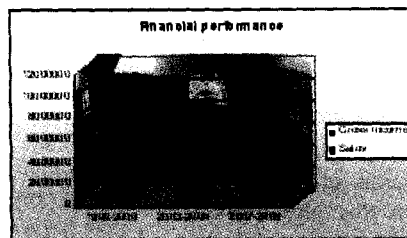
Features for product differentiation:

- Use of natural dyes
- Only 'ready to use' end products to suit all sizes
- Range of colors and hand designs including embroidery
- Designs based on consumer preferences
- Use of block printing technology

revolves around moderate pricing and offering a value-for-money product to the customer. Cost plus pre-determined margin method is employed to arrive at end user price. However, comparisons are also done to ensure that the end prices are on par with the similar products in the market. On an average, the organizations aims at a 10-15% net margin on its core products and higher margin for its by-products.

Distribution network:

Bulk of the sales are done through Desi,



which has 2 outlets in Bangalore and 1 in Mysore. Charaka has 2 retail outlets of its own, one at Heggodu village (Kavi Kavya premises) and the other at Sagar town.

Constraints faced:

- The demand is increasing for more colors, while the natural dyes are not many.
- Natural dyes are not permanent and fade over a period of time.
- Designing needs both in terms of color combination, patterns and the cuts lead

to innumerable combinations, but the production facility has limitations.

- Quality control will be a challenge for such a large scale operation, if outsourcing were to be completely done for all production processes.
- High turnover of skilled workers costs extra in terms of replacement and temporarily impairs production schedules.

Benefits to members:

Members can work with equity and dignity at Charaka. Each member gets paid based on the quantum of cloth they produce. Normally a worker produces 8 to 10 meters of cloth every day. She gets Rs 11 for each meter. Different activities attract different wage rates on a piece basis for different item categories. It ranges from Rs 13 to 18 per item for stitching. Thus, on an average, a member worker earns Rs 100 as wage. They also get employee benefit fund (the contribution by Charaka) and are eligible for loans to meet emergency cash needs of their families.

Replicability:

The producer cooperatives are as such, replicable for any commodity in any region. The underlying factor determining their success is developing a good marketing strategy focused on an urban market, just as Charaka and Desi have demonstrated successfully.//

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If you have the idea that you believe would help in changing the lives of people, here is the great opportunity for you to share your idea and we will help bringing these ideas to life.

We are looking for ideas that would help in bringing immediate and lasting improvement in the lives of the following categories of communities:

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Parivartan Chakra ideas contest will select top 5 ideas from the contest and enable financial support in launching them.

Send your idea to us by 20th March, 2009. Simply fill out the submission form, giving us the gist of your ideas. You may supplement your idea with 5 minutes video clip.

Format for submission of ideas first proposal

- Name of the author(s):
- Contact Address;
- State • Email • Phone • Mobile • Landline
- Give the Title in one sentence (15 words)
- Describe your ideas/project (300 words)
- The problems/ issues that your idea address (150 words)
- Who would benefits the most and how (150 words)
- How you will implement the ideas? Please, explain the steps (150 words)
- What is your aspiration (50 words)

For detailed information and format please log in
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