

Developing new enterprises- the NRO way

Background

Kudumbashree NRO's strategy of developing enterprises in partner states cannot be seen as a means to promote sustainable livelihoods alone. It also needs to be viewed as a strategy to make women economically independent, assisting them to be self-reliant, improving their self-esteem and helping them contribute to the larger goal of developmental activities of their community. Kudumbashree -NRO's model of developing new enterprises has its roots in the strategy implemented by Kudumbashree in Kerala. Promotion of micro-enterprises has always been seen as an effective strategy in countering poverty and inequality by Kudumbashree Mission. The state mission has effectively used this as a tool to provide employment opportunities to thousands of women in the state. Through its special schemes it has also been providing employment opportunities to the youth in the state as well. Successful models like large-scale catering units, enterprises addressing health concerns of people, apparel consortiums and producer companies have also made substantial marks in the area of micro enterprise development. New and unique enterprise ideas enabling women to contribute to their families' incomes have also been floated. Under the Micro Enterprise Consultant (MEC) model, capacity building initiatives are carried out to establish a system which will provide all kinds of necessary support for entrepreneurs. This will include handholding for new enterprises, branding and promotions, monitoring mechanisms and financial assistance.

Developing enterprises in partner states

Drawing from the experiences of developing micro enterprises in Kerala, Kudumbashree-NRO works with partner-states to develop customized approaches suited to the local context. The strategy adopted for promoting micro enterprises in partner-states is distinctly different from that of Kerala as on one hand, the institutional structure supporting micro enterprises may not be strong enough and on the other hand, entrepreneurs are relatively ill-equipped to face operational challenges and do not have adequate business knowledge. It is in this regard, the MEC project aims at developing field-level structures focused on providing multi-dimensional support to the rural microenterprises of the poor. The idea is to identify individuals from the community, train them and equip them to provide necessary handholding support to potential and existing rural enterprises. The project output is to identify, train and place Micro Enterprise Consultants (MECs) to provide handholding support to enterprises in a sustainable manner. The major activities under the project includes identification and selection of MECs from the community, building their capacities and placing them in groups, establishing MEC-CBO linkages and rolling out sustainable monitoring mechanisms.

Among the National Resource Organizations approved by National Rural Livelihood Mission under the Ministry of Rural Development, Kudumbashree NRO has done pioneering work in the area of promoting sustainable micro enterprises. When an interested state approaches Kudumbashree NRO, the first step for developing a partnership is to sign a MoU with the relevant state's rural livelihood mission (SRLM). It is followed by exposure visits by officials from the SRLM to Kerala to understand the model as well as exploratory visit by a team from KS NRO to the partner-state to devise the scope and extent of

the project. The next step is to place mentors in these states that will be responsible for driving the project on ground. The mentors are responsible for studying the existing enterprise scenario in the district/block and for establishing a mutually beneficial relationship with the community network and officials from the SRLM. Potential MECs will initially be identified by the SRLM. KS-NRO will be responsible for designing the selection process and conducting the selection-orientation workshop, at the end of which, a pool of MECs will be selected.

The next step is to train the selected MECs. Training programs like TED (Training in Entrepreneurship Development) & TEAM (Training in Enterprise Administration and Management) are provided through Master Trainers to equip them with basic arithmetic and business management skills. At the end of the trainings, MECs will be capable of formulating business plans for new enterprises and conducting business diagnostics for existing enterprises. It is with this acquired knowledge; the MECs offer their services to entrepreneurs in the MEC project district. Once the training is completed, the MECs are divided into groups and each group will be supporting a different zone in the district.

The MEC group will be responsible for benchmarking of enterprises in their area which includes collecting data on existing enterprises, grading them, and development of sectoral performance and business result indices. The MEC group will then engage with the community network to identify entrepreneurs and provide them with necessary support including forward and backward market linkages. They will also be responsible for encouraging women to start their own enterprises.

Micro Enterprise Consultants are the pillars of this project and shoulder the primary responsibility in supporting enterprises in the block. Their specific services to new and existing enterprises include identifying viable business opportunities appropriate to the conditions of the entrepreneur and the market, developing bankable business plans, linking them with financial institutions, helping entrepreneurs with sourcing of raw materials and facilitating market linkages. The MECs are also trained in maintaining web-based and app-based mechanisms which will be used for monitoring the financial performance of the businesses they support. The MECs will then use this information to guide the entrepreneurs in taking decisions which will be most beneficial for their business at frequent intervals. For the services provided by them, the MECs are paid as a group by the community network based on the MEC policy issued by the SRLM.

Based on the experiences of Kudumbashree in Kerala, KS-NRO had piloted the MEC project initially in six states- Bihar, Gujarat, Jharkhand, Karnataka, Maharashtra and Rajasthan for micro enterprise development through building and strengthening of local pool of micro enterprise consultants in these partner states. As of October 2017, more than 600 MECs have been trained as part of the project and these MECs have supported more than 14,000 enterprises across all partner-states.

STEPS INVOLVED	PROCESS
MoU Signed	The partnership begins with signing of MoU with the partner state which will clearly outline the scope of the partnership, along with specific outputs and outcomes of the project.
Exposure visit	Officials from partner SRLM visit Kerala to study the MEC model wherein they are given district and block level orientation.
Exploratory visit	This visit is carried out to the partner states by a team of Kudumbashree-NRO officials to understand the extent of work to be carried out.
Mentor MEC immersion	Placing of mentors in partner states to study the existing enterprise scenario in the district/block and establishing a mutually beneficial relationship with the community and officials of the SRLM.

Identification and selection of MECs	<p>Potential MECs will initially be identified by the SRLM. Kudumbashree-NRO will be responsible for designing the selection process and conducting the orientation-selection workshop. At the end of which, a pool of MECs will be selected.</p>
Training and capacity building	<p>The next step is to train the selected MECs. Training programs like TED (Training in Entrepreneurship Development) & TEAM (Training in Enterprise Administration and Management) are provided. These training programs focus on basic arithmetic, business management skills, technical sessions, formulation of business plan and business diagnostics.</p>
Setting up baseline information and enterprise benchmark	<p>It includes collecting secondary information on enterprise opportunities and identification of focus enterprise sectors. Additionally data collection of existing enterprises in selected sectors, grading of existing enterprises by all MECs. Development of sectoral performance and business result indices.</p>
MEC business plan and placement of MECs	<p>Formation of MEC groups and zoning within districts. Once the group is formed, a partnership deed (is it called business plan??) is signed between the group members which would clearly state the cost norms and scope of work to be undertaken by the members. The MECs will then engage with the community network to identify entrepreneurs and provide them with hand-holding support.</p>

Functioning of MEC groups and monitoring	MEC groups functioning as per business plan, regular handholding to entrepreneurs and timely review by SRLM and Kudumbashree -NRO.
Monitoring and reporting	Develop suitable reporting formats including web based MIS and app based Performance Tracking System (PTS). The data is used by MECs to provide information to the entrepreneur on the enterprise performance.
Evaluation and learning	It includes assessment and deriving learning from the project. During the phasing out of the project, Kudumbashree- NRO ensures that the community network owns the enterprise development process in the village and uses the MEC group as a technical support agency.

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