

KUDUMBASHREE INTERNSHIP REPORT



STUDY AND ANALYSIS OF MASALA UNIT AS A
MICROENTERPRISE IN THRISSUR DISTRICT OF
KERALA

By: Christina Varghese – TISS Mumbai

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INTRODUCTION

Kudumbashree is an innovative, women centered state eradication programme a mission that was launched by the State Government, Govt. of India and NABARD and is being carried out since 1998 and 2000 in rural and urban spaces of Kerala. It aims at eradicating absolute poverty within a definite time period under the leadership of local self-governments. Throughout the years one can see the effectiveness of the programme by the increasing participation and presence of women in the work space and government led services. The strategy behind its successful impact being to launch these activities by organising the poor into community based clusters and providing financial support through micro-credit services. Lately this mission has started encouraging micro-enterprise development under the self- help groups of women as a new approach to not only tackle the issue of poverty but also to encourage women to build their own venture and so one needs to analyse whether Kudumbashree is just focusing on enterprise development or entrepreneurship development also. Enterprise running under the Kudumbashree network is based on an owner, manager, employee concept. A potential to generate a minimum of Rs.1, 500 per member a month is envisaged in the model which aims at combining local demand with local resources as well as to maximize local linkages and thus requires development of managerial productive and marketing skills among women to make them engage in productive activities.

It is in this regard that I have undertaken this study for my internship period of one month, whereby I want to understand Kudumbashree's role and work in the livelihood sector and also analyse the working of these micro enterprises the challenges faced by them and the gaps in the programme being implemented. Though women have easily adapted to the various skill trainings and other

initiatives of Kudumbashree Entrepreneurship still remains a new concept for many as the field of business was never present in Kerala but was introduced by the traders who came down to settle from outside. So, for women who have only recently made a space for themselves in the predominantly male working space this remains an alien term. Thus, as observed from the study these micro-enterprises remain merely a source of income generation but fail to transform into a profitable and sustainable venture. An attempt has also been made to provide suggestions of improvement for these various units so that even after a strong support from Kudumbashree they do not dissolve their micro-enterprise.

METHODOLOGY

This study and analysis was done over a period of one month whereby I was placed under the Thrissur district coordinator and asked to look into the curry power or masala making units as part of micro-enterprise and evaluate their success, stability and sustainability and report my findings along with suggestions on improvement. Ten units under five panchayats have been visited and studied and an analysis has been made on their level of progress.

The following were done to collect the data:

1. Discussion with the coordinators of state office and district office
2. Semi structured interviews with the members of the unit
3. Discussion with the panchayat office bearers and Micro-enterprise consultant.
4. Value chain analysis of the product

The methodology was adopted to achieve the following objectives:

1. To understand the organisational structure of Kudumbashree and understand the nature of the work and its execution.
2. To understand and evaluate the functioning of the micro-enterprise(ME) units and the challenges faced by the women in sustaining it.

3. To provide suggestions after identifying the gaps in the ME project.

MASALA MAKING MICRO-ENTERPRISE AND ITS VALUE CHAIN

Spice processing and packaging are considered as a profitable business in India as spices form an integral part of the food culture of India and in addition spices play an important role in enhancing the flavor and taste of the processed foods.

Powdered spices are convenient to use and also saves time and energy for preparing different delicious dishes. Besides their everyday use in households, spices are used in significant quantities in processed foods and commercial food service businesses such as hotel, restaurant etc. Some of the popular and widely used spices are Turmeric, Chili, Cumin, Coriander, Black Peeper, Cardamom, Cloves. Apart from these straight segments, Curry masala, Sabji masala, Sambar masala, Chana masala, Garam masala, Chicken masala, Meat masala are the popular blends in India. It also comes with the added benefit that women won't find it completely difficult to do as they are already acquainted with it through home based powdering. However one can also not be blind to the current existing and established masala brands in the market like EASTERN , MDH etc that make it difficult for these masala enterprise to sustain themselves in the longer run. Thus to make the enterprise a successful one lot of factors play a major role alongside the passion of the individual, a proper idea about the business i.e a business plan is required that calculates a break even analysis, a profit-loss forecast and cash -flow analysis. They need identify the business opportunity and evaluate the existing value chains so as to make their venture different and successful. Thus this sector requires certain set of skills which the Kudumbashree ME consultants should be assisting in but most commonly fail to do so as was told by the women.

UNIT DETAILS :

Unit Name	Panchayat	Product Details	Mill	Team	Unit
			Details		Establishment
MATHRUKA CURRY POWDER	Madakkathara	Chilly, Coriander, Turmeric, Avaloose podi, Puttu and Sambar	Rented building and machinery	12	2015
KAIRALI FOOD PRODUCTS	Parappokara	Chilly, Coriander, Turmeric, Sambar, Garam Masala, Avaloose podi, Puttu , Rice, Wheat, Vatteppam, Palappam	Rented building own machinery	4	2016
ROYAL FOODS	Aloor	Idly , Dosa, Roasted Rava, Rice, Vatteppam, Palappam,Puttu,Avaloose podi	own	6	2002
SAHANA CURRY POWDER	Aloor	Idly , Dosa, Roasted Rava, Rice, Vatteppam, Palappam,Puttu,Avaloose podi	Panchayat building no rent	4	2009
NETHRI	Manaloor	Rice Halva, Chilly, Coriander, Turmeric and Rice,Avaloose podi, Sambar	own	15 only 5 work	2016

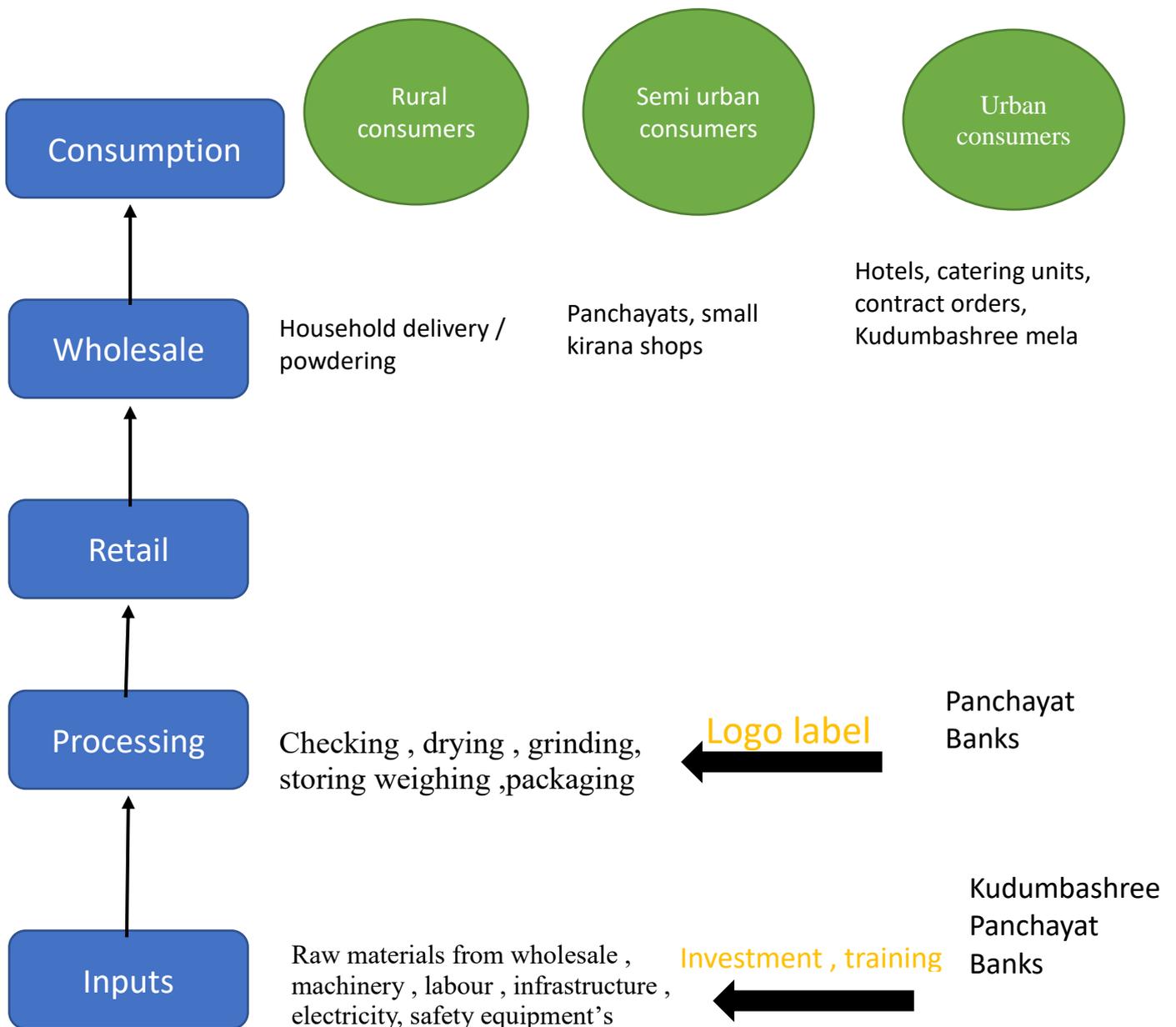
CHAITHANYA FOOD PRODUCTS	Parappokara	Chilly, Coriander, Turmeric, Avaloose podi, Sambar, Meat Masala, Rice ,Wheat, Roasted Rava Puttu, Vatteppam, Vatteppam,Velleppam	Rented building own machinery	4	2012
SAMRUDHI	Engadiyoor	Chilly, Coriander, Sambar,Rasam ,Meat Masala, Avaloose podi, Pickle , Rice, Wheat,	own	5	2013
PUNCHIRI	Engadiyoor	Banana Chips , Mixture , snacks for Ramzan , Chilly, Coriander, Sambar, Turmeric, Pickle powder	Home based	10	2014
JWALA	Manaloor	Chilly, Coriander, Turmeric, Puttu,Rice ,Crushed chilly, Avaloose, Snacks	own	5	2016
PREMA	Aloor	Chilly, Coriander, Turmeric, Sambar	own	1	2016

UNIT	MATHRUKA	KAIRALI	SAHANA	NETHRI	SAMRUDHI
Initial Investment	Rs 500 - 11 members , Rs. 50	3 lakhs	3 lakhs	2 lakh	4 lakh
Current assets	Members , small equipment's, licence	Machinery, licence , equipments	Mill, machinery,product demand	Mill, machinery,vehical,	Mill,machinery, vehical,panchayat licence,
Target Market	Panchayats, fests, households	Panchayats, home delivery	Householdpanchayats	Households, panchayats	Households, gulf orders
Labour charge	Rs. 100	Rs.350	-	Share profit	Share profit
Rent	Rs. 275	4000	-	-	-
Cost of raw materials	4000	15000	3000	7000	1200
Monthly turnover	2500	30000	5000	20000	4000
Loan taken	50000- Central Bank	1 lakh – panchayat	3 lakh - Panchayat	2 lakh - BOI	2 lakh
Kudumbashree Support	R.F– 1 lakh, Trainings	-	-	-	65,000 subsidy
Technological information	Self search	Peer groups	-	Work experience , market survey	Family business

Unit	JWALA	CHAITHANYA
Initial investment	3 lakh Every month members contribute Rs.4000	4 lakh
Current assets	Building,mill,printing press,licence,vehical	Machinery,labour,equipments,licence
Target Market	Shops,hotels,households	Catering units,shops,households,panchayat,mela
Labour charge	Share profit	100
Rent	-	4000
Cost of raw materials	6000	8000-15000

Monthly turnover	20000	1 lakh
Loan taken	-	4 lakh
Kudumbashree Support	-	Training
Technological information	Self search	Training

Current operating value chain :



The current existing value chain starts with a group of 5-10 members coming together and taking an initial amount of 2-3 lakhs to buy machinery or start their business of powdering masala and selling them. Mostly all units procure raw materials from nearby wholesale markets which sell them at cheap rates but not entirely cheap. Then they clean it and process it at the mill either owned/rented or someone else's by paying the fee for powdering. Since the volume of production is also low and 70% have not acquired required licence they sell these by simply packaging them in plastic covers and putting their card instead of proper packaging. Usually local households form their end consumers who either directly bring dry masala to be powdered or buy these masalas. Few units have identified catering units and hotels or contract people who give them orders. And rest of the material is given to the panchayat and used at Kudumbashree fares. At the level of inputs and processing an initial support by Kudumbashree in the form of trainings and loans so that these women get an idea how to run this unit.

Gaps and challenges in the current Value chain:

- Initial support in the form of training is not given to all, members have issued a complaint regarding this but no action has been taken.
- Support is not provided according to need based analysis specific to each unit.
- Difficulty in bulk procurement of raw materials at a cheap rate.
- Weak marketing thus few target markets and few products being sold
- Lack of technological awareness leading to a barrier in product diversification.
- Most of the units are selling products at a lower rate than established brands but are spending more on raw materials as compared to other established brands.

Suggestion: Forming a cluster per panchayat which works on one unit and strengthens it under the Kudumbashree brand. Proper monthly visit by the ME consultant to help the women regarding issues in their business under the guidance of Kudumbashree , later the ME consultant can be individually paid by the unit after it has established itself for at least 3 years of consistent profit making unit.

Other Problems Identified:

On interacting with the members of masala making units it was realised that none had transformed into a proper profit making sustainable enterprise and were working just as any other income generating occupation giving them little for their sustenance while leaving them with burden to pay all the debt. This has been so because women are not properly aware how to run a business as opposed to performing a service. They are not understanding how to calculate their sales turnover or estimate whether the unit is under loss or not. This results in taking more loans to just run the unit and later dissolving it as it could not be expanded. Another important issue is of the workspace condition where workers don't wear protective gears while working and end up leaving the group as they are not able to work due to the allergies. Mostly 70% have not acquired the licence to sell their products to markets and run it only for the locality home delivery, though at an initial stage this brings no harm but to acquire a place in the market it becomes an important step. Since the unit is unable to make profit the members don't have a fixed salary for the work they engage in they get involved in a lot of jobs thus not giving the required attention to the unit.

SUGGESTIONS FOR IMPROVEMENT

- Intervention is needed at procurement of bulk material at lower prices so that women make profit through their sales. Proper research is required to identify places where women can acquire the raw materials at a cheaper rate and for this some potential groups might take this initiative of market research on their own however for those who face difficulty the area specific ME consultant should provide the required help.
- Forming a cluster or two per panchayat so that each panchayat gets known for the specific product and managing it will become easier till the unit can stand and run the business on its own. This is also suggested so as to cancel the internal competition that might occur in the presence of 2-3 units of the same product in the same panchayat. This can also help the registration of the unit as a company as many members will be involved and proper group agreement will be formed so that the burden of running it is equally shared along with the profit.
- Proper marketing and standardisation of prices so as to make their identity known and occupy a shelf at super markets. This requires the unit to conduct proper analysis of break even point and fix a price for their product and not continuously keep changing it. For marketing initially, small steps can be taken that require no financial input like making a site and providing details of the product, the struggle that goes behind making unadulterated tasty masala's, the address and contact details of the place where people can acquire it. Also, Kudumbashree can as part of the project form a channel on YouTube where they give videos on making innovative dishes by these Kudumbashree women by using these masalas made under the brand of Kudumbashree. Later when groups have identified their potential and want to start a separate venture they can invest in their marketing.
- Focus should be put on product innovation and diversification as already many brands are established in the sphere of masala making and so until a variety is offered the demand won't increase. For this the units which are unable to invent the recipe for mixed masala proper training should be provided once and later peer meetings can be organised where members themselves can teach those who require it. More than trainers peer learning

and encouraging will be helpful to women who will understand the real challenges and how to cope with it.

- Common branding under Kudumbashree logo and packaging since already these units face a strong competition in the market and since Kudumbashree has a well-recognised and acceptable image the logo will increase the demand and sales.
- Regular follow ups by the district area development officer to ensure that support by Kudumbashree is being provided according to need based evaluation and regular meetings should be held so that each unit can discuss their progress and how they are running their venture.