

micro-enterprise development with innovative community and market linkages

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Kerala has been one of the most successful cases in poverty reduction having achieved one of the fastest reductions in the number of families under poverty line. The success primarily owes to public action in providing all-round social infrastructure to meet the basic needs of the population and resilience of small-scale production. In the recent decades there has also been a favourable environment of rising income levels due to the inflow of the Gulf remittances. However, this reduction in poverty has been uneven across regions and across social strata. We are here presenting a regional strategy for eradicating absolute poverty in Aryad and Kanjikuzhy blocks in Alappuzha district, which have one of the highest incidences of poverty in Kerala (59.6%) as per the most recent BPL survey. The strategy draws from historical experience of public action for provision of basic services and the experience of decentralised planning during the past decade. The salient features of the poverty eradication strategy that we are proposing are the following:

- The prime movers in the sustainable development process are the micro-enterprises that cater to the local demand or process the local agricultural and fisheries products for sale outside the region. Skill based micro-enterprises would also be formed in electronic and light engineering sectors under sub-contractual relationship with large firms.
- These micro-enterprises are set up by the Kudumbashree Women Self Help Groups (SHGs) in which a woman member represents each household in a neighbourhood. All the families below poverty line are mandatory members of the SHGs. The SHGs also provide a community forum for popular participation in planning and decision-making processes.
- While relying on the strength and cohesiveness of decentralised small groups for achieving efficiency of production, the strategy involves setting up of an umbrella marketing organisation fully on commercial lines for marketing of the products.
- The demand generated by micro-enterprises for agricultural and fisheries raw material is to be met by a systematic expansion of vegetable, fruits and tubers production and pisciculture. For this effective backward linkage, a variety of groups farming organisations, innovative technologies and institutional support systems will be arranged.
- The programme seeks the convergence of other poverty alleviation programmes of the Central government, small-scale industries and agricultural programmes of the State government and development programmes of the local self-governments. The poverty alleviation programme shall constitute a sub-plan of the plans of the Local Self-Governments Institutions (LSGIs).
- The programme has a holistic approach for poverty reduction. And therefore along with the micro-enterprise programme, an inter sectoral health programme emphasising revitalisation of existing health infrastructure, nutrition and mother and child care services, water and sanitation and health education will be implemented with the involvement of SHGs.
- The innovativeness of the programme lies in the convergence of different schemes with emphasis on backward and forward linkages and inter-sectoral relationships. However, the micro-enterprises programme modelled on the SGSY pattern provides the core catalytic agency.
- The programme will be co-ordinated and implemented through the LSGIs in partnership with Panchayat and Rural Developments Departments of the state government, Kudumbashree Poverty Eradication Mission and voluntary organisations working in the region.

The Objectives

Through the strategy that we have outlined above, it is hoped to achieve a perceptible reduction in poverty within a period of three years. Given the emphasis on sustainable development it is hoped that the process of poverty reduction would continue beyond the project period and would result in the eradication of absolute poverty within a medium-term framework of ten years. The project has the following specific objectives:

- To generate employment opportunities for around 4500 women in micro-enterprises ensuring a monthly earning of Rs.2000 by the end of the third year.
- To generate employment opportunities in fisheries and agriculture for 5000 person years by the end of the third year.
- To organise a marketing company specialising in servicing the micro-enterprises and branding and marketing their products.
- To achieve total housing and sanitation within the next five years.
- To achieve a monitorable improvement in the health status through an integrated programme of water, sanitation, nutrition, health care and health education.
- To empower women and the poor through effective functioning of their SHGs so that they can effectively intervene in the local planning and governance processes.
- To develop a model of sustainable development and poverty alleviation through local level planning and convergence of different programmes that can be replicated elsewhere.
- To develop linkage with and provide support to micro-enterprises outside the project area. Specifically, following points may be noted:
 - > The services of the marketing company will also be made available to other micro-enterprises in the state, to the extent that they are complimentary to the project.
 - > Technologies adapted and developed will be made available to micro-enterprises out-side the project area.
 - > Facilities in the project area will be utilised to provide on sight training to micro-entrepreneurs out side the region.

3. Micro Enterprise Development Programme

Key Activities

Strategically most important component of the proposed programme is the micro-enterprises primarily set up by the SHGs. As part of the Swarnajayathi Grameen Sahaya Yojana SGSY strategy the block panchayat have identified Coir, Vegetables and Fisheries as the key activities. Fisheries and coir account for major proportion of the poor and the rest are mostly agricultural labourers and marginal farmers. Therefore, intervention in these sectors would help to enhance the production and thereby the income of the poor. Besides these identified key activity areas we are also promoting production of consumer articles in local units and certain product lines with assured market.

Thus the micro-enterprises that are being promoted consist of broadly three product groups:

- a) Consumer products catering to local demand;
- b) Consumer products catering to external markets but utilising raw materials of the region; and
- c) Products sub-contracted from large private companies inside and outside the region.

We shall briefly discuss production lines in each of these production groups in the paragraphs that follow. Separate details on each of the sectors also would be prepared before the projects are implemented. A summary of the number of micro-enterprise units, investment, turnover and employment therein are given in Table 1.

Consumption Goods for Local Markets

The first group of products consist of toiletries like soap and detergents, school accessories like notebooks, school bags, tiffin boxes, uniforms, umbrellas, etc., and food materials like curry powder, flour, food mixes, etc. The advantage of these products is that they have an assured market as long as the products can be competitive in quality and price. The sales advantage of the existing products, primarily based on advertising, can be overcome through local-level environment creation in favour of the micro-enterprises. As such, this product group could provide a very effective launch pad for the micro-enterprise programme. The success of micro-enterprises in the local markets can provide the necessary confidence for the larger programme and also the environment creation campaign could be utilised to explain the overall programme to the population.

As can be seen from *table 1*, there are 22 production units in these groups requiring a total investment of Rs. 107 Lakhs. Expected turn over of these units is Rs. 1463 Lakhs and would generate employment to 320 persons in three-year time. The average value added per employee is Rs. 0.41 Lakhs. Most of these units would be established in the households or private places with all facilities for supply of raw material and holding of inventories. Bulk of the production units are to be established in the first year itself. The micro-enterprises programme is to be launched on the basis of assured local market.

Agro and Fishery Processing Units

The second group of products with their backward linkages is the most dynamic component of the three. These agro-fishery-products will have to be marketed outside the region and therefore will have to be branded and be of uniform quality. Even though the production will be organised in the micro-enterprises, special mechanisms will have to be instituted for the whole purpose. The major product lines under the second group are the following:

- 1 **Fish:** pickles, readymade curries (2-3 days shelf-life), dry fish, cut-and-cleaned ready-to-cook fish to be sold through cold storages.
- 2 **Mussels:** pickles, cleaned and ready to cook mussels to be sold through cold storages.
- 3 **Vegetables:** pickles, vegetables-in-bran, marinated and dried vegetables, soup powders and Vattals.
- 4 **Tubers:** fries and powders.
- 5 **Fruits:** jams, squashes, fruits-in-syrup, cashew apple juice.
- 6 **Coconut products:** Cream, Oil, Vinegar, Chutney and shell powder and Charcoal;
- 7 Curry Powder, Rice Flour etc.
- 8 Dairy Products
- 9 Catering units specialising in traditional preparations
- 10 Fresh vegetable stalls selling organic vegetables in the neighbouring towns.

138 agro-fishery-processing units are to be established requiring investment of Rs. 394 Lakhs. The total turn over would be Rs 3034 Lakhs and employment 1403 in the third year. These units are fairly evenly distributed through out the project period.

The third product group may be divided into two such as 1) the coir related products from the exporting firms in the region itself, and 2) a large spectrum of modern electronic and mechanical products, garment stitching and embroidery, and office accessories that may be sub-contracted from modern units in the Cochin industrial belt. Two data entry and software centres are to be set up near the block panchayat offices with assured fibre optical connectivity.

Table 1: Profile of Micro-enterprises

Sl. No	Name of the Enterprise	Year 1	Year 2	Year 3	Grand Total	Investment per Unit	Employment per Unit	Turnover per unit	Total turnover	Total Investment	Total manpower
1	Garment Making	0	2	0	2	3.1	20	37.8	113.4	9.3	60
2	Note Book	2	0	0	2	8.22	30	87	87	16.44	60
3	Soap	16	0	0	16	5	10	156	1248	80	160
4	Umbrella	2	0	0	2	1.15	20	15	15	1.15	40
	Product Group I Total	20	2	0	22				1463.4	106.89	320
5	Coconut Cream	0	5	0	5	3.05	30	14.4	72	15.25	150
6	Coconut Oil Extraction	0	1	0	1	14.63	10	54	54	14.63	10
7	Coconut Shell Powder	0	1	0	1	6.8	10	12	12	6.8	10
8	Coconut Vinegar	0	9	0	9	2.75	2	4	36	24.75	18
9	Curry Powder	0	3	0	3	1.68	20	12.5	37.5	5.04	60
10	Dairy Units	5	0	0	5	0.25	20	0.32	32	25.38	100
11	Fruit Jam, Juices and Squash	1	0	0	1	6.14	20	60	60	6.14	20
12	Mussel Ready to Cook	10	15	15	40	1.85	10	12.15	364.5	55.5	400
13	Ready to cook fish	10	10	10	30	5.55	10	56.4	1692	166.5	300
14	Rice flour based products	2	0	0	2	1.68	10	3.75	7.5	3.36	20
15	Vegetable Chips	2	3	0	5	1.38	3	12	180	20.7	15
16	Vegetable Pickle	4	4	4	12	1.8	15	15	180	21.6	180
17	Vegetable Vattals	8	8	8	24	1.18	5	12.75	306	28.32	120
	Product Group II Total	42	59	37	138				3033.5	393.97	1403
18	Coir	40	40	20	100	0.3	10	4.8	480	30	1000
19	Computer Centre	2	0	0	2	4.75	33	12	24	9.5	66
20	Fish Feed Unit	1	1	1	3	7.2	16	75	75	7.2	48
21	Fish Pickle	5	10	15	30	3.31	10	30	600	66.2	300
22	GeoTextiles	20	40	40	100	0.02	10	0.6	600	15	1000
23	Handicrafts	3	4	3	10	0.75	2	7.5	75	7.5	20
24	Light Engineering	20	20	10	50	400	5	14	700	200	250
25	Office Equipment	3	4	3	10	1.5	3	10	100	15	30
	Product Group III Total	94	119	92	305				2654	350.4	2714
	Grand Total	156	180	129	465				7150.9	851.26	4437

For obvious reasons there can be no firm estimate either of the number of units or turn over of the third product group. The figures mentioned in table i.e. 305 units employing 2714 persons might be considered as expectations on the lower side. While some of these units can be carried out at the household premises, many of them would require common work centres.

Coir Industry

The coir industry today is organised in small scale weaving units who sub-contract orders from exporters through middlemen. Reorganisation of the coir weaving industry is a separate component of the overall Poverty Alleviation Programme. We do not intend to add to the existing excess capacity in the weaving industry through establishing micro-enterprises to make traditional coir products. However, there is a scope for upgrading the hand spinning of coir yarn to modern motorised wheel spinning. For this purpose, micro-production units of two to three spinning wheels each may be set up and linked to specific small-scale weaving units. These cluster units will be supported by co-ordinating and resource supply facilities called Cluster Centres. The Cluster Centres will be providing coir fibre at a reasonable price to the spinners and act as an intermediary for the products of the manufacturing units. The Cluster Centres will have the facilities for the storage of raw materials and finished goods, dyeing and bleaching facilities, finishing facilities, quality inspection facilities, design supply and prototype development facilities, and training facilities by master craftsmen. The Cluster Centres will be co-ordinated and funded by a Consortium of Cluster Centres. The apex body may also be formed with a capital base of equity participation of all Cluster Units and exporters. We have provided for 100 spinning units employing 1000 workers.

The success of the new strategy would be greater in new product lines such as coir fibre impregnated packaging paper, coir handicrafts, products of other hard fibres, and coir pith manure. A major focus of diversification would be coir geo-textiles have extensive application in infrastructure projects such as roads, bridges, bunds, embankment stabilisation, and watershed development activities. It would be ideal to promote knitting of loom less geo-textiles. One household unit with ten frames can produce 15000 square meters of geo-textiles per annum. We have provided for 100 geo-textile units employing 1000 workers.

Table 1 also presents a summary picture of the investment, turnover and employment in micro-enterprises. A total of Rs. 851 Lakhs are required as direct investment for setting up the micro-enterprise units. This estimate does not include the cost of land and buildings. 45 % of the capital requirement is expected to be met through loans from commercial and co-operative banks to the individual micro-enterprises. A revolving fund of Rs. 100 lakhs will also be created from Member of Legislative Assembly Area Development Fund to provide working capital to the micro-enterprises. This fund will be owned and operated by panchayat level Kudumbashree Societies. Rs. 200 lakhs is expected to be provided as subsidy from the annual plans of the LSGIs and Rs. 150 lakhs from the normal SGSY programme. Rs. 20 lakhs is expected to be the beneficiary (SHGs) contribution.

Marketing

A novel feature of the Micro-enterprise Programme is the formation of a marketing company. The marketing company provides comprehensive support to the micro-enterprises in accessing external markets through a package of services that could include technology assistance, credit arrangement, raw material supply, standardisation, certification, quality control, packaging, branding, customer feedback, and marketing and distribution.

The marketing organisation will be run on commercial lines of making profits, which is possible only when it makes a success of marketing the products of the micro-enterprises.

The company will derive its manpower through a mix of near-market salaries and motivations. Professionals from large organisations will be attracted for sabbatical stints. It will weave its branding and campaigns in such a way as to tap into the vast ethical, charity and the socially oriented markets in the outside

worlds, while simultaneously positioning itself to meet the demand of average middle class consumer. The “alternative” paradigm will be imprinted from the beginning.

The members of the SHGs will hold the majority shares in the company. A capital of about Rs. 2 crores will be necessary to attract the required talent. Besides the SHGs, we may seek financial assistance from institutions like NABARD, other co-operative institutions in the area, aid agencies, and private individuals to contribute capital to the company. Major operating funds can come in as grants or soft loans or angel venture capital (risk money qualifying as equity) or preference capital, but with no or low voting rights. Preference would be given to sourcing funds from organisations that would give maximum freedom of action.

The marketing group shall be the nerve centre of all the professional operations of the micro enterprise network and shall focus on:

- Reading market trends and marketing studies
- Developing innovative business ideas
- Conducting feasibility studies
- Gaining access to capital for start-up and growth
- Assisting business start-ups
- Understanding and dealing with regulations
- Managing business finance
- Creating an effective working environment
- Providing inputs for training of the micro enterprise functionaries.

The experts for the marketing group, as mentioned earlier, would be drawn mostly from the corporate sector. They would form a joint working group with the local technology groups and local experts to collectively evolve appropriate support systems for managing and developing small and micro enterprises. They will also conduct effective advisory and promotion of small business activities, consolidate their own knowledge and skills in project cycle management applying it in the new context, understand marketing strategies specific for small businesses and understand finance and credit management skills as they apply to small and micro businesses.

A large part of the production of these units has to be sold within a short transport lead, particularly the ready-to-eat fish products. It, therefore, becomes necessary to open sales outlets in Alappuzha and Shertalai to effectively support the marketing effort. The emporium near Alappuzha and Shertalai towns have also been linked to restaurants serving traditional foods prepared by the SHGs. Situated along the busy national highway, if properly serviced, these catering units can be eminently viable. The nerve centre of this whole effort will be teamwork of a dedicated band of professionals operating from a central location to co-ordinate and oversee the detailed implementation of the plan. Office space and one warehousing space at the headquarters of the marketing organisation is necessary for the marketing company.

Three thousand sq. ft. of the office space of the marketing company and another 3000 sq. ft. of the warehouse would cost Rs. 36 lakhs. The two restaurant-emporiums and a tourist backwater restaurant, of 2000 sq. ft. each are also provided. The total cost of these buildings is estimated to be Rs. 36 lakhs (See Table 2). Three vans, one with deep freezer facility for transportation of fish products are inevitable. A deep freezer van would cost Rs. 9 lakhs and two mini-van Rs. 12 lakhs. Rs. 2 lakhse each is required for the purchase of three pickup autorickshaws. Thus, the total cost for the marketing effort comes to a total of Rs. 99.00 lakhs.

Production Infrastructure

The food products that constitute the bulk of the micro-enterprises were traditionally produced within the household. However, to ensure uniform quality and hygiene, these production units shall be organised in special work-sheds. The proposal is to have a cluster of work-sheds with road access, water and electricity supply, drainage system, and other necessary common facilities. All cluster centres would have rainwater-harvesting facilities, which would make them largely self-reliant in water requirement. Toilets, changing and

dining rooms, and a small office space are also provided for all the Clusters. The grama panchayat will own the cluster centres and give on lease to the SHGs. Controlling the production units at a rate which would fully cover the maintenance and recurring charges of the facility. Besides the micro industrial estates, work-sheds may also be set up on land owned by one of the members. But in such cases, the shed should be given in advance for a long-term lease to the enterprise or the cost of the shed borne by the members. A summary picture of certain key features of the different cluster centres is presented in the Table 3. This does not include the cost of the land. Land is to be provided by the concerned grama panchayat. A list of different buildings to be constructed, per unit and total cost of each building, and selected accessories like rainwater harvesting structures, cold room etc. are presented in the table-3.

Table 2
Estimate of Cost of Marketing Infrastructure

Name	Area (sq. ft)	Unit Cost per sq. ft.	Total Cost (in Rs.)
Marketing Office	3000	600	18,00,000
Godown	3000	600	18,00,000
Restaurant- Cum- Emporium	4000	600	24,00,000
Tourist Restaurant	2000	600	12,00,000
Vehicles			27,00,000
Total	12000	600	99,00,000

Among the common facility centres the 2 fish cluster centres are with built in area of 25,750 sq.ft. are the most prominent. These would primarily be cluster centres for cleaning and dressing fish and mussels and production of ready to cook fish items. One would be located near the backwaters and the other on the coast. They would have one large work shed of 6,000 sq.ft, which would house the cleaning units, and 4,500 sq.ft. of cooking and pickling facilities. A cold room for storage, special pollution controls facilities and space for fish feed unit are also provided. The work-shed in each of these cluster centres would have six compartments each accommodating 12 production units. The total cost of the fish centres would be Rs. 153.86 lakhs.

There are two mussel centres where mussels will be cooked, cleaned and packed. Some of the selected fish and curry pickling units will also be housed in these centres. The building arrangements of the mussel centres are very similar to the fish cluster centres and the average build-in area of the centre is 24,100 sq.ft. The cost of the mussel cluster centres is Rs. 146.4 lakhs.

Four cluster centres of about 10,350 sq.ft. are proposed for common facility centre for coir industry. These centres will have warehouses to stock and supply raw materials and facilities to provide certain common production facilities such as dyeing and finishing. Aryad block panchayat has already built a coir common facility centre. Therefore, only for three new common facility centres are envisaged. An amount of Rs. 30 lakhs have been provided for dyeing and pollution treatment plants as part of the common facility centres. The total cost of the three coir common facility centres is Rs. 54 lakhs.

There is one vegetable pickle/brine cluster centre and one chips/vattal cluster centres. The vegetable pickling unit requires a large space for cleaning, cutting and pickling the vegetables. All the 12 pickle units are to be housed in the cluster centre to ensure uniform quality. Therefore, a building space of 6,900-sq. ft. at a cost of Rs. 32.55 lakhs will have to be built. In the case of vegetable chips/vattal cluster centres, only the chips production units (5) are housed within the centre, while the vattal production units are provided only the storage and packing facilities. Therefore, the built-in area is much smaller, at 2,250 sq.ft. The cost is Rs. 11.03 lakhs.

Table 3: Particulars of Infrastructure Facilities to be Built

Name	Number of Cluster Centres	Total Land area (cents)	Total Built-in area (sq.ft.)	Total Building Cost (Rs. Lakhs)	Number of Production Units Housed	Number of Production Units Serviced
Coir Common Facility Centres	3	90	9,750	54.00		200
Fish Cluster Centre	2	80	25,750	153.86	45	
Mussel Cluster Centres	2	80	24,100	146.40	45	
Vegetable Pickle Centre	1	35	6,900	32.55	12	
Vegetable Chips/Vattal Centre	1	35	2,250	11.03	15	24
Coconut Complex	1	30	5,700	26.10	6	9
Powder Cluster	1	30	3,450	15.80	5	
Dairy Cluster	1	30	5,150	27.93	5	
Computer Centre	2	20	3,700	18.50	2	
General Purpose Cluster	2	50	6,200	31.60	24	
Total	16	480	92950	517.77	159	233

One of the cluster centres shall be coconut complex. It shall house one coconut oil extraction unit, work sheds for preparation of coconut cream, chutneys from the cream by-products, and also storage for vinegar units. The coconut complex will house 5 production units and 1 oil mill, and service 9 vinegar units. The total built-in area is 5,700 sq.ft. and the estimated cost is Rs. 26.10 lakhs.

About 3,450 sq.ft. of built-in area is required for a curry powder cluster to house three curry powder units with common grinding unit and storage facility. The rice flour production units will also be housed in the same centres. The building cost of the powder cluster centre is Rs. 15. 80 lakhs.

There is a dairy cluster centre, which would house 5 dairy production units manufacturing peda, paneer, ghee, butter, chocolate and ice-cream. The total built-in area is 5,150 sq. ft. and the total cost is Rs. 27.93 lakhs.

Space for computer centres of 1,850 sq. ft. each has also been arranged. There will be training and data processing centres and will be located at the community block headquarters. The cost of the buildings has been estimated at Rs. 18.5 lakhs.

These will be 2 new cluster centres for servicing out side production units and also housing the light engineering and office equipment production units. Besides, there are 8 buildings of varied size either constructed or being constructed with a total of built area of nearly 9425 sq. ft. which will also be utilised as general purpose cluster centres or production facilities.

The total newly built-in area provided for the project is 92950 sq. ft. and the total cost of the different buildings is Rs. 517.77 lakhs..

Technology

We believe that micro-enterprises will benefit from a functional blend between traditional and new technology, such as new trends in information communication technologies and biotechnology. The potential of the new technologies for improving the lives of the rural poor is high. S & T innovations as applied to micro enterprises can increase efficiency and provides better control of traditional processes. They also ensure safety and quality standardisation. They provide value-added benefits to small business entrepreneurs of higher income and better productivity. Attempt would be made to apply biotechnology to increase productivity in agriculture through bio fertilisers and high yielding and disease resistant varieties of plants. The support of the Kerala Agricultural University would be drawn for this.

We recognise the critical and continuing role to be played by informal information systems, and by 'non-electronic technologies'. Therefore, a more holistic approach is taken that provides information skills, communication skills, and assistance with improving intermediate-technology based systems as well as the more obvious ICT-focused areas. Taking advantage of the easy availability of fairly skilled labour an effort would be made to establish one ICT unit for data entry and computer training in each block. The data entry centres shall have to start with focuses on data entry for e-governance in various local bodies and later on expand into offshore projects in data entry as well as medical transcription. These centres will also establish call centres at the block level, which would try to link the surplus labour in the locality through a skill bank to the neighbouring urban areas.

Even in areas using traditional technologies it is important to have appropriate systems for technology management where suitable choices of technology are made in accordance with the objectives of quality control, acceptability in the market, increase in value addition and economy of scale.

The major component of the technology transfer involved in the micro-enterprise programme is related to the food technology. For this purpose, we intend to enter into a comprehensive collaboration agreement with Central Food Technology Research Institute (CFTRI), Central Marine Fisheries Research Institute (CMFRI) and Kerala Agricultural University. The Coir Research Institute located in the project area shall provide major input for the coir processing units. Rs. 119.80 lakhs may be required towards consultancy charges. Formal MoUs will be signed with the above institutes for technological collaboration. As for the sub-contracting units, necessary technologies are expected to be transferred from the mother firms.

Table 4: Curriculum for the Training Programme

Sl. No.	Type of Participants	Number of persons	Skills to be imparted
1.	Elected Representatives (ERs)	150	Self-reliant development– rules and regulations of LSGIs– decentralised planning– gender and development– poverty– micro-credit– overview of the micro-enterprise programme.
2.	Key Resource Persons (KRPs)	150	Self-reliant development– rules and regulations of LSGIs– decentralised planning– gender and development– poverty– micro-credit– overview of the micro-enterprise programme.
3.	Office bearers of SHGs	3000	Self-reliant development –Role of LSGIs– local-level planning and micro-credit– poverty– group dynamics– accounting and management skills– gender and development.
4.	Managers of micro-enterprises	1000	Self-reliant development –Role of LSGIs– local-level planning and micro-enterprises– poverty-- group dynamics– accounting and management skills– gender and development– technical skills.
5.	Workers of micro-enterprises	4000	Big picture and motivation– overview of micro-enterprise development programme--production skills.
6.	Members of SHGs	35000	Big picture and motivation– overview of micro-credit and enterprise programme– decentralisation and participation– gender and development.

Table 5: The Estimated Cost of the Training Programme

Sl. No.	Name of the programme	Agency	Location	Number of participants	Duration (days)	Per day cost (Rs.)	Total cost (Rs. Lakh)
1	Foundation course for ERs and KRPs	KILA	Thrissur	300	4	300	3.60
2	Annual review meetings of Ers and KRPs	CRSD	Project centre	300	2 days*3 annual sessions	75	1.35
3	Office bearers of SHGs	Kudumbashree mission	Panchayat centre	3000	3	100	9
4	Managers of micro-enterprises	Kudumbashree mission	Project centre	2000	3	100	6
5	Continuing education for office bearers and managers	CRSD	Panchayat and project centres	5000	1 day*3 annual sessions	100	15
6	Workers of micro-enterprises	Partnership agencies and consultants	Project centre	4000	12	100	48
7	Members of SHGs	Panchayat-level Kudumbashree Smithis	Ward centres	35,000	1 day*3 annual sessions	25	26.25
Total Cost							109.20

In Table 5 we are presenting the different training programmes, duration and cost required for imparting the above skills to different participants. Total cost involved in the training programme is Rs. 118.1 lakhs. Besides, we also intend to conduct annual seminars to which other LSGIs who are involved in micro-enterprise development could be invited for sharing their experience and learning from each other. A monthly news bulletin will also be published.

Finance

Time Activity Chart

The project period is the financial years 2002-03 (Phase I), 2003-04 (Phase II) and 2004-05 (Phase III). Starting from January 2002 to March, 2002 may be considered a Preparatory Phase. Before we examine the pattern of financing required over the project period, we shall briefly consider the time phasing of different project activities. Relevant information is presented in Table 6.

We have distributed the funding in correspondence with the time activity chart presented in the previous paragraph. Half of the expenditure in infrastructure development is concentrated in the second year. No construction is undertaken during the preparatory phase (*See Table 7*).

Bulk of the training activities are undertaken during the preparatory phase, even though they are included in phase 1 in Table 6. The most important component of the training programme in terms of duration and cost, that is training of workers in micro-enterprises are evenly distributed during the entire project period (*See Table 8*). The finance required for the 3-year programme is summed-up in Table 9.

We are discussing in detail only the micro-enterprise development programme the complementary infrastructure and training components. As made clear in the outset itself the above are part of a larger integrated and holistic programme for sustainable development for poverty alleviation. Other major components of the programme like interventions in fisheries and agriculture sectors and health related sectors such as sanitation, drinking water, nutrition etc. are presented separately. Detailed proposals on each of these sectors have been prepared. In Table-10 we have included the financing of these other components of the overall programme so that a total picture of the financing pattern of the project is readily available.

The estimated financial outlay of the programme is Rs. 49.88 crores. Of which Rs. 15.79 crores is to be contributed by local self-governments from their own resources or from the plan grant-in-aid given by the State Government.

Table 6: Time-phasing of Major Project Activities

No	Activity	Phase			
		Preparatory	I (2002-03)	II (2003-04)	III (2004-
1	Grading and Bank Linkages of SHGs	√	√		
2	Foundation course for KRPs and ERs	√			
3	Management course for office bearers of SHGs	√			
4	Management course for the managers of micro-enterprises		√	√	√
5	Skill training for workers of micro-enterprises	√	√	√	√
6	Annual review meetings		√	√	√
7	Interactive ward-level sessions	√	√	√	
8	Review seminars		√	√	√
9	News bulletins		√	√	√
10	Formation of the marketing organisations		√		
11	Warehouse and office		√		
12	Emporia and restaurant chain		√	√	√
13	Coir Common Facility Centres		√	√	√
14	Fish Cluster Centre		√	√	
15	Mussel Cluster Centres		√	√	
16	Vegetable Pickle Centre			√	
17	Vegetable Chips Centre		√		
18	Coconut Complex			√	
19	Curry Powder Cluster			√	
20	Dairy Cluster			√	
21	Computer Centre		√	√	
22	General Purpose Cluster	√	√	√	√
23	Coconut and flour milling machinery			√	
24	Mobile vans and pick-ups		√	√	
25	Establishment of micro-enterprises in Prod. Grp. 1	√	√		
26	Establishment of micro-enterprises in Prod. Grp. 2	√	√	√	√
27	Establishment of Coir Micro-enterprises	√	√	√	√
28	Establishment of sub-contracting micro-enterprises in Product Group 3		√	√	√
29	Finalisation of technology for the micro-enterprises	√	√		
30	Establishment of building centre	√			
31	Establishment of technology support centre	√			
32	Setting up benchmark database for monitoring	√			

33	Interventions in Agricultural Sector				
34	Interventions in Fisheries Sector				
35	Monitoring and Review		√	√	√

As indicated earlier nearly 35 % of the annual plan outlay is given as grant-in-aid to the LSGIs. The figures are arrived on the basis of their actual plan expenditure of the LSGIs during the past years and approved plan for the current year.

Next largest sources of finance are the Financial Institutions. Rs. 2 crores for Housing sector is already a committed fund by HUDCO. As regards the other components of that finance, negotiations are underway with the lead bank, district co-operative bank and other financial institutions. Similarly, favourable responses are received from some of the prominent aid agencies for financial support of the programme.

From 2001-02 budget onwards, MLA Area Development Fund Scheme has been introduced in the State. The current allocation is only Rs. 35 lakh. The MLA from Mararikkulam has announced that this allocation would be integrated with the poverty alleviation programme.

Table 7: Distribution of Infrastructure Development by Phases
(Rs. In Lakhs)

Description	Year 1	Year 2	Year 3	Total
Production infrastructure				
Coir Common Facility Centres	18	18	18	54.00
Fish Cluster Centre	76.93	76.93		153.86
Mussel Cluster Centres	73.2	73.2		146.40
Vegetable Pickle Centre		32.55		32.55
Vegetable Chips Centre	11.03			11.03
Coconut Complex		26.1		26.10
Curry Powder Cluster		15.8		15.80
Dairy Cluster		27.93		27.93
Computer Centre	9.25	9.25		18.50
General Purpose Cluster			31.6	31.60
Coir Dying and Pollution Plants	20	10		30.00
Coconut and flour milling machinery		15		15.00
Total	208.41	304.76	49.6	562.77
Marketing Infrastructure				
Warehouse and office	36			36.00
Restaurant – Emporium	12	12	12	36.00
Mobile vans and pick-ups	11	8	8	27.00
Total	59	20	20	99.00
All infrastructure	247.41	314.76	69.6	631.77

The beneficiary contribution presented in the Table-10 is an underestimate. The Project region has been famous all over Kerala for large scale voluntary labour mobilisation during the People's Campaign with effective networking of SHGs we are expecting a mass resurgence to implement the programme.

To sum-up Rs. 8.40 crores that is required for the micro-enterprise programme detailed above constitutes only around 16 % of the total outlay of the programme.

Monitoring

The joint project implementation committee will do the overall monitoring of the programme. Besides a mechanism for concurrent monitoring of the programme shall be established. We are expecting support from the Kerala Research Programme on Local level development at Centre for Development Studies for documentation and concurrent evaluation of the programme. For this purpose a non-governmental organisation, Centre for Rural Studies Development (CRSD) has been set up in the project region.

A separate project on monitoring of health indices in the locality in the light of the poverty eradication, total sanitation and drinking water interventions in the locality will be implemented along with the programme in the project area. Besides organising a bench-mark survey to set up a panel of respondents for periodic monitoring detailed database on all workers in the micro-enterprises will be collected and monitored on a regular basis.

Table 8: Distribution of Training Costs by Phases

(Rs. In Lakhs)

Name of the programme	Year 1	Year 2	Year 3	Total cost (Rs. Lakh)
Foundation course for ERs and KRPs	3.6			3.6
Annual review meetings of ERs and KRPs	0.45	0.45	0.45	1.35
Office bearers of SHGs	9			9
Managers of micro-enterprises	2	2	2	6
Continuing education for office bearers and managers	5	5	5	15
Workers of micro-enterprises	16	16	16	48
Members of SHGs	8.75	8.75	8.75	26.25
News Bulletin	0.84	0.96	1.08	2.88
Annual Review Seminars	2.00	2.00	2.00	6.00
Total cost	47.64	35.16	35.28	118.08

Table 9

Funds for Infrastructure (Rs. lakhs)

Description	Year 1	Year 2	Year 3	Total
Marketing infrastructure	59	20	20	99
Production infrastructure	208.41	304.76	49.6	562.77
Training expenses	47.64	35.16	35.28	118.08
Consultancy Charges	28.88	26.05	5.07	60
Total	343.93	385.97	109.95	839.85

A gender audit of the programme will be undertaken with the help of a team of gender specialist on a periodic basis with the help of women SHGs.

The programme shall inherit the transparency in programme implementation, and intense development discussions in the public sphere inherited from the peoples' plan. The assets created under the programme shall be fully owned by the local bodies and the enterprises, shall be owned by the SHG's. The details of programme run under the auspices of the block panchayat shall be discussed in detail and approved by the grama sabhas in the 8 Grama panchayats falling within Aryad - Kanjikuzhi blocks. A mechanism for social audit, on lines with that evolved under the peoples' plan programme shall be devised and put in operation.

The programme presented here is planned to augment family incomes of at least 4500 families. In the Aryad - Kanjikuzhy area directly through new micro enterprises and probably touch the lives of an equal number more families through linkages. This will be achieved in phases over a three-year period. The human development potential of the project because of intensive training and because of the creation of a large number of entrepreneurs will be enormous.

We are expecting a sharp reduction in poverty, which in the medium term will be reflected in the health indicators. Yet another expected outcome is improvement in the work participation of women, their involvement in public activities and decline in family violence. We intend to set up measurable indicators for economic and social improvement.

The model is replicable in any other area in that the principles of planning and execution are not specific to this area. As a working model this project would become a veritable training ground for development officers and activists from all over in the principles of integrating different parts to form a whole, much bigger than the aggregation of parts and in the innovative structuring of the marketing organisations.

The Pattern of Financing of Sustainable Development for Poverty Alleviation Programme
(Rs. In Lakhs)

Component	SGSY Special project	SGSY normal program	LSGI Contribution	Financial Institutions	NHG Contribution	Other Govt. funding	Funding Agencies	MLA/MP Area Development Fund	Beneficiary contribution	Total
Micro-Enterprise Programme	0	150	200	381	20	0	0	100	0	851
Marketing Company	99			200	10		100			409
Common Facilities	563		139					20		722
R & D				10		10	50			70
Fisheries			40	130	5		20			195
Agriculture			200	100		50			118	468
Housing			450	200		300			170	1120
Sanitation			100			70	50			220
Drinking Water			75			25			25	125
Nutrition			200			30				230
Health			150			100			25	275
Training	118	10	25				50			203
Technological Terms	60						40			100
Total	840	160	1579	1021	35	585	310	120	338	4988