

# Fabindia, ICICI start fund for craft cos

**Our Bureau,**

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In a pioneering effort, Fabindia has tied up with ICICI's Sandhi Craft Foundation to establish Artisans Micro Finance Private Ltd (AMFPL), which will provide Rs 100 crore in five years to community-owned companies.

"The biggest problem in the craft sector has been the lack of easy availability of finance; there are solutions for

small loans of Rs 10,000 and for those in crores, but nothing that serves the needs of those in between," says Ms Dilpreet Sokhi Singh, Managing Director of Artisans Micro Finance. Six companies have already been incorporated, five more are being established and Fabindia hopes to have 12 to 15 running by May.

The companies of varying sizes will see 49 per cent of equity from AMFPL, 36 per cent

from crafts persons and 15 per cent from outside investors.

## **REPLICATING SUCCESS**

Fabindia has learnt from its successful association with Desert Artisans Handicrafts Pvt Ltd, which was established in early nineties and has a turnover of Rs 10 to Rs 14 crore today. Its craftsmen's share values have gone up from Rs 100 a share to Rs 2,500, said Ms Singh. Fabindia hopes to

replicate the success story.

Fabindia will guarantee eight per cent of the Rs 100 crore in the form of a bank guarantee for four per cent and an FDR for the balance four per cent. It has also committed to buy a certain minimum order that meets its quality standards and its other requirements from these community owned companies.

The companies will also al-

low for a new trading system, by which shareholders can offload or sell shares a few times a year. AFMPL, currently funded by Fabindia Overseas Ltd, may in the future also look at other investors.

With 56 outlets across 26 cities and three international outlets, Fabindia helps employ 10,000-12,000 craftspeople. It is looking at creating an incremental 1,00,000 sustainable jobs in rural India.