

**ADDRESSING THE CHALLENGES FACED BY WOMEN  
ENTREPRENEURS:**

**The Role of Micro Enterprise Consultants in Kerala**

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the Degree of Master of Arts in Public Policy

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## DECLARATION

I, **Meenu Maria Joseph**, hereby declare that this dissertation entitled ‘Addressing the Challenges Faced by Women Entrepreneurs: The Role of Micro Enterprise Consultants in Kerala’ is the outcome of my own study undertaken under the guidance of Prof. Annapurna Neti , Assistant Professor , Azim Premji University . It has not previously formed the basis for the award of any degree, diploma, or certificate of this University or of any other institute or university. I have duly acknowledged all the sources used by me in the preparation of this dissertation.

10<sup>th</sup>, June, 2016

Meenu Maria Joseph

## CERTIFICATE

This is to certify that the dissertation entitled ‘Addressing the Challenges Faced by Women Entrepreneurs: The Role of Micro Enterprise Consultants in Kerala’ is the record of the original work done by Meenu Maria Joseph under my guidance and supervision. The results of the research presented in this dissertation/thesis have not previously formed the basis for the award of any degree, diploma, or certificate of this Institute or any other institute or university.

10<sup>th</sup>, June, 2016



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**List of Abbreviations**

**CBO:** Community Based Organisation

**CDS:** Community Development Society

**CREAM:** Certificate in Rural Entrepreneurship Administration and Management

**EDII:** Entrepreneurship Development Institute of India

**EDP:** Entrepreneurship Development Program

**GDP:** Gross Domestic Product

**GOT:** General Orientation Training

**IMF:** International Monetary Fund

**LSG:** Local Self Government

**ME:** Micro Enterprise

**MEC:** Micro Enterprise Consultant

**MECFED:** Micro Enterprise Consultant Federation

**MSME:** Micro, Small and Medium Enterprises

**MSMED:** The Micro, Small and Medium Enterprises Development Act

**NABARAD:** National Bank for Agriculture and Rural Development

**NHG:** Neighborhood Group

**NRLM:** National Rural Livelihood Mission

**RME:** Rural Micro Enterprises

**SGSY:** Swarnajayanti Grameen Swarojgar Yojana

**SHG:** Self Help Group

**SRLM:** State Rural Livelihood Mission

**STREAM:** Supporting Team for Enterprise's Administration and Management

**SVEP:** Start Up Village Entrepreneurship Program

**TEAM:** Training for Entrepreneurship Administration and Management

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# **Chapter- 1**

## **Introduction**

Recently there has been a realization around policy circles that empowering women can boost economic growth. This can be gauged through the recent formation of W20, a grouping of female leaders from the G-20 countries working towards empowering women and ensuring their participation in economic growth. In the keynote address of the W-20 summit, Christine Lagarde, Managing Director of International Monetary Fund (IMF) pointed out the significance of setting up of women owned micro enterprises in developing countries and at the same time pointed out that 70% of women owned enterprises are either unserved or underserved by the financial institutions (Press Trust of India, 2015).

Back in India, the recent governments have recognised the importance of promoting women owned micro enterprises for ensuring faster economic growth and generation of employment. Initiatives such as Mudra Yojana for rolling out cheap credit to small business units ,launching of support cells such as ‘Swayam’ for promoting women owned enterprises is an increasing recognition of the capability of women to contribute to economic growth.

Poverty alleviation through creation of micro enterprises and livelihood development has been an important strategy of the government for over a decade. Swarnajayanti Gram Swarojgar Yojana (SGSY) had been an important rural livelihood intervention of the Government of India. It was estimated to have created 1.06 crore self employed entrepreneurs during 1999 to 2008<sup>1</sup>. The program was later restructured into National Rural Livelihoods Mission (NRLM). The National Rural Livelihoods Mission (NRLM) is, perhaps, the largest poverty reduction initiative, in the world with its goal of reaching

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<sup>1</sup> Report of the Committee on Credit related issues under SGSY, Ministry of Rural Development, Government of India

nearly 70 million rural households. Like the SGSY, promotion of livelihoods through nurturing of self employment and entrepreneurship has been an important strategy of NRLM.

In India, more than 90% of the population is engaged in unorganized sector and in the case of rural India, the population is mostly engaged in self employment and agriculture has significantly contributed to the income of these households. But in the case of household with small agricultural land holdings, the income is uncertain and they require 3-4 sources of income to get out of the clutches of poverty. Amongst non-farm livelihoods, skill based work and small enterprises are the important source of income. As per the latest NSSO survey, only 9% (3 crore) of India's rural workforce (34 crore people) are in regular salaried jobs. The rest 91% (31 crore people) are either self-employed or do casual labour work. The number of self employed is 56% (19 crore people) of the rural workforce but most of the self employed run enterprises which are slightly better than being unemployed (National Rural Livelihood Mission, 2014).

The experiences of the National Rural Livelihood Mission (NRLM) shows that, it is important to provide sustained handholding support and training to the enterprises rather than the provision of a onetime support at the time of the establishment of the enterprise . Enterprises face a range of issues owing to lack of business skills, lack of financial support etc. and most often these enterprise fail to survive or manage to sustain despite loses (National Rural Livelihood Mission, 2014).

Women from low income households get attracted towards self employment through setting up micro enterprises due to sheer compulsion for ensuring a sustainable livelihood option. Complexity of the issues related to technology, markets and finance demand that expert, yet cost-effective support mechanisms be developed to help the poorer sections of the society. These services could be extended to the entrepreneurs only through specialized business consultants operating in the market whose availability is limited and at the same time their services are costly. Often, people with professional business knowledge might find it difficult to understand the issues of women coming from low income households operating small enterprises.

Kudumbashree, the flagship poverty eradication programme of Kerala, recognising the challenges faced by women entrepreneurs came up with an innovative idea of training

Micro Enterprise Consultants (MECs) in 2004 for handholding and training entrepreneurs at each stage of an enterprise development. Micro Enterprise Consultants are young men and women from the community who are trained with business skills to help the entrepreneurs rather than depending on business consultants from the market. These barefoot business management professionals are involved in the identification of business opportunity, preparation of bankable business plan, ensuring ties for backward and forward linkages (technology, market, and finance), providing specialised training to the entrepreneurs etc.

The primary aim of this research is to study the impact of the Micro Enterprise Consultants in addressing the challenges faced by women owned enterprises operating under the Kudumbashree Livelihood Mission in Kerala. The research will aim to study the MEC model in its entirety and analyse whether it has been successful in meeting its objectives and also to analyse if there is a scope of expanding their operations.

### **1.1 The Research Problem**

Through the review of literature as well as based on the NRLM experience it was understood that women entrepreneurs face a range of problems in the process of setting up of an enterprise as well as after its establishment. This model of supporting enterprise which originated in Kerala is now spreading to the other parts of the country under the reigns of the National Rural Livelihood Mission (NRLM). Rajasthan, Bihar, Jharkhand, Maharashtra, Karnataka and Gujarat are few of the states where the MEC model of enterprise development has been spreading through the Kudumbashree – National Resource Organisation.

More recently, in the budget of 2014 the Finance Minister Arun Jaitley proposed the idea of Start Up Village Entrepreneurship Programme (SVEP) and it draws heavily from the MEC model of Kerala by providing handholding support to the entrepreneurs/enterprises in the initial six months of the start up, with the visit from the Community Resource Persons – Enterprise Promotion (CRP-EPs) supported by guidance from an advisory panel of experts for the relevant enterprises. Kudumbashree has been recognised as one of the National Resource Organisations for the spreading the model of MEC to the

different parts of the country. The SVEP has been initiated in several North Eastern states and is now subsequently spreading to other parts of the country.

Training of young men and women from the community to help the entrepreneurs rather than depending on business consultants from the market is a novel idea but there has been no research to understand the success of these consultants in enhancing or improving the functioning of microenterprises. At a time, when the country is increasingly turning to small business units and is continuously working to find solutions to meet the several challenges faced by the sector, it will interesting to note how this handholding support through Micro Enterprise Consultants to low income household women can help in meeting or not meeting the challenges faced by them.

This study aims to assess the impact of Microenterprise Consultants in addressing challenges faced by women entrepreneurs in Kerala operating under the Kudumbashree livelihood mission.

## **1.2 Rationale and Objective of the Study**

### **1.2.1 Rationale of the Study**

As can be seen from the literature review there is a huge thrust placed on the promotion of women owned micro-enterprises by the livelihood missions operating in the country for ensuring greater employment and livelihood opportunities for the poor. It was also observed that these enterprises face innumerable challenges in their operations. The idea of training men and women from the community rather than depending on business consultants from outside is a novel idea. This research gains even more prominence as the model is now slowly spreading to other states under the National Rural Livelihood Mission and the Start up Village Entrepreneurship Programme (SVEP) across the country. Since there is no research conducted till date to test the efficiency of the Micro Enterprise Model, it is important to analyse their success in dealing with the challenges faced by entrepreneurs.

### **1.2.2 Objective of the Study**

The primary aim of this research is to study the impact of the Micro Enterprise Consultants in addressing the challenges faced by women owned enterprises operating under the Kudumbashree Livelihood Mission in Kerala. The research will aim to study

the MEC model in its entirety and analyse whether it has been successful in meeting its objectives and also to analyse if there is a scope of expanding their operations. The findings of the study can then be used as inputs for future policy in effectively dealing with the challenges faced by micro enterprises in India.

### **1.3 Research Questions**

#### **1) What are the challenges faced by women entrepreneurs operating under the Kudumbashree mission?**

The setting up of an enterprise requires appropriate orientation and training at each stage. Often women entrepreneurs coming from the low income households need managerial help or there is a high probability of the enterprise getting closed down or merely sustaining despite losses. Since this research aims to assess the impact of Micro Enterprise Consultants in addressing challenges faced by Women Entrepreneurs, it is important to first map the kind of challenges which the entrepreneurs face and then to assess if they are capable of being mitigated by the intervention of the MECs.

#### **2) How successful have Micro Enterprise Consultants been in assisting women entrepreneurs to mitigate these challenges?**

The MEC model was initiated in 2004 in Kerala after a Micro Enterprise Survey indicated that women entrepreneurs face a range of challenges right from the stage of raw material procurement to the marketing of the final product. The results of the survey showed the importance of providing handholding support at each stage of an enterprise development to women from low income households without having any prior experience of running an enterprise.

This model has been existence for more than decade in Kerala and is now slowly spreading to the other states under National Rural Livelihood Mission and the Start Village Entrepreneurship Program. After mapping the kind of challenges which the women entrepreneurs face at each stage of an enterprise development, the next step is to analyse the role played by the MECs in assisting the entrepreneurs and to assess if they have been able to play the role which was envisioned in 2004.

## 1.4 Chapter Plan

The thesis is organised into five chapters –

The **First Chapter** is an introduction to the research. The relevance and the requirement of the research study are discussed.

The **Second Chapter** is the review of existing literature related to the research topic and discusses the relevant and available literature on the topics - micro enterprises in India, women owned micro enterprises, challenges faced by women entrepreneurs, self help groups (SHGs), Kudumbashree and micro enterprises, Micro Enterprise Consultants.

The **Third Chapter** discusses the Kudumbashree program of enterprise development and the Micro Enterprise Model.

The **Fourth Chapter** discusses the research methodology adopted for the study and its suitability for achieving objectives of the research.

The **Fifth Chapter** discusses the challenges faced by Women Entrepreneurs from the districts of Wayanad, Ernakulam and Kollam.

The **Sixth Chapter** discusses the role played by the Micro Enterprise Consultants in addressing the challenges faced by women entrepreneurs in three districts of Wayanad, Ernakulam and Kollam since 2004.

The **Seventh Chapter** brings out the conclusions from the study and also provides policy insights for micro-enterprise development and the improvement of the Micro Enterprise Consultant Model of enterprise development.

## Chapter – 2

### Review of Literature

The research deals with micro enterprises owned and operated by women belonging to the Kudumbashree self help group network operating in Kerala. It is important therefore to examine the definition, characteristics etc. of micro enterprises with a special focus on women owned enterprises. Along with this, it's important to explore the nature of microfinance through the SHG movement in India.

The review of literature is broadly characterized into the following sections –

- Micro enterprises in India
- Women owned Micro enterprises
- Challenges Faced by Women Entrepreneurs
- Self Help Groups (SHGs)
- Kudumbashree and Micro enterprises
- Micro Enterprise Consultants

#### 2. 1 Microenterprises in India

According to the Micro, Small and Medium Enterprises Development (MSMED) Act (2006), the Micro, Small and Medium Enterprises are classified into two classes:

1. **Manufacturing Enterprises:** Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

- A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;
- A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and
- A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

2. **Service Enterprises** : Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

- A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;
- A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and
- A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

Manufacturing enterprises act as local supply chains for large enterprises or the local consumer markets. Food processing and textiles are important players and also act as major export units. Whereas the service enterprises operate in the traditional retail based industries, knowledge industries and human resource consulting among others. While the services sector contributes 71% of the total enterprises, the manufacturing sector contributes only 21% of the total enterprises in India (IFC, 2013).

The micro, small and medium enterprises are becoming increasingly important for the Indian economy especially with the focus of the recent governments in initiatives such as 'Make in India' or 'Start up India'. Even though 95% of the MSMEs are unregistered, their contribution to the Indian GDP has been growing at 11.5% which is higher than the overall GDP growth of 8%. The sector also contributes to 40% of India's exports. According to the IFC report of 2013 there are nearly 28.4 million enterprises operating in India and thereby constitutes 95% of the total MSMEs.

Micro Enterprises contribute significantly to the economy of the country. Contribution of the sector to India's GDP has been growing consistently at 10% per annum and it has been considered as one of the most effective vehicles for sustainable livelihood, poverty alleviation and employment generation. It is estimated that Micro, Small and Medium Enterprises (MSMEs) contribute about 45% of manufacturing output and 40% of the total exports of the country and employs about 69 million persons in over 29 million units throughout the country. The size of the registered MSMEs was estimated

to be about 15.84 lakh units with the sub sector wise composition in the proportion of 94.9% of the MEs, 4.89% small and 0.17% medium enterprises.

But the Indian micro enterprises are grappling with several challenges. Despite the recognition of the importance of micro enterprise in the economic development, the concerned governments and financial institutions have not done enough to promote the growth of MSMEs in the country. Absence of bank credit is the major problem faced by the sector, limited capital and knowledge, non- availability of suitable technology, low production capacity, ineffective marketing strategy and non availability of skilled labour at affordable cost have been the major constraints the sector faced by the sector (Chamber of Indian Small and Medium Enterprises, 2015).

## **2. 2 Women Owned Micro Enterprises**

Before looking at women owned enterprises operating under the Kudumbashree mission it is important to get an overall national picture. Around 10% of all MSMEs are owned and operated by women in India. Women owned enterprises contribute 3.09 percent of industrial output and employ over 8 million people (IFC, 2014).

Table 1 shows the classification of women owned MSMEs in the country. Around 51.9% oenterprises are located in the states of Kerala, Karnataka and West Bengal. Geographical distribution of women owned MSMEs can be seen in Table 2

**Table 2.1**  
**Classification of Women-Owned MSMEs**

<b>Category</b>	<b>Registered</b>	<b>Unregistered</b>	<b>Total</b>	<b>Total versus all women-owned businesses (percent)</b>	<b>Total versus all MSMEs (percent)</b>
Micro	274,059	2,655,318	2,929,377	97.62	9.40
Small	40,722	30,414	71,136	2.37	0.23
Medium	276	-	276	0.01	0.01
Total	315,057	2,685,732	3,000,789	100.00	10.25

Source: IFC (2014) 'Report on the Women-owned Businesses in India'

**Table 2.2**  
**Geographical Distribution of Women-Owned MSMEs**

<b>Prevalence of women-owned businesses</b>	<b>State-wise Share (percent)</b>	<b>Number of states/ union territories</b>	<b>States/union territories</b>	<b>Combined share (percent)</b>
High	>10.00	4	Kerala, Karnataka, Tamil Nadu, West Bengal	51.9
Medium	5.00-10.00	2	Andhra Pradesh, Madhya Pradesh	11.5
Low	2.00-4.99	7	Rajasthan, Maharashtra, Punjab, Uttar Pradesh, Bihar, Gujarat, Odisha	26.7
Very Low	<1.99	20	Rest of India	9.9

Source: IFC (2014) 'Report on the Women-owned Businesses in India'

### **2. 3 Challenges Faced by Women Entrepreneurs**

According to Kumar (2013) based on a study conducted on the SHGs in Tamil Nadu, it was found that women use the loans received through bank linkage for a variety of purposes. Women in the urban area used the microfinance loan in their business or their husbands' shop/business to buy inputs (about 17%), cloth/saree selling (12%) and tailoring (10%) contributed other major activities, but with low margins. Women in the rural areas engaged in the goat rearing or buying of cows and selling the milk in the nearby cooperative etc. This often acted as a source of extra income for the family and this new found economic freedom due to microfinance was liberating for many women. However, this economic freedom did not translate into other spheres. Kumar (2013) enumerates the various challenges faced by women entrepreneurs. The study found that most women entered a business venture after seeing other successful women and not necessarily understanding the nuances of it. Women from SHG networks often start business without business plans, access to markets and selling their product at a competitive price were the other set of challenges faced by women. He concludes that India is fast promoting micro enterprises but without laying down a clear plan on how to achieve this vision.

Women entrepreneurs in India are mostly operating in the micro and small enterprises and their total credit requirement in 2012 was around 8.68 trillion (\$158 billion) but the supply of credit by the formal sector was just around 2.31 trillion (\$42 billion). This resulted in a finance gap of nearly 6.37 trillion (\$116 billion), or 73 percent of total demand (IFC, 2014). Lack of collateral is the major problem faced by women entrepreneurs. This problem is greatly met by the SHG bank linkage program and it has been able to link nearly 9.9 million women with bank and has enhanced their credit availability. However, microfinance generally targets low income women and not the general women owned MSMEs This research focuses only on women operating in the SHG network for whom availability of credit is partially met even though there are instances of loans being inadequate due to which they resort to the informal money lenders for funds to carry forward their business ventures (IFC, 2014). Since this research looks at women entrepreneurs from low income household, it is interesting to note how

lending of credit to women in small borrowal accounts is far less as compared to men. This can be seen from Table 3.

(Per cent)								
POPULATION GROUP	INDIVIDUAL				OTHERS		TOTAL	
	MALE		FEMALE		No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding
	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding				
	1	2	3	4	5	6	7	8
Rural	77.9	78.7	19.2	18.5	2.8	2.7	100.0	100.0
Semi-urban	72.1	73.1	25.0	24.1	2.9	2.8	100.0	100.0
Urban	72.5	71.3	23.7	23.7	3.8	5.1	100.0	100.0
Metropolitan	81.8	78.4	16.8	17.2	1.4	4.5	100.0	100.0
ALL-INDIA	76.5	75.7	20.9	21.0	2.7	3.2	100.0	100.0

**Source:** Reserve Bank of India, 2015

Credit supply is not the only problem faced by women entrepreneurs. To start with there are several constraints from within the family and the society which a women entrepreneur faces. Susan Johnson (2000) attempts to classify the constraints faced by women into four categories-

- 1) Financial obstacles – Participation in the SHG networks or running of micro enterprises might have increased the income of women and thereby increasing their contribution to the household expenditure. It is observed that even after contributing to household income, the opinion of the women in deciding the pattern of household expenditure is limited.
- 2) Economic constraints – The economic participation of women is constrained by the load of domestic work and unequal distribution of work at home. Women also have unequal access to resources such as land, labour and other inputs necessary for the conduct of a business. Access to markets is also constrained because of the established social norms.
- 3) Social/cultural constraints – Lack of literacy and factors such as the limited role of women in the decision making process of the household act as major challenge for women. Banks or other financial institutions do not consider

women as a potential market and their mobility is constrained by social norms.

- 4) Political /Legal constraints – According to Johnson, women lack the confidence to claim their legal and political rights. The laws of the land do not define the rights of women over land or other household assets and this often acts a constraint in raising collateral for gaining bank credit.

The challenges faced by a woman entrepreneur is not only limited to operation of business, it is also conditioned by several other factors such as her stature in the family as well as household. Dangi and Ritika (2014) along with the factors discussed above bring out several other challenges faced by women entrepreneurs. According to them a) lack of managerial skills b) lack of training c) lack of knowledge of the availability of the raw material d) inability to take up risks and e) inefficient arrangements to the market and sales are few of the many challenges faced by women.

While lack of credit is major matter of concern for the women owned enterprises but the enterprises operating through SHG have some of their credit requirements fulfilled even though it continues to be a major challenge. The research focuses on challenges of such enterprises as a part of their credit requirements are met. It is important to look at the SHG- bank linkage model operating in India with a special focus on Kudumbashree.

## **2. 4 Self- Help Groups in India**

According to Rajasekhar (2000) microfinance programmes are an important institutional mechanism to alleviate poverty from low income households by providing small credit. Credit through micro finance has inculcated savings habit among the rural poor thereby improving their banking habits. Availability of credit is a major problem faced by women entrepreneurs but this problem is considerably solved for women belonging to the low income households as they have access to bank linkage for engaging in small businesses.

According to Varman (2005), the formal sector took up the initiative to develop financial system through SHGs with non- governmental organisations acting as intermediaries or facilitators. NABARD rolled out the SHG model through a pilot project in Karnataka (1986-87) by linking these groups with the banks while the NGOs acted as intermediaries. Varman's study indicated that bank linkage through SHGs helped in

inculcating banking habits among people and this is especially true of women. He further indicates that women having leadership experience within the SHGs significantly influence bank account holding. Rotation of leadership positions within the SHG will prove to be helpful in further improving the banking habits of women.

According to Satish (2005) “by definition and in practice SHG is a group of individual members who by free association, come together for a common collective purpose. In practice, SHGs comprise individual members known to each other, coming from the same village, community and even neighbourhood. That is, they are homogeneous and have certain pre-group social binding factors. In the context of microfinance, SHGs are formed (and sometimes old SHGs established with a certain purpose converted) around the theme of savings and credit. A small group of individuals become members, and pool their savings on a regular basis to form a collective fund. This fund is then rotated as credit amongst the members through self generated norms. Hence the basis of the SHG is the mutuality and trust in depositing individual savings in group funds”.

He further acclaims the SHG model as it has built itself to an already existing banking infrastructure and at the same time does not require a separate legal and regulatory framework. Since the group itself acts like a collateral substitute, the major problem of lack of collateral is also resolved. But Satish does not consider micro finance as tool of development, an end in itself. In his opinion a continuous in depth impact assessment is required to explore the effect of microfinance on poverty eradication. There is also need to strengthen the overall rural finance rather than focusing solely on micro finance.

Micro finance programmes have generally focused on organising women due to their non- migratory behavior and they are believed to be more family oriented as compared to men. Microfinance through SHGs requires attendance of members in weekly meetings and institutions generally place more trust on women on this front as they are considered to be “disciplined”. In addition it was also believed that they are more credit worthy and the likelihood for the repayment of loans is better in the case of women (Kumar, 2013).

Sathiabama (2010) through a research based in Tamil Nadu identified that after attaining self sufficiency women in a SHG network often get involved in the starting of

micro enterprises which paves way for their economic well being . The study brings out the importance of ensuring economic development as it leads to empowerment of a woman in her family as well as the community at large. Networks of women entrepreneurs act as source of inspiration for several other women in the neighbourhood and acts as source of informal training in the production, processing, procurement, management and marketing.

The SHGs have been the focal point of rural credit, self employment and poverty alleviation in India since the early 1990s. In 1999, the Ministry of Rural Development introduced the new self employment programme called the Swarnajayanti Gram Swarozgar Yojana (SGSY) to be implemented through the SHGs. One of the important features was the homogeneity in the group in terms of social and economic status. The group has a membership of between 10 and 20, and the majority is women's group. The basic functions envisaged are the mobilization of savings, creation of a common fund out of savings, availing of credit from banks and advancing loans to members. Generally, the SHGs are targeted at people from the poor and weaker sections in rural areas and particularly women. But a government agency later pointed out that the "SHGs are still in a state of flux and their sustainable development depends on a number of factors, which are both internal and external to the group. No doubt, SHGs have set a new empowerment agenda for financial intermediation by banks. Further, SHG as a system has infused certain synergy among its members to move up in the socio economic ladders from passive onlooker into an active partner/stakeholder in the development process. Today the SHGs in India have become a potential tool for the empowerment of women, social solidarity and socio-economic development.

SHG promotion is done through the assistance of state, NGOs etc. However for the purpose of this research, focus is solely on the livelihood activities operating through the National Rural Livelihood Mission (NRLM) under the Ministry of Rural Development. Currently there are nearly 19 state rural livelihood missions working under NRLM. Kudumbashree is one of the state missions and is widely appreciated as one of the most successful examples of women empowerment in India (National Rural Livelihood Mission, 2015).

The formation of SHGs have taken various forms across the states of India. In Kerala, a new dimension was added to the SHG movement by the decentralization of governance since 1998. Kudumbashree, the flag ship poverty eradication programme of Kerala government was launched in the year 1998 in urban Alappuzha and in rural Malappuram under the aegis of Government of Kerala to scale up the strategy to the entire state. This was to be introduced through concentrated community action with the support of the Local Self Governments (LSGs) that would facilitate convergence of the available schemes and resources to tackle the multiple dimensions and manifestations of poverty holistically. Kudumbashree Mission is built around three critical components of micro credit , entrepreneurship and empowerment For this purpose, Kudumbashree with the support of the Local Self Governments facilitated the building of Community Based Organisations (CBOs) of women across the state. Today, with the participation of more than 41 lakh women; Kudumbashree is the biggest CBO in Asia (Kudumbashree, 2015). Kudumbashree is often regarded as an agent for altering gender relations by using SHG as a basis for social and economic empowerment of the deprived and disadvantaged. It is one of the largest women's movement in Asia covering more than 50 percent of households in Kerala. Women operating in the SHG network have developed a strong sense of confidence and have become capable to engage with different power structures (Khan and K.M, 2014). The details of the programme can be found in Appendix 1

## 2. 5 Micro Enterprise and Kudumbashree

The role of women's entrepreneurship in the economy and the contribution of women micro enterprises in empowering the poor women socially and economically need no emphasis.

“The empowerment of women, especially economic is being regarded as a sine-qua-non of progress for a country. The Self Help Group, through micro enterprise development, is recognised as an important mechanism for empowering women. By organizing poor women into groups, they not only expand options available to them for their development but also provide them with the opportunities to develop their confidence and skills to improve their status and to bring about a change in the attitude of the society towards women...Micro enterprise in India leads to the economic empowerment of rural poor women. This allows them to express and impose their views because if women make adequate economic contribution to the family, they are bound to be treated at par with men” (Vasanthakumari, 2012: 194).

Kudumbashree more recently has shown increasing interest in the promotion of self employment through micro enterprises. Employment in rural Kerala was synonymous to agriculture but with the increasing pressure on land and the limited scope of increasing the area under cultivation, the role of non-farm sector has been growing increasingly. 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.

Micro enterprise development is considered as an important vehicle for providing gainful employment to people from below poverty line and thereby improving their income and living standards. The focus of the mission has been to develop managerial skills, productive and marketing skills among women to make them engage in productive activities. Almost 97 activities are undertaken by the various Kudumbashree micro enterprise groups in the state and these vary from catering services, dairy units, hotels, ethnic delicacies, garment units, goat rearing etc. Micro enterprise development aims at combining local demand with local resources as well as to maximize local linkages (Centre for Civil Society, 2008).

According to a study conducted by Thomas and Rajeev (2014) in Malappuram district of Kerala, it was found that micro credit and the functioning of micro enterprises has played an important role in empowerment of women and has unleashed a revolutionary change. Kudumbashree has helped the beneficiaries in gaining easy access to credit through the bank linkage activities. There was a heightened sense of awareness regarding developing saving habits and the members had learnt to be financially disciplined. But the study reveals that the economic prosperity did not necessarily translate into employment generation among beneficiaries. Women run micro enterprises need more training, hand holding at different stage of enterprise development and support in the marketing of the products.

Kudumbashree carried a Micro Enterprise Survey conducted in 2006 to explore the major challenges faced by entrepreneurs the following were the findings –

- 1) Raw Material Procurement – Since the investment is below Rs.10, 000, enterprises purchase raw material from the market in the neighbourhood and therefore the cost was generally found to be high.
- 2) Pricing – Since the raw materials are relatively expensive, the products are priced high and they were found to uncompetitive in the market.
- 3) Markets – Kudumbashree, Gram Panchayat and Rural Development Department are the top three funding agencies for micro enterprises in Kerala but the support extended by these agencies to market the product were found to be minimal. As a result, women entrepreneurs were forced to sell their products in the local market or the other neighbourhood groups.
- 4) Closure of units – Lack of marketing, difficulty in the procurement of raw material, high pricing, obsolete technology, insufficient funding etc. were found to be the reason for the closure of enterprises.

Until the survey was conducted, Kudumbashree mission extended support only for the opening of the enterprise. It was realised that it was important to provide handholding support at each stage of an enterprise development to women from low income households without having any prior experience of running an enterprise.

The mission introduced a range of measures to improve the performance and mitigate the challenges faced by the enterprises .The most innovative step taken by the

mission was the identification and placement of Micro Enterprise Consultant in each Gram Panchayat.

## **2. 6 Micro Enterprise Consultants (Kudumbashree, 2015)**

The setting up of an enterprise requires appropriate orientation and training at each stage. Women entrepreneurs coming from low income households need managerial help or they were found to be unsuccessful or the enterprise was found to be eventually closing down.

Women entrepreneurs are in need of the following help -

- Identification of business opportunity
- Preparation of bankable business plan
- Ties for backward and forward linkages (technology, market, finance)
- Specilised training

All of these services could be extended to the entrepreneurs only through specialized business consultants operating in the market whose availability is limited and at the same time their services were costly which could not be afforded by most of the entrepreneurs. Also these consultants more often than not would fail to understand the business owned and operated by low income households.

An alternative plan was devised by Kudumbashree to mitigate this crisis. There was a plan to develop barefoot business management consultants who would be referred to as Micro Enterprise Consultants (MECs). These MECs were to be identified by the CDS from members belonging to the NHG families. This approach is interesting as many micro enterprises in the country face crisis due to lack of specialized training and support at different stage of enterprise development.

After the identification of the MECs, their training was supported by the Entrepreneurship Development Institute of India (EDII), Ahmedabad. A group of MECs were also given training in Business Counseling by a consortium led by Traidcraft UK. This was a two year training programme called 'Samrudhi' and it also involved exposure visits to business counseling mechanisms in Italy . The Samrudhi master- trainers in turn developed business counseling modules for other MECs.

By the year 2009-10, 130 new MECs were inducted and thereby increasing the total number of MECs to 250. Further business management training was extended to MECs

in collaboration with the Timbaktu Collective in Andhra Pradesh. The Certificate in Rural Entrepreneurship Administration and Management (CREAM) was provided to 31 MECs who in turn trained the other MECs through the TEAM training programme (Training for Entrepreneurship Administration and Management). After training each MEC was given in charge of 6 existing ME units and they were required to visit these MEs atleast once in a month. The major services of the MECs include –

**1. Establishing new enterprises**

- The MECs are required to assist the CDS in the identification of entrepreneurs
- Detailed preparation of business plans
- Extending help to the new as well as the existing entrepreneurs for facilitating bank linkages, machinery purchase, market linkages, product quality assurance etc.

**2. Support to existing enterprises**

- Services were extended by the MECs to the already existing enterprises by supporting those obtaining licenses, product diversification, market expansion, book keeping, financial statements etc.

**3. Training**

- MECs are required to provide training to the new entrepreneurs as well as providing performance improvement training for existing entrepreneurs.

**4. Support to CBO structure**

- Assisting in the preparation of enterprise inventories and ensuring
- coordination with different departments
- Involved in the conduct of monthly and weekly markets
- Preparation of Livelihood Plan for the concerned Gram Panchayat

**5. Remuneration**

**Paid by Entrepreneurs**

- MECs are entitled to 0.5%-1% of project cost for business plan preparation
- Rs.500 for business counseling
- Rs.250 for book keeping

**Paid by Kudumbashree Mission**

- Rs. 350 per day faculty fee for training ( can vary across districts)

- Rs.250 per month for follow up visit to new enterprises

Kudumbashree Mission also institutionalised the MEC mechanism by setting up guidelines for establishing MEC groups as self supporting enterprises. These groups could also earn revenue by providing training to other agencies or departments.

Kudumbashree was recognised as a National Resource Organization (NRO) by the Ministry of Rural Development (MoRD), Government of India, under the National Rural Livelihoods Mission (NRLM), to provide technical and implementation support to State Rural Livelihood Missions (SRLMs). Micro-enterprise development through provision of on-ground Micro-Enterprises Consultant (MEC) support is one of the most important mandate of Kudumbashree to be implemented in other states. States of Bihar, Jharkhand, Karnataka, Gujarat, Assam and Maharashtra are implementing the Micro Enterprise Consultant support system with the help of Kudumbashree. The Kudumbashree – NRO has selected highly experienced resource persons from Kerala to be mentors in the partner states. Mentor MECs from Kerala work with selected MECs from each district and provide them with continuous training and handholding to approach each business case in specific ways.

Since the MEC model of enterprise development is spreading to other parts of the country and there is a renewed interest in policy circles in developing micro enterprises, it will be crucial the test the efficacy of the model as there are currently no research done in this area.

## **Chapter -3**

### **Kudumbashree and Micro Enterprise Development**

As can be seen from the review of literature, Kudumbashree has been involved in livelihood generation through promotion of micro enterprises. The following chapter gives a detailed idea about the various schemes operating in Kudumbashree and the various support mechanisms which is extended to assist the micro enterprises .

Kudumbashree model of enterprise development aims at the promotion of group as well as individual enterprises through the Rural Micro Enterprises and the Yuvasree enterprise schemes -

#### **1. Rural Micro Enterprises (RME)**

To promote rural enterprises in rural Kerala, Kudumbashree set aside a separate component in its budget since 2002-03. The micro enterprises group will be given a subsidy of Rs. 10000 per member or 50% of total project cost whichever is less. The number of members in this group is 5 -10. Individual units having investment upto Rs. 50000 or above are provided with a subsidy of Rs. 7500 per member or 30% of the total project cost whichever is less.

#### **2. Yuvasree**

With the aim of providing work to the unemployed youth, the scheme seeks to cater to both men and women in the age group of 18-35 years. These enterprises are supported like any other enterprises run by women. Individual enterprises are given Rs. 7500 as subsidy or 1/3<sup>rd</sup> of the total project cost whichever is less. Group enterprises are given a subsidy of Rs. 10000 per member or 50% of the total project cost whichever is less.

### **3.1 Development of Support System for Existing Enterprises**

As mentioned in the Review of Literature section, until the Micro Enterprises Survey conducted in 2006, Kudumbashree extended its support only for the establishment of micro enterprises .Based on the findings of the survey; measures were taken to support existing enterprises.

### **1. Crisis Management Fund**

Crisis Management Fund is meant to be provided to the entrepreneurs in case of an unexpected emergency or a negative event to prevent it from escalating into a bigger crisis. Kudumbashree adopts a four pronged approach towards crisis management:

- Anticipate potential crisis situations and prepare for them
- Provide accurate information during a crisis
- React as quickly as possible to the situation
- Long-term solutions

The role of Micro enterprise consultants is crucial as he/she has to speculate the impending crisis and make proposals for the funds on the behalf of the entrepreneurs.

### **2. Revolving fund**

Revolving Fund is meant to meet the urgent requirement of working capital. Lack of working capital is a problem faced by most enterprises. Enterprises are eligible for revolving fund @ 15% of the total project cost subject to a maximum of Rs.35, 000 per group.

### **3. Innovation fund**

The fund is released by the Kudumbashree Mission to support innovative micro enterprises. Enterprises eligible for availing the innovation fund will be identified by the MECs who will then submit proposals to the head office. The maximum amount eligible should not exceed 50% of total project cost including subsidy plus innovation fund.

### **4. Technology fund**

Usage of outdated technology is a major challenges faced by many entrepreneurs. Kudumbashree aims to provide technology fund to procure advanced and innovative technologies. The Kudumbashree Mission prepares the project proposal for the procurement of technology and it is scrutinized by a committee constituted at the state level.

### **5. Second Dose Assistance to Micro Enterprises**

This fund is meant to assist units which have fallen into crisis and are in need of innovative strategies to revive and become operational again.

As can be observed, the role of the MECs in recognising and ensuring the timely delivery of these special funds is crucial and determines the existence of the enterprises.

## **3.2 Development of Support Mechanisms for Enterprise Development**

The details of the MEC program have been dealt in detail in the previous chapter. In order to facilitate institutionalization of the MEC mechanism, Kudumbashree Mission has recently issued guidelines for setting up MEC Groups as self-supporting enterprises. Accordingly, groups of MECs have come together to set up support enterprises. 33 MEC Groups have been established in 14 districts with membership of 230 MEC.

Apart from providing a sustainable livelihood option to the women entrepreneurs by ensuring proper handholding support, Kudumbashree also aimed at providing the MECs with a viable livelihood option by rendering their services. Till 2010, that is, before receiving the Certificate in Rural Entrepreneurship Administration and Management (CREAM) training, the MECs worked independently in their allotted Panchayats. The focus of their work was primarily on animal husbandry, production section, nutrimix units, business plans etc which proved to be a lot of work for an individual MEC. After exposure to CREAM, they decided to collaborate and create their own group in each district.

The group meets each month, creates an agenda and engages in discussion centered on it. The hierarchy of the group respects both the Societies Registration and the Partnership and has positions akin to the President and Secretary, called the Project Director, Secretary and Vice President. The Project Director and the Secretary hold the Joint Account of the group. Each member of the group is a specialist in some or the other activity such as business counseling, business plan preparation, public relations etc. They also have their own allotted panchayats where support from other group members is provided whenever needed.

The services of the MEC groups are not restricted to the enterprises operating under the Kudumbashree mission. The MEC groups are entitled to extend their services to other government departments. The success of the MEC model also depends to a great extent on the success of the MEC groups. The revenues generated through services extended to the micro enterprises might not be enough for the MECs. The income of an MEC Group is the honorarium from their services, honorarium for training program, fee for the services provided to the entrepreneurs, honorarium for conducting market fairs ,honorarium for doing surveys, studies etc. The proper working of MEC groups might be helpful in dealing with several challenges faced by the Kudumbashree entrepreneurs.

### **3.3 Building Marketing Capabilities of Stakeholders**

Recognising the lack of marketing facilities for the women entrepreneurs, Kudumbashree has initiated a series of measures to assist them. Few of them being –

#### **1. Local Markets**

One of the earliest steps taken by Kudumbashree was to organise weekly/monthly market fairs at the local self government level. These markets are considered to be beneficial to bring together small producers in a particular panchayat and provide them with a good exposure to customers. It also proves to be a learning platform for the entrepreneurs to understand why products sell and what needs to be done to make their products marketable.

The MECs are in charge for the conduct of these markets. They are entrusted with the task of informing the entrepreneurs, organise the fairs, help women to set up stalls and assist them in pricing of the products etc.

#### **2. Fairs & Exhibitions**

To increase the marketability of the Kudumbashree products, the entrepreneurs are also engaged to participate in market fairs organised at the state or the national level . Women entrepreneurs were also found to be participating in international fairs such as the Dubai Shopping Festival.

### **3. Homeshop**

Homeshop is a direct marketing scheme under which a member from each ward turns her residence into a Homeshop. The home shop owner, after storing selected products, acts as a marketing agent of the home shop. She takes the items to customers. This not only ensures that the entrepreneurs are saved from the trouble of marketing their products but it also provides a livelihood opportunity to people involved in the marketing of the product.

## Chapter -4

### Research Methodology

The study is exploratory in nature as the primary aim of the research is to explore the experiences of the women entrepreneurs with the establishment of a micro enterprise, the challenges they have been facing in the process, the role of the MECs in assisting the entrepreneurs since the start of their business etc. The research also seeks to look into the functioning of the MEC model since its inception in 2004, their experiences of dealing with women entrepreneurs, the working of the MEC groups and challenges which they face while working within the Kudumbashree.

Since the aim is to capture the experiences of women entrepreneurs and the MECs over a period of time, the research is qualitative in nature. A combination of tools was used to find answers to the research questions.

#### 4.1 Tools for Data Collection

**Semi Structured Interviews** were used for the interaction with the women entrepreneurs and the individual MECs. An interview schedule was prepared based on the research questions and after getting a deeper understanding of the field realities. Most of the questions were open ended in nature and further questions emerged during the interaction with the respondents.

**Focus Group Discussion** was used during the interactions with the MEC groups and another instance when MECs from different districts of Kerala were present for a training in Thiruvananthapuram.

**Observations** formed an important part of the study. The researcher during the course of field work in the three districts, stayed along with families who are part of the SHG network and this gave a chance to keenly observe the communities. This proved to be a perfect addition to the other methods used for data collection.

## 4.2 Selection of Study Site

Since the MEC model originated in Kerala and it has been in operation for nearly 10 years, the state was chosen as the location of the study. As per the 4<sup>th</sup> MSME Census (2006-07), Kerala accounted for nearly 10% of the total working MSME's in the country and provided employment for nearly 7% of the total employed in the MSME sector in the country ( National Rural Livelihood Mission , 2014)

The state of Kerala is divided into 14 districts. As of March 2015, the Kudumbashree network has a membership of more than 41.14 lakh families, organized into over 2.6 lakh NHGs, 19,773 ADS and 1072 CDS spread across all the 14 districts of the state (Kudumbashree, 2016).

Since Kudumbashree is spread across all the districts of Kerala and also to bring out the regional differences of the spread of the MEC model, one district each from the north, central and southern part of Kerala was chosen. Districts of Wayanad, Ernakulam and Kollam were selected for the purpose of field work.

As can be seen from the map, Wayanad was chosen from North Kerala, Ernakulam from Central Kerala and Kollam from Southern Kerala for the purpose of the study. These districts were chosen from the respective regions based on the responsiveness of the Kudumbashree Mission, the availability of the Micro Enterprise Consultants (MECs) for interviews and the spread of Micro enterprises in the district

**Map 1: Map of Kerala**



Source: Maps of World

### **4.3 Methods and Tools of Data Collection**

The data collection was spread out in the three districts of Wayanad, Ernakulam and Kollam. During the field work, it was observed that there was no effective system at the district level for maintaining a comprehensive list of enterprises operating under the concerned mission or for deleting the names of those MEs that have stopped functioning. This made the random sampling of enterprises difficult.

Thus, Snowball Sampling was used for identifying enterprises in each of the district since there was no comprehensive list of the enterprises. Two factors were kept in mind while choosing an enterprise to be visited; firstly enterprises were selected based on their year of initiation, both old as well as new. This was useful to understand the role of MECs since its inception in 2004. Secondly, efforts were made to choose enterprises based on their nature of operation – production, services like tailoring, catering, restaurants, provision shops (engaged in petty trade), house to house marketing, dairy, food processing etc., production and services were highly preferred. This was done to ensure that the similar nature of enterprises was not visited in the same district and role of the MECs in different types of enterprises could be assessed.

The enterprises to be visited was decided based on the information given by the previous visited enterprise or the suggestions put forth by the community resource person who accompanied the researcher to the field. The enterprises to be visited were spread out to the nearly 2-3 panchayats or municipalities in the districts.

In the case of Micro Enterprise Consultants, purposive sampling was used as efforts were made to meet as many MECs as possible, both individually for in depth interviews as well as for Focus Group Discussion involving all the MECs in a consortium. In few instances due to the non – availability of the MECs, phone interviews were conducted as well.

Unscheduled interviews were conducted with the officials, elected representatives and other community resource persons working within the Kudumbashree mission based on their availability. Officials were met mostly in the Kudumbashree Mission offices of the concerned districts or else in the Head Office in Thiruvananthapuram.

## **4.4 Data Collection**

There are two stakeholders in this study namely – the Women Entrepreneurs, the Micro Enterprise Consultants (MECs). Apart from the entrepreneurs and the MECs, officials of the Kudumbashree mission and members of the panchayat as well as the members of the Community Based Organisation were interviewed wherever possible.

Before the start of the field work, a detailed interview schedule was prepared for each of the stakeholder. Questions were designed in a way to ensure that the two research questions were answered.

The field work extended for nearly two and a half months. During this period, 26 enterprises and 12 MECs were met across the three districts of Kerala. The researcher also had the chance to meet a contingent of nearly 20 MECs who came from across the state for a training organized by the Kudumbashree Mission in Thiruvananthapuram. At different points of time, the researcher also met officials or other members working within the fold of Kudumbashree.

### **4.4.1 Collection of Data from the Women Entrepreneurs**

The first research question stressed on the challenges faced by the women entrepreneurs. For this purpose, a detailed questionnaire was designed for collecting data from the women entrepreneurs. The initial part of the questionnaire focused on the general details about the enterprise such as the number of years it has been in operation, the number of people running the enterprise, credit and subsidy acquired before starting the enterprise. Post this, there was an attempt to understand on how the entrepreneurs got interested in the business area and the kind of training they received before starting the business. In the later part of the questionnaire, the focus was on understanding the entire production process of the enterprise right from the procurement of raw material to the marketing of the finished goods or services. Through the enumeration of the production process, there was an attempt to understand the challenges faced by the entrepreneurs at each stage of an enterprise development.

The second research question focused on the role of the micro enterprise consultants in assisting and mitigating the challenges faced by the entrepreneurs. This aspect of the study was built into the interaction with the entrepreneurs. There was an attempt to

understand the role of the MECs right from the time the idea to start an enterprise was conceived, their role in providing training (General Orientation Training (GOT), Entrepreneurship Development Programme (EDP) and Skill Training), ensuring bank linkage, project plan preparation etc. were enquired. Since the initial six months of an enterprise is considered to be crucial, attempts were made to understand the role of the MECs during this period as well as at each stage of an enterprise development. In the end the entrepreneurs were asked to evaluate the role of the MECs in their business.

To summarise, the questionnaire for the interaction with the entrepreneurs stretched to understand the enterprise and its operation in detail, the challenges faced by them and most importantly the role of the MEC at various stage of an enterprise development.

#### **4.4.2 Collection of Data from the Micro Enterprise Consultants**

The next important stakeholder in the study were the Micro Enterprise Consultants. Both the research questions are capable of being answered through the interaction with the MECs. Through in- depth interviews, attempt was made to map the general details about the MECs which include their educational background, their involvement in the operations of Kudumbashree before assuming the role of the MECs and how they got inducted as an MEC. There was a lot of effort to understand the training that the MECs received as this largely translates into the kind of help they provide to the entrepreneurs. Further, their involvement in each stage of an enterprise development was stressed.

The Micro Enterprise Consultants were also enquired about the kind of challenges which the women face while operating a business. Along with the challenges faced by the entrepreneurs, attempt was also made to understand the challenges which the MECs face during their operation. Also other crucial details owing to the payment of their services were also collected.

#### **4.4.3 Collection of data from the MEC Consortium**

Apart from providing a sustainable livelihood option to the women entrepreneurs by ensuring proper handholding support, Kudumbashree also aimed at providing the MECs a viable livelihood option by rendering their services.

Thus, the research also attempted to understand the working of the MEC groups in the three districts. The interviews with the group or its members stressed largely on the

working of the group , the internal division of the work , the revenue generated from the group activities , the relationship of the group with the Kudumbashree Mission and also to understand the kind of challenges which the MECs face etc.

#### **4.4.4 Collection of Data from Other Stakeholders**

Apart from conducting in-depth semi structured interviews with the entrepreneurs and the MECs, during the course of field work, efforts were made to interact with different sources working or connected with the Kudumbashree network. This included officials of the Kudumbashree from the state mission and the Kudumbashree Mission, elected members of the panchayat and the CDS or other community members working within the Kudumbashree fold. Also a great deal of information was gathered during the numerous conversations with the resource person accompanying the researcher to the field.

## **4.5 District-Wise Details of Data Collected**

### **4.5.1 Wayanad**

Wayanad is situated amongst the mountains of the Western Ghats and is considered to be one of the most attractive tourist destinations in Kerala. Agriculture continues to be the backbone of the Wayanad economy. A major portion of the cultivated land is covered by coffee and tea plantations. Arecanut, pepper, cardamom etc. are the other important crops in the area. During the field visit, it was observed that most entrepreneurs continue to engage in agriculture alongside their livelihood activities.

For the purpose of data collection, three Grama Panchayats - Vaduvanchal, Ambalawayal, Pulpally and one municipality namely Bathery were visited. During the course of field work, a total of 10 enterprises were visited and in—depth interviews were conducted with the entrepreneurs at these places.

Supporting Team for Enterprise's Administration and Management or STREAM, is a Micro Enterprise Consultants Group based in Wayanad District. Established in 2011, the group comprises of MECs who completed the CREAM module training in 2010 and is one of the first MEC groups to be formed in the state. Currently there are 9 members in the group and the researcher had the chance of meeting 5 of them during the course of field work. All 5 MECs were met during different times of the field work.

Apart from the interaction and holding of in- depth interviews with the women entrepreneurs and the MECs in the area, the researcher had the chance of meeting the Kudumbashree Mission Coordinator ( DMC) and visit a General Orientation Training happening in one of panchayats for women interested in goat rearing .

### **4.5.2 Ernakulam**

Located in central Kerala, the district houses the port city of Kochi, and is the commercial capital of the state; historically the region had gained prominence as a commercial and trade centre and today has the highest number of all enterprises, including small scale enterprises.

Ernakulam was the first district to be visited as a part of this research and thus the learning's from this place was crucial for the fine tuning of the further study. Nearly 8 enterprises were visited from the panchayats of Kunnathunadu, Kizhakamblam and Chornikara near Aluva.

There are 5 MEC groups which are operating in the district namely ACME 1, ACME 2, ACME 3, ACME 4 and ACME 5. The visit to Ernakulam clashed at a time when the MECs had a training in Thiruvananthapuram. Owing to this, in – depth interview with only 1 MEC could be conducted. Alongside the interaction with the entrepreneurs and the MECs, I also had the chance to meet Kudumbashree Mission Coordinator and the officer in-charge of Micro Enterprises, Ernakulam.

#### **4.5.3 Kollam**

The final set of field work was conducted in Kollam District, situated on the South west coast of Kerala. A total of 8 enterprises were visited in panchayats of Thevalakkara, Nedumpana and Kollam Corporation.

Micro Enterprises Consultants Federation (MECFED) is the first MEC groups to be formed in Kollam in 2011 by 12 members. Post the institution of MECFED; several other MEC groups were formed in Kollam. During my visit, a focus group discussion was conducted with 6 members of MECFED.

## 4.6 Details of Data Collected

### 4.6.1. Details of Data Collected for Enterprises

The research was conducted with the twin objectives of mapping the challenges faced by the women entrepreneurs and the role played by the MECs in mitigating the challenges faced by women since the inception of the model in 2004. Table 4.1 shows the number of enterprises which were visited from each of the district – Wayanad, Ernakulam and Kollam.

**Table 4.1**  
**Micro Enterprises Visited in each district**

<b>District</b>	<b>Number of MEs Visited</b>
Wayanad	10
Ernakulam	8
Kollam	8
<b>Total</b>	<b>26</b>

Source: Compilation by Author Based on Field Work

As mentioned earlier, while choosing the enterprises to be visited, one of the factors which was kept in mind was to chose enterprises based on their year of initiation, both old as well as new. This was done to understand the involvement of the MECs with the enterprises ever since the conception of the MEC model. The distribution of enterprises based on the year initiation shows 13 of the enterprises were established between the period of 2010-2011 while 9 of the enterprises were initiated during 2006-2010. This can be observed in the Table 4.2

**Table 4.2**  
**Starting of Micro Enterprises: Year Wise**

<b>Period</b>	<b>Wayanad</b>	<b>Ernakulam</b>	<b>Kollam</b>	<b>Total</b>
2001-05	3	-	1	4
2005-10	4	3	2	9
2010-15	3	5	5	13
<b>Total</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>26</b>

Source: Compilation by Author Based on Field Work

All the units which were visited were group owned. Nearly 21 of the enterprises had 5 or less members. Table 4.3 shows the group size of the units which were visited. Many schemes prescribe minimum number of members as mandatory for the formation of MEs and benefits would be made available only to those MEs which are formed with the stipulated number of members.

**Table 4.3**  
**Size of the Groups**

<b>Number of members</b>	<b>Wayanad</b>	<b>Ernakulam</b>	<b>Kollam</b>	<b>Total</b>
0-5	9	7	5	21
5-10	1	1	1	3
10-15	-	-	1	1
15-20	-	-	-	-
20or more	-	-	1	1
<b>Total</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>26</b>

Source: Compilation by author based on field work

The single largest sector which the group enterprises were operating was in the area of production. Nearly 12 of the enterprises were found to be engaged in the manufacturing sector while 10 of the enterprises were operating in the area of services and the rest of them in both production and services. Table 4.4 shows the distribution of enterprises across sectors.

**Table 4.4**  
**Units Visited: Sector Wise**

<b>Distribution</b>	<b>Wayanad</b>	<b>Ernakulam</b>	<b>Kollam</b>	<b>Total</b>
Production	3	4	5	12
Service	4	3	3	10
Production and Service	3	1	-	4
<b>Total</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>26</b>

Source: Compilation by Author based on Field Work

Along with the focus on choosing enterprises based on their year of initiation, as mentioned earlier attempt was also made to choose enterprises based on their nature of operation. This was done to understand the involvement and the expertise of the MECs in dealing with enterprises of different nature. The nature of enterprises which were visited across the three districts was comprehensive. Table 4.5 shows that nearly 16 different types of enterprises were visited across the three districts. Nearly 6 of the enterprises were found to be operating as hotels, canteen etc. While flour mills and tailoring were found to be other popular categories .

**Table 4.5**  
**Nature of Enterprise Visited**

<b>Prominent Products</b>	<b>Number of Micro Enterprises</b>
Tailoring	2
Catering , Canteen	6
Provision Store	1
Computer Center, DTP	1
Flour Mill	4
Bakery	1
Health Services	1
Chapathi Making Unit	1
Nursery Unit	1
Day Care	1
Gym and Health Centre	1
Jewellery Making	2
Baby Food	1
Candle Making	1
Mat Making	1
Textile Shop	1
<b>Total</b>	<b>26</b>

Although independent places for the operations of the ME is considered to be most ideal, nearly 11 enterprises which were visited was found to be home based. In such cases, there are chances of contribution of family members in the operation of the MEs which goes unaccounted for. Also, facilities such as power, fuel, telephone etc. are utilized by the MEs without accounting the value of such facilities in the cost of production.

**Table 4.6**  
**Place of Business**

<b>Ownership</b>	<b>Home</b>	<b>Separate Place</b>	<b>Total</b>
NA	11	-	11
Own	-	4	4
Rented	-	6	6
Free of Rent	-	3	3
Reduced Rent	-	1	1
Others	-	1	1
Total	11	15	26
<b>Percent</b>	<b>42.30</b>	<b>57.49</b>	<b>100</b>

Source: Compilation by Author Based on Field Work

#### 4.6.2 Profile of Micro Enterprise Consultants

The meeting with the Micro Enterprise Consultants during the visit to the district was often difficult to arrange. In the case of Ernakulam, meeting could be arranged with only 1 MEC as the field work clashed with a training which the MECs were required to attend in another district. As mentioned in the earlier section, convenient sampling was used in the case of MEC as attempt was made to meet as many MECs possible from each of the three districts. Table 4.7, gives the number of MECs interviewed from each of the three districts.

**Table 4.7**

#### Number of Micro Enterprise Consultants Interviewed

District	Number of MECs Interviewed
Wayanad	5
Ernakulam	1
Kollam	6
<b>Total</b>	<b>12</b>

Source: Compilation by Author Based on Field Work

The first batch of MECs from Kerala were inducted in the year 2004. Subsequently, several batches of MECs were inducted based on the requirement in a particular district . 50% of the MECs were found to start their operations between the years of 2004-08. Table 4.8 shows the number of years since operation of the MECs who were interviewed in the three districts –

**Table 4.8**

#### Number of Years since Operation of MEC

Number of Years since Operation	Wayanad	Ernakulam	Kollam	Total
2004-2008	1	1	4	6
2008-2012	2	-	2	4
2012-2016	2	-	-	2
<b>Total</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>12</b>

Source: Compilation by Author Based on Field Work

As can be seen from the table 4.9, nearly majority of the MECs who were interviewed were women.

**Table 4.9**  
**Gender Wise Distribution of MECs**

<b>Gender</b>	<b>Wayanad</b>	<b>Ernakulam</b>	<b>Kollam</b>	<b>Total</b>
Male	2	-	-	2
Female	3	1	6	10
<b>Total</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>12</b>

Source: Compilation by Author Based on Field Work

#### **4.7 Plan of Analysis**

As a first step for data analysis, all the interviews were transcribed. Further the transcribed data was entered in an excel sheet for analysis. Based on the interview schedule, the response of each of the respondent was entered against all the questions. Summaries were drawn separately for interviews, focus group discussions and unstructured interviews.

After the entering all the data in an excel sheet, data was categorised into themes based on the research questions. Case studies were generated based on the themes which are generated. Efforts was also be made to draw a comparative analysis between the three districts based on the difference in the spread of Micro Enterprise Consultant model.

### **Difficulties Faced during Data Collection**

- 1) **Lack of a comprehensive list of enterprises** – It was observed that the District Missions and consequently the State Mission lack a strong database of the Micro Enterprises operating under the mission. This proved to be extremely difficult during the conduct of the field work since it was difficult to locate the enterprises.

The number of MEs operating under the various schemes , the product /service profile , number of members /owners , financial particulars etc. are some of the most essential information that should be available with the Kudumbashree Mission for effective policy formulation.

- 2) **Difficulty in meeting MECs and officials** – A great deal of time was consumed in the process of scheduling interviews with the officials of the Kudumbashree Mission. Often during the field work in the concerned district, a lot of time was wasted due to the non- availability of the MECs.
- 3) **Safety** –The researcher faced several safety concerns owing to the fact that the districts chosen for the purpose of the field work were spread out across the state of Kerala. There were also safety concerns as the places to be visited in the districts were far off from each other, this often led to travelling alone during odd hours.

## **Chapter – 5**

### **Challenges Faced by Women Entrepreneurs in Kerala**

The first research question is focused on mapping the challenges faced by women entrepreneurs operating under the Kudumbashree Livelihood Mission. To understand the role of MECs, it is important to first map the challenges and then subsequently assess the role which has been played by the MECs in assisting the entrepreneurs since the inception of the MEC model in 2004..

The research which was spread out in three districts, brought about varied nature of challenges which are faced by women entrepreneurs in different stages of an enterprise development. It was observed that women not only face constraints and obstacles while running a business but majority also face problems arising from their families or the society. Following are the categories which emerged based on the interviews with the women entrepreneurs in three districts -

- 1) Financial Constraints
- 2) Managerial and Operational Challenges
- 3) Market Related Challenges
- 4) Political and Legal Constraints
- 5) Technological Challenges
- 6) Social and Gender Issues
- 7) Other Factors

## 5.1 Financial Constraints

### 5.1.1 Difficulty in Accessing Credit

The challenge faced by women entrepreneurs starts right from the preliminary stage of obtaining loans. The difficulty in obtaining loans has reduced considerably over the course of years. Ms. Veena Sudhakaran, an entrepreneur involved in the running of a super market since 2005 recounts how it was difficult to obtain credit earlier as banks were hesitant to grant loans to women doubting their capabilities to pay back. But the scenario has changed with the passage of time as banks are more confident of lending to women as they are found to be more efficient in paying back the loans as compared to men.

For majority of the enterprises which were visited, women didn't face a lot of difficulty in obtaining loans from the banks during the start of the enterprise. The involvement of the MEC has been crucial in making access to credit easier for women.

But there were few cases where women found it difficult to obtain loans from the banks. This was true for enterprises which were seasonal in nature or for an enterprise which was run by women who belonged to the older age group. Difficulty in obtaining loans from the bank forced them to arrange for funds on their own either by relying on their families or by lending from informal sources.

**Box 1:** Lakshmi Ethnic Food, an enterprise situated on the way to a famous tourist destination in Wayanad, were unable to obtain loans while starting their enterprise since the banks demand for collateral was high. This forced the women to arrange for funds from informal sources of credit rather than relying on the bank.

### 5.1.2 Non- Payment by Customers

A lot of enterprises were found to be running into financial difficulties due to the nonpayment from the side of customers. This leads to severe losses and most often the

entrepreneurs have to look for other sources of credit to ensure the functioning of the enterprise.

**Box 2:** St. Joseph's Super Market, Wayanad is situated in a predominantly tribal inhabited area. According to the experiences of the women running the enterprise, tribal's purchase goods from the super market with the promise of paying back after obtaining wages from the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). But after obtaining the wages, it is observed that the cash is spent on buying gold etc. rather than settling their credit at these shops. This has led to huge financial strains building on the enterprise. Due to non payment by the customers, the entrepreneurs have lost nearly Rs.1.5 lakh.

### 5.1.3 Lack of Working Capital

The lack of working capital is a problem faced by majority of the enterprises engaged in the production sector or enterprises engaged in both production and service sector. Enterprises working in these sectors invest huge sums of money for the purchase of machinery, cylinders for labeling and packing etc. But very often they fail to meet their full capacity owing to the lack of funds to meet the orders. Lack of working capital forces them to limit their reach to the local economy even when they have the capacity to expand their operations to a wider market. This leads to the building up of financial pressure as these women don't have funds to roll to meet the production needs and there are instances of stoppage of production due to non availability of funds.

**Box 3:** Krishna Flour Mill started with an investment of nearly Rs. 17 lakh on both the machinery as well as cylinders to ensure proper packaging since 2013. Most often orders are placed on the promise of being paid later after obtaining the finished products from the enterprise but women don't have the funds to meet such big orders and thus they are unable to compete with the other players in the market. This forces them to restrict their activities to the local market.

#### **5.1.4 Enterprises are Financially Unviable to Generate Livelihood**

The primary aim of Kudumbashree is poverty alleviation by ensuring sustainable livelihood. It was observed that many of the micro enterprises do not have the capacity to provide adequate support to the members to earn a respectable livelihood if it is taken as a full time occupation. Operations of sizeable number of MEs are financially unviable. If minimum wage received by an unskilled woman worker in the state is applicable to the members of the MEs as income per day, majority of the MEs will end up in heavy losses. It was observed in few enterprises that women often indulge in other forms of income generation to pay back the loan acquired to start the enterprise.

### **5.2 Managerial and Operational Challenges**

Lack of access to financial services to start an enterprise or during the course of production is only one nature of challenge which is faced by the entrepreneurs. There are a range of challenges which women face during different stages of an enterprise development. Following are a few challenges which emerged during the interviews with women entrepreneurs -

#### **5.2.1 Operation of Group Enterprises as Individual Enterprise**

A group enterprise is started by women belonging to one SHG or women coming from different SHGs. But it was observed that often not all members would be interested to get involved in a business by acquiring loans either due to their inability to pay back or lack of support from the family.

In a lot of enterprises which were visited, it was observed that one woman or her family takes charge of obtaining and paying back the loan on behalf of the group . Even though the enterprise is registered as a group enterprise, it operates as an individual enterprise. This is done to avail the various benefits which the group owned enterprises obtain through Kudumbashree or other government schemes. In such cases, the other members of the group are employed as daily wage labourers.

**Box 4:** Lakshmi Ethnic Food, an enterprise which is registered as a group enterprise functions like an individual enterprise. All the investments for the operations were made by one member of the group and her family. The other members work as daily wage labourers with an increase in wages on days when the sales are more.

### 5.2.2 Location of the Enterprise

In the absence of proper space, many MEs are forced to operate from home or in such places that are disadvantageous to the effective functioning.

In most instances, enterprises were located at the home of one of the members of the group. But there have also been enterprises which are located in rented buildings. Majority of the enterprises which are operating from rented places find it difficult to manage the increasing rent with the passage of time. A substantial part of their monthly income is spent on paying for the rent or few of them are even forced to relocate due to the increasing rent.

**Box 5:** Avantika Ladies Health Club started operating in a rented building around 5 years back. At the time of the start of the enterprise, the entrepreneurs paid a rent of Rs.3000 per month but with the passage of time, the rent of the building kept on increasing and they were forced to pay Rs.10, 000 every month. Entrepreneurs found it especially difficult since they didn't have a regular customer base. The increasing rent forced them to relocate the enterprise for which they further incurred substantial expenditure.

### 5.2.3 Raw Material Procurement

Location of cheap and good quality raw material is crucial for the success of an enterprise. It was observed that in the majority of the enterprises which were visited, women preferred to obtain raw materials from the nearby markets as this often saved them from the trouble of travelling alone to long distances to acquire cheaper raw materials. Purchasing expensive raw materials often led to dwindling of incomes. According to Guru Menon, an official working with Kudumbashree says "the inability of

the women entrepreneurs to get access to cheap sources of raw material , increases the price of the products and makes it uncompetitive in the market and this is especially true of enterprises working in the manufacturing sector.”

#### **5.2.4 Transportation**

Most entrepreneurs don't have a vehicle of their own and this forces them to hire a vehicle during the process of acquiring raw material, transporting of finished goods or for becoming the part of the various fairs or fests organized by Kudumbashree. A substantial part of the incomes of the entrepreneur is spent on paying for the cost incurred during transportation.

**Box 6:** Amrutham Nutrimix, an enterprise which manufactures ‘Take Home Ration’ (THR) to Anganwadis incurs substantial cost for transporting the raw materials and delivering the finished products. For each trip the entrepreneurs incur nearly Rs. 2500. This sum is spent even when they have to deliver small orders as they are required to hire vehicles every time.

#### **5.2.5 Threat of Displacement**

Women also during the course of their production face the threat of displacement. This was true of enterprises in one panchayat in Ernakulam which were visited as a part of the field work. The enterprises are often under the threat of replacement due to the development plans of the changing local administration. Shifting to a new location requires huge expenditure and there was also around to be erosion of the customer base with relocation.

**Box 7:** Remya Garden was initially located near the bus station of the panchayat and thus it was easy to attract customers. With the change in the local administration, the enterprise was forced to relocate to an area which could not be easily spotted by the customers. The entrepreneurs had to incur expenditure to relocate the enterprises and it also led to dwindling of incomes due to the reduced customer base.

### **5.2.6 Need for Proper Waste Disposal System**

Only one of the enterprises which were visited expressed the need for a proper waste disposal system. Ms. Sreeja Nair, one of the members of the group running a canteen in Ernakulam felt that there was an urgent need for a bio gas plant for the enterprise as there is no proper system of waste disposal. Currently, women take the daily waste of the canteen to their homes for disposal.

## **5.3 Market Related Challenges**

The challenge faced in the area of marketing is one of the most pressing concerns faced by all the entrepreneurs. Majority of the group enterprises were troubled with the problem of finding customers or market for their products.

### **5.3.1 Inability to Face Competition in the Market**

Women from low income households without having any previous experience of operating a business find it difficult to face the competition in the market.

The increasing competition in the market has been a major worry of concern for both the new and the old enterprises. While the new enterprises have been faced with the problem of finding a regular customer base or have found it difficult to sustain in the market amongst the bigger players.

Enterprises which started 10 years back or more were found to have been started at a time when there were no similar players in the immediate neighbourhood but with the passage of time there has been an emergence of similar players in the market. Thus, making it difficult for Kudumbashree enterprises to face the competition.

### **5.3.2 Difficulty in Obtaining Orders**

Women entrepreneurs find it extremely difficult to market or find buyers for their products. This was the case with most of the enterprises which are working in the area of production or production and services. Enterprises in the area of production are started with relatively huge investments and the inability to find suitable customers make it difficult for them to repay the loans or most of them sustain despite losses.

**Box 8:** Vaishnavi Apparel Park, an ambitious project of the Kollam Kudumbashree Mission was started in 2010 as a group enterprise with 24 women to cater to the clothing needs of men and was labeled with the brand name of ‘Napstar’. But women found it difficult to sustain in a platform which is dominated by bigger players in the market as people were hesitant to purchase their products. This forced them to shift the focus and concentrate on designing clothing for women as they had repay credit worth Rs.17 lakh. In such cases, also the inability in finding the right business opportunity makes it difficult for women to make inroads to profitable markets.

### **5.3.3 Lack of Proper Labeling and Packaging**

One of the major problems faced by micro enterprises especially the ones working in the area of manufacturing is the lack of proper packaging and labeling on their products. Out of the 26 units which were visited as a part of the study, 6 units which were either flour mills or bakery units and were in need of a proper packaging system. Individual enterprises have to undertake huge expenditure for the purchase of cylinders etc. to ensure proper packaging. Inability to invest, forces them rely on plain packaging or labeling which is done in the local offset press.

In order to make the goods acceptable to the wholesale dealers, they should be branded and packed attractively. The consumers have an inclination towards branded items and goods that are nicely packed.

### **5.3.4 Reduced Customer Base**

One of the common problems faced by all the entrepreneurs- new as well as old is the issue of reducing customer base. There are many reasons for the reducing customer base. Few of the case studies –

- **Shift from Cultivation of Food Crops to Cash Crop**

**Box 9:** Aishwarya Foods, a flour mill which started in Wayanad in 2004 has been facing the challenge of reduced customer base with time. Along with the rise in competition, the shift from the cultivation of food crops to cash crops has led to the reduced customer base. Majority of the customers to the flour mill were farmers who brought rice for grinding etc. In the recent years, there has been shift to cultivation of cash crops such as rubber which has led to reduced customer to the the flour mill.

- **Migration to City for Jobs**

**Box 10:** St. Joseph's Super Market, one of the first grocery stores to start in its neighbourhood in 2004. The movement of people to cities for jobs has drastically reduced the sales of the shop. People were found to be purchasing goods from the super markets in the cities on their way back from work .

## **5.4 Political and Legal Challenges**

### **5.4.1 Changing Political Administration**

Apart from the challenges faced during production and in the post production stage, entrepreneurs also face problems owing to the change of administration at the local level. During the course of field work, visit was made to a panchayat where in the local body elections of 2015, a corporate charity won the elections by defeating the two biggest political parties namely the Congress and the Communist Party of India (Marxist)—or CPI (M).

The women entrepreneurs operating in land or the building allotted by panchayat are under the threat of relocation owing to the developmental plans of the changing local governments.

#### **5.4.2 Issues of Tax and Obtaining Licenses**

Even though the problem of obtaining licenses has reduced, one of the enterprises operating in Wayanad, recount the repeated instances of stoppage during the transport of raw materials to the shop for the purpose of collection of Sales Tax. The enterprise has also faced difficulty in obtaining licenses such as food safety etc.

### **5.5 Technological Challenges**

#### **5.5.1 Up Gradation of Technology**

Enterprises which were old and those working in the area of manufacturing were found to be in need of up gradation of technology. Lack of technological advancement makes it difficult for such enterprises to sustain in the increasingly competitive environment. These enterprises were also found to be hesitant in adopting better technology as it would mean the requirement of less man power.

### **5.6 Social and Gender Issues**

While the challenges faced by male entrepreneurs might be restricted to the ones emerging during the process of establishing a business or during the different stages of an enterprise development, women entrepreneurs along with those were also found to be facing a range of challenges arising from their families and the society around them. Following were of the issues which emerged during the interaction with women -

#### **5.6.1 Dealing with Different Range of Customers**

Women entrepreneurs often find it difficult to deal with customers especially men. During the interaction with women, instances of misbehavior from male customers etc. were reported.

#### **5.6.2 Safety Concerns while Travelling**

As mentioned in one of the earlier challenges, most of the enterprises owned by women need to hire vehicles for transporting raw materials, finished products and for being part of the various fests and fairs organised by Kudumbashree Mission. Women recount

instances of misbehavior from the drivers or safety concerns while traveling during the odd hours.

### **5.6.3 Role of Men in the Decision Making Process**

Women across enterprises which were visited recall a time how men in the house detested the idea of their womenfolk joining Kudumbashree and sitting in a circle of other 10-20 women. For men, Kudumbashree in its initial phase was just a gathering of a set of women from the neighbourhood sitting and gossiping and coming together for no constructive purpose. But the initial success of Kudumbashree started changing the tide of things when men pushed their women to get out of the houses and become a part of the neighbourhood groups.

By becoming a part of the Kudumbashree network and engaging in livelihood activities such as running of an enterprise, women have been able to contribute to the income of household and this has ensured greater financial independence for women and relieved them from constantly demanding money from men for meeting all their needs.

At the same time in the majority of the enterprises which were visited, even though it is run by a group of women, it was found that the major decision of the business right from those pertaining to obtaining loans or steps to expand business etc. are still taken by the husbands or the other male members of the families.

There have also been instances of enterprises which have been completely run with the involvement of men or the other members of the family and at the same time such enterprises were found to be operating profitably. This has been the case of enterprises which operate as an individual enterprise even though it is registered as a group enterprise.

### **5.6.4 Attitude towards Working Women**

Many of the entrepreneurs who were interviewed recount instances about the attitude of the society around them who most often don't appreciate the participation of women in livelihood generation activities. Women feel that they often lose their morale due to lack of support from the people around.

### **5.6.5 Health Issues**

In units such as Amruthum Nutrimix, women were found to facing health issues and physical ailment while lifting heavy weights.

## **5.7 Other Factors**

### **5.7.1 Operation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

It was observed during the interaction with a lot of entrepreneurs that due to the existence of MGNREGA in their panchayat, the interest to make a livelihood through an enterprise has reduced. Most often women look for a small source of income after finishing the household chores. In Kerala on an average, a MGNREGA worker earns around Rs. 230 a day which an entrepreneur is not sure to make by engaging in an enterprise considering the risk and uncertainties of the business.

In many of the enterprises which were visited, women were found to be leaving the group owned enterprises to work on the MGNREGA site or to return to join the enterprise after MGNREGA work in the panchayat was over. Interestingly, MGNREGA is implemented by Kudumbashree in Kerala and this has ensured that almost 93% of the workers are women.

### **5.7.2 Forceful Attendance in Market Fairs**

In order to provide a platform for marketing the products of the Kudumbashree enterprises fairs – weekly, monthly etc. are organized at the level of panchayat / district level or even during the times of festival such as Onam, Christmas etc.

A majority of the enterprises find these fairs beneficial as they manage to earn more as compared to their normal course of functioning. But enterprises which are into candle making etc. don't benefit much from monthly or weekly market fairs as products like candles are generally not purchased by people during a fest or a fair. Entrepreneurs are required to pay a fee for setting up their stall, they also incur transportation cost and attendance in fairs means that the production of that particular day is stalled. Even though these enterprises do not benefit from fairs like these, they are forced to become a part of it

since they have been working under the fold of Kudumbashree and obtaining the various financial benefits.

### **5.7.3 Reduced Involvement and Support from Kudumbashree Mission**

Few entrepreneurs who have been working within the fold of Kudumbashree since its initiation feel that with the passage of time there has been a lack of moral support from the Mission. This concern was raised especially by enterprises which were started around 2003-04. These entrepreneurs recount how the support from the Mission used to be immense right from the stage of setting up of an enterprise. Along with financial support, officials personally made visits to these enterprises at regular intervals.

Sujeetha Krishnan, an entrepreneur from Wayanad says “officials during those years used to make regular visits to our enterprises and knew each of us by name. They even used to purchase goods from our shops or visit in case of personal emergencies in our families. Those visits used to be a moral boost for all of us and we strived to perform better each time .But that kind of emotional connect between the officials and the women working within the fold of Kudumbashree has reduced over the years.”

## **Conclusion**

In this section, through in-depth interviews with entrepreneurs from the three districts of Kerala, the challenges faced by them at different stages of an enterprise development have been mapped. The challenges faced by the entrepreneurs ranged from financial difficulties, managerial and operational challenges, market related challenges, legal and political challenges. The challenges encountered by the entrepreneurs are not limited to problems emerging from the conduct of business. Women entrepreneurs from low income households also face challenge owing to their gender and pressure from their families and the society.

Not all challenges are capable of being addressed through the intervention of the MEC. While they can play a crucial role in assisting entrepreneurs in dealing with managerial and operational challenge, market and technology related challenge . In the following chapter, attempt is made to understand the role of MECs in the three districts in assisting the entrepreneurs since 2004.

## **Chapter – 6**

### **Role of Micro Enterprise Consultants**

The primary aim of choosing three different districts for the purpose of field work from across the state was to understand the regional diversity with respect to the MEC model. Through this research it was understood that the spread of MEC model has been uneven across Kerala. In the earlier section, the challenges faced by women entrepreneurs had been enumerated. As has been mentioned before, not all challenges are capable of being addressed through the intervention of the MEC. The task of the MECs starts right from the stage of recognising a viable business opportunity in the local economy, identification of potential entrepreneurs to the stage of ensuring proper market linkage for the products and also to ensure regular business counseling.

Since the role played by MECs was found to be differing considerably in three districts, the subsequent parts of the chapter will attempt to draw a comparison between the varying role played by the MECs in each of the districts. Even though the involvement of the MEC varied across the three districts, their role played in the identification of potential entrepreneurs, the training imparted etc. was found similar across all the three districts.

#### **6.1 Training Given**

Until the formation of the MEC Consortiums in 2011, trainings for the entrepreneurs were given by the Kudumbashree Mission, hired specialized agencies or other supporting structures of the Kudumbashree such as the EKSAAT. Only sessions related to business or accounting were conducted by the MECs. From 2011, with the formation of consortiums, all the trainings for the entrepreneurs are entrusted to the MEC groups. According to Pradeep Krishna, a MEC from Wayanad “the decision to make the MECs incharge of the entire training process was a welcome change as this allowed to make a relation with the entrepreneurs right from the stage of the training and it allowed them to connect better with the MECs in further stages of business development” .

The training process starts from the stage of identification of potential entrepreneurs from a particular panchayat. The trainings given to the would-be entrepreneurs include Pre-Orientation, General Orientation Training, Entrepreneurship Development Programme and Skill Training.

### **6.1.1 Pre- Orientation Training**

During this stage, the MECs identify the potential entrepreneurs from the Neighbourhood Groups in a particular panchayat. Identification of the right person with the ability to bear the risk and uncertainties of the business is crucial for the success of the business. During this process women are given a general orientation on topics such as the importance of micro-enterprises, economic development, women empowerment, information about various State Mission schemes, benefits such as subsidy etc.

### **6.1.2 General Orientation Training (GOT)**

After the identification of the interested women from the various NHGs, the next level of training provided by the MEC is called the General Orientation Training. This provides a general orientation about enterprises, entrepreneurship, the support provided by various agencies and departments for setting up enterprises and on the SRLM schemes. The topics covered in the Pre Orientation are covered in more depth and specificity in this training.

General Orientation Training (GOT) is conducted for 2 days. During the first day, the focus of the MECs is to assess the skill of the participants. According to Jasmine VS “most women come with ideas to these trainings based on their interest or a livelihood activity which they might have engaged in the past. Our focus is to understand the scope and marketability of the idea”.

Based on the preliminary business ideas of women, they are subsequently divided into two groups - those interested in production and for those interested in the service sector. After the general orientation, women are required to form groups, preparation of a rough business plan and the market feasibility of the business idea.”

According to Guru Menon “a lot of times the identification of entrepreneurs by the MECs is flawed. Ideally in a training process, a potential entrepreneur should be initiated into a business only after mapping the interest and the risk taking ability of an

entrepreneur. But MECs in most cases give a list of enterprises which have the potential of being started by the women rather than mapping her skill set.” He further feels that informing women about the various financial benefits such subsidies etc. takes the focus away from developing the interest of the women in business rather the focus is on benefits which women may gather after the start of the enterprise etc.

### **6.1.3 Entrepreneurship Development Programme (EDP)**

The EDP training is done over a period of 3-5 days post a small break after the conclusion of the GOT. This break is given to the potential entrepreneurs to think more seriously about the proposed business idea.

Done over three to five days by trained resource persons or specialized training agencies, covers topics required to develop basic entrepreneurial skills of the participants. The important topics covered include: Introduction to Enterprise, Characteristics of an Entrepreneur, Entrepreneurial competencies, Business Plan, Business Accounting, Marketing and Management Principles. Persons completing EDP, formed into groups in case of group enterprises, are supported for formulating their business plan that will form the basis for providing assistance. Along with the modules on business, focus is also placed on personality development and building the motivation of the entrepreneurs.

The EDP was earlier conducted as a residential programme but now in most of the districts it is a daily training process. Few of the MECs feel that since the training programme is not residential anymore, the entrepreneurs tend to lose the seriousness of the training , they are found to be coming late after finishing the household chores etc. The residential training ensured that the women were single mindedly focused on the classes, helped in the building stronger ties within the group members etc.

### **6.1.4 Skill Training**

This is the final stage of the training process before the start of the enterprise. After the formation of groups and the decision of final business idea, MECs send the entrepreneurs for skill training either within the district or in other parts of Kerala. The entrepreneurs can start the business only after obtaining the certificate of skill training.

### **6.1.5 Continuous Trainings**

**Performance Improvement Programme** – Training programmes that are aimed at improving the capabilities of entrepreneurs in various areas of enterprises. These include technical, operational, marketing related and general management training programmes.

**Accounting training** – Entrepreneurs are to be provided training to help them improve the accounting and book-keeping of their enterprises.

## 6.2 Role of Micro Enterprise Consultants: District Wise Analysis

### 6.2.1 Wayanad

Nearly 10 enterprises were visited during the field work in Wayanad. These enterprises were started at different points of time. Some of them started their operations around 14 years back, few around 5-6 years back and some of them have started more recently. This difference in the year of the initiation of the enterprises was important to understand the role of the MECs in the course of years. It was understood that with the passage of time, the role of the MECs in extending a proper hand holding support to the enterprises has reduced.

The first batch of MECs from Wayanad like in the other districts of Kerala was inducted in 2004. Enterprises which started during that time or in the subsequent years received considerable help from the MECs at each stage of an enterprise development. Enterprises which started more recently were found to be availing comparatively less services as compared to the older ones.

**Table 6.1**

**Role of the MEC in Wayanad till 2010**

	<b>Role of the MECs</b>	<b>Functions</b>
1.	Training	All the entrepreneurs underwent a three stage training process – GOT, EDP and Skill Training conducted by the MECs
2.	Market Feasibility Study	In the case of St. Joseph’s Super Market , a market feasibility study was conducted
3.	Preparation of business plan	For all the enterprises , MECs were involved in preparation of business plan
4.	Support in bank linkages	The MECs played a crucial role for ensuring bank linkages at a time when it was relatively difficult to obtain loans for women
5.	Help in getting machines and raw materials	MECs played a crucial role in obtaining machines for units such as Aishwarya Foods etc. MECs assisted the entrepreneurs in finding cheap sources of raw material
6.	Lawful Licenses	MECs assisted the entrepreneurs in obtaining various licenses and handling

		issues related to sales tax etc.
7.	Finding Markets and Sales Platform	MECs assisted the entrepreneurs in finding new markets, bidding for tenders etc.
8.	Solving Group Differences	MECs also played a crucial role in resolving group differences

**Table 6.2**  
**Role of the MEC Post 2010 in Wayanad**

	<b>Role of the MECs</b>	<b>Functions</b>
1.	Training	All the entrepreneurs underwent a three stage training process – GOT, EDP and Skill Training conducted by the MECs
2.	Preparation of business plan	For all the enterprises , MECs were involved in preparation of business plan
3.	Ensuring bank linkage	MECs have been assisting women on obtaining loans from the banks
4.	Finding markets and sales platform	MECs inform the entrepreneurs about the upcoming fests and fairs for which they can participate
5.	Solving Group Differences	MECs played a major role in counseling the entrepreneurs in mitigating the group differences

As can be observed from Table 6.1 and 6.2, there is a significant variation in the roles played by the MECs for enterprises which were established before and after 2010. In the enterprises which were established before 2010, MECs extended help in different stages of enterprise development which has not been the case with units which have been established post 2010.

During the field work, it was observed that the close involvement of the MECs with the entrepreneurs through a proper handholding process led to a development of a personal bond. The MECs were found to know every small detail of the units which they supported. But there was a significant change in the relationship between the entrepreneurs which started their business recently and the second generation of MECs. The relationship was strictly professional with the involvement of the MEC reducing considerably after the start up stage.

Following are the case studies of two tailoring units – one started in 2008 and the other in 2014. There clearly seems to be a change in the involvement of the MECs in the units of similar nature –

**Box 11:** Smitha Tailoring, a unit in Wayanad was started in the year 2008. The enterprise specializes in stitching clothing for women and kids. Currently, the primary focus is to stitch uniforms for Government Schools under the Sarva Siksha Abhiyan. The unit is running profitably and caters to customers from in and around Wayanad .Ms.Khadeeja Rehman; one of the members recalls “the involvement of the MEC in the initial days after the establishment of the business was crucial. Right from the stage of giving us proper training, arranging for loans and preparing the business plans, the help of the MECs had been immense. Shiv Pradeep accompanied us to places where we could find cheap sources of raw materials, helped us in finding new markets and negotiating prices or even bidding for tenders . The handholding support given by them was crucial for successfully establishing the business and gave all four of us the courage to handle the business independently after a certain stage. We consult him in case when we require business advice.”

**Box 12:** Tanya Ready-mades and Stitching is another unit in Wayanad which started its operations in 2014. The role of the MECs was limited during the start of the enterprise in the form of providing training, obtaining loans and preparation of business plans, negotiating internal clash within the group etc. The involvement of the MECs was minimal after the initial stage. The enterprise started well but with the passage of time their customer base has reduced due to increasing competition and this has led to reduced incomes. Women are looking forward for help to reach out to new customers.

Involvement of the MEC in all these units was found to be immense .Like in the case of Smitha Tailoring, all other units which started around that time were given a proper handholding support and business counseling as and when required. The handholding

support provided by the MECs through regular monitoring and visits have been crucial for the existence of these enterprises with all the members still continuing to rely on the enterprise as a source of livelihood .

Units which started more recently have been looking for considerable help in reaching out to new markets, tackling competition etc. The MECs were found to be unable to give a constant handholding support to the enterprises after the initial stages. Most of the enterprises were found to be doing well in the initial stages of their business but with the passage of time, their income was found to be constantly reducing.

### **6.2.2 Interaction with the MECs in Wayanad**

The MECs in Wayanad started their operations in three batches – one batch began their operations in 2004, the next batch was inducted in 2009 and the last batch started operations in 2012.

There are significant differences in the way MECs from the three batches have been working. As it was observed in the earlier section, the involvement of the MECs has considerably reduced over time. The involvement of the MEC was found to be the maximum in the start- up stage of providing training, preparation of business plans and ensuring bank linkages for the entrepreneurs.

Pradeep Krishna, one of the earliest MECs to be inducted from Kerala in 2004 said “there has been significant difference in our working at present as compared to the years when we started our work. Our involvement with the enterprises led to the building of a personal bond with the entrepreneurs and their families”.

Salina M another MEC from Wayanad from the 2009 batch said “our involvement with the enterprises is more or less restricted with the training process, obtaining of loans etc. Unlike earlier we are unable to make regular visits to provide a proper handholding support to the enterprises which leaves the entrepreneurs without any help to guide them in the business.” The MECs were found to be visiting the enterprises either at their own risk, at order of the Kudumbashree Mission or at the request from the entrepreneurs.

All the MECs agree that there needs to be a greater involvement of the MECs in assisting the entrepreneurs. Currently, the role is limited to the initial stage of an enterprise development and as observed in the earlier chapter, entrepreneurs face multitude of challenges at different stages and most of them are looking for assistance in

dealing with those challenges. Beena M, another MEC from Wayanad feels that “entrepreneurs require considerable help in the area of marketing, packaging of their products etc. but lately we are not able to extend meaningful support in such areas and this has led to the deterioration or the closure of a number of units.”

There are several reasons which have led to the reduced role of MEC in Wayanad. Following are the reasons which emerged during the interaction with the MECs –

### **1. Lack of Payments and Support from the Kudumbashree Mission**

The major concern of the MECs has been the lack of regular payments from the side of the mission. Irregular payment of honorarium has been cited as the main reason for the inability of the MECs to make regular visits to the enterprises. MECs were also found not to be paid the honorarium for the market fairs which were organised by them at different points of time.

In Wayanad, for each day of visit to the enterprises, the MECs are entitled to Rs. 500. But one of the MECs from the Wayanad says “even though I am entitled to Rs.500, I am only paid Rs.350 or in most cases I am not paid at all by the mission. This money is mostly spent on travel as enterprises are spread across different locations”. Irregular payment of honorarium forces MECs to be dependent on their families for funds to make regular visits to the enterprises.

### **2. Rise of Block Coordinators**

MECs are in charge of providing regular handholding support to the entrepreneurs but for various schemes of the central and the state government to promote enterprises, appointments have been made to the post of consultants. Consultants who are appointed with a permanent salary were found to be performing a lot of roles designed for the MECs. This has further led to reduced role of the MEC.

### **4. Appointment of Scheduled Tribe MECs**

Currently, there are 8 active MECs in Wayanad and 1 MEC who is inactive due to his work for the National Resource organisation. Thus, each MEC is roughly incharge of 2-3 panchayats. In 2015, 12 new MECs were appointed from the Scheduled Tribe Community. These MECs were appointed without proper training. With the appointment of new MECs, each one is roughly incharge of 1 panchayat. This has led to resentment

among the old MECs as they currently incharge of only enterprises from one panchayat and this has further dwindled their income. It was felt that the newly appointed MECs lacked expertise and are yet to begin their operations in assisting the MEs . It was also found that there were no efforts from the side of the old MECs to help the new MECs and there appeared to be a lack of cooperation.

### **5. Working of the MEC Groups**

The clubbing of MECs of one district into consortiums was considered to be crucial to ensure the self sufficiency of the MECs rather than just depending on projects from Kudumbashree. Each member of the group is a specialist in some or the other activity such as business counseling, business plan preparation, public relations etc. Being in a group helps to work in a much better manner than what they possibly did while working as an individual MEC. Also , the risk to be borne by an individual MEC is reduced as now it is spread evenly between the members of the group. There are also ways in which MEC Consortiums can help in mitigating challenges faced by the entrepreneurs as well as increase the income of the MECs and some of these ideas have been implemented in a couple of districts . Few of them being clubbing similar units into a consortium and the MEC group can mediate in procurement of raw material or ensuring a common packaging and labeling system or even taking charge of the Homeshop in a particular district.

STREAM, one of the first MEC group to have been formed in the state was found not to be functioning properly. Even though the group has an office of its own, under the instructions of the Kudumbashree Mission Coordinator (DMC) all the group meetings were to be convened under his presence in the Kudumbashree Mission Office . This made it difficult for the group to have open discussions in such meetings. There were instances of internal clashes with most of the decisions of the group being taken by the senior members of the group. There have also been instances of lack of coordination between the Kudumbashree Mission and the MEC groups .Since the majority of the members are women, they are restricted by their families to engage in any kind of business which involves risk even if it may be capable of generating big returns. This most often leads to talents of the MECs getting wasted. In the process they end up relying solely on the mission to sustain themselves. Currently, the activities of the group are restricted to

conducting trainings for the entrepreneurs or any other task which is assigned by the Kudumbashree Mission.

While some members were found to be taking up projects for business plan preparation from other government departments, others have restricted themselves to the enterprises of the Kudumbashree.

But the group has more recently decided to revamp its activities and indulge in more income generating activities. Since the income from the Kudumbashree enterprises are not enough to sustain the group or the members, the group is planning to take up direct marketing of ethnic products by obtaining it from the tribal areas.

#### **4. Change in the Attitude of the MECs**

During the interaction with the MECs, it was observed that there was a significant difference in the attitude of first and the second generation of MECs.

Salina VM, a second generation MEC says “it is becoming difficult to continue working as a MEC with no security of income and if this is how things proceed then I may have to consider leaving the job of MEC. Kudumbashree should consider employing the MECs on a regular salary basis as compared to current system of giving honorariums which is not even regular”.

On the other hand Pradeep Krishna, a first generation MEC has a different viewpoint “it is true that regular income has been a matter of concern for all the MECs lately but the MECs have enough and more opportunities to ensure a constant flow of income by extending their services to other sources and not restricting yourself to the enterprises operating in Kudumbashree. Unfortunately, the second generation of MECs have relied purely on the Mission and have failed to explore other options owing to which they have not been able to assist the micro enterprise owners. People like me took up the job of being a MEC after realising the strong social commitment but somehow that attitude is missing amongst the new lot whose sole focus is to get financial gains”.

#### **6. Requirement of Refresher Training**

The most common challenge faced by the entrepreneurs across the three districts is the problem of increasing competition and issues of marketing their products. MECs from Wayanad understand the concern of the entrepreneurs but most of them feel that they

need more training in the area of providing business advice in terms of increasing marketing or providing assistance in dealing with matters of labeling, taxation or packaging etc. to the entrepreneur.

### 6.2.2 Ernakulam

Nearly 8 enterprises were visited in Ernakulam. Majority of the enterprises which were visited started their operations post 2010.

The field work clashed during a training process for the MECs .Hence, only one MEC could be interviewed in the process. In Ernakulam, the extent of involvement of the MECs in the units which were visited was different as compared to the scenario in Wayanad. While in Wayanad, there was a considerable difference in the role played by MECs over the course of years, in the units which were visited in Ernakulam the role of MEC was observed to be the most during the initial stages of an enterprise development.

**Table 6.3**  
**Role of MECs in Ernakulam**

	<b>Role of the MEC</b>	<b>Functions</b>
1.	Training	All the entrepreneurs underwent a three stage training process – GOT, EDP and Skill Training conducted by the MECs
2.	Preparation of business plan	For all the enterprises , MECs were involved in preparation of business plan
3.	Enabling bank linkage	MECs have been assisting women on obtaining loans from the banks
4.	Help in finding sales platform	MECs regularly inform the entrepreneurs of any upcoming fair or fests where they could sell their products
5.	Handholding Support	<ul style="list-style-type: none"> <li>- MECs make regular visits and recognise entrepreneurs worthy of obtaining Revolving Fund, Crisis Management Fund, Technology fund, second dose assistance, etc.</li> <li>- MECs were also found to be helping the enterprises with the maintenance of account books etc</li> </ul>
6.	Ideas to improve business	In few cases , MECs were also found to be giving ideas to improve business

As can be seen from the Table 6.3, the role of the MECs is mostly restricted to the start up stage of the business i.e. providing training to the entrepreneurs, preparation of bankable business plans and linking the enterprises to bank credit etc. Another important role played by the MECs in Ernakulam and which was not observed in the other two districts was the efforts by the MECs to inform the entrepreneurs about the upcoming fests and fairs which are organised- weekly, monthly fairs at the level of the panchayat or the district or during the times of festivals such as Onam or Christmas. These market fairs are a useful platform for most of the enterprises as it acts as an extra source of income. For participation in such fairs, enterprise might require extra finances which the Kudumbashree grants in the form of Crisis Management Fund (CMF) and it has to be paid back within a period of one month. MECs arrange for such funds and were also seen to be playing an important role in assisting the entrepreneurs to obtain timely financial assistance in the form of Revolving Fund, Technology fund, Second Dose Assistance etc.

In Ernakulam, in the 8 enterprises were visited, 5 of them had regular interaction with the MECs either through regular visits or updates through phone. Unlike the case of Wayanad, MECs made regular visits to the units but their involvement was found to be less after the start up stage. Like in the other cases, the entrepreneurs required substantial support in dealing with the problem of reduced customer base or problem of marketing etc.

Unlike the other two districts, entrepreneurs faced challenges of displacement, cost incurred for transportation and rent etc. The involvement of the MECs in mitigating these challenges was found to be minimal.

The interaction with the MEC in Ernakulam brought forth several important points which have been restricting their ability for greater involvement to assist the entrepreneurs –

### **1. Demand for Increase in Honorarium**

Like in the case of Wayanad, MECs in Ernakulam also feel that they require an increase in honorarium. Currently, a MEC in Ernakulam gets paid around Rs.250 in a day for making visits to the various enterprises. This amount was felt to be inadequate in meeting the needs of the MEC as this amount is largely spent in meeting the travel expenses while going from one enterprise to the other.

## **2. Recruitment of Block Coordinators**

The recruitment of coordinators for different programmes was found to be taking over the space of operations of the MECs.

## **3. Up Gradation of Technical Skills**

The MECs feel that there is a need to train them in skills such as usage of computers etc. As per a recent order, all the project plans were to be made using the computers without sufficient training. Valsa VM , a MEC from Ernakulam feels that “most often we are unable to match the standards of the newly appointed consultants under the various schemes as they can use technology with ease. Thus, it is important to make us proficient with the required skills to adapt ourselves to the changing times”.

## **4. Lack of Specialised Skills**

Micro enterprises are of different natures and it certainly requires specialisation in dealing with each of them. This makes it difficult for the MECs to deal with all the units as they might not be equipped with the skills to deal with the details of different business units. Thus, their involvement is restricted to arranging for financial resources etc. whereas their expertise was found to be less in dealing with details of different business units based on their operations.

## **5. Inability to Take Risk by the MEC Groups**

Similar to the Wayanad experience, the ACME 1, one of the MEC group in Ernakulam was also found to be averse to the idea of the group coordinating the formation of clusters of units of similar nature – obtaining raw materials from a common source, ensuring proper market linkage for the products etc. The MEC group has been hesitant to carry forward the idea because of the risk involved in business.

### 6.2.3 Kollam

Around 8 enterprises were visited in Kollam. In the other two districts which were visited, even though the role of MECs has changed over the course of these years, the entrepreneurs were still aware of the MEC who was in charge of their enterprise and have had multiple interaction with them ever since the start of the enterprise.

The involvement of the MEC in Kollam with the enterprises which were visited was found to be minimal in comparison to the other two districts.

**Table 6.4**  
**Role of MEC in Kollam**

	<b>Role of the MEC</b>	<b>Functions</b>
1.	Training	All the entrepreneurs underwent a three stage training process – GOT, EDP and Skill Training conducted by the MECs
2.	Preparation of Business Plans	For all the enterprises, MECs were involved in preparation of business plan
3.	Enabling Bank Linkage	MECs have been assisting women in obtaining loans from the banks
4.	Handholding Support	<ul style="list-style-type: none"> <li>- In one of the enterprise, entrepreneurs were provided help to find prospective customers</li> <li>- In one of the enterprise, the MECs were found to be helping the entrepreneurs in maintenance of accounts</li> </ul>

As can be seen from Table 6.4, the role of the MEC in the units which were visited were restricted to the start up stage i.e. providing training, preparation of bankable business plan and ensuring bank linkage for the enterprises etc. It was observed that the role in most of the enterprises could not be extended beyond the start up stage. Handholding support was given only to a few enterprises through assistance in maintenance of accounts or help in reaching out to more customers etc.

Radha Kumari, an MEC working with the MECFED group feels that “the assistance given to the entrepreneurs has reduced substantially over time. Earlier we used to be provide proper assistance to the enterprises for the initial six months but that kind of support cannot be extended anymore to the entrepreneurs owing to a range of issues”.

In Kollam, 5 out of the 8 enterprises which were visited were involved in the manufacturing sector and all of them were looking for considerable support to provide them with assistance in reaching out to more customers or business counseling to improve their business. Rose George, an entrepreneur from Kollam feels that “the initial excitement shown by the mission to start a business could not be translated after the establishment of the business. We are looking forward to more support in the areas to deal with the problem of marketing and reducing incomes from the enterprises”.

Like in the case of Wayanad, the role of the MEC was found to have reduced with time .Following were found to be the reason for the declining role of the MECs in Kollam –

### **1. Reducing Incomes**

The MECs understand that their role has reduced to the start up stage of the business and they have not been able to provide handholding support to the enterprises even during the first six months since the establishment of the business.

For the members of the MECFED, their income has reduced significantly in the past one year. According to them until last year each of the MEC from the group managed to get atleast Rs.10,000 or slightly lower every month through conduct of trainings and fairs, business plan preparations for the Kudumbashree units or for other government departments .

The Kudumbashree Mission has not been providing the MECs with the honorarium for making regular visits to the enterprises. The lack of regular payments has made it difficult for most of the MECs to provide proper handholding to the enterprises.

### **2. Attitude of the Entrepreneurs**

According to the MECs due to the reduction in the handholding support given to the enterprises, there has been a change in the attitude of the entrepreneurs. Khadeeja Rehman one of the first MECs to be inducted from Kollam says” earlier when we used to make regular visits to the enterprises, the entrepreneurs themselves took active interest in betterment of their business but with reduction in our services the motivation of the entrepreneurs to improve their business has reduced . The thought of someone regularly keeping a check made them to operate better but with the reduction of the monitoring

system, the motivation of the entrepreneurs to improve their business was also seen to be withering”.

Many MECs feel that entrepreneurs are also reluctant to make payments for the services offered to them by the MECs. As long as the services were free of cost, they were willing to take the help but they chose to rely on their own talent or the family support in case of payments were demanded. There have been instances where the MECs have not been paid the entire sum of their share after the preparation of the business plan.

### **3. Irregular Conduct of Performance Review Meetings**

Performance Review Meetings are an important platform for the entrepreneurs of a particular district or a panchayat to come together and discuss their problem or other concerns. The role of the MEC in such meetings is important. But the MECs in many instances are not informed about such meetings and it is generally conducted by some other member of the CDS.

### **4. Improper Conduct of Fests and Fairs**

MECs apart from the assistance to the enterprises are also given the task of conducting fests and fairs in a district to increase the marketability of the products. Ajitha Vishnu another MEC says “ MECs generally are given a very short notice for the conduct of fairs and this leaves us with little time to inform the entrepreneurs to participate in such fairs or make all arrangements etc.

### **5. Intervention during the Training Process**

The MECs were also found to be facing political interventions during the process of selection of potential entrepreneurs .There have been instances of starting of new enterprises or selection of entrepreneurs without following the proper training process due to external intervention. This leads to the selection of entrepreneurs who might be inducted without proper training in business skills.

## **Conclusion**

In the last two chapters , efforts have been made to understand the challenges faced by women entrepreneurs and the role played by the MECs in assisitng the entrepreneurs from the three distrcits.

The entrepreneurs were found to be facing a range of challeneges starting right from the financial constraints , managerial and operational challenges , market related challenges, political and legal constraints , social and gender challenges ,technological challenges etc.

The MECs are supposed to be playing a range of roles to assist women entrepreneurs coming from low income households. The funtions of the MECs start from the stage of identification of the potential entrepreneurs , provision of training , help in setting of new enterprises as well as provision of support to the existing enterprises .

But in the three districts which were visited , it was found that the role of the MECs was found to be restricted to the start up stage of – identification of entrepreneurs , provision of training , preparation of business plan , linkage to bank credit etc. Their role in the other stages of business developepment was found to be minimal . While in Ernakulam and Wayanad , entrepreneurs closley interacted with the MECs ,in Kollam the entrepreneurs were not even aware of the MEC incharge of their enterprise. The reasons for the reduction or the inability of the MECs in assisitng the entrepreneurs has been enumerated in detail in the previous sections .

Not all challenges which are faced by the entrepreneur is capable of being mitigated through the intervention of the MECs . There is very little which a MEC could do to deal with the social and gender challeneges faced by the entrepreneurs . But certainly their role in mitigating challenges arising in other spheres is crucial . Challenges in the area of raw material procurement , lack of transportation , market related problems , technological challenges etc. are capable of being mitigated through the intervention of the MECs or the MEC consurtiums . MECs from districts such as Wayanad were found to be providing proper hadholding support to the enteprises as envisioned in the early years. The major reason for the reduction in the role of MECs in assisitng enterprises can be attributed to the lack of financial sustainabilty through the system of honorarium, the lack of proper functioning of the MEC groups etc.

Following are the cases studies of three enterprises with varying or no amount of assistance from the MECs-

**Case Study 1:** SA Bakery and Super Market, a unit in Wayanad started in 2008 by a group of 5 women. The bakery began in a rented room with a small shed behind to make snacks. The unit received proper handholding support from the MEC in every stage of enterprise development. Right from the stage of training , obtaining loans , obtaining licenses , raw material procurement , pricing of products , finding potential customers etc. Suhana Raiz says “we started from a small room, now we have brought the same building and now we are in the process of expanding after occupying the nearby land. Today we supply our products to all the major super markets and bakeries around Sulthan Bathery”. The entrepreneurs feel that the support of the MECs was crucial in the success of the business. The unit was found to be receiving substantial help from their family members in different spheres right from the transportation of goods to even managing the shop. The MECs are still contacted during times of need by the entrepreneurs.

**Case Study 2:** St. Joseph’s Super Market another unit from Wayanad started their operations in 2005 and received the same amount of help from the MECs like in the earlier case study. But the unit has failed to grow unlike the earlier one. They were found to facing a range of issues right from the increasing rent of the building, reduced customer base etc.

**Case Study 3:** Jaya Caterers, a unit in Kollam started way back in 2004 at a time when the MEC system of enterprise development was not in place in Kollam .The group enterprise under the leadership of Ms.Sudha Nair has sailed heights in the course of years. Ms. Sudha recounts that “the journey for the past twelve has not been easy”. The idea to start the enterprise emerged when Sudha’s family was in a major financial crisis due to the growing debt of the family. Since women from Sudha’s family were restricted to take up jobs, she was not allowed to take up a job despite being a graduate. The family ended up burning all the certificates of Sudha to make sure that she doesn’t search for a job. Looking at the desperate condition, Sudha with a couple of other women from her NHG decided to start a catering unit as cooking was the only skill they knew. The enterprise sustained itself in the initial days without taking credit or other financial benefits from the Kudumbashree. The enterprise faced multitude of challenges from their families, problems during transportation, difficulty in finding customers etc. Sujatha another member from the group recalls “we started our operations by going around government offices and supplying lunch for 2-3 people. With the passage of time our business kept increasing and today we are catering to 22 different customers in a day or even more in Kollam and in other districts.” Recently, the unit managed the food requirements of all the venues in Kollam during the National Games held in Kerala in 2015. Currently the unit was found to be making a profit of nearly Rs.3 lakh every month. Sudha feels that this success story purely belongs to the group members who chose to stand with her single mindedly despite all odds.

Each enterprise requires varying amount of help to ensure the sustenance and profitability of the business. Some entrepreneurs require more help and others might require less but every entrepreneur requires some amount of handholding support to sustain in the market. There are units like Jaya Caterers which have sustained itself from a time when the MEC system was not in place and the unit was found to be growing with time. And there are also units such as St. Joseph’s Super Market which despite getting all

the support have failed to grow overtime but have sustained despite loses. Units such as SA Bakery have received proper handholding support from the MEC and the role of the families of the group members was also found to be crucial for the success of the business.

Not all units can have the support of the family members or the enthusiasm of the leader to sustain the unit. But it is important for women entrepreneurs from low income household to have a proper handholding support. MEC as an institution is necessary to provide this much required hand holding support rather than relying on business consultants from the market. Since MECs are chosen from the families of the SHG members, there is a certain amount of comfort and trust which the entrepreneur shares with the MEC. MECs are considered as an integral part of their community and women find it easier to share their problems with them as compared to anyone else coming from outside .

Currently, the role of the MEC is restricted to providing training, obtaining loans and preparation of business plans etc. Even though the MEC model of enterprise development has been facing several challenges but it was certainly found to be an important pillar to ensure the existence of the enterprises in Kerala.

## **Chapter 8**

### **Conclusion and Policy Implications**

#### **8.1 Summary of Findings**

Micro Enterprise Consultant model or the training of young men and women in business consultancy from the families of the SHG members rather than relying on the business consultants from the market is an innovative and a novel idea. This model which emerged in Kerala since 2004 is now spreading to other states through the National Rural Livelihood Mission and the newly introduced Start up Village Entrepreneurship Program. Since there has been no research done till date to test the efficiency of this model, this research aims to study the operation of the MEC model in Kerala in its entirety and to understand if it has been successful in dealing with the challenges faced by the women entrepreneurs in the state.

The first research question focused on mapping the challenges faced by women entrepreneurs. Through interviews with women entrepreneurs from the three districts of Wayanad, Ernakulam and Kollam, the challenges faced the entrepreneurs can be seen in Table 8.1 -

As can be seen from Table 8.1, the challenges faced by women entrepreneurs are immense. The entrepreneurs face difficulties right from the stage of starting of an enterprise as well as problems arising during and after production. Even though Kudumbashree was found to have led to women empowerment , gender and social structures were still found to have an effect on the functioning of the women owned enterprises.

As mentioned in the previous sections, not all challenges can be mitigated through the intervention of a MEC. While financial constraints, managerial challenges, market related challenges and technological challenges are areas where the MECs can provide assistance to the entrepreneurs. The role of the MECs is minimal in assisting entrepreneurs to mitigate challenges arising due to the problem of changing political administration or other social and gender issues.

**Table 8.1**  
**Challenges Faced by Women Entrepreneurs**

Financial Constraints	<ul style="list-style-type: none"> <li>• Difficulty in Accessing Credit</li> <li>• Non-payment by Customers</li> <li>• Lack of Working Capital</li> <li>• Financially Unviable</li> </ul>
Managerial and Operational Challenges	<ul style="list-style-type: none"> <li>• Operation of Group Enterprises as Individual Enterprise</li> <li>• Raw Material Procurement</li> <li>• Transportation</li> <li>• Threat of Displacement</li> <li>• Need for Proper Waste Disposal System</li> </ul>
Market Related Challenges	<ul style="list-style-type: none"> <li>• Inability of Face Competition</li> <li>• Difficulty in Obtaining Orders</li> <li>• Lack of Packaging and Labeling</li> <li>• Reduced Customer Base</li> </ul>
Political and Legal Constraints	<ul style="list-style-type: none"> <li>• Changing Political Administration</li> <li>• Issues of Tax and Obtaining licenses</li> </ul>
Technological Challenges	<ul style="list-style-type: none"> <li>• Need for Up gradation of Technology</li> </ul>
Social and Gender Issues	<ul style="list-style-type: none"> <li>• Misbehavior from Customers</li> <li>• Safety Concerns while Travelling</li> <li>• Role of Men in the Decision Making Process of the Enterprises</li> <li>• Attitude towards Working Women</li> <li>• Health Issues</li> </ul>
Other Factors	<ul style="list-style-type: none"> <li>• Launch of MGNREGA</li> <li>• Forceful Attendance in Market Fairs</li> <li>• Reducing Support from the Kudumbashree Mission</li> </ul>

As envisioned in the MEC model as well as based on Table 8.1, we can see that the MECs are capable of assisting the entrepreneurs in mitigating a wide variety of challenges. But the important question is to understand and analyse if they have been able to provide their services to the entrepreneurs. This can be answered through the second research question which looks to answer the role of the MEC in dealing with the challenges faced by the women entrepreneurs since 2004.

Through the field work in the three districts of Wayanad, Ernakulam and Kollam, it was found that there were significant differences in the role played by the MECs in all the three districts.

In Wayanad, the role of the MECs was found to have reduced significantly over the years. In the units which were visited, the role of the MECs was found to be significant in assisting enterprises which were started before 2004 in different stages of an enterprise development. But with the passage of time the role of the MEC was found to have reduced with their services being limited to the start up stage – providing training, preparation of business plans and the linkage to bank credit etc. The provision of handholding support in the first six months or the ongoing support in the subsequent stages was found to be minimal.

In Ernakulam, like in the case of the Wayanad the role was found to be more in the startup stage. They were also found to be playing a crucial role in ensuring the participation of the entrepreneurs in the various market fairs organised by Kudumbashree or elsewhere, maintenance of accounts, counseling to solve group differences etc.

In Kollam, the role was found to be the least as compared to the other states. The role of the MEC was restricted to the start up stage of an enterprise.

The reasons for the limited role of the MECs are a plenty. Table 8.2 gives a district-wise of analysis of the reduced role of the MEC.

**Table 8.2**  
**Reasons for the Reduced Role of the MECs**

<b>Wayanad</b>	<ul style="list-style-type: none"> <li>• Lack of payments and support from the Kudumbashree Mission</li> <li>• Rise of Block Coordinators</li> <li>• Lack of proper functioning of the MEC groups</li> <li>• Requirement of refresher trainings</li> </ul>
<b>Ernakulam</b>	<ul style="list-style-type: none"> <li>• Demand for increase in honorarium</li> <li>• Recruitment of Block Coordinators</li> <li>• Need for up gradation of Technical Skills</li> <li>• Lack of specialised skills</li> <li>• Inability to take risk by the MEC groups</li> </ul>
<b>Kollam</b>	<ul style="list-style-type: none"> <li>• Reducing incomes of the MECs</li> <li>• Attitude of the Entrepreneurs</li> <li>• Irregular conduct of Performance Review Meetings</li> <li>• Improper conduct of fests and fairs</li> <li>• Political intervention during the training process</li> </ul>

## 8.2 Policy Insights

The Micro Enterprise Consultant model of enterprise development is an innovative idea and has been able to assist the entrepreneurs coming from the low income households. As can be observed from the previous chapters, the role of the MECs has been crucial in the startup stage of the business and has saved the entrepreneurs from the various hurdles of obtaining loans, licenses, preparation of business plans or counseling during group differences, help in the maintenance of accounts etc. and most importantly the MECs have been crucial in providing the much required training to women who have no previous experience of operating a business.

These are services which women entrepreneurs from other parts of the country are devoid of and it has eventually led to closure many units in the initial stages. The MECs were found to have undergone intensive training in assisting the entrepreneurs to give

handholding support, forecast crisis and provide business counseling at the right stages through the training programs such TEAM, CREAM etc. But as can be seen from the previous sections, the services of the MECs could not be extended to the further stages of enterprise development owing to a range of reasons. This talent pool needs to be used in the right manner to ensure that the women entrepreneurs get the handholding support at the right time even after the start of the business. The initial excitement to start an enterprise has to be sustained to the further stages of an enterprise development.

Women owned micro enterprises in these three districts have been provided with support in the initial stages, it is important to continue this support to the further stages or atleast till the first six months into the start of the business. Provision of support in the initial months or years will equip the entrepreneurs to handle the challenges arising from the business on their own.

Table 8.3 attempts to provide policy insights as to how the various challenges faced by the women entrepreneurs could be dealt with along with measures for rejuvenation of the MEC model in Kerala.

**Table 8.3**  
**Policy Insights**

<b>Ensuring the Viability of the MEC System</b>	<b>Steps to Improve the Functioning of Micro Enterprise Consultants</b>
<ol style="list-style-type: none"> <li>1) Regular payment for the services</li> <li>2) Strengthening of the MEC groups</li> <li>3) Increased cooperation between the MEC and the Kudumbashree Mission</li> <li>4) Performance tracking and support</li> <li>5) Conduct of Regular Performance Review Meetings</li> </ol>	<ol style="list-style-type: none"> <li>1) Identification of right set of entrepreneurs</li> <li>2) Conduct of market feasibility studies</li> <li>3) Formation of consortiums</li> <li>4) Provision of timely financial assistance</li> <li>5) Convergence of Policies</li> </ol>

### **8.2.1 Steps to Improve the Functioning of the Kudumbashree Enterprises**

#### **1) Identification of Entrepreneurs**

The role of the MECs in the identification of potential entrepreneurs for starting a group enterprise is crucial. It is important to ascertain the interest of all the group members to ensure that with the passage of time the control of the group does not shift to one member or her family.

#### **2) Market Feasibility Studies**

Indiscriminate permission and support for the starting of MEs in any area of production /service must be discontinued. Support may be limited to MEs that produce goods and services with market potential and might be viable to generate livelihood for the members of the group.

#### **3) Formation of Consortiums**

Currently, most of the MEs apart from apparel or nutrimix units are working as independent entities with no association with MEs in the same field of operation. Formation of clusters of MEs in identical areas of operation will be a sensible strategy. MEs of similar nature in the same or adjacent location can be considered for this scheme. Such clusters must be entities different from the constituent MEs and legally binding agreements between them must be developed. These clusters must be enabled to develop common business strategies applicable to the MEs within them. The role of MEC groups in initiatives such as these will be crucial.

Through the formation of consortiums, a common system of packaging and labeling could be initiated for similar units since cost of purchase of cylinders for labeling etc. requires huge investment which cannot be made by majority of the enterprises.

#### **4) Provision of Financial Support at the Right Time**

Kudumbashree has made arrangements for provision of technology fund, second dose assistance, crisis management fund, innovation fund etc. But it was found that the units were facing challenges owing to use of outdated technology, lack of working capital etc. Along with the provision of regular handholding support, it is equally important to assess the need and provide these financial assistance at the right time.

### **5) Convergence of Policies**

One of the challenges which was observed was the reducing interest of women to engage in livelihood activities owing to the working of MGNREGA in their panchayat which ensures a fixed source of income.

Since both the schemes are implemented through the Kudumbashree Mission and one seems to affecting the implementation of the other , there is a need to ensure a better convergence through the intervention of the local self governments as well as Community Development Society of the panchayat.

### **8.2.3 Ensuring the Viability of the MEC System**

#### **1) Payment for the Services**

As can be seen from Table, the most pressing concern of the MECs from all the three districts is lack of regular payment of honorarium by the concerned State Mission. While the Kudumbashree Mission has been delaying payment owing to lack of funds, the irregular payment of the honorarium has made it difficult for the MECs to provide regular handholding support to the entrepreneurs.

According to Guru Menon, in- charge of the enterprises “the decision to make the system of honorarium was deliberate and a system of permanent salary should not be introduced as this might lead to erosion of the social commitment of the job.”

Along with ensuring continual and regular payment of honorarium, the Kudumbashree Mission should also consider increasing the existing amount of honorarium as the current amount was found to be largely spent on transport.

It is equally important to develop a culture wherein the entrepreneurs are encouraged to pay for the services obtained from the MECs. This can be developed during the training stage by making the entrepreneurs understand the importance of the services provided by the MECs. Currently, MECs are only given a share of the business plan preparation .There is a need to pay for business counseling, help in book keeping or for the regular visits which might be made after the initial six months of the start of the enterprise etc.

## **2) Strengthening of the MEC groups**

The proper functioning of MEC groups is a pre requisite for the success of the MEC model. Rather than just entrusting them with the task of conducting trainings for the entrepreneurs, the talents of the group could be ensured to coordinate the formation of consortiums for units of similar nature, acting as link for the procurement of raw material or handling a part of the marketing activities of the enterprises etc.

The group itself needs to venture out in the market and find more customers rather than being totally reliant on the Kudumbashree Mission for sustenance. This will also lead to multifold increase in the income of the MECs and the burden on the Kudumbashree Mission will reduce significantly.

## **3) Betterment of the Training of the MECs**

Currently, the MECs undergo the TEAM training and a CREAM training at a later stage. These trainings are a onetime process and the MECs are in need of regular training to refresh their skills. They require more training in the area of business plan preparation, providing business counseling to the entrepreneurs, marketing, packing, labeling and handling tax related issues etc. Betterment of their training will ensure that the MECs would be able to provide quality services to the enterprises.

Also, greater stress needs to be given to enhance the skill of the MECs in identifying the right set of entrepreneurs who have the ability to take risk and handle the uncertainties of the business.

Steps should be taken to make each MECs specialise in a certain enterprise so that they might be able to provide informed help to the entrepreneurs running such enterprises.

## **4) Performance Tracking and Support**

To ensure better monitoring of the enterprises, from the daily records of the entrepreneur, the MECs should be expected to draw information, which will enable them prepare financial statements – such as a profit and loss statement and a cash-flow statement at regular intervals for her / his enterprise. These financial statements can then be compared against similar businesses and against the same business over a period of time. This

exercise will help the MEC groups identify issues in the business and then plug them subsequently.

#### **5) Conduct of Regular Performance Review Meetings**

The conduct of PRMs is a useful platform for bringing all the entrepreneurs in a particular panchayat to discuss their problems. These meetings should be strictly convened by the MEC of the concerned panchayat rather than by the elected representatives or any other member of the panchayat. Even if the MECs are not able to make regular visits to the enterprises, this will be an important platform to ensure the interaction between the MECs and the entrepreneurs. This requires a closer working of the panchayat members, the Community Development Society and the MECs.

#### **6) Increasing Cooperation between the MECs and the Kudumbashree Mission**

For the success of any policy or scheme, it is important to ensure the cooperation of all the stakeholders. The basic aim of the MEC model is to extend handholding support to the women entrepreneurs. This requires a closer working of the Kudumbashree Mission and the MECs which seems to have reduced over time.

It is also important to avoid appointment of consultants etc. whose functions might clash with those of the MECs. Since the MECs are appointed from the community and there is a strong sense of social commitment in their work, it is important to provide them with the right kind of moral support to continue their operations.

Majority of the enterprises are run by first time women entrepreneurs who don't have any previous experience of operating a business. Most of them are initiated into starting an enterprise due to sheer compulsion. Thus, it is important to provide them with proper handholding support especially in the initial stages to tide over unexpected crisis arising and most importantly ensuring moral support by standing by them. This function can be performed by the MECs who can connect better with the women entrepreneurs as compared to a business consultant in the market.

## **Appendix 1**

### **Overview of Kudumbashree**

The primary aim of Kudumbashree was to eradicate poverty in the state by the year 2008. Women were recognised as the most suitable drivers for bringing about poverty eradication. Even though women emancipation was an unintended consequence, Kudumbashree ensured one of the most successful examples in independent India of women empowerment along with the elimination of poverty. Kudumbashree developed an innovative methodology to identify the poor using non-economic parameters. The poor thus identified are organized under a well networked Community Based Organization (CBO). For effective convergence of the programme, a three tier community based organization (CBO) is in action. This methodology has since been incorporated into the policy framework of the State for identification of the poor (Kudumbashree, 2015).

#### **1) Neighbourhood Group (NHG)**

The lowest tier constitutes the Neighbourhood Group consisting of 10-20 women members from economically backward families. Meetings are convened on a weekly basis in the house of one of the NHG members. In the weekly meetings all members bring their thrift, which will be collected and recycled to the system by way of sanctioning loans. NHG units work in close liaison with the respective Gram Sabha.

#### **2) Area Development Society (ADS)**

The second tier is the Area Development Society, which is formed at ward level by federating all the NHGs in the ward. The activities of the ADS are decided by the representatives of the women elected from various NHGs. ADS consists of a General body which consists of the 5 representatives from every NHG in the ward. From the general body, an executive committee consisting of 7 members is elected and this includes the chairperson, vice-chairperson and a secretary.

#### **3) Community Development Society (CDS)**

At the Panchayat / Municipal level a Community Development Society (CDS), a registered body under the Travancore-Cochin Literacy Scientific and Charitable Societies Act is formed by federating all ADSs in the Panchayats. The CDS is constituted by a General Body which consists of all ADS Governing Body members. Further an Executive Committee is selected through elections and consists of representatives of each ADS. From the CDS executive committee, a chairperson and a vice chairperson are elected. The chairperson is the highest office bearer of Kudumbashree in a panchayat.

CDS also consists of the Additional Secretary of the Panchayat as its ex-officio member along with 5 women elected representatives from the panchayat, two experienced ex-CDS Chairpersons as co-opted ex officio members. Proportionate representation of SC, ST communities is also ensured.

The CDS is the representative structure of the vast network of NHGs in the Grama Panchayat/Municipal areas. It works in close liaison with the LSG and serves as both dissemination organ for government programmes and as enunciator of community needs in governance issues. A listing of its range of functions is attempted below (Kudumbashree 2015)

## **Annexure 2 :Interview Schedule**

### **1. Interview Schedule for Women Entrepreneurs**

#### **Schedule for Facts of the Micro enterprises**

Name of the Unit:

Location:

Date of starting:

Ownership of the Unit:                      Group / Individual

Name of supporting MEC:

#### **Details of the Group running the unit**

Number of members in the group	
Number of members active in running the unit	
Date of formation of the Group	
Does the group belong to any special group	

#### **Details of the Units**

Main products:

Sub products, if any:

#### **Questions for interview**

##### **Micro-enterprise owners**

- 1) How many years has your enterprise been under operation?
- 2) Where did you get the idea of starting the unit?
- 3) Could you give the details of the training process from GOT, EDP and Skill Training? Could you enumerate the role of MEC during this stage?
- 4) How did you start your enterprise? (Explanation in terms of loans, subsidies etc. )  
What has been the role of MECs in your operations?

- 5) Apart from project plan preparation and loan approval, was there any other role played by the MECs? Could you enumerate in detail about the involvement of the MEC in the initial stages after the setting up of the enterprise?
- 6) Could you enumerate in detail the entire production process? (Raw material procurement, production, packaging, sales and marketing, transportation etc.)
- 7) Focus on the involvement of the MECs and the challenges faced at each stage of the production process?
- 8) How do you feel about the services of the MEC in your production process? Till what extent have the MECs been helpful to mitigate the challenges which otherwise you would have to handle by yourself?
- 9) Look in detail into the challenges they face during the production process and any gender issues if any?
- 10) What has been the involvement of the family, support of the spouse in running of the business?

## **2. Interview Schedule for Micro Enterprise Consultants**

### **Schedule for Facts about MECs**

Name of the MEC:

Areas covered:

Date of starting work as MEC:

### **Questions for interview**

According to Kudumbashree following are the functions which MEC are supposed to be performing –

- Try looking into each of these areas in detail during the interaction with them and try to look into their role in all of these
- 1) Looking into the general details – background, educational qualification , prior experience if any , how were they recruited as MEC
  - 2) What was the training that they received? Ask them to enumerate the training details to get an in depth idea of the extend of training that they received before being recruited
  - 3) After the training process, how were the MECs assigned areas for their operation?

- 4) What has been their involvement in helping the entrepreneurs? Getting a detailed idea of their operations based –
  - Mobilization of entrepreneurs
  - Orientation and training of entrepreneurs
  - How were the lists of interested entrepreneurs identified from each panchayat/block?
  - Business viability and diagnosis study
  - Business plan preparation and linkages for credit
  - Handholding support to enterprises for first 6 months of enterprise support
  - Ongoing handholding support to enterprises
  - Other services to CBOs / SRLM
- 5) What are the reports that they are expected to maintain as a part of their functioning?
- 6) What in their opinion has been the challenges faced by the women entrepreneurs in general?
- 7) Role in the post production process?
- 8) Expertise to handle varied nature of production activities?
- 9) Payments from the entrepreneurs and the mission? Are they happy with the current level of payments

### **Schedule for MEC Consortium, Officials and Founding Members**

#### **Interview Schedule for the MEC Consortium**

- 1) When was the consortium formed?
- 2) What led to the formation of the consortium?
- 3)
- 4) How the members to this group selected and what is the internal division of work?
- 5) How are the payments made for the services which the group provides?
- 6) What has been your relationship with the district mission?
- 7) What are the main challenges faced by the MECs while working as a group?

**Kudumbashree officials /Panchayat/CDS members**

- 1) How many MECs are operating here (panchayat/ ward)?
- 2) How were these MECs chosen? Based on the educational qualification or are there any other parameters which are taken into consideration? What is the role of the panchayat and the CDS in this identification process?
- 3) How is the training for the MECs undertaken? Could you enumerate the process in detail with respect to the skills that are imparted?
- 4) How are they placed in different areas?
- 5) How many enterprises does an MEC handle in general?
- 6) What have been the reviews of the women with respect to the functioning of the MECs?
- 7) How does the mission financially manage the MEC? How are their services paid for?
- 8) Are there any efforts made recently to improve the functioning of the MECs ?
- 9) How has been the functioning of Kudumbashree enterprises in general and what in your opinion have been the challenges faced by them? What efforts are made to ensure a better functioning of the enterprises in the state?

**Questions for the founding members**

- 1) What led to the idea of launching the MEC model?
- 2) What were the challenges faced by the entrepreneurs before the operations of the MECs?
- 3) What were roles envisaged for the MEC and in your views how much of it they have been able to deliver?
- 4) Do you believe that there have been visible changes in the business operations of the women entrepreneurs after the operation of the MECs?
- 5) Has MEC been working in the same spirit as was envisaged in 2006?

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