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MECs Effectiveness in Livelihood Generation

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KUDUMBASHREE STATE MISSION

Introduction

Kudumbashree, the poverty eradication mission of Kerala, aims to enhance the women's economic development and enable women to become 'active citizens'. There is no doubt that the programme had been largely achieving in respect of the numbers of women involved, their levels of engagement with the local governments, and their increased ability to save money and access subsidized credit. The core objective of the initiative is to create awareness among the women in grass root level about their social responsibilities and improve their standard of living through knowledge.

History and Evolution

Kudumbashree Mission, which is often abbreviated as **Kudumbashree**, is the name by which the State Poverty Eradication Mission (SPEM) of Kerala State Government is widely known. The Kudumbashree Mission was registered as a Charitable Society under the Travancore-Cochin Literary, Scientific and Charitable Societies Act of 1955 in November 1998. The then Prime Minister of India Atal Bihari Vajpayee inaugurated the mission at Malappuram on 17 May 1998 and the Mission started functioning on 1 April 1999 under the Local Self-Government Department of Government of Kerala.

The name **Kudumbashree** is also used to refer to a community network in Kerala having a three-tier structure. The Neighbourhood Groups (NHGs) are the primary level units of this network, the next level being Area Development Societies (ADS) functioning at the ward level, and the top level being the Community Development Societies (CDS). The name Kudumbashree means "prosperity of the family" in Malayalam language.

Kudumbashree means different things to different people. For some, it is the poverty eradication project of the State government of Kerala. Some others view it as an exclusive domain of women empowerment.

Evolution of the Kudumbashree Idea

Kudumbashree has been an outcome of its specific context, of the People's Plan Movement which was a state strategy for mass mobilisation for bottom-up planning in the wake of the decentralisation of powers

Kudumbashree was the extension of the CDS experiments in Alappuzha and Malappuram. At the same time, the CDS initiatives themselves had drawn lessons and strategies from the NABARD led initiative of SHG Bank Linkage Programme.

The base of Kudumbashree has been neighbourhood groups (NHGs); the NHG idea had its own history within the State's civil society domain. The NHG idea stayed in contrast with the SHG concept that had been promoted in many countries as well as in several States of India.

The NHGs here were to be forums for planning and development action too. The concept of such NHGs too has peculiar roots in Kerala's development history.

In sum, the Kudumbashree idea appears to have evolved through the community mobilisation experiments in Alappuzha and Malappuram, also drawing in from the various civil society initiatives in community mobilisation for different purposes. Eventually it was the decentralisation of powers to PRIs and the People's Plan Campaign set the stage for Kudumbashree's formation.

Aims & Objectives of Kudumbashree

The **aim** of the **Kudumbashree** scheme is to improve the standard of living of poor women by setting up micro-credit and productive enterprises. It opened a new string of expected events in our development history. **Kudumbashree** is the poverty eradication mission of the state of Kerala.

There are two distinguishing characteristics to Kudumbashree which set it apart from the usual SHG model of empowerment. These are,

1. The universality of reach – from its very inception Kudumbashree has attempted to bring every poor woman in the state within its fold, as a consequence of which today Kudumbashree is present in every village panchayat and municipality, and in nearly every ward, colony and hamlet. The sheer spread is mind boggling, and it is only because the local community of women drive the system that it has managed to persevere.
2. The scope of community interface in local governance – the functioning of Kudumbashree is tied up to the development initiatives of the local government be it for social infrastructure, welfare or right based interventions or for employment generation. From food security to health insurance, from housing to enterprise development, from the national wage employment programme to the jagratha samiti, every development experience depends on Kudumbashree to provide the community interface.

Kudumbashree strives to convert a microfinance led financial security model into a more comprehensive model of local economic development. Kudumbashree community network was extended to cover the entire State. Women. Kudumbashree membership is open to all adult women, limited to one membership per family.

MICRO ENTERPRISE CONSULTANTS

As mentioned the major existing strategy for Kudumbashree to improve the standard of its members is through micro credit and micro enterprises. The micro enterprises function as a major option for the poor to focus on their livelihood

Micro Enterprise Consultants (MEC) is a key catalyst under the system for achieving economic development through sustainable self-employment programs. The Micro Enterprise Consultants are Grass root level human resource exclusively for livelihood development.

MECs are selected by the Kudumbashree CDS from among the Kudumbashree families. They can be either Men or Women who have minimal graduation. MECs are capacitated through different trainings and capacity building activities which enable them to work at the grass root level. MECs are moulded through the trainings ranging from Entrepreneurship Development Institute of India (EDII) to International Labour Organization which suite them to provide business development and counselling services to micro entrepreneurs.

History

From the year 1998, Kudumbashree was in the process of forming Micro Enterprise by providing back end subsidy, loan support, Induction trainings, performance improvement programmes for Micro Enterprise development. The survey of micro enterprises conducted in 2006 brought out certain serious lacunae in the strategy adopted. Issues of scale, inadequate working capital to keep the enterprise afloat, poor beneficiary selection, low end technology, weak pricing and marketing strategies were highlighted in the survey, also a big gap in orientation and training identified.

In response to the findings of the micro enterprise survey of 2006, Kudumbashree revamped its micro enterprise strategy, attempting to find enterprise solutions that were sustainable and rewarding financially to the enterprise, and which would offset the intrinsic disadvantages. A community resource base of **Micro Enterprise Consultants** was developed and capacitated so as to provide business counselling support to the entrepreneurs as and when required. MECs were made a part of the system from providing General orientation about the enterprise opportunity till marketing of products and services.

Evolution

The Kudumbashree members who are poor women without basic schooling and business experience where the entrepreneurs who started the enterprises under Kudumbashree. Their choice of entrepreneurship was always of necessity and not of capacity as they were not

capacitated to analyse a business viability. This always led to the offset of their business in the beginning itself. To overcome this bottle neck a local hand holding support was needed to make the business sustainable and to help the interested women to identify viable businesses at local level. Therefore, the Mission decided to identify micro enterprise volunteers who can provide support to entrepreneurs in the form of local expert support mechanism. The MECs are graduates selected from Kudumbashree families. Kudumbashree Mission provides adequate training in Business Management, Marketing and other related areas to these MECs to perform the handholding support in the form of trainings, working capital assistance, business counselling, and marketing as and of necessary at the right time.

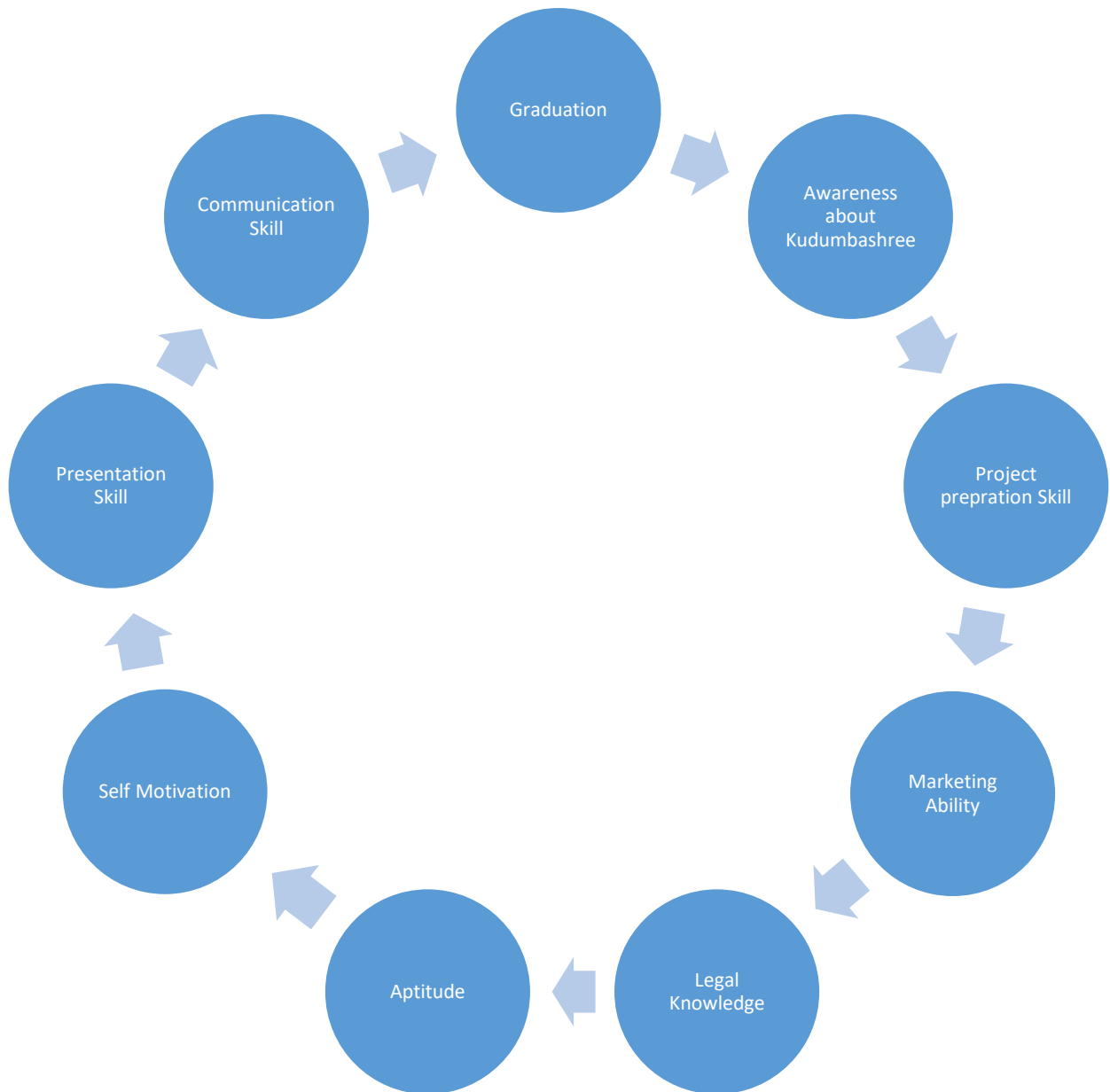
Micro Enterprise Policy

Kudumbashree is having MEC system from 2006 onwards, a detailed guideline was also developed for the institutionalization of MEC system. Even then some missing links were found out which affects the performance of MEC. Lack of planned policy made the effective utilisation of MECs at District level .Kudumbashree developed a comprehensive policy for MECs in 2018 which can be revised yearly based on the changing scenario (programs and schemes). MEC policy is a brief document which contains all the areas or services where MEC system can be used with clear information about charges for each service.

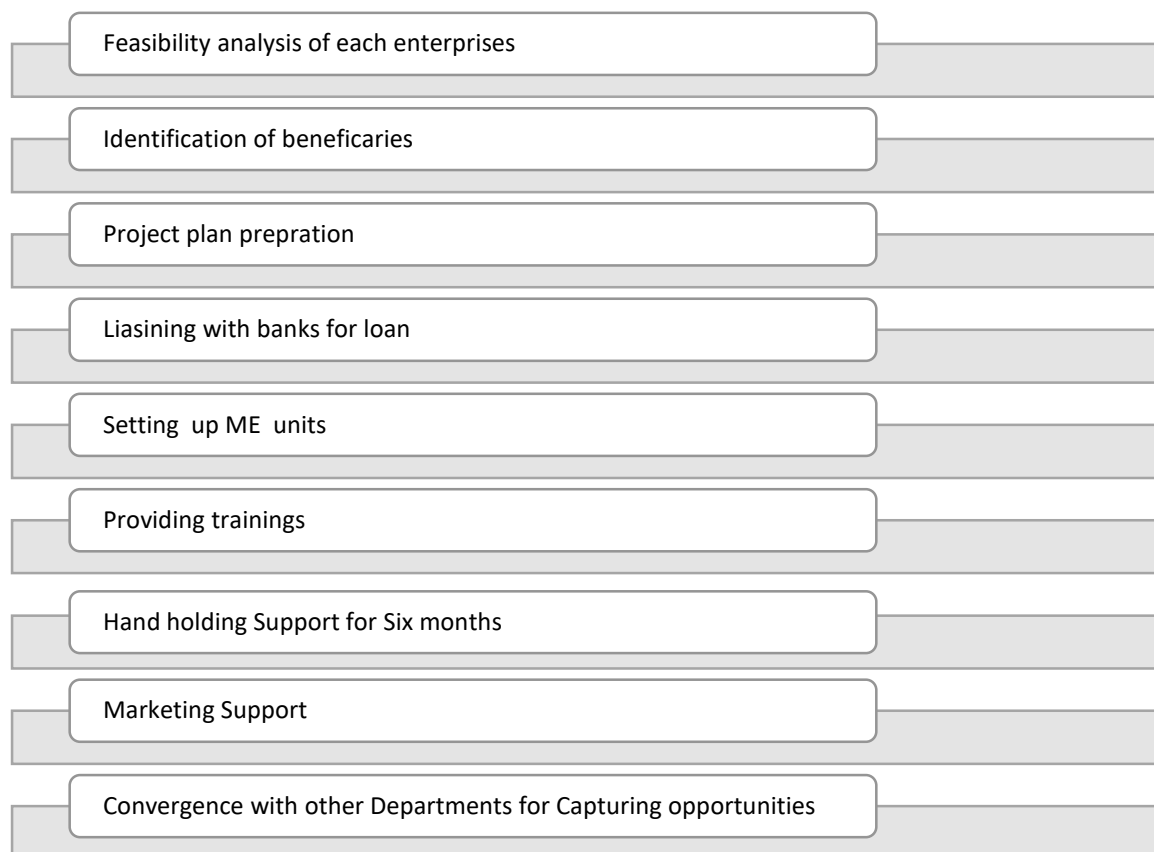
Objectives of MEC Policy

- To strengthen the existing ME units under each MEC, thereby instill confidence and motivation in them, to bring in new ideas and potential units in the future.
- To make MEC group with professional attitude and to make them self-reliant
- To improve performance effectively & efficiently to achieve growth in their business operations.
- To ensure every MEC takes up ownership with regards to the performance of respective units.
- To ensure reasonable and sustainable income for MECs
- To carryout Periodical assessment and review of MECs
- To develop a selection tool for MECs

Qualities required for MEC



MECs Role in Micro Enterprises



Positioning of MECs

The allocation of MEC is in such way that one MEC will be responsibility for all the ME related activities in three rural CDS and 1 MEC per CDS in Urban area.

Sl. No	District	No. of MECs
1	Thiruvananthapuram	25
2	Kollam	21
3	Pathanamthitta	27
4	Alappuzha	22
5	Kottayam	23
6	Idukki	16

7	Ernakulam	22
8	Thrissur	13
9	Palakkad	20
10	Malappuram	21
11	Kozhikode	19
12	Wayanad	11
13	Kannur	22
14	Kasaragod	12
	Total	274

Various training support provided to the MECs

Over the years, MECs have been provided a wide range of capacity building inputs by the Mission. The first hand training support was provided by the Entrepreneurship Development Institute of India (EDII) an autonomous body who are pioneer in the entrepreneurship training and research sector.

A large number of MECs were selected, trained and placed as part of the TEAP Tsunami Rehabilitation Project in the nine coastal districts of the State. Several of them continue to work as MECs with the Mission, after the closure of the TEAP project.

A group of MECs and Kudumbashree Mission staff were provided training in Business Counselling by a consortium led by Traidcraft UK. The 'Samrudhi' training programme over a two-year period enabled some of the MECs to obtain first-hand understanding of advanced business counselling techniques. The training also involved exposure visits to business counselling mechanisms in Italy. The Samrudhi master-trainers developed business counselling modules for training of other MEC. The skills they gained were used by the Mission in developing a new approach to training, including developing content for the GOT, EDP and other training programmes.

130 numbers of MECs were inducted in to service in the year 2009-10, enhancing the total number of MECs to 250. The need was felt for thorough business management training for the MECs, and in collaboration with the Timbaktu Collective in Andhra Pradesh, the CREAM training was offered to 31 MEC from across the State. CREAM (Certificate in Rural Entrepreneurship Administration and Management) was offered over a period of 42 days (7 months x 6 days each) covering all aspects related to business management. Using the CREAM trained MECs as Master-trainers, the business management training was extended to all 250 MEC, through the TEAM training programme (Training for Entrepreneurship Administration and Management). The TEAM module was spread over 18 days (3 days each month for six months)

A training about Kerala Value Added Tax was provided by Gulati Institute of Finance and Taxation in 2014

A training on Preparation of business plans by Thoughts Academy in 2016

A training for Motivation and leadership by HLF PPT in 2017

Training on ‘Start and Improve your business’ by International labour Organization in 2017.

International labour Organization (ILO)

International Labour Organization (ILO) is a United Nation agency head quarter in Geneva, working towards employment promotion, economic and social development. Kudumbashree joined hands with ILO in 2017 and provided training to select 16 MECs.

Impact of SIYB programme by ILO

The Start and Improve Your Business (SIYB) program follows an institutional approach. It aims at building the institutional capacity of MEC to effectively and independently implement SIYB training and related activities in the field

The institutional approach of the SIYB program enables the MEC to greatly enhance their own capacity to reach potential and existing entrepreneurs in large numbers and, thus have a considerable effect on employment creation. Rather than directly training entrepreneurs, ILO technical experts or certified master trainers trained MECs who are directly interacting with entrepreneurs. These trainers, in turn, embark on training of entrepreneurs’ activities. The main objective of the training is to enable local **Business Development Service**, to effectively independently implement business ‘start up’ and improvement training related activities for potential and existing entrepreneurs, also to enable potential and existing small entrepreneurs to start viable businesses and to increase the viability and profitability of existing enterprises, and to create qualitative employable skills in the process.

16 MECs were trained by ILO, out of them 2 MECs got opportunity to attend the workshop in Delhi conducted by ILO. As part of becoming master trainers MECs are now taking sessions of Industrial Department with the support of ILO. This series of trainings helped to strengthen the confidence and effectiveness of MEC team.

Various income sources for MEC

Honorarium will be provided to MECs based on the task assigned. The amount provided as honorarium varies according to task and which is determined as per the MEC policy.

1. Income from disbursement of financial assistance to ME units

Sl No	Type of fund	Individual ME	Group ME	Service fee for individual ME	Service fee for group ME	Condition /criteria
1	Interest Subsidy for RME/ Yuvashree Schemes	Up to 2.5 lakhs	Up to 10 lakhs	1,500 (750 after project preparation and submission to bank + 750 after getting bank loan, CDS	3,000 (1500 after project preparation and submission to bank + 1500 after	In both the cases enterprise is responsible to pay the service charge

				affiliation and license)	getting bank loan, CDS affiliation, license and release of subsidy)	
2	Start up	10,000	50,000	500	1000	The payment maybe given by the entrepreneur after receiving the SUF
3	Revolving Fund	10,000	40,000	500	1,000	The payment maybe given by the entrepreneur after receiving the RF
4	Technology Fund	50,000	5,00,000	1,000	2,000	The payment maybe given by the entrepreneur after receiving the TF
5	Technology Up gradation Fund	50,000	5,00,000	1,000	2,000	The payment maybe given by the entrepreneur after receiving the TUF
6	Second dose assistance	50,000	5,00,000	1,000	2,000	The payment maybe given by the entrepreneur after receiving the SDA
7	Coastal ME	Maximum 1 lakh or 75% of the project cost (whichever is less)	Maximum 5 lakh or 75% of the project cost (whichever is less)	Rs.1000	Rs.2000	In both the cases enterprise is responsible to pay the service charge to MEC after receiving the subsidy
8	Innovation Fund	35,000	3,50,000	1000	1500	The payment may be given by the entrepreneur after receiving the IF
9	Sick ME revival fund	50,000	2,50,000	3000 per unit per year + additional performance incentive of Rs.2000 per unit		Payment may be given by District Mission (ME 19)

2. Income from Animal Husbandry Projects

Sl No	Name of Project	Project cost (Group/ Individual)	Service fee for group ME	Condition/Criteria
1	Goat Village Project (Five persons/Group)	150000	750	Enterprise is responsible to pay the service charge
2	Ksheerasagaram(Five persons/Group)	625000	3125	Enterprise is responsible to pay the service charge
3	Buffalo calf rearing project(Five persons/Group)	150000	750	Enterprise is responsible to pay the service charge
4	Backyard Poultry project(Five persons/Group)	75000	375	Enterprise is responsible to pay the service charge
5	Kerala Chicken(Group/Individual)	500,000	2500	Enterprise is responsible to pay the service charge

3. Income from various trainings

Sl No	Type of Training	Role of MEC	Service charge	Agency responsible for settlement of payment
1	Pre General Orientation Training (half day)	Faculty (1 MEC per CDS)	Rs. 750/head + TA	District Mission
2	General Orientation Training (1day)	Faculty (2 MECs per day)	Rs. 750/head + TA	District Mission
3	Skill Training	Facilitation	Rs.1000/head/ day +TA	Skill Training agency
4	Performance Improvement Programme	Facilitation (maximum 2 MEC per day)	Rs.750 + TA	State Mission /District Mission
5	Entrepreneurship Development Programme	Faculty (Maximum 2 MECs per day)	Rs.1000/ head /day +TA	State Mission/ district mission
6	Business Counseling / Entrepreneurs Family meet	Faculty maximum 2 faculty per day)	Rs.750/ head /day + TA	District Mission (NRLM –ME19)
7	Accounting & Book Keeping training	Faculty (maximum 2 faculty per day)	Rs.750/ head per day	District Mission (NRLM –ME19)
8	Support services in other programmes (as per the instruction from District Mission / state Mission)	Facilitation / clerical	Rs.750/head per day +TA	District Mission (NRLM –ME19)

4. Income from positioning of Service and Social Enterprises

Sl No	Particulars	Total No of Enterprises	Role of MEC	Total No of Enterprises per Panchayath	Condition/Criteria
1	Haritha Consortium	1000 nos	Awareness Creation, Byelaw preparation, Helping in Registration of the Society, Checking of Accounts and Similar support, Handholding the functions.	1/ LSG	Rs 3000/ consortium (payment by consortium)
2	Prathyasha	182 MEs	Project preparation and submission to District Mission		Rs.300 for individual project and Rs.500 for group project to be paid by Enterprise
3	Geriatric Care	1000 members	Canvassing of Works and Liaising with House Holds	1/ LSG	Rs.500 as commission for work canvassed - one-time payment for each wok (payment will be made by the positioned geriatric care volunteer)
4	Coir units	100 units	Finding of suitable sites after liaising with Panchyayath, Setting of units-arranging electricity Certificate from KSEB, Lease Agreement and coordination of other formalities and inauguration of unit, Creating Mechanism for Husk Collection.	1/ LSG	Rs 5000/unit and Rs0.25/husk. Amount will be paid by the unit from Working Capital Fund
5	Common Facility Centres	19 CFCs	provide support in the formation of CFCs. District Mission can assign specific work to MECs		Rs.750/- per day + TA. payment can be made by District Mission from the head ME 19
6	Arise		Overall monitoring of the Skill training conducted by Skill training agencies (Duties as per Arise Circular)		Rs.500/- per day. Payment can be made by District Mission from the head ME 19

5. Haritha Karma Sena Micro Enterprise Formation:

Category	Expecting No: of Units in LSGIs	Expected number of ME units	Activity	Fund Assistance to MECs
Type 1	1-5	1000	MEC who facilitates/handholds Haritha karma sena (suggested by District Mission)to start a green enterprise in addition to	Rs.1000/- per ME (This can be provided as one time assistance from District Mission, under ME-19)

			waste collection and thereby ensuring a turnover of Rs5000 for the enterprise /month continuously for 3 months	
			MEC who facilitates/handholds Haritha karma sena for establishing a proper waste collection and also make it viable by starting any profitable activity and ensuring an income of Rs8000/member /month continuously for 3 months	Rs.1000/- per ME (This can be provided as one time assistance from District Mission and can be booked under ME-19)
Type 2	1-5	1000	MEC to grab work orders for Haritha sena as an event management group, cleaning work on contract basis, waste management in marriage function, or any other functions, religious places , offices etc	5% of work canvassed (as commission from respective units for each works)

***District Mission can provide fund after verifying monthly turn over from ME App and after getting submissions from MECs signed by CDS chair person and block coordinator.**

6. Hand holding support for ME Units

District mission can assign MEC for providing handholding support to ME units, for each visit district mission can provide Rs.500 as honorarium including TA (limiting to a maximum of 10 visits to various units per month). This is a special task assigned for MECs which aims – to revive sick units /to support unit facing crisis/to help in diversification / to help in marketing/to provide adequate training, business counseling, accounting support/to analyze the progress of each unit by the intervention of MEC. This assignment will be the base for MEC evaluation. Hence district Mission may allot the above mentioned task accordingly. The expense for the same can be booked under the head Identification of sick ME and revival (ME 07) /Skill Training (ME 17)

7. Honorarium for Turnover Tracking and updating in ME software

Each MEC should enter the monthly sales turnover in ME- Mobile application. The MEC will get Rs 50/ unit for updating monthly turnover, other financial details, marketing details. MEC should submit detailed monthly report on each ME to ME (DPM) and ME DPM should verify the report and take necessary steps to give the required amount from NRLM fund

8. Honorarium for Marketing activities

No.	Programme	Responsibility	Honorarium
1	Monthly Markets	Facilitation of Monthly Markets regularly and submission of reports. (Details given Guidelines of Monthly Market)	Rs. 1000/- per Monthly Market (conditions apply as per Guidelines) (to be booked in BD 01 – NRLM for Rural MECs, BD 01 State Plan Fund for Urban MECs)
2	Nano Market	Support the entrepreneurs and supervise Nano Markets. Prepare & submit weekly reports. (Details given Guidelines of Nano Market)	Rs. 250/- per Nano Market subject to maximum of Rs. 500/-. (conditions apply as per Guidelines) (to be booked in BD 13 – NRLM)
3	Food Fests	Assist in organizing the Fest and provide services during Fests (Details given Guidelines of Food Fests)	Rs. 750/- for 8 hours/Rs. 1000/- for more than 8 hours (conditions apply as per Guidelines) (to be booked in BD 04– State Plan Fund)
4	Kudumbashree SARAS Fairs	Assist in organizing the Fair and provide services during Fair (Details given Guidelines)	Rs. 1000/- per day on duty days during the fair. (conditions apply as per Guidelines) (to be booked in BD 03 – NRLM)
5	Trade Fairs	Assist in organizing the Fair and provide services during Fair (Details given Guidelines of Trade Fairs)	Rs. 750/- for 8 hours/Rs. 1000/- for more than 8 hours (conditions apply as per Guidelines) (to be booked in BD 02– NRLM)
6	Other State SARAS Fairs	Represent Kudumbashree and participate as an entrepreneur	Rs. 1250/- per day. (conditions apply as per Guidelines) (to be booked in BD 13 – NRLM)
7	Festival Fairs	Assist in organizing the Fair and provide services during Fair (Details given Guidelines)	Rs. 500/- per CDS for preparatory works, Rs. 750/- for 8 hours/Rs. 1000/- for more than 8 hours in District Fairs, Rs. 500/- per day limited to 5 days (conditions apply as per Guidelines) (to be booked in BD 05 – State Plan Funds)

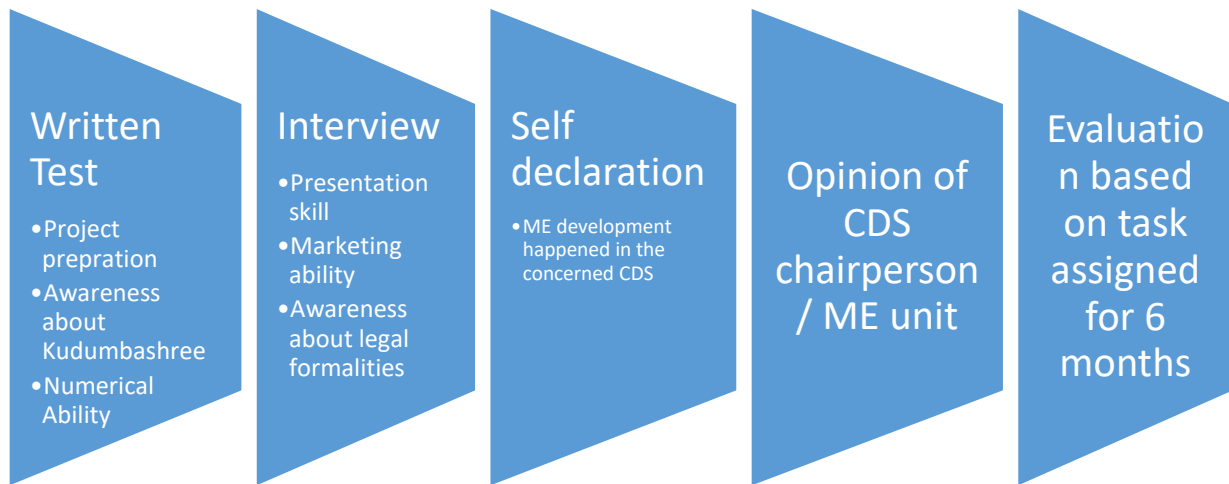
8	Community Enterprises Fund	Prepare Project Proposals, present the proposal before CDS, follow up sanctioning of CEF, supervise utilization of loan for the stated purpose, supervise repayment of loan etc	As engaged by District Mission – Rs. 500/- for conducting GP level orientation to entrepreneurs (one time in a year), Rs. 100/- for preparing and submitting 1 proposal for CEF limited to maximum Rs. 1500/- in a year, Rs. 500/- for presenting the proposal before approval committee and obtaining approval, Rs. 300/- for facilitating the utilization of the loan amount as per project proposal, Rs. 250/- per month for follow up activities – submission of loan portfolio statement, ensuring repayment, circulation of CEF at CDS level etc. (conditions apply as per Guidelines) (to be booked in BD 13 – NRLM)
9	Product Inventory	Updating of Product Inventory in ME App	Rs. 250/- per ME having up to 5 products. Incentive of Rs. 50/- for every additional 5 products (conditions apply as per Guidelines) (to be booked in BD 13 –Livelihood Fund)

Role of MEC in developing livelihood in other states as part of NRO

Based on the success of MEC system in Kerala, Kudumbashree National Resource Organization also used MEC system for initial level enterprise development in partnering states. As part of this project they selected MECs who have received CREAM and TEAM training and provided additional training thus they became Mentor MECs. NRO - MEC Project visualizes formation of MEC Groups which would evolve into local level business entities themselves generating revenue through promoting and supporting micro enterprises. The sustainability of the project would therefore depend on the robustness and viability of these groups and their ability to generate a reasonable income. The fundamental logic of MEC Group is pooling of multiple skill sets among MECs; MEC Groups are expected to be viable entities rather than individual MECs.

MEC appraisal mechanism

Kudumbashree has an appraisal system for evaluating the effectiveness of MECs



SWOT Analysis of MEC System

<p><i>Strengths</i></p> <ul style="list-style-type: none"> • Deep knowledge about the field. • Intensive training and moulded according to the field necessity • Working flexibility 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> • Conflict within the system (CDS chairperson, Enterprenures) • Lack of Professionalism • Lack of creative thinking & innovation • Lack of initiative
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> • As part of the grass root level system they are able to know the real need and necessity in the field. 	<p><i>Threats</i></p> <ul style="list-style-type: none"> • No access to many other departments for grabbing opportunity from them • Change in political & administrative environment

Suggestions & Conclusion

Kudumbashree through continuous moulding had developed MECs as a major source for bringing wonderful result in Micro enterprise sector. This section is working with all their effort to bring a tremendous change in the sector. In spite of such achievements still it is noticed that the innovations and creative inputs of MECs in the field are declining.

Most of the time they are going with the same typical type of MEs ,and most of their projects and proposals are also of typical nature .The training provided by them are most of the times not suit with the current necessities and environment. The involvement of the MECs in the urban area are of minimal because of the lack of innovation and initiative needed.

Kudumbashree at this juncture should work to revamp the system. The MECs who are the grass root level workers have different skills and abilities so it is important to analyse this and training should be tailor made designed in a tailor made to meet their needs.

MECs should be trained in a way to expertise the entrepreneurs to choose their enterprise and to make them sustainable. Moreover they should be tuned in such a way that innovations and initiatives should be borne from themselves rather than from the top.

In short by fine tuning and moulding a perfect system of MEC can be implemented for enterprise development for making the sustainable economic growth possible.
