



Women-Led Enterprises

The Road to Scale

BISWAJIT SEN

ACCESS Knowledge Series

Women-Led Enterprises

The Road to Scale

‘A Garden requires patient labour and attention. Plants do not grow merely to satisfy ambitions or to fulfil good intentions. They thrive because someone expended effort on them.’

– Liberty Hyde Bailey

‘The road to success is always under construction.’

FOREWORD

In 2016, with its 3rd Strategic Five-Year Plan, ACCESS Development Services (ACCESS) embarked on its journey to become a sector leader in working towards women's economic empowerment (WEE) within its thematic areas of farm, non-farm, and financial inclusion. ACCESS is supporting the economic empowerment of 120,000 women, including farmers, microentrepreneurs, artisans, and weavers. While some are through large programs engaging over 10,000 women, others are niche inventive projects building women collectives around economic activities in a few sectors and helping them earn aspirational incomes, and strengthening their position in the household and in the community. By 2026, ACCESS aims to reach 1 million individuals, of which 425,000 will be women, with an increase in income of 50-75 percent.

In the last decade, especially, discourse on women-led development has picked up significantly with the Hon'ble Prime Minister's vision for women as equal partners in a self-reliant India prioritizing government efforts to increase women's economic participation. Despite awareness of the pressing need for and multiplier benefits of scaling up women's micro and small enterprises, persistent knowledge gaps exist in identifying the conditions and determinants for enterprises to grow, hindering the ability of governments, financial and private sector and civil society to extend effective scale-up support.

As a part of ACCESS's mission to build and contribute to sector learning and sector knowledge, with dominant thrust on building thought leadership around WEE, it was felt appropriate to invest in documenting and analyzing some of the women led enterprises through a series of structured Case Studies and look at what helped them in successfully scaling up their operations.

Typically, any micro or small enterprise will face certain obstacles in scaling up impeded by limited resources and capacity, it is women's microenterprises that face higher disproportionate challenges, from preparing and entering markets, sustaining their businesses, to optimizing opportunities for growth and expansion. The tremendous MSME growth story wouldn't be complete without the active participation of its key demographic-women-owned and led enterprises that operate at the lowest level of the economic pyramid with a low level of capital and funding. Of the 20% of businesses owned by women, more than 95% are microbusinesses, primarily in the unorganized sector. While large in absolute numbers (approx. 13-15 million), the majority of these are small, single-person enterprises. As India lags behind in several measures of gender equality and women's economic empowerment, evidenced in its rank 143 out of 146 in the indicator group 'economic participation and opportunity' of the Global Gender Gap Report; enabling women's enterprises, both collective and individual to scale-up is a catalyst not only for gender equality but for GDP and economic growth, poverty reduction and sustainable development.

I am grateful to Bis for agreeing to take up this important assignment. For accomplishing the task, Biswajit undertook field visits, interviewed women entrepreneurs, and did literature review and assimilated varied pieces of information, data and research. The initial research assistance for this work was provided by Manya Sharan, who served ACCESS as a Consultant. I would also like to acknowledge the huge support by the H.Q team at ACCESS. Aply led by Meenakshi Rathore, V.P-Gender & Diversity, she was strongly supported by Anoosha Singh, Sr. Manager who provided all the requisite assistance and engaged with the stakeholders of the selected case studies for information, data and inputs.

This Book is being brought out under UDYAM MAHILA programme, supported by Bill and Melinda Gates Foundation, that dwells on supporting and sustaining existing on-going efforts at the national level and give greater momentum for advancing women entrepreneurship in the country and closing the gender gap. As part of building the discourse, we earnestly believe that this Book will provide insights on scaling up to development practitioners, policy makers as well as experts alike.

A lot of effort has gone into the book, and I hope that the analysis helps in informing and influencing the pathways for scaling up women-led enterprises, providing policymakers, practitioners, and aspiring women entrepreneurs invaluable insights to navigate through the complex terrain of scaling. I am happy that ACCESS has been able to bring out another important document as part of its repository of knowledge series.



Vipin Sharma
CEO

PREFACE

Women-led enterprises and women entrepreneurship have, in recent times, been recognised as an important contributing factor to both women's empowerment and economic development directed at poverty eradication. This publication seeks to study and analyse cases in India where development agencies have strived to foster women-led enterprises successfully by employing various strategies aimed at employment generation, reducing poverty and empowering women. India is dotted with such attempts and experiments, both in the government and non-governmental sectors. However, to achieve substantive impact, one critical element is often missing in these enterprises - the issue of scale. The absence of scale in women-owned microenterprises in the wider informal sector is generally the case. This is not only because of a wide range of economic factors like access to capital and markets, but also because there are several social barriers that a woman faces while starting and running a business.

For any enterprise that seeks to make an impact, both socially and in terms of economic value, SCALE matters. By a scaled-up enterprise, what is implied is that the enterprise and the organisation managing it have gone beyond the initial idea level and start-up operations to a growth phase where it has expanded to cover a much larger group of stakeholders, be it customers, workers, producers, geography, or economic value as measured by sales revenue and profits/surpluses generated. Scale matters in both social and economic endeavours because it is a way of reaching out to a larger population base through a set of products and services, and through a set of more or less standardised processes that are tied together managerially and organisationally. By reaching out to more people, we automatically raise the level of impact that the scaled-up enterprise has. The time span for scaling up varies widely across enterprises, and one of the managerial challenges of scaling up is at what speed an enterprise can scale up without disrupting the basic business. The importance of scale in a large populated country like India is obvious.

The above is a more generic definition of scaling up enterprises and its importance. However, what we are interested in is how this whole theme of scaling up is critical for micro-enterprises that are focused on assisting the poor/disadvantaged amongst the women who own and manage such enterprises. Second, within this universe of the disadvantaged, what are the challenges, failures and successes that are faced by such enterprises that are exclusively started or managed/led by women, either individually or collectively? Women-led enterprises, at whatever societal and scale level, face a host of unique challenges and roadblocks that need to be sensitively understood (a majority of which arise from an inherently patriarchal society). At higher societal levels, we call it the glass ceiling; at lower social levels, it can be resistance to give women-led enterprises a bank loan or property rights. Even with all the impediments that women

face in their economic endeavours, there are a large number of cases, spread across regions and sectors within India, that show that women-led enterprises, individually or collectively, have emerged ‘Winners’ in not only starting such micro and small-scale enterprises and running them successfully, but also reaching both some scale and stability.

This publication seeks to document and analyse some of these success stories through a series of structured Case Studies at the first level. More important, at the next level, it analyses the ‘how’ of the successes by attempting to draw generalisable lessons that can be learnt from these cases and shared - with both social development promotional organisations for training and implementation, as well as policy makers and social programme designers for conceptualising and rolling out scaled up enablers. The case studies should be read together with the main text. It needs to be understood that many of these factors are probably common to all kinds of enterprises, whether women-led or otherwise. However, what the study seeks to do is see how these factors have been handled by women-led enterprises in essentially a biased framework of society. It seeks to weave a new development discourse into the old theme of business enterprise development.

- Biswajit Sen

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SUMMARY

The journey of any Women-led enterprise, from establishing a new business to scaling it up to cover thousands of women on the one hand and several millions of rupees in sales and profits on the other, is a long and difficult one. The environment in which such an enterprise has to be built is difficult, with many barriers to cross. Statistics in all countries show that a majority of the enterprises started either fail or, at best, remain small. In the case of women-run businesses in India, the percentage of women-owned businesses that hire workers and grow is even smaller. As a Bain & Company report states, of the 20% of businesses owned by women in India, more than 95% are microbusinesses, primarily in the unorganised sector. While large in absolute numbers (approx. 13-15 million), the problem of women entrepreneurship lies in scale and scope, with the majority being single-person enterprises. Hence, scaling up is a special challenge that women entrepreneurs face. Further, according to an International Finance Corporation report published in 2022, about 90% of female entrepreneurs in India had not borrowed from a formal financial institution. In India, women obtain credit equal to just 27% of the deposits they provide.

It is in the above context that we have looked at some of the women-owned enterprises from across the country, which have managed to survive and grow over many years. There is a purposive bias in the enterprises we have studied. Our primary concern is with how women from very poor households have managed to own and organise themselves into running a successful business enterprise and scale these businesses over several years. These enterprises may have come up and be supported by a promotional agency or programme, but this does not take away from the success and resilience of the women who have been the owner members of these enterprises. In fact, one of the factors for the success of women's ownership of enterprises may be that, to overcome the initial barriers, they do need such external promotional agencies, which in turn need to be supported financially and through an enabling set of government policies.

The eight case studies narrated in this volume come from diverse sectors and locations. A few others could have been added to this initial choice. Because of this diversity, they also represent different communities from which the women are drawn, such as tribals, backward castes, and urban poor. They represent the microcosm of the poor in India. What is more important for our purpose is that these case studies provide a rich insight into the factors that go into making an enterprise scalable in a context that is often not conducive to business development, especially by women. The eight case studies presented are the Sakhi Mahila Milk Producer Company in the milch cattle rearing and dairy business that started in the Alwar district of Rajasthan; the Madhya Pradesh Women's Broiler Poultry Producer Company that started in the Kesla block of Hoshangabad district of Madhya Pradesh; the Suraj Mahila Mahasangh which

started a scientific goat rearing business in Jawaja block of Beawar district in Rajasthan; the Café Kudumbashree in the food catering business, promoted by a Kerala government women's antipoverty programme; the Didi ki Rasoi, also in the food catering business, promoted by the JEEViKA programme in Bihar; the mushroom farming enterprise, established by an individual woman, Anita Kumari, in Nalanda district of Bihar; and the Shree Mahila Griha Udyog, makers of Lijjat Papad, headquartered in Mumbai but covering several cities in different States.

The second feature, which naturally emerged from these cases, is that a majority of the enterprises which have managed to go to scale are not owned by an individual woman but by a collective effort of groups of women. This solidarity is an important element in overcoming several barriers that women face in running a business and empowers them to deal with the environment from a position of strength. The membership by the women to own these enterprises has come in many legal forms that include SHG Federations, Cooperative Societies, Producer Companies and Private Limited Companies.

There are several themes that need to be factored in when a women-owned enterprise needs to spread its wings and travel the road to scale. These include the shared core values that the women and the organisation around an enterprise hold to be important. Core values are an integral part of an organisation and enterprise, implicitly or explicitly. Positive, socially oriented core values are important for the long-term sustainability of even an economic enterprise and help it to both survive and grow. One of the important shared values in such women-owned enterprises has been not just the drive for sales and profitability, but also how to reach and benefit larger numbers of women in similar situations. One of the very interesting facets of the core value that is implicit in all the organisations that have been studied is that of 'sisterhood' (in the absence of a better word). The expansion that was possible quickly to cover a large number of producer members in all the enterprises studied was because the initial women members were willing to share their knowledge and experience with other potential women members from their community or similar communities.

This shared value is strengthened by a social mobilisation process of organising the women to participate in the enterprise. The basic message from all the cases is that investing in a systematic social mobilisation process prior to, or at least simultaneously with, establishing a business enterprise has many benefits, particularly if the enterprise is working not just to make profits but also to maximise the employment of the poor through a sustainable source of livelihoods. While this benefit of social mobilisation may not be visible immediately, it has very positive spin-off effects over a period of time in the management and expansion of the enterprise. There are many methods of social mobilisation and many forms of community organisations formed through them. SHGs are one of the more complex forms, but has the advantage of a solid social organisation right up to the neighbourhood level. Producer companies have also emerged as a popular form.

In all enterprises, collective or individual, leadership and entrepreneurship are important to drive the business forward. While this may be obvious in the case of

a general business start-up, it needs nurturing when we are talking about women drawn from disadvantaged social and economic groups. Social mobilisation, which has several benefits for the management of a business enterprise, also gives opportunities to several women who are natural leaders to take on roles in expanding and running a scaled-up business enterprise.

While the above factors may be termed the social dimension of enterprise development in the specific context of the poor, in the end, a business is a business, and there are some key business management elements that are critical to the scaling-up process. As explained by Vimalben Pawale, ex-President of Shree Mahila Griha Udyog, makers of Lijjat Papad, “Our objective is to maximise employment opportunities for women through activities connected with village industries, while, at the same time, not sacrificing basic business principles and quality consciousness. We are a full-fledged commercial, self-reliant organisation and not a charitable society. Any such benefits that occur are incidental to our business.”

The generation of a good business idea is obviously the first step in establishing an enterprise. It is not just a conceptually creative process. The business idea needs to be well grounded in the reality of the lives of the women drawn from a very different background. Starting with where the poor are and then building the business idea on it is a path chosen by many of the successful enterprises promoted in these case studies. Five of the cases (backyard broiler poultry, goat rearing, dairy business, *papad* making, mushroom farming) show that they chose a business idea where the main production process could be done at the household level, thereby allowing the women to balance household and work needs. A business idea is only the first step in establishing a viable business enterprise.

The next more complex step is to detail out such a broad business idea into a business model at the unit level. A business model defines the exact nature of an enterprise in terms of the products or services that it is going to make and how it is different from what is already there in the market; the core process and technology of how it is going to be produced; the key features of the service or product in terms of quality; the pricing and market segment of consumers it is targeting; the point of sale, branding, and type of buyer; and finally how the whole process is going to be financed.

The eight case studies narrated in this volume all have clear business models which they have operationalised. Some are simple and others complex; some borrowed and others new and innovative; some well thought through and quickly frozen, others took many years to finalise. All of them show that a lot of attention to detail was given to develop a working business model. Further, all the models had one dimension central to them, that the women member producer was central to it. The member was central in terms of not only participation in the enterprise, but that some existing/inherent skills and capabilities were available within the members on which the model was built. The business models took into account the needs of the women members in terms of combining household work needs and enterprise needs; the business models used some inherent skills existing

in the women; and the models attempted to change the rules of the game by ensuring fairer and prompt payment terms knowing the fragile financial situation of the members.

The operationalisation of a business model in the field through a set of systems and institutionalising these through a set of standard operating procedures is termed business processes. Business processes are critical to scaling up as it is a method of *standardisation*. Without standardisation of a product/service, as well as a method of producing and delivering it, one unit at a time, we cannot replicate, and without some core replication, we cannot scale up systematically. At first glance, all the cases narrated here seem to show that this standardisation and scaling up were a natural and automatic process. This is no way so. It required a lot of design investment.

Two examples clarify the concept. Lijjat Papad has a standardised system where the women pick up the kneaded dough, roll it into *papad* and deposit it at the branch. Here, they are checked for quality, and payment is made. They are further packed and dispatched to local distributors for retail shop sales. The same system is followed all over India in over 80 branches. The Village Level Milk Collection Centre (VMCC) put in place by Sakhi Mahila Milk Producer Company is not new and has been introduced and popularised by the National Dairy Development Board all across the country. It is the central piece of the standardised process introduced in dairy that transformed the whole dairy industry by making it member-centric. It transformed the incentive structure for the village-level cattle farmer and milk producer.

What is unique about the business processes discussed here, compared to other purely commercial organisations, is that they have kept the women member's needs, capabilities and interests as central. This includes household level production, low financial investment, prompt payment of sale revenues to members, and doorstep delivery of various inputs and services. To build such business processes in an unorganised, open and unstructured condition in backward regions is a different level of challenge and requires a very different set of support systems and human resources to be built up.

Enterprises are built by people. While leadership and entrepreneurship are critical in building an enterprise, going to scale requires a very large number of people to be skilled in all aspects of an enterprise's running. Hence, the whole field of human resources needs to be given special emphasis. Women-led enterprises are more inclined to involve other women in the enterprises owned by them. Further, in the case studies covered, the enterprises are essentially women membership based. In such membership-based women-led enterprises, not only are the women owners cum workers beneficiaries of the enterprise but also the base from which all the human resources are drawn.

In addition to the basic training in production given to all producer members, one of the important elements of all the enterprises discussed is the creation of a large enough *cadre of community paraprofessionals*. A systematic process of selection and then training such a cadre across villages and locations has been instrumental in making the enterprises scalable. For example, in the goat rearing

and milch cattle cases, the '*Pashu Sakhis*' have held the enterprises together by providing a variety of services to the producer members at their doorstep. As the enterprises have scaled up, while the ownership has continued to be in the hands of the women members, their organisations have hired technical professionals from the market to work for them. For example, poultry cooperatives have hired professionals from the organised poultry sector. Further, in all these enterprises, to bring in technical expertise, Technical Support Agencies (TSA) have played an important role. The lesson here is that, where possible, the enterprises have relied on the women members for human resources and upgraded their skills. Where this was not possible, they hired professionals and had technical support agencies to assist them.

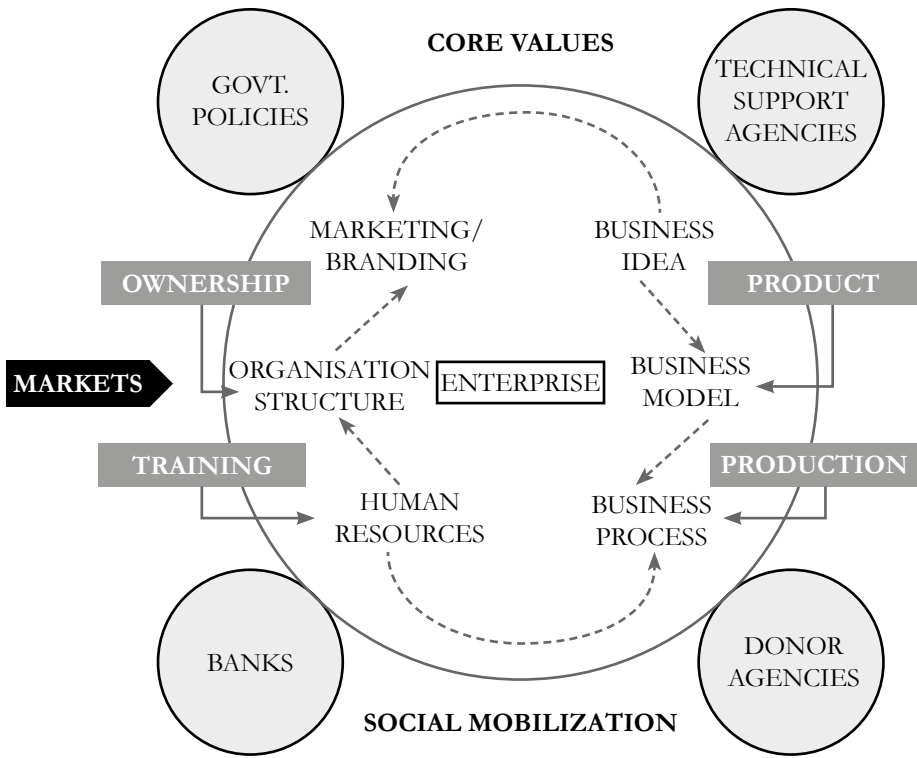
A variety of organisation forms and legal structures have come to characterise the enterprises discussed. This has evolved as the enterprises have expanded and scaled up. For example, while all the business of the Sakhi Mahila Milk Producer Company is done under a single structure of one Producer Company having 35000 women producer shareholders; the Madhya Pradesh Women's' Poultry Producer Company is a federation of block and district-level cooperative societies, and to meet the demand for day old chicks and poultry feed two independent companies have been set up; the goat-rearing business is integrated by a federation of 255 neighbourhood Self Help Groups; the Lijjat Papad business is decentralised to the branch level which is an autonomous profit centre, while at the same time, the purchase of raw materials and the branded marketing functions are centralised at the headquarter level. Both the Pink City Rickshaw Company and Didi ki Rasoi are registered and conduct business as a private limited company with all women shareholders. Many of the agencies have also relied on outsourcing some functions rather than attempting to do everything themselves. In the dairy business, the milk transport and processing functions have been outsourced to private players. The lesson here is that organisation structures should evolve as required, keeping in mind the core competencies of the women participating in it, and the extent of decentralisation feasible from a business point of view.

The most important factor enabling the scalability of an enterprise is the availability of a market for the product or service being delivered and how successful the enterprise is in building the market linkages to penetrate such a market. Here, too, the cases show that a variety of strategies have been pursued. While in the goat rearing and mushroom enterprise case, local markets have provided a ready and expanding market and hence, marketing has been decentralised right up to the village level; in other cases, a more systematic effort has been made. In the case of poultry at the State level, wholesale markets for poultry birds have been penetrated. In five of the cases (*Sakhi* Milk products, Lijjat papad, Café Kudumbashree food courts and cafes, Didi ki Rasoi canteens, and Pink City E-Rickshaws), branding has been attempted to create and expand into new markets. Because the end goal has been the enhancement of income for the women member producer, the key marketing strategy has hinged on getting the right price for the product and ensuring that the margins for the product were higher through enhanced productivity and quality.

Till now, we have looked at several factors individually which have contributed in some way to the scaling-up process of the different enterprises discussed in the case studies. Not one or a few processes have contributed to the scaling up process, but a whole set of factors taken together. This we can label as creating the Right Operating Ecosystem (best brought out in the case of *Sakhi Milk Producers Company* and *Madhya Pradesh Women Poultry Producer Company*). This has created something that is greater than the sum of the individual parts. The enterprises have, even with some weaknesses, become sustainable and ready for further scaling up. For example, the business models developed in *Café Kudumbashree* and *Didi ki Rasoi*, along with the support systems of training and market development, can be further scaled up in the times to come. Similarly, in the case of the poultry, goat rearing and dairy cases, the same set of business processes can be replicated further in different locations and has been done so (in the case of milk in multiple districts and in the case of poultry in multiple States). Further, *not only have all the factors worked together, but they are also congruent or consistent with each other.*

Enterprise development and its growth are at its' core human endeavours, requiring human will and ambition on the one hand but also opportunities, knowledge and resources on the other. One of the factors hindering a larger number of women, particularly those drawn from poor households, from becoming entrepreneurs is that they may have the will and ambition, but because of their objective situation, they do not have the staying power. Group membership-based enterprises, supported by training and finance, remove the obstacles to their ambition and reduce risks through solidarity. Scaling up does not occur quickly, as seen in most of the case studies. There are many failures that occur, either because of internal factors, such as weak management, or external factors through changing market conditions. Hence, there are varying time periods of incubation and scaling up. How an enterprise manages a crisis situation and whether it persists in pursuing its goal is what determines whether an enterprise can scale up.

There are a large number of government schemes whose formulation has taken into account a majority of the needs of a women entrepreneur to get loan funds for starting a business. However, the crux of the problem faced by women in starting a business and getting capital for it is access. The delivery mechanism for these schemes varies widely across States and within them across bank branches. Hence, the real challenge for women-led enterprises is access to finance and other inputs rather than issues such as interest rates. Most of the cases discussed here have solved the problem of access by having a competent enough promotional agency to provide the support system. However, even with this support system, very few of the cases we discussed have actually used any of the schemes listed above. Hence, delivery systems for schemes also need to be prioritised when the policy formulation for such schemes takes place. Also, policies need to be adequately geared to looking at the needs at different stages of scaling up by an enterprise, rather than just focussing on start-ups. The social benefits in the long run of scaling up an existing business enterprise run by women may be greater than just start-ups.



Interplay of Factors contributing to creating the Right Operating Ecosystem

PART-I

THE ROAD TO SCALE

CHAPTER 1

INTRODUCTION

‘The important thing is not being afraid to take a chance.’

- Debbie Fields

1.1 Context

Women-led Enterprises are endeavours where women or a group of women start, organise, operate and sustain a business enterprise. There are over 15 million such enterprises in India currently, a majority of which are in what is called the informal or unorganised sector. It is estimated that over 20% of Micro and Small enterprises are owned by women entrepreneurs in India, employing 23% of the labour force¹. Hence, in the macro context, when we talk of women’s enterprises, it is a very large sector. However, that is only half the story. A majority of these enterprises are actually single women-led businesses that are very small in terms of size, with little multiplier effect in enhancing further employment. Even if they have the ambition to grow, there are a host of factors which act as impediments to the growth of such businesses. Social factors range from resistance from family and caste groupings to not having explicit property rights to the need for balancing domestic and business needs. All these social factors together limit the access that women have to what is required to start and grow a business, viz access to capital, markets, etc. According to a report by Global Entrepreneurship Monitor, the percentage of women entrepreneurs in the world varies widely by country and region. In 2019, the average rate of women’s entrepreneurship activity was 10.2% globally. However, the rates vary widely by region, with the highest rates in Latin America and the Caribbean (17.1%) and the lowest rates in East Asia (6.9%). According to a 2019 report by the National Sample Survey Office (NSSO), in India, about 46.0% of the agricultural workforce is female, but only 13.0% of rural women are engaged in entrepreneurship.

The Government of India and various State governments have launched various schemes and programs to encourage and support women’s entrepreneurship, both through special schemes of the Ministry of Industries and other Ministries, as well as through various ‘Missions’² at the central and State levels. These programs provide specific training, financial support, and market linkages to women entrepreneurs in both urban and rural areas, but have also been instrumental in promoting such women-led enterprises. Non-State actors, which are specifically focussed on creating livelihoods for women, have also been major

¹ Ministry of Micro, Small and Medium Enterprises, Government of India.

² The National Rural Livelihood Mission, being one such important Government of India Mission.

players in creating women-led enterprises, particularly group entrepreneurship, and also in taking such enterprises to scale³.

1.2 Conceptual Framework and Methodology

There is a fairly wide body of literature that explores the challenges and barriers that women entrepreneurs operating micro enterprises and rural women operating enterprises face⁴. However a majority of these studies do not give any examples of specific issues in scaling up an enterprise and are more concerned with general barriers faced by women in starting a business enterprise- both social and economic. While these issues are important per se, this study drills down to look at issues that have been a challenge, and that have contributed to the successful scaling up of women-led enterprises.

Sometimes, it is easier to define what this study is about by eliminating what it is not about. The three keywords in the title of the publication are women-led, enterprise, and scale. Firstly, the universe we are concerned about is that of organisations that are owned, governed and mostly managed by women. However, the study is not just about women's entrepreneurship, but about those women-led enterprises which are both owned and targeted to benefit the most disadvantaged/economically poor women in society. Hence, it is in a manner about social enterprises. The second important dimension of the study is that it primarily focuses on the "management" dimensions of running a business enterprise. While the struggles of a women entrepreneur vs a man-led one are critical, this study does not provide an in-depth sociological analysis of various kinds of societal resistances that women encounter when starting an enterprise, stemming from both within and outside the family. It is about women who have made a choice to run a business and have succeeded in overcoming the basic hurdles of starting and sustaining a business.

The third critical dimension is that of scale. This is the core focus of the study. As mentioned above, there are millions of women-owned enterprises in the informal/unorganised economy. This study is driven by the inquiry into the challenges and solutions that have manifested in successful examples of achieving scalability. The rationale for making scale a focus is because scale is critical for impact. If we are interested in creating sustainable livelihoods for a large number of disadvantaged women in an organised manner, then reaching scale through either expansion or replication within the umbrella of an organised enterprise is critical. Scale generates its own multiplier effect. Scale also has a liberating effect on the women involved in managing such large enterprises and puts them in a different orbit from individual women just running mini-enterprises that have characterised

³ Examples of both cases are provided in the case studies of this publication.

⁴ Shetty, Niriksha. Exploring Barriers to Scale for Women Entrepreneurs in India. Thesis. John F. Kennedy School of Government, Harvard University. March 2018

- Ramija, B. Rural Women Entrepreneurs in India. International Journal of Current Research, 11(5), 4128-4132. 2019.

- P. Sai Charitha and Veenita Kumari. Documentation of Women leaders as Farmer Entrepreneurs. Institute of Agriculture Extension Management. Ministry of Agriculture and Farmers Welfare. 2023.

the traditional approach of policy makers and development programme managers. One cow does not make a summer fly. As the industry moves from an unorganised sector to an organised sector for economic development, so should women-led enterprises if true empowerment is to happen.

The definition of scale is fungible in such a qualitative case study-based framework and does not use a single standardised yardstick, but rather a more flexible one. The chapter 2 in this publication looks in detail at the issues of scaling up enterprises in general. The author believes that some of these characteristics are common to any kind of enterprise- women-led or otherwise. As scaling up is the primary focus of this study, a general discussion on this issue is important.

Delving deeper into the above perspective or lens of looking at women-led enterprises, the study attempts to look into a set of factors that cover interrelated issues such as the development of collective women leadership; the importance of persistent effort at survival and scaling up of the enterprise; the quality of management of an enterprise that has grown in size; the need for what kind of external support; the development of financial and marketing linkages; the utility of social networks; the choice of technologies and production systems; the criticality of human resources and building capacities; and the role of government policies and programmes.

Keeping these enabling factors in mind, the study uses a simple ‘grounded theory’ framework to draw lessons from a selected diverse set of examples of women-led enterprises that are either in the process or have successfully been able to go to scale. The methodology used is to have a narrative through a set of eight structured case studies at the first level. This is presented in Part Two of this publication. The case studies themselves carry lessons within them that are delineated, and that can be made generalisable for wider application in designing for a scaled-up enterprise. These generalisable lessons are the purpose of Part One of the publication.

1.3 Typologies

Women-led Enterprises are simply defined here as those economic businesses which are owned and operated primarily by women in a sustainable manner over a long period of time. The period of time criteria is important because we are primarily interested in the scaling up question, which requires a longer time period where the enterprise is also able to grow, rather than just start-ups. Various typologies of women-led enterprises may be visualised that are useful later in identifying the factors that are important in scaling up such enterprises. The important typologies to be kept in mind include the following:

- **Women membership** – There is an important distinction when we are talking about women-led enterprises in a social development context. There is a lot of difference between a daughter of a big business family taking over and managing the family business in a metro city compared to establishing a scaled-up and sustainable business for very poor tribal women in a backward district of the country. The scope and goal of this publication is the latter.

- **Ownership-** This includes both the legal ownership structure such as proprietorship, cooperatives, societies, and companies- each of which is appropriate to different types of enterprises. Governance structures are also primarily determined by this criterion.
- **Individual vs Collective-** this is an important criterion from the point of view of scale and employment generation, as well as the type of organisation structures that are feasible.
- **Urban vs Rural-** This criteria is important because it determines a lot of business parameters such as access to raw materials, skill sets, finance and markets.
- **Sectors and subsectors-** The kind of business to get into and continue with is an important initial decision. A range of factors may influence it. In the case of women entrepreneurs, particularly those from the disadvantaged and poor sections of society, it may not be a purely business potential-based decision, but also existing skill sets, balancing of household and work needs, and existing social linkages.
- **Promoter and subsequent Support Systems-** To overcome the traditional barriers that women entrepreneurs face, it is often necessary to have ‘outside’ actors playing a promotional job, as well as creating a supportive ecosystem to help along the business. Such support systems may range from initial promotion progressing to an advisory role; providing critical knowledge and training systems; hiring and placement of technical personnel; and providing critical linkages to capital and markets with mainstream institutions. The type of promotional agency could be any development agency of both government and outside it.
- **Production Systems-** This is often found to be critical in the case of Women-led households where the distance from the workplace matters. Different production systems range from household, decentralised through putting out some functions and centralisation/ federation of some functions, to production in a centralised factory setup. The way the business is organised is also found to be critical to the scaling-up question.
- **Market Linkages-** Exploring and stabilising markets for the services or products of an enterprise are critical to their sustainability. Markets are of different kinds and range from developing and selling a new concept to piggybacking on an existing and expanding market. There is also a wide set of market levels in a value chain of a product ranging from bulk selling to institutional sellers; wholesale and retail tie-ups through self-managed distribution systems; one-time markets like festivals and *melas*; to branding of products vs commodity sales.
- **Financing-** All businesses require external finance to both start-up (equity) as well as to expand (fixed and working capital). For those enterprises run by the poor amongst women, access to such finance is virtually impossible. External support in terms of both finance and more important, access to such finance (like a bank loan) becomes critical. Various government schemes that give subsidies and grants, therefore, become an important source. Hence, the

type of finance and means of access to such finance becomes an important criterion by itself.

- **Informal and Formal Networks-** Networks play an important role both in mainstream business and also in collective enterprises run by women. One of the paths to expansion followed by many group-based business enterprises promoted by the Self-Help Group movement has been to expand the enterprise through such a network. Such networks range from village level to caste/community groupings.
- **Environment-** Starting a cutting-edge tech business in Bengaluru, where a whole ecosystem has developed, differs significantly from an individual rural woman attempting to start a business in Bihar. The two extreme examples are being given here to highlight the criticality of where and in what context a business is being started. It has an overbearing influence on the potential for sustainability of the business.

Many of the above factors will become clearer when we discuss the different case studies and identify factors that led to scaling up.

1.4 Brief of Case Studies

The eight narratives written up as structured case studies have been chosen in a deliberate manner to highlight the organised efforts of women enterprises attempting to go to scale. The case studies are not simple narratives or anecdotes of what happened in these eight enterprises. It excludes a lot of detailed stories of how these enterprises began and focuses more on what are the elements of enterprise management that allowed these enterprises to rapidly go to scale after an incubation phase. The case studies chosen were not random, rather, they were searched out for their innovation and impact. Some of these cases were not well documented, and for these, field visits were made, and primary information was collected for writing the cases. In other, older, well-known and recognised cases, which already had very good documentation, secondary sources of information were used to write the cases. The case studies come from a diverse set of contexts and States and also a diverse set of economic sectors. This shows that both the external environment and the sector are not the most critical factors determining the scale-up. There is a need to look inside these enterprises and their organisers to understand what makes for “winners.”

Very briefly, the case studies discussed in this volume include the following:

1. Sakhi Mahila Milk Producer Company; Alwar District, Rajasthan

The Sakhi Mahila Milk Producer Company was formed in 2016, in the Mewat region of Alwar district, Rajasthan, which is a backward subregion within a rapidly industrialising corridor of North India. The Sakhi Mahila Milk Producer Company was incorporated as a public-private-people collaboration with the initial seed funding support of the Tata Trusts and the technical support of the NDDDB (National Dairy Development Board) Dairy Services division. The business operations of collection of milk from members officially began in

November of 2016, with the twin objective of increasing milk production from every member and getting them the best prices for their product in the area. In the beginning, what was just a few milk pooling points and few producers in a cluster of villages has now grown into a strength of 40,000 women attached to the enterprise (over 38000 are shareholders), producing 2.5 lakh litres of milk per day, with a sales turnover of INR 3450 million. The company continues to grow, working presently in four districts of Rajasthan, and with a targeted sales turnover of INR 5000 million in the upcoming financial year. A payment of INR 9095 million has been made to the members since inception. 70% of members are small & marginal farmers who own less than 3 milch animals. INR 82.6 million is the share capital till March 2023.

2. Café Kudumbashree; Kerala

“Kudumbashree” has been the flagship poverty eradication programme/mission of the Government of Kerala over the last two decades, officially launched by the Government of Kerala on 17th May 1998. It is based on a community-based self-help initiative involving poor women. In 2009, Kudumbashree took the first steps towards establishing a support system for enterprise units in the canteen and catering sector. In 2012, the Cafe Kudumbashree brand was launched, and by 2016, Café Kudumbashree food courts had become popular across Kerala. There was substantial demand from the women to establish some microenterprises for enhancing their source of family income. In the next four years, many kinds of efforts were made to both establish the Café Kudumbashree brand and scale the initiative across the State, particularly the larger urban municipalities. A series of Café Kudumbashree food courts were made a part of many festivals and events organised by different institutions in Kerala, and a limited number of cafes were opened under the name Café *Shree*. As of 2020, the Kudumbashree network had 2425 food service enterprises across Kerala. Over 10,000 women collectively or individually own and operate these enterprises.

3. LIJJAT PAPAD; Maharashtra and all India

“LIJJAT PAPAD” is a brand well-known in middle-class India. Shree Mahila Griha Udyog, makers of the Lijjat Papad (and now a mix of related kitchen products such as ground spices under the same brand name), was started as a non-governmental charitable trust and Society under the old Indian Societies Act of 1860 in Mumbai, way back in 1959. What is fascinating is that it still remains an enterprise that makes a high-quality, low-value, simple consumer product that is primarily produced at the household level, where the *papad* is still produced. It is unique because today, the Shree Mahila Griha Udyog, which started with only eight women in a neighbourhood in Mumbai, has a turnover of over INR 16000 million, with over 80 branches, and giving self-employment to over 45000 women.

4. Didi Ki Rasoi; Bihar

Didi ki Rasoi was conceptualised as an enterprise that can provide high-quality and hygienic food to various institutions through a network of standardised

canteens. It capitalises on the large network of community institutions promoted by JEEViKA. JEEViKA has emerged as a very large programme of the Government of Bihar designed to enhance the household-level income of the poorest rural women of Bihar through diversification of income sources. The initiative relies on the mobilisation of women into self-help groups and village-level Organisations, organised around shared interests and commodity-specific producer groups, all of which are federated into higher-level entities. In February 2021, a Memorandum of Understanding was signed between JEEViKA and Bihar State Health Society (a part of the National Health Mission) for providing standardised canteen services, branded as Didi ki Rasoi, in all district and subdistrict level hospitals across Bihar. This enabled the concept of standardised canteens under one brand name to be scaled up across the State.

5. Nalanda Mushroom Enterprise; Nalanda District, Bihar

Mushroom farming is not a traditional activity in India, least of all in Bihar. Bihar is also characterised by very traditional livelihoods such as rice farming, immersed in exploitative economic relationships created by landlessness, sharecropping systems and low wage rates. This is compounded by a rigid caste structure that is paternalistic. It is in this context that the story of Anita Kumari from Nalanda district of Bihar has gained fame. A woman in a traditionally male-dominated society choosing a non-traditional livelihood business like mushroom farming and introducing and expanding it in a backward rural economy, having very little forward linkages. The titles of “the Mushroom Lady of Bihar” and the “Mushroom Village of Bihar” are now used to describe her successful enterprise.

6. The Pink City Rickshaw Company; Jaipur, Rajasthan

Jaipur in Rajasthan, India, is a city well-known globally for tourism. While tourism is an integrating service-based industry generating an economic ecosystem with widespread economic benefits, the challenge is integrating this opportunity with social equity for the urban poor, particularly women. ACCESS Development Services (ACCESS) came up with a novel business idea, and followed this up with a detailed business model. Thus, was born the Pink City Rickshaw Private Limited Company in 2016 a business entity registered as a private limited company under the Indian Company Act. The company’s shareholders included a mix of ACCESS staff as promoters and women who were interested in becoming *e-rickshaw* tourism guides cum drivers. Currently, 50 women rickshaw drivers own shares in the company. The idea has now also expanded to the city of Varanasi (also known as Banaras).

7. Suraj Mahila Mahasangh, Ajmer District, Rajasthan

While goat rearing has been a traditional activity for livelihoods in a very large number of poor rural communities throughout Rajasthan, it was always done as a small additional source of income by the rural families within a diverse basket of income sources. Goat-rearing through a scientific and organised process and as a major source of income had not been done in the rural areas of Rajasthan

before, except in pockets nearer metro cities. Converting a traditional activity into a modern science and commerce-based activity that can be taken to the scale required a series of organising principles. Today, 2500 families are involved in the goat-rearing business in Jawaja and adjoining blocks, with rising demand from neighbouring villages and blocks for the adoption of modern goat-rearing. Approximately 65 % of these families have 1 to 5 goats, 25% between 5 to 10 goats, and 15% more than 10 goats. The enterprise has created a new livelihood and economy for the poor, with over 12000 goats valued at nearly INR 80 million.

8. Madhya Pradesh Women's Poultry Producer Company; Kesla Block; Madhya Pradesh

The successful story of the Madhya Pradesh Women Poultry Producer Company Limited, and its upscaling to over an INR 4,500 million business, had very complex beginnings. It shows how a much longer-term vision and persistence of effort in its implementation over many years is needed before a small, local effort at establishing a social enterprise for the poorest of the rural poor can be converted into a thriving and sustainable business for the very poor. Today, the Madhya Pradesh Women Poultry Producers Company Ltd (MPWPCL) produces 1.5 million chickens and 3.0 million eggs every month. From the year 2020-21, the Coronavirus Pandemic affected the poultry business very badly everywhere. The poultry rearers of the Kesla Cooperative weathered this storm and got back into business, crossing a sales turnover of INR 3,500 million, with the participation of about 14,000 tribal women. Each of the women producers generates a supplementary annual income in the range of INR 40 to 50 thousand.

1.5 Organisation of Proceeding Chapters

The publication is primarily concerned with answering the question: what are the key elements that go into scaling up a women-led enterprise in a diverse set of geographies and sectors? Accordingly, the chapters follow this trail of thought using the eight case studies above as the basic data for identifying lessons learnt that can be converted to a kind of design steps to be taken towards scaling up. While Chapter 2 is a general discussion on scaling up, subsequent chapters take up one factor at a time and highlight the elements required to be built in from the planning stage if such enterprises are to reach scale. In one of the chapters, the kind of public policies required to put some of these elements together as an enabler is discussed.

CHAPTER 2

THE DYNAMICS OF SCALING UP

‘There are no straight lines in nature or business.’

- Verne Harnish

‘Growth is never by chance. It is the result of forces working together.’

- James Cash Penny

Scaling up an enterprise, business, or organisation is a subject that has been discussed in management discourses for a long time. Statistics in all countries show that a majority of the enterprises started either fail or, at best, remain small. In the case of women-run businesses, the percentage of businesses that hire workers and grow are even smaller. Of the 20% businesses held by women in India, more than 95% are microbusinesses, primarily in the unorganised sector. While large in absolute numbers (approx. 13-15 million), the problem of women entrepreneurship lies in scale and scope, with the majority being single-person enterprises⁵. Hence, scaling-up is a special challenge that women entrepreneurs face.

Scaling up requires a whole set of factors to come together, sometimes sequentially, sometimes simultaneously. If we are to increase women’s employment, entrepreneurship and ownership, then two alternative strategies and policy sets can be pursued- either seed a large number of such micro-enterprises and hope that they will survive and grow on their own or assist those mini enterprises that already exist in some form and support their growth. The latter strategy has the advantage of greater focus and targeting. Also, focusing on scaling up has the advantage of higher multiplier effects. The specifics of the factors that go into formulating a scaling-up strategy are contextual and vary widely across organisations. There are however a common set of factors that need to be given due attention if a systematic process of scaling up is to happen. These factors have been studied in management literature⁶, and several toolkits have been developed for training around them. Here, we just list out some of the possible factors that need to be studied and use these as a lens to look at the cases studied in this volume.

First, we look at the social dimensions that make an enterprise function. This includes two sets of variables- the shared Core Values that permeate an organisation and define its purpose or mission. The second concerns reaching

⁵ Google and Bain & Company. Powering the Economy with Her- Women Entrepreneurship in India’. 2019.

⁶ An example is -Verne Harnish and Team. How a Few Companies make it... and why the Rest Don’t. Gazelles, Inc Publisher. 2014.

- Nancy M.P. Bocken, A.Fil, J.Prabhu. Scaling up social businesses in developing markets. Journal of Cleaner Production, 139, 295-308. 2016.

out to the disadvantaged and poor amongst the women whom we want to own enterprises. There are several strategies for reaching out, mobilising, and increasing access and opportunities that need to be considered when we are talking about spreading women-led enterprises.

At the second level, we start looking at the business parameters of seeding an enterprise and successfully expanding it. This begins with the generation of a Business Idea and the factors that go into choosing a particular one. However, no business can run just by an idea, and therefore, we next look at the Business Model and Processes that must be developed to manage the core business.

If the enterprise has to grow beyond a few persons, there are several other support systems that need to be put in place for it to expand. Primary amongst these are the human resources that need to be put in place. Following this would be the training system to enhance the productivity of this pool of human resources, and the way they are organised to function. Hence, organisation structure and processes would be a natural variable to be factored in while discussing scaling up.

The scale does not occur randomly, and if it does so by chance, it fails to sustain itself. Hence, scaling up needs a set of well thought through Strategies. Strategy is an all-encompassing term and needs to be broken down. In an enterprise, the first strategy to be decided on is the nature of the product or service to be delivered. If the product is not differentiated from what is already in the market, then we are talking about a commodity-led strategy. However, if we are talking about a new or different product from what is available in the market, then we need to define the characteristics of the product or service in detail to maintain standards. Deriving from the nature of the product, scale happens only when the market is expanded. Marketing, in turn, requires a whole set of strategies ranging from what kind of buyers and places to sell, at what price, and how such markets can be penetrated when there is competition through branding and other means. Strategies also cover the choice of production techniques, whether to make everything oneself or outsource it, and what kind of relationships need to be built with different stakeholders like vendors, suppliers, and customers.

Realising the importance of women's entrepreneurship in the process of economic development, many countries, governments, and development agencies have formulated policies and programmes to incentivise women entrepreneurs. In India, too, there has been, in the last decade, a systematic effort to promote women's entrepreneurship and ownership, particularly in the small-scale and rural sectors. A brief review of such policies is necessary as they also provide a support network for such enterprises to scale up.

The above broad framework has been used to look at a selected set of cases and draw lessons from them to better understand from actual practice what is a feasible set of policies and strategies that is required to assist women-led enterprises to grow and reach scale.

CHAPTER 3

CORE VALUES

‘If the core values are the soul of the organisation, the core mission (purpose) gives it heart.’

Core values is a term that is today often used even in a purely commercial organisation. It is even more important in a social organisation which sets up an enterprise. A core value is often invisible but pervasive in an organisation and actually drives an organisation throughout its life cycle. Sticking to a core value helps make critical decisions in an organisation as it is given the maximum priority when making choices. The core values may or may not be encased within the mission or purpose of the organisation. The core values need to be also shared across an organisation and not just at an individual leader’s level.

We are interested in the universe that is defined as enterprise development that leads to women’s economic empowerment, particularly women drawn from disadvantaged and poorer households. Sticking to this core value over an enterprise’s life often determines many dimensions of what the enterprise is to be involved in and what kind of organisation needs to be built around the enterprise. Drawing from the case studies in this volume, it is evident that core values have played a critical role in how the enterprises have been built and expanded. Primarily, this is so because seven out of the eight cases were promoted initially by organisations that were in the social field whose basic purpose has been livelihood generation for the women drawn from poorer households. While Kudumbashree in Kerala and JEEViKA in Bihar are large government programmes specifically targeted at benefiting women from poorer households; PRADAN, which promotes the poultry cooperative; GDS, which promotes the goat rearing enterprise; Sakhi Mahila Milk Producer Company, which promotes dairy business, Shree Mahila Griha Udyog, which organises the Lijjat Papad enterprise and ACCESS which initiated the Pink City Rickshaw Company are all social development organisations committed to the wellbeing and development of women and poverty alleviation. Hence, the mission of all these organisations underlays the core values that guided all the enterprises’ setup.

However, the concept of core values is much more nuanced than what appears above and many of the promoters of these organisations are explicit about it. In the case of Sakhi Mahila Milk Producer Company, in addition to their mission of providing sustainable livelihood to women from poor communities, the twin objectives of increasing milk production from every member and getting them the best prices for their product in the area have also become core values that drive the organisation’s operations currently. In the case of Lijjat Papad, the core values were explicitly stated by Viable Pawale, ex-President of Shree

Mahila Griha Udyog, “Our objective is to maximise employment opportunities for women through activities connected with village industries, while, at the same time, not sacrificing basic business principles and quality consciousness. We are a full-fledged commercial, self-reliant organisation and not a charitable society. “

One of the very interesting facets of the core value that is implicit in all the organisations that have been studied is that of ‘sisterhood’ (in the absence of a better word). The expansion that was possible quickly to cover a large number of producer members in all the enterprises studied was because the initial women members were willing to share their knowledge and experience with other potential women members from their community or similar communities. As one of the women leaders from the Kesla Poultry Cooperative said, “there are many sisters in the villages who still need to be guided on how to earn their livelihoods with dignity”. The horizontal spread through the community of an enterprise idea was primarily through the women producer members themselves, and this was possible because of the core value, inherent and imbibed by the early members, of helping other women in a similar position. Further, the core values helped the poultry enterprise survive, in spite of the many crises it went through, as all the members collectively understood that it was critical for their own survival. The strength of this core value of sisterhood has been well-tested in all the case studies reported here and cuts across geographies. The Didi ki Rasoi in Bihar was helped to establish itself through ‘barefoot experts’ women involved in the Café Kudumbashree venture in distant Kerala. Even Anita Kumari, a purely private entrepreneur, was willing to help other women in her village and beyond to set up mushroom farming as a livelihood enterprise without any fear of competition. The belief in sisterhood and collective good is something very unique amongst the poor, even under the most adverse conditions.

The above behaviour represents a core value that is unique and needs to be contrasted to the alternative widely prevalent value of guilds, formal trade unions, and commercial firms, which become ‘closed shops’ after sometime, not willing to share the benefits of extended membership.

The importance of core values cannot be overemphasised. It reaches into every aspect of an enterprise’s operations. For example, because GDS and PRADAN identified their core value as working with the poor for poverty alleviation, they chose businesses that the landless poor could also afford and own. Hence, in the case of GDS, it was goat rearing (poor woman’s cow), and for PRADAN, it was backyard poultry. The core values influenced the choice of products. In the case of Pink City Rickshaw company, ACCESS deliberately sought out and trained women from urban poor households to take up an activity that had been male-dominated. This approach highlights their commitment beyond mere business interests. In the case of Lijjat Papad, they chose to keep the basic production of the papad at the household level so that a large number of women could take it up.

The obvious question that arises is: does such a social or altruistic core value help or hinder the development of an enterprise as a profitable business? The success of the enterprises highlights the fact that they do not hinder the business.

Instead, it has helped the enterprises set up to expand rapidly through networking at the community level. Many large corporations have begun to realise that, in order to ensure the long-term sustainability of a business, these core values need to be integrated into the organisational culture, even in the case of a purely commercial organisation.

To summarise, core values are an integral part of an organisation and enterprise, implicitly or explicitly. Positive, socially oriented core values are essential for the long-term sustainability of even an economic enterprise and help it to both survive and grow. Core values influence all aspects of an enterprise, from the choice of a product, and production process to setting priority goals of the organisation. Hence, it is best that the establishment of core values are not left to a random process but made explicit right up front and woven into the DNA of an organisation. What is most encouraging across all the case studies is the enduring presence of the core value of helping other women who are in a similar situation of disempowerment and poverty, which is still widely prevalent in traditional but developing societies.

CHAPTER 4

SOCIAL MOBILISATION AND LEADERSHIP

'It takes but one person to mobilise a community and inspire change.'

- Teyonnah Parris

Related, but distinct to the issue of core values is the role that social mobilisation plays in an enterprise's development. Social mobilisation, in its broadest terms, means the mobilisation of a community to organise themselves for a purpose. In a membership-based enterprise, as compared to an enterprise run by only a few owners and staff, social mobilisation plays an important role in setting the base for enterprise development. Social mobilisation, through whatever means creates awareness about an enterprise, helps share information, organises groups to make decisions, and, in the end, leads to a process of empowerment. Social mobilisation of women, drawn from poor households, has both an end value as a goal in itself and an instrumental value as a mechanism to increase participation in an enterprise. The poor are often not informed, diffident to take risks and interact with the outside world, tied into several kinds of exploitative relationships, and finally, because of their position, they are concerned with short-term survival. The social mobilisation process helps them to get out of such a situation. And by doing so, social mobilisation also makes them more ready for leadership and entrepreneurship.

The Self-Help Group (SHG) movement in India has been very effective in the social mobilisation of a very large number of women, running into several million. Although primarily centred around a self-savings cum credit theme, it has had multiple social and economic spin-offs. It is not the purpose of this study to go into the process, benefits and reach of the SHG movement. Here, we take a more instrumental view of the SHG as a platform for women who are mobilised to plan, make decisions, enhance their risk thresholds, and learn and absorb new information and knowledge- all essential to establishing a new enterprise and managing it.

The prior mobilisation of economically disadvantaged women into SHGs or other kind of organisation types, provides a significant advantage for the establishment and expansion of business enterprises. Looking at the case studies, we find that five of the eight cases 'piggy backed' on the prior mobilisation of the participating women members into SHGs. The idea of the chosen enterprise could, therefore, be spread quickly through this network of SHGs. In the case of Kudumbashree and JEEViKA, the women members participating in the chosen catering enterprises were all self-selected from the cohort of SHG members.

In the case of the Ajmer district goat-rearing project, not only was the basic business idea adopted through collective decision-making by a federated network of SHGs called the *Mahasangh*, but it also spread through this network. Further, the SHGs also provided part of the finance for purchasing goats through their internal loaning system. In the case of the dairy project, the SHG base built by IBTADA, an NGO, in a backward and difficult region (Mewat) enabled the enterprise to rapidly expand in a large cluster of villages. The expansion slowed down in the new districts where the producer company had to set up systems for milk collection from scratch. In the case of poultry in Madhya Pradesh, the whole enterprise of the Kesla Poultry Cooperative couldn't expand till simultaneously a SHG mobilisation process was started with the tribal households. In the case of the Pink City Rickshaw company, an enormous amount of time, effort, and resources had to be spent in identifying and mobilising a very small number of women to take up the enterprise, as there was no prior social mobilisation.

The prior mobilisation of women into some form of social networks not only expedites the selection of member participants for an enterprise but, more significantly, its' primary value lies in facilitating the rapid growth of the enterprise, often in terms of its production capacity where finding markets is not a bottleneck, such as in milk. If there has been a more systematic effort of mobilisation around SHGs, then many other spin-off benefits accrue for an enterprise, such as a channel for finance, the creation of a management and organisation structure capable of running collectively an enterprise, and the generation of women leaders who come forward to take on roles that propel a business forward entrepreneurially.

Social mobilisation also assists in identifying a wide cadre of barefoot professionals (and through training of different kinds) who can take on different roles in the management of an enterprise. The last-mile delivery of services required in an enterprise, therefore, can be handed over to such a cadre of women. The *Pashu Sakhis* in both the dairy and goat-rearing enterprises played a critical role in doubling up as para-vets by providing services at the doorstep of a member. In the case of backyard poultry, the provision of feed, as well as other essential services, were all carried out by community-based women from the same tribal community.

The basic message from all the above examples is that investing in a systematic social mobilisation process prior to, or at least simultaneously with, establishing a business enterprise has many benefits, particularly if the enterprise is working not just to make profits but also to maximise the employment of the poor through a sustainable source of livelihoods. While this benefit may not be visible immediately, it has very positive spin-off effects over a period of time in the management and expansion of the enterprise. There are many methods of social mobilisation and many forms of community organisations formed through them. SHGs are one of the more complex forms but have the advantage of a solid social organisation right up to the neighbourhood level.

The second dimension to be considered in establishing an enterprise is that of leadership of women. Any new enterprise requires pioneers, which we call

entrepreneurship. In literature, when someone exhibits leadership that changes an existing situation, it is called *transformative entrepreneurship*. In the case of introducing an unheard of business of mushroom farming in the Nalanda district of Bihar, Anita Kumari showed transformative entrepreneurship. In all the other group-based enterprises written about in this publication, through a process of social mobilisation, several women have emerged as transformational entrepreneurs, leading other women members participating in the enterprises, as well as taking on managerial roles in the management of the enterprise and governance structures. Such leadership have emerged naturally as the enterprise progresses. This factor has been key to the enterprises written about going to scale.

To summarise, in all enterprises, collective or individual, leadership and entrepreneurship are important to drive the business forward. While this may be obvious in the case of general business start-ups, it needs nurturing when we are talking about women drawn from disadvantaged social and economic groups. Social mobilisation, which has several benefits for the management of a business enterprise, also gives opportunities to several women, who are natural leaders, to take on roles in expanding and running a scaled-up business enterprise. Hence, it is worth making investments by any development agency to incorporate elements of a systematic social mobilisation strategy that focuses on building community-level organisations that can, in turn, take on the responsibility of running the enterprise and taking it to scale. Social mobilisation and internal leadership provide the foundations for an expandable socially based enterprise. However, to convert it into a sustainable and commercial business enterprise, we need to get into the core concepts of business development.

CHAPTER 5

GENERATING THE BUSINESS IDEA

‘Opportunities don’t happen. You create them.’

- Chriselrosser

‘A big business starts small.’

- Richard Branson

A business idea forms the basic building block for going into an enterprise. It begins to determine the future characteristics of an enterprise, such as what products or services will be made and offered in the market. Because the idea needs to be viable and doable in practice, many so called good business ideas fail soon after the beginning of the operations of the enterprise. A business idea need not be totally new, but either have some market already available for the product/services or create a new niche market; innovate a solution to a latent need/problem of the potential consumer; or utilise the core skill sets and capacity of the producer.

The eight case studies narrated in this volume have a distinctive business idea that the promoters of the enterprise chose to pursue. The rationale for each one of these and the search process for it is well worth drilling deeper into. The most important criteria used to decide on what kind of business to go into was how relevant and easy it was for the target women members, mostly coming from poor households, to adopt the business idea. In the case of Lijjat Papad, the basic business idea for making *papad* emerged because the women who got together to start the enterprise felt that they could make *papad* within the household, thereby combining household work with the enterprise work. Further, they already had the skills to make *papad*.

The same logic of using the basic existing skills and making the ‘product’ at the household level determined the choice for goat keeping and milch cattle rearing in Rajasthan and poultry in MP. The choice of the business idea for Café Kudumbashree and Didi ki Rasoi was a little more complicated as it involved a higher level of enterprise management in a centralised (out-of-home) setting. However, both tried to capitalise on the basic skill of cooking local dishes, a skill possessed by all the women. Skill is a stretchable concept, and the level of skill required to make a quality product requires substantial investment in all cases. Even in the case of the individual entrepreneur who started mushroom farming in Nalanda, the primary rationale for adopting mushroom farming was because she was well trained by different institutions technically, and the local market for mushrooms seems to have emerged only after she started the business.

The above is an oversimplification of what is actually required to arrive at a viable business idea and requires a lot of skill upgradation and training to actually

start the enterprise. The complexity of choosing the right business idea is brought out starkly in the case of the Kesla Poultry Cooperative in Madhya Pradesh. It took PRADAN, the promotional agency, many trials, failures and many years of iteration to realise that scientific broiler farming is the only viable business idea to generate adequate income for each household. Simpler, traditional backyard poultry farming, with a low number of birds and using the existing skills of the tribal women, is not a feasible enterprise idea. In the case of both goat-rearing and milch cattle rearing, a whole set of new technical inputs, combined with training, had to be given, before the enterprises took their present form. *Hence, all these enterprises, while adopting a business idea that seemed very easy and based on the existing skill sets of the members, had to be refined and developed much further to become a viable business idea.*

It is interesting to note that none of the above five cases used the availability of existing markets as the primary criteria for deciding on what kind of business to get into. While the availability of a market gap or consumer need is often the primary criteria that is given as the basis of selecting a business. Whether this was a mistake which serendipity solved for these enterprises or whether it would have saved both time and costs if a proper market diagnosis was carried out prior to arriving at the actual business idea adopted and then starting the enterprises is an open question.

Let us look now at the experience of the enterprises that arrived at the business line to be adopted by first identifying a market gap and innovating new products for a latent market. Both these cases differ widely in scope and size given the resources available with the promotional agencies. ACCESS identified a market gap in the tourism sector of Jaipur in the form of safe tour circuits for foreign tourists in electric autos run by women drivers. No tour operator had tried this idea, nor were there any women e-rickshaw drivers in Jaipur. The e-rickshaw itself was new, being specially designed for the venture. Even the registration of the business as a private limited company with the women drivers as shareholders was novel. Hence, in terms of both innovation of a 'service' and finding a new niche market within the tourism sector, the Pink City Rickshaw company was unique.

The venture is conceptually very scalable and viable as the venture started making good profits immediately. However, there were too many variables that were new and that needed substantive investment before operations could go to scale. The e-rickshaw capital and maintenance costs; the identification, mobilisation and training of the women as e-rickshaw drivers; the support systems such as parking space for the autos; and the selling of a new concept to a distant market by bypassing existing channels of the travel agency trade which were conservative, are challenges that need to be addressed.

In the case of Café Kudumbashree also, while the basic idea emerged from the available skill set of the women members in cooking and catering, to take it to scale, the programme had to invest a fairly large amount of programme funds to develop new markets like food courts and canteen management.

There are several lessons learnt from all the case studies taken together on how to arrive at a ‘good’ business idea/line for enterprise development that can be easily scaled up.

1. In a situation where the goal is to create large-scale employment of poorer women, the main criteria that should be applied is that some basic skills already exist with the women rather than a totally new skill set. This criterion, however, needs to be further refined as to what skill upgradation is required to make it a viable business.
2. For women from poorer households, already overburdened with household chores, a business or part of a business that they can conduct from their household is an important determinant of business line choice.
3. A business idea that already has a broad volume-based market, which is expanding for secular reasons, if chosen, lowers the burden of the enterprise having to continually seek out new markets. However, such markets are also competitive and price sensitive (essentially commodity markets), and hence, the business line must look for appropriate tie-ups with market players who are already in the market to reduce the risk.
4. There is always a need to look at both market potential, product refinement, and barriers to entry before a business idea is operationalised. Market gaps should not be the primary criteria. This lesson seems to run contrary to the traditional wisdom of management science that looks at the market first. It needs to be relooked at when we are talking of women-led enterprises working in rural areas without a developed business ecosystem and who are poor with little investment capacity.

To summarise, the first step of establishing an enterprise involves generating a sound business concept. However, it is not just a conceptually creative process and needs to be well grounded in the reality of the lives of the women drawn from a very different background than just a traditional urban commerce-driven business. Starting with where the poor are and then building the business idea on it is a path chosen by many of the successful enterprises promoted by development organisations. Such an approach also helps the enterprise to reach more women in a shorter period of time as the early adopters become the couriers (motivators, trainers, managers) of the enterprise. A business idea is only the first step in establishing an enterprise; the next, more complex step is to detail out such a broad idea into a business model at the unit level.

CHAPTER 6

BUSINESS MODEL

‘Luck is not a Business Model.’

- Anthony Bourdain

‘Have a core concept but wrap it in a full business model.’

- Scott De Anthony

A business model defines the exact nature of an enterprise in terms of the products or services that it is going to make; the core nature of how it is going to be produced; the key features of the service in terms of quality; the pricing and market segment of consumers it is targeted; the point of sale, branding, and type of buyer; and finally, how the whole process is going to be financed. It is the conceptual underpinning of how an enterprise will run. A business model is distinct from a business plan, which is concerned with the medium-term rolling out of the business model. A business model needs to be worked out prior to the start of operationalising an enterprise idea. Usually, the initial promoters of the enterprise are involved in this process.

The eight case studies narrated in this volume all have clear business models which they have operationalised. Some are simple and others complex; some borrowed and others new and innovative; some well thought through and quickly frozen, others took many years to finalise. Let us look at some of the examples of business models drawn from the case studies.

The business model chosen in the case of the Pink City Rickshaw Company was unique in the context of tourism and needed careful designing. First was to develop a set of tour packages that would be attractive to a tourist hiring the e-rickshaw. This includes five special tours- a basic Heritage Tour priced at INR 2,000/- a Shop and Hop Tour priced at INR 2,500/- a Food Trail Tour priced at INR 1,000/- and an Early Morning Tour priced at INR 2,000/-. The second was to develop an internet-based booking system that included a website, allocation of a tour on a rotational basis to the women members, and a payment system to the women drivers, which was fixed at INR 500/- per tour package. Third, was the innovative design of the electric autorickshaw itself and finally and most important was that these were driven by the women shareholders of the company.

Similarly, in the Café Kudumbashree case was the conversion of an unorganised food business into an organised catering business by the building of the brand of Café Kudumbashree and the multiple business lines developed within it. The brand’s Unique Selling Proposition (USP) was homely food, hygienic, local cuisine, and sometimes organic raw materials. The brand was promoted initially through participation in various events where Café Kudumbashree Food Courts were established. These included corporate events, fairs and festivals organised by the government, sports events, etc. While these were one-time and temporary, for a more permanent business, a chain of restaurant cafes called Café Kudumbashree;

mini cafes called Café Shree and Café Kudumbashree kiosks were branded. These were independently owned and managed by women members drawn from the local neighbourhood groups.

In the case of Lijjat Papad, the product was simple, but an entire business model was built around it. It included the centralised purchase of raw materials to ensure consistently high quality, with the actual rolling production process decentralised right up to the household level. This was further supported by the branding of the product into Lijjat Papad. The focus of the business model continued to, however, remain in producing high-quality products at low costs.

In the case of milch cattle rearing and dairying business by Sakhi Mahila Producer Company, the business model was borrowed from the core Amul model and replicated in a different context. The core business model borrowed four elements which were incorporated. First, increasing the productivity of the cattle owned by the member through various methods such as breed improvement through artificial insemination, better feed and better rearing practices. The second was the systematic collection of milk at a central point in a village and its transportation for cooling through scientific logistic planning. The third, ensuring fair milk pricing based on fat content and making prompt payment for all milk sales within 10 days of supply. Finally, was the ownership structure of the whole company, which was owned by all the women members who were the suppliers of the milk. The fifth vital element of branding all the products as “Sakhi” was added much later.

In the case of the poultry farming enterprise in Kesla, Madhya Pradesh, the process of coming to a final business model took many trials. It came to be frozen as the following: First, keeping the broiler poultry rearing process as a “backyard” process but having a minimum size of 500 birds as the unit. Second, restricting the household level process to growing the birds from a day-old chick (DOC) to a marketable body weight, all inputs such as feed supply, medicines and DOCs being externally supplied. Third, standardising poultry shed construction and organising finance for both poultry shed construction (INR 1,50,000 approximately) and working capital for a batch size of 500 birds. Fourth, record keeping of bird growth efficiency (Food Weight Gain Ratio over a standard time period of six weeks) and establishing sale rates based on efficiency- through an Efficiency Index (EI) that determines the sale rate/ kg of bird weight based on the body weight. Finally, delivery and collection of birds at the primary cooperative level for further sale.

To summarise, the five examples given above are from very diverse geographies, sectors, and types of programmes. However, all of them show that a lot of attention to detail was given to develop a working business model. Further, a common dimension among all the models was the central role of the women member producer. The member was central in terms of not only participation in the enterprise, but also that some existing/inherent skills and capabilities were available within the members on which the model was built. The model took into account the needs of the women member in terms of combining household responsibilities and the demands of the enterprise needs (both retained at the core of the household), and the models attempted to change the rules of the game by ensuring fairer and prompt payment terms knowing the fragile financial situation of the members.

CHAPTER 7

BUSINESS PROCESSES AND STANDARDISATION

“Eventually everything connects- people, ideas, objects. The (wholeness) and quality of the connections is the key to quality perse.”

- Charles Eames, Designer

A Business Process is often defined as a collection of linked tasks whose objective is to deliver a service or product of a certain quality to the client. Once a business process is completed over a defined period of time, it meets the goal of an enterprise or organisation. Hence, business processes are concerned with various kinds of inputs- material, systemic, managerial, training and others, that define a microsystem for delivering a desired output.

Business processes are critical to scaling-up for two reasons. First, it is a method of *standardisation*. Without standardisation of a product/service, as well as a method of producing and delivering it, one unit at a time, we cannot replicate, and without some core replication, we cannot scale up systematically. American corporations are masters of standardisation and have been able to dominate markets by quickly scaling up through standardisation (even when the products are simple, like, Kentucky Fried Chicken and McDonald’s Burgers). Standardisation covers not only the end product or service, but also many other things like the production process. Second, scaling up requires *the operationalisation or implementation of such processes in a time-bound manner*. This, in turn, requires many decisions, such as what to make within the organisation or outsource, and how to train a large cohort of human resources to implement the standardised process. A business process understood holistically implies the operationalisation of a standardised micro ecosystem from which a replication process for scaling up can begin. The concept will become clear when we discuss how such standardised business processes emerged in a majority of the case studies narrated here.

The Village Level Milk Collection Centre (VMCC) put in place by Sakhi Mahila Milk Producer Company is not new and has been introduced and popularised by the National Dairy Development Board all across the country. It is the central piece of the standardised process introduced in the dairy business that transformed the whole dairy industry by making it member-centric. It transformed the incentive structure for the village-level cattle rearer and milk producer. Previous to the establishment of the VMCC, individual cattle owners sold their milk to a variety of local agents who collected the milk from individual milk farmers at not only relatively lower prices, but also the producer got cheated

in a variety of ways. They were underpaid because there was no concept of measuring the fat and SNF content of the milk and pricing according to it. There was, therefore, no incentive for the milk producer to go in for higher 'quality' of milk. The mechanised VMCC transformed all this. Today, the VMCC not only weighs the milk but also measures its fat and SNF content and digitally measures the total revenue per collection that an individual milk producer gets. At the pooling point, producer members get all the information on the fat and SNF content of milk and quantity to arrive at the right price. Further, through digitalisation and the advent of the internet, with each producer's code number, the collection and sales value of each individual member is uploaded onto a digital platform. This is instantly relayed through a mobile app onto the member's smartphone and centrally recorded. Each member comes to the VMCC both in the morning and evening to deliver the milk and record their sale to the company. The VMCC collects all the milk from the village for onward transport. The VMCC is managed by a contracted service provider who is given training on all dimensions of the management of the collection centre.

The second critical systemic link in the whole business is the transport and storage of milk for processing and sale. Milk collection routes are scientifically planned, and twice daily, Milk Vans collect the milk from the VMCC and transport it to Milk Cooling Centres. Interestingly, the milk collection, transportation and cooling centres that are fairly decentralised, have been outsourced and given by the company on yearly contracts to private entrepreneurs. They get a revenue/commission of INR 2.50 per litre for doing this function. This has not only incentivised the beyond village level functions required in the dairy business, but also made it self-sustainable. Around the VMCC is also built a system of animal feed supply, veterinary care and disease information and service, and other related information. Following this basic NDDDB model, Sakhi standardised it for a village level and a cluster of villages to create a microecosystem for the dairy business. Once these business processes were standardised in one location, the producer company rapidly replicated them in other locations.

Similar is the case for the poultry cooperatives. Once the basic household-level business model of household broiler farming was standardised technologically and financially (described in the previous chapter), other elements of business processes were added that included proper record keeping to ensure payments according to efficiency, stabilising supply of day-old chicks through a system of bulk purchase and distribution, and a system of bird collection and transportation to the regional wholesale market. Once these processes were standardised in a cluster of villages, they were expanded to other villages through the SHG network. Similarly, in the case of goat rearing and mushroom farming, the whole production process was standardised and made very different from the traditional methods. Once this had been operationalised in a few villages, they were replicated and spread through the SHG network.

In both the cases of food services (Didi Ki Rasoi and Café Kudumbashree), standardisation of both cooking methods and delivery (hygiene, seating

arrangements, utensils, etc) was done very systematically to the extent that these processes were manualised into operational documents.

In the case of Lijjat Papad, a simple neighbourhood model of production was converted and scaled up to a national level enterprise. The key elements defining how this was possible require an understanding of the ecosystem created primarily at what they call the “Branch” level. Let us understand the characteristics of this entire system. The organisation had to open a number of branches all over the country. Gradually, a lot of functions were decentralised to the branch level. The branch, in fact, is a profit centre by itself. In addition to storing, kneading, packaging, and, above all, quality checking, the branch has incorporated certain other key roles and functions. Interestingly, raw materials (the main one being certain types of pulses and spices that are required to make *papad*) continue to be purchased centrally and then distributed to the various branches to ensure the quality and consistency of the product. All Lijjat Papads made anywhere in the country taste the same and are of the same quality standard. The supply of raw materials was systematised to the branches for further storage and processing. The basic pulses are ground to make the flour in two centralised mills that the Society owns and then packed and transported to the branches. The branches, in addition to storing the pulse flour, has an important function — to ensure consistency and quality, the dough is kneaded at the branch level and not at the household level. Women members who don’t have space in their homes get an opportunity to dough the flour in the branch centre on daily wages.

‘Every morning, a group of women goes to the Lijjat branch to knead the dough, which is then collected by other women who roll it into *papads* at their homes. When these women come in to collect the dough, they also give in the previous day’s production, which is tested for quality. Yet another team packs the tested *papads* at the branch. Every member gets her share of *vanai* (rolling charge) every day for the work she does, and this is possible only because the rest of the system is geared to support it.’⁷ The sales and distribution to retailers are also fairly decentralised to the branch level. Each branch appoints a set of distributors on a commission basis. This is then placed in different local retail shops for sale. The business model and accompanying processes were first tested in the Mumbai market and have been cloned and continued throughout the country. To ensure that a branch is not cheated by a distributor, the central marketing team checks their credentials, and also a deposit is taken from them before their appointment. Further, all payments for the goods picked up are paid for fully on delivery. This allows for a low inventory and working capital cycle requirement. Dealers are given a commission of seven per cent, and retailers’ margins are approximately INR 25 per packet of *papad* of 500 grams, which is sold at around INR 120.

The above examples drawn from the case studies show that not only a business model but its’ operationalisation through a detailed and standardised set

⁷ Ananda Dasgupta. Lijjat Papad- A case study of Inclusive Responsible Leadership. Voice of Research, Volume 3, June 2014.

of business processes is the key factor in enabling the various enterprises to scale up successfully.

To summarise, the operationalisation of a set of business processes and their standardisation at a smaller scale is essential if an enterprise has to scale up. The scaling-up process then becomes a replication or cloning process of this set of business processes arrived at. At first glance, it may appear all the cases discussed here indicate that this standardisation and scaling up was as a natural and automatic process. However, this is far from the truth. This factor of streamlined business processes is often glossed over when we write case studies which rely more on the results rather than on the processes that went into achieving the result. Business process standardisation is one such input that every management has given a lot of thought into. This chapter tried to outline the systematic management effort that has gone into developing business processes, which is the key factor enabling the implementation and scaling-up of enterprises. What is unique about the business processes written about here, compared to other purely commercial organisations, is that they have kept the women member's needs, capabilities and interests as central. This includes household-level production, low financial investment, prompt payment of sale revenues to members, and doorstep delivery of various inputs and services. Establishing such business processes in an unorganised, open and unstructured environment in backward regions presents a different level of challenges and requires distinct support systems and the development of specific human resources. It is to these support systems that we now turn to.

CHAPTER 8

HUMAN RESOURCES AND TECHNICAL SUPPORT SYSTEMS

“You cannot mandate productivity.

You must provide the tools to let people become the best.”

- Steve Jobs

Enterprises are built by people. While leadership and entrepreneurship are critical in building an enterprise, going to scale requires a very large number of people to be skilled in all aspects of an enterprise. Hence, the whole field of human resources needs to be given special emphasis. Women-led enterprises are more inclined to involve other women in the enterprises owned by them. Further, in the case studies covered, the enterprises are essentially women membership-based. In such membership-based women-led enterprises, not only do the women owners cum workers benefit from the enterprise, but it also serves as the base from which all the human resources are drawn. The social mobilisation that characterises many of these membership enterprises provides this base.

The women members and owners of such enterprises are often poor, haven't had the opportunity for formal quality education, and are constrained by several other social factors. Given such a scenario, as the quotation above shows, they need to have opportunities for systematic training in managerial and technical aspects to carry out the various functions required in a business. One of the strengths of all the case studies narrated is the substantial investment made in the training of all the members participating in such enterprises, particularly in creating a cadre of 'barefoot professionals' who manage these enterprises at the grassroots level. The entire business processes described in the last chapter are actually managed by people (members and non-members) drawn from within the community.

There are two levels of members that have been trained in all the cases. First, are those women who are actually owning and managing the business, as well as workers. This ranges from the unit level (household, neighbourhood, village, cluster, branch) business operations such as buying, selling and producing to managing the governance structures. Structured technical training courses have been developed in all the enterprises studied to ensure that all the technical aspects of the enterprise are covered. Often, these courses are in several modules spread over time so that they do not take away too much time from the daily livelihoods of the participants. The women owners of the Pink City Rickshaw company have been trained in driving, repair and maintenance of the *rickshaws*. The women members in Lijjat papad have been trained in producing quality *papads*, and

those who are not producing the *papads* have been trained in quality control and testing. In the food businesses in Bihar and Kerala, multiple structured training is given to the women members in all aspects of the food catering business. In poultry, all participants go through a two-stage training process that is practice based- one at a centralised location and another at the household level, before they can join the business.

What is unique in most of the cases is the systematic, structured training given to a pre-identified group of members who have become *technical paraprofessionals* knowledgeable in the technical aspects of the business. These women have taken on all the roles for the last-mile service delivery functions that are required in decentralised systems of production/services. The cadre of *Pashu Sakhis* created in the two cases of goat rearing and dairy business in Rajasthan have been instrumental in making the respective enterprises successful. The *Pashu Sakhis* in the goat rearing case has multiple roles, such as feed supply management, on the spot veterinary care, and overall supervision of how members are maintaining standards of rearing at the household level. Similarly, in the poultry enterprise in Kesla, some members have been trained to play supervisory roles, going from household to household to solve problems and monitor bird growth and rearing practices. In the two food businesses, the experienced women from Café Kudumbashree, Kerala, became the trainers for the women owners from Didi ki Rasoi in Bihar. In the case of Mushroom farming in Bihar, the lead entrepreneur played such a role in the district.

The creation of such a *community cadre of paraprofessionals* has been instrumental in making the enterprises viable, even when it follows a very decentralised level of production and other related functions. Further, by identifying and training such a cadre systematically across locations where the production is to take place has enabled the enterprises to scale up quickly. This kind of investment in training is fairly high, and financial resources have to be, at least initially, generated from outside and require either grant based funding or subsidisation of training costs. Unlike in industry or commercial firms, the risk of staff turnover is very limited as they are committed to the location and the enterprise as members.

This brings us to the second question, who brings in the technical know-how required for running the enterprise initially? As we have seen, apparently, simple enterprises like milch cattle rearing become fairly technologically complex if they are to be made profitable businesses. Further, the technology has not only to be brought in but spread through a very decentralised and locationally scattered area. The need is very different from manufacturing a product in a centralised factory setting. In each of the cases narrated, the role that Technical Support Agencies (TSAs) have played is brought out very clearly.

The whole mushroom enterprise started by a lone lady in distant Nalanda district would not have been possible if she had not undergone the basic and advanced training in mushroom farming in agencies such as the local Krishi Vigyan Kendra in Harnaut in Nalanda; Dr. Rajendra Prasad Central Agriculture University and GB Pant University of Agriculture and Technology in Uttarakhand. In the

case of the apparently simple goat-rearing example, a national level organisation, specialising in the science of goat-rearing, the Goat Trust, was roped in early in the enterprises' development. In the case of Café Kudumbashree, a district level State-owned training institute, the AIFRHM (Adithi Devo Bhava Institute of Food Research and Hospitality Management) was upgraded and given the responsibility of both training the various women groups and entrepreneurs, as well as setting standards for the whole food catering business. The AIFRHM systematised the whole food catering business and converted this into training programmes which they held across the districts of the State.

In the case of the Sakhi Mahila Milk Producer Company, a national level apex organisation, the National Dairy Development Board's dairy services division provided this technical support umbrella.

In addition to bringing in a Technical Support Agency (TSA) through a formal arrangement, there are two other strategies used to bring in the technical know-how. First, even though the enterprises are owned and governed by the women members, the producer company/cooperative/society has hired critical staff at all levels to handle certain operations where the members do not have the requisite skills, such as in marketing and establishing large production systems like the feed mill in the case of poultry. This requires careful handling as sometimes the technical personnel can come to dominate the worker members (same as a CEO dominating the shareholders in a company) and disempower them to the extent that even if the women are the owners, they feel they are workers. On the other hand, business enterprises require technical professionals of the best quality if they have to go to scale. It is here that the core values of both the women and the technical personnel hired play a role. The strength of the Governance Structures that are institutionalised also plays an important role (this is discussed in the Chapter 10 on Organisation Structures).

The second strategy of bringing technical support into an enterprise system is rather contrarian but very effective and increasingly used in all sectors today. This is the system of '*outsourcing*'. Very often, this is a mistake that many government programmes, as well as non-governmental development agencies, make of trying to do everything by themselves rather than sticking to their core competencies. In management, it is called the Make or Buy decision. It is critical if an enterprise has to reach scale. The most effective use of this strategy from our set of case studies has been the case of the Sakhi Mahila Milk Producer Company. A unique feature of the whole operation put in place by this producer company has been the *outsourcing of key functions above the village level to private players while retaining the ownership of the produced milk*. The collection, transportation, cooling, pasteurisation and related processing functions have all been outsourced to a variety of vendors who are in the private sector. The outsourcing has been done through a system of commission per litre of milk. While the initial location of Alwar, which is a rapidly industrialising area with enough private capital, assisted this process, the company has successfully leveraged this environment. This outsourced vendor strategy has allowed the producer company to focus

itself on its core competency of mobilising members to become productive milk producers through scientific cattle rearing.

Both the strength and purpose of a majority of the cases studied have been the membership-based production processes. Hence, outsourcing the marketing function has been quite common in a few of the enterprises. Such outsourcing has been done through long-term vendor development and relationship building. For example, in poultry, two wholesalers were partnered to take the poultry marketing forward in the initial years. In the case of Lijjat Papad, the process of appointing distributors to handle local markets has been made systematic. Each branch appoints a set of distributors on a commission basis by placing an advertisement in local newspapers. Once appointed, the distributors create a local network of retail shops to place the products.

To summarise, the importance of human resources and raising their capabilities and competencies is critical for any organisation and business enterprise. This need for human competencies and how it has to be built for an enterprise's development needs to be contextualised to be relevant. In a situation where the competencies have to be built to enhance the capabilities of women member-owners drawn from the poor and in contexts which are locationally dispersed, a very strong training system needs to be put in place before any scaling-up is contemplated. The training system at the first level needs to cater to the large body of women worker members in terms of basic training for all. However, for the enterprise system to sustain itself, as the cases studied show, it is both necessary and effective to invest in creating a whole new cadre of paraprofessionals drawn from the community of women themselves. The creation of such a cadre has been instrumental in both ensuring the viability of the enterprises set up and, even more importantly, in scaling them up. Such a community cadre of professionals is an investment that has high costs, but it also yields high returns. Bringing in new technology is also essential if the enterprise has to produce quality competitive products. This is best done through formalising institutional relationships with a competent TSA. India is blessed with such quality technical institutions for virtually every field of enterprise, particularly rural-based enterprises. They need to be sought out. Finally, some technologies and technical functions are often beyond the reach of the women who actually own an enterprise. In such cases, it is best to either recruit competent professionals from the market who have the same value set or outsource that part of the enterprise through different kinds of arrangements.

CHAPTER 9

MARKET LINKAGE BUILDING

“The aim of marketing is to know and understand the customer so well that the product or service fits him/her and sells itself.”

- Peter Drucker

Marketing is a complex subject covering many sub-themes and subjects, as any consumer product company knows. Over time, markets in India for all products have become more competitive as more people set up businesses, but also bigger in size as the population moves from a rural to an urban system, and the purchasing power of consumers increases with economic development. Hence, there are secular trends where the total size of a market for a service (e.g., health and hospitals) or product (e.g., packaged food) is expanding, as well as an environment where a product/service has to compete with different players in the same line of business. Here, we are concerned with both kinds of situations because the business idea needs to be tested from the angle of whether it meets a need of a potential consumer and then followed by what is the best strategy to fulfil this need and thereby make a business profitable.

As marketing is a broad theme, we will restrict ourselves to examining how the eight case studies presented dealt with the market in the long run. In the first instance, because many of the enterprises were women-member-based, the priority of most of the enterprises presented was not marketing but the generation of sustainable livelihoods for the women members through some kind of household-level production that was more efficient.

In three of the cases, the marketing problem was largely solved without little conscious effort because of the *secular rise in demand* for their product- goat meat, poultry meat and milk/milk products. Hence, these enterprises relied on the institutional buyers already in the market. Wholesalers from local markets picked up the goats or poultry birds from the women member's houses. These enterprises, however, made two fundamental changes in the way such buying agents purchased the products. Firstly, in the case of goats, weighing machines were given at the sub-village level so that they were not cheated and the goats were sold at the right price. In the case of milk, the change was even more fundamental; the sale of milk based on its fat content changed the whole incentive structure for cattle rearing. In poultry, while the market was competitive with the large players, the enterprise set up by the MP Mahila Producer Company started selling the poultry birds through an efficiency ratio and at the right weight demanded by the market in a shorter cycle of growing the birds. Hence, in all three cases, *the key marketing strategy hinged on getting the right price for the product and ensuring*

that the margins for the product were higher through enhanced productivity. In the case of milk from the *Sakhi* dairy, 90% of the sales continue to be from institutional buyers (packaged milk producers and retailers). The mainstay of the market in all three cases comes from institutional buyers rather than direct retail sales.

In the case of *Lijjat Papad*, a purely low-cost volume consumer product, direct retail sales were not attempted. It also relied on each branch having distributors who sold to the retail shops. In all the cases above, the place of sale continued to be the basic unit at a very decentralised level (village or branch level).

Of the famous 4 Ps of marketing (product, price, placement, and promotion), four of the products – broiler chicken, goats, mushrooms, and milk were essentially in the nature of commodities rather than full-fledged products. Of the remaining, only one is a product (*Lijjat Papad*), and the others are in the nature of services- food and tourism. In all four cases, both the design of the product/service and the promotion of it were given due attention right from the beginning. In the case of *Lijjat Papad*, a lot of attention was given to the quality standardisation of the product. The attention to quality is brought out clearly by the fact that while all the functions have been decentralised to the branch level, the purchase of raw materials, a key determinant of quality in both spices and *papad*, is still centralised. In the food catering service enterprises promoted by *Café Kudumbashree* and *Didi ki Rasoi* again, quality was given a lot of attention and prioritised. This included the quality of raw materials to cooking methods to hygiene to serving standards.

The *Pink City Rickshaw Company* is a stand-alone and distinct case because the product itself was unique and innovative and constituted the core of the developed business model. In addition to the uniqueness of the specially designed electric rickshaws driven by women drivers, special tourist circuit packages were developed like special tours- a basic *Heritage Tour* priced at INR 2,000/-; a *Shop and Hop Tour* priced at INR 2,500/- a *Food Trail Tour* priced at INR 1,000/-; and an *Early Morning Tour* priced at INR 2,000/-. For market promotion, it has partnered with travel agents and hotels within the tourism industry, as well as ventured into online marketing, as its primary customers are foreign individual tourists. There are other cases of such women-led ventures which have promoted eco-tours in different locations.

All markets have become more and more competitive over time as the Indian economy has developed and more market players have entered different businesses. Such market players have included both large companies and small private businesses. One strategy to meet competition is by product differentiation, which was discussed in the previous paragraph. The other strategy is the systematic promotion of the product through branding and promotion in both new and old markets. *Didi ki Rasoi* has used its government linkage of *JEEViKA* to promote the product through marketing to other government institutions. However, this can only be a short-term measure. Each *Didi Ki Rasoi* enterprise has to develop many more marketing opportunities outside the government canteen system.

A much more systematic attempt at marketing has been followed by Café Kudumbashree. First, the brand Café Kudumbashree was created. The brand's Unique Selling Proposition (USP) was homely food, hygienic, local cuisine, and sometimes organic raw materials. The brand was promoted initially through participation in various events where Café Kudumdhree Food Courts were established. These included corporate events, fairs and festivals organised by the government, sports events, etc. While these were one time and temporary, for a more permanent business, a chain of restaurant cafes called Café Kudumbashree; mini cafes called Café Shree and Café Kudumbashree kiosks were branded. These were independently owned and managed by women members drawn from the local neighbourhood groups.

In the case of Lijjat Papad, the brand with the same name was created and all products of the Shree Mahila Griha Udyog are sold through this brand. While the brand took some time to establish itself, today it is a well-known national-level brand synonymous with quality papad of various kinds. Its success lies partially in branding a hitherto unbranded simple consumer product on the one hand and the quality of the products that backs up the brand on the other.

Even though the mainstay of the Sakhi Mahila Milk Producer Company is institutional sales currently, it has branded its various products as “*Sakhi*”. The company has gone into other milk-based products with their brand and started marketing these. Sakhi launched its first dairy product, “Sakhi Ghee”, in May 2020. The market entry of Sakhi ghee has helped the company to strengthen its market reach and increase its brand portfolio. It also launched “Sakhi Rasgulla” in October 2022.

To summarise, developing market linkages is critical for the sustainability of any business. Because some sectors have seen a rapid expansion in their overall size in the last two decades in India (especially food and consumer products), it is possible to get some leverage from this expanding market for a lot of the commodity-based products. Pricing, productivity and market information are critical variables in these markets where entrenched institutional players operate. Tie-ups with some of the smaller players in these markets is a strategy used in many women member-based enterprises. For an enterprise that is primarily constituted of women producers' direct retail marketing is an option that is rarely used as it cannot quickly go to scale without massive investments. Product branding is a strategy that is used by many women-led enterprises, but it is beyond the reach of most individual micro enterprises that lack such a network. Branding as a supporting market strategy is helpful, but it needs to be backed by a product/service of standard quality. This quality standard is the foundation upon which promotional agencies interested in promoting women-led enterprises should focus their efforts.

ORGANISATION STRUCTURES

“Every company has two organisation structures. The formal one is written on the charts, the other is the everyday relationship of the men and women in the organisation.”

- Harold Geneen

An organisation structure is a framework within which the people in an organisation work and report and how communication flows within it. It includes the formal rules, roles and responsibilities. There are three dimensions of an organisation structure that we need to consider here: the legal status under which the enterprise carries out its business; the formal organisation structure and roles of different people and units within it, including the governance structure; and the informal organisation of relationships and their nature. An organisation structure becomes an important tool to tie together an enterprise as it grows in size. Each of these dimensions will be discussed in this chapter in the context of different types of women-led enterprises.

10.1 Legal Structures

For an individual-owned enterprise, particularly in the informal and micro sector, legal and formal organisation structures are not so important. However, even here, some legal form is required if they are to receive grant money or loans. In women membership-based enterprises, which have a wider base of persons who are owners, the options for different kinds of legal registration have increased over time in India. Initially, many of the cases promoted by non-government development agencies, such as the Kesla poultry cooperative and Shree Mahila Griha Udyog, were registered as Societies under the Societies Act 1860 (like their promotional agency), and the business activities were carried out within it. However, the purpose of the Societies Act and the Charitable Trust Acts of the different States are primarily meant for charitable activities and doing business through them became a problem as sale/purchase/ profits are not allowed within it, and many enterprises as they grew, got into problems with the Income Tax laws. A non-profit organisation is not suitable to be a vehicle for a business enterprise.

The traditional, post-independence form of such producer member-based enterprises has been cooperatives registered through the Cooperative Act enacted as early as 1901. The law itself was widely used in the post-independence period to build up a robust State supported cooperative system in India till as late as the 1970s. Cooperatives were formed in every kind of sector and business, and

many became very profitable and successful. The cooperative movement in Maharashtra and Gujarat generated such success stories as the sugar cooperatives in Maharashtra and Amul in Gujarat. The cooperative law allowed multiple levels of federations to be formed, such as the Primary Cooperatives at the village level and the Federated Cooperatives at higher levels. Over time, the Cooperative movement in India ran into several kinds of problems. On the one hand, the cooperatives became dominated by a few members who cornered all the benefits, on the other hand, even more troublesome, the cooperatives became subsumed into the government system. The cooperatives also became highly politicised, with local political parties using them to build their bases. The history of the Cooperative Act and its trajectory of use over time is a story of how good intentions can be turned on its head. With these developments, the Cooperative Act, which allowed for registration (and interference) at the local level, became unsuited to running an enterprise. The cooperative law was amended in 2022 through an act of the Indian parliament, the Multi-State Cooperative Societies (Amendment) Bill 2022, but the new law's intentions and results are still too early to know.

In the last two decades, as the SHG movement grew in India, many States felt that the SHGs and their federations required a legal structure to facilitate their function, disbursement of funds and engaging in business-related activities. In most States, the federation of SHGs continues to be registered under the old Societies Acts or the Cooperative Act. In Andhra Pradesh, a special act was legislated, the Andhra Pradesh Self Help Group Pension Contributory Act, to allow them to become vehicles for routing government pension funds. However, for receiving bank loans, even unregistered women SHGs have been recognised by the Reserve Bank of India. The goat-rearing business enterprise in Ajmer district is an example where the Federation of SHGs is registered under the Societies Act.

Keeping in view the shortfalls of both the Societies Act and the Cooperative Act to promote genuine member producer-based business-oriented enterprises, another law under the Company Act of 1956 was amended in the year 2013, opening up new opportunities for such membership-based enterprises. This amendment to the Company Act allowed for producer member-based companies to register, manage, and wind up as Producer Companies. The law has been widely embraced in India, especially in the rural areas, and several government schemes have emerged to finance their creation. The producer company law has the advantage of the company law in terms of the autonomy it has to conduct business like any private company with shareholders. In the case studies, the Madhya Pradesh Women Poultry Producer Company and the Sakhi Mahila Milk Producer Company are both examples of scaled-up enterprises, that are registered under the Producer Company law. All women members producing poultry birds or milk are shareholders of the respective two companies and also elect the board of directors for the company.

Interestingly, a membership-based company can also be registered as a Private Limited Company, which gives it even greater flexibility to conduct its

business. The two examples from our case study are interesting because they have very different kinds of promoters. The Pink City Rickshaw Company, promoted by a non-government development agency, was registered as a private limited company with the women drivers as shareholders. The Didi ki Rasoi, promoted by a government agency, was also registered as a private limited company with shareholders and directors drawn from the SHG members.

Hence, within the framework of Indian laws, while any women-led membership-based organisation can establish a business enterprise through various forms of registration, the current state of wisdom suggests that the Company Act is the most flexible form to conduct business within a producer company if it is a production-based enterprise and a private limited company if it's a service-based enterprise.

10.2 Formal Organisation and Governance Structure

As an enterprise grows in scale and size, some kind of formal organisational structure is required to guide its operations. More important, within such a structure, how decision-making and reporting take place is critical. Often, organisation leaders build structures and are unwilling to change their shape, even though it has become dysfunctional and cause problems in operations. Let us look at how a few of the organisations narrated in this volume have built their organisational structures. At the apex level, all formal and legal organisations have a governing structure to guide the operations of an enterprise, such as a Board of Governors, Directors, or Executive Committee. In all the cases studied, this is constituted of women members who have either been the founder members of the enterprise or, if rotational norms are followed, have been elected by other members for their leadership qualities.

For example, in the case of Shree Mahila Griha Udyog, the organisation has a Central Managing Committee comprising of 21 members, including the President, Vice President, two Secretaries and two Treasurers. Every branch is directed by a *Sanchalika* to watch the production of the branch. Based on consensus, every three years, the office bearers of the managing committee and the *Sanchalikas* are re-selected among the sister members. Each branch has a committee of 11 sister members who are again selected by all the local members. All the activities of various branches are loosely co-ordinated by the central office in Mumbai. As the organisation expanded, and with over 80 branches, the decision-making authority was decentralised to the branch level in terms of work and sharing of profits. The central office has kept very specific roles, the primary amongst which is the purchase of raw materials. Over time, it has also opened a division for marketing at the central office.

In the case of the Sakhi Mahila Milk Producer Company, which is registered as a producer company, there is a Board of Directors of eight persons, with one Chairperson amongst them. Three 'staff' members also occupy directorial positions within this structure, with the CEO as a director. Effectively, the CEO runs the organisation. Women members as directors hold shares, while staff members as directors do not hold shares in the company. There are thirty-

eight-thousand-member shareholders in the company. Within this structure, there are functional departments at the central level around Milk Production and field operations, Finance and Accounts, IT and MIS, and Marketing. The field operations further have district-level units to coordinate and manage all the activities at the district and village levels. The need for the systematic purchase of cattle feed and its delivery led to the original company registering another producer company recently.

In the case of the Madhya Pradesh poultry producers' groups, which have a much longer history, the organisation structures have evolved and have been more bottom-up. In Kesla (Hoshangabad district; Madhya Pradesh), where it all began and is the nucleus of the growth of the enterprise, the organisation is registered as the Kesla Women's Broiler Poultry Producer Cooperative Limited, under the Madhya Pradesh Cooperative Act of 2001. It follows the cooperative structure with founding members and office bearers drawn from the women members. With scaled-up operations, all the block-level cooperative societies were federated to form the Madhya Pradesh Women's Poultry Producer Company Private Limited. Although the producer company today is headed by a CEO, primarily responsible for taking the whole business on its growth path and assisted by over seventy professionals drawn from both the market and local community. Because of the values of the promoter organisation PRADAN's continuous conscious efforts over the years, they have been able to build up leadership from within the women members who can take over the governance functions.

In the case of the Ajmer goat-rearing enterprise, the Suraj Mahila Mahasangh, which is a federation of 255 SHGs, manages the operations of the enterprise fully. As a majority of the members of the SHGs are also goat rearers, at the apex level, the two roles are done by the same committee of around 18 members. It is only at the village level that the informal SHG group and the goater group are different. The Mahasangh is still registered as a Society and not as a company.

In the case of Café Kudumbashree, it is a loose federation of individual/small group-owned enterprises operating independently under a brand and support system provided by the functionaries of the Kudumbashree programme. Ownership is completely with the local women doing the business.

In the two cases of Didi ki Rasoi and Pink City Rickshaw Company, the private limited company structure implied that a Board of Directors is chosen from amongst the women shareholders. Organisation structures, roles and responsibilities are still fluid as the scale has not been reached yet.

10.3 Informal Structure and Organisation Culture

Organisational culture is the result of a combination of many things. It is primarily determined by the values and style of the early promoters of an enterprise on the one hand and the demands of the business as it grows on the other. Formal structures can be subverted by the informal structures created by the people in an organisation. A majority of the cases we have studied of women-led enterprises which have gone to scale have two things in common. First, they are membership-based organisations, i.e., the women members belong to some

form of socially organised group, even if the enterprise itself is started and owned by a few women in the beginning. Secondly, most of the enterprises were initially promoted by agencies/individuals who were socially motivated to work for women and the poor. Both these dimensions have played an important role in how the enterprises have organised themselves and, over time, empowered the women members to take charge of the leadership of the enterprise's governance and management. The altruistic feeling of sisterhood mentioned in Chapter 3 has been an important aspect of building a very different culture in the organisations built around these enterprises.

To summarise, organisations bind the business enterprises together, first as promoters and then as operators of the enterprise. There are many ways to build and structure organisations, and often, without the requisite expertise, organisation structures and processes are built without conscious design, leading to situations where they become obstacles to both the running of a business and the people inside. In the cases of women-owned enterprises we have studied here, there is a diverse set of organisation structures. In terms of the legally available organisation forms, there are many, and over time, the best form has emerged as the shareholder-based company under the Indian Companies Act, either a private limited or a producer company. In terms of formal structures, because most of the enterprises discussed are federations of decentralised production and service-based enterprises, a decentralised structure has emerged. However, as scale-up happens, certain functions, such as marketing and vendor partnerships, have remained centralised, more due to competencies than needs. Permeating this legal and formal structure has been the informal structure driven by the values that the people in the organisation carry. It is here that the women-led organisations, emerging out of a value set of sharing and the feeling of community, have contributed to bringing about very positive outcomes.

FINANCIAL SUPPORT SYSTEMS AND GOVERNMENT POLICIES

“For women, financial independence is a matter of necessity.”

“Money is only a tool. It should not replace you as the driver.”

Finance is the fuel that propels an enterprise and is critical for both the starting of a business and its growth. It is also the factor that enables a business to monetise the intrinsic value of the product or service through a market and generate surpluses. For economically disadvantaged women wanting to start a business, external finance is critical, as they are poor with deficit budget households and need to be capitalised. Women face a variety of barriers accessing external financial capital due to factors revolving around limitations in access. According to an International Finance Corporation report published in 2022, about 90% of female entrepreneurs in India had not borrowed from a formal financial institution. In India, women obtain credit equal to just 27% of the deposits they provide, compared to men, who receive credit equal to 52% of their deposits. This disparity might be attributed to financial organisations not granting credit evenly to women. Another fundamental issue for women entrepreneurs in India is a lack of access to professional networks. According to the Google-Bain survey, 49% of respondents experience a lack of professional support as a result of restricted inclusion in formal and informal networks.

Keeping the above factors in view, women-led enterprises, both collective and individual, have to constantly look for an adequate, easy to access, and continuing source of finance. These finances can either be loans or, grants, or a mix of both. Without access to finance, the talk of scale is redundant. There are a vast variety of sources of finance theoretically available to women enterprises in India. The problem is often that of access. Let us take a look at possible sources of finance used by the enterprises studied here, as well as, the others available either through the commercial banking system or directly through government schemes.

However small an enterprise starts, it needs seed capital to begin operations and make the initial capital investment in assets and equipment to begin the business. In collective enterprises that are centred around SHG networks, the SHG- Bank Credit linkage programme, where banks provide loans to the SHGs as revolving capital and also through the SHGs, loans for a specific enterprise, has been used very usefully by many of the enterprises narrated here. For example, the goat-rearing enterprise has leveraged around INR 60 million in commercial bank loans. In the case of the dairy enterprise, the Bank linkage programme has leveraged around INR 600 million from different commercial banks. Similarly,

in the poultry case, the MGNREG scheme has been creatively used for the construction costs of the poultry sheds. All these programmes have relied on leveraging loans and grants available to individual women by government schemes through direct linkage but for a collective enterprise.

There still remains the issue of generating enough seed capital for an enterprise as a whole, which is in the nature of common facilities rather than individual grants/loans. Here, in most of the cases, external finance has been brought in through ‘donor’ agencies willing to invest in livelihood generation for rural or poor women. This grant money, in the nature of a start-up fund as well as other running costs, has been essentially raised by the promoting nongovernmental agency. For example, in the case of the Sakhi Mahila Mik producer company, it was the Tata Trusts; in the case of the poultry cooperative in its early days, it was the World Food Programme that initiated the Satpura National Park Fringe Area Development Programme; in the case of the goat rearing enterprise it was the UNDP; in the case of the Pink City Rickshaw Company it was the HSBC banks Skills for Life programme; in the case of Lijjat Papad it was the Khadi and Village Industry Commission (KVIC); in the Café Kudumbashree it was the State mission of Kudumbashree; and in the case of Didi Ki Rasoi, it was again the State managed JEEViKA programme. The above is a very diverse list of programme fund sources, all of which were channelised to promote the enterprise and provide some seed capital. In some of the cases, the expansion was also funded from the same sources. The reality is if that women from poor households have to start an enterprise and expand it, external finance upfront is required, as they do not have any personal finances to spare and neither are they members of any network with access to finance.

The Government of India has also realised that women’s entrepreneurship requires windows of special assistance to enable them to enter the enterprise development field. There is a variety of schemes, the majority of which are channelised through the public sector commercial banking system. It is worth listing all of them here.⁸ The major schemes include the following:

- **The Mudra Loan scheme-** It is a government initiative aimed at promoting entrepreneurship and providing financial support to micro and small enterprises. The scheme has a special focus on women entrepreneurs. Mudra loans for women are available on easy terms and conditions, with no collateral required for loans up to INR 10 lakhs. The scheme also offers lower interest rates to women entrepreneurs.
- **The Stand-Up India Scheme-** It is a government scheme that aims to promote entrepreneurship among women and other marginalised communities. It provides bank loans to at least one scheduled caste (SC) or scheduled tribe borrower and at least one woman per bank branch for the establishment of a greenfield business. In the case of non-individual firms, a SC/ST or woman entrepreneur must possess at least 51% of the ownership and majority stake. Under this scheme, women entrepreneurs can get a loan ranging from INR 10 lakh to INR 1 crore to start or expand their small business.

⁸ The list is constructed from the websites of some of the major banks.

- **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**-The Small Industries Development Bank of India (SIDBI) and the Ministry of MSME introduced the initiative to provide collateral-free financing to micro and small enterprises. Both existing and new enterprises are eligible to be covered under the scheme, for which a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has been established to provide credit facilities up to INR 200 lakh per eligible borrowers covered, provided they are extended on the project viability without collateral security or third-party guarantee. The extent of guarantee cover is 85% for Micro and Small Enterprises being operated and/or owned by women.
- **Prime Minister's Employment Generation Programme (PMEGP)**- It is formulated by the Ministry of Small and Medium Enterprises of the Government of India and implemented by the KVIC, is a mixture of schemes that include a loan of up to INR 1 million for starting a business. Projects with a maximum cost of INR 2.5 million are eligible for the scheme, with INR 1 million allocated specifically for service-based projects.
- **Udyam Shakti Portal**- It was launched by the Ministry of MSME for promoting social entrepreneurship by creating low-cost products and services. It offers assistance with business planning, incubation facilities, training programs, mentorship, market research, and more.
- **(TREAD) Trade-Related Entrepreneurship Assistance and Development**- This initiative aims to economically empower women by providing finance (through NGOs), training, development, and counselling expansion activities linked to trades, goods, and services, among other things. Non-Governmental Organisations (NGOs) get assistance in the form of a grant from the Government of India (GoI) of up to 30% of the total project cost, as determined by the lending agency, to promote entrepreneurship among target groups of women. The remaining 70% of the project cost is financed by the lending agency as a loan for carrying out the activities outlined in the project.
- **Economic Empowerment of Women Enterprises and Start-ups by Women**- It is a Ministry of Skill Development and Entrepreneurs scheme that provides an incubation and acceleration programme for female micro-entrepreneurs to launch new businesses and scale up existing ones. The initiative is now operational in the States of Assam, Rajasthan and Telangana.
- **Annapurna Scheme**- The program aims to financially support women in establishing a food catering business. The program grants loans up to INR 50,000 to allow women to buy utensils, kitchen tools, and other equipment for the business. The interest rate varies per the market standard and the concerned bank. The loan amount is to be paid back in three years.
- **Mahila Shakti Kendra**- This government-sponsored program was launched in 2017 to financially empower women by providing skill development support, digital literacy, employment, and more. Each Shakti Kendra (at national, State, district, and block levels) offers an interface for rural women to avail benefits via training and capacity building.

- **Orient Mahila Vikas Yojana Scheme-** The program is suitable for Indian women who want to develop small businesses and take care of their requirements. The scheme doesn't demand collateral for loans up to INR 20 lakhs. After receiving a loan under this program to assist in starting a business or firm appropriately, the repayment period is 5 to 7 years.

From the above listing of the government schemes, we see that their formulation has taken into account a majority of the needs of a women entrepreneur to get loan funds for starting a business. However, the crux of the problem faced by women in starting a business and getting capital is access. The delivery mechanism for these schemes varies widely across States and within them across bank branches. Hence, the real challenge for women-led enterprises is access to finance and other inputs rather than issues such as interest rates. Most of the cases discussed here have solved the problem of access by having a competent promotional agency to provide the support system. However, even with this support system, very few of the cases we discussed have actually used any of the schemes listed above. Hence, delivery systems for schemes also need to be prioritised when the policy formulation for such schemes takes place.

CHAPTER 12

GESTALT – PUTTING IT ALL TOGETHER

“The whole is (greater) and something else than the sum of its parts.”

- Kurt Koffka

12.1 The Gestalt Process- Creating the Right Operating Ecosystem

Till now, we have looked at several factors individually which have contributed in some way to the scaling-up process of the different enterprises discussed in the case studies. We have looked primarily at women’s enterprises that were essentially group-based and owned. From the analysis, it is clear that not just one single factor has contributed to the scaling-up process but a whole set of factors taken together. This we can label as creating the Right Operating Ecosystem (best brought out in the case of Sakhi Milk Producers Company and Madhya Pradesh Women Poultry Producer Company). Further, as the quotation above from the founder of the Gestalt process shows, this has created something that is different from the sum of the individual parts. The enterprises have, even with some weaknesses, become sustainable and ready for further scaling up. For example, the business models developed in Café Kudumbashree and Didi ki Rasoi, along with the support systems of training and market development, can be further scaled up in the times to come. Similarly, in the case of the poultry, goat-rearing and dairy cases, the same set of business processes can be replicated further in different locations and has been done so (in the case of milk in multiple districts and in the case of poultry in multiple States). Figure 1 (end of this chapter) attempts to summarise this interplay of factors identified.

Further, *not only have all the factors worked together, but they are also congruent or consistent with each other.* For example, the nature of the product, Lijjat Papad, defined what in the organisation could be decentralised (production and selling) and what centralised (raw material purchase), thereby determining the organisation structure. Similarly, in the case of Pink City E-Rickshaw for tourist, the business model (women drivers) determined the client base (individual foreign tourists seeking safety) and the marketing method (online). The element of congruence between product/service, people/staff, systems and processes, markets and organisation structures and processes, and the special care given to arriving at a consistent set of strategies for it by the leaders/managers is often not realised.⁹

⁹ Samuel L. Paul. *Managing Development Programs- The Lessons from Success.* Routledge; New York 1982. He discusses the importance of this concept of congruence in such social enterprises like Amul.

12.2 Sequencing

Another dimension to be considered beyond the individual strategies adopted is whether there is a logical sequence which each of the factors identified for success should follow. Some are obvious, for example, developing a business model can only follow after identifying a business idea. Building an organisational structure happens only when the number of people involved increases beyond a small group. The sequence of how to seed and then scale-up a membership-based women-owned and led business enterprise with the objective of livelihood generation needs a certain sequencing of strategies and activities.

Starting from the core values, it is well worth making these more explicit through a mission statement for the whole enterprise. This would, in turn, enable later entrants to imbibe these values and create an organisation around them. Simultaneously, some kind of community base in a location (cluster of villages, block, etc) is identified so that there is a clear definition of which women will become members/ owners of such an enterprise. In all cases, the entrepreneur should be self-chosen (mushroom farming, Lijjat papad), but this does not happen automatically. The two factors together, of core values and social grouping and mobilisation, will determine a lot of invisible factors that distinguish a social enterprise from a purely commercial one.

Parallel to the above, there is a need to identify a business idea, test out its' viability on a pilot scale and convert it to a business model that is viable and profitable. This is an exercise that is best done either through the founder owners or key promoters of the enterprise. The more explicit, focussed, and specific this exercise, the better it is to take off. Various criteria are used to arrive at the business idea, followed by a business model, as seen from the case studies. Products and consumer fit from the market point of view is one criterion. Another is whether the members can actually run the enterprise in terms of investment, skills, risks, and facilities is the another criterion. The next related step is the most critical from the point of view of future scaling up. This is the establishment of a system of business processes that meets the needs of the product or service making and delivery. It includes test marketing the products and services in a live market situation and modifying this process further.

It is only when all the above have been put in place that we can think of scale. Scaling-up can be done in several ways and involves cloning the business model and replicating the business processes across different environments. Scaling-up can happen horizontally across locations, with other things being kept constant, or vertically by just expanding the production in the same area by increasing production capacity. It is only at this stage that the kind of organisation structure that is appropriate to the business being visualised becomes important. Hence, while some kind of sequencing is required when we think of growing a business, it is not cast in iron. Space for inorganic or natural growth should be left for. Organisation structure should follow growth paths rather than become determinants of it.

12.3 Participation in Networks through Solidarity

One of the factors identified by the survey of women entrepreneurs in the Bain & Co. study is that women are excluded from all kinds of networks, thereby denying them access to both finance and markets. The membership-based group enterprises show that collectively, the women have a bargaining power, which the enterprises have used effectively to forge networks- with existing market players, government systems and commercial banks. Bulk purchasing of raw materials(pulses) by Lijjat Papad, mobilisation of credit for milch animals from a set of commercial banks in Alwar, and opening of a poultry feed mill in Madhya Pradesh are all examples that demonstrate the way they can break the barriers to entry into entrenched networks and larger systems. To further strengthen these benefits from networks, in the case of poultry, they have formed the National Small Holder Poultry Development Trust at the national level. In the case of the food business, through the National Livelihood Mission, the women of Bihar running Didi ki Rasoi have joined hands with the women of Kerala from Café Kudumbashree in a unique kind of network.

12.4 Crisis Management and Persistence

Enterprise development and its growth are at its' core human endeavours, requiring human will and ambition on the one hand but also opportunities, knowledge and resources on the other. One of the factors hindering a larger number of women, particularly those drawn from poor households, from becoming entrepreneurs is that they may have the will and ambition but, because of their objective situation, do not have the staying power. Group membership-based enterprises supported by training and finance remove the obstacles to their ambition and reduce risk through solidarity.

Scaling-up occurs slowly, as seen in most of the case studies. There are many failures that occur, either internal through weak management or external through changing market conditions. Hence, there are varying time periods of incubation and scaling up. How an enterprise manages a crisis situation and whether it persists in pursuing its goal is what determines whether an enterprise can scale up. The value of persistence is well brought out by the Kesla Poultry Cooperative, where, after twelve years of experience, only 18 member producers remained. Again, in 2007, the poultry business faced a bird flu crisis. Even after experiencing growth, the poultry business faced yet another crisis during COVID. Similarly, in the case of the E-Rickshaw company, the COVID crisis reduced the business of the company to nearly nil, but the women members have remobilised and are again back in business. The individual entrepreneur Anita Kumari's case is also instructive; she went through many years of trouble and learned from experience before she could actually become a role model of a successful women entrepreneur. Whatever theoretical or managerial framework we use, the value of the human spirit cannot be underestimated in the scaling-up process.

To summarise, in addition to the different individual factors that are purely business-related, there are three overarching integrating issues that need to be considered for building winners.

1. These are the strategy sets that integrate all the different factors like people, product/service, business processes and organisation design into a congruent whole.
2. Sequencing and organising some of these dimensions in the right order so that scale-up can happen.
3. The solidarity through the creation of their own networks and the negotiating power derived from collective decision-making. Finally, the value and will of persistence to survive in the face of crisis and challenges on the road to success.

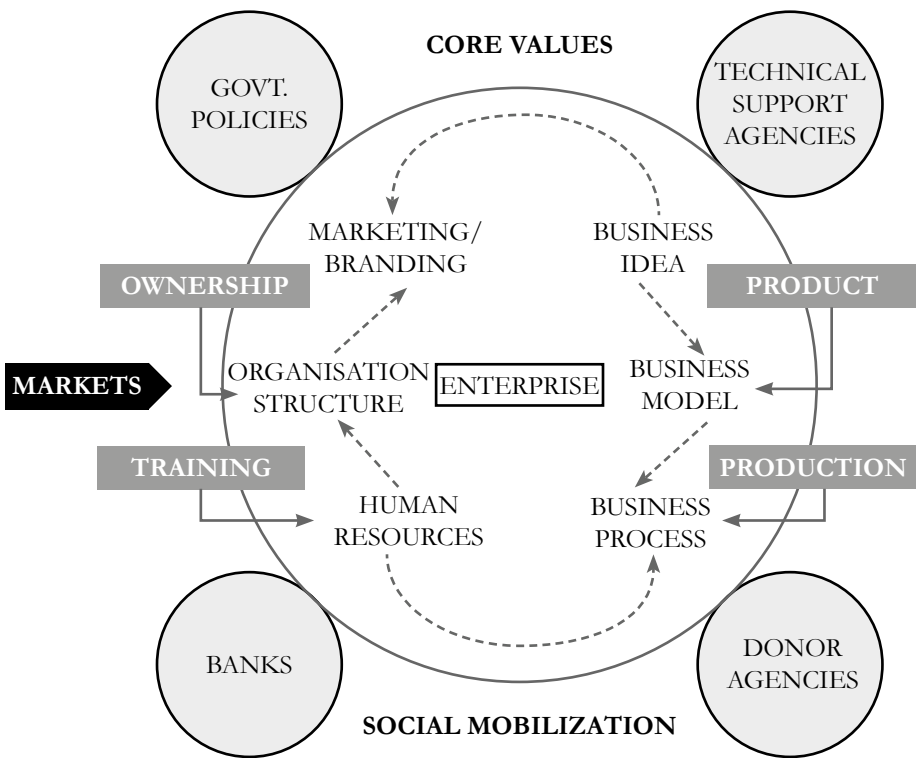


Fig 1: Interplay of Factors contributing to creating the Right Operating Ecosystem

CONCLUSIONS AND KEY LESSONS

The journey of any women-led enterprise, from establishing a new business to scaling-it up to cover thousands of women on the one hand and several millions of rupees in sales and profits on the other, is a long and difficult journey. The environment in which such an enterprise has to be built is challenging, with many barriers to cross. Statistics in all countries show that a majority of the enterprises started either fail or, at best, remain small. In the case of women-run businesses in India, the percentage of women-owned businesses that hire workers and grow is even smaller. As a Bain & Company report states, of the 20% businesses owned by women in India, more than 95% are micro-businesses, primarily in the unorganised sector. While large in absolute numbers (approx. 13-15 million), the problem of women entrepreneurship lies in scale and scope, with the majority being single-person enterprises. Hence, scaling up is a special challenge that women entrepreneurs face. Further, according to an IFC report published in 2022, about 90% of female entrepreneurs in India had not borrowed from a formal financial institution. In India, women obtain credit equal to just 27% of the deposits they provide.

It is in the above context that we have looked at some of the women-owned enterprises from across the country which have managed to survive and grow over many years. There is a purposive bias in the enterprises we have studied. Our primary concern is how women from very poor households have managed to own and organise themselves into running a successful business enterprise and scale these businesses over several years. These enterprises may have come up and be supported by a promotional agency or programme, but this does not take away from the success and resilience of the women who have been the owner members of these enterprises. In fact, one of the factors for the success of women's ownership of enterprises may be that, to overcome the initial barriers, they do need such external promotional agencies, which in turn need to be supported financially and through an enabling set of government policies.

The eight case studies narrated in this volume come from diverse sectors and locations. A few others could have been added to this initial choice. Because of this diversity, they also represent different communities from which the women are drawn, such as tribals, backward castes, and urban poor. They represent the microcosm of people experiencing poverty in India. What is more important for our purpose is that these case studies provide a rich insight into the factors that make an enterprise scalable in a context that is often not conducive to business development, especially by women. The eight case studies presented are the Sakhi Mahila Milk Producer Company in the milch cattle rearing and dairy business that started in the Alwar district of Rajasthan; the Madhya Pradesh

Women's Broiler Poultry Producer Company that started in the Kesla block of Hoshangabad district of Madhya Pradesh; the Suraj Mahila Mahasangh which started a scientific goat rearing business in Jawaja block of Beawar district in Rajasthan; the Café Kudumbashree in the food catering business, promoted by a Kerala government women's antipoverty programme; the Didi ki Rasoi, also in the food catering business, promoted by the JEEViKA programme in Bihar; the mushroom farming enterprise, established by an individual woman, Anita Kumari, in Nalanda district of Bihar; and the Shree Mahila Griha Udyog, makers of Lijjat Papad, headquartered in Mumbai but covering several cities in different States.

The second feature, which naturally emerged from these cases, is that a majority of the enterprises which have managed to go to scale are not owned by an individual woman but by a collective effort of groups of women. This solidarity is an important element in overcoming several barriers that women face in running a business and empowers them to deal with the environment from a position of strength. The membership by the women to own these enterprises has come in many legal forms that include SHG Federations, Cooperative Societies, Producer Companies and Private Limited Companies.

There are several themes that need to be factored in when a women-owned enterprise needs to spread its wings and travel the road to scale. These include the shared core values that the women and the organisation around an enterprise hold to be important. Core values are an integral part of an organisation and enterprise, implicitly or explicitly. Positive, socially oriented core values are important for the long-term sustainability of even an economic enterprise and help it to both survive and grow. One of the important shared values in such women-owned enterprises has been not just the drive for sales and profitability, but also how to reach and benefit larger numbers of women in similar situations. One of the very interesting facets of the core value that is implicit in all the organisations that have been studied is that of 'sisterhood' (in the absence of a better word). The expansion that was possible quickly to cover a large number of producer members in all the enterprises studied was because the initial women members were willing to share their knowledge and experience with other potential women members from their community or similar communities.

This shared value is strengthened by a social mobilisation process of organising the women to participate in the enterprise. The basic message from all the cases is that investing in a systematic social mobilisation process prior to, or at least simultaneously with, establishing a business enterprise has many benefits, particularly if the enterprise is working not just to make profits but also to maximise the employment of the poor through a sustainable source of livelihoods. While this benefit of social mobilisation may not be visible immediately, it has very positive spin-off effects over a period of time in the management and expansion of the enterprise. There are many methods of social mobilisation and many forms of community organisations formed through them. SHGs are one of the more complex forms, but has the advantage of a solid social organisation right up to the neighbourhood level. Producer companies have also emerged as a popular form.

In all enterprises, collective or individual, leadership and entrepreneurship are important to drive the business forward. While this may be obvious in the case of a general business start-up, it needs nurturing when we are talking about women drawn from disadvantaged social and economic groups. Social mobilisation, which has several benefits for the management of a business enterprise, also gives opportunities to several women who are natural leaders to take on roles in expanding and running a scaled-up business enterprise.

While the above factors may be termed the social dimension of enterprise development in the specific context of the poor, in the end, a business is a business, and there are some key business management elements that are critical to the scaling-up process. As explained by Vimalben Pawale, ex-President of Shree Mahila Griha Udyog, makers of Lijjat Papad, “Our objective is to maximise employment opportunities for women through activities connected with village industries, while, at the same time, not sacrificing basic business principles and quality consciousness. We are a full-fledged commercial, self-reliant organisation and not a charitable society. Any such benefits that occur are incidental to our business.”

The generation of a good business idea is obviously the first step in establishing an enterprise. It is not just a conceptually creative process. The business idea needs to be well grounded in the reality of the lives of the women drawn from a very different background. Starting with where the poor are and then building the business idea on it is a path chosen by many of the successful enterprises promoted in these case studies. Five of the cases (backyard broiler poultry, goat rearing, dairy, *papad* making, mushroom farming) show that they chose a business idea where the main production process could be done at the household level, thereby allowing the women to balance household and work needs. A business idea is only the first step in establishing a viable business enterprise.

The next more complex step is to detail out such a broad business idea into a business model at the unit level. A business model defines the exact nature of an enterprise in terms of the products or services that it is going to make and how it is different from what is already there in the market; the core process and technology of how it is going to be produced; the key features of the service or product in terms of quality; the pricing and market segment of consumers it is targeting; the point of sale, branding, and type of buyer; and finally how the whole process is going to be financed.

The eight case studies narrated in this volume all have clear business models which they have operationalised. Some are simple and others complex; some borrowed and others new and innovative; some well thought through and quickly frozen, others took many years to finalise. All of them show that a lot of attention to detail was given to develop a working business model. Further, all the models had one dimension central to them, that the women member producer was central to it. The member was central in terms of not only participation in the enterprise, but that some existing/inherent skills and capabilities were available within the members on which the model was built. The business models took into account the needs of the women members in terms of combining household work needs and enterprise needs; the business models used some inherent skills existing

in the women; and the models attempted to change the rules of the game by ensuring fairer and prompt payment terms knowing the fragile financial situation of the members.

The operationalisation of a business model in the field through a set of systems and institutionalising these through a set of standard operating procedures is termed business processes. Business processes are critical to scaling up as it is a method of *standardisation*. Without standardisation of a product/service, as well as a method of producing and delivering it, one unit at a time, we cannot replicate, and without some core replication, we cannot scale up systematically. At first glance, all the cases narrated here seem to show that this standardisation and scaling up were a natural and automatic process. This is no way so. It required a lot of design investment.

Two examples clarify the concept. Lijjat Papad has a standardised system where the women pick up the kneaded dough, roll it into *papad* and deposit it at the branch. Here, they are checked for quality, and payment is made. They are further packed and dispatched to local distributors for retail shop sales. The same system is followed all over India in over 80 branches. The Village Level Milk Collection Centre is put in place by Sakhi Mahila Milk Producer Company is not new and has been introduced and popularised by the National Dairy Development Board all across the country. It is the central piece of the standardised process introduced in the dairy business that transformed the whole dairy industry by making it member-centric. It transformed the incentive structure for the village-level cattle farmer and milk producer.

What is unique about the business processes discussed here, compared to other purely commercial organisations, is that they have kept the women member's needs, capabilities and interests as central. This includes household-level production, low financial investment, prompt payment of sale revenues to members, and doorstep delivery of various inputs and services. To build such business processes in unorganised, open and unstructured conditions in backward regions is a different level of challenge and requires a very different set of support systems and human resources to be built up.

Enterprises are built by people. While leadership and entrepreneurship are critical in building an enterprise, going to scale requires a very large number of people to be skilled in all aspects of an enterprise's running. Hence, the whole field of human resources needs to be given special emphasis. Women-led enterprises are more inclined to involve other women in the enterprises owned by them. Further, in the case studies covered, the enterprises are essentially women membership-based. In such membership-based women-led enterprises, not only are the women owners cum workers beneficiaries of the enterprise but also the base from which all the human resources are drawn.

In addition to the basic training in production given to all producer members, one of the important elements of all the enterprises discussed is the creation of a large enough cadre of *community paraprofessionals*. A systematic process of selection and then training such a cadre across villages and locations has been instrumental in making the enterprises scalable. For example, in the goat rearing

and milch cattle cases, the '*Pashu Sakhis*' have held the enterprises together by providing a variety of services to the producer members at their doorstep. As the enterprises have scaled up, while the ownership has continued to be in the hands of the women members, their organisations have hired technical professionals from the market to work for them. For example, poultry cooperatives have hired professionals from the organised poultry sector. Further, in all these enterprises, to bring in technical expertise, Technical Support Agencies (TSA) have played an important role. The lesson here is that, where possible, the enterprises have relied on the women members for human resources and upgraded their skills. Where this was not possible, they hired professionals and had technical support agencies to assist them.

A variety of organisation forms and legal structures have come to characterise the enterprises discussed. This has evolved as the enterprises have expanded and scaled up. For example, while all the business of the Sakhi Mahila Milk Producer Company is done under a single structure of one Producer Company having 35000 women producer shareholders; the Madhya Pradesh Women's' Poultry Producer Company is a federation of block and district-level cooperative societies, and to meet the demand for day old chicks and poultry feed two independent companies have been set up; the goat rearing business is integrated by a federation of 255 neighbourhood Self Help Groups; the Lijjat Papad business is decentralised to the branch level which is an autonomous profit centre, while at the same time, the purchase of raw materials and the branded marketing functions are centralised at the headquarter level. Both the Pink City Rickshaw Company and Didi ki Rasoi are registered and conduct business as a private limited company with all women shareholders. Many of the agencies have also relied on outsourcing some functions rather than attempting to do everything themselves. The dairy business has outsourced to private players all milk transport and processing functions. The lesson here is that organisation structures should evolve as required, keeping in mind the core competencies of the women participating in it and the extent of decentralisation feasible from a business point of view.

The most important factor enabling the scalability of an enterprise is the availability of a market for the product or service being delivered and how successful the enterprise is in building the market linkages to penetrate such a market. Here, too, the cases show that a variety of strategies have been pursued. While in the goat rearing and mushroom enterprise case, local markets have provided a ready and expanding market and hence, marketing has been decentralised right up to the village level, in other cases, a more systematic effort has been made. In the case of poultry at the State level, wholesale markets for poultry birds have been penetrated. In five of the cases (Sakhi Milk products, Lijjat papad, Café Kudumbashree food courts and cafes, Didi ki Rasoi canteens, and Pink City E-Rickshaws), branding has been attempted to create and expand into new markets. Because the end goal has been the enhancement of income for the women member producer, the key marketing strategy has hinged on getting the right price for the product and ensuring that the margins for the product were higher through enhanced productivity and quality.

Till now, we have looked at several factors individually which have contributed in some way to the scaling-up process of the different enterprises discussed in the case studies. Not one or a few processes have contributed to the scaling-up process, but a whole set of factors taken together. This we can label as creating the Right Operating Ecosystem (best brought out in the case of Sakhi Milk Producers Company and Madhya Pradesh Women Poultry Producer Company). This has created something that is greater than the sum of the individual parts. The enterprises have, even with some weaknesses, become sustainable and ready for further scaling up. For example, the business models developed in Café Kudumbashree and Didi ki Rasoi, along with the support systems of training and market development, can be further scaled up in the times to come. Similarly, in the case of the poultry, goat rearing and dairy business cases, the same set of business processes can be replicated further in different locations and has been done so (in the case of milk in multiple districts and in the case of poultry in multiple States). Further, *not only have all the factors worked together, but they are also congruent or consistent with each other.*

Enterprise development and its growth are at its' core human endeavours, requiring human will and ambition on the one hand but also opportunities, knowledge and resources on the other. One of the factors hindering a larger number of women, particularly those drawn from socially and economically disadvantaged households, from becoming entrepreneurs is that they may have the will and ambition, but, because of their objective situation, do not have the staying power. Group membership-based enterprises, supported by training and finance, remove the obstacles to their ambition and reduce risks through solidarity. Scaling up does not occur quickly, as seen in most of the case studies. There are many failures that occur, either because of internal factors, such as weak management, or external factors through changing market conditions. Hence, there are varying time periods of incubation and scaling up. How an enterprise manages a crisis situation and whether it persists in pursuing its goal is what determines whether an enterprise can scale up.

There are a large number of government schemes whose formulation has taken into account a majority of the needs of a women entrepreneur to get loan funds for starting a business. However, the crux of the problem faced by women in starting a business and getting capital is access. The delivery mechanism for these schemes varies widely across States and within them across bank branches. Hence, the real challenge for women-led enterprises is access to finance and other inputs rather than issues such as interest rates. Most of the cases discussed here have solved the problem of access by having a competent enough promotional agency to provide the support system. However, even with this support system, very few of the cases we discussed have actually used any of the schemes listed above. Hence, delivery systems for schemes also need to be prioritised when the policy formulation for such schemes takes place. Also, policies need to be adequately geared to looking at the needs at different stages of scaling up by an enterprise rather than just focussing on start-ups. The social benefits in the long run of scaling up an existing business enterprise run by women may be greater than just start-ups.

PART-II
THE CASE STUDIES

**SAKHI MAHILA MILK
PRODUCER COMPANY -
ALWAR, RAJASTHAN**

**Exponential Growth through
Milk Collection Systems**



Mrs. Rachana Devi feeding Sakhi cattle feed to her Cow



Mrs. Kamali Devi pouring milk at MPP



Mrs. Krishna Devi taking TSC powder from Sahayak



Mrs. Rekha Devi milking her cow

SAKHI MAHILA MILK PRODUCER COMPANY - ALWAR, RAJASTHAN

Exponential Growth through Milk Collection Systems

There has been a secular increase in demand for milk and milk products in all regions of India over the last decade with rapid urbanisation. While established national players like Amul has increased their coverage and turnover, in every region, smaller private player, as well as selected state-owned Dairy Cooperatives/Corporations, have also been doing reasonably well. While there is competition in the market between all these players, because of the increase in overall market size, many of the small players are doing well and making profits. The rising demand is reflected in the rising price realisations from milk and value-added milk products over the last five years.

It is within this overall economic context and market environment that the Sakhi Mahila Milk Producer Company was formed in the Mewat region of Alwar district, which is a backward subregion within a rapidly industrialising corridor of North India. The Sakhi Mahila Milk Producer Company was incorporated as public-private-people collaboration with the initial seed funding support of the Tata Trusts and the technical support of the NDDDB (National Dairy Development Board) Dairy Services division. The company was incorporated in March 2016 with its registered name as a Producer Company under the new Company Act, enacted in 2013, to promote the interest of farmers and other primary producers of commodities. The new law gave more flexibility and less local political interference as compared to the earlier Cooperative Societies Act.

The business operations of collection of milk from members officially began in November of 2016, with the twin objective of increasing milk production from every member and getting them the best prices for their products in the area. In the beginning, what was just a few milk pooling points and few producers in a cluster of villages has now grown into a strength of 40,000 women attached to the enterprise (over 38,000 are shareholders), producing 2.5 lakh litres of milk per day, with a sales turnover of INR 3,450 million. The company continues to grow, working presently in four districts of Rajasthan and with a targeted sales turnover of INR 5,000 million in the upcoming financial year. A payment of INR 9,095 million has been made to the members since inception. 70% of members are small and marginal farmers who own less than 3 milch animals. INR 82.6 million is the share capital till March 2023.

This rapid growth in scale is rarely seen in any decentralised rural-based enterprise and provides a story worth narrating. It is particularly so as three of these seven years were COVID affected.

Social Bottomline

Providing sustainable livelihood to women who are living in poverty, is the driving force for the company. Not only has the company been steadily expanding, the families from which it buys milk, but also, with an increase in reach and production, the company has simultaneously expanded the number of women producer shareholders, which currently stands at 34000. Further, 87% of the total sales revenue of the company is directly transferred to the accounts of the producer members. There are several other business processes which take into account the members' needs, such as the transference of all collection proceeds within ten days of milk collection directly into the producer women's bank accounts. Another social dimension of the company, which has actually also helped it to scale up in terms of non-competitive collection of milk, is that both in the beginning and the expansion phase, the company has strategically gone into areas that were resource-poor and previously had very little milk production, such as Pali district in Rajasthan.

The Business Model

The business model developed by the company, and operating in every milk-producing village covered, includes the following elements.

Breed Improvement/Change and Enhancing Milk Production per Member Family

A continuing, relentless drive to mobilise the members to enhance their milk production from cattle through the systematic purchase of high-yielding mix breed buffaloes and cows. The objective has been to replace low-yielding and seasonal milk-producing buffaloes with a mix of high-yielding cows and buffaloes that are capable of a quicker reproduction cycle and the ability to lactate in off-season, such as in the summer months. This has led to both individual families enhancing the number of milch animals they keep and raising the production of milk per animal and per family. The additional bonus has been more young cattle for sale/rearing due to the shorter reproductive cycle.

Saturating Chosen Villages with Cattle-Rearing Families

A continuous drive to involve more women and families to become members of the village-level milk producers' group is constantly taken up. This is done through the field staff, as well as the community cadre employed by the company. These drives have paid dividends in making the villages chosen for the adoption of high-yielding milch animals.

The Village Level Milk Collection Centre (VMCC)

This is the central piece of the business model. While it was innovated by Amul and spread across the country by the NDDB over several decades, it is well worth describing here, as it transformed the incentive structure for village-level cattle rearers and milk producers. Before VMCC was set up, individual cattle owners sold their milk to a variety of milk production centres. They also reduced

the cost of collection of milk from local agents who collected the milk from individual milk farmers at not only relatively lower prices but also got cheated in a variety of ways. They were underpaid because there was no concept of measuring the fat content of the milk and determining pricing based on it. There was, therefore, no incentive for the milk producer to go in for higher 'quality' of milk. The mechanised VMCC transformed all this. Today, the VMCC not only weighs the milk but also measures its fat content and digitally measures the total revenue per collection that an individual milk producer gets. At the pooling point, producer members get all the information on the fat and SNF content of milk and quantity to arrive at the right price. Further, through digitalisation and the advent of the internet, with each producer's code number, the collection and sales value of each member is uploaded onto a digital platform. This is instantly relayed through a mobile app onto the smartphone of the member and centrally recorded. Each member comes to the VMCC in the morning and evening to deliver the milk and record their sale to the company. The VMCC collects all the milk from the village (two VMCCs for larger villages) for onward transport. The VMCC is managed by a contracted service provider who is given training on all dimensions of the management of the collection centre. The design and implementation of such VMCCs across the country have transformed the whole dairy industry and are worthy of the global recognition that it has got.

Milk Transportation, Cooling and Forwarding to Centralised Processing Units

The second critical systemic link in the whole business is the transport and storage of milk for processing and sale. Milk collection routes are scientifically planned, and the milk vans collect the milk from the VMCC twice daily, transporting it to Milk Cooling Centres. Interestingly, the milk collection, transportation and cooling centres that are fairly decentralised have been outsourced and given by the company on yearly contracts to private entrepreneurs. They get a revenue/commission of INR 2.50 per litre for doing this function. This has not only incentivised the beyond village-level functions that are required in the dairy business but also made itself sustainable.

Centralised Milk Processing Plants

After the primary process of milk cooling, the milk is transported to Centralised Milk Processing Plants, usually at the district level, for further pasteurisation, processing, and packing. Value-added products, such as curd, ghee, etc. are also processed here. Interestingly, while the milk and its products continue to be owned by the Producer Company, the Milk Processing Plants are also outsourced to private entrepreneurs, who get a fee for the processing functions. Once processed, the milk and its products are collected for marketing by the producer company.

Support Structure for the Core Business Model for Scaling UP

The above vertical and horizontal milk production, collection, transportation,

and processing structure, while being modernised, mechanised and digitalised, requires both a highly trained human resource base and a host of complementary services to be delivered at different levels. The critical ones that have ensured that the business model works on the ground include the following:

Services to Members at Village Level

A variety of technical services, backed by material supply, has been simultaneously organised by the company to transform the members from low-milk producers to high-value dairy farmers. These include rational balancing of feed, artificial insemination provided to both members and non-members, cattle fertility camps, disease prevention through veterinary care and frequent monitoring of cattle health, training on silage and fodder preparation, and installation and training on the Sakhi Saathi mobile app. Using the VLCC as a focal point, these services are provided through extension agents trained for each cluster of villages to a group of village members organised into village-level groups (Village Contact Groups and Member Relations Groups). Thus, the company became a one-stop service provider for all cattle-rearing and dairy business related information and activities.

Systematic Training to a wide base of Staff, Members, Vendors, Village Resource Persons, and other Stakeholders

Any enterprise that is expanding rapidly, especially a decentralised and based in household and village like the dairy business, it requires a consistent training of a wide range of staff on a continuous basis. This, in turn, requires a robust ‘training system’ to be in place to back the expansion. It is in this aspect that the Sakhi Mahila Milk Producer Company has been very effective. The training system, has been, in the early years, backed by the best technical agency for the business model put in place viz the NDDDB Dairy Services Division. Experts from this system assisted in putting in place such a system.

Capital Infusion through Bank Linkages

An important support for increasing the number of cattle within the members has been the linkages with the commercial banks established by the company and the proactive lending for cattle purchases by the banks. A majority of the members have availed of bank loans for purchasing additional cattle. Linkages with four commercial banks have been established - Bank of Baroda, State Bank of India, IDBI, and Kotak Mahindra. A total estimate of the loans mobilised by the members is currently not available, but capital infusion through these loans has played an important part in the rapid expansion of the company’s operational base.

Business Strategy of Outsourcing Key Function above the Village Level

A unique feature of the whole operation put in place by this producer company has been outsourcing key functions above the village level. The collection, transportation, cooling, pasteurisation and related processing functions have all been outsourced to a variety of vendors who are in the private sector. While

the initial location of Alwar, which is a rapidly industrialising area with enough private capital, assisted this process, the company has successfully leveraged this environment. This outsourced vendor strategy has allowed the producer company to focus itself on its core function of mobilising members to become productive milk producers.

Organisation Structure

The formal organisation structure at the apex level constitutes a Board of Directors, elected by the members, of which the CEO is also a member. The CEO, in fact, is the di-facto foster entrepreneur of the whole enterprise. Below the CEO are functional teams such as for finance and accounts, marketing, digitalisation and IT, field operations etc. The strength of the team is the field operations of the company.

Market Linkages

The company's sales turnover has increased from INR 1,640 million in 2020-21 to INR 2,510 million in 2021-22 to over INR 3,500 million in 2022-23. The COVID pandemic had no effect on the operations of the company because of its dispersed rural base. A dedicated marketing team for the company works on expanding market linkages. The company has direct local milk sales in district towns such as Alwar and in nearby areas through building linkages with local retail stores. The company has also gone into other milk-based products with their brand and started marketing these. Sakhi launched its first dairy product, "Sakhi Ghee," in May 2020. The market entry of Sakhi Ghee has helped the company to strengthen its market reach and increase its brand portfolio. The Producer Company has recently launched loose buffalo milk through an automated milk vending machine in January 2021. It also launched "Sakhi Rasgulla" in October 2022.

All the above product innovations are still new and require a much longer gestation period for growth and profitability. The majority of sales, over 90%, still come from wholesale selling to institutional buyers. Some of the large institutional buyers have been through direct partnerships with brands and companies like ITC, Patanjali, and the Taj Group. However, even with institutional buyers, the company has managed to retain the brand name "SAKHI".

Challenges and Limitations to Scale

The spectacular growth in membership and sales the company has shown has been possible due to the factors described above. However, two invisible factors have also played a role. The first, which is very visible in the field, is the focus and drive to raise milk production per member of the entire management team. The second is the secular rise in demand for milk, which has made marketing much easier - there was no need to create a new market niche. In spite of this rapid growth, there are constraints and limitations to sustain this exponential growth, which are being faced in the newly entered districts by the company. These include the following:

- The initial rapid growth in the Mewat subregion was possible because of the prior social mobilisation that had been done in building an SHG network of women by an NGO- IBTADA, over several years. This reduced the awareness raising, village level group formation and mobilisation time substantively. In the new districts where no such prior social mobilisation has happened, a longer time period is required, that is further complicated by cattle rearing being still a supplementary traditional activity.
- While the brand of “Sakhi” has been launched successfully and is established in the local areas/district towns. To take this brand building into new markets and new areas, as well as new value-added products, is altogether a different proposition and requires very sophisticated marketing strategies and substantial capital costs - a difficult task for the company at this stage.
- While essential services such as vet care and other cattle-rearing practices have been well covered, because the company is operating in a dry and draught-prone region, fodder availability tends to be very erratic across seasons. Currently, while the company does provide feed material at costs, it is not able to cover the needs of all the members in a systematic way and feed procurement is decentralised at the family level. The company management is well aware of this problem and has registered a new producer company exclusively for feed and fodder materials in the last one year.
- While the management of the company lies in the hands of professionals, particularly at the CEO and mid-management level, going to the next level of scale requires a much higher level of competency, particularly for marketing. It can be looked at as the phase 2 of venture capital funding.
- While the initial capital investments have been well managed through a mix of seed grants from the Tata Trusts, outsourcing of processing costs to private vendors and turnaround and reinvestment of surpluses into the business, further expansion requires capital infusion of a different order and also requires commercial loan packages from the banking sector.

The Sakhi Mahila Milk Producer Company is an extremely good example of a well-known business (dairy) being started with the social purpose of providing livelihoods to poorer households through women’s membership in economically disadvantaged regions. It achieved rapid growth, encompassing several thousands of families in just a few years.

CAFÉ KUDUMBASHREE, KERALA

Let a Hundred Flowers Bloom



CAFÉ KUDUMBASHREE, KERALA

Let a Hundred Flowers Bloom

“Kudumbashree”¹⁰ has been the flagship poverty eradication programme/mission of the Government of Kerala over the last two decades and was launched formally by the Government of Kerala on 17th May 1998. It is grounded on a community-based self-help initiative involving poor women. The basic unit of the whole programme has been the Neighbourhood Household Group (NHG), very similar to the SHGs. This core social unit is federated vertically into the Area Development Society (ADS) at the sub-Panchayat level and the Community Development Society (CDS) at the local government level. What is unique about the model is that it is closely aligned with the whole Panchayat/Municipality structure of local self-governance that has been put in place in Kerala (irrespective of the political party in charge of the State Government). Though local government institutions are not formally associated with Kudumbashree, they have been in close association with the programme in several ways.

The Kudumbashree programme works on several fronts and has many dimensions. Its reach is across the whole State of Kerala. However, what this case will focus on is one dimension of the programme - the creation of microenterprises for livelihood generation and within this one subsector where the intervention has been innovative and done to scale – the food and catering business. Although the food and catering business line initiated and triggered by Kudumbashree has many subsidiary business lines – we will refer to all these as Cafe Kudumbashree.

Beginnings and Milestones¹¹

As a part of an effort to boost the income levels of women participating in the programme and leveraging the link that the programme had with local municipalities, the food enterprises run by the women participating in the Kudumbashree programme began with small home-based catering units along with opening of a few canteens at local offices in one or two districts on the other. The first such canteen unit was set up at the headquarters of the State Cooperative Bank in Thiruvananthapuram in 2004. In 2009, Kudumbashree took the first steps towards establishing a support system for enterprise units in the canteen and catering sector. In 2012, the Cafe Kudumbashree brand was launched, and by 2016, Café Kudumbashree food courts had become popular

¹⁰ Kudumbashree in Malayalam means ‘prosperity for the family.’

¹¹ This case study borrows data heavily from the various publications about Kudumbashree; particularly the research monograph “Women engaging with markets from positions of strength: An exploratory understanding of Kudumbashree Women’s Food Service Enterprises” by Johnson, Liby.T. et al Centre for Development Studies, Thiruvananthapuram: December 2020.

across Kerala. There was substantial demand from the women to establish some microenterprises for enhancing their source of family income. Home-based catering provided an opportunity for doing this. However, home-based catering had its limitations in terms of market reach.

Seeing the potential for livelihood generation from the food business and the demand for demand for it by the women, the managers of the Kudumbashree programme decided to formalise this into a major subprogramme of the broader Kudumbashree programme. In 2012, the Café Kudumbashree brand was conceptualised and launched through a Café Kudumbashree food festival on the 12th anniversary of the programme. Over the next four years, many kinds of efforts were made to both establish the Café Kudumbashree brand and scale the initiative across the State, particularly the larger urban municipalities. A series of Café Kudumbashree food courts were made a part of many festivals and events organised by different institutions in Kerala, and a limited number of cafes were opened under the name Café Shree.

As of 2020, the Kudumbashree network has 2,425 food service enterprises across Kerala. Over 10,000 women collectively or individually own and operate these enterprises. The peak period of growth for these food service enterprises was from 2016 to 2020, where with systematic efforts, the number of food enterprises grew threefold. However, the COVID pandemic from 2020 put a break to this growth. During COVID, these food enterprises played a key role in supplying food to the quarantined areas of Kerala. The food enterprises have again picked up from 2022.

Building a Structured Support System

While the branding of Café Kudumbashree gave the marketing effort a boost, the business continued to grow organically without any formal backup support system. It was only in 2016 that a formal technical support system for the whole food business initiative was put in place by the programme's managers. The core of this support system was the upgradation of a district-level catering training institute set up in Thrissur district in 2009 into a State-level hospitality and food research training institution. The AIFRHM (Adithi Devo Bhava Institute of Food Research and Hospitality Management) was upgraded and given the responsibility of both training the various groups of women and entrepreneurs, as well as setting standards for the whole food catering business. The AIFRHM systematised the whole food catering business and converted this into training programmes which they held across the districts of the State. The focus of these training programmes not only included the process of good cooking and menus, but, more importantly, hygiene factors and cleanliness, standards of food, and standard operating procedures for running a food business. Initially, they also provided handholding support to a large number of the groups involved in the food business.

The second pillar of the support system was the network of Micro Enterprise Consultants (MEC) that the programme had established. This cadre of district-level consultants assisted the food units established to prepare business plans, get

financial support from the programme funds and other government schemes, provide training and assistance in account keeping and financial management, etc.

Brand Building and Business Lines

One of the unique features of the whole scaling-up process of the very decentralised food catering business was the building of the brand of Café Kudumbashree and the multiple business lines developed within it. The brand's Unique Selling Proposition (USP) was homely and hygienic food from the local cuisine, and sometimes other organic raw materials. The brand was initially promoted through participation in various events where Café Kudumbashree Food Courts were established. These included corporate events, fairs, sports events and festivals organised by the government. While these were one time and temporary, for a more permanent business, a chain of restaurant cafes called Café Kudumbashree; mini cafes called Café Shree and Café Kudumbashree kiosks were branded. These were independently owned and managed by women members drawn from the local neighbourhood groups. The core catering business against specific orders continues to be done by 40% of the enterprises, as this allowed the women to be involved in other activities in the lean periods between orders. Restaurants, cafes and kiosks constitute another 20% of the enterprises, and the balance was the original canteen running business for various kinds of establishments.

Marketing and Sales

Both the strength and weakness of the whole food enterprise business line established by the Kudumbashree programme is that it relies on a highly decentralised set of microenterprises that are primarily dependent on and feed into the local (district) level markets. This implies that local-level marketing and sales efforts needed to be given primacy. This, however, is a difficult task for women entrepreneurs to do by themselves. Where the overall Kudumbashree network in the district is strong, they have assistance and linkages. In such a decentralised context, standardisation of food quality and cuisine is difficult, thereby diluting the brand image. A brand is not just a name but also has to define the product quality.

To achieve collectively a higher turnover and capitalise on brand building, a variety of apex-level marketing strategies have been tried. Being an important programme of the State government has helped in this kind of promotion. Many new market channels and linkages were built from 2012 onwards when the food enterprise business was made into a specific business vertical. Some of the key promotional events that helped make Café Kudumbashree a household name in Kerala included the following. For developing local-level markets, the programme built a model of mobile and temporary markets in the form of exhibitions and fairs during festivals. The Onam, Vishu, Ramzan and Christmas festival markets that Kudumbashree set up and ran across Kerala were popular. It is in these temporary but high-turnover markets that the food court model took shape. A collection of stalls selling diverse cuisine were established in the open spaces provided by these events.

The Café Kudumbashree food court was taken to a higher level through a linkage built with the local media, such as the promotional events organised by Malayalam Manorama. Later, in 2015, the Mathrubhumi partnership took the concept a level higher to the Kudumbashree India Food Court, where food service entrepreneurs from several States in India came together in Thiruvananthapuram. As of August 2020, 10 India food courts, with the participation of more than 800 entrepreneurs from twenty States of India, had generated a total turnover in excess of INR 5 crores.

Challenges and Limitations

The strength of the whole model of bringing together a decentralised and diverse set of food-based microenterprises under one umbrella of support and branding provided all the participating women-owned micro-enterprises a platform for extending their market reach and linkages and collectively going to scale. The Kudumbashree food courts in fairs and festivals, created a new market for these microenterprises. However, these markets are, by their very nature, temporary. Further, they required the continued support of the State-level programme to organise and bring together. It is also difficult to estimate how much of these efforts by the programme and the branding exercise actually converted to a regular business and enhanced sales that these mini enterprises at the district and lower levels generated - the bread and butter of the women's owner's business. An unanticipated downside of this overt State sponsorship and "control" of the government has been that the State Government started dictating pricing policies to the food enterprises, which managed many of the canteens run by government departments. This posed challenges to business viability.

A next step in development may involve a more self-reliant model where an apex federation of women-owned food businesses, owned by women shareholders of the community groups, can employ professionals from the market to manage operations at a higher level. The case of Café Kudumbashree within the broader State-level antipoverty programme is unique because of three factors:

1. The branding of a business whose product is a service (combined with a mix of products).
2. The extent of State support and managerial assistance and building of the infrastructure for it.
3. The product innovations (food courts, cafes, kiosks) within this overarching marketing intervention.

DIDI KI RASOI – BIHAR

State supported Entrepreneurship



DIDI KI RASOI – BIHAR

State supported Entrepreneurship

One of the premier initiatives for poverty alleviation undertaken by the Bihar government, the JEEViKA programme, is designed to enhance household-level income diversification and facilitate better access to essential nutrition and sanitation services for the poor amongst rural households. The initiative relies on the mobilisation of women into self-help groups and village-level organisations, organised around shared interests and commodity-specific producer groups, all of which are federated into higher-level entities. These community institutions serve as a platform for collective capacity building, improved access to finance and public services, and establishing direct market linkages. It works with over 1.4 million women drawn from rural households facing poverty across 4,400 villages in 38 districts of Bihar. The programme has been at the forefront of identifying and establishing a variety of livelihood generation programmes for the women participating in the programme.

One of the more recent and innovative livelihood programmes that it identified and launched is a canteen-based food catering enterprise branded “Didi ki Rasoi”. Didi ki Rasoi was conceptualised as an enterprise that can provide high-quality and hygienic food to various institutions through a network of standardised canteens. It capitalises on the large network of community institutions promoted by JEEViKA. The canteen business, particularly in public institutions in Bihar, like hospitals, has been characterised by a large number of private players whose business was to procure the contract, but provided very low-quality of services and food. This implied that while there was a large market for such institutional canteens, both the procurement/contracting procedures were complex, and thereafter, the quality of services and food was subpar. Being a State-sponsored programme, JEEViKA saw an opportunity to launch a new livelihood and enterprise-based activity in this canteen line for select women from their wide social base of SHGs. In February 2021, a memorandum of understanding was signed between JEEViKA and Bihar State Health Society (a part of the National Health Mission) for providing standardised canteen services, branded as Didi ki Rasoi, in all district and subdistrict level hospitals across Bihar.

The Business Model and Process of Quality Control Through Standardisation

The following objectives were set for the operations of the Didi ki Rasoi to be established:

- Hygienic and standardised canteens shall be established in various institutions.
- These canteens will serve good quality food at low/reasonable prices.

- The whole establishment and management of the canteens shall be done by women entrepreneurs selected from the various SHGs in the nearby villages, accessible to the canteen's location.
- Fresh and quality raw materials shall be procured for the preparation of the food in the canteens
- While the institutions served by the canteens will provide the space, the layout and equipment will be standardised across all locations.
- All the canteens shall operate under the brand name Didi ki Rasoi.

To ensure that the above characteristics are actually followed in practice, the following steps and procedures were put in place and manualised, thereby ensuring standard operating procedures. The series of steps and support and assistance provided to each of the canteens included the following:

- An agreement between the concerned institution (district hospitals as of present) and the concerned Community Organisation detailing out all norms and cost-sharing ratios was the first step in the establishment of a canteen.
- Locational Assessment - Based on the space provided by the host institution, an assessment was done as to its suitability for a full-fledged canteen.
- Refurbishment of the Space - was done through financing from the host institution/health programme.
- Selection of Entrepreneurs - A systematic selection process of the individual women entrepreneurs was done based on the Village Organisation (VO) chosen and the individual woman's interest, capacity, distance from home and financial condition.
- Training of Selected Members - This was the most critical of the processes. The women underwent full-time residential training in cooking skills, hygiene and cleanliness, canteen management, account keeping, and related factors. Only upon successful completion of training were they entrusted with the responsibility of commencing operations.
- Preparation of a Business Plan - A business plan laying out the operational and financial details of the specific canteen to be opened was prepared.
- Fund requirement and release - Based on the business plan, the start-up costs were provided as a grant allocated to the VO, who then transferred the funds to the women entrepreneur in the proposed canteen. The finance includes fixed cost, working capital and the percentage of the women's contribution.
- Procurement Process - The procurement process for both fixed start-up investment and regular material procurement followed the community procurement norms established by JEEViKA for the programme.
- Handholding Support - For continuing handholding support to the canteens, a mix of professionals that included a consultant, counter staff cum accountant and head cook has been hired and subsidised initially.

All the above together ensures that each Didi ki Rasoi canteen has a certain clean and hygienic ambience in the form of standard furniture and furnishing, cooking and serving utensils and other aids and appliances. This is followed by food of a standardised quality through the purchase of fresh and quality raw

materials. There is a menu planned for the entire week displayed along with rates with a computerised billing system in place. Each Didi ki Rasoi engages 10-12 women as a group associated with the JEEViKA SHGs, with a prescribed uniform. The Didi ki Rasoi logo is embossed on their uniforms.

A digitally enabled payment system has been established through a centralised process management system to ensure swift service delivery and monitor all sales realisation. The Central Process Monitoring System (CPMS) has been implemented in every canteen. The CPMS captures all transactional data, such as customer and supplier databases, canteen-wise purchases, inventory, and sales. It also provides options for accounts voucher entry to balance sheets, financial accounts systems, and analysis of reports.

Support Systems

From Kudumbashree Café

While the operations of Didi ki Rasoi were thought of and operationalised in Bihar, both its detailed conceptualisation and operationalisation were assisted by a programme of the Kerala State Government-Kudumbashree, more specifically, the Kudumbashree Café which had established such institutional canteens all over Kerala.¹² It involved not only an MOU between programmes at the management level, but also community-level women members who have had direct experience in running a catering business serving as consultants. This inter-government experience sharing and knowledge exchange has been unique and can be an inorganic way of going to scale - not just through vertical expansion of one organisation but through the creation of a network based on knowledge and experience sharing.

From Within the Bihar Government

The whole Didi ki Rasoi concept could take root and be operationalised because of the arrangement between the Government of Bihar's Department of Health and the JEEViKA programme, where district hospitals were identified as places where the canteens could be opened. Further, the JEEViKA programme and its officials were instrumental in both the conceptualisation, operationalising, and financing of the Didi ki Rasoi programmes as one of their own programmes. Hence, while the women benefited in terms of livelihood from the opening of such canteens, it could be questioned whether they were actually women-led enterprises.

Challenges and Limitations

The Didi ki Rasoi model, while being innovative and unique in the context of Bihar, needs to be looked at critically from different perspectives. The business model developed and the effort put in to standardise it, thereby ensuring both

¹² The Café Kudumbashree experience is written about in another case study in this volume.

quality and replicability, is very useful for further expansion and scaling. This will ensure that more rural women get a new source of sustainable livelihoods. From the customer angle, viz patients and visitors to the government hospital set up, it also ensures a good quality of food at very reasonable prices. However, as noted in the case of Kerala,¹³ the control of the pricing of products and apex-level management of the canteen business by the government shows that it can be a major constraining factor to further developing the natural entrepreneurship of the women owners of such canteens in a free enterprise setting. Further, the market linkage developed is primarily through the State Government's patronage and not through operating in the open market within a competitive framework. Withdrawal of continued government support would kill the model. Hence, it is necessary for the model to be given an opportunity to expand and grow more organically by empowering the women to explore new markets on their own and also explore smaller and more easier versions of Didi ki Rasoi in the open market.

¹³ Liby.T. Johnson, et al., Women engaging with markets from positions of strength: An exploratory understanding of Kudumbashree women's food service enterprises. RULSG Lateral Studies Series on Kudumbashree:9. 2020

THE NALANDA MUSHROOM ENTERPRISE, BIHAR

Entrepreneurial Spirit in a Traditional Society



THE NALANDA MUSHROOM ENTERPRISE, BIHAR

Entrepreneurial Spirit in a Traditional Society

Mushroom farming is not a traditional activity in India, least of all in Bihar. Bihar is also characterised by very traditional livelihoods such as rice farming, immersed in exploitative economic relationships created by landlessness, share-cropping systems and low wage rates. This is compounded by a rigid caste structure that is paternalistic. To escape this vicious cycle of social and economic poverty, migration outside the state for livelihoods has become the norm for young people with an entrepreneurial spirit. It is in this context that the story of Anita Kumari from Nalanda district of Bihar has gained fame. A woman in a traditionally male-dominated society chooses a non-traditional livelihood business like mushroom farming, and introducing and expanding it in a backward rural economy has very little forward linkages. The titles of “the Mushroom Lady of Bihar” and the “Mushroom Village of Bihar” are now used to describe her successful enterprise.

Anita Kumari, now fifty years old, a graduate in home sciences, with three children, was compelled to take up some livelihood due to a financial crisis in her family. Rural Bihar is characterised by low job opportunities, and some form of small business is the only opportunity. Mushroom farming was an unheard of activity in her village and district. In 2010, she decided to try out an untried business idea of mushroom cultivation. The idea of mushroom farming as a business came initially from Krishi Vigyan Kendra, Harnaut in Nalanda, which encouraged her. The idea was further concretised when she took training in mushroom cultivation at the Dr. Rajendra Prasad Central Agriculture University and followed this up with more advanced training from the GB Pant University of Agriculture and Technology in Uttarakhand, putting her basic education in home science to good use. Hence, by the time she actually started mushroom farming as a business, she had already fully educated herself in the technology and mechanics of mushroom cultivation - a foresight that is commendable by itself.

Start-Up Challenges

Disbelief

Starting a totally new kind of business and seeding it in a traditional society is difficult for a woman, not only from an economic angle but also socially. It is an invisible resistance that all women entrepreneurs face when starting. If it competes with an existing livelihood, there is a backlash from existing players, such as village-level agents for finance and loans in the case of SHGs and village-level marketing agents for a whole host of commodities such as milk. So, at one level, the starting

of an unknown business is an advantage. However, at another level, any activity started by a woman is resisted as a case of empowerment and there is a sense of disbelief and derision. There was a sense of disbelief when Anita Kumari started her mushroom enterprise until the money started coming in.

Seed Supply

One of the challenges faced by Anita Kumari at the time of launching her mushroom initiative was the shortage of mushroom seeds. As the number of growers increased, this shortage further worsened. Two years ago, Anita Kumari set up a high-tech lab for mushroom seed production after getting financial help from the National Horticulture Mission. “When I started growing mushrooms, I used to purchase 20 kg of seed from Rajendra Agriculture University because the seed was not available locally,” she said. “When dozens of women joined me, the demand for seed increased manifold. I requested the university to provide me 300 kg of seed. They refused on the grounds that so much seed was not available for one buyer. So, I decided to set up a mushroom seed production facility at Anantpur”. Anita Kumari developed her own seed manufacturing lab with funding support from the National Horticulture Mission. Under this mission, she was given a subsidy of INR 15 lakh.

The Mechanics of Mushroom Cultivation

Two major varieties of mushrooms grown by her and other women in the village are oyster and milky white mushrooms. Both these varieties have a good demand. As they are grown in gunny bags using agricultural waste, they have very low input costs, other than constant watering, to keep them moist. The low input cost, combined with no land requirement, makes mushroom farming attractive in certain eco-environments. A kilogram of the mushroom is sold for anywhere between INR 80 and INR 120, making it a very profitable business. Grown at home, it also allows the women to multitask mushroom farming with other household work. September to March is the best season for mushroom cultivation because of the cooler climate. The critical requirement for mushroom farming is the seed and its’ availability.

Formalising the Business

As her mushroom farming enterprise became successful, more women in the village wanted to start mushroom farming. This was given a further boost when JEEViKA, the pioneering rural livelihoods project of the Government of Bihar, wanted to make her a resource person, and over 250 women in the JEEViKA Self-Help Groups became a part of this “white revolution” happening in Nalanda district. JEEViKA works with the most disadvantaged sections of society, and mushroom farming provided a new and unique opportunity for livelihood for landless women. To formalise this whole process of a collective enterprise, with the assistance of JEEViKA and others, the Madhopur Farmers Producers Company Limited was formed and registered. This company is today working with all the mushroom producers and sellers.

State Support

While the individual entrepreneurship of Anita Kumari stands out in this case, critical support to her whole enterprise and the spread of her success to other poor women in the district has been the support that has come in from State-owned institutions. The initial idea for mushroom cultivation came from the local Krishi Vigyan Kendra. This was followed through with her training at the state and national level agriculture universities. The State government sponsored the JEEViKA project and then stepped in to train the JEEViKA Women Self Help Group members in mushroom cultivation and marketing, thereby spreading this non-traditional livelihood to many other women and took it to scale. The financing for Anita Kumari's mushroom seed laboratory came from a government programme under the National Horticultural Mission. The notion "When the State works, it works" represents the second parallel narrative to the drive of individual women's leadership and enterprise.

THE PINK CITY RICKSHAW COMPANY – JAIPUR, RAJASTHAN

The Case of a Niche Tourism Service Company



THE PINK CITY RICKSHAW COMPANY – JAIPUR, RAJASTHAN

The Case of a Niche Tourism Service Company

Jaipur in Rajasthan, India, is a city well-known globally for tourism. While tourism is an integrating service-based industry known for generating an economic ecosystem with widespread economic benefits, the challenge is how to integrate this opportunity with social equity for the urban poor, particularly women. ACCESS, a well-established social development organisation having projects based on generating livelihoods for the poor in rural and urban areas in India, pondered over this question and came up with a novel and pioneering business idea.

All cities in India, as well as other Asian countries, have a novel mode of transport called *autorickshaws/tuk-tuks*, which are essentially a lower-cost 3-wheeler option for commuters for smaller distances within a city. In most tourist destinations, as the sites to visit are usually in one location or one suburb, the mechanised *autorickshaw* is ideal for an individual or small family tourist person/s to visit all the sites within a shorter span, but which are too distant to cover by foot. While this option is available in all the Indian cities, including Jaipur, for tourists, there are several problems that a tourist, particularly a foreign tourist, faces in using this option. Firstly, the process of hiring such an *autorickshaw* is disorganised, often with the drivers of the *autorickshaws* soliciting business in an unprofessional manner. Secondly, there are no standardised or regulated itinerary packages for a particular circuit, with the auto *rickshaws* fleecing their customers through overcharging. Thirdly, women tourists and foreigners who are new to the country often feel very unsafe travelling in these *autorickshaws*, as they have often been reported to face harassment, including sexual harassment from unknown drivers. All these factors create a real hurdle for individual and small-group tourists to enjoy their visit in a hassle-free and safe environment at a reasonable cost.

To solve these sets of problems faced by first-time foreign tourists, particularly women tourists to Jaipur, and at the same time establish a social enterprise for women drawn from poor urban households, ACCESS came up with a unique business idea and followed this up with a detailed business model. Thus, was born the Pink City Rickshaw (PCRC) Private Limited Company in 2016, a business entity registered as a private limited company under the Indian Company Act. The company's shareholders included a mix of ACCESS staff as promoters and women who were interested in becoming *e-rickshaw* tourism guides cum drivers. Currently, 50 women rickshaw drivers own shares in the company.

Business Model

The business model and processes chosen were unique in the context of tourism in Jaipur and needed careful designing. First, was to develop a set of tour packages that would be attractive to a tourist hiring the *e-rickshaw*. This includes five special tours- a basic Heritage Tour priced at INR 2,000/- a Shop and Hop Tour priced at INR 2,500/- a Food Trail Tour priced at INR 1,000/- and an Early Morning Tour priced at INR 2,000/-. The second was to develop an internet-based booking system that included a website, allocation of a tour on a rotational basis to the women members, and a payment system to the women drivers, which was fixed at INR 500/- per tour package.

Pre-launch Investments and Activities

However, before launching the operations of the business, a series of activities had to be fully completed. Primary amongst these was the whole design and investment in the *e-rickshaws* themselves. A unique design of the battery-operated e-rickshaws was conceptualised to make the company's rickshaw distinctive from others. This included the basic battery-operated E-Rickshaw, a special stylised collapsible canopy for weather variations, ergonomically designed seats for comfort and safety, and mechanical improvements for greater safety and stability while driving through traffic. Once the rickshaw design was ready, a local manufacturer was found for manufacturing these uniquely designed auto rickshaws. They were all obviously coloured pink.

The Social Bottomline

The whole purpose of establishing the company was to convert a social intervention into a business enterprise. This philosophy and vision still strongly reverberate in all the current women shareholders of the company. This, in turn, implied three sets of activities. The first was to identify, motivate and mobilise a set of women drawn from poor households who were willing to come forward and take up a hitherto totally male-dominated profession. It was a challenging proposition by itself and required skilful social mobilisation of not only the women, but also their family members and immediate communities. The women members/drivers today often narrate these early difficulties.

However, once the individual women were on board, there was a series of steps that had to be undertaken before they could become fully capable of becoming tourist guides and E-Rickshaw drivers. These included the statutory ones of getting the licences for driving as well as driving the *e-rickshaws*. In addition, the women needed to be given a series of training ranging from the hard skills of driving and basic mechanical skills, as well as the soft skills of behaviour with tourists and basic guide knowledge about the circuits covered by the packages. Until now, 118 women have fully gone through these trainings, of which 50 have become shareholders and active participants. The enterprise belongs to the women and managed by them, with ACCESS continuing to play the role of a mentor.

Management of the Enterprise

Over time, leadership from within the shareholders has emerged, and one woman particularly has emerged as the leader manager amongst them. The women members themselves coordinate the day-to-day schedules, allocate who gets the business for a particular day, and also directly deal with the customers once the basic request has come in. However, as their formal literacy levels are low, functions such as website management, accounts, and statutory requirements are still handled by the ACCESS team in Jaipur.

Market Linkages

Critical to the viability of the enterprise hinges on the quality of market linkages that the business has been managed to establish. The initial channels of marketing have included contact with hotels, local travel agents, and other players in the tourism sector. While some returns from these have been possible, the mainstream tourism sector has not been very proactive in promoting the company as they have competing suppliers and channels. Hence, the expansion of business quickly has been a challenge. However, experience has shown that the desire for safety by women foreign tourists has been an important driver for the company managed by women. Given this factor, both online bookings and positive reviews in tourism channels like Trip Advisor have been and continue to be important market drivers. Specialised expertise in digital marketing, however, has not been utilised by the company yet to enhance the market coverage.

Business Bottomline

While sales revenue was slowly creeping up from zero in the first year of operations to INR 17,50,000/- in 2018/19, the COVID-19 pandemic put a full stop to not only the expansion, but the whole business itself as the tourism sector crashed. Post-COVID, there has been a rise again to the pre-COVID levels, and the women expected the current year of winter 2023 to be excellent. What is interesting about the model is the high-profit margins in the business. For each tour package of INR 2,000/- the labour payout is only INR 500/- and taking the variable expenses of fuel, parking, etc, not above INR 1,000/-. That leaves a gross profit margin of 100%. Because of this high-profit margin, even with a very small revenue base, the company has a cash reserve of over INR one million. Hence, while the scale is still small, both the business model and the early experience show that the enterprise has been able to capture a unique and growing niche within the tourism sector of safe individual travel for foreign tourists in India. This has led to several enquiries from other cities/States and travel promoters. The second such venture has also been launched in the other major tourist city of Uttar Pradesh, Varanasi (Banaras).

Challenges to Scale and Limitations

While the business concept and subsequent business model catering to a unique niche tourism market segment shows remarkable innovation and tested

itself in the market to be very profitable, there are several hurdles that need to be overcome for such a socially oriented business enterprise to achieve sustainability and scalability. Some of the challenges faced by the venture in operationalising the above business idea include the following.

- The time and effort taken for ACCESS to identify and mobilise potential women participants to join the venture took much longer than anticipated. This is primarily the social dimension of the venture. It is difficult to mobilise women from traditional male-dominated communities to come out and join a profession that has hitherto been exclusively the preserve of men, such as *autorickshaw* driving. However, after the first set of ten women were trained and began driving the *E-Rickshaw*, their example and enhanced income allowed for chain motivation in their communities and neighbourhoods. Initial members now have a key role in motivating other women to join, and this is an essential prerequisite for scaling up. Currently, 118 women have been trained in driving plus and are ready to join the venture.
- The newly designed battery-operated *E-Rickshaws* were attractive in looks but *E-Rickshaws* have one major problem- that of battery recharging and battery lifespan. The replacement cost of batteries, which lasts up to a maximum of 2 years, is as high as INR 25,000/- and needs to be in-built into the cost structure of the business. Because the initial 50 *E-Rickshaws* were given as a grant by a philanthropic foundation, these costs and the need for regular maintenance were not factored into the operations of the enterprise. Because of the crash of demand during COVID-19, many of the *E-Rickshaws* are in need of overhauling and battery replacement. Out of the 50 *E-Rickshaws*, currently, only 20 are operational, even though the demand in the coming season is going to be high. Machinery costs and maintenance, therefore, is an important technical input that needs to be both factored in and costed for in any enterprise.
- Parking of the *E-Rickshaws* either near the homes of the women operating them or near the tour circuits emerged as a significant issue for the women. At present, the *rickshaws* are parked at a considerable distance from both their operational location and the residence of the women drivers. This has resulted in the women spending an entire day commuting to and from the centralised *E-Rickshaw* parking lot. This apparently minor operational function has become a major disadvantage for the business, and no solution has been effectively put in place for this. Hence, an overarching business model is necessary to convert this into a profitable and expandable business venture, which requires constant adjustments and refinement by the managers of such a business. This brings us to the next issue of management leadership in a business venture.
- While the women are formally shareholders of the company and also derive much higher income levels from the initial experiences of running a few hundred tour packages, they as yet do not have a strong sense of ownership and still look up to the promoter agency, ACCESS for solving major problems.

ACCESS is providing mentoring and managerial support to the venture until the women shareholders of the company get ready to take over the operations.

- This has, in turn, affected every dimension of the business, such as the need to deploy funds effectively in the business; the need for constantly searching for new partners and market linkages for expanding the market, etc. This is particularly important because while the business idea and model developed for the company has tremendous potential, it also needs the enterprise to constantly nurture the market in an effective manner. It is not an enterprise that has unlimited demand or a captive market.

The PCRC is a story rich in innovations, ideas, and the combining of a strong social and gender dimension and converting it to a viable business idea. However, it also shows the importance of constant and strong operational management that is necessary and required to put such an idea on the ground and make it a sustainable and scalable business.

**SURAJ MAHILA MAHASANGH –
JAWAJA, AJMER, RAJASTHAN**

The Goat is a poor woman's cow



SURAJ MAHILA MAHASANGH – JAWAJA, AJMER, RAJASTHAN

The Goat is a poor woman’s cow

In 2004, the rural women of Jawaja block in Ajmer district, Rajasthan, began to mobilise into SHG with livelihoods focus by Grameen Development Services under a UNDP programme for social mobilisation/livelihoods. In a majority of the 250 SHGs formed since then, members began engaging in systematic goat rearing only in 2011. While goat rearing has been a traditional activity for livelihoods in a very large number of poor rural communities throughout Rajasthan, it was always done as a small additional source of income by the rural families within a diverse basket of income sources. Goat rearing through a scientific and organised process and as a major source of income had not been done in the rural areas of Rajasthan before, except in pockets nearer metro cities. Converting a traditional activity into a modern science and commerce-based activity that can be taken to the scale required a series of organising principles.

The Building Blocks

Women Self Help Groups and their Federation

A strong social mobilisation process of organising rural women into neighbourhood Self Help Groups around savings and credit, was first initiated in a cluster of villages at the beginning of the project in 2004. The SHG movement for rural women empowerment is very well known in India and has transformed the lives of millions of poor women in the country over the last three decades. However, this methodology of social mobilisation is a slow process and needs a strong process orientation, particularly in the beginning stages. The SHG’s building block is also mutual group savings and credit and not a specific kind of business. The big advantage of organising SHGs is that once this process is streamlined, it lays a very strong foundation to organise other forms of activities that are self-managed by the community themselves.¹⁴ The expansion of the SHG base, in this case from one to 250, happened over a period of eight years. The formal beginning of systematic goat rearing as an organised business process started only in 2011. While this is a long gestation period, it also ensured quick expansion of the enterprise once started. To further strengthen the community’s self-management capabilities, the SHGs were federated vertically into the “Suraj

¹⁴ The SHG as a building block to scaling up women-led enterprises is a common theme running through many of the cases of group-based business enterprises led by women (within and outside this collection of case studies)

Mahila Mahasangh”. The federated structure generated leadership from the SHG level who were capable of wider roles, including in business. Currently, there are 250 SHGs within the Federation and has 5000 women members. Nearly sixty per cent of the member families are today involved in goat rearing as a key livelihood activity.

Creating a community-based Technical Cadre

The second building block was to bring in the technical knowledge required for scientific knowledge in goat rearing. This was done through a well-known and unique development agency fully focussed on providing technical knowledge in scientific goat rearing- “the Goat Trust”. This knowledge included scientific goat rearing practices, feeding practices and material, timely vaccination against disease, medication and vet care, etc.

However, the real challenge came in delivering these practices and care to the dispersed rural women who are rearing the goats. The model adopted was to create a cadre of barefoot goat vicenarians called “*Pashu Sakhis*”, drawn from the village women themselves who were participating in goat rearing. The selection of such a cadre was followed by intensive technical training in phases. The Mahasangh then determined a mutually agreed fee structure for the different services to be rendered by this community cadre. The *Pashu Sakhi*, therefore, solved the last-mile delivery problem, which is the biggest weakness in a majority of rural-based, geographically dispersed services.

Creating a Decentralised Structure of Community Management

The SHGs formed are the nucleus of a community-based organisation structure. However, as mentioned earlier, SHGs are formed more around the savings and credit function than a single business enterprise. Hence, to focus exclusively on the goat-rearing business, a goat-rearing group were formed in each village. This group, while virtually overlapping with the SHG membership, set up a structure that meets every month to discuss issues and solve problems exclusively focussed on goat-rearing and related issues. The *Pashu Sakhi* and other technical personnel are also participants in these group meetings and take in the demand for various common services required, such as medicines and vaccines.

The Family Level Goatery Business

The unit of business continues to be the family. Each family started with one or two goats. But over the years, many families, particularly from one community – the Rawats, have taken to it in a very systematic way. The number of goats per family has increased to four or five, depending on their financial position. The profit from goat rearing comes from two sources. The first is the sale of adult goats for meat. The second is from selling kid goats for further rearing. While the first requires that the goat reared remains healthy and grows, the second requires that the female goats are able to give birth to more kids. Both these factors are heavily dependent on scientific rearing practices introduced and the veterinary care provided by the *Pashu Sakhi* cadre, which, if solved, leads to

a growth cycle for goat rearing in a family. The economics of goat rearing in Rajasthan is well documented by many scholars in several journals like the Journal of Small Ruminants and the Pharma Innovation Journal. While goat rearing can provide an important supplementary source of income for a poor family, unlike for cow/buffalo, it cannot become the sole source of income. However, on the flip side, it requires much less investment and has a lower cost structure, making it ideal for poor families. That is why Gandhiji called the goat the poor man's cow.

Market Linkages and Structures

In any enterprise, the access and sustainability of markets are critical factors for business survival and expansion. It is in this context that goat-rearing emerged as a relatively easier option for poor families to adopt as an enterprise. Not only was it a traditional activity, but there was also an already established channel for selling goats and goat kids through a network of agents operating in the villages in Rajasthan. This was aided by a secular expansion of demand for goat meat in India with rapid urbanisation and changing eating habits. However, there was a catch to this established market channel, which required change. Previously, the poor had to sell their goats at any arbitrary price offered by the market agent. With both the organisation of the women into a collective and the provision of weighing machines in every village, the women now sell their goats according to weight. This provides both a higher price realisation per goat as well as an incentive for the women to adopt more scientific rearing practices. Such a change in the pricing structure of a product leading to a change in the whole economic viability of an enterprise is critical in a whole range of rural commodities and products such as cattle rearing, where price based on the fat content of the milk changed the profitability of milk. In this case, the sale price of an adult goat went up from INR 4,000/- to INR 7,000/-. The average additional annual income from goat rearing is approximately INR 25,000/-.

Current Status of the Enterprise

Over 80% of the women members of the Mahasangh have goat rearing as a family enterprise today. That is 2,500 families are involved in the goatery business, with rising demand from neighbouring villages and blocks for the adoption of modern goat rearing. Approximately 65 % of these families have 1 to 5 goats, 25% between 5 to 10 goats, and 15% more than 10 goats. The enterprise has created a new livelihood and economy for the poor, with over 12,000 goats valued at nearly INR 80 million. The expansion of this enterprise is today primarily dependent on how the women's federation can clone the village-level structure and doorstep service provision and extend itself across more villages.

Factors contributing to Scale

The building blocks described above primed the goat-rearing enterprise for scale. There were certain other factors which were put in place that actually enabled the enterprise to grow rapidly once it began. These factors, both human and financial, include the following:

Leadership at the Federation (Mahasangh) level

After the initial funding from UNDP ended, the promoting agency handed over the whole management of the federation and goat-rearing business to the community themselves. That it has sustained and further expanded without the continuing financial and otherwise support of the promoting agency points to certain factors that were enabled. Primarily amongst these was the collective leadership and management capability created through an apex structure of the federation. The women themselves now take a majority of the business and other decisions required for the operations of the enterprises, such as payment structures for the Pashu Sakhis, bulk purchases of medicines and vaccines, etc. The entrepreneurial spirit of the group is visible in the desire for expansion that they show.

Availability of Financial Capital

For enterprises involving women drawn from poor households' availability and access to financial capital is the biggest bottleneck to the enterprise. Poor households are also financially deficit households. It is here that the whole SHG formation and the federation of SHGs have played a key role. An important contributing factor has been the linkages with commercial banks formed by the Mahasangh to leverage bank credit for the goat enterprise, as well as other needs. Currently, out of a total of 2,800 SHG member women in 52 villages, the total internal savings (in rotation as loans to members) is INR 45.64 million. An equal amount has been leveraged from Banks. Currently, the members have a total bank loan outstanding of INR 25.5 million, and the Mahasangh has bank deposits (surpluses) of INR 6.5 million.

Cloning the One Village Model

One of the invisible factors common to many of the case studies in this volume is the ability of the management of the enterprise to clone or replicate the smallest unit of an enterprise horizontally and rapidly across locations (in this case, villages). The unit, in this case, is the SHG, the village-level goat-rearing group and the extension services provided by the *Pashu Sakhi*. Once this single village model is streamlined through Standard Operational Processes (SOP), the widening base of the SHGs enabled the goat-rearing business to expand.

Challenges and Limitations to Scale

There are several challenges the whole goat rearing business faced during its operations and limitations to it expanding at a more rapid pace than initially. These include the following:

- Continuous health and disease issues are faced by most biological-based enterprises. While the goat is a hardy animal, there are several diseases that need immediate attention for which the *Pashu Sakhi* has no solution, and expert advice on call is still not available easily for the women in the villages.
- Even though many kinds of high-yielding goat breeds are available, the rams required for mating and improving breed quality are not easily available. This

has led to the women losing out on the most profitable options. As of now, there is no not establishment of a proper system of for acquiring such high-quality breeds to be integrated in the enterprise.

- The location in which the enterprise is situated is in a thinly populated and dispersed region, but it has a unique problem of wild dogs. This insecurity, in turn, is forcing the goat-owning families to sell kid goats rather than rearing them to adulthood. However, this is not the most profitable option.
- Unlike for cattle, there is an absence of appropriate insurance schemes for small ruminants and the insurance companies are unwilling to insure the goats owned. This increases the risk factor for a poor family, however small it may be.
- Procurement of additive feeds like mineral mixture and organic feed, as well as main fodder in the summer months (which are harsh in Rajasthan), has been a recurring problem for the rearers. This, in turn, has led to wide price fluctuations in purchased feed.
- A systematic and gradual reduction in grazing land for pastoral-based enterprises like goat-rearing has become a major bottleneck for the vertical expansion of goat-rearing in all regions of the country.
- While the women managing the enterprise at the apex Mahasangh level have come a long way from the beginning in terms of managerial capability, an enterprise beyond a certain size requires managerial assistance at the central level beyond their present capacities. The withdrawal of GDS as the sponsoring agency has promoted a high degree of self-reliance amongst the women for management but also left a certain professional vacuum.

The above case study of an apparently simple traditional enterprise such as goat rearing throws up several lessons when we take it from a traditional enterprise to a scientific one and another set of challenges when we want to do it on the scale.

**THE MADHYA PRADESH
WOMEN POULTRY PRODUCER
COMPANY LIMITED**

**Making Modern Poultry Business Work
for the Rural Poor**



THE MADHYA PRADESH WOMEN POULTRY PRODUCER COMPANY LIMITED

Making Modern Poultry Business Work for the Rural Poor

The successful story of the Madhya Pradesh Women Poultry Producer Company Limited (MPWPCL), and its upscaling to over an INR 4500 million business, had very complex beginnings. Today, MPWPCL is the largest chicken production house in MP, with almost 15 lakh birds monthly production capacity with more than 1.0 crore annual table eggs production, having state of the art backward integration facilities like environmentally controlled breeder farms of 1.25 lakh capacity, 3 hatcheries with 15 lacs per month in-house chicks' production facility and fully automatic largest feed plant in the state of Madhya Pradesh with production capacity of 400MT per day. MPWPCL has an exclusive marketing network of live chicken with its own retail chain under the brand name of “*Sukhtava* Chicken”, and a chicken processing plant is under construction. More than 8,000 women poultry producers from exclusively indigenous communities (tribal & dalit) were organised in 17 producer's collectives, and they collectively posted sales of more than 425 crores and producers earned more than INR 25 crores (FY2022-23) profit. Most importantly, all these producers were promoted under mainstream poverty reduction programs. Apart from providing dignified, sustainable employment to women farmers, the whole network has employed more than 1000 community youths & 50 professional staff in various roles to provide technical and management services to the farmers. MPWPCL today manages the largest organised family poultry initiative in India and is one of the largest enterprises of indigenous communities globally; uniquely, the enterprise in its entirety is owned by women farmers.

Further, the MPWPCL provides the following support to member organisations:

- **Input linkages:** MPWPCL has established backward integration facilities like breeder farms, hatcheries, and feed plants to supply quality chicks & feed to the collectives. Bulk procurement of medicine, vaccines, equipments & ensuring quality raw materials at the best prices is also a critical function of the state federation.
- **Techno-Managerial Support:** Organises training for producers and cooperative staff, provides trained professionals for managerial positions of cooperatives
- **Financial & statutory Services:** Mobilises fund & working capital for new projects and activity, conducts internal audits and ensures adherence to regulatory & statutory compliances.

- **Marketing linkages:** MPWPCL have established a dedicated marketing cell to support the producer collectives in establishing market linkages and brand development.

The above shows how a much longer-term vision and persistence of effort in its implementation over many years is needed before a small, local effort at establishing a social enterprise for the poorest of the rural poor can be converted into a thriving and sustainable business for the very poor. The story is now fairly well documented, and the case focuses more on certain dimensions of the narrative that stand out from the point of how to organise a fairly large-scale business for the benefit of creating sustainable livelihoods for the very poor.¹⁵

Beginnings and Building the Kesla Women’s Broiler Poultry Producer’s Cooperative

The extremely poor tribal population of Kesla block, in Hoshangabad district, Madhya Pradesh were virtually landless, had very little asset base, illiterate and relied on sporadic daily wage for their livelihoods. It took PRADAN (which has now become the largest and pioneering agency for promoting livelihoods for the poor in India) a considerable amount of time to identify a suitable livelihood opportunity for the tribals. This exploration began back in 1985. While two livelihood subsectors were identified- poultry and oyster mushroom farming. It took another three years, along with failures, primarily technical in nature, to hone into backyard broiler poultry farming as the appropriate business idea to be pursued. The idea involved the growing of broiler birds, in lots of 500 by each household, in a well-constructed backyard shed through the purchase of day-old chicks from outside suppliers. The model emerged after a long period of experimentation, and failures, on the ground with a few tribal households. Early mortality, disease, breed mix, weight gain period, feed control and quality, timely selling of birds, etc were all issues that needed addressing in a biological based enterprise. All these issues were solved through the recruitment of one key technical professional from the modern, organised poultry industry in Tamil Nadu, which was just establishing itself in India at that time. Joseph lived, dreamt and slept broiler poultry farming and transformed the whole enterprise by bringing in modern poultry-rearing practices. The specifics of the model at the household level that emerged are described in the next section.

The journey began with only 18 families remaining in poultry farming but expanded to cover 180 families with external donor support only in 1997. To

¹⁵ Some of the documentation used for writing this case study include the following:

- a. Making Modern Markets Work for the Poor. FAO. India, 7678. 2012
- b. Harshvardhan. Poultry rearing as income generating activity in Kesla: An Impact Assessment Study. PRADAN News Reach. 2010. Volume 11, No.11
- c. Mukherjee A, et AL., Effectiveness of Poultry Based Farmers Producer Organisation and Its Impact on Livelihood Enhancement of Rural Women. Indian Journal of Animal Sciences 89 (10): 1152- 1160. 2019
- d. Bhavani Shankar Saripalli et al., Social Enterprises Empowering Subsistence Women Entrepreneurs: Case of MPWPCL. Working Paper 319; Institute of Rural Management. .March 2021
- e. Dutta, Shankar. Kesla Poultry- A journey of Tribal Women- from earning daily wages to owning India’s largest poultry feed mill. Rajiv Gandhi Institute of Contemporary Studies. May, 2021

provide common services, they were organised into an informal Kesla Poultry Cooperative Society but got formalised with the registration of the Hoshangabad Poultry Cooperative Society in 2001. In 2003, the second cooperative society in another district - the Churhat Women Poultry Producer Company Limited, Sidhi (Churhat Murgi Palan Samiti) was promoted. After this was successfully established, with the encouragement of the Madhya Pradesh State and World Bank sponsored District Poverty Initiative Project (DPIP), PRADAN initiated the expansion of such projects to other districts. Thus, poultry cooperatives/producer companies were established in several districts.

Today, the MPWPCL produces 1.5 million chickens and 3.0 million eggs every month. Though from the year 2020-21, the Coronavirus Pandemic left adverse effects on the poultry business, impacting operations across various regions. The poultry market and the poultry rearers of the Kesla Cooperative got back into business and crossed a sales turnover of INR 3,500 million, with the participation of about 14,000 tribal women, and were supported by more than 70 professionals and paraprofessionals. Each of the women producers generates a supplementary annual income in the range of INR 40 to 50 thousand. In order to bring more producers from the poorest families, who had barely anything more than their own labour to sell, the women poultry growers of Kesla spread the message to women of other areas and persuaded them to form their own cooperatives, which were later federated into the MPWPCL.

The Business Model- The Mechanics of Backyard Poultry Growing

The formation of the MPWPCL was primarily to aggregate the production and sale of birds across different district cooperative societies/producer companies. In 2005, as production volumes increased and the need for greater efficiency and control of feed and day-old chicks (DOCs) became more critical — this prompted the establishment of its own extensive poultry feed plant, capable of producing 300 metric tons of feed daily, and a hatchery generating 50,000 chicks each day.

This rapid expansion was possible because the model of household-level broiler production was standardised, thereby making it replicable. The components of this standardised process included the following:

- Identification of tribal household growers: due diligence was exercised in choosing who the potential bird growers could be in a village. Criteria included both their economic status (below the poverty line and needing an additional source of income and their suitability for poultry growing (clean household with the possibility of shed construction).
- Training of potential poultry growers: A systematic process of training was institutionalised that began with an exposure visit to local successful backyard broiler growers, two-stage training in the field of growing the birds on campus and in-situ in their households, technical training in rearing, feeding, cleaning and other processes.
- Organising finance for both poultry shed construction (INR 150,000 approx.) and working capital for a batch size of 500 birds.

- Shed construction followed by a supply of day-old chicks plus feed.
- Handholding support and supervision, including supply of medicines and bird healthcare services by the company, set up at the district level. This is a continuous process.
- Record keeping of bird growth efficiency (Food Weight gain ratio over time).
- Establishing sale rates based on efficiency- through an Efficiency Index (EI) that determines the sale rate/kg of bird weight to the company based on the body weight.
- Delivery and collection of birds at the primary cooperative level for further sale.

The poultry (broiler chicken) market, both input (Chicks, Feed, etc) and output (Ready Birds), is highly volatile in nature. The prices fluctuate often within a wide range. In addition, there is a seasonality factor as well as demand-supply gaps within & outside the state that play a vital role in price fluctuation. Altogether, these factors make the poultry business highly volatile. In this context, the small-holder poultry producers and new poultry farmers find it very difficult to sustain in the market. A few loss-making cycles can make them out of this activity.

The small-holder poultry model helps insulate the families from price fluctuations and supply uncertainties of the market while strengthening the production system through improved market access, better capital management, and high-quality production services and technical handholding. Producers are paid based on production efficiency (measured by the Efficiency Index of broiler production and % of henhouse production in the layer) calibrated in a reasonable way with the enterprise margin. Cooperative absorbs daily market fluctuations through an in-built mechanism of risk mitigation by creating reserves. A Producer can take at least six batches in a year. Each woman earns between Rs 40,000/- and Rs 80,000/- a year, which works out to Rs 200-400 a day for her 200 days of engagement in the activity.

Key Features:

- Women from tribal and other poor families are organised into producer collective.
- Each woman has a poultry shed of 500-1000 birds built on their homesteads.
- This intervention provides women with Skills, infrastructure, inputs and marketing assurance.
- The co-operative is designed in such a way as to allow a seamless transition of non-producers to producers, making them compete with large poultry farmers and establish a presence in the market.
- A community-based supervisor provides round-the-clock production management and farm support.
- A professional manager trained in veterinary or management sciences is engaged by the cooperative as its chief functionary and responsible for day-to-day management and operational business decisions. The manager is supported by the production manager, veterinarians, marketing executive, account staff, etc.

- A Poultry Management System based on a Quality Assurance Systems approach provides detailed systems and procedures for business decisions and helps in compliance and monitoring, this is supported by customised accounts & MIS software.

The above is an oversimplification of the standardised process, which by now has been highly fine-tuned across all the member broiler-producing backyard units. What is important is that this standardisation enables a systematisation of processes for rapid expansion of the company's operations. It also led to the replication of this model by PRADAN across states, particularly in the tribal districts of Jharkhand, Orissa and Chattisgarh, where new district-level and state-level producer companies have been established.

Vertical Integration and Market Linkages

The Poultry market in India is very competitive, with several players, and the very large players control nearly 60% of the national market. Further, like other agricultural commodities, there are wide price fluctuations in product prices, even within short periods of time. Finally, even though live birds are not a perishable product, because of the need to continually feed birds and the chances of disease, the timely marketing of the birds is critical to profitability. All three factors combined make poultry farming quite a risky business and is not a very feasible option for an individual small poultry grower. Therefore, to both ensure profitability and de-risk modern poultry bird growing for the individual member household who is also poor, two major steps were taken. First, the growing of the birds was de-risked by ensuring that the price remuneration paid to the member household for a bird was fixed and the price fluctuation risk was absorbed by the producer company from its profit margins.

Second, equally important was to ensure regular supply and stable and lower prices for feed and day-old chicks both a feed plant and modern hatchery were established, owned, and operated by the company through professionals. The MPWPCL established a 250 Tons/day automated feed plant at the Kiratpur Industrial Area near Itarsi. This is one of the largest poultry feed plants in central India, and it produces cooked or processed feed, ready to feed the DOCs and the growers. Similarly, with technical collaboration from Venkateshwara, MPWPCL set up a Parent Stock Farm to serve Central India. With some support from the Central Avian Research Institute, Izzatnagar, UP, an ICAR centre, a large parent bird farm and a hatchery were established. With the success of the first modern hatchery, a new hatchery unit with a capacity of 600,000 chicks/month has been established, bringing the total capacity under the MPWPCL to 12,00,000 chicks/month. The high turnover achieved, as the volumes and number of producers grew, as mentioned above, showed the effectiveness and robustness of the whole backward integration exercise implemented by the Producer Company as a whole.

The other major element of aggregation that the MPWPCL had to carry out was in the establishment of market linkages. In the beginning years, as well as over the years, many attempts and models of marketing have been tried out including,

selling directly in the nearest wholesale poultry market, to selling at retail shops to branding the birds as “*Sukhtawa* Chicken”. At one level, as poultry birds are a well-established product it did not need any concept selling. However, at another level, the poultry market is highly competitive, price sensitive and price fluctuating in nature. Given this scenario, the most feasible option that has worked out for the company is to establish direct relationships with small and large wholesalers operating in different poultry markets. This kind of arrangement was found to be the most suitable after the positive experience the company had in promoting a wholesaler from the Itarsi poultry market.

Effective tapping of less volatile, faster growing, more remunerative local small dispersed markets is a key driver making small-holder poultry competitive apart from better productivity producing healthier birds with higher meat yield. The co-operatives right now market the birds in their contiguous, local market & marketing cell established by State federations, providing them with the support of marketing intelligence, forecasting of demand & brand building. In a crisis time, when there is a production surplus, the marketing cell comes to the rescue by leveraging upon their huge contact base & reputation as a quality bird supplier not only in big markets of operating areas but also to the big markets in adjacent states with huge demand potential.

Co-operatives cater to the niche market of far-flung, rural areas with an outreach to the small traders selling from 1 quintal to 5 quintals daily. This remote, far-flung market is not an attractive proposition for large private producers & hence, they ignore this sort of market. This creates space for the co-operatives to thrive. Moreover, the co-operatives have a cost advantage over private producers owing to no pilferage and better efficiency standards, although the co-operative’s overhead expenses are on the higher side than their private peers owing to decentralised production. Additionally, these markets are less sensitive to health scare-led market slump (very common in the last 3-4 years), which is mostly an urban phenomenon. Additional costs in servicing the dispersed customer base are more than met by locational advantages (leading to lower transport & haulage losses) and price premiums in these markets.

Organisation Structure and Culture

The whole structure and culture of the MPWPCL can be explained by its mission - “empower rural women by livelihood promotion through smallholder poultry farming”. Legally, various forms of organisation were thought of for collective enterprise management, ranging from a simple primary cooperative model to an improved one under a new cooperative law in MP (under which the Hoshangabad Kesla Poultry Coop Society Ltd was registered in 2001). However, once the Producer Company Act was passed, most of the producer collective, and eventually the MPWPCL, was registered under it. MP has been a pioneering State in promoting producer companies in India. Currently, a three-tier structure, each legally independent of the other but functionally vertically integrated, has been formed- at the village level, with approximately 300 members; at the district level, an independent producer company, and at the State level, the MPWPCL.

A mature co-operative typically has 500-1000 members with 30-40 farmers in one village. Co-operative provides all the services at the producer's doorstep. Co-operatives operate through a central window system, collectively procuring all the raw materials like chicks, feed, medicine, vaccine, etc., from the federation & market and passing it on to the members for growing the birds. A community-based supervisor provides round-the-clock production management and farm support. Once the birds are market-ready, the co-operatives liquidate birds centrally.

The MPWPCL is incorporated as a producer company under 'The Company Act' 1956 and has 17 producer organisations (Cooperative Society) operating under it, each holding a stake in the producer company. Each of these producer organisations is an independent entity involved in providing services like - input supply, production support, as well as, marketing broiler poultry to its members.

A professional manager trained in veterinary or management sciences is engaged by the cooperative as its chief functionary and responsible for day-to-day management and operational business decisions. The manager is supported by the Production Manager, Veterinarians, marketing executive, account staff, etc. Enterprise management based on Quality Assurance Systems provides detailed systems and procedures for business decisions and helps in compliance and monitoring, this is supported by a customised accounts & MIS software (ERP).

PRADAN being essentially a development organisation working for and with the rural poor, always sought to make the participating women members full owners and managerial participants in the process of enterprise development. However, as shown above, the complexity of managing modern poultry production processes, markets, and scale, required substantial professional competence that the women members did not have. Hence in 2005, the National Smallholder Poultry Development Trust (NSPDT) came into existence with a mandate to promote, protect and nurture smallholder poultry producers and their collectives, and since then, PRADAN had no operational role. MPWPCL is exclusively promoted and nurtured by the NSPDT team to become the largest social enterprise owned by indigenous communities in central India. The MPWPCL Governing board is constituted through election among the women producers. The Governing body meets every month to review the business & production performance of their collective, strategic decision, future planning and to address any social issues of the community.

Role of Apex Body: National Smallholder Poultry Development Trust (NSPDT)

The Co-operative model has been further replicated in some of the poorest districts of Madhya Pradesh, Jharkhand, Odisha, Assam, and Vidarbha region of Maharashtra. So, there was a need for the apex-level body to protect, promote and nurture the small-holder poultry model in the country, so the formation of a national-level apex organisation was initiated in the year 2006, and the NSPDT was incorporated in the year 2009. NSPDT is registered as a charitable trust, it provides managerial, strategic and market linkage services to state-level federations

and co-operatives. NSPDT act as the interface between various federations, and it liaises with various external agencies to influence policy and advocate the cause of the industry.

NSPDT is a dedicated sector, oriented national level organisation to orchestrate and spearhead the expansion of smallholder poultry in India with a vision to inspire, encourage, facilitate, and promote the emergence of an efficient farmer-owned network of well-organized empowered smallholder poultry farmers, setting the very best standards of professional excellence and wholesome development. NSPDT today spearheads the largest organised family poultry initiative in India and is one of the largest enterprises of indigenous communities globally; uniquely, the enterprise in its entirety is owned by women farmers.

Today, more than 15,000 poultry producers are organised in 31 producers' collectives (Cooperative Society/Producer Company) spread over 523 villages of 30 districts in the states of Madhya Pradesh, Jharkhand, Odisha, Assam & Maharashtra. The collectives, along with the associated units such as hatcheries, breeder farms and feed plants, working under the aegis of NSPDT, posted sales of more than INR 700 crores and the business earned over INR 50 crores profit (FY 2022-23); making this the largest family poultry and the largest such enterprise of tribal-dalit women.

Challenges and Limitations

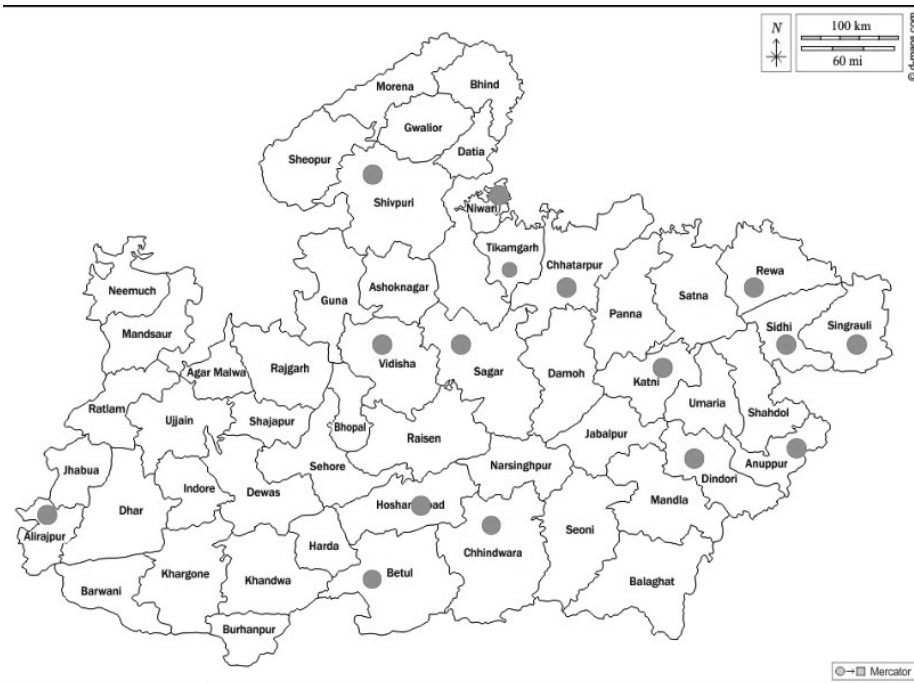
The case of the Madhya Pradesh Women Poultry Producers Company Ltd (MPWPCL) shows how a modern, biological-based industry, like broiler poultry farming, can be broken down into smaller parts and re-engineered into an enterprise that is both managed by and benefits the women from the poorest of the poor households. What is unique about the case is that the surrogate promoters of this enterprise viz PRADAN, combined very effectively the social objectives of the programme with the enterprise dimension. Further, they were able to take it to scale through a combination of factors that integrated strong standardised processes of production management, vertical integration of both input supply and marketing, and a structure of participatory management that federated decentralised social units (co-operatives).

What is often not taken explicit cognisance of in the narratives is the years of experimentation, struggle, and failures (1985 to 1997) that preceded the rapid replication and expansion phase. This was also followed by many ups and downs in the whole business cycle caused by factors such as the avian flu crisis in 2006/7 and the COVID pandemic in 2020, when the entire poultry business collapsed, and yet the women members from poor families showed their commitment and resilience and bounced back to further expand the enterprise.

The long history of the above enterprise, from its very small beginnings to the fairly large scale it has reached today, shows both the success but also some of the limitations when such social-based economic enterprises are taken up for promotion. Some of these limitations are:

- The choice of the business idea for a social enterprise is important not only from its general economic viability as an industry but needs to be thoroughly screened as to how it can be descaled and converted to enable the poor to participate in the enterprise (by descaling both the technology and financial investment per head). While poultry seemed an apparently simple enterprise idea being a traditional activity with tribals, modern broiler farming (which was the only option for generating high incomes/family) had to be fully understood as a very different business and it took several years to reach the INR 1.5 lakh shed and 500 broiler unit production process that became standardised as the viable household model.
- For the poor, risk and the capacity to cope with business risks is limited. Without understanding this when the programme went into poultry and broiler production and faced a crisis, the whole venture collapsed. The evolution of a system that delinked the production sale price that is fixed and predetermined as remuneration to the producers and the market sale price was critical to the successful expansion of the programme. The question remains then who will bear the risk and how will this risk be covered. Guarantee Funds are therefore critical to the success of social enterprises working with the poor.

The above case of the eventual building up of the Madhya Pradesh Women Poultry Producers Company Ltd and its subsequent successful replication across several states to cover and benefit several thousands of the poorest of the poor amongst the tribals is rich in lessons for many reasons, a few of which has been documented above.



**SHREE MAHILA GRIHA UDYOG -
LIJJAT PAPAD- India**

Homegrown Model of Women-led Enterprise



SHREE MAHILA GRIHA UDYOG - LIJJAT PAPAD- India

Homegrown Model of Women-led Enterprise

“LIJJAT PAPAD” is a brand well known in middle-class India, as well as NRIs all over the world. The “*papad*” is a simple food product and of relatively low value. It is an accompaniment to most Indian meals across all regions of India. However, not many know that it is also a product made by a very wide network of women entrepreneurs across the country. Shree Mahila Griha Udyog, makers of the Lijjat Papad, (and now a mix of related kitchen products such as ground spices under the same brand name), was started as a non-governmental charitable trust and Society under the old Indian Societies Act of 1860 in Mumbai, way back in 1959. Its success, spread, and recognition, both as a brand and as a case of women-led enterprise, is fairly well documented.¹⁶ However, most of the case studies and research focus on the social dimension rather than on the purely enterprise management dimension. This case focuses on the later managerial dimension from the perspective of how the model enabled itself to be scaled up.

Like many enterprises, social and commercial, the Shree Mahila Griha Udyog¹⁷ makers of the Lijjat Papad, started with a few women in one neighbourhood of Mumbai, at the household level and as a household enterprise. What is fascinating is that it remains an enterprise primarily carried out at the household level, where the *papad* is still produced. It is unique because today, the Shree Mahila Griha Udyog, which started with only eight women of a neighbourhood in Mumbai, has a turnover of over INR 16000 million, with over 80 branches, and giving self-employment to over 45000 women. It has spread across a majority of the States of India. What are the elements of this model, and how was it scaled up?

Drawing on the inspiration of the post-independence Gandhian Sarvodaya movement and philosophy in India, the Shree Mahila Griha Udyog had a core set of values that were not only its founding principles, but are retained in its functioning to some extent. These core values have played an important part in both establishing the network of branches and women members, sponsored by other local NGOs on the one side, and the formal legal structure of the

¹⁶ Some of the case studies include:

1. Ananda Dasgupta. Lijjat Papad- A case study of Inclusive Responsible Leadership. Voice of Research, Volume 3, June 2014.
2. Prabhakar et al., Empowering Women through Social Entrepreneurship: A Case Study of Shree Mahila Griha Udyog. Journal of Emerging Technologies and Innovative Research; Volume 6, Issue 4, April 2019
3. Anjna Rani. Women Sprit Wins-A Case study of Lijjat Papad. International Journal of Applied Research; 2016.

¹⁷ In this write up the Lijjat Papad which is essentially a brand name, is used interchangeably with Shree Mahila Griha Udyog, which is the organisation making the products under this brand name.

organisation, which is managed by a Board of 21 women, drawn from the members primarily. The Shree Mahila Griha Udyog is a non-governmental developmental organisation whose primary commitment is towards its women members. It is also an economic enterprise at its core. As explained by Vimalben Pawale, ex-President of Shree Mahila Griha Udyog, “Our objective is to maximise employment opportunities for women through activities connected with village industries, while, at the same time, not sacrificing basic business principles and quality consciousness. We are a full-fledged commercial, self-reliant organisation and not a charitable society. Any such benefits that occur are incidental to our business.”

Being in a highly populated hub of Mumbai, in the initial years, it was a relatively simple model of a group of women householders buying quality raw materials collectively (essentially pulses of different kinds), and converting it to dough, rolling it and then drying it on their rooftop/open spaces to make *papad*. On the marketing side, local retailers/provision stores picked up the *papad* because of its quality, easy availability, and price. All the above elements continue to define the now branded “Lijjat Papad”- a homemade product of high and consistent quality, sold at reasonable prices and available at any neighbourhood provision store.

What requires further analysis is how the above simple neighbourhood model was converted and scaled up to a national-level enterprise. The key elements that define how this was possible require an understanding of the micro-ecosystem that was created primarily at what they call the “Branch” level. To understand the various stages of the standardised process as it exists today, we need to look at each stage of the whole purchase-production-marketing system. The goal for Lijjat Papad, has been to produce a high-quality product at reasonable cost/prices that can be made by women, primarily in their households. The following steps characterise the entire system- important in the preceding analysis is the systematic thinking of the management, as to what to centralise and what to decentralise on the one hand, and what to do in-house and what to outsource to other vendors on the other side.

- **Procurement of Raw Materials-** Raw materials (the main one being certain types of pulses and spices that are required to make *papad*) continue to be purchased centrally and then distributed to the various branches. The rationale for this centralisation is that the quality of the raw material determines the quality of the final product. Also, all Lijjat Papad made anywhere in the country should maintain consistent taste and adhere to the same quality standard. A more obvious additional benefit is, of course, that buying in bulk is far cheaper than buying smaller amounts. Designated wholesale markets and dealers have been standardised for this.
- **Supply of raw material to branches, storage, further processing-** The primary pulses are ground to make the flour in two centralised mills that the Society owns and then packed and transported to the branches. The branches, in addition to storing the pulse flour, have an important function.

To ensure consistency and quality, the dough is kneaded at the branch level and not at the household level. Women members who don't have space, etc, in their homes get an opportunity to dough the flour in the branch centre on daily wages.

- **Collection and production of the *Papad***- Every morning, a group of women goes to the Lijjat branch to knead the dough, which is then collected by other women who roll it into *papads* at their homes. When these women come in to collect the dough, they also give in the previous day's production, which is tested for quality. Yet another team packs the tested *papads* at the branch. Every member gets her share of *vanai* (rolling charge) every day for the work she does and this is possible only because the rest of the system is geared to support it.¹⁸
- **The “Branch” model**- With rapid expansion, the mother organisation had to open a number of branches all over the country. These branches, while being directly under the charge of the Shree Mahila Griha Udyog, were established with support from some local developmental organisations. Gradually, a lot of functions had to be decentralised to the branch level. The branch, in fact, is a profit centre by itself. In addition to storing, kneading, packaging, and, above all, quality checking, the branch has incorporated certain other key roles and functions. Every branch is headed by a *Sanchalika* (branch head), who is chosen from among the sister-members by consensus. Similarly, allotment of different works like dough-making, distribution of dough, weighing and collection of *papad*, packaging, etc., are all decided by the sister members by consensus. It is the collective responsibility of the sister-members to manage all branch activities efficiently and profitably. There are accountants in every branch and every centre to maintain daily accounts. Profit (or loss, if any) is shared equally among all the members of that branch., irrespective of seniority or responsibility.
- **Sales and Distribution**- The sales and distribution to retailers are fairly decentralised to the branch level. Each branch appoints a set of distributors on a commission basis. This is then placed in different local retail shops for sale. The model was first tested in the Mumbai market and has been continued throughout the country. To ensure that a branch is not cheated by a distributor, the central marketing team checks their credentials, and also a deposit is taken from them before their appointment. Further, all payments for the goods picked up by the distributor are paid for fully on delivery. This allows for a low inventory and working capital cycle requirement. Dealers are given a commission of seven per cent, and retailers' margins are approximately INR 25 per packet of *papad* of 500 grams, which is sold at around INR 120.
- **Branding**- While all the above requires operational management skills, it is the branding of the products as “Lijjat Papad” that stands out as unique to such an enterprise. The much larger corporate sector and multinationals

¹⁸ Ananda Dasgupta. Lijjat Papad- A case study of Inclusive Responsible Leadership. Voice of Research. Volume 3, June 2014.

spend millions of dollars in launching and establishing a brand name. The Lijjat brand was formally launched in 1966 in Mumbai. Over time (and through advertisements in region-specific TV/ Print Channels), the name Lijjat became synonymous with *papad* of good quality. Interestingly, Lijjat continues to follow a cost-plus pricing strategy that enables it to retain its edge in a fairly competitive and organised market today.

- **Marketing and Sales Management-** Though each branch is responsible for the sales and profits of its products in the areas allotted to it, the Central Marketing Division now procure the surplus production from different branches and markets it at an all-India level. It also supervises in terms of marketing promotional and advertisement strategies from the surplus/progenerated from the whole enterprise.
- **Product Diversification and Export Thrust-** In an attempt to capitalise on its Brand goodwill built over the years, Lijjat diversified its product range to cover a host of other non-perishable kitchen products. The first stage involved product differentiation by making various types of *papads*, keeping regional tastes in mind, such as *Punjabi Masala papad* and *Moong Pepper papad*. However, over time, the organisation added many other related products, particularly different mixes of ground spices, as well as detergent soaps. While the product differentiation within the *papad* range has helped in boosting sales by giving the consumer a wider choice of tastes, but the success of the other products has not been that remarkable, except in local pockets. This is because the Brand Lijjat is too strongly associated with *papad* rather than with spices where strong regional private players exist, such as MDH (a well-known Indian spice producer). With the natural establishment of Lijjat Papad as a Brand, export orders from Indian stores, etc., overseas came in. Lijjat did not get into the business of direct exports but exports through merchant exporters with international links. However, Lijjat is cautious and only proceeds with production when it receives full advance payment.

The above brief description of how Lijjat Papad operates is indicative of the way they have scaled-up geographically in a systematic but simple way. Some of the key features of the Lijjat model of management that are visible in this process include the following:

1. The Shree Mahila Griha Udyog has, even while expanding its operations, kept to its core competencies of decentralised production of high-quality products. Quality is virtually a value within the organisation.
2. It has developed a good mix of decentralised and centralised management. Centralising only such functions as procurement and primary processing of raw materials on the one hand and certain key marketing functions such as brand building on the other. All other functions, including sales, wage payments, profit sharing, etc, are kept at the branch level, which virtually acts autonomously in many ways.
3. It has created a very good and reliable distributor network that handles the sales to retail outlets.

4. It has been very cautious and prudent in its financial management and has never (like other private enterprises) gone into expansion for expansion's sake. Hence, while the scale achieved has been slow in terms of number of years taken, the scale-up operations have been sustainable. Finally, within the social enterprise sector, the case of building and establishing "Lijjat Papad" as a national-level brand is unique, particularly as it was done with very little upfront investment.

Organisation Structure and Values

The story of Lijjat Papad will not be complete without a brief description of the organisational structure established to run the whole operation. It backs up the business model described in detail earlier. Shree Mahila Griha Udyog has a central managing committee which consists of 21 members, including the President, Vice-President, two Secretaries and two Treasurers. Every branch is headed by a *Sanchalika*. Every three years the office bearers of the managing committee and the *Sanchalikas* are selected among the sister members. Each branch has a committee of 11 sister members who are selected by mutual consent. As the organisation expanded key management functions were decentralised to the branch level in the terms of both work and sharing of profits. To undertake any new project or activity the branches still need the managing committee's approval. There are branch level committees and area meetings of various branches in a State for coordinating branches in a region or State.¹⁹ As the enterprise has expanded, while some functions have been decentralised, others have required a more sophisticated and complex approach at the Mumbai Head office level. This includes setting up units for processing, grinding and bulk packaging of raw materials. Setting up centralised marketing and finance systems. Establishing a branch oversight system to ensure quality and financial integrity.

The case of Shree Mahila Griha Udyog is unique and shows how a narrow and simple product base can become a very large social enterprise that is profitable and runs as a successful business, employing thousands of women. It is difficult to capture exactly how only Lijjat Papad reached this scale, while other social enterprises under the *bari/papad* category started by other social organisations have failed.

¹⁹ Anjna Rani. Women Spirit Wins. A Case study of Lijjat Papad. International Journal of Applied Research. 2(2): 297-302. 2016.

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