



Dr Shameena P.N
Programme Manager- Collectives
Team Micro Enterprises

COMMON FACILITY CENTER

COMMON FACILITY CENTER CONCEPT AND POLICY

Entrepreneurship is one of the most important aspect of economic growth and development. The main feature is that Entrepreneurship enables job creators instead of job seekers. One of the main objective of Kudumbashree is economic empowerment of Women in its network. For achieving this objective, Kudumbashree is promoting formation of micro enterprises. As per the ME survey conducted during 2018, 17000 Micro Enterprises are functioning throughout Kerala in Nonfarm Sector. Individual units (10000) outnumber that of group enterprises (7000) in various districts. These enterprises are mainly focussed in various sectors like Food/ Bakery items, Apparel, Bag making, Canteen and Catering etc. The table below shows allocation in different sectors.

Even though the products quality are at par or above par than those available in the retail outlets, the Kudumbashree products manufactured by various micro enterprises becomes less appealing to the customers due to lacks good packing, standardisation etc. Bulk quantities of products are required if we are going for Centralised marketing or looking for exports. So in order to take up the microenterprises to the next level the concept of Common Facility Center is introduced in Kudumbashree. The betterment of existing members ie, those having small industrial units in need of support to succeed in their business. In many developed and developing countries a facility called Common Facility Center is introduced, which can offer all sort of support within the same geographical area where a group of units are located by providing commonly needed facilities such as marketing centers, testing laboratory centers, quality measurement centers, motivates the members and new entrants to come forward to develop their business with the help of Common Facility center. It can help to reduce the operational costs and investment along with time management and professionalism. Govt. of India has promoted large Industrial clusters and Common Facility centers in various states having investment in tune of crores. Recently two CFCs having Rs 15 crore investment each is announced which will be promoted in Ludhiana in Punjab which is in oil expeller and cast iron clusters. Govt. of Kerala has also promoted various industrial clusters along with CFCs in Wood and Furniture business.

| Type of Units | No. of Units |
|-------------------|--------------|
| Apparel Unit | 2546 |
| Canteen/Catering | 979 |
| Food/Bakery Items | 1147 |
| Textiles | 804 |
| Flour Items | 451 |
| Stationary Shop | 387 |
| Nutrimix | 235 |
| Auto/Taxi | 242 |

COMMON FACILITY CENTER -CONCEPT

In a geographical area, depending on the local potential or resource availability, there will be a group of business that share or atleast motivated by one common issue or interest, or work together to achieve a common objective .These enterprises/ businesses can be motivated to form collective/consortia which focus on economic benefit and saving. In Kudumbashree the units under collectives do business functions as a partnership or individual, recognizing them as equal. The approach is to set CFC and clusters for the common benefit and growth of micro business units. The concept of CFC is creation of tangible assets as Common Facility centers like Common Production/ Processing Center for balancing/ correcting/ improving production line that cannot be undertaken by individual units. The approach is to set CFCs with the support of Local Self Govts. LSG s has to provide the

infrastructure and space. Kudumbashree will invest in machineries and other components which are permissible as per CFC guidelines issued by Kudumbashree. The assets created are under the joint ownership of LSG and Kudumbashree. Each CFC will have a common infrastructure, equipments and machineries to support atleast twenty small and micro business units engaged in the business in the same sector. This centers will provide innovation and design support ,packing facilities, lab facilities and a host of other support and guidance services which will be managed by Professionals and the General council consisting of member units and representatives/officials of Kudumbashree Mission.

Setting up of CFC - Creation of tangible assets ,Design centers, Testing Facilities , Training Center, R& D center, Effluent Treatment Plant, Marketing Display/ Selling Centre, Common Logistic Center, Common Raw material Bank/ Sales Depot, etc. is the broad idea behind CFC. Initially Kudumbashree CFCs have minimum and essential facilities for the growth of member units as the investment is in tune of only Rs 50 lakhs. The Kudumbashree CFCs will be developed as engines of growth of the small enterprises by investing further from the profits generated by the CFC.

Clustering of similar enterprises and attaching to CFC will help in the production process improvement of Sectoral Micro Enterprises. A cluster is a group of enterprises located with an identifiable and as far as practicable, contiguous area and producing same/similar products/services.

The essential characteristics of enterprises in a cluster are

1. Similarity or complementarily in the methods of production, quality control and testing, energy consumption, pollution control etc.
2. Similar level of technology and marketing strategies/ practices

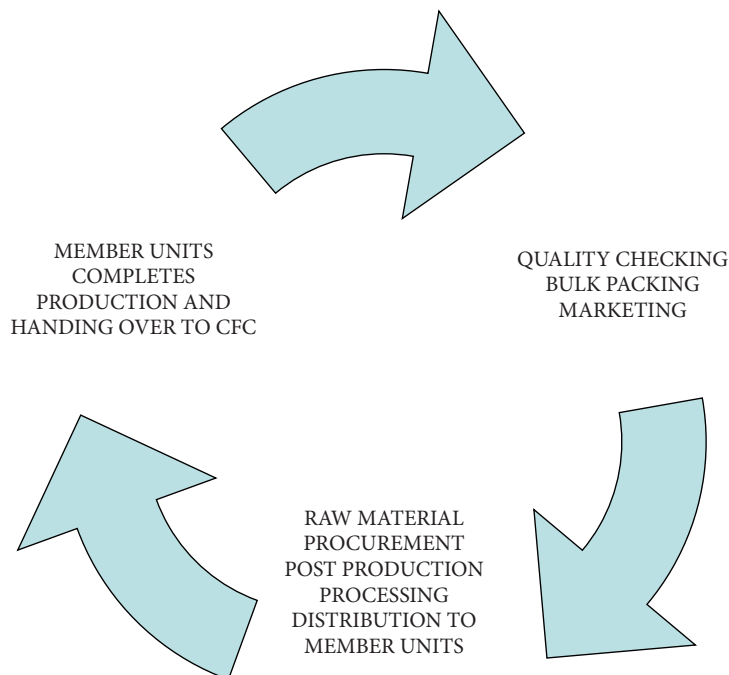
3. Similar channels for communication among the members of the cluster
4. Common Challenges and opportunities

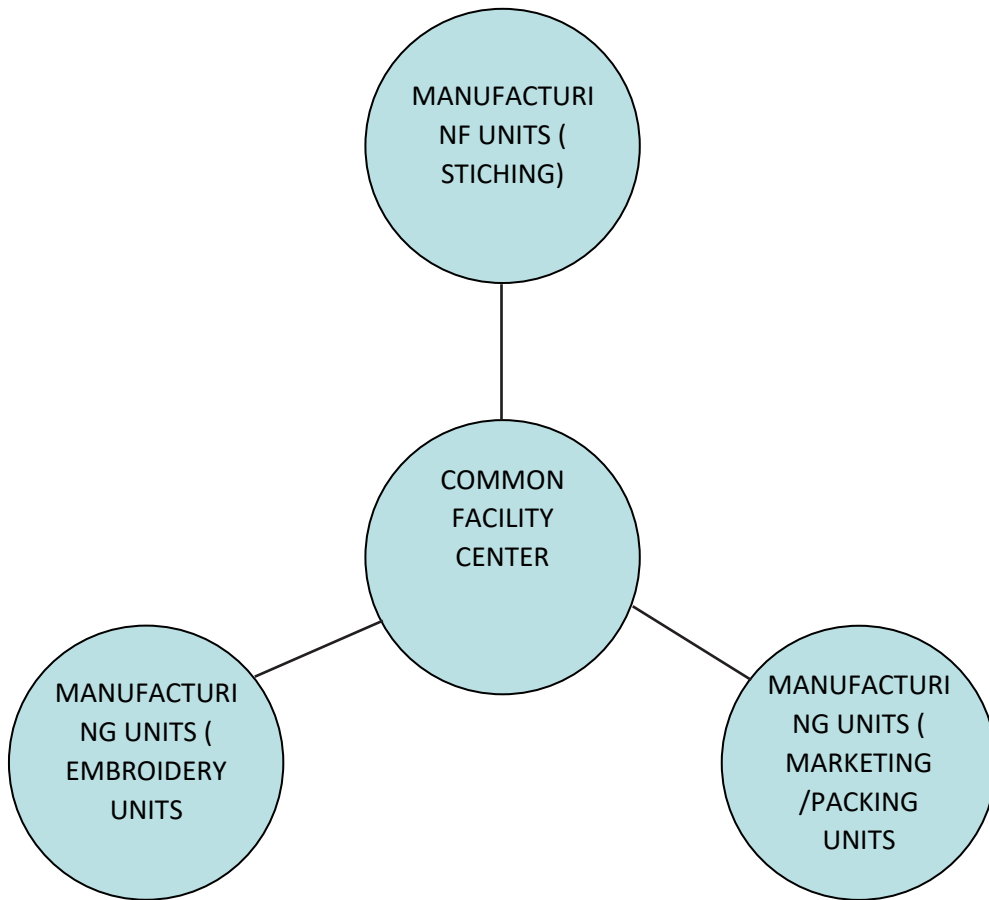
Objectives of the CFC Scheme

- To support the sustainability and growth of MEs in nano household by addressing common issues such as improvement of technology, skills and quality, market access , access to capital,etc.
- To build capacity of MEs for common supportive action through formation of self help groups, consortia ,etc.
- To create/upgrade infrastructural facilities in the new/existing areas/cluster of MEs.
- To set up Common facility centers (for testing, training center, raw material depot , complementing production processes, etc.

Steps involved in CFC Formation

1. Preparing of Draft Project Report , identification of location and infrastructure for starting CFC
2. Awareness creation among beneficiaries for enterprises
3. Clustering of similar enterprises and Formation of Consortia
4. Technical Committee formation and E tendering of Machineries
5. Standardisation of Products and preparing a common Production Protocol
6. Introducing Common Packing, Branding and Marketing
7. Improving Production Volumes and Quality of production
8. Recruitment of Professionals
9. Handholding of existing units for optimum production with the support of MEC
10. Capacity building of member units





Guidelines – CFC guidelines are issued as per the proceedings of the Executive Director – Kudumbashree. The major highlights of the guidelines are as follows

- **CFC Proposal** – The CFC proposal should contain members profile (status, present income, present production volumes, strategies of marketing etc, benefits of starting the particular CFC. Location selected for CFC including photos and letter from the Gram Panchayath President/ Municipal Chairman allocating the building for starting CFC benefits, The machineries and equipments to be bought for the project including machinery specifications, Production volumes, Quality Checking mechanism, CFC members name and details. Expected income of the beneficiaries etc.
- No of member units in the CFC should be atleast 20 units.
- **Financial Outlay** - Rs 50 lakhs can be given for starting a CFC on approval of the project by the Project Appraisal Committee. The financial break up is as follows

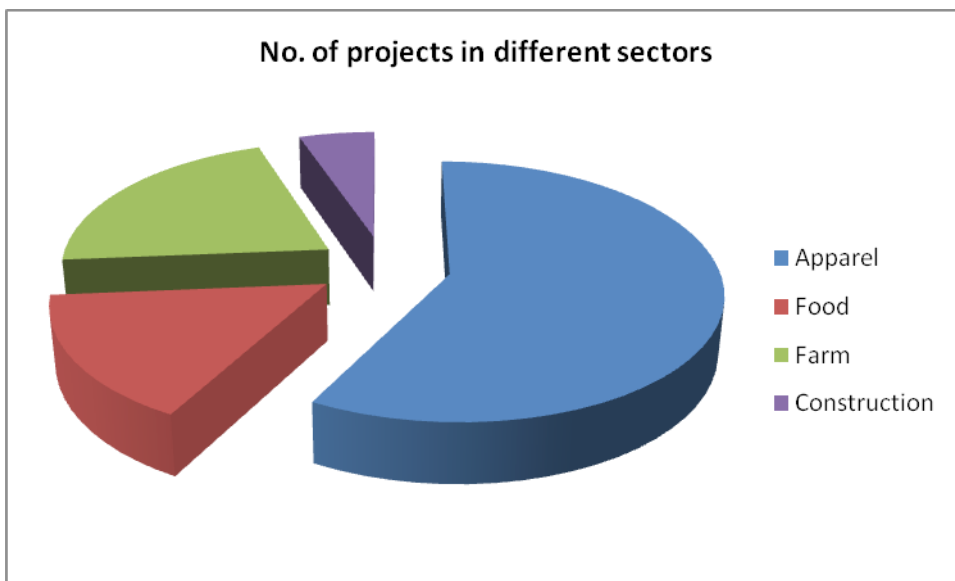
| Sl. No | % Allocation of Project Cost | Purpose of Allocation |
|--------|------------------------------|--|
| 1 | 60% and above | Machinery purchase |
| 2 | 15% | Building modification to suit the CFC requirements and Electrification |
| 3 | 10% | Product Designing, Branding, Marketing and IEC like Brochure printing |
| 4 | 15% | Training and Professional Support |

Table 2 - CFC financial Outlay allocation

| Sector | No. of projects | Total Amount sanctioned (in Lakhs) | Number of Beneficiaries |
|--------------|-----------------|--------------------------------------|-------------------------|
| Apparel | 11 | 400 | 1173 |
| Food | 3 | 99.99 | 315 |
| Farm | 4 | 163.36 | 2937 |
| Construction | 1 | 24.17 | 100 |
| Total | 19 | 687.52 | 4525 |

Table 3 -Sectoral Allocation of CFC projects

The major sectors selected for starting Common Facility Centers are Apparel , Food, Farm and Construction.



Graph -1 - Projects in Different Sectors

The table below shows the district wise details of proposed Common Facility centers
Districtwise Analysis of Data and Status

| Sl.No. | District | Sector | Name of the project | Panchayat / Municipality | Amount approved (in Lakhs) | No. of beneficiaries |
|--------|----------------|--------------|---------------------------------------|--------------------------|----------------------------|----------------------|
| 1 | Trivandrum | Apparel | Apparel CFC | Parasalla | 30.740 | 100 |
| 2 | Kollam | Apparel | Apparel CFC | Nedumbana | 35.290 | 130 |
| 3 | Kollam | Apparel | Apparel CFC | Punalur | 46.330 | 60 |
| 4 | Pathanamthitta | Apparel | Apparel CFC | Kodumon | 41.040 | 100 |
| 5 | Alappuzha | Apparel | Apparel CFC | Kanjikuzhy | 49.9 | 100 |
| 6 | Alappuzha | Apparel | Apparel CFC | Maraikulam | 22.7 | 30 |
| 7 | Kottayam | Apparel | Apparel CFC | Kidangoor | 29.5 | 120 |
| 8 | Idukki | Apparel | Apparel CFC | Vathikudy | 32.8 | 228 |
| 9 | Ernakulam | Apparel | Apparel CFC | Mulanthurathy | 32.34 | 55 |
| 10 | Palakkad | Apparel | Apparel CFC | palakkad | 41.29 | 100 |
| 11 | Malappuram | Apparel | Apparel CFC | Kuruva | 38.15 | 150 |
| 12 | Kollam | Food | Flour and Curry powder | sasathamkotta | 30.76 | 165 |
| 13 | PTM | Food | Flour and Curry powder | enadi mangalam | 40.53 | 120 |
| 14 | IDK | Food | Flour CFC | Kamakshi | 28.7 | 30 |
| 15 | Ernakulam | Farm | Thottara Puncta Rice CFC | Ambaloor | 46.3 | 70 |
| 16 | Thrissur | Farm | Paval (bitter gourd) Consortium | Nadathara | 31.22 | 172 |
| 17 | Kozhikode | Farm | Rice Producer company | Cheruvannur | 50 | 2590 |
| 18 | Wayanad | Farm | Bana Agro And Allied Producer Company | Padinhathara | 35.84 | 105 |
| 19 | Palakkad | Construction | Cement Bricks CFC | Elavancherry | 24.17 | 100 |
| | | | | Total | 687.6 | 4525 |

Table 4 - Districtwise CFC list

The table below shows the no of projects in various districts

| Sl No | District | No of Projects |
|-------|--------------|----------------|
| 1 | Tvm | 1 |
| 2 | Klm | 3 |
| 3 | Pta | 2 |
| 4 | Alp | 2 |
| 5 | Ktm | 1 |
| 6 | Idk | 2 |
| 7 | Ekkm | 2 |
| 8 | Tsr | 1 |
| 9 | Mlp | 1 |
| 10 | Pkd | 2 |
| 11 | Kkd | 1 |
| 12 | Wyd | 1 |
| | Total | 19 |

The graph below shows the comparison of CFC projects proposed in different districts. Graph 3- Districtwise comparison of CFC projects

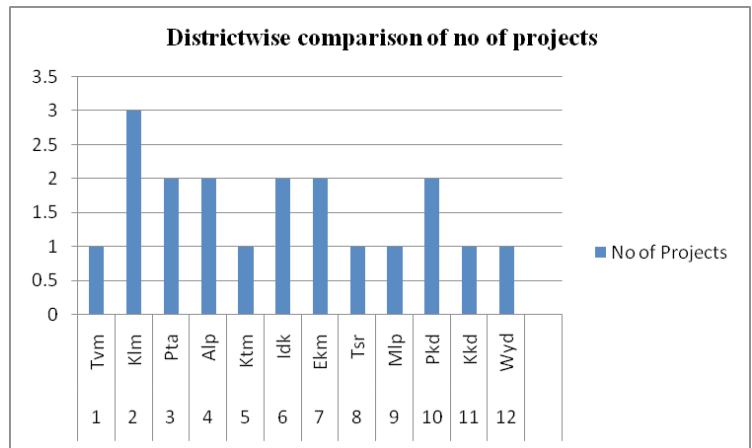


Table 4- Districtwise comparison of Projects

CFC in Kudumbashree- CFCs in Kudumbashree will be set in the financial year 2018-19. The machineries purchased for the CFC will be under the ownership of District Mission Coordinators. The machineries will be purchased by E tendering process. Technical evaluation of the project and vetting is completed in all districts. The team consisting of DMC and ADMCs have taken Digital signature for taking part in E- tendering process.

Conclusion

CFCs are set by Industries department in different locations along with various clusters like furniture cluster ,wood cluster, printing cluster etc. The intervention by Kudumbashree in this sector will help in improving the technical competence of member units. The micro units and nano units can undertake various high end value addition with the machineries in the common -facility center CFC by giving a nominal user fees. The setting of CFCs is a step for bringing economies of scale and standardized products so that Kudumbashree can manufacture various competent products at market rates. Bringing of various units under the umbrella of the CFC will help in creating new trendy products and designs as per the market requirement. The leadership of the CFC



is crucial and should have the vision to take the project ahead. The CFCs can canvass bulk orders and utilize the service of the member units and manufacture various products and sell. The cash can be shared /distributed to member units. The CFC can also play a crucial role in bulk raw material procurement, product standardization, quality testing, new product development, conducting market surveys, sales etc. The scope of CFC is very large, For example, in the food processing CFC , a lab can be set up and the member units can test the products and ensure quality by paying a nominal fee. Also, in the case of apparel , the CFC can purchase bulk raw materials, bulk cutting and pattern making etc can be done and the semi finished materials can be distributed to member units for stitching. They can design

the products suiting to the market trends and focus on production in festival season. For example, in the case of Curry Powder and Flour CFC, all the member units can produce items in a common brand using the same production protocol and sell in supermarkets and superstores or export internationally. The CFC can act as a hub for manufacturing of various interrelated units. Also the units can utilize the service of Apparel CFC in bulk logo printing in cloth etc. If the member units are doing the same the cost will be high and they can not invest in high end machineries due to financial constraints. Hence setting of CFC is an effort to take the enterprises in various sectors to the next level and ensuring sustainability , product diversification under the leadership and participation of member units. Reaching to new markets and exploring possible institutional tie ups with greater economies of scale and raising the income level of member units with technological improvements and professional inputs is the main aim of setting CFC in Kudumbashree. Clusters along with CFC have the potential to competition in three



ways, by increasing the productivity, by driving innovation in the sector and by stimulating new business in the field. A cluster being the geographical concentration of interconnected business suppliers and associated institutions in a particular field, the setting of CFC will help in developing many interconnected Micro enterprises and create a win win situation for all the members. This will increase the productivity and the units can compete nationally and globally.