



**CAMBRIDGE**  
Judge Business School

**IMPACT ASSESSMENT OF SHGs WITH A SPECIFIC FOCUS ON THE NEED FOR MARKET  
LINKAGES AND BUSINESS PROFESSIONALIZATION**

**EXAMPLE FOCUS AREA: SHGs WORKING WITH JUTE AND BAMBOO PRODUCTS IN THE  
PATAMDA DISTRICT, EAST SINGBHUM, JHARKLAND**

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## Abstract

*This report describes findings from research conducted to assess the impact of Self Help Groups in the 800 villages covered by Tata Steel Rural Development Services, as well as Strengths, Weaknesses, Opportunities, and Threats (SWOT) for the programme. It is intended to feed into and supplement the Formation and Upgradation Programme of SHGs commenced as of 1<sup>st</sup> July, 2009 within TSRDS. The basis for this research is interviews with members of the TSRDS team working with SHGs, including field animators, observation of various SHG training sessions and group meetings, interviews with Tata Steel and JUSCO procurement, visits to retail outlets for SHG products and interviews with SHG members. The research was substantiated with secondary research on the functioning of microfinance and specifically the SHG model throughout the world and of successful businesses formed by women from economically disadvantaged backgrounds, with or without the assistance of microfinance.*

*In addition to an overall assessment of SHGs, I was asked to focus particularly on the issues of market linkages and development of collaborations between SHGs working with bamboo and jute for retail. Currently 3 SHG in the Patamda district have been trained in producing handicrafts using bamboo and jute and there appears to be a demand for their product but to date limited output and increase in the living standards of the members of the SHGs. I therefore identified some of the barriers currently being encountered by one of these SHGs and propose a plan for future action using the 5P's marketing model and Porter's 5 Forces.*

*In addition based on my observations during my 7 weeks working with TSRDS and my secondary research into microfinance across the world and specifically SHGs in India I make various other observations and present recommendations for TSRDS SHG strategy going forward for consideration.*

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## Section 1. SHG Impact Assessment

In order to fully understand the Strengths and Weaknesses of SHGs, I conducted an impact assessment of the programme. The sources from which I drew my conclusions are:

- Semi-structured interviews with 7 members of the TSRDS team, Dilith Castleton, Honorary Joint Secretary TSRDS, Manju Thakur, Rukmini Purty and 2 Field Animators. These interviews focused on the current methodology and working practices, including documentation, of TSRDS in relation to SHGs and included solicitation of their own opinions based on their experience and observations of best practice in SHGs.
- Observations of SHG training sessions carried out by TSRDS in the TSRDS Pipla and Kolabera Centres and by governmental trainers in various locations in sewing, jewellery production and book keeping and of a Cluster group meeting held in the Jamshedpur District.
- Observation of SHG strategic training session conducted by Ms. Dilith Castleton to RDS in Jamadoba
- Interviews with Mr. Viren Sinha, JUSCO procurement and Mr. Dinkar Anand, Head of the Services Segment, Procurement Division, Tata Steel Ltd and visits to various retail outlets for SHG handicrafts including the TSRDS Karigar outlet in Bistapur; the Kalamandir outlet in Bistapur, as well as to the opening exhibition of a new business enterprise, Parichay, working with TSRDS SHGs on bamboo and jute products in 2 villages, Burudih and Mukrudih in Patamda Block.
- Semi structured interviews and meetings with 11 TSRDS SHGs formed over the last 8 years and ranging from Levels 1 to 4 on the **Swarnjayanti Grameen Swarozgar Yojna SHG Guidelines** as defined by the Indian Government.
- Meetings with 6 SHGs operated in the Jamadoba area surrounding Tata Steel's 5 collieries
- Review of reports produced by previous interns focusing on SHGs and village associations.

**Table 1: Profile of a Typical TSRDS SHG**

<b>Gender</b>	Female
<b>Caste</b>	Scheduled caste, Scheduled tribe
<b>No. of members</b>	10-20
<b>Literacy level</b>	20-30% of group members can read and write
<b>Income prior to training</b>	Minimum 70% of group members BPL
<b>Business</b>	Majority of group members pursue individual agri-businesses
<b>Savings level</b>	Rs. 25 per member per month

### 1.1. Summary of Outcomes

The table below summarizes the findings from the evaluation of economic and social impacts of TSRDS SHGs. The outcomes were chosen based on secondary research into the main expected outcomes of SHGs.

**Table 2: SHGs Outcomes Summary**

<b>Economic</b>	
Literacy training	<ul style="list-style-type: none"><li>• Literacy training is predominantly carried out as part of the TSRDS adult literacy programmes. However I also observed examples of literate members of groups teaching the other members of their group and occasionally of other groups. This would be an ideal delivery method from a logistical and economic standpoint and should be encouraged.</li></ul>
Vocational training	<ul style="list-style-type: none"><li>• Vocational training mainly appears to be carried out on a demand basis in response to group requests. Whenever possible TSRDS tries to ensure that this training is organized and funded by the Indian government which is preferable as it ensures greater government involvement and reduces the manpower burden on TSRDS. There is a need for feedback mechanisms both on government and on TSRDS vocational training to be developed and monitored.</li></ul>
Savings impact	<ul style="list-style-type: none"><li>• Saving as currently carried out on a monthly basis by each individual member of a group with financial penalties for late or nonpayment appears to be effective. The average amount saved per group member of Rs. 25 appears to be achievable though is based on the lowest common denominator and members should be encouraged to reach for stretch savings amounts of Rs. 50 as already being achieved in some groups. The average penalty levied for late payment appears to be Rs. 5.</li></ul>
Loan access and repayment	<ul style="list-style-type: none"><li>• The process for accessing both revolving funds and high volume loans seems to be effective. However there is an issue of reach of Government LEOs with</li></ul>

	<p>some areas such as the Patamda being underserved by LEOs in terms of awareness raising.</p>
Understanding of financial record keeping	<ul style="list-style-type: none"> <li>Financial record keeping appears to be consistently carried out and training effectively given by TSRDS field animators or governmental officials. Furthermore monitoring of financial records appears to be being carried out consistently by field animators and collated on a quarterly basis by TSRDS staff.</li> </ul>
Income impact	<ul style="list-style-type: none"> <li>As yet I did not see sufficient evidence of monitoring of whether the SHG system is actually resulting in increased income for group members and to what degree and in what timeframe.</li> </ul>
Understanding of benefits of SHGs	<ul style="list-style-type: none"> <li>The benefits of SHGs currently appear to be the formation of support structures for women through the group structure; increasing women's mobility and their financial independence. As mentioned above there is insufficient evidence and analysis of the economic benefits as yet.</li> </ul>
Customer satisfaction	<ul style="list-style-type: none"> <li>Feedback from SHGs is solicited on an informal basis amongst members. My impression was that there is a constant desire for more attention from TSRDS staff and access to training. However it was difficult to ascertain whether these demands were justified and would deliver measurable results.</li> </ul>
<b>Social</b>	
Self confidence	<ul style="list-style-type: none"> <li>My impression was that at least 1 or 2 members of every group have high levels of self confidence and leadership potential. There is anecdotal evidence of in particular significant improvements amongst Muslim communities with women increasing their independence from their homes and using the veil less.</li> </ul>
Community participation	<ul style="list-style-type: none"> <li>I did not see any direct evidence of increased community participation specifically as a result of SHGs but my impression was that the women I met</li> </ul>

	are integrated into the community, generally using public locations such as temples or schools for their meetings and mixing with male members of their communities.
Female decision-making agency	<ul style="list-style-type: none"> <li>Anecdotal evidence demonstrates that women appear to have autonomy in decision making and are carrying out their businesses independently of the male members of their households or with their support.</li> </ul>
Leadership experience	<ul style="list-style-type: none"> <li>The groups which I met had generally been in existence from 1-3 years though some had existed previously, been disbanded and then reformed. Leadership rotation appeared nonexistent to date due to confines of literacy and confidence though some expressed a willingness to rotate once the groups were more established.</li> </ul>

## ***1.2. Conclusion on SHG Effectiveness***

In my opinion, these results demonstrate that TSRDS interventions in SHGs are making a positive impact on the citizens of the 800 villages surrounding Jamshedpur in so far as allowing groups to be formed and savings and inter-lending structures put in place and monitored. However, there is a lot of room for improvement in terms of converting SHGs into mechanisms for increasing rural women's incomes. See the SWOT analysis in Section 2 for opportunities for improvement.

## **Section 2. SHG SWOT**

This section includes a full analysis of TSRDS SHGs Strengths, Weaknesses, Opportunities, and Threats drawn from interviews with TSRDS staff and with SHGs as well as a review of literature on other alternative microfinance and SHG programmes throughout the world. However I have taken into account that the Indian Government has committed to the SGSY Guidelines and therefore TSRDS is confined to that specific SHG model.

### **STRENGTHS**

#### **Financial**

- Regular SHG savings at reasonable levels taking place
- Revolving loan repayment schedules seem to be reasonable and being followed

#### **Organisational:**

- Regular weekly meetings appear to be taking place and being reasonably well attended
- Structures to remove / acquire members seem to be in place and functioning
- Rapid growth in number of SHGs taking place even with minimal TSRDS support

#### **Motivation levels**

- Some groups have already achieved high sales with minimal external support from TSRDS

#### **Educational structures in place in TSRDS:**

- Camp schools
- Adult literacy training
- Book keeping training
- Vocational training

#### **Improved standard of living programmes in place in TSRDS:**

- Health (sexual, reproductive, sanitation, general, sport)
- Renewable energy programme: solar lighting, biogas plants

#### **TSRDS resources:**

- Field activist selection process seems to function well
- Highly motivated field animators
- Long term staff who appear to have good relationships in the communities
- Established brand in communities through signage and outreach (Tata and Pragati)
- Pipla and Kolabera Centres useful as training centres and TSRDS awareness raising centres

#### **WEAKNESSES/OPPORTUNITIES FOR IMPROVEMENT**

##### **Financial:**

- Lack of optimisation of income of SHG micro-businesses
- Reliance on subsidies available for government training and risk of women undertaking training for financial benefit only
- Limited choice of banking facilities for SHGs
- Lack of consistency in reach of government LEOs and potentially corruption issues as some groups seem to be receiving Rs. 20,000 Revolving funds instead of Rs. 25,000

##### **Organisational**

- Lack of rotation amongst SHG leadership
- Lack of information sharing between groups / economies of scale by joint initiatives
- Lack of group enterprises with majority of group members only pursuing individual enterprises

##### **Motivation Levels**

- Attendance at some training sessions seemed to be erratic e.g. sewing courses at Kolabera

##### **Education:**

- Lack of formal training on market awareness and selection for groups
- Lack of education on issues for groups around running a business, in particular pricing
- Lack of Post-Training formal follow-up to assist in making improvements / assessing impact

##### **TSRDS resources:**

- Limited number and age of field vehicles results in inefficient use of time
- TSRDS team's individual skills not being used to optimum effect
- Insufficient TSRDS SHG staff resource to coordinate comprehensive monitoring and evaluation processes of SHG effectiveness
- Lack of information and procedural sharing with other Tata enterprises
- Large geographical area covered puts a significant strain on the ability of the TSRDS team to make regular field visits, ensuring regular contact with communities

## OPPORTUNITIES

### Financial

- Individual counseling for SHG leaders on government reporting requirements, how to register a business, taxes, and funding sources. A take away sheet could be developed with this information.
- Value could be added to SHG products through quality control
- SHG profits could be maximised through collaboration between groups to reduce costs (joint negotiation with middle men and suppliers, sharing machinery)
- Profit could be maximised through correct pricing of products, including labour cost

### Organisational

- Establish or support the establishment of a TSRDS Federation to facilitate meetings where micro-entrepreneurial SHG members can build relationships for mutual experience sharing, forming collaborations for negotiation, bulk buying of supplies and joint machinery investments.
  - Evidence shows that entrepreneurs that network with other entrepreneurs are more successful than those that don't.
  - Evidence shows that most successful entrepreneurs have a family background in entrepreneurship – in the absence of this sharing entrepreneurial experiences amongst communities is vital
  - ILO research shows that entrepreneurs want to share their experience with other participants after about 3 to 6 months.

### Motivation levels

- Use successful groups as role models for other groups through presentations
- Publicly recognize good entrepreneurs and good borrowers through awards at Block meetings and trade fairs e.g. Gramin Shee Mela

#### **Educational**

- Establish training module focusing on business planning for all members of Level 3/4 groups focusing particularly on market linkages, quality control and branding
- Use technology to communicate ideas / concepts to field animators / groups
- Compile information or a list of sources of information related to markets, technology, and government incentives; give information to students as a take-away.
  - *After the information is compiled, this is an easy, inexpensive way to provide post-training support.*
- Offer short-duration continuing education and mentoring, particularly to first generation entrepreneurs, who will need training and mentoring for management and growth that cannot be provided at the initial stage.
- Establish links with potential entrepreneurs from institutes such as XLRI who could provide market linkages.

#### **TSRDS resources**

- Expand TSRDS SHG team to facilitate greater focus on micro-entrepreneurship, monitoring and to allow existing team members to use their skills in an optimal manner.
- Reduce development time for data capture and monitoring processes by liaising with other Tata development agencies to use their processes as models.
- Utilise existing social and sporting events e.g. JRD Tata's Birthday, World Women's Day etc to promote micro-entrepreneurship.
- Partner with NGOs and academic institutions to increase innovation, reduce demand on TSRDS staff time.

## THREATS

### Financial

- SHGs suffer from lack of cash flow due to overreliance on 1 or 2 products and lack of market driven focus
- Inconsistent quality results in missed sales opportunities, low pricing

### Organisational

- Overdependence on limited number of buyers
- Potential market saturation from direct competitors: Locally / India wide / internationally
- Unsecured supply of raw materials is a risk if competition increases
- Substitute manufactured products could be sold at lower costs due to economies of scale

### TSRDS resources

- TSRDS risks raising expectations which are unmet within SHGs due to limited contact
- TSRDS risks association with governmental corruption by relying too heavily on government trainers, LEOs
- Lack of written best practice documents and clearly established processes may result in lost opportunities for SHGs due to lack of team knowledge
- Lack of written best practice documents and clearly established processes results in excessive need for top down management and likelihood of severe disruption when staff leave TSRDS.
- Failure to retain field animators due to relatively low salary and lack of support
- SHG scheme impact limited as increases savings and relationships but with no clear result in terms of increased income

### ***Section 3. TSRDS strategy for the Formation and Upgradation of SHGs: July 2009***

#### ***– March 2010***

The TSRDS SHG team has already developed a strategy for the formation and upgradation of SHGs from July 2009 and March 2010 which I fed into early in my internship. My insights and recommendations are not intended to replace this strategy but to augment the content and make this strategy more achievable.

The basic strategy is as follows:

- 1) Formation of 23 new SHGs
- 2) Open bank accounts, initiate inter loaning activity and carry out book keeping training for the 23 new SHGs within the first 6 months
- 3) Upgrade 21 existing Level 1 SHGs to Level 2
- 4) Upgrade 52 Level 2 SHGs to Level 3 by linking them to banks for revolving funds, support them in initiating income generation programmes and repaying revolving funds
- 5) Support 63 Level 3 SHGs to upgrade to Level 4 by establishing micro enterprises and availing high volume loans (if required)
- 6) Establish and link Level 4 SHGs into a TSRDS Federation
  - a. Chapters based on areas of common interest: geography; products

My analysis of SHGs in TSRDS over the last seven weeks has demonstrated two major areas for improvement in order to make this strategy achievable.

- 1) Points 1-4 already appear to be being achieved in the SHGs that I have observed and monitoring processes have begun to be put in place to assess total savings, loan amounts, interloaning etc. Furthermore profiling of the SHGs is currently in process. However while the level of knowledge of TSRDS office based staff and field animators is high and monitoring processes have begun, established or written guidelines as to best practise in SHGs and greater consistency in terms of monitoring and follow up to actually assess and analyse impact of SHGs will be necessary to provide an equal service to all groups and monitor success.
- 2) Points 5 and 6 require a clear TSRDS strategy to train groups in how to establish and conduct sustainable micro-enterprises in a professional and strategic manner and establishment of a mechanism for shared learnings between the groups.

#### ***Section 4: Current TSRDS SHG example: Jute and bamboo handicrafts***

In order to analyse current weaknesses in the TSRDS processes in detail I have focused on an example of a group which has established a micro enterprises working with jute and bamboo and which has significant potential for growth but with whom TSRDS has done very limited work to date (having focused more on agri-business groups).



### **Mahila Vikas Kandra Samiti Story**

A specific example of an existing SHG who has a clearly defined structure, a successful product and which has established a savings and record keeping culture but to date has had minimal contact with TSRDS and lack of business and marketing awareness training is that of Mahila Vikas Kandra Samiti. This group of 10 women have not by caste origin been used to working with bamboo products. However the husband, Shankar Mahato of the leader of the group, Pusparani Mahato received training in 1993 in Ranchi in design of bamboo and jute products and is now a master trainer as is Pusparani. As a couple they have in the last 3 years developed a group of women and trained them in how to make products such as flower holders, letter and pen holders and other ornaments and in 2008 that group became a formal SHG. The group is successfully selling its product in 4 local retail outlets to middle class consumers and tourists and has participated in the Gram Shee Mela and a governmental trade fair where they had considerable success with their products.

However while the group is having reasonable success without TSRDS support and with minimal business training it is an important example of how a motivated SHG could be considerably more successful with the correct inputs from TSRDS.

For the purposes of this project I have analysed the group's existing processes and how these could be improved and from these as well as the other interviews and secondary research carried out extrapolated a best practise guideline for TSRDS SHGs going forward.

#### **4.1 Marketing: 5 P's: Product, Price, Place, People, Promotion**

This is a highly respected marketing tool used to analyse the market for products by businesses and corporations across the world. Its inherent simplicity however means that it could be used as a basis for training of field animators and SHGs in how to approach the analysis of a potential business idea in a structured manner.

##### **4.1.1. Product**

The group is currently producing a variety of products in both bamboo and jute on a production line basis including up to 3 people in the production of each product to increase efficiency in each production stage. The production process for their products ranges from 2 to 4 hours and requires minimal machinery, all of which is manually operated. Shankar Mahato who acts as the sales person for the group has a good sense of what will sell in the market and designs products and trains the group to produce them accordingly. However they do not appear to have clear objectives as to how many products and which products they should be producing in a set period of time to achieve a specific financial result.

##### **4.1.2. Price**

The group currently sells their products at prices ranging from Rs. 35-Rs. 225 per item and prices are adjusted (generally upwards) at trade fairs to take into account the competition. However their pricing system is carried out in an inconsistent manner which does not allow them to maximize their profit and labour costs and profit margin are frequently not factored in when the minimum sale price is agreed.

The following table shows an outline of current costs and average sale prices with the labour cost based on a monthly wage of Rs. 3,000 (the monthly wage specified for semi skilled labour by the Indian government is Rs. 2,500).

## Current business model

	Flower vase	Wall hanging	Office tray	Magazine box (large)	Magazine box (med)	Magazine box (small)	Incense stand/ Lamp
Raw materials	Rs.35	Rs.20	Rs.45	Rs.55	Rs.40	Rs.25	Rs.12
Transportation	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0
Machinery	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0
Retail price	Rs.100	Rs.45	Rs.125	Rs.225	Rs.185	Rs.75	Rs.45
Labour (Rs. 18.75/hour)	Rs. 37.50	Rs. 37.50	Rs.75	Rs.75	Rs.75	Rs.75	Rs.47
Real profit / loss	Rs. 27.50	-Rs. 12.50	Rs.5	Rs.95	Rs.70	-Rs.25	-Rs.14
Recommended Min.Retail Price	Rs.75	Rs.60	Rs.120	Rs.130	Rs.115	Rs.100	Rs.60

The above demonstrates various issues with the current pricing. While some products such as flower vases, office trays and magazine boxes do appear to be sold at a significant profit even once labour costs are factored in others such as wall hangings, incense and lamps make a loss even at the maximum retail price charged. A further concern is that during the interview process it appeared that while the retail prices outlined above were the most common prices, in at least one outlet in a Hindi temple products were sold on occasion at only slightly above the cost of the raw materials with the vendor setting the final retail price and taking the difference as a commission. Furthermore while production levels were varied to some degree in order to correlate with demand with flower vases seemingly being produced in significantly larger volumes (up to 40 a month) to reflect higher demand it was extremely unclear what the production levels of the other products were and how it was decided how many of each to produce at any given time.

### 4.1.3 Place

Currently products are sold primarily within areas reachable by bicycle or bus to minimize transport costs. With the current levels of production there does not appear to be a need to travel further afield for outlets and initial contact has

been made with other potential outlets such as Tatanagar Station which have expressed interest in stocking products but currently the group's production levels are too low to satisfy this demand.

The group also has experience in participating in trade fairs where it has had significant success in the past selling all of their products during 8 day fairs as well as on one occasion winning a financial award of Rs. 3000 at a government run and funded trade fair. Participation in fairs does however seem to be dependent primarily on funding being provided for transportation, accommodation and catering though the contact of the group with other groups through training means they are aware of economies of scale of participating jointly in fairs. Participation in fairs is valuable as they adjust their prices based on observing the competition and the adjustments being almost always upwards should increase their awareness of reasonable prices for their products.

#### ***4.1.4 People***

The ten members of the group all appear to be committed and on average 80% of the members are at each daily production meeting which is held from 12-4. They do however have restrictions in that their family commitments mean that they cannot work longer hours and guarantee 100% attendance. The group is heavily dependent on the group leader, Pusparani and her husband, Shankar for training and on Shankar for contacting and maintaining contact with outlets for their products and for identifying new products which are likely to be able to sell well and training them in how to produce them. The group has plans to expand to include 3 new members in accordance with new guidelines and also has contact with one other group in the village and with 2 others who have been trained by Shankar which could potentially increase their total production. However this is yet to materialize and these groups appear to be less motivated and to be focused on producing more functional bamboo and jute products than highly designed products. In terms of expanding to additional groups there is a limitation in caste terms in that bamboo making is perceived as being a low caste activity and therefore attracting other groups to work with bamboo may be difficult. There is also an issue in that the women's agricultural commitments mean that they are unwilling to be away from the fields and engaged in other business for 3 months of the year during monsoon season. An additional issue for consideration is

that the current group seems to really value and enjoy the current small group dynamic and is accustomed to working in a domestic setting. Expansion of the group or changing the working style may therefore meet resistance and not affect the group members' lifestyles in an entirely positive manner.

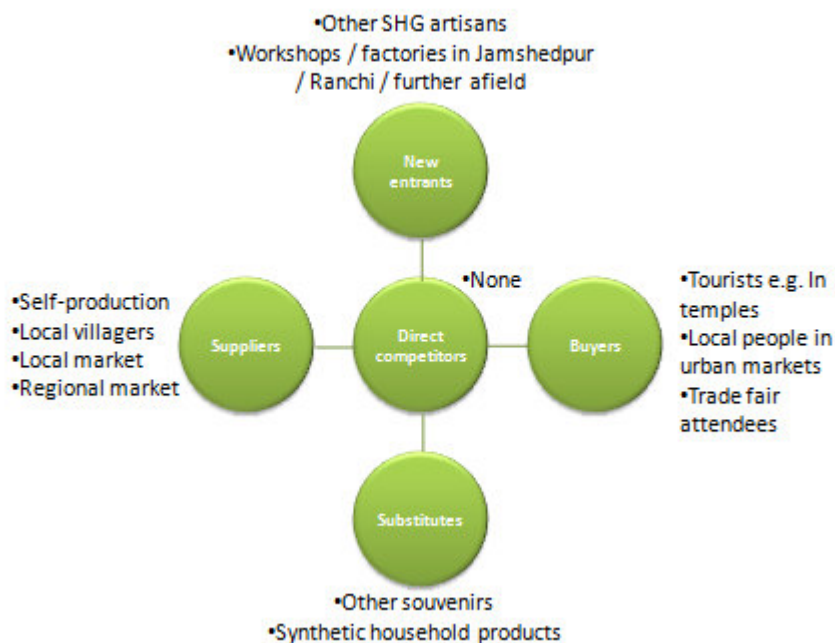
#### **4.1.5. Promotion**

Currently promotion of the products is entirely through face to face meetings organized by Shankar or achieved by sporadic attendance at trade fairs.

The products and group are not branded in any way and labeling of the products is extremely basic with only the price and no other information.

#### **4.2. Porter's 5 Forces**

This is another useful tool for identifying where they may be competitive threats or risks to consistent production and costs.



#### ***4.2.1. Direct competitors***

The group did not believe that they had any direct competitors at this time in the locations in which they were selling. However similar products are available in markets in Bhubaneswar and Parichay and Kalamandir producers produce similar, though higher cost products. This demonstrated a lack of awareness of their competition amongst the group.

#### ***4.2.2. New entrants***

Increasingly as more groups are trained in bamboo and jute work this will mean increased competition for Mahila Vikas Kandra Samiti. They do have the advantage of established relationships with their outlets however and as yet despite training no other groups in their particular area have started producing decorative bamboo or jute products.

#### ***4.2.3. Substitutes***

There is always going to be a risk of the goods being purchased for functional household use such as vases and letter trays being replaced by non-wooden synthetic products available in markets and in urban centres.

In tourist locations there are a wide variety of alternative souvenirs available which may be easier to transport than relatively bulky and frangible bamboo products.

#### ***4.2.4. Suppliers***

The groups appear to have a reasonable number of supply options as they can buy from a wide variety of different villagers and also are in the process of producing some jute themselves and also have the option of purchasing from a local market or if necessary from markets in West Bengal. However they should actively

explore alternative markets and prices so as to ensure they are paying competitive prices to their current suppliers and also in readiness for greater scarcity should more groups start producing jute and bamboo products.

#### **4.2.5. Buyers**

The group does not appear to have a shortage of buyers currently. However there is a concern in that their major outlet at a local Hindi temple buys outright, which while beneficial in terms of cash flow, they do so at low prices, often only covering raw materials costs with minimal profit.

#### **4.3. Summary of Primary Issues**

The major issues within this group appear to be:

- Inconsistent pricing of products which do not consistently factor in labour, marketing and distribution costs or a profit margin
- Inconsistent production of different products with no clear targets based on demand and profitability of different products
- A decision needs to be taken by the group as to their objective in terms of annual income and clear understanding established of what meeting this objective would require in terms of production and marketing time
- Branding needs to be established for the group to allow them protection from competition and make their pricing more consistent
- Market linkage function needs to be expanded so that the group is not so entirely dependent on Shankar Mahato

## ***Section 5: Secondary research***

### ***5.1 Examples of successful business methodologies***

In order to devise possible recommendations for TSRDS for their SHGs as well as conducting primary research through contact with current SHGs I carried out secondary research into success stories of rural entrepreneurship development from India and the rest of the world. Some of the most interesting examples are summarized here and the keys to success identified.

#### ***5.1.1 India: Lohardaga***

Lohardaga is a village close to Ranchi in Jharkland. In 2004-5 the district administration designed a dairy programme for the rural tribal communities of Lohardaga, with a special focus on women, beginning with 400 SHG member participants, all of whom were SC and ST.

The programme required that each beneficiary bought two cross-bred cows and constructed a cattle shed. All the farmers had to be members of a block level cooperative which provides them with all necessary inputs; extension services of artificial insemination and fodder cultivation; techno-managerial support through training and capacity building for the business. Practical hands on training was given by Pradan in coordination with a dairy development officer and animal husbandry officer. The district administration also provided testing equipment to be used at milk collection points to ensure quality. All milk is procured from the villagers at a fixed rate by the government dairy plant, Shankh Dhara.

The costs for getting the first 400 producers up and running were:

Total subsidy from RSVY fund	Total peoples contribution	Total bank loan	Total cost of the project
97.00 lakhs	17.2 lakhs	100.6 lakhs	214.8 lakhs

The programme was designed with a very clear strategy:

- Potential market identified:
  - It was identified that Jharkland was a milk deficit state and most milk for Ranchi, a growing market, was therefore being obtained from outside the state.
  - Since Lohardaga is close to Ranchi it had clear potential to become a marketing hub.
- Infrastructure already available and underutilized:
  - Lohardaga already had a chilling and pasteurizing plant, Shankhdhara with a capacity of 10,000 LPD which was procuring only 1500-2000 LPD before starting the programme. This capacity could be used by the programme.
  - Most of the tribal communities already had land.
- Possibility for compatible secondary industries:
  - It was possible to integrate the tribal farmers' existing system with the requirement of dairy farming to grow maize, oilseed and fodder alongside the cows and reduce the cost of milk production.

- Milk by products were produced such as sweet curd, paneer, ghee, and cheese to be supplied to nearby districts and Ranchi.
- Farmers are using most of the cow dung (3-4 tractor loads per year) as organic manure.

By the end of 2007 700 farmers had been involved in the programme; milk production increased from 1200 litres per day to 5000 litres per day and approximately Rs. 15,00,000 distributed in profit to the farmers, an average of Rs. 2143 per farmer.

#### **Key success factors:**

- **Clear identification of market and of supplementary income sources**
- **Utilization of existing resources**

#### **5.1.2 India: Lijjat Papad**



Shri Mahila Griha Udyog Lijjat Papad was started by seven women on a terrace of a building in Girgaum in Mumbai as a cooperative organization using the only real skill they had, producing papads. It started with a modest loan of Rs 80 and now has annual sales exceeding Rs 301 crore (Rs 3.1 billion).

The entire cycle of membership of Lijjat Papad starts with a simple recruitment process. Any woman who pledges to adopt the institution's values and who has respect for quality can become a member and co-owner of the organisation.

Every member who joins pledges, ". . . we will make all-round effort to ensure that the bens get real fruit of their labour and we will not allow to happen any type of economic loss to the Institution knowingly, unknowingly, directly or indirectly. We are aware that it is one of the very important traditions of our Institution that neither sister-member nor employees take away wrongfully any money or material from the Institution. Those who take away money or materials wrongfully from the Institution are either beggars receiving alms from the bens or thugs and robbers extricating bread from a sister's mouth."

Each woman who joins is given a responsibility for kneading dough, packaging, quality testing or if they have a clean house and space they can work at home rolling papads. All production is carried out on a branch basis avoiding centralization as much as possible. The only processes which are centralized are the purchase of raw materials in Mumbai to ensure consistent supply and maintain LPs high quality USP and the grinding of flour. LP owns two grinding mills, one in Vashi (Navi Mumbai) and one in Nashik (in Maharashtra). Since the raw material is purchased in Mumbai, grinding the flour at LPs own mills helps reduce costs. Pricing of the products is also done at the head office. Lijjat papads all over India cost Rs 16.25 a kg. This price factors in the cost of raw materials, transport, taxes, distributors commission, profit percentage etc.

Every morning a group of women goes to the Lijjat branch to knead dough, which is then collected by other women who roll it into papads. When these women come in to collect the dough, they also give in the previous day's production, which is tested for quality.

Packed papads are sealed into a box (each box holds 13.6 kg) and the production from each centre is transported to the depot for that area. Mumbai alone has sixteen branches and six depots. Each depot stocks production from the nearby three to four branches -- roughly about 400 boxes.

In some smaller towns or villages, the branch itself serves as the depot. The depots are storage areas as well as pick up points for distributors.

Distributors pick up the quantity of papad they require and pay cash on delivery so that Lijjat Papad members can each be paid her share of vanai (rolling charge) every day based on the work she does.

Production levels are based on estimates of the quantity each distributor takes so as to ensure minimal stock inventory and therefore storage costs.

Lijjat Papad is not involved in how and where a distributor delivers as long as they stay within their marked area. Generally each distributor has his own three-wheeler and about eight to ten salesmen to deliver to retail outlets within his territory.

Distributors are selected based on responses to newspaper advertisements and then visits from the LP marketing division to their facilities. Distributors pay Rs 150,000 as deposit. New branches are opened when demand is identified in a particular area but goods reach areas whether or not there is a LP centre.

Communication with distributors is regular through monthly meetings where issues around quality, price, reach, etc. are discussed. LP does not use individual door-to-door salesmen or women selling from homes - only the appointed distributor for the area.

LP exports account for revenue of Rs 10 crore (Rs 100 million). They are not directly involved in the process though, instead meeting orders from recognized professional merchant exporters (who also export other food products). Production for export orders is only begun once a full advance cheque is received though daily production can also be used for export. LP responsibility ends with delivery. Exporters are, both, expected and encouraged to check the goods on collection. After that, where and how they export is their call. At present, 30 per cent to 35 per cent of the production of Lijjat Papad is being exported, mainly to countries like the United States, the United Kingdom, the Middle East, Singapore, Hong Kong and Holland.

LP has accountants in every branch and every centre to maintain daily accounts which are closed daily. Profit (or loss, if any) is shared equally among all the members of that branch based on the decision of a committee of 21 which manages all the affairs of the branch. Everyone gets an equal share of profit, irrespective of who does what work, irrespective of

seniority or responsibility, or length of membership. Supervisors look after the daily affairs of a centre but the work of the institution is such that each and every member can take any initiative and decisions are made by consensus with every member having veto power.

Mumbai has 12,000 female only members, the rest of Maharashtra has 22,000, and Gujarat has between 5,000 and 7,000 members. No male can become a member and no male employee whether working or honorary or on salary basis has voting rights.

LP discourages any kind of class distinction and does not declare itself as an organization for poor or needy women or countenance feelings of pity, sympathy or charity among members. Instead it understands the family, time, and social pressures women face and turns them into an advantage and not an excuse. For example papad rolling ideally suits women who are not encouraged to work outside their homes or are constrained by domestic chores but want or need to contribute to the family income while also saving LP the cost of investing in office property and paying overhead costs.

However LP is very strict on quality control. Any member becoming careless about quality is given a warning, then the option to take up any other work like packaging, testing, etc. and if she still displays a lack of concern for quality is asked to leave the organization. Out of one kg dough, 800 gm of rolled papad must be received (accounting for loss due to moisture, etc), otherwise pay is cut. Papads from all centres are testing centrally everyday and if any quality deviation is found, for example, if the salt is less or more, etc, that particular centre has to destroy the entire lot, even if amounts to a million rupees worth of production. However while it would make business sense to adopt modern technology for mass production or use machines for packaging, etc, LP has not done so because it would defeat its purpose of providing a source of livelihood and dignity to women through self-employment.

LP believes that by focusing on quality delivery at an affordable price they can ignore what competitors are doing. It also does not accept donation or charity of any kind, even if voluntarily offered, in order to retain independence and stimulate quick growth.

**Key success factors:**

- **Clear values of organization and insistence on those values being abided by**
- **Production levels clearly correlated with known demand**
- **Upfront payment removes risk of cash flow problems**
- **Acceptance of members personal limitations and roles allocated accordingly**
- **Insistence on quality control**

**5.1.3 India: Titan Watches**



Titan Industries, a leading watch and instrument manufacturer, and member of the Tata Group has contributed to sustainable enterprise and employment for women and to its own sustainable business through its work in MEADOWS, Management of Enterprise and Development of Women, in Dharmapuri, India. Dharmapuri is known for high levels of poverty and female infanticide. MEADOWS was formed following a partnership of Titan with MYRADA, an NGO for social causes, to address the problem of women's lack of empowerment. It initially provided chapattis for the Titan factory workers at nearby Hosur, but it now constitutes a privately owned company dedicated to making bracelets for watches, which it sells to Titan. The company currently employs 200 women, has three women directors and shares profits among employees whilst building up a fund of reserves. Titan has not only enhanced its reputation in the region and extended its relationships in the NGO sector but it has also contributed to the creation of a more sustainable supply chain for its own purposes. The company has also been involved in a similar project with the 'differently abled'.

**Key success factors:**

- **Clear benefit to the company in obtaining a sustainable supply chain and creative and social USP**
- **Formation of strong relationship between Titan and NGO sector**

**5.1.4 India: Meerut Seva Samaj**

Meerut Seva Samaj is a village cooperative which makes beaded jewellery such as belts, bracelets, necklaces and hair decorations. Women who join the cooperative begin saving as part of the co-operative and buy their way into the business. Market linkages have been made by a field animator accompanied by a member of the cooperative visiting small shops in Delhi with product samples to obtain orders. Orders obtained are distributed amongst the families of the cooperative members. Within two years of beginning the cooperative approximately 200 women and supplementing their incomes by approximately Rs. 1,000-2,000 per month.

The programme has been duplicated in neighbouring villages and has also received Indian government financial support. Other businesses that have been developed in surrounding villages include textile weaving, textile and bangle decoration, handicrafts such as wedding chunis (which are in high demand) and bee farming.

Bee farming demands larger initial savings from the villagers and loans of up to 2 Laks (US\$4,500) since there is extensive equipment that needs to be bought and land needs to be owned or leased. One bee box costs Rs1,500 (US\$33) for materials (box, sugar, wood frames). However one box can provide 60 kg honey and usually lasts for five years of operation. In the case of bee farming a Bee Society collects the honey and honey comb from the villagers' honey boxes and then sells it for the villager, thus providing marketing and distribution assistance in the same way as the cooperative does for jewellery making.

**Key success factor:**

- **Centralisation of the market linkage function means that production is closely correlated to demand**

### 5.1.5 India: Okhai



Okhai, which means ‘from Okhamandal’, is a Tata Chemicals Society Rural Development (TCSRSD) created handicrafts brand which leverages the local, traditional handicraft skills inherent to the women from the Ahir, Rabari and Charan tribes and Lohana and Harijan communities such as mirror work, patchwork, embroidery and appliqué work to supplement women’s’ livelihoods.

The project began in 2002 in Okhamandal village in the Gujarat, with the target of helping 200 women in the first leg. By 2008 there were 450 women working under the Okhai label earning average incomes of between Rs. 200 and 3000 a month which are used primarily to supplement their husbands’ incomes or to fund their children’s education. Rs. 24 lakh worth of Okhai material was sold in 2007 through exhibitions in Delhi, Mumbai, Pune and Ahmedabad and the organization was at breakeven point by 2008.

TCSRSD estimates that they have invested approximately Rs. 50 lakh in training for the members of Okhai in design, marketing and other business skills. They have organized design training at the National Institute of Design and have given guidance as to colour coordination as a lot of traditional colour schemes are too loud to appeal to the metropolitan market though traditional motifs and cuts are retained.

The project began with the formation of SHGs wherein women paid and continue to pay an annual fee of Rs. 25 to become a member. Every woman who joins the SHG goes through a screening process and takes a skill-based patch test. Based on the grades they get in the test, the requisite training is given to them.

Okhai products are sold through a handicrafts centre at Mithapur run by Sasha, a fair-trade brand, the handicrafts emporium in Kolkata, the Neemrana Shop in New Delhi as well as in a shop in Tata Chemicals' own guest house. Okhai also hold sale-cum exhibitions in corporate offices such as those of Tata Technologies, TCS and Tech Mahindra from time to time to promote the brand.

Okhai also inaugurated its own 350 ft women's wear and home furnishings outlet on 4<sup>th</sup> July, 2008 in Ahmedabad in the presence of Honorable Shri. Saurabhbhai Patel, Minister of State for Finance, Energy, Industry and Petrochemicals. The outlet had a sales target of Rs. 50 lakh for the first year. It is intended to be a pilot and to be followed by roll outs in other cities, production to potentially be expanded beyond Gujarat state and Okhai to become a self-sufficient business.

Focus areas of quality, finish and timelines have been identified by TCSR with training on improving finishing and cuts being organized with NIFT and training workshops also being carried out on teamwork, quality issues, marketing basics and costing parameters with the aim of giving women practical business know how. At the first workshop, a half day mini market was organized and enterprising women sold not only handicrafts, fruits and vegetables but even the rotlas they had brought for lunch!

Investments in industrial stitching machinery have been planned which would be set up in sheds in villages and could be shared by multiple groups.

Managing and tracking all completed work is facilitated using a system called the Milk Route. Just as the milkman drops bottles of milk and collects the empty bottles from the homes, a van drives into the village, drops new work and collects completed work at the Okhai artisans' doorsteps. Only finishing, tailoring and quality testing is done at the Tata unit.

The details of the new and completed work by each woman are entered onto a card with a code number of every woman by a literate member of the group or village who has been trained in book keeping. This system helps in the decision as to each woman's share in the profits when they are earned.

Okhai's success depends on highly motivated members such as Laxmi Ben who speaks fluent Hindi and travels to other parts of India for Okhai related work. She has been associated with the project for 7 years. As master trainer she trains all the women who join Okhai. She also does most of the design cutting, cutting out up to ten different designs a day.

NB. Parichay, the initiative started by XLRI students in collaboration within TSRDS could potentially mirror Okhai's success.

**Key success factors:**

- **Training and guidance as to consumer tastes to make traditional designs appealing to a mass market**
- **Partnerships with Tata organizations, Sasha and NIFT**

**5.1.6 India: MASUTA Producers' Company Ltd**

MASUTA Producers' Company Ltd. Is a tasar yarn producers' company promoted by Pradan to provide marketing, procurement and overall development support to producer institutions. A senior professional from Pradan was charged with acting as the Company's chief executive. It is owned by producer institutions. It has set up two interesting initiatives, one a Joint Venture company with an entrepreneur to market tasar yarn based fabric and the other an arrangement with the Jharkhand Government owned company, Jharcraft, to procure and supply cocoons to tasar reelers and spinners.

MASUTA is now the largest player in the indigenous tasar yarn market in India. A vastly improved motorized tasar reeling machine has been developed by a couple of interns from the Delft University of Technology in the Netherlands and is ready for commercial fabrication. It has the potential to greatly enhance yarn production efficiency and will significantly increase reeler incomes. MASUTA is currently in the process of mobilising finances to fabricate and promote it on a large scale.

### Key success factors:

- Partnerships with Delft, Jharcraft and entrepreneur to ensure market and technological growth.

#### 5.1.7 Peru: WAYRA



Mercedes Benavides, a member of an important Peruvian gold mining clan established Wayra in March, 2003 as a company dedicated to providing mining financial assistance. In July of that year the company's destination changed forever. Mercedes' son was a student and as part of his studies was sent to work in one of the Benavides' family's gold mines, the Julcani mine in the highland area of Huancavelica. While there he realized that the mine was already coming to the end of its profitability and that when the mine left that the situation of the local communities, already the poorest in Peru, would be desperate. He called his mother saying 'Mom, do something, women and young men are desperate because the mine is closing and they will not have jobs'. Due to his insistence Mercedes sent a textiles specialist from a Lima university to evaluate the main skills of the people in the area. The specialist's conclusion was that the women had weaving skills but that their lifestyle, constantly having to be out tending to their animals and families, meant they only had short periods of time to weave and could only produce what they could easily carry. Therefore it was decided that perhaps the women could earn some extra income from making small items such as woven Christmas tree ornaments and so Wayra began. However quickly the demand for such seasonal items dried up and so following the same principle of making small items they moved into making baby's clothes and then as that demand proved insufficient looked for other items to produce.

There are 2 particularly interesting aspects of the story. The first is that initially Mercedes' thought that the way Wayra could function would be to provide a decent living income to a small group of perhaps 50 women. However when they called an initial meeting with the local women to discuss the project and how it would work the women made it clear that they would prefer that a greater number benefitted even to a lesser amount as they did not want to make what people in Lima might consider a living wage but rather preferred just to supplement their incomes enough to give their children a slightly better life, feeding them better and sending them to school. Therefore the business model was changed to be that a large number of women would work part time to supplement their income by \$20-\$30 a month. Just this small increase in income has seen a rise in literacy and nutritional levels throughout the area.

A second interesting aspect was that Mercedes' was always determined that if Wayra were to succeed it needed to be run as a business, with no aspect of charity, and therefore quality had to be maintained and production deadlines met. Initially this proved challenging due to the cultural norms of the women (Peruvian time!); the necessarily part time nature of the work; and a local attitude bred by the long history of top down philanthropy from the mine that there was an obligation for the mine, and by extension Wayra and Mercedes to look after them. To combat this, instilling a sense of urgency and competition and ensuring that deadlines would be met and also to diversify the type of products that could be produced Wayra therefore opened a workshop in Lima using industrial looms and machinery so that if the women in Huancavelica could not or did not fill orders they knew that this would result in lost work and income and not that they could just deliver sub quality items late.

Today 6 years later they are a manufacturer of high quality home weaved and knitted homeware accessories using Peruvian natural materials, exporting to the US, Germany, the UK and many other countries and their clients include Ralph Lauren. Weaved products use hand or industrialized looms and knitted products are hand made by Peruvian artisans or on industrial machinery.

Weaving is an ancient Peruvian tradition dating back to 5800 B.C. and the skills have been passed from generation to generation and so Wayra has allowed the women to keep their traditions alive and to convert their native fibers into a high quality raw material while also allowing them to improve their standard of living and ensure their children a future.

Working with Wayra has given the women an additional source of income but more importantly it has changed the mentality of the zone. The highlands area of Peru is renowned for the difficult situation of women, who have no land rights, are often mentally and physically abused by alcoholic husbands. A local phrase sums up women's disenfranchisement and mentality: 'Lo mas que me pegas, lo mas que te amo' (the more that you hit me, the more that I love you'. The work of Wayra has helped to revalue the position of women and their importance in the progress of their families.

**Key success factors:**

- **Focus on professional standards as a private business and enforcing these through internal competition**
- **Designing business based on the reality of the artisans which was a transitory lifestyle and desire only to work limited hours**

**5.1.8. Nicaragua: ProArte**

ProArte is a for profit trading company exporting products from low income Nicaraguan artisans. It was started as a side business from a group within a local MFI who saw the business potential in the local products. Since 1994 it has grown into a viable business exporting to value of \$200,000 per year, two thirds of which goes back to the artisans. ProArte's managers believe that the key to their having succeeded where others failed was branding themselves as a private sector for profit business right from the beginning as this allowed them to access major buyers who would purchase in large quantities.

They also worked with non for profit organisations for training on quality but were ruthless in dropping artisans who didn't meet quality expectations.

**Key success factor:**

- **Branding and positioning as a private sector for profit business allowing access to major buyers who would purchase in large quantities**

**5.1.9 Peru: CARE International**



CARE International run programmes, often in partnership with companies and government to assist communities by identifying market opportunities and then assisting communities in developing their skills in order to exploit those opportunities. One example of this is their facilitation of a strategic alliance between private enterprises and impoverished artichoke producers in Peru. In this programme CARE economists researched market gaps for agricultural products that could be produced in the Peruvian highlands. They then worked in collaboration with large commercial private enterprises with plantations in the highlands to develop those agricultural products and trial them in those markets. Once channels to market had been established and the markets shown to be viable and so the risk of failure reduced, the private enterprises and CARE worked with smaller producers to also start producing the same products giving them an opportunity to increase their income and diversify their crop portfolio. This simultaneously benefitted the private enterprises who were able to demonstrate their commitment to local communities, particularly important in South America where leftist swings mean that there is always a risk of nationalisation of private enterprises, while also increasing Peruvian exports to other markets and therefore increasing awareness of the 'Peru brand' which also served their own business interests.

**Key success factors:**

- **Identification of market before beginning production**
- **Partnership with large agro producers to minimize risk to producers**

**5.1.10 Honduras: Certec (*Centro de Recursos y Tecnologia*)**

Certec works with associations of textile businesses, shoemakers and leatherworkers, metal shops, furniture manufacturers, small agricultural producers, and packagers to improve their performance. Groups of 10-30 businesses have joined together to purchase supplies in bulk, attend trade fairs, identify new markets and purchase technical assistance and training through the programme.

**Key success factor:**

- **Economies of scale created through collaboration**

**5.1.11 Brazil: Sebrae (*Brazilian agency for support services to small enterprise*)**

Ceara acted as technical assistance provider for a government procurement programme where orders were placed with an association of small furniture manufacturers. The association provided a group 'quality guarantee' i.e. any product which was returned to the association as deficient would be replaced free of charge.

**Key success factor:**

- **Group accountability for quality**

## ***5.2 Key takeouts for TSRDS to consider***

- Markets for products should be clearly identified which SHGs may be suited to fulfilling and be scalable
- Supplementary income sources aside from the primary business should be identified
- Existing resources and infrastructure should be used wherever possible to minimize start up costs and risk to SHGs
- Clear values should be established for organizations and be insisted upon
- Members personal situations should be turned to advantage as increases loyalty to enterprises
- Quality control should be closely monitored
- Benefits to Tata Steel should be clearly identified to increase likelihood of funding and technical and other support
- Non corporate NGO partnerships should be formed wherever possible to reduce TSRDS workload and leverage different NGOs skills and experience
- Partnerships with Universities and technical companies should be sought to provide technical innovation
- Partnerships with other companies who are not direct Tata competitors or are business partners e.g. Tata Steel suppliers should be sought to reduce TSRDS burden
- Economies of scale should be actively sought e.g. market linkage function ; negotiations with suppliers and purchase in bulk, attendance and participation in trade fairs, identification of new markets (commissioning market surveys) and jointly purchasing technical assistance and training
- Enterprises should be positioned and run as private for profit organizations with group and individual accountability for quality and internal competition if useful

### ***5.3 : Potential partnerships***

In addition to researching specific examples of successful case studies of businesses established by and with rural community members I also researched organizations that could prove useful to TSRDS in their SHG and income generation activities and technological initiatives that could be worth considering.

#### ***5.3.1 Sasha and the Enterprise Development Foundation***



Sasha (Sarba Shanti Ayog) was started in 1978, primarily to provide marketing assistance to crafts persons all over India. Design and development of products and organization is another key activity. 30 years later, Sasha works with more than 150 producer groups and communities to provide them with marketing, product research, design and development, producer awareness, communications, networking and participation.

In order to use all the experience it has gained so far, Sasha has promoted the Enterprise Development Foundation to formalize the work it has been doing so far, and to provide a more structured platform and support system for entrepreneurial initiatives at the grassroots.

**Vision:** Sustain more and more business enterprises to eliminate conditions of poverty and unemployment through economic empowerment and improvement in quality of life of the marginalized and disadvantaged group of artisans and craftsman so as to improve indicators of social development through fair trade practices and social empowerment.

**Mission:** To enable, motivate, equip, and train participants to become entrepreneurs, to own and run successful, profitable, and sustainable enterprises through special assistance and mentoring in business development,

management, theoretical and practical inputs from experts and professionals across varied sectors to develop micro enterprises for generation of income and employment opportunities and promote sustainable livelihood options.

**The broad objectives of the EDF are:**

- To incubate new and innovate business ideas
- To prepare business plans for viable commercial enterprises
- To identify potential and skills of artisans and craftsmen involved in traditional art and craft
- Identification of needs and capacity building
- To offer technical training and development in management and life skills
- To set standards for the best business practices including Total Quality Control Management
- To provide design and product development inputs
- To develop and facilitate communication between the market and producers, between stakeholders and development professionals and experts across varied fields.
- To identify market strategies
- To individualize agenda for enterprises to envision their future
- To provide step by step assistance from planning till launching of products
- To integrate trading practices into the producers' and venture's way of doing business
- To leverage benefits offered by Fair Trade Network
- To interact with members of Fair Trade Organizations and Buyers of Fair Trade products and Services
- To provide a platform to producers to move a step ahead from livelihood production to skilled and trained enterprise development.

Both Okhai and Parichay are working with Sasha.



### 5.3.2 SKS Microfinance smart cards



In the Indian hinterland, where there are few landlines, let alone ATMs, SKS Microfinance is starting **to** dispense loans, typically \$116, on smart cards, which its loan officers had been using to record repayments electronically. Visa International is now pairing SKS with cell phone based card readers. The cash-free system is more efficient and safer. SKS keeps its default rate below 2% by using software that provides real-time data.

### 5.3.3 mKrishi



mKrishi is a mobile agro advisory system of Tata Consultancy Services, an innovation that allows farmers to send queries to agricultural experts in their local languages through a mobile and receive personalised advice or relevant information in the local language. It also helps literacy-challenged farmers by allowing them to send queries and receive advice and information as 'voice SMS.'

TCS Mobile Agro Advisory System has evolved from the efforts of TCS Innovation Labs-Mumbai, which researches into sensor as well as speech recognition and mKrishi integrates sensors, solar power, CDMA modem and CDMA network, GPS, handset with camera, binary runtime environment for wireless to develop multiple applications on the handset,

client software (on mobile phone), expert console software, and an engine to assist in displaying mobile screens in Indian languages. Through mKrishi, farmers can send their queries to a remote expert by their mobile CDMA handsets. Along with their queries, they can also send a photograph of the crop through a camera phone. The information related to crop, soil and micro-environment, gathered by sensors, is sent to experts through an automatic weather station using the cellular network. Farmers receive responses to their queries through the same channel.

According to K. Ananth Krishnan, vice-president and chief technology officer, TCS, personalised information and advice are given after farmers submit the soil nutrient and farming pattern data. The application of fertilizer and pesticide is uploaded through a handset application. Thus, the expert has access to the information such as soil, crop, farming practice and so on.

The project is being implemented in close cooperation with various eco-partners such as Tata Teleservices, M.S. Swaminathan Foundation, Tata Chemicals & Rallies, National Centre of Grapes, Cotton Research Centre and (National Commodities and Derivatives Exchange Limited) NCDEX.

The company is planning a commercial roll-out model, and trying to scale the model to other developing countries. An IP has been generated and TCS has received a provisional patent in India; mKrishi has also been trademarked. TCS plans to scale this model through local franchisee operations which will provide rural youth trained in agriculture a chance to generate income in their hometowns.

### 5.3.4 Google AppLab



AppLab gives millions of phone users in Uganda access the opportunity to send a text message asking for information on a number of subjects, with the answers returned by SMS in a manner not dissimilar to a web search.

Users can use AppLab to request health advice – including information on HIV, Aids or other illnesses – or find nearby health clinics or medical services. Farmers, meanwhile, are offered a selection of useful data including weather forecasts and agricultural tips.

Another part of the system allows Ugandan users to list items for sale or find things to buy from local merchants, enabling them to trade more effectively in their communities.

The scheme has been orchestrated by the Grameen Foundation and Google is providing SMS search technology, while the service is underpinned by MTN, the mobile phone operator headquartered in South Africa.

About a third of the Ugandan population have handsets but the number of phone users is actually much higher because handsets are often shared between family members or owned by so-called village phone operators. These local merchants rent out mobile phones as a replacement for phone kiosks – allowing individuals without their own handset to use phone services and contact relatives for a small fee. Although pilot programmes suggest that the system will be largely used by those who own handsets, experts suggested that these village entrepreneurs will be a significant factor in driving up use.

In addition to information, the mobile has also become a banking tool in many remote areas. Phone credits are often used as a replacement for cash, and the ability to send and receive credit by phone has become a flexible replacement for traditional banking in a country such as Uganda, where just one in 10 citizens has their own bank account.

All the groups involved say they hope to roll out the system in other countries across Africa, and other parts of the world, if it proves successful.

### ***5.3.5 Standard Chartered Bank leadership programme / Three Hands***

Three Hands is a UK based for profit organization which aims to offer leadership training through projects working for nonprofit organizations. They have recently worked with Standard Chartered Bank to set up and manage a five day Reward Volunteering Programme in Delhi for six of their employees. The employees, from Hong Kong, New York, Falkland Islands, Jordan, Uganda and Australia were chosen to take part because of their excellent performance both at work and within their local communities. Standard Chartered focus their community work on HIV and Aids, the environment, visual impairment and empowering women and so the team worked with two NGOs, Naz India and the Venu Eye Institute, who encompass three of these themes.

Naz provides a care home for children born with HIV, a care at home service for families with HIV and AIDS, a support group for gay men and participates in GOAL, a programme set up by Standard Chartered to encourage and empower girls in schools and villages by playing netball. The group visited all these projects and worked with the charity's management to suggest improvements to their standard operating procedures.

Venu runs eye hospitals and clinics in northern India and participates in Standard Chartered's Seeing is Believing programme. The group spent a day visiting a hospital on the outskirts of Delhi and engaging with young people with visual impairments who were taking part in an education programme run by Venu.

Three Hands is very open to working with other organizations in India.

### **5.3.6 Trestle Group Foundation**

Trestle Group Foundation is a European NGO which was developed by a team of entrepreneurs and international business professionals. It aims to create and expand sustainable economic opportunities in developing countries by removing barriers and providing direct support to emerging entrepreneurs. The Trestle Group directly connects developing global entrepreneurs with 3 to 5 years experience with established business professionals who provide knowledge, experience, networks and resources.

NB. Tata Chemicals management trainees apparently spend 2 months in rural development as part of their training.

### **5.3.7 Kiva.org**

After spending time in East Africa in 2004 and observing the issues around microfinance, Matt and Jessica Flannery had the idea of using the internet to facilitate cheaper access to microfinance. In autumn 2005 they launched [www.kiva.org](http://www.kiva.org), the world's first not for profit person to person internet based micro financing service. Kiva empowers loan recipients by allowing them to tell their own stories of why they need a micro loan and offers lenders a transparent opportunity to assist entrepreneurs they feel a personal affinity with.

100% of loans made by Kiva users are passed on interest free to developing world entrepreneurs using PayPal which does not charge for payment processing. Kiva's loan recipients are selected by, and their loans processed through, MFI's who assist them in posting their projects directly on to [www.kiva.org](http://www.kiva.org). Kiva's original MFI partner was the Village Enterprise Fund [www.villageef.org](http://www.villageef.org). This has the downside that loan recipients are still paying interest to the MFI's. However Kiva monitors the MFI's charges to ensure that they are not as exorbitantly high as those often charged by non Kiva affiliated MFI's with the average Kiva loan recipient paying 21% interest. Kiva itself is currently financially self-

sufficient based on charging a 10% optional additional fee to all lenders to cover administrative costs. In addition Kiva benefits from grants, angel investment and corporate sponsorship to allow growth and infrastructure improvements.

Kiva offers their lenders an upfront risk assessment with full information as to risk ratings and repayment track records on the website and lenders are offered regular loan updates. Loan defaults as of Mar. 2008 were at 0.14%.

Once a Kiva entrepreneur has posted their project to the website they have 30 days for lenders to cover the full cost of the amount requested before the project is removed and any raised amounts returned to lenders. Lenders are limited to making a \$25 loan per entrepreneur in order to offer opportunities to as many lenders as possible.

Kiva entrepreneurs are able to set their own repayment rate of between 6 months and 3 years and lenders are repaid in 'liquid payments' as the entrepreneurs repay their loans. Kiva bills MFI's on a monthly net billing basis. Lenders have a Kiva account and once repaid are given the option of reloading their balance to another entrepreneur or withdrawing it. Currently 90% of lenders reinvest their funds almost immediately.

In addition to their basic business model Kiva offers gift certificates; group lending and has launched the Kiva B4B Project with entrepreneurs being given the option of loaning to other entrepreneurs and of taking out a Kiva credit card issued by Advanta who match any loans made using their card.

Global Giving and Progreso Financiero are already offering a similar online loaning service to Kiva. Commercial sites such as zopa.com and prosper.com offer person to person diversified loans with a return of anything between 1 and 9% and a minimised default risk to investors. The profitable arm of eBay, Microplace.com is an online broker for microfinance securities, offering bonds with returns of up to 6% and while still relatively small with less than 5,000 investors its connection with eBay could permit rapid scaling. The launch of [www.matchsavings.org](http://www.matchsavings.org) in December 2008 offers users the option of matching the savings of people in developing countries.

## ***Section 6: Recommendations for TSRDS***

### ***6.1 Clarify mission and vision of TSRDS SHG team***

- Consider establishing TSRDS SHG objective statement
- Prioritise the SHG outcomes most important to TSRDS, align programme activities to them; identify partners (government, NGOs)
  - i) Does TSRDS want to focus on establishing large businesses themselves involving upwards of 250 SHG members as TCRDS has with Okhai?
    - If so does TSRDS want to use the Pragati brand as a business brand with the related reputational risks for Tata Steel and risk of business not becoming independent. Would it be better to develop a new separate brand or utilize the existing Parichay brand?
    - If so where would the seed funding for this business come from?
  - ii) Does TSRDS want to act as purely a facilitator establishing linkages between SHGs and other organizations – either market focused NGOs such as Care, Kalamandir or Sasha or trading companies such as Parichay - and providing training or monitoring only?
  - iii) Does TSRDS want to focus only on supporting SHG members to pursue their own individual businesses within their local communities and augment their family incomes?
    - If so does TSRDS want to promote the use of the Pragati brand on SHG products and in what context: ‘Supported by Pragati’, ‘Quality assured by Pragati’
- Consider the opportunities for TSRDS with specific reference to SHGs identified in the SWOT analysis and implement those that are feasible in light of resource constraints and programme priorities (e.g., if the establishment of more enterprises is important, then consider reducing the number of vocational trainings conducted and instead having trainers spend some time providing business counseling services with SHG members training each other in vocational skills)

### ***6.2 Streamline TSRDS SHG team administrative processes***

- Keep all electronic data collected in shared location or on a shared drive to ensure no administrative errors as data bank grows

- Keep hard copies of templates of all documentation in one place (see Appendix)
- Keep a master list of cellphone numbers for all field animators and SHG group members which all team members can access and update

### ***6.3 Increase TSRDS and SHGs market awareness and linkages***

- Commission independent market research into opportunities in Jharkland
- Partnerships with NGO's such as Care and Kalamandir to carry out market research and linkages
- Partnerships with Tata e.g. Tata guest houses, corporate gifting, procurement for functional products e.g. catering for canteens, bamboo matting for mines in Jamadoba
- Partnerships with wholesale buyers such as SASHA Association for Craft Buyers / Enterprise Development Foundation, 10,000 villages, Worldstock.com
- Partnerships with Universities for potential entrepreneurs to develop businesses in conjunction with SHGs e.g. XLRI, Indian Institute of Management Calcutta (IIMC) which has set up a Center of Entrepreneurship and Innovation to spearhead activities to promote, train and incubate entrepreneurial ventures.
  - Presentations could be held demonstrating success stories of social enterprises opportunities e.g. WAYRA and Parichay.
  - Incentives could be given such as Ashoka Social Entrepreneurship fellowships
- Partnerships with training agencies e.g. Dhriiti
- Increase SHG participation in trade fairs, perhaps with a Pragati SHG stand
- Partnership with communication focused NGOs e.g. BBC World Service Trust
- Form relationships with multinational vendors e.g. Hindustan Unilever to sponsor e.g. Gram Shee Mela or training sessions. Gives multinationals access to potential salespeople and to raise awareness of their products.

- Clear guidelines should be established for partnerships with other organisations e.g.NGOs assuring use of Pragati logo in all publicity and mention in all PR

#### ***6.4 Utilise modern technology***

- Develop mobile applications based on mKrishi / AppLab or digital video based on Digital Green to disseminate advice and information on markets, etc. through mobiles or films
- Promote radio and television programmes with micro business themes e.g. Drama about family of micro entrepreneurs potentially with inserts of real life entrepreneurs similar to the Antara model
- Film stories of successful micro entrepreneurs to be shown at cluster meetings or Pipla / Kolabera centres or Clubs e.g. Officers club in Jamadoba. This could be a Tata wide initiative.

#### ***6.5 Participate in / create forums for shared experiences***

- Awards for micro entrepreneurship initiatives e.g. Citibank Micro Entrepreneurship Annual Awards
- Trade associations e.g. Federation of Indian Export Organizations, Kolkata; National Entrepreneurship Network (A Wadhvani Foundation Initiative)
- Indian partners of Business in the Community: British Business Group, Mumbai and Business and Community Foundation, New Delhi
- HP Microenterprise Programme recipients: Association of Women Entrepreneurs of Karnataka (AWAKE); Self Employed Women's Association (SEWA); Xavier Institute of Management and Entrepreneurship (XIME); Entrepreneurship Development Institute of India (EDI)
- Link SHGs with government federations and lobby for role in all coordination and for the Federations to focus on: providing quality guarantees; market linkage advice and training; negotiate with suppliers jointly; joint investments in equipment

## **6.6 Create brands**

- ‘Supported by Pragati’ as guarantee of quality
- Create new independent brand if TSRDS has larger aspirations (discussed above)

## **6.7 Improve financial access / security**

- Facilitate SHGs access to range of credit, savings e.g. Smart cards / kiva.org/ mPesa
- Insurance e.g. Indian health insurance scheme for the poor (recently introduced)

## **6.8 Training**

- Give basic business training to all SHG members at Level 3 (2 day course) (See Appendix 1.3.4)
- Organise comprehensive business training for most motivated SHG members / field animators (35-48 hours)

This initiative is already underway with Dhriiti, a Delhi based training NGO who are preparing a pilot 48 hour training scheme to execute with 25 TSRDS SHG Level 4 members and who appear extremely professional and motivated.

Should the initiative with Dhriiti prove not feasible or TSRDS would like to pilot other additional models there are 3 other potential models which could be followed:

### **1) Curriculum designed by the International Centre for Entrepreneurship and Career Development (ICECD) in Ahmedabad, Gujarat.**

ICECD’s curriculum includes sessions on product selection, market research, marketing management, financial management, and accounting. Students are taught through interactive lectures and games and are given opportunities for practical experience through field visits. The ICECD course is designed to be delivered over 35 half-day sessions; however, it can be condensed to 10 full-day sessions (Pathak & Shah, 1993).

Workbooks are provided but are not essential for participation. If there are any activities that involve writing, teaching assistants sit with illiterate students and take dictation.

The ICECD curriculum also includes a sub-module on Achievement Motivation. The purpose of Achievement Motivation training is to build student confidence and motivate them to work toward a goal. In this training, students are encouraged to set high goals and to imagine what success would be like. They are trained to give and receive constructive feedback, to ask for help when it is needed, and to express themselves with confidence and clarity.

## **2) Reach curriculum**

Reach has developed a unique methodology for SHGs on dialogue-based education called *Learning Conversations* that systematically trains field workers of SHPIs by a network of six Reach Service Centers.

The current list of training topics include: Rural employment, Malaria, HIV/AIDS, Learning games for girls (health and financial education), Plan for a better business, Social performance management and Self-help group strengthening. *Reach India's* delivery of dialogue education addresses the causes and effects of chronic hunger, particularly poor health and lack of income.

### **Planning for Better Business Training**

A good plan is an important tool for poor women to improve their businesses. It increases their chances of being able to pay for better food, children's education and health care for their families. This training helps poor women to

- Improve their business planning practices, start or grow their businesses
- Manage unexpected challenges, &
- Take advantage of new opportunities to make their businesses better.

These trainings would be imparted by the service center in Ranchi

- 2 Trainers from Reach India Ranchi Service Center
- Training facilitation & training materials

**Duration:** 11 days (plus 3 days preparation)

**TSRDS would need to provide:**

- Training venue
- Photocopy of training materials
- Food for the participants & accommodation & food for Reach trainers

**Training cost:**

- Rs 1,200/-per participant per training
- Rs. 24,000 for training of 20 persons per training x 3 trainings = Rs. 72,000/-
- This includes the cost of 2 Reach Trainers for 11 days of training delivery & 3 days of training preparations.

**Expected Outcome**

The training on Plan for Better Business helps women to improve their business planning practices, manage their business and take advantage of new opportunities.

The 20 SHG leaders will be able to train 5 more groups of SHGs respectively after their training. Assuming each SHG group will have 12-14 members on an average each SHG leader will be able to train nearly 60 women. Thus 20 SHG leaders will be able to cover 1200 women. The initial investment for training of 20 SHG leaders will ultimately lead to training of at least 1200 women at the cost of Rs 60/- per person.

SHG leaders delivering the LGG module to their groups can also invite their daughter/daughter in laws to the sessions and thereby enhance the impact of the training.

### **3) Kalamandir trainers**

Kalamandir carries out a 3 stage training programme after 6-9 months of group activities for all the artisans they work with:

- 1) Skills development: 3 months
- 2) Design development: 20 days
- 3) Micro Enterprises: 15 days (if their skills are sufficiently developed this training can be carried out straight away)

Kalamandir does not necessarily specify that artisans have to be part of a group – the only requirement is that they have the necessary skills to produce high quality products which meet their market

Training partners: Government and the National Institute of Design, Ahmedabad

Kalamandir does not charge trainees to participate in the course

## **6.9 TSRDS Staffing**

My main impression of the TSRDS staff team is that while they all have particular skills and a high level of general knowledge of development issues their responsibilities are too diverse and this is decreasing their efficiency and motivation.

### ***Current skills in team***

#### **Manju Thakur:**

Good administration of processes / collating information

Extensive knowledge of different methodologies for SHGs / education

Event organization skills and experience

#### **Rukhmini Purty**

Excellent relationships with communities and field animators

High training and motivational skills and knowledge of SHG theory

#### **Nimai / Ashok**

Excellent relationships with communities and field animators

Excellent motivators of communities

### ***Skills currently missing in team***

- Experience of making marketing linkages
- Business skills training experience

### ***Staffing recommendations:***

- Rukhmini to be given responsibility for:
  - SHG formation and supervision at Levels 1 and 2;
  - Training and motivation of field animators;
  - Vocational training coordination, monitoring and feedback for all groups
    - Visit to other Tata NGOs to meet with other officers with same responsibilities could be beneficial
- Manju to be given responsibility for:
  - Strategy for SHG micro business formation and monitoring of EDP processes at Levels 3 and 4
    - Visit to other Tata NGOs e.g. TCSR to meet officers fulfilling this role could be beneficial
- Ashok / Nimai to be given responsibility for:
  - Attendance at cluster meetings;
  - Line management and supervision of field animators
- 2 additional staff members for SHGs to be considered:
  - 1) Outreach person to coordinate participation in trade fairs; initial contact with outlets and buyers and facilitate their linkages with field animators; conduct and train field animators in 2 day basic business skills training for all SHGs
    - This person should be someone with a high level of motivation; willingness to travel; ability to form relationships; ideally business negotiation experience

## 2) Administrator to input all data on SHGs into a central database

- This person should be someone who is detail oriented and conscientious but who wants steady work and fixed hours rather than a challenging or stimulating role
- Field animators to be incentivized with bonuses for number of groups who reach Level 4 (only achievable if monitoring by TSRDS improved to ensure statistics presented are real)
- Research resource shortages could be overcome using University / institute management trainees given very specific research projects
- Initiate projects with leading Tata employees from overseas e.g. Corus, Tata Consulting to come and work on specific projects following the Three Hands model and practice in Hong Kong
- Use and update best practise guidelines for SHG to reduce ramp up time for new employees / increase efficiency

## **Section 7: *Specific action plan for bamboo / jute SHG(s)***

Based on my analysis of how the group Mahila Vikas Kendra Samiti is currently working I have produced 2 specific action plans for TSRDS to work with them going forward:

### **Option 1: Maintain current structure but professionalize pricing / production:**

My impression from talking to the group was that their primary objective in working together was to spend time together undertaking a creative activity and making some additional income. However it did not appear to me that they had the option or even the desire of extending their working hours or changing their working structure apart from to increase the group by 3 additional members.

My suggested option therefore for this specific group would be that they continue working in their current format but professionalize their choice of the products they produce; set a minimum price for the products that cannot be gone below factoring in labour and a small branding cost and if that price is not achievable in the market to discontinue those products; and to set targets for how much they should produce and sell per month. I have outlined one possible set of pricings and production objectives which would allow the group to generate a net income after raw material purchase of Rs. 10,000 per month netting each group member Rs. 12,000 additional income per year.

I should stress various points however:

- This is only one option and the final decisions should be decided by the group who are aware of the demand for their different products.
- These prices are only minimum prices and based on the interview conducted with the group I would expect some products to be sold at significantly higher prices either increasing overall profit or providing a buffer for lower production or sales periods.
- This is a monthly model and as I would expect production to reduce significantly during the monsoon season (approximately 3 months) while the women are needing potentially to work in the fields and therefore production would need to be increased in the other 9 months of the year in order to achieve the average profit overall of Rs. 10,000 per month.
- The production targets below are based on total labour of 565 hours per month, or an average of 56.5 hours per group member. This works out at an average of just under 3 hours a day per member 20 days a month. In the interview the members stated that they work from 12-4 every day however I have reduced the average number

of hours from 4 to 3 to factor in the 80% attendance of women at the daily sessions and the fact that I assume the women are not working solidly during the 4 hour period as they often have their children with them and will also need time for training and preparing products for sale.

## Suggested business model

	Flower vase	Wall hanging	Office tray	Magazine box (large)	Magazine box (med)	Magazine box (small)	Incense stand/ Lamp
Raw materials	Rs.35	Rs.20	Rs.45	Rs.55	Rs.40	Rs.25	Rs.12
Labour (Rs. 18.75/hour)	Rs. 37.50	Rs. 37.50	Rs.75	Rs.75	Rs.75	Rs.75	Rs.47
Marketing	Rs.5	Rs.5	Rs.5	Rs.5	Rs.5	Rs.5	Rs.5
Min.retail price	Rs.80	Rs.65	Rs.125	Rs.135	Rs.120	Rs.105	Rs.65
No.produced	50	35	35	15	15	15	30
Hours worked	100	70	140	60	60	60	75
Total costs	Rs.2000	Rs.875	Rs.1750	Rs.900	Rs.675	Rs.450	Rs.510
Income	Rs.4000	Rs.2100	Rs.4200	Rs.1950	Rs.1725	Rs.1500	Rs.1800
Profit	Rs. 2000	Rs. 1225	Rs. 2450	Rs. 1050	Rs. 1050	Rs. 1050	Rs. 1290

If the group is to continue in this structure I would recommend that they consider an affiliation with Kalamandir which would reduce the strain on Shankar Mahato in terms of providing market linkages and allow him to focus more on training.

### Implications for TSRDS:

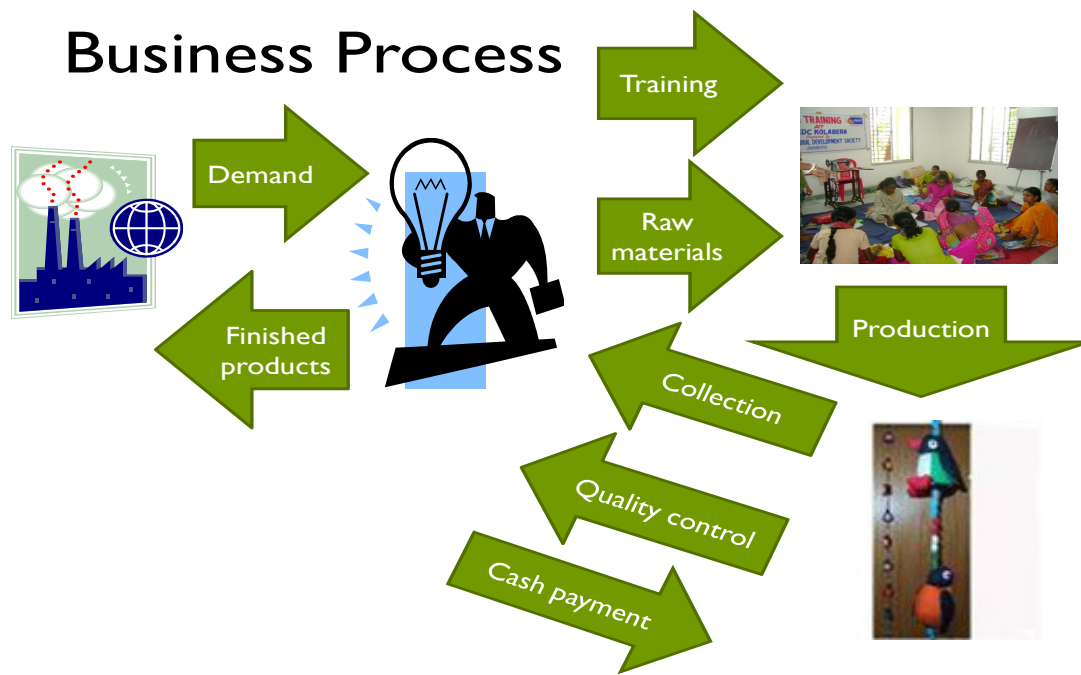
- **Basic additional business training required for group**
- **Providing linkage with Kalamandir and potentially looking to support Kalamandir to allow expansion**

### Option 2: Business expansion

If this group should wish to expand their business then I would recommend that they form a co-operative with at least 3-4 other groups who will have been trained to produce products to an equivalent standard.

In this case I would suggest the following structure:

# Business Process



Within this structure the key steps would be as follows:

- Demand for products should be ascertained and orders obtained before beginning production. This could be filled initially by Shankar Mahato but he should begin to include the most sales oriented women in this process so as to reduce the dependency only on him and increase their sales abilities.
  - A commission structure could be considered with the sales person receiving a commission of 5-10% on all products sold if this is the model that the group wants to pursue. In this model the distribution costs of products and of attending trade fairs should be factored into the commission.
  - Alternatively the Kalamandir model could be pursued where sales people are paid a daily rate for attending trade fairs e.g. of Rs. 100 irrelevant of the sales made.
- Raw materials of jute and bamboo should be procured by one person so as to allow greater negotiating leverage and distributed to the different groups in amounts that correlate with the orders that are given to them to deliver.
- Training should be given by experienced group members to other members when required in order to produce a new product or to increase the skills of new group members.

- Completed products should be collected on a monthly or fortnightly basis at the same time as raw materials and orders are distributed to minimize transport costs.
- Quality control should be carried out at the time of collection and if quality is met payment for the products to the groups minus the cost of the raw materials and of the fixed marketing cost provided should be immediate.
- Branding labels should be added on collection of the products from the groups.
- Payment from outlets on delivery of products should be immediate and in cash to minimize cash issues.

NB. The success of this model depends on central savings as well as individual groups' savings as funds will be needed to procure raw materials and to cover the costs of marketing and distribution such as participation in trade fairs.

#### **Implications for TSRDS:**

- **TSRDS would have to change its SHG strategy to be acting to actively promote independent demand based businesses through facilitating market linkages, distribution and quality control, not only for artisans products such as bamboo and just but more importantly given the current businesses in the TSRDS operating villages to provide support to agriculture based businesses.**
- **TSRDS would need to be involved for at least 3-4 years until businesses could become independent**
- **TSRDS would need to hire at least one additional staff member with business creation experience**

## ***Section 8. Areas for future investigation / development***

I faced various limitations to my work during my 7 week duration internship: the amount of time needed to adjust to India and to understand the internal processes of TSRDS; limitations in terms of field time due to the monsoon season, community guerrilla activity; volume of events being organized by the TSRDS during my 7 weeks limiting the availability of vehicles and staff to translate for me. I have therefore identified various areas for development which I did not have time to cover in great depth which could be assigned to future interns or alternatively to members of the TSRDS team.

- **Detailed business plan preparation for agricultural business to incorporate at least 200 women**
  - Investigation of market size
  - Investigation of competition
  - Detailed costings of staff, distribution, raw materials, branding, promotion
- **Research into sources of financing for micro businesses: credit options, savings options, insurance options**
- **Business plan for installing outlet in TISCO guest house for SHGs**
  - Design / construction
  - Permissions
  - Staffing
  - Demand

- **Impact assessment analysis for bookkeeping, vocational, business training courses**
  - Design of feedback forms post course
  - Design of impact analysis forms to be filled out 3 months and 6 months post training
- **Research into Awards ceremonies for micro entrepreneurship**
  - Criteria / costs to participate
  - Benefits of participation
  - Collate cases of past winners which are relevant to TSRDS SHGs
- **Research into trade fairs**
  - Costs and criteria for participating in trade fairs across India
  - Cost benefit analysis of different trade fairs
  - Recommendations as to improvements that could be made to Gram Shee Mela based on other trade fairs
- **Research potential NGO partners for TSRDS**
  - Prepare summaries of their ways of working
  - Recommend which practises TSRDS should consider adopting
  - Recommend synergies which could exist between TSRDS and other NGOs such as Kalamandir

- **Research into potential outlets**
  - Pricing analysis for sale prices of different products produced by SHGs to produce reference prices for groups
  - Design and carry out questionnaire as to products which sell best in existing outlets
- **Market research for products**
  - Research into artisans products being sold in other areas of India which could be prepared in Jharkland
  - Interviews with different Tata procurement departments across entire TSRDS catchment area into products that could be produced by SHGs
- **Research and establish contact with multinationals who could be potential sponsors for events / provide employment opportunities for village women as salespeople**
- **Volunteer programme**
  - Research programmes such as Three Hands and Trestle Group and benefits to TSRDS
  - Establish contact with organisations
- **Media programme**
  - Research media possibilities such as TV dramas, radio programmes and contact production companies
  - Film case studies for display to SHGs in clubs, block meetings
- **Branding for products**
  - Design brands and packaging for SHGs

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# APPENDIX

## ***Appendix 1: TSRDS Data Collection***

### ***1.1. Data Collected and documents maintained by TSRDS currently***

In the last year TSRDS has undertaken various measures to implement profiling and tracking of SHGs.

Documentation currently includes:

#### **1.1.1 Tracking document by village, block and SHG on a quarterly basis:**

- Date of group formation
- Bank account no.
- No. of members
- Subscription (saving) per month per member
- Total savings to date
- Revolving fund / high volume loans taken out
- Loan repayments
- Loan distribution
- Other expenditure
- Cash in hand
- Cash in bank
- Group grade
- Enterprises group members are involved in

#### **1.1.2 Timeline, budget and individual team responsibilities for all activities across the year**

- Training / workshops
- Weekly, monthly and quarterly review meetings with groups
- Bank linkages

- Market linkage programme
  - Branding SHGs
- 
- The type of business;
  - Monthly income at 6 months, 9 months, and one year after training, as well as current income after one year;
  - Project cost;
  - Amount and source of internal and external finance;
  - Additional employment generated;

### **1.1.3 Rules & Regulation of SHG (included in all SHG passbooks):**

#### **1. Membership**

- a) In a Group Women will largely be the members.
- b) Women will become member of the group on their own discretion.
- c) Members of group will be from one type occupation/ Industry only.
- d) Only one person from a family can become a member of the group.
- e) Members of the group should not be the members of the other Group.
- f) The members should be comprises from 10 to 20 in nos.
- g) The age of the group members must be between 18- 45 years.

## 2. Meeting

- a) Meeting will be held regularly on day..... time ..... and venue.....must be fixed.
- b) The attendance of each member must be compulsory in every meeting.
- c) For every meeting, a record must be maintained and the Pass Book/Cash Book of the group must be updated regularly.
- d) On the day of the Meeting, each member must deposit Rs..... If any member cannot deposit the same, then she must deposit the amount in full in the next meeting

## 3. Loan

- a) The Group will decide to distribute the saved amount on loan to the members at .....% per month for pre-decided activities.

[E.g. of pre-decided activities – Medical, Agriculture related, Education, Marriage ceremony, Repair of House, for Starting small work/business , time of delivery etc.]

- b) For Non members the rate of interest will be Rs.....% , on monthly basis.

If the loaned amount and the interest is not paid back on time , then a penalty of Rs..... per month will be charged. This penalty will be charged after 3-4 months.

- c) The members/non-members who have taken loan will have to refund the capital amount after.....months. If this is not done, then the penalty will be imposed on loanee.

- d) At least two members must stand as witness and be responsible for the Loanee.

#### **4. Others**

- a) All books of records must be kept properly and updated.
- b) The bank account must be opened at the nearest Bank or service area branch.
- c) Secretary/ President / Treasurer will be selected through election.
- d) All decisions must be taken amicably.
- e) With co-operation of all members, the group will function in democratic and transparent manner.

## 1.2. Data Collection in process by TSRDS

### 1.2.1

*Tata Steel Rural Development Society*

**Jamshedpur**



### SHG Profile

Name of Self Help Group -----

Village----- Tula ----- Block -----

Panchayat ----- District -----

S.I No	Name of Group	Age	D/O & H/O Name	Education	B.P.L No	Caste
1						
2						
3						
4						
5						
6						
7						

8						
9						
10						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						

Date of Formation of Self Help Group ----- Date of Meeting -----

Monthly / Weekly subscription ----- Rate of Interest on Loan -----

Name of the Bank ----- Bank Account No -----

Level of SHGs (1) (2) (3) (4)

Name of Executive Members

President -----

Secretary -----

Treasurer -----

Whether received any Financial assistance from bank or Financial Institute? Yes / No

If yes, Bank Name and Institute Name ----- Amount (Rs) -----

Types of Loan (Revolving fund / SGSY fund) & Others -----)

Group enterprise activities -----

(No's of members involved) Groups ----- Self ----- Individual -----

Whether TSRDS has provided you any help, if yes : specify -----

How much amount (Rs)-----

Future Plan, if any -----

Traditional Occupation -----

Skill of any handicrafts, if any -----

Need for any Training -----

Any other work / Activity -----

### Financial Description

Cash at Bank (Rs.): ----- Loan amount (Rs)-----

Amount in Cash Box (Rs.) :----- No of Installment paid -----

Loan Amount (Rs.): ----- Balance amount to repay (Rs)-----

Amount on Interest (Rs.):-----

Total Amount (Rs.) :-----

**Small Business / Firm / Livestock / Agriculture Activity**

Total Investment (Rs) ----- Total Production-----

Total Production in (Rs.) -----

Total Earnings -----

Signature -----

**TATA STEEL RURAL DEVELOPMENT SOCIETY****JAMSHEDPUR****Self Help Group - EDP Tracking**

Block ----- Panchayat ----- Village -----

Name of SHG -----

No's of Members ----- Date of Formation-----

Monthly Subscription (Rs) ----- Total Saving (Rs) -----

Name of the Bank-----

Pass Book No ----- Date of opening of bank account -----

Loan taken from Bank (Rs)----- Date of Loan -----Repayment of Bank Loan -----

**Group Business**

Sl No	Type of Business	Total Investment	Total production	Total Sale	Profit	Gain / Loss
1						
2						
3						

4						
5						
6						
7						
8						
9						
10						

**Signature : Animator**

**SHG (with stamp)**

### ***1.3. Additional data and documentation recommendations***

#### **1.3.1 Tracking of training impact:**

- Establishment or upgradation of related businesses and in what timeframe (3 months, 6 months, 1 year)
- Income from business on quarterly, annual basis
- % increase in income following training
- No's of people employed in businesses
- % of trainees engaged in self-employment 3, 6 months, 1 year after training

- Increase in self-confidence 3 months following training (self-evaluated)
- Increase in community participation 6 months following training (hours outside home, involvement in village activities)

### **1.3.2 SHG impact monitoring:**

- Increase in self-confidence 1 year after joining SHGs (self-evaluated)
- Increase in community participation 1 year after joining SHG (hours outside home, involvement in village activities)
- Increased decision-making agency in family 1 year after joining SHG (self-evaluated)
- Level of schooling of children reached by SHG participants compared to non participants
- Level of literacy of members of group



## TRAINING REFERENCE MANUAL BUSINESS PLANNING



## RURAL DEVELOPMENT SERVICES

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<b>Objective</b>	To prepare Level 3 Self Help Groups transition to establishing sustainable micro-businesses
<b>Contents</b>	<p>Practical training in analysing all aspects of the market which they're entering:</p> <p>Product selection brainstorming</p> <p>Competition</p> <p>Suppliers</p> <p>Buyers</p> <p>Channels to market</p> <p>Pricing</p> <p>Teamwork</p> <p>Positioning / Branding</p>
<b>Duration</b>	2 days: 4 hours a day
<b>Timings</b>	Ideally preceding vocational training
<b>Training Venue</b>	Cluster Meeting Centre
<b>Group size</b>	10 – 15 women
<b>Participants</b>	Level 3 SHGs ideally from 2-3 groups who could potentially work together
<b>Training</b>	Images of related products
<b>Materials</b>	<p>Images of stands at trade fairs / outlets</p> <p>Examples of packaging, price tags</p>



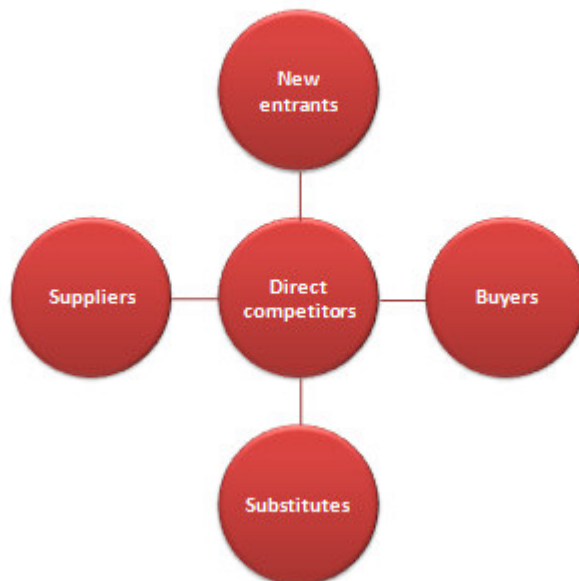
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## Visual aids

Participants to be asked to collect prior to course:

- Newspaper articles
- Pictures of products
- Samples of products collected by participants

## Analysis of market situation



**Assessment to verify understanding of principles: Complete business plan for a chosen activity in SHG and present at end of training:**

- Competition
- Suppliers
- Buyers
- Channels to market
- Pricing
- Synopsis team skills
- Positioning / Branding



## **SELF HELP GROUP BEST PRACTISE GUIDELINES**



## **RURAL DEVELOPMENT SERVICES**

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## Guidelines

### 1. Membership (as defined in SHG passbooks)

- a) Groups should usually be made up of only women
- b) Women should become members of groups at their own discretion
- c) Members of group should be from one type of occupation/ Industry only
  - *In reality if they have more than one skill that is not an issue but their main planned contribution to the group in terms of skill should be clearly identified before entering*
- d) Only one person from a family can become a member of the group
- e) Members of the group should not be members of another Group
- f) A group should have between 10 and 20 members
- g) The age of the group members must be between 18- 45 years

### 2. Meetings (as defined in SHG passbooks)

- a) Meeting will be held regularly on day..... time ..... and venue.....must be fixed.
  - *Regular group meetings should ideally be held once a week*
  - *Cluster meetings with 3-7 other groups should be held once a month*
  - *Block meetings should be held every 3 months*
- b) The attendance of each member must be compulsory in every meeting.
  - *In reality 80% attendance and above should be expected though overall attendance by each member should be approximately equal*



---

c) For every meeting, a record must be maintained and the Pass Book/Cash Book of the group updated regularly.

- *The elected Secretary of the group should be literate and trained to maintain the books.*
- *The books maintained by each group should be: Savings Record; Interloaning Record; Minutes record*
- *Every group member must be able to access the books and should sign or affix a thumb print to the book after every meeting.*
- *Ideally records should be kept in TSRDS branded books supplied by TSRDS*

d) On the day of the Meeting, each member must deposit Rs. .... If any member cannot deposit the same, then she must deposit the amount in full in the next meeting.

- *Group members should be encouraged to deposit at least Rs. 25 per month each and ideally Rs. 50*
- *Deposits should be made on a fixed date once a month not at every weekly meeting*
- *Fines for late deposit should be recommended with Rs. 5 as a guide*

### **3. Loans (as defined in SHG passbooks)**

a) The Group will decide to distribute the saved amount on loan to the members at .....% per month for pre-decided activities. [E.g. of pre-decided activities – Medical, Agriculture related, Education, Marriage ceremony, Repair of House, for Starting small work/business, time of delivery etc.]

- *Ideally loans should be for income generating activities such as business related investments or education and not for personal expenses such as marriage ceremonies and house repairs though there can be some flexibility in this if the whole group agrees.*

b) For Non members the rate of interest will be Rs. ....% per month.

If the loaned amount and the interest is not paid back on time, then a penalty of Rs. .... per month will be charged. This penalty will be charged after 3-4 months.

c) The members/non-members who have taken the loan will have to refund the capital amount after .....months. If this is not done, then the penalty will be imposed on loanee.

d) At least two members must stand as witnesses and be responsible for the loanee.

---

#### 4. Others (as defined in SHG passbooks)

a) All record books must be kept properly and updated.

- *TSRDS staff should review books on a monthly basis and transfer data to central database every 3 months*

b) The bank account must be opened at the nearest Bank or service area branch.

- *This should be coordinated with the support of the government LEO and field animators*

c) Secretary/ President / Treasurer will be selected through election.

- *Generally speaking these positions should be held by literate members of the group who are most confident*
- *Rotation of posts should be encouraged every 1-2 years in order to facilitate new ideas; give maximum opportunity to all group members to develop leadership skills; reduce risk of corruption; reduce risk of internal divisions amongst group and some members contribution more than others*

d) All decisions must be taken amicably.

e) With co-operation of all members, the group will function in a democratic and transparent manner.

#### Additional guidelines

#### 5. Exclusion of members from groups:

- Exclusion should be advised to groups as penalty for:
  - Non participation for a certain number of meetings
  - Non contribution to group savings to agreed amount
  - Non repayment of internal loans
  - Non repayment of revolving fund to agreed amount



- 
- Terms of exclusion
    - To be decided by group
    - 50% of deposited funds only can be withdrawn on removal from group as a penalty and incentive to only join the group if really committed would be the ideal scenario but may not always be feasible – might act as a disincentive to participation
    - Remainder of funds to remain with SHG group funds

#### **6. Withdrawal from SHGs:**

- Withdrawal to be accepted:
  - Application to group ideally in writing but if not in front of at least 50% of the group
- Terms of withdrawal
  - 50% of deposited funds only can be withdrawn on voluntary removal from group as a penalty and incentive to only join the group if really committed would be the ideal scenario but may not always be feasible – might act as a disincentive to participation

#### **7. Micro business establishment: All groups at Level 3 should complete a basic business skills training course covering:**

- Suppliers:
  - Groups should be recommended to ensure that they have a minimum of 2 suppliers for each product
- Buyers:
  - Groups should be encouraged to find buyers for products before beginning production
  - Visits should be organized by field animators / group members to potential buyers prior to production with samples
- Product mix:
  - Groups should look at having 10-12 ideas for businesses / products by the time they reach Level 3
  - Groups should be encouraged to look beyond their traditional caste-bound activities



- 
- Competition:
    - o Groups should analyse their current and potential competition
  - Pricing:
    - o Groups should factor in cost of labour at rate of at least Rs. 15 / hour as well as cost of raw materials in their product pricing
  - Branding:
    - o All groups should be encouraged to design a logo for their retail products and have at least basic packaging
    - o Groups should be shown examples of branding/ packaging used by other groups
    - o Groups should be encouraged to use the Pragati logo and the slogan 'Supported by TSRDS' or 'Quality assured by TSRDS'
  - Terms of payment:
    - o Payment should ideally be on cash on delivery terms to reduce need to follow up / risk of non payment
    - o If credit accepted payment terms no more than 14 days from delivery of product
  - Trade fairs
    - o Benefits of participating in different trade fairs should be explained
    - o Terms of participating in trade fairs should be explained
      - Gram Shee Mela: Free participation and

## 8. Training

- o Financial contribution for participating in training
  - o Nominal fee should be charged for participation in all vocational and business training programmes to incentivize commitment / valuing course / reduce sense of entitlement
  - o Partial refund of contribution could be considered on completion of programme
- o Feedback questionnaire to be completed at end of programme
  - o Areas for improvement in course
  - o Key learnings
  - o Plans for using skills acquired



- 
- Follow up
    - 3/ 6 months from completion of course a follow up survey should be carried out
    - Evaluate training outcomes based on the following factors. Publicize good outcomes and focus improvement efforts on bad outcomes.
      - Number of individuals that changed their business ideas after training, indicating that a critical review of their ideas was undertaken
      - Number of individuals that started businesses after training
      - Number of individuals unemployed prior to training that became employed or self-employed after training
      - Number of individuals that experienced an increase in income
      - Average increase in income
      - Time to experience increase in income
      - Number of SHG members that cross the poverty line
      - Number of existing businesses that experienced an increase in profitability (specifically asking about business revenues and expenses before and after training)
      - Average increase in profitability
      - Sustainability of businesses started or upgraded after training
      - Number of individuals that register for training vs. complete training
      - Reasons for drop-outs
      - Economic impacts as evidenced by a change in personal assets over time
      - Social impacts, such as leadership roles, time out of home environment, increase in literacy, and female decision-making agency with regard to financial decisions

## **9. Awareness raising:**

- Demonstrating examples of branding
- Organising visits to retail outlets to look at presentation, pricing
- Including higher caste women in visits so as to raise awareness of products that are considered beneath them

## **Appendix 2: Mahila Vikas Kandra Simiti interview in full**

### **SHG members individual questionnaire**

Name of block: PATAMDA

Name of SHG: MAHILA VIKAS KANDRA SAMITI

---

#### **INDIVIDUAL PROFILE**

- 1) Caste status: *ST - SC / Non-tribal*
  - 2) Married / Unmarried? : *All married. Families had to be convinced originally but bring them to see the work and that helps convince them.*
  - 3) No. of members of SHG? *10 but about to expand to 13 due to government requirement*
  - 4) On average, how many hours per day do you spend outside the home? *4 hours per day 12-4 working together*
  - 5) How many different non family members do you have contact with in an average week? *Shankar, Pusparani's husband has 2-3 contacts per month*
  - 6) How many group members are literate? *3/10*
  - 7) How often do you rotate your leadership? *Group only formed formally in 2008 so not as yet but open to the idea*
- 

#### **PRODUCTS**

- 8) How do you decide which products to produce? *Shankar looks at products in local market and gets ideas from there e.g. currently thinking about products related to mobile phones. He draws his own designs and then trains the group in how to make them. (had 1 yr. of training in Ranch in 1993)*  
  
*NB. Bamboo products of this type are unusual, normally produced for household use, e.g. rice cleaners*
- 9) What businesses have you engaged in in the past and discontinued? *They haven't discontinued anything rather modifying designs to improve them.*
- 10) Do you sell any products that you haven't made? *No, though he has sold bamboo products on behalf of another couple of groups he has trained.*

11) How many different products does your group produce?

<b>Products produced</b>	Flower vase	Wall hanging	Office tray	Magazine box (3 sizes)	Candle / incense stand	Lamp
a) Production time	2 hrs	2 hrs	4 hrs	4 hrs	2.5 hrs	2.5 hrs
b) No. sold per month	30-40/ month (maximum)	3/day (maximum)	3/day (maximum)	2/day (maximum)	4-5/day (maximum)	4-5/day (maximum)
c) Average sale price (NB. Temple shop sometimes sold at cost)	Rs. 100-140	Rs.45/ element of chain	Rs. 125-150	Rs. 85/175/225	Rs. 45-55	Rs. 45-55
d) Costs:						
Transport (Trade fairs rents vehicle for Rs. 800)	0 (uses bike)	0	0	0	0	0
Raw materials	Rs. 35	Rs. 20	Rs. 40-45	Rs. 25-55	Rs. 12	Rs. 12
Machinery maintenance			Manual drill only and kerosene lamp for design	Manual drill only and kerosene lamp for design		
Packaging	Newspaper only	Newspaper only	Newspaper only	Newspaper only	Newspaper only	Newspaper only
Advertising	None	None	None	None	None	None
d) No. of direct competitors	None	None	None	None	None	None
e) Current sales outlets	Temple shop (buys and then marks up for profit)	Trade fairs: Gram Shee Mela  Governmental				
f) Sold through Tata?	No though Tatanagar showed interest					

NB. Production carried out in a mini production line with up to 3 people so they have a specialisation

NB. Not using savings (Rs. 20 / month) to buy materials – all coming from their profits.

---

## ASSETS

**12) What machinery do you own?** Manual drill and kerosene lamp

**13) How much of the time is it in use (as a %)?** Not much e.g. flower vase doesn't require at all

---

## BRANDING

**14) How do you decide if a product is of high enough quality to sell?** Only real test used is smoothness of the finish

**15) How do you present your product?** Only design a stand at trade fairs

---

## CLIENTS

**16) How do you decide who you will sell your products to?** They produce a variety of products to maximise the no. of outlets where they can sell products

17) What are your terms and conditions of sale? Immediate cash payment

18) How quickly do your clients promise to pay? Immediately

19) How quickly to they actually pay? Immediately

20) How do you find clients for your products? (trade fairs?) Trade fairs and husband explores range of different options

**21) How do you decide where you will sell your products?**

**22) How do you decide on which price to sell your products for?** Compares prices of similar products elsewhere (mainly at trade fairs) and adjusts accordingly. Normally adjusting up, not down.