

# **VALUE CHAIN ANALYSIS OF KUDUMBASHREE FLOUR MILL PRODUCTS, KERALA**

Submitted to: Kudumbashree

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## Executive Summary:

Kudumbashree more recently has shown increasing interest in the promotion of self-employment through micro enterprises. Kudumbashree is working in to the aim of to empower the women and eradicate the poverty in Kerala. Kudumbashree has number of projects one is they have started micro enterprises. I have focused flour mill products and its value chain analysis in Ernakulum district, Kerala. I engaged its part of my internship program. I have visited eight flour mill units all they are working last five years. Their Major problem is lack of marketing, because now a days large level competition is in this field other branded groups are using new machinery and also making different products. Lack of finance we are unable to competitive with them. I have identified their existing value chain and marketing strategy also I have done new value chain analysis and Gap analysis. Also I have tried to apply a business plan for flour mill products.

## Introduction:

Rice is the seed of the grass species. As a cereal grain it is the most consumed staple food for a large part of world's human population, especially in Asia. It is the agricultural commodity with the third highest worldwide product.

Rice flour is a form of flour made from finely milled rice. It is distinct from rice starch. Which is usually produced by steeping rice in lye. Rice flour is a particularly good substitute for wheat flour, which causes irritation in the digestive system of those who are gluten alutenlerent. Rice flour is also used as a thickening agent in recipes that are refrigerated or frozen since it inhibits liquid separation.

Rice powder is one of the commonly used product of rice. Kerala especially known for taste of rice products, Kerala has a long tradition to use rice products. So number of flour mill products and other companies are working in Kerala. Flour mill products has a vast market in Kerala, especially Kerala women are trained to make this products. But as the part of women empowerment our micro enterprises is working in this field. But unfortunately some are

working well and some is very sick. I am trying to understand what the exact reason behind this, how they are working etc. Also tried to understand their existing value chain analysis.

## Units Visited

Name/Address	Group/ Individual	Mem	Assets	Investment	Turn over Monthly	Financial help
Devi Flour Mill Chottanikkara	Group	4	Own Building/ Machinery	119,000/	130,000	1 lakh From Refinery,1 lakh form panchayat
Mariya Flour mill, Koothattukulam	Group	5	Own machinery	150,000/	60-70 thousand	Kudumbashree
Sisters Flour mill	Group	5	Own building Machinery	120,000	25-30 thousand	Kudumbashree
Janani flour mill, Malayattoor	Group	4	Own Machinery	60,000	30-45 thousand	Loan from different sources
Varsha, Piravam	Group	10	Own Machinery	25,000	One Lakh	One Lakh from Bank
Janani, Koothattukulam	Group	3	Own Machinery	2 Lakh 35 thousand	50-60 Thousand	Bank loan
C&D Flour mill, Angamali	Individual	1	Own Building & Machinery	2 Lakh		Loan from Federal bank, Kudumbashree
Kripa, Edavanakkad	Individual	2	Own Building, Machinery	4 Lakh	Around 50 Thousand	Loan From CO- operative bank.

## Objectives

- To empower the women in Kerala.
- To financial inclusion and Employment of women in Kerala.
- To Active involvement of women in economic activity.

## Methodology

The aim of the field work was to identify gaps in the market led production and to suggest strategies to overcome these gaps. In order to study about the Flour mill products in Ernakulum, I had to go methodology so that some data have been identified related to the market. To address these gaps by using field visits as well as primary level data have been collected through FGD, Semi- structured interview.

## Field Visits:

Field visits are essential for primary data collection, detailed discussion with various groups.

-  Focused Group Discussion.
-  Semi-Structured interview
-  Local Markets

# SWOT Analysis

<p><b><i>SRENGTH</i></b></p> <p>Financial Inclusion of Women.</p> <p>Multiple products</p> <p>Availability of Technology</p> <p>Expert to make products</p> <p>Communal market</p>	<p><b><i>WEAKENESS</i></b></p> <p>Insufficient production capacity</p> <p>Limited value added products</p> <p>Lack of finance availability</p> <p>Poor market understanding</p> <p>Lack of infrastructure</p>
<p><b><i>OPPPRTUNITY</i></b></p> <p>All Kerala Network</p> <p>Variety of Rice powder</p> <p>Can use new machinery</p> <p>Demand for Kudumbashree</p>	<p><b><i>THREATS</i></b></p> <p>Other branded products</p> <p>Focusing multiple products</p> <p>Lack of financial support</p> <p>Lack of proper market linkage</p>

# Case Study: 1

Name: Devi Flour Mill, Chottanikkara.

Members: Four.

Devi flour mill working as a group, Chottanikkara, Kottayathupara, Ward-2. It has been working since 2007, at the beginning stage it had five members group but presently only four members in the group. At the beginning time they got one lakh rupees help from the Cochin refinery and also they had invest twenty thousand rupees. They have started as a small scale flour mill unit and it has been worked in a rent building. Then 2010 they got a four lakh rupees grant from panchayat one lakh was subsidy. They have been making rice powder, (putt, appam,) and some snacks which is made by rice. They are focusing local community market which they are operating through their outlet. 2015 they got a building from the panchayat this is SC group so they don't want to pay the monthly rent. Presently they are working their own building which they get from panchayat. Their marketing strategy is they using traditional method for making rice powder, properly four hour they are wetting rice in the water after that drying and making the powder. Their suggestion is if they get new machinery to do this process they can make more products different tastily. Presently their turn over is one lakh (100000) to one lakh thirty thousand (130,000). For the sailing they are only using their own outlet and Kudumbashree monthly markets. This was the most successful unit I have visited.

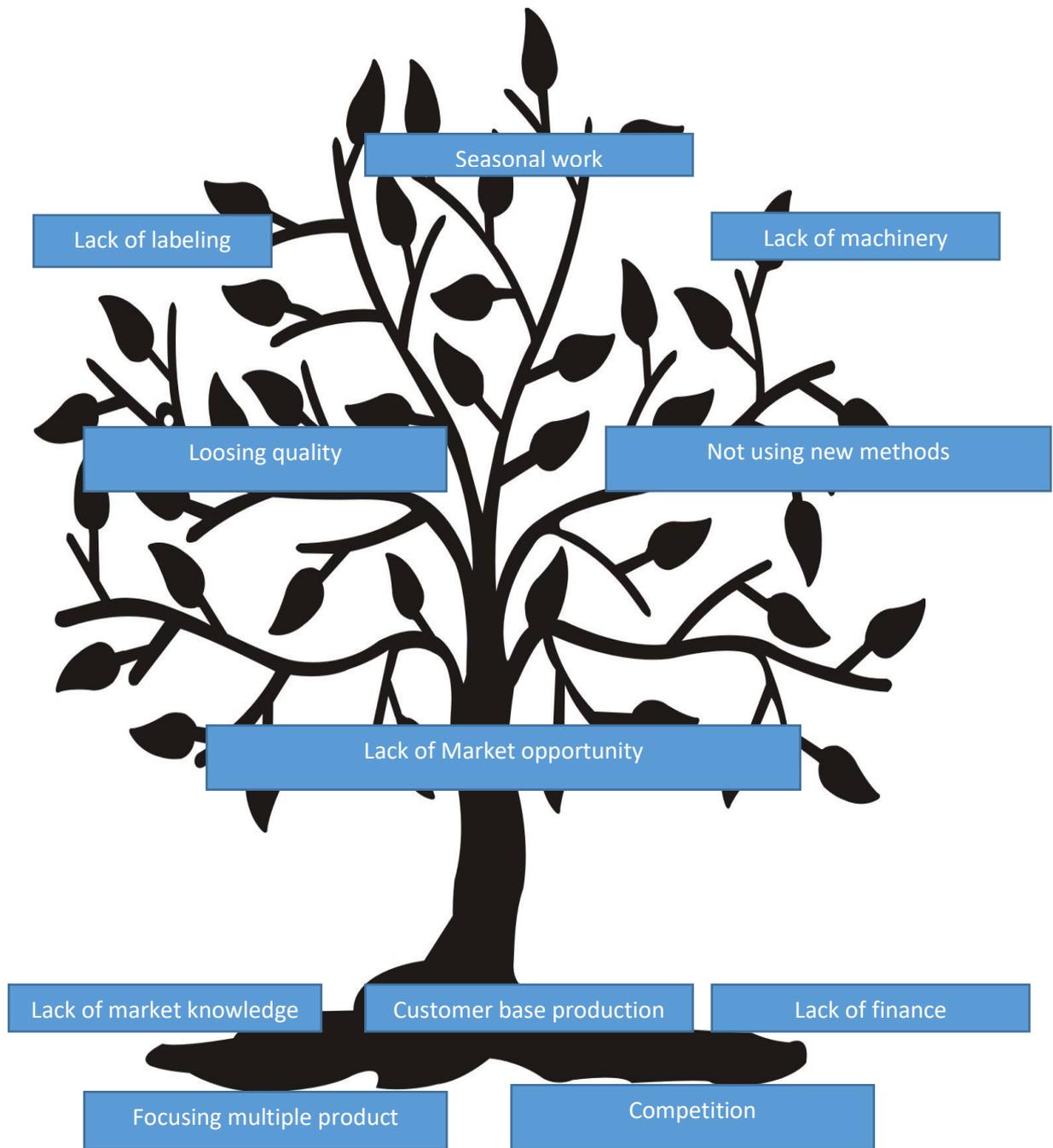
## Case Study: 2

Name: Janani Flour Mill, Perumbavoor.

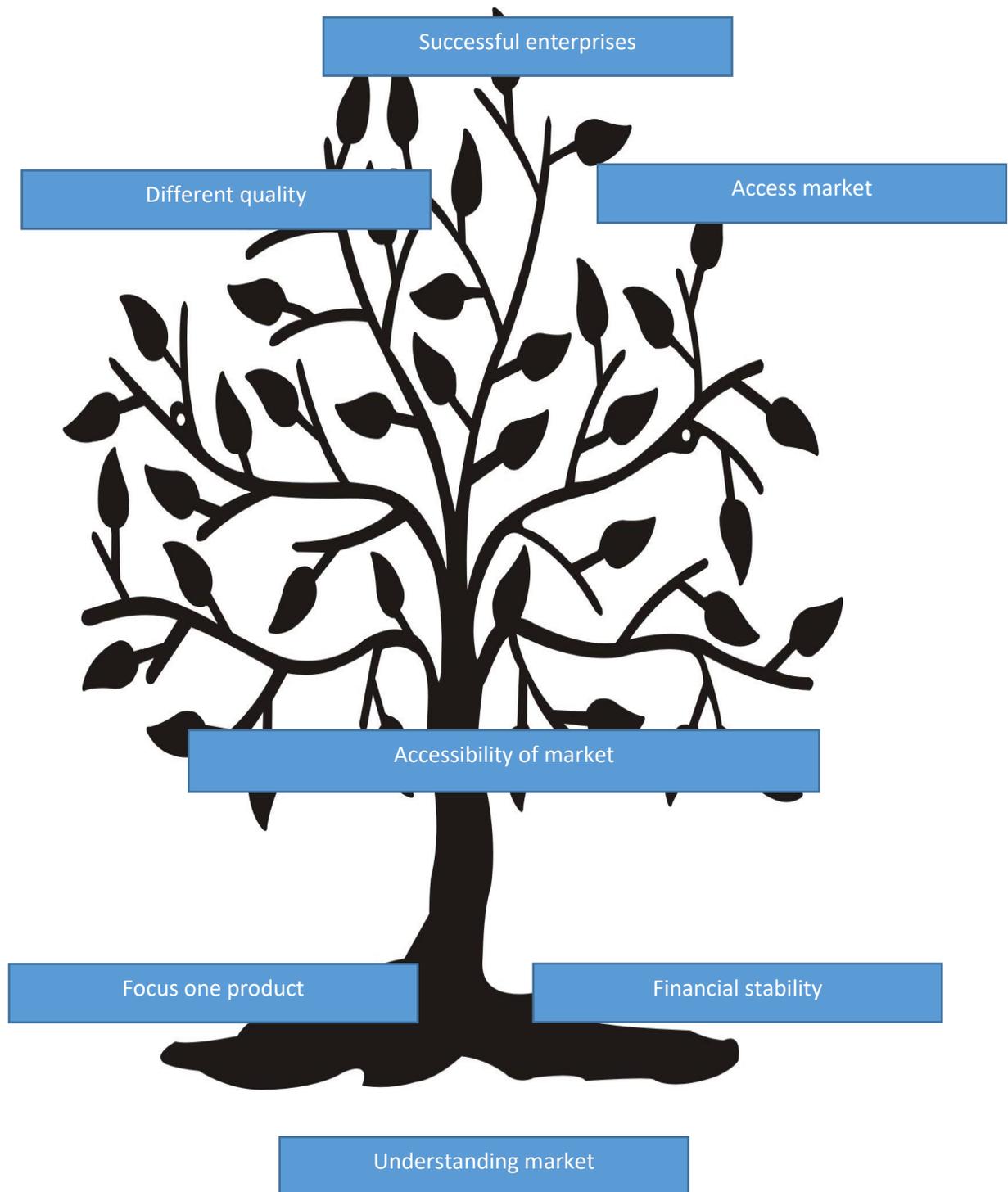
Members: 4

Janani flour mill is working in Vengola panchayat Perumbavoor. It has been started at 2012, that time it has nine members group all they are trained from panchayat. They have invested 60,000 and also arranged some fund from different sources. At the beginning stage their mill was worked little well but slowly it get down. So they don't getting income for divide 9 members, resting 5 has goes to new jobs. Presently they getting 1500 is maximum they are sharing that individually they are getting Rs.170-200 per day. They are investing some money from different sources so they can't leave this. They could approach Kudumbashree for getting some fund but they don't get any help from anywhere. Their solution is also if they get proper machinery they earn more, also make different products. Their monthly turnover is 30 -35 thousand.

# PROBLEM TREE



# SOLUTION TREE



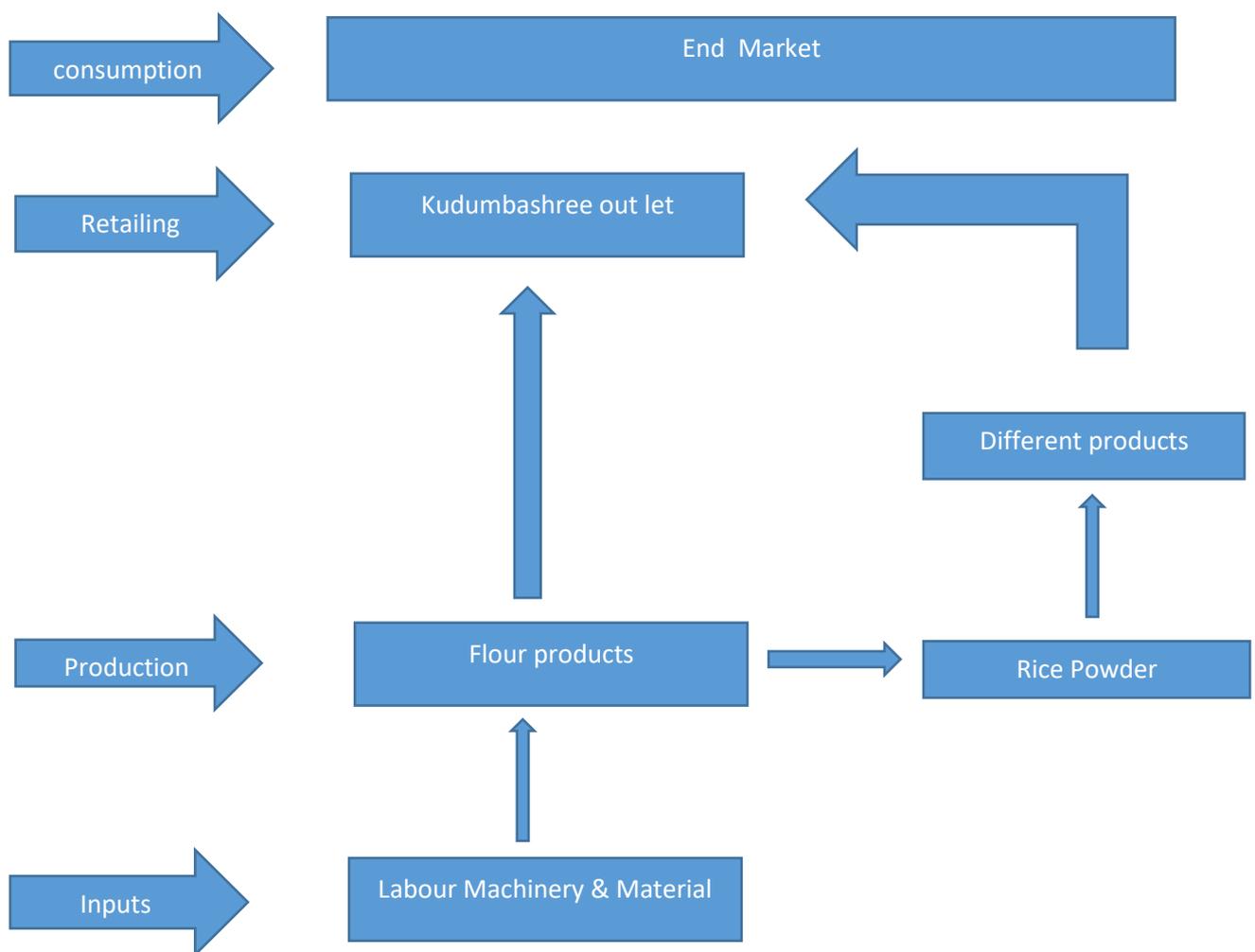
## Problem Tree & Solution Tree:

As a part of data collection I could understand the Lack of Marketing is the one of main problem is facing Kudumbashree flour mill products in Kerala. Also number of reason is identified Lack of finance is the biggest problem that they are unable to enter the market. Our enterprises are working both sector production and service sector, Enterprises working in this sector invest huge sum of money for the purchase of machinery, cylinders and others. 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 lead to building up of financial pressure as this 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. One of the major problem faced by micro enterprises especially ones working in the area of manufacturing is the lack of proper packaging labeling on their products. Eight units visited as a part of study no one has not using proper packing and labeling system. Other individual enterprises have to undertake proper packing system. Other issues are they are handling they are only customer based production they are not focusing open market. At same time they are engaging to make other products it reduces their quality and production. They are milling rice products but they are also focusing other products like making chili powder and masala powder. By making this products effecting quality of our products because our enterprises have not sufficient machinery capacity and building it's effecting our products. One of the other main factor is Lack of market knowledge, our enterprises unit who they are engaging in flour mill products they have not any competitive mentality because of that they are not ready to understand marketing, still now they did not change their marketing strategy. Because of these things they never change their products as need of market based. Flour products can make different kind of value added products but our units are not changed themselves.

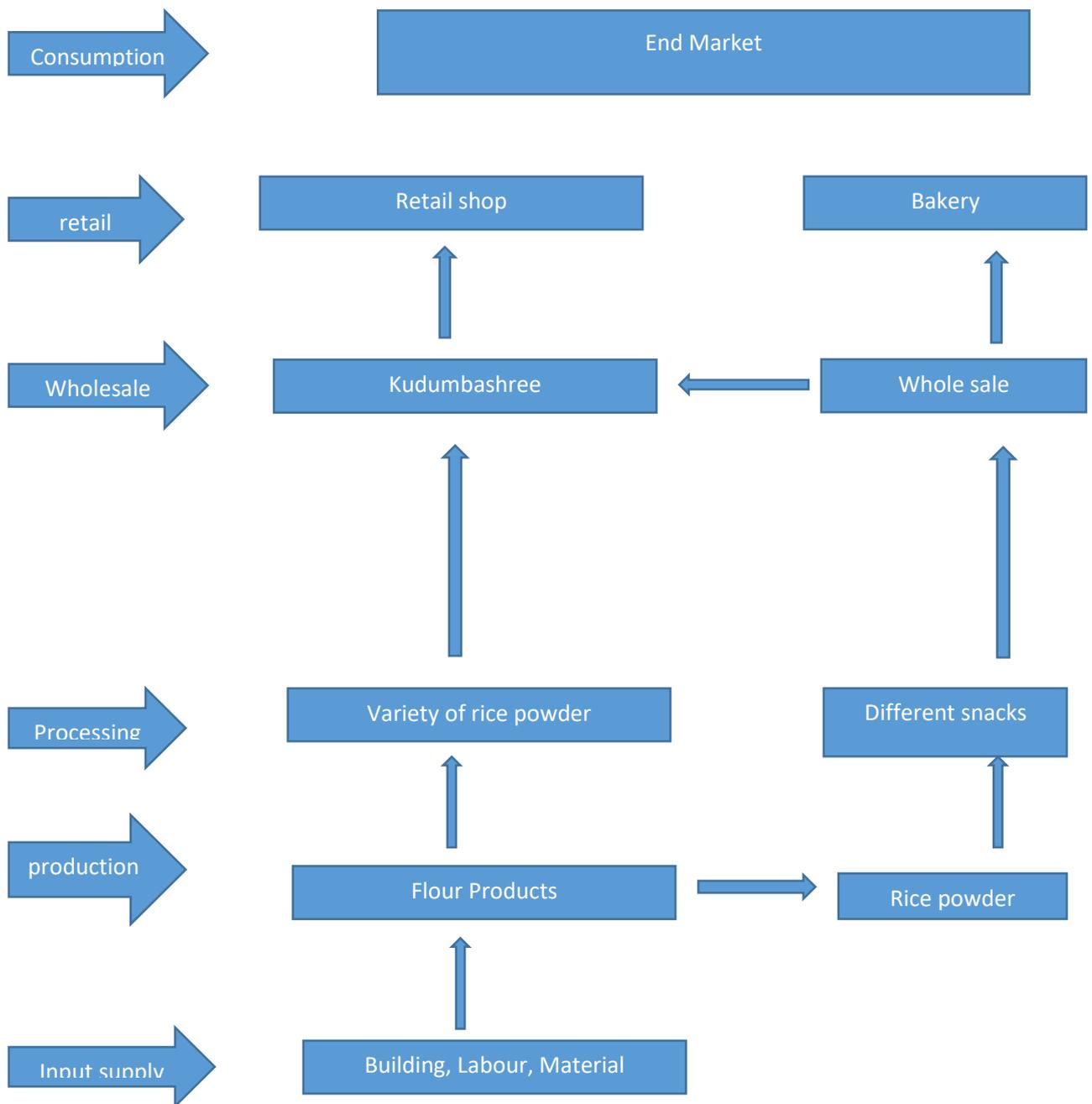
Part of my study I understood financial stability is too much important for our units if they have financial stability, they can make arrange good quality new machinery. Also

they are very expert in local knowledge system with the help of that they can make a good quality product and can enter the open market. If they have sufficient machinery they should focus one particular products and make a good market for that. If we have open market system they can develop new marketing system for their products.

## Existing value chain



# New value chain



## Comparative Analysis:

After the unit visits when we check the major issues of our units is Lack of Market accessibility. Presently we are using same method which we have following from the beginning. We never change our marketing plan, also we never enter the open market because we are our marketing system is focusing only local community. We are not confidence to stand against other companies, because others are changed their marketing. We are using the same machineries and same quality products because we can't give more income to middle shop holders when they selling our products they getting only Rs.2. Simultaneously they are selling other products they get Rs.5-7 because of these difference we can't enter the market also our shop holder are not ready to sell our products. Other companies are using new machineries and also making different taste of products. Their packing system they are also using machineries for that, it means that they have a continuous processing system. Ours we have not any proper packing system we are using very small level machinery for packing. Also we are buying rice per kg is Rs.32 after the processing we are selling its only Rs.40 per kg rice powder. Obviously they don't have any study about marketing because they are thinking just we have to give Rs.10 less than other products. They never calculate how much will be the production cost from beginning to end. When we compare with others they are giving their product 1kg is Rs.60-70 they also know possibilities of marketing. Kudumbashree products are valuable it has market because we are using traditional system and it is like a homely products. So presently our units are depending on communal market, but we don't have different products. We have to arrange new machinery for making different quality products, if we have new machinery we can make good packing and labeling system also can give good income for the sellers. Kudumbashree outlets are successful marketing units for us if we have different products we can develop our marketing through our outlets. When we analyze the Kerala food culture variety of flour products will get huge market opportunity. If we develop our units we can make good marketing strategy.