

# Promoting Women's Economic Empowerment through Enterprise Development

## *Lessons from the Kudumbashree Project, Kerala*

*Promoting women-run enterprises is increasingly being recognized as one of the important interventions to advance women's economic empowerment. Women-run enterprises put women in the center of the market; which is a traditionally a male domain. However, for women to be able to run strong, viable and sustainable enterprises, policy support, credit access, training and market linkage are required. The Kudumbashree project demonstrates what it takes to promote, and take to scale, women's enterprises.*

### A. The Kudumbashree Programme

Kudumbashree was launched in 1998 by the government of Kerala as a poverty alleviation programme with the goal of eliminating poverty in the state by 2008. Since then, the program has carved its identity as a women's organization with women's empowerment as one of its major goals.

**The key components** of Kudumbashree include (i) convergence of various government programmes and resources at the community-based organisation level; (ii) efforts to involve the CDS structure in local level anti-poverty planning; and (iii) development of women's micro-enterprises, and thrift and credit societies. Kudumbashree has 4.3 million members, with 277,559 Neighbourhood Groups and 1065 CDSs.

*The Organizational Structure.* Kudumbashree was conceived as a joint programme of the Government of Kerala and NABARD (National Bank for Agriculture and Rural Development). It was implemented through Community Development Societies (CDSs) of poor women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. The Mission has a State Mission Office located at Thiruvananthapuram and 14 District Mission Teams, each located at the district headquarters. This official structure supports and facilitates the activities of the community network across the state. At the community level, the Kudumbashree CBOs are built on a **three-tier structure** at the Panchayath/Municipality level, which has democratically elected governance systems under the new Panchayath Raj. At the primary level, there are the Neighbourhood Groups (NHGs) with 10 to 204 members, where eligible women can enroll themselves as members. These NHGs are then affiliated to an Area Development Society (ADS) at the ward level. All the ADSs in a Panchayat/Municipality are then affiliated to a Community Development Society (CDS).

### B. Women's Economic Empowerment Model: Promoting Women's Microenterprises

Micro enterprise promotion and development is one of the key strategies to facilitate economic empowerment of poor women through the Kudumbashree project.

*The Intervention.* Kudumbashree uses two broad models to facilitate women's economic empowerment: women-run enterprises and facilitated enterprises (new generation service enterprises in which women are engaged for improved delivery of services).

*Women Group Enterprises:* The focus is to support women-run enterprises around certain economic activities that have strong market potential (e.g: food catering, labour etc.) or meet

an important community need (e.g: preparing nutritional supplements for children in rural communities). Predominantly the women run enterprises have been group enterprises so as to build stronger and viable enterprises that were built on the cohesive neighbourhood groups of the project. Enterprises that Kudumbashree has promoted broadly fall in four sub-sectors:

- Production
- Services
- Trading
- Sales and Marketing

Some of the successful enterprises are **Café Kudumbashree**, which include all women run cafes as well as catering services; **All women construction teams** comprising of female civil engineers trained as consultants, women with diplomas in civil engineering are given site supervision training and unskilled/semi skilled women labourers (masons) are given skill up gradation training in construction techniques and **Amrutha Nutrimix** under which women prepare nutritional supplements for children under the Integrated Child Development Scheme (ICDS).



*Facilitated Enterprises.* In an innovative, one of its kind, approach, Kudumbashree has established a Facility Management Center (FMC) run exclusively by women, aimed at providing facility management services to major public and private sector companies. This intervention taps into the growing trend of the facility management industry and adopts the latest standards of human resource management. Two primary clients have been the Kochi Metro Rail Limited and Vytilla Mobility, Kerala's largest bus station. Kudumbashree Facility Management Center has been instrumental in providing employment for women from poor rural households. So far 930 women have been employed with its clients.

*The Process.* Kudumbashree pitched its efforts at three levels to support the enterprises:

- *Policy support.* This meant focus on promotion of specially designed schemes to help women's enterprises, facilitation of client and market linkages, linkages with the Government at the state level and close coordination with Local Governments. Under Kudumbashree the two main schemes are:
  - *Rural Micro Enterprises (RME):* RME has been the first scheme that Kudumbashree Mission took up for promoting micro enterprises in rural areas. Started in 2002-03, the RME scheme covers women in the age group of 18 to 55 years. A micro enterprises group is 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 have investment up to Rs. 50,000; Kudumbashree provides subsidy of Rs. 7500 per member or 30% of the total project cost whichever is less.
  - *Yuvashree (50K):* Yuvashree, a scheme announced in the State budget of 2004-05, offers employment opportunity to educated youth only. Individual enterprises are given Rs. 7500 as subsidy or one-third 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.
- *Provision of a range of funds suited to different stages of the enterprise.* The critical funds provided include: (i) subsidy support of Rs 7500 to individual enterprises and Rs 10000 for group enterprises per member (ii) revolving fund (15 % of total project cost upto a

maximum of Rs 35000) for meeting urgent requirement of working capital after completing 6 months of operation per group is admissible RF. (iii) Innovation Fund for supporting innovative micro enterprises. Another important fund is the crisis management fund. This is an interest free loan, limited to a maximum of Rs 25,000 per enterprise, extended to enterprises facing challenges or crisis such as working capital shortage due to delay in payment realisation from large customers, expansion in production because of sudden increase in demand or when faced with losses due to reasons beyond the control of entrepreneurs.

- *Establishment of support structures, capacity enhancement for effective functioning:* The project provided expertise for technical support to the enterprises such as training groups, a cadre of Micro Enterprise Consultants (MEC), Accounts and Audit Groups to ensure financial management and governance of the enterprises and a Facility Management Centre for improvement of services. The Micro Enterprise Consultants comprise of men and women graduates identified from among Kudumbashree families who are provided adequate trainings by the project. Micro Enterprise Consultants (MECs) trained by the Mission for providing managerial support to enterprises, as well as to the training groups of the Mission support the process. MECs offer support at all levels including firming up the idea, preparing the project proposal, linking with the banks, and setting up the enterprise, the training groups contribute through capacity building programmes. Over the years, MECs have built their expertise around business plan preparation, business counseling and marketing support to needy women entrepreneurs.

*Successes and Outcomes.* Kudumbashree women run more than 30,000 enterprises. Under the brand Café Kudumbashree, more than 1000 units serving ethnic delicacies are functioning across the state. Under the Amrutha Nutrimix initiative, 241 enterprises produce 120 tonnes of nutritional supplement every month supplied to 33,000 *anganwadies* catering to 350,000 children, at an annual turn over of Rs 1090 million. The project has been able to establish more than 80 all women construction groups. These groups are linked with MGNREGA. Recently, the State government has recognised these groups to undertake work under the Livelihood Inclusion and Financial Empowerment (LIFE) Mission of the Government of Kerala. The LIFE mission envisages a comprehensive housing scheme for all the landless and homeless in the State. Under the Facility Management Centre set up for providing women employment in the formal sector, around 930 women have been employed with its clients. Kudumbashree is recognised as a National Resource Organisation under the National Rural Livelihoods Mission. As an NRO, it works in 16 states and a UT on two domains: convergence between Local Governments and Women SHGs and enterprise promotion among rural women.

### **C. Lessons for replication and scaling-up**

*Membership in SHGs and neighbourhood groups paves the way for economic empowerment.* The basic community structure of Kudumbashree has proved to be critical for giving women, especially from poorest communities, a new identity, legitimacy and confidence to raise their voices and participate as equals in the public domain. This has allowed for them to move beyond narrowly defined gender roles and livelihood activities to pursue their aspirations for economic independence.

*Intensive technical inputs, training and handholding is required for women's enterprises to be competent and sustainable.* The project has had to constantly innovate and create institutional mechanisms to ensure initial and ongoing support to enterprises. The creation of specialist groups to provide training, creation of a strong cadre of Microenterprise Consultants with sectoral expertise, and standardisation and protocol development are critical components of the intervention approach for enterprise development.

*Specific support is needed for garnering policy support, and establishing market linkages:* A state level implementation unit and team that helps women's enterprises make necessary market linkages, explore diverse clientele has been an important factor in Kudumbashree's success. For example, in the case of Café Kudumbashree, the linkages with Government offices and NGOs helped in establishing an initial secure market base.

*Using new age public services as entry points for wage employment for women as well as outsourcing delivery to women's enterprises is a promising model.* Outsourcing of services to women's enterprises such as by the Kochi Metrorail Limited are new and promising models. In addition, these were also used to provide women wage employment while well performing individuals were offered permanent jobs. Kudumbashree Facility Management Center has now become instrumental in providing employment for women. With the focus on new trends of facility management industry and adopting the new standards of human resources management, the FMC is now poised for growth with increased demands from diverse clients. However, these require a lot of work in establishing networks and defining clear job responsibility areas and areas of policy support by the relevant Government authorities.

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**For more information visit [www.kudumbashree.org](http://www.kudumbashree.org)**

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