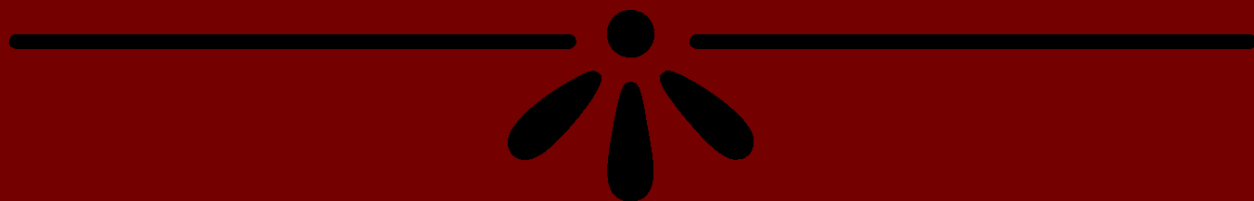


# WOMEN ENTREPRENEURS IN SANITATION



*Lessons for facilitating entrepreneurship*

March 2020

A study by TQH Consulting for the NFSSM Alliance

This study was commissioned by the National Faecal Sludge and Septage Management (NFSSM) Alliance. The alliance currently comprises of 24 organisations and works on all aspects from city sanitation plans to regulatory and institutional frameworks across the sanitation value chain in India.

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## Introduction

Speaking from an economic standpoint, Independent India has made significant progress. However, the problem of gender inequality continues to plague India in every dimension and encumber its development. Despite increased government attention in this area, the representation of women in the Indian economy remains underwhelming. Studies indicate that, by bridging the gender gap, it is possible to achieve a 60% increase in GDP.<sup>1</sup> Even if we leave aside moral and social imperatives that drive conversations on gender equality, the numbers themselves make it logical for an increased thrust towards women's participation in all aspects of economic life.

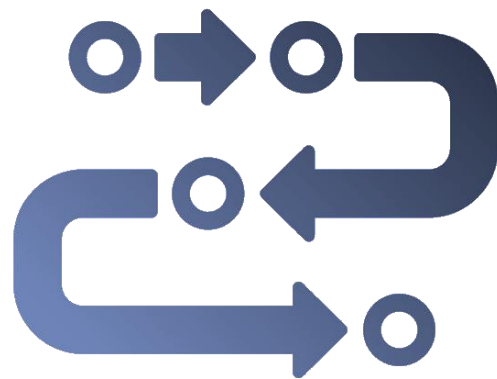
There is now an increasing realization of the need to create support systems for women entrepreneurs in particular. Accordingly, this research report is focused on aiding the government in leveraging insights gleaned from ground level case studies of entrepreneurship, so as to advocate for more systematic governmental support for women entrepreneurs, in general and more specifically, in the context of sanitation – an area of key concern for the National Faecal Sludge and Septage Management (NFSSM) Alliance.

## Scope

The primary objective of this study is to gain a firm understanding of the challenges faced by entrepreneurial ventures headed and run by women, including SHGs, collectives, groups and communities, so as to understand how women entrepreneurship can be encouraged and supported.

The authors were tasked with identifying some existing business ventures which are either run by women or involve a significant percentage of women to undertake a detailed analysis of the business aspects of these enterprises on various dimensions such as scalability, financial sustainability and organisational structure. Other research areas included studying existing government interventions on entrepreneurship, international best practices on encouraging women-led businesses, and identifying implementation and evidence gaps.

The overall aim of the study is to inform the priorities of the government for addressing policy gaps to improve and encourage women entrepreneurship, with a focus on the sanitation ecosystem.



## Methodology

The analysis in this study rests on secondary research and stakeholder consultations. Our insights and inferences from the literature available on entrepreneurship, have been amplified through extensive stakeholder consultations in the form of a series of semi-structured and in-depth interviews either in-person or over call, particularly with respect to the organisational case studies. These have included representatives and founders of various ventures we have reached out to, research organisations and consultancies which work in the WASH (water, sanitation and hygiene) sector; government officials; as well

as civil society organisations who have worked with women's SHGs at the grassroots level.

Some of our stakeholders have chosen to offer their opinions and insights anonymously, especially those working in the government and/or closely with the government, and have therefore not been named in this report. However, wherever the stakeholder has consented to being quoted by name, the report cites them and the organisation explicitly.

<sup>1</sup>The Power of Parity: Advancing Women's Equality in India, McKinsey Global Institute, 2015, [https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Employment%20and%20Growth/The%20power%20of%20parity%20Advancing%20womens%20equality%20in%20India/MGI%20India%20parity\\_Full%20report\\_November%202015.ashx](https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Employment%20and%20Growth/The%20power%20of%20parity%20Advancing%20womens%20equality%20in%20India/MGI%20India%20parity_Full%20report_November%202015.ashx)

We have attempted to cover the following aspects through this study:

### **Mapping the Entrepreneurship Ecosystem**

Any study that seeks to use entrepreneurship as a stimulus for economic betterment needs to understand the determinants that influence its sphere, beginning with exactly what sets entrepreneurship apart from other types of economic activity. Accordingly, this research begins by deconstructing the elements that constitute entrepreneurship, before moving onto exploring the current Indian entrepreneurship landscape. Emerging trends within the entrepreneurship landscape are studied, with a specific focus on how women entrepreneurs have fared, including an analysis of what impedes women from being active participants in this space. This is followed by an analysis of the Self Help Group (SHGs) ecosystem in India, given their pivotal role in mobilizing women and enabling their economic empowerment.

### **Understanding Challenges through Case Studies**

To facilitate an understanding of the operational challenges faced by entrepreneurs, the study then deep-dives into a few undertakings in particular to understand the factors that constrained or facilitated their business models. These organizations are chosen based on the nature of the specific intervention, the levels of community and/or women involvement, and taking into account their scale and business model.

### **Analysing Government Policies that Impact Entrepreneurship**

An analysis of select laws, policies and schemes is undertaken to understand if, and how, they provide assistance to existing entrepreneurs and businesses and create an enabling policy atmosphere for the same. The interventions are selected basis the following factors: scale, budgetary allocation and number of beneficiaries directly impacted. They are also categorised into those that address entrepreneurship activity in general, those that are specific to women, and those that are specific to women collectives and SHGs.

We have also relied extensively on secondary research in order to structure our analysis and build our recommendations. Our scheme analysis rests upon a detailed study of each scheme's provisions, magnified through the use of government data, as well as available evaluation studies and reports. Our insights have also been informed by the study of policy and program evaluations undertaken by the civil society and academia, as well as a thorough analysis of international best practices and their potential application in the Indian context.

The study concludes by drawing on the insights gathered from the aforementioned analysis, and recommending resources, tools and interventions to strengthen and support women's entrepreneurship in India.

## **Overview - Who is an Entrepreneur?**



Economic theory conceptualises 'entrepreneurship' as an occupational choice between self-employment and wage-employment.<sup>2</sup> Though entrepreneurship is sometimes considered to be synonymous with self-employment, this does not hold true. There is a clear distinction between those who are self-employed out of sheer necessity, and those who become entrepreneurs because of opportunity. Where a self-employed person may freelance his or her own skills/be a vendor of his or her skills,<sup>3</sup> an entrepreneur moves towards organizing and operating a business, taking on greater than normal financial risks. A self-employed person is often their own employee, whereas an entrepreneur will strive to move towards creating an organization, and employing others.

<sup>2</sup> Entrepreneurship and Economic Development: Theory, Evidence, and Policy, Wim Naude, Institute for the study of labor, 2013, <http://ftp.iza.org/dp7507.pdf>;

<sup>3</sup>Note: This includes those who contract their skills out, from plumbing or construction (blue collar work), to website design or investing (white collar work).

Wage employment, where someone is employed for wages,<sup>4</sup> characterises a person undertaking work, reporting to their employer, and not earning in the negative. Entrepreneurs, on the other hand, have greater control over their own work (the biggest distinguishing feature<sup>5</sup>), and may very well run the risk of negative earnings or losses, but equally are given to profits or wealth creation.

The Organisation for Economic Cooperation and Development (OECD)'s - Eurostat Entrepreneurship Indicators Programme very aptly describes entrepreneurs as *"those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploring new products, processes or markets"*<sup>6</sup>

The aforementioned distinctions are necessary in order to understand why, while entrepreneurship can be an important driver of economic development, job creation, and innovation, need-based self-employment or wage employment is not. This is an important consideration, particularly when it comes to surveying women-owned businesses.

## Entrepreneurship - the Indian Scenario

India exists in an interesting conundrum – on the one hand, it is home to the 2<sup>nd</sup> largest start-up ecosystem in the world, housing 20,000 start-ups<sup>7</sup> and expected to witness a yearly growth trajectory of 10-12%.<sup>8</sup> On the other hand, with India's GDP growth declining, India is also seeing a decrease in labour force participation, with NSSO data suggesting that up to 50% of India's working age population (16-64) is not contributing to any economic activity.<sup>9</sup> However, this has been most apparent for women, with their active labour force participation declining twice between 2011-12 and 2017-18.<sup>10</sup> In fact, according to data from the World Bank, less than 30% of working-age women are currently employed, as against nearly 80% of their male peers in India,<sup>11</sup> in turn leading to a massive masculinization of India's workforce. And due to the sorry state of the female labour force participation rates, India ranks 120<sup>th</sup> among 131 countries, according to the ILO.<sup>12</sup> Nowhere is this masculinization/gender gap more apparent than when it comes to women owning businesses.

### Trends in women entrepreneurship

There remains little to no universally accepted definition of women entrepreneurship, and the terms "women-owned" and "women-led" business, and "woman entrepreneur" are often used interchangeably.<sup>13</sup> The Government of India<sup>14</sup> links women entrepreneurship with "an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women."<sup>15</sup> Superimposing this definition on the data collected by the 6<sup>th</sup> Economic Census released by MoSPI (2013-14), we find that Indian women constitute only around 14% of all entrepreneurs in India.<sup>16</sup> Of these entrepreneurship, more than 90% are microenterprises, and about 79% are self-

<sup>4</sup> Note: This includes those who work in any kind of employee-employer relationship for wages that may accrue at regular intervals be it daily, weekly or monthly.

<sup>5</sup> Entrepreneurship and Economic Development: Theory, Evidence, and Policy, Wim Naude, Institute for the study of labor, 2013, <http://ftp.iza.org/dp4211.pdf>

<sup>6</sup> Organisation for Economic Cooperation and Development, Entrepreneurship at a Glance 2012, OECD, Paris, 2012.

<sup>7</sup> Indian Startup Ecosystem, Startup India, Government of India, <https://www.startupindia.gov.in/content/sih/en/international/go-to-market-guide/indian-startup-ecosystem.html>;

<sup>8</sup> Indian Startup Ecosystem, Startup India, Government of India, <https://www.startupindia.gov.in/content/sih/en/international/go-to-market-guide/indian-startup-ecosystem.html>;

<sup>9</sup> 50% of India's working age population out of labour force, says report, The Economic Times, 2019, <https://economictimes.indiatimes.com/jobs/50-indias-working-age-population-out-of-labour-force-says-report/articleshow/67830482.cms>

<sup>10</sup> 50% of India's working age population out of labour force, says report, The Economic Times, 2019, <https://economictimes.indiatimes.com/jobs/50-indias-working-age-population-out-of-labour-force-says-report/articleshow/67830482.cms>

<sup>11</sup> <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?contextual=default&locations=IN>;

<sup>12</sup> Labour force participation rate, female - India, ILOSTAT database, International Labour Organisation, September 2019, <https://www.imf.org/external/pubs/ft/fandd/2019/03/womens-entrepreneurship-in-India-mathew.htm>;

<sup>13</sup> Emerging lessons on Women's Entrepreneurship in Asia and the Pacific, Asian Development Bank, October 2018, <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>;

<sup>14</sup> "Women Entrepreneur in India", Yogita Sharma, IOSR Journal of Business and Management, Vol. 15, Issue 3, 2013

<sup>15</sup> Note: However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

<sup>16</sup> Highlight of the Sixth Economic Census, 2013, [http://www.mospi.gov.in/sites/default/files/economic-census/sixth\\_economic\\_census/all\\_india/5\\_Highlights\\_6ecRep.pdf](http://www.mospi.gov.in/sites/default/files/economic-census/sixth_economic_census/all_india/5_Highlights_6ecRep.pdf)

financed. Collectively, these provide employment to around 13.45 million people (10.24% of the population).<sup>17</sup> The more recently released ‘Powering the Economy with Her’ report,<sup>18</sup> does show a slightly improved picture, with India housing anywhere between 13.5–15.7 million women-owned enterprises (which represents 20% of all enterprises in the country). But, while such establishments are said to provide direct employment to an estimated 22-27 million people, by the report’s own admission, these continue to largely be single person enterprises, many of which are neither controlled nor actually run by women.<sup>19</sup>

India, both in its individual capacity, as well as part of the larger whole of South Asia, also compares poorly against regional and global performance in this space. The 2019 Mastercard Index of Women Entrepreneurs – which defines a business owner as ‘someone employing at least one person other than her/himself’ - observed that out of 100 business owners, only 7 are females.<sup>20</sup> As a consequence, India is ranked 52<sup>nd</sup> out of the 57 surveyed countries, the same rank it attained a year ago, signifying not much change in the women's entrepreneurship landscape.<sup>21</sup> A measure of this is also reflected in the World Economic Forum’s Gender Gap Report, which finds India’s gender gap to be particularly high on the indicator “economic participation and opportunity,” where the country is ranked 142<sup>nd</sup> out of 149 countries.<sup>22</sup>

Global Entrepreneurship Monitor: Almost half of the women surveyed regarding entrepreneurial activities in India, do so out of necessity, rather than to pursue an opportunity.

6th Economic Census: The average number of people employed per establishment for women-owned establishments is 1.67 people.

The Global Entrepreneurship Monitor (GEM)<sup>23</sup> which is heavily referenced by the Mastercard Index of Women Entrepreneurs for understanding the trends that influence women entrepreneurship, shows that almost half of the women (49.9%) surveyed regarding entrepreneurial activities, do so out of necessity, rather than to pursue an opportunity, thereby leaning more towards self-employment than actual entrepreneurship. GEM also noted that among men and women in India, the motivation or ability to grow a business is very low, with only 8% expecting to create 6 or more jobs over the next 5 years.<sup>24</sup> This is compounded by a strong fear of failure (close to 50%).

Other trends highlighted by the GEM’s India country report<sup>25</sup> show that in India’s history of women entrepreneurship, most of the women involved belong to urban upper classes, including those who are new generation entrepreneurs, with women from the middle and lower classes yet to join the league.<sup>26</sup> The country report also notes that many female entrepreneur-led businesses create high-impact enterprises covering financial services, IT/ ITES/e-commerce, life sciences, and small and large-format retail businesses.<sup>27</sup> However, this yet again forms a small minority of women, with a large number of them mainly joining entrepreneurship as a way to earn a livelihood. This is corroborated through data collated via the 6<sup>th</sup> Economic Census

<sup>17</sup>All India Report of Sixth Economic Census, 2016

<sup>18</sup>Powering the economy with Her: Women Entrepreneurship in India, Google & Bain and Company, 2019,

[https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report\\_powering\\_the\\_economy\\_with\\_her\\_-\\_women\\_entrepreneurship\\_in-india.pdf](https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report_powering_the_economy_with_her_-_women_entrepreneurship_in-india.pdf)

<sup>19</sup> Powering the economy with Her: Women Entrepreneurship in India, Google & Bain and Company, 2019,

[https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report\\_powering\\_the\\_economy\\_with\\_her\\_-\\_women\\_entrepreneurship\\_in-india.pdf](https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report_powering_the_economy_with_her_-_women_entrepreneurship_in-india.pdf)

<sup>20</sup> Mastercard Index of Women Entrepreneurs, 2019, <https://newsroom.mastercard.com/wp-content/uploads/2019/11/Mastercard-Index-of-Women-Entrepreneurs-2019.pdf>

<sup>21</sup> Note: Though the Index showed that women in the United States, New Zealand, and Canada fared the most, many countries in Asia Pacific and Africa have also done well for women. For instance, women were at par with men in early-stage entrepreneurial activity in Philippines, Vietnam, Nigeria & Brazil. Fairly high Women Business Ownership (F%T) were also observed in Thailand.

<sup>22</sup> Women Entrepreneurs in India: What is holding them back?, Sabrina Korreck, Observer Research Foundation, September 2019,

<https://www.orfonline.org/research/women-entrepreneurs-in-india-what-is-holding-them-back-55852/>

<sup>23</sup> Note: GEM is an international organization that works to help identify the various factors determining national levels of entrepreneurial activity and ways to enhance them

<sup>24</sup> Mastercard Index of Women Entrepreneurs, 2019, <https://newsroom.mastercard.com/wp-content/uploads/2019/11/Mastercard-Index-of-Women-Entrepreneurs-2019.pdf>

<sup>25</sup> Mastercard Index of Women Entrepreneurs, 2019, <https://newsroom.mastercard.com/wp-content/uploads/2019/11/Mastercard-Index-of-Women-Entrepreneurs-2019.pdf>

<sup>26</sup> Global Entrepreneurship Monitor India Report 2017-18, Global Entrepreneurship Monitor, 2018, <https://www.gemconsortium.org/economy-profiles/india;>

<sup>27</sup> Global Entrepreneurship Monitor India Report 2017-18, Global Entrepreneurship Monitor, 2018, <https://www.gemconsortium.org/economy-profiles/india;>



which suggests that the average number of people employed per establishment for women-owned establishments was found to be 1.67 people.<sup>28</sup> It was also found that the largest number of establishments under women entrepreneurs belonged to agricultural activities (34%), with livestock dominating therein having a share of 31.6%. Manufacturing and retail trade were the other dominant activities with corresponding percentages being 29.8% and 17.8% respectively.<sup>29</sup>

That said, regional variations exist across the country, with the 6<sup>th</sup> Economic Census highlighting how southern/eastern states of India have performed comparatively better in providing entrepreneurship opportunities to Indian women. Accordingly, the top five states with the highest percentage of women entrepreneurs were seen to be **Tamil Nadu, Kerala, Andhra Pradesh, West Bengal, and Maharashtra.**

### Entry barriers for women entrepreneurs

Women all over the world face considerable barriers when it comes to being a part of the formal workforce. This is particularly pronounced for women who are from socially and economically disadvantaged backgrounds. Such obstacles become more prominent in the context of entrepreneurship, which requires an individual to conceive a new idea, leverage finance, and navigate a complex regulatory set-up, all of which are anchored in a largely male-dominated environment riddled with gender biases. Some of the barriers that women entrepreneurs face are briefly explained below:

- *Literacy and educational qualifications:* High levels of illiteracy (34.54%) among Indian women were reported in the 2011 Census. Illiteracy can often be correlated with a lack of awareness and access to economic opportunities.
- *Restrictive social norms.* Expectations from women to do domestic/household work, and gender roles that encourage men to take charge in matters related to work and employment, also stifle women's economic participation. In fact, labour surveys in India reveal that more than 80% of women engage in domestic chores.<sup>30</sup> Indian women do 7 times as much unpaid work as men,<sup>31</sup> yet are treated as non-workers because they do not engage in paid work that is considered to be 'economically productive'.<sup>32</sup>
- *Access to finance remains a key concern.* Where there is a lack of access to financial services, there is a greater chance of a women's contributions being confined to the informal sector.<sup>33</sup> In India, 6 out of 10 women are unbanked or under-banked. They have little to no collateral, can neither save nor borrow through formal institutions, nor can they invest and avoid financial risks, thereby limiting their economic power. Of those who have a bank account, only 1 in 8 women save money formally, and only 1 in 20 borrow formally. In fact, Indian women are twice as likely to have an inactive bank account compared to other developing countries, with 54% of women with an account making no deposit or withdrawal in a year, according to data from the year 2017. All of this greatly inhibits their ability to start a business.
- *Absence of mentorship.* Absence of mentors in business is yet another challenge faced by Indian women entrepreneurs.<sup>34</sup> Many key skills in running a business are essentially soft skills such as learning to identify and leverage an opportunity,

<sup>28</sup> Highlight of the Sixth Economic Census, 2013, [http://www.mospi.gov.in/sites/default/files/economic-census/sixth\\_economic\\_census/all\\_india/5\\_Highlights\\_6ecRep.pdf](http://www.mospi.gov.in/sites/default/files/economic-census/sixth_economic_census/all_india/5_Highlights_6ecRep.pdf);

<sup>29</sup> Highlight of the Sixth Economic Census, 2013, [http://www.mospi.gov.in/sites/default/files/economic-census/sixth\\_economic\\_census/all\\_india/5\\_Highlights\\_6ecRep.pdf](http://www.mospi.gov.in/sites/default/files/economic-census/sixth_economic_census/all_india/5_Highlights_6ecRep.pdf);

<sup>30</sup> Decline in Rural Female Labour Force Participation in India: A Relook into the Causes, S. Sanghi, A Srijia, and SS Vijay, Vikalpa, July 2015, [https://www.niti.gov.in/writereaddata/files/document\\_publication/Decline%20in%20Rural%20Female%20Labour%20Force%20Participation%20in%20India.pdf](https://www.niti.gov.in/writereaddata/files/document_publication/Decline%20in%20Rural%20Female%20Labour%20Force%20Participation%20in%20India.pdf)

<sup>31</sup> Expert's Take: Making unpaid work visible creates livelihoods for rural women, Subhalakshmi Nandi, UN Women, March 2017, <http://www.unwomen.org/en/news/stories/2017/3/experts-take-subhalakshmi-nandi-unpaid-work#notes>;

<sup>32</sup> Note: According to the Census in 2011, people engaged in household duties have been treated as non-workers, even when 159.9 million women stated that "household work" was their main occupation.

<sup>33</sup> Bridging the financial inclusion gender gap, Centre for Technology & Innovation, Brookings, 2016, <https://www.brookings.edu/blog/techtank/2016/04/01/bridging-the-financial-inclusion-gender-gap>

<sup>34</sup> The new dawn of women entrepreneurship in India, The Times of India, 8 March 2019, <https://timesofindia.indiatimes.com/blogs/voices/the-new-dawn-of-women-entrepreneurship-in-india/>



being able to negotiate in a business environment, running the operations of an enterprise like book-keeping, hiring, and so on. These skills are often learned on the job, or when actively facilitated through mentorship. In India, men, being dominant in the workforce, naturally have an advantage in these areas. Egon Zehnder's '2017 Leaders & Daughters Global Survey' finds that while Indian women do not lack ambitious career goals or development opportunities in comparison to their global peers, they nevertheless struggle more than any other country surveyed with inclusivity (i.e. overcoming gender bias and stereotypes) at the leadership level.<sup>35</sup> 33% of mid-level managerial respondents reported difficulty in this regard as compared to the overall global rate of 12%.<sup>36</sup> The urban-rural divide only further compounds this problem, as access to any kind of mentorship for women dwindles further as one moves away from urban centres.

All of the aforementioned barriers, and many others – both individually and collectively - serve as bottlenecks to women's entrepreneurship in India, and impede their ability to start thriving businesses. However, research shows that women spend 90% of their earned income on their families (in contrast to men who only spend 30%-40%)<sup>37</sup> and therefore, financially empowering women can have impacts beyond extending agency to a single individual; it can also help entire families and communities flourish. From an India-centric perspective, research also shows that accelerating women entrepreneurship can help create over 30 million women-owned enterprises, which can together create between 150–170 million jobs.<sup>38</sup> It therefore becomes imperative to take measures that can aid women in accessing the skills, networks, finance, and mentorship required to tap their entrepreneurship potential.

In lieu of the above, this report seeks to undertake a landscape analysis of India's entrepreneurship scenario, with the aim of studying existing interventions to understand factors that have helped or hindered women entrepreneurship. It is our hope that such an exercise will help in formulating best practices for promoting women entrepreneurship across sectors, particularly in sanitation.

## Role of Collectives - SHGs and Entrepreneurship in India

### Overview

Women are among the most disadvantaged of social groups in India; for the entrepreneurs among them, the biggest challenge is the unavailability of platforms to channel their agency effectively. This is where collective action holds potential. Research shows that mobilizing women to work in groups and forming collectives can be a strong source of empowerment, as this helps them achieve voice, access, participation, influence, and power.<sup>39</sup>



Given the above, many governmental and non-governmental interventions have been driven to use collective action as a tool to advance female empowerment, including their economic empowerment. In particular, evidence suggests that creation of

<sup>35</sup> Women mentored at work , but gender bias a challenge, The Economic Times, 28 February 2017, <https://economictimes.indiatimes.com/jobs/women-mentored-at-work-but-gender-bias-a-challenge/articleshow/57382289.cms?from=mdr>

<sup>36</sup> Women mentored at work , but gender bias a challenge, The Economic Times, 28 February 2017, <https://economictimes.indiatimes.com/jobs/women-mentored-at-work-but-gender-bias-a-challenge/articleshow/57382289.cms?from=mdr>

<sup>37</sup> Why Invest in Adolescent Girls, The Clinton Global Initiative, 2016, [http://www.clintonglobalinitiative.org/ourmeetings/PDF/actionareas/Why\\_Invest\\_in\\_Adolescent\\_Girls.pdf](http://www.clintonglobalinitiative.org/ourmeetings/PDF/actionareas/Why_Invest_in_Adolescent_Girls.pdf);

<sup>38</sup> Powering the economy with Her: Women Entrepreneurship in India, Google & Bain and Company, 2019, [https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report\\_powering\\_the\\_economy\\_with\\_her\\_-\\_women\\_entrepreneurship\\_in-india.pdf](https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report_powering_the_economy_with_her_-_women_entrepreneurship_in-india.pdf)

<sup>39</sup> Collective Action & Political Voice for Women's Empowerment, IDS, (6<sup>th</sup> March, 2019), <https://www.ids.ac.uk/news/collective-action-and-political-voice-for-womens-empowerment/>

Self Help Groups (SHGs) can provide women with powerful social networks and be a major driving force in increasing their confidence.<sup>40</sup> SHGs have also been seen to encourage co-learning and improve access to credit and banking services.<sup>41</sup>

The origin of SHGs is often credited to the movement begun by Grameen Bank, founded by Mohammed Yunus, as a way of ensuring credit to the most-underserved of Bangladesh's poor – its rural women. In India, it gained momentum when MYRADA, an NGO working in the area of rural credit and institution building, started encouraging creation of SHGs of women from poor households. MYRADA later worked with NABARD (National Bank for Agriculture and Rural Development) to replicate the SHG-Bank Linkage model through public sector and regional rural banks. This became a broad initiative which introduced SHG members to formal financial services for the first time, and aimed at improving their credit access and financial health.

With the launch of the SHG-Bank Linkage Program, commercial banks, co-operatives and the Regional Rural Banks (RRBs) began to play an active role in financing for SHGs:<sup>42</sup> Apart from providing loans, banks also form and strengthen the groups, performing the role of Self-Help Promoting Institutions (SPHIs). Alongside banks, Microfinance Institutions (MFIs) have also now become a strong lever for providing finance to under-served groups. MFIs procure bulk loans from financial institutions for onward lending to SHGs and small borrowers.<sup>43</sup> Since MFIs usually operate in specific geographical areas, they have a better understanding of the issues specific to the rural poor of that area. NGOs too have played a significant role in the SHG microfinance movement, with more than 70% SHG-Bank linkage done via the NGO route.<sup>44</sup> NGOs are especially credited for having worked towards reducing the gender gap, increasing livelihoods, creating awareness, nurturing SHGs and inculcating savings.<sup>45</sup>

The success of this initiative set the stage for larger schemes to be formulated by the central government, which were implemented in the late 1990s in the form of the Swarnajayanti Gram Swarozgar Yojana (SGSY) and the Swarna Jayanti Shahari Rozgar Yojana (SJSRY). These schemes provided access to credit through formal financial institutions such as cooperative banks or public sector banks. Based on lessons and experiences drawn from their implementation, both these schemes were restructured into the National Rural Livelihoods Mission (NRLM) in 2011 and the National Urban Livelihoods Mission (NULM) in 2013 respectively. These two livelihood missions expanded the range of offerings to beneficiaries, a large number of them SHGs, to include skill development and market linkage assistance in order to make them successful and financially sustainable in any economic activity they ventured into.

NRLM, built on the learnings from several state-led schemes, has been credited in successfully promoting the creation of SHGs, and is now one of the largest programmes implemented by the Ministry of Rural Development at the central level. NULM has seen limited success in promoting urban SHGs, and a major focus of the scheme is on associated components such as those for street vendors and urban shelters. However, in our conversations with stakeholders, it has been indicated that NULM is being restructured based on learnings drawn from its implementation till date, and the revised scheme may account for several changes, especially with regard to mobilisation of women into SHGs and collectives in urban areas.

<sup>40</sup> Prof PSR Murthy, Economic empowerment of rural women by self-help group through micro credit PhD, (January 18, 2013). SSRN, <https://ssrn.com/abstract=2203040>; or <http://dx.doi.org/10.2139/ssrn.2203040>;

<sup>41</sup> A Study On SHGS And Economic Empowerment Of Women-An Approach Towards Inclusive Growth, Vinodha Devi, 04/2017, [https://www.researchgate.net/publication/321309105\\_A\\_STUDY\\_ON\\_SHGS\\_AND\\_ECONOMIC\\_EMPOWERMENT\\_OF\\_WOMEN-AN\\_APPROACH\\_TOWARDS\\_INCLUSIVE\\_GROWTH](https://www.researchgate.net/publication/321309105_A_STUDY_ON_SHGS_AND_ECONOMIC_EMPOWERMENT_OF_WOMEN-AN_APPROACH_TOWARDS_INCLUSIVE_GROWTH)

<sup>42</sup> Performance of SHG Linkage Models adopted by Banks, 2014 IOSR-JEF, <http://www.iosrjournals.org/iosr-jef/papers/Vol5-Issue4/E0543239.pdf>

<sup>43</sup> K. Santosh, Dr. S. E. V. Subrahmanyam & Dr. T. Narayana Reddy, Microfinance – A Holistic Approach towards Financial Inclusion, IJIR, pg 1131, <https://pdfs.semanticscholar.org/8bdb/416d8945243dca39db224de4e19a69b2a0f8.pdf>

<sup>44</sup> Ms Kavita, Dr Vijay Kumar Sharma, Progress of Microfinance in India under SHG Bank Linkage Model, IJMS, pg 122, Progress of Microfinance in India under SHG-Bank Linkage Model

<sup>45</sup> Supriya D'Souza, Role of NGOs in Promoting and Strengthening SHGs, IJIR, Role of NGOs in Promoting and Strengthening SHGs, pg 594



scale mechanization. Some of these such as Lijjat Papad even developed into extremely profitable and well-known brands in the market, but such cases have been exceptions rather than the norm.<sup>52</sup>

The skewed ratio of goods to services is a potential indicator of how strongly economic agency of women can be restricted by social norms. Societal norms in India, particularly rigid in rural areas, often discourage women from engaging in trades which require being outside of their household for long periods of time, being in the company of other men or prioritising income over what are considered a woman's household duties such as infant and elderly care work.<sup>53</sup> Goods and products can be manufactured within the community and even within the household if need be, and their promotion and distribution often require a simpler push into an existing market value chain. Furthermore, many states have instituted bodies under schemes such as NRLM, to provide managerial assistance to smaller SHGs in marketing, distribution, etc., thereby helping SHGs take their products well outside their immediate community. Overall, the production of goods rarely requires female SHG members to travel extensively or interface with a wider audience.

Service provision, on the other hand, requires women members to be bodily present at the site of service due to the nature of the work, in turn impacting the amount of time they spend within their households, as well as the roles they undertake at home. Thus, many women SHG members might hesitate to work in the service sector due to prevailing social norms which restrict women's mobility and agency. However, even when women are able to overcome social barriers to be active participants in the service market, their services are limited by immediate community and context, and often cannot be scaled up beyond a point unless another federating entity rolls out the service in some form a franchise model.

## Learnings from Examples of Entrepreneurship in India

As discussed in one of the previous sections, in low to medium income economies like India, the motivation for entrepreneurship among women is largely driven by the necessity to earn a livelihood as opposed to innovation, efficiency, opportunity or passion. The dynamics of women's entrepreneurship in India are affected by a series of factors ranging from discrimination in educational opportunities, family constraints, lack of self-esteem and lower political representation. Additionally, factors like bureaucratic red tape, unfavourable market behaviour, and lengthy legal procedures that commonly plague entrepreneurs in general, are doubly harder for women entrepreneurs to navigate than their male peers.

It is therefore imperative to provide enterprising women business owners/potential owners with the strategies for addressing gaps and leveraging opportunities in this space. To do this, insights must be drawn from the experiences of existing business enterprises on how best to create an enabling environment for women entrepreneurs. Accordingly, this study deep-dives into the business models of four different ventures, each of which have been selected for a variety of reasons, such as adopting an interesting approach, or being an enabling platform for encouraging female agency through collective action, thereby offering unique (and occasionally overlapping) learnings towards encouraging women's entrepreneurship.

The Community Toilets in Tiruchirappalli is the first enterprise model explored, where the NGO Gramalaya has helped set up over 339 community toilets through a combination of government and donor support, which are then maintained through user fees. These community toilets are geared not only at improving community hygiene, but also towards offering economic opportunities to the community within which they are hosted. Therefore, at least half of them are maintained by women community groups, which also makes them more invested in the intervention. The Gramalaya model brings to light a few interesting highlights. For one, toilet maintenance is a service, which means it requires building awareness around the need for that service. Where the women members have been successful in sensitizing the community, the intervention seems financially profitable. In other words, **the model shows how community involvement/sensitization and branding remains crucial**

<sup>52</sup> Conceptual review of the role of Self-Help Groups in Women Entrepreneurship: The case of Shri MahilaGriha Udyog LijjatPapad , 2015, [https://link.springer.com/chapter/10.1057/9781137432155\\_16](https://link.springer.com/chapter/10.1057/9781137432155_16);

<sup>53</sup>The role of Self-Help Groups in non-farm employment, Natural Resources Institute, February 2003,

<https://assets.publishing.service.gov.uk/media/57a08cfd40f0b652dd0016b8/roleofselfhelpgroups.pdf>; Also basis stakeholder conversations with Ms. Madhu Khetan, Program Director, PRADHAN

**for long-term success of service models.** Equally, the model also highlights that financial viability of such models can be aided by helping interventions reduce upfront expenses such as capital expenditure by getting the same funded through government and donor aid.

The next venture studied is JanaJal, a social sector initiative seeking to improve access to clean drinking water, through the installation of its 750+ technology-driven water ATMs in cities across India. Though a private enterprise, it provides insights similar to Gramalaya on how long-term financial viability is rooted in community participation. But unlike Gramalaya, JanaJal provides customers access to water, which is something most communities have for free, thereby making people hesitant to pay for it. But as their model shows, **when awareness is effectively paired with the use of innovative technology, and when one is able to provide customized quality services, different people, including their primary customer base of economically disadvantaged communities are willing to pay for it.**

The third intervention analysed is SWaCH, a cooperative organisation that provides for – among other things – the door to door collection of waste in the municipalities of Pune and Pimpri-Chinchwad by employing over 3600 waste pickers. Their largest customer base is in Pune, and there they are supported through administrative grants by the Pune Municipal Corporation (PMC). The SWaCH model shares strong similarities with both the models discussed earlier in that it relies on the pegs of community awareness and quality service to keep their business model viable. But beyond that, SWaCH is **also a successful example of the power of collective action to increase agency and bargaining power of a marginalized and discriminated community such as waste pickers. It also stands to show that by ensuring the cooperation of local bodies and/or being empanelled with them, one can open streams of revenue for new businesses.**

The last business model examined here is Café Kudumbashree, a micro-enterprise based in the hospitality sector serving traditional Kerala cuisine and run by Kudumbashree Mission, a community network that covers the entire state of Kerala. Café Kudumbashree is categorized into 3 types of enterprises – Restaurants, Mini Cafés/Café Units, and Catering Units, Canteens & Take-away counters. What sets Kudumbashree apart from the other enterprises, including SWaCH that engaged in collective mobilization, is that it organizes women in SHGs under the aegis of the State Rural Livelihood Mission (SRLM). These SHGs in turn are provided financial assistance, mentorship, and other skills needed for economically empowering their women members and even encouraging them to start microenterprises. Kudumbashree aptly recognized the lack of capital women had to start businesses, and provides them access to comprehensive financial support. It is also engaged in providing holistic training and mentorship to women members so that their progress is not stalled. **A general takeaway, therefore, from the Kudumbashree model is that adequate financial support and handholding can help successfully incubate entrepreneurial ventures among economically and educationally disadvantaged women.** More importantly, having different enterprise models within a single micro-enterprise framework allows women entrepreneurs who are faced with social norms and barriers, the mobility and flexibility to enter and invest in the entrepreneurship space at their discretion.



### 1) Community Toilets by Gramalaya, Tamil Nadu

<b>Name</b>	Gramalaya Urban and Rural Development Initiatives and Network
<b>Year of initiation</b>	1987
<b>Current Scale</b>	Gramalaya works across the WASH ecosystem, and its activities are primarily in sanitation, where it has constructed more than 100,000 toilets based on user requirements.
<b>Services/Goods provided</b>	The organisation provides multiple services, mainly in toilet construction and maintenance. It also offers loans to individuals and communities for construction of toilets, and installation of other WASH amenities.
<b>Nature of the model</b>	Gramalaya is an NGO which operates in partnership with the government under various schemes, and with private players through CSR activities.
<b>Interface with the government</b>	Gramalaya is identified as a key resource organisation by the central government's Ministry of Drinking Water and Sanitation, and is an implementation partner for its programmes.

#### Overview

Gramalaya Urban and Rural Development Initiatives and Network (GUARDIANS) was established in 1987 in Tiruchirappalli, Tamil Nadu, with an aim to encourage people to participate within their community to break the cycle of poverty and deprivation.<sup>54</sup> The organisation also firmly believes that community participation in its projects keeps local people invested in the success of the projects, thereby ensuring their sustainability.

Gramalaya undertakes multiple interventions offering loans to poor and marginalised communities. The loans are available for building WASH amenities such as new water connections, construction of new toilets and renovation of existing toilets, rain water harvesting, water purification, and biogas plants. Gramalaya also works in imparting health and hygiene education, and promotes Self-Help Groups (SHGs) among urban, rural and tribal women.

For the purpose of this case study, the *Community Toilets Model* implemented by Gramalaya in Tiruchirappalli, Tamil Nadu is studied and key learnings drawn for others to emulate.

#### Process Flow

Tiruchirappalli City Corporation (TCC) constructed community toilets in the early 2000s. Selected toilets were handed over to women's federations within the communities for operation and management, while the corporation remained the owner of these toilets, and undertook any major work required. In phase 1, about 150 toilets were selected to be given to federations (called SHE teams) to operate and maintain.

Around 2010, WaterAid was working with the TCC to train these SHE teams in the operations and maintenance (O&M) of these toilets, and was involved in the construction of some of these toilets. Over time, this model evolved and more SHE teams were given the responsibility for individual toilet complexes. Today, toilets are constructed by the municipality and in some cases through private donor funds (such as via Gramalaya) and managed by SHE teams in the community.

For the toilets model by Gramalaya, the capital cost is drawn from donor funding, while the operation cost is covered from user fees.

<sup>54</sup> Gramalaya website, <http://www.gramalaya.org/>;

## Key Features of the Gramalaya Model

1. **Management:** Out of the 339 community toilets (CMTs) currently in the city of Tiruchirapalli, half of them are operated and managed by communities, while the rest are managed by the Tiruchirapalli City Corporation (TCC).<sup>55</sup> 41 of the toilets managed by communities are supported by Gramalaya and the WAVE foundation. For these toilets, Sanitation and Hygiene Education (SHE) teams are formed, who manage the toilets on pay and use basis.
2. **User fee:** Rs. 0.50 is charged for defecation, and Rs. 2-5 is charged for bathing and washing in these toilets. On average, there are about 20 seats in each toilet.<sup>56</sup> To maintain transparency, the toilets are run on a token system, and the accounts are maintained by book keeping and transactions through a common bank account.
3. **Revenue generated:** The average monthly income of CMTs is Rs. 6,000, with some SHGs earning as little as Rs. 510 per month (like the Nanthavan store CMT serving 35 families), whereas others earn as high as Rs. 20,600 (like the Kalmandhai CMT which serves 1600 users per day).<sup>57</sup>
4. **Financial sustainability:** The total monthly expenditure of CMTs range from Rs. 500 to Rs. 15,700. Major expenditures are incurred on staffing, electricity charges, repairs, and cleaning materials. In some cases, TCC covers electricity charges for CMTs generating low revenues. WAVE has tried to secure exemption of electricity charges for a few CMTs, but currently 65% of the CMTs pay electricity charges.<sup>58</sup> An analysis by WaterAid India suggests that CMTs with less than 200 users per day are operating below or around the break-even point, with the case study by *Indian Sanitation Coalition* stating that CMTs with less than 500 users per day do not generate profits.<sup>59</sup> This variation is likely due to the difference in sample of study as well as the year of study. Furthermore, the average users required to break even depends on the breakup of services being used, i.e., defecation, washing or bathing, which is likely to impact the CMTs viability due to the variation in user charges for each of these services.

## Associated Income and Earnings

Based on the case study by the Indian Sanitation Coalition and on the basis of stakeholder conversations, the following table captures the sources of funds and their respective utilisation heads. While the study by the Indian Sanitation Coalition mentions that economic feasibility is a concern in small settlements which do not have sufficient users, it states that the average profits of CMT complexes are about 15%, with the city corporation responsible for those complexes which do not generate a profit.

Expenditure Type	Donor Funded	User fee
<b>Capital Expenditure (construction)</b>	In the Gramalaya model, the complete cost of construction is borne by Gramalaya through donor funds.	User fee does not fund any part of the capital expenditure incurred in this model.
<b>Operational Expenditure (operation and maintenance)</b>	Donor funds are not utilised for operational expenditure of the CMT complexes. However, Gramalaya establishes relationships with government agencies to waive or subsidise water and electricity costs at these complexes to reduce operational expenditure.	User fees generated along with additional income generating activities through sanitary product sales or advertising spaces cover for operational expenditure, including utility bills, cleaning material and services and salaries of personnel manning/operating CMTs during night hours.

<sup>55</sup> Sanitation for all - Still a long way to go, Water Aid India, 2006.

<sup>56</sup> Sanitation for all - Still a long way to go, Water Aid India, 2006.

<sup>57</sup> Sanitation for all - Still a long way to go, Water Aid India, 2006.

<sup>58</sup> Sanitation for all - Still a long way to go, Water Aid India, 2006.

<sup>59</sup> Community Managed Toilets, Tiruchirappalli Municipal Corporation (TMC), India Sanitation Coalition (2016)  
[http://www.indiasanitationcoalition.org/resources/Case%20Study\\_TMC.PDF](http://www.indiasanitationcoalition.org/resources/Case%20Study_TMC.PDF)



## Addressing Barriers

- Ensuring financial sustainability and accountability: Operational and maintenance expenses of CMTs are met by the pay-per-use model. For accountability, monthly meetings are held and funds are checked through social auditing. This ensures that the CMTs function in a financially sustainable manner.<sup>60</sup>
- Awareness generation: Community mobilisation is carried out to raise awareness against open defecation, and about health and hygiene.<sup>61</sup> This encourages residents in the community/neighbourhood to use the CMTs.

## Challenges

- Financial: A large proportion of CMT expenditure is incurred on electricity bills, due to the use of electric pumps for water supply. Repair bills of these electric pumps are irregular and lumpy, and further add to the expenses. Smaller toilets are forced to take loans to meet these costs.
- Technological: SHGs face hurdles in introducing innovative and energy-efficient technology, due to lack of research and development expertise, and the costs involved.
- Social: The usage of toilets is often denied based on caste hierarchy. The sweeper communities resist the model of CMTs, given that they feel this impinges on their livelihood opportunities.

## Working with the Government

The CMT model established by Gramalaya relies on government support and partnership with multiple government agencies in order to be successful. For example, the city corporation has to provide the land within the community for the construction of the toilet complex. Furthermore, the city's utility companies for water and electricity are vital as these two account for substantial operational expenditure for CMTs. Therefore, Gramalaya has established a partnership with these agencies in order to obtain subsidies on utility bills for CMTs.

## Key Insights

- Community involvement remains crucial for long-term success of CMTs financially. In particular, this means successful awareness generation to ensure adoption of toilet usage by the community
- Partnerships with government and working with donors and aid organisations can help manage costs incurred, especially capital expenditure.

### Lessons for female participation

The Gramalaya model relies strongly on community involvement of women in sanitation. More than CMTs being an income generating activity, it enables women's involvement in an area where they have traditionally been under-served. It provides them with safe and dignified ways to relieve themselves, and helps in disseminating the message of proper sanitation in the community, thereby empowering their fellow women.

Access to donor funding and support from government schemes, and running the venture via O&M model ensures that women are not bogged down by excessive capital expenditure. While it is not known if community women were taken into confidence *prior* to the toilet construction in their respective localities, the fact remains that *post* construction, the CMTs are a women-group run enterprise, where members all partake of decision making at different levels. This is empowering, as it likely helps increase their bargaining power in the community.

Based on the above, a similar model employed elsewhere has high chances of success. However, before its replication, the cultural and social factors of the region need to be taken into account, as well as ensuring access to a supportive financial and logistics ecosystem. More importantly, it must be remembered that sanitation is an area with strong caste connotations, and cleaning has long been relegated as part of a woman's – often unpaid – domestic work. Therefore, such a community model may help reinforce such social norms, which would not be beneficial in the long run for women empowerment.

<sup>60</sup> Business model insights for Community and Public toilets in India, Sanitation Technology Platform, 2019.

<sup>61</sup> Business model insights for Community and Public toilets in India, Sanitation Technology Platform, 2019.

## 2) JanaJal

<b>Name</b>	JanaJal
<b>Year of initiation</b>	2015
<b>Current Scale</b>	750+ water ATMs operational till date across various states in India
<b>Services/ Goods provided</b>	Decentralised water treatment and distribution
<b>Nature of the model</b>	Private company
<b>Interface with the government</b>	Works closely with municipal governments in various cities, to provide drinking water ATMs in public areas. The company currently works with the New Delhi Municipal Corporation and the Indian Railways at scale, and is looking to engage with other government bodies in the future to expand its footprint.

### Overview

JanaJal was founded to resolve two identified problems: first, the (un)availability of clean drinking water in public areas, and second, to decrease the reliance on bottled water which is a major contributor to plastic waste in India. With this vision, the team at JanaJal developed the required technology that can purify water in order to make it safe for drinking. Post this, it established its first water ATM in Varanasi in 2015, and has since installed over 750 such units across the country.<sup>62</sup> The company is based on the 3A model, which stands for Accessibility, Availability, and Affordability. The company is now moving to develop a water delivery model exclusively targeted at densely populated areas, with the aim of further expanding accessibility of clean drinking water, and in doing so, creating jobs within the communities it serves.

### Process Flow

*Hybrid Water ATMs:* The selection of location for installing water ATMs is done based on demand, or on CSR preferences, or collaboration with government entities.<sup>63</sup> Once the location is selected, the water quality of the geographical area is tested to customise the ATM's purification technology. This is followed by the installation of water ATMs. While the regular modus operandi involves hiring a person to attract potential customers, the company is also testing unmanned ATMs in order to measure customer acquisition costs.

The monitoring of the water quality is done end-to-end by the company, and is not outsourced to the operators of the ATM, in order to ensure that the quality meets standards set by the company. This is done by a centrally managed system which alerts the company's executives in case of any issues with water quality so that they can be addressed in a time bound manner.

*Water on Wheels (WOW):* JanaJal has recently introduced Water on Wheels (WOW), a water tanker/rickshaw run on electricity. The mobility of WOW further boosts accessibility of water. Each WOW can fill in water from water ATMs or designated stations and sell it to members of the community or any other customers. JanaJal intends WOW's rickshaws to be manned by people from the community who work with them on a franchise model.

### Key Features of the JanaJal Model

- **Sustainability:** The JanaJal model of intervention in the water sector is rooted in the sharing economy and decentralised distribution of water. The idea is to provide last mile accessibility, reduce regional disparity, ensure water quality, and locally channelise the availability of water. The water ATMs use solar energy and regular electricity that allows them to minimise downtime due to power outages.

<sup>62</sup> Basis: stakeholder conversation.

<sup>63</sup> Basis: stakeholder conversation.

- **Quality control:** By monitoring the water quality centrally, the company ensures that trust and reliability of water quality for customers lies in the company and not in the hands of the operators or the location where the ATM is installed. This way, the company expands its customer base and keeps it loyal to the company.

### Addressing Barriers

- **Behavioural change:** As most communities have free access to water, they are generally hesitant to pay for it. JanaJal overcomes this hurdle by spreading awareness about the effects of consuming contaminated water on health.
- **Awareness:** Along with communities, regular customers in urban areas are educated about the hazards of consuming bottled water and are encouraged to carry their own refillable bottles and utilise these water ATMs that are placed at strategic points. While JanaJal doesn't engage directly in this process, it hopes to align its mission with the global movement on reducing reliance on plastic bottles.

### Working with the Government<sup>64</sup>

In association with Indian Railways Catering and Tourism Corporation (IRCTC), JanaJal has commissioned 100 water ATMs across Mumbai. Under the Smart City initiative of the New Delhi Municipal Corporation (NDMC) too, JanaJal is installing 74 water ATMs in the city.

### Key Insights

- People, including those who come from economically disadvantaged communities are willing to pay in return for quality services that are reasonably priced, especially when health is at stake.
- Technology, when deployed in a careful and controlled manner, can be an enabler that helps in decentralizing and customizing solutions to local needs.

### Lessons for female participation

The JanaJal model is one that has limited community participation in running the business, and it does not specifically have provisions to incentivize women's participation either. Instead, it is a private enterprise whose primary business is of setting up water ATMs based on local demand. One of their sub-ventures - 'Water on Wheels' (WOW) – however, has a community participation angle to it, given that it envisages water being sold by carting it through electric water tankers or rickshaws. The WOW model intends to designate community members as water distributors, with the water coming from nearby water ATMs or re-filling stations managed by JanaJal. The water distributors work in a franchise fashion and get paid for doing their bit.

WOW is certainly a model that women in the community can be trained to do, for a variety of reasons: (i) women are better able to gauge water requirements of their households and are often tasked with carrying out similar responsibilities as part of their duties; (ii) women in local communities likely have strong ties with women in other households and can therefore influence choices when it comes to paying for a service providing water; (iii) poor water choices tend to impact everything from hygiene to health, and this is most felt by women themselves, therefore they are likely to be very invested in this.

However, the model is not without problems – water, unlike certain other public facilities (such as sanitation), is not a non-existent service. Most places have some level of water access provided for by the government, often for free, or for nominal rates. Therefore, getting communities to pay for such a resource can be a difficult task. Secondly, the WOW model provides clean, purified water by use of a sophisticated technical setup. Such a mechanism is far outside the reach of most women's collectives, and will therefore require a third party like JanaJal to provide the R&D and maintain the same, which will allow women to work with them in a franchise model. Thirdly, it requires women in the community to have access to a certain level of mobility in order to collect water and sell door-to-door. It may therefore require the existence of an ecosystem which enables women to engage in collective action. Lastly, as with women's participation in sanitation, water collection is overwhelmingly a part of a woman's unpaid work at the domestic front, and therefore, getting them to work further in this space, can perhaps perpetuate such stereotypes further.

<sup>64</sup> JanaJal website, <https://www.janajal.com/impact.html>

### 3) SWaCH Cooperative, Pune

<b>Name</b>	SWaCH Cooperative
<b>Year of initiation</b>	2006
<b>Current Scale</b>	Operates in Pune and Pimpri-Chinchwad, employs almost 3600 waste-pickers who service more than 8 lakh households.
<b>Services/ Goods provided</b>	Services provided include door to door waste collection, waste handling at events and places of worship, composting services for large complexes, and collection of e-waste and multi-layered plastic.
<b>Nature of the model</b>	SWaCH is a cooperative organisation and is run based on user fees collected for the various services it offers to its customers. The model and the nature of work incur more operational expenditure than capital expenditure, and are reliant on user fees to cover these expenditures. SWaCH also receives an annual grant from the Pune Municipal Corporation (PMC), which is generally utilised for administrative costs incurred by SWaCH.
<b>Interface with the government</b>	SWaCH relies on partnership with the PMC to work in the city. However, it also functions without this partnership in some other cities and is reliant on the buy-in of citizens.

#### Overview

SWaCH stems from Kagad Kach Patra Kashtakari Panchayat (KKPKP), a membership-based trade union that was formed by waste pickers and itinerant waste buyers in Pune and Pimpri Chinchwad in 1993.<sup>65</sup> KKPKP was established to assert the rights of waste pickers, their status as workers, and their crucial role in solid waste management (SWM). With the introduction of new SWM rules in 2000 that emphasised the need for waste segregation and waste processing - which were absent earlier - KKPKP launched a pilot programme in 2005 in collaboration with the Pune Municipal Corporation (PMC), where waste pickers were integrated in door-to-door waste collection (DTDC) work.<sup>66</sup> Following this SWaCH was formed as a wholly-owned workers' cooperative, with a pro-poor Public Private Partnership model. The first SWaCH DTDC model was implemented from 2006 to 2008, which involved 1500 waste pickers and covered 1,25,000 households in Pune.<sup>67</sup> In other cities in India, the DTDC is done by the municipal corporation through its sanitation workforce who receive wages from the corporation in return, and the users are not required to pay directly to these workers and may or may not pay a cess or tax to the corporation directly. However, the Pune model is different, as the municipal corporation has outsourced its work to SWaCH. The details of the model are explained in the subsequent sections.

While SWaCH has also expanded its services as SWaCH Plus that focuses on livelihood upgradation and income enhancement activities such as awareness raising events, V-collect events where citizens can dispose of their unused clothes, etc., for the purpose of this study the focus is on the SWaCH DTDC model. This model engages around 3,600 members, 80% of whom are women from socially backward and marginalised castes.<sup>68</sup>

#### Process Flow

The SWaCH DTDC model is based on direct connection between the user and the waste picker. The households are educated by SWaCH to segregate their waste into different categories, which is then collected by the waste pickers door-to-door, and depending on the type of waste collected the waste pickers transport it to compost and biomethanation units (for wet waste)

<sup>65</sup> About SWaCH, SWaCH website, <https://SWaCHcoop.com/about/history/>

<sup>66</sup> About SWaCH, SWaCH website, <https://SWaCHcoop.com/about/history/>

<sup>67</sup> About SWaCH, SWaCH website, <https://SWaCHcoop.com/about/history/>

<sup>68</sup> About SWaCH, SWaCH website, <https://SWaCHcoop.com/about/history/>

and to material recovery centre (for dry waste).<sup>69</sup> From the material recovery centre, recyclable waste such as paper and plastic is sold by the waste pickers at the scrap market, whereas the non-recyclable waste (called reject) is sent to the landfill.

### Key Features of the SWaCH Model

- **Steady revenue source:** The SWaCH DTDC is a user fee-based model, in which the household users directly pay the waste pickers. Each waste picker's earnings depend on the number of households he/she covers, as well as the amount of waste sold by each one of them in the scrap market. The waste pickers are trained by SWaCH in identifying different kinds of waste. The monthly waste picking charge for households in informal settlements is Rs. 45, while it is Rs. 60 for households in other areas.<sup>70</sup> The users can also pay online through SWaCH, wherein SWaCH distributes the money to each waste picker according to the number of houses covered by them, and adds a nominal administrative cost to the consumer for the online transaction. Collection of segregated waste also reduces the logistical costs for the PMC. As each waste picker takes care of transportation of the waste from household to recycling centres, the burden of transportation on the PMC is reduced. In addition to other things, this is probably one reason why the PMC is open to supporting SWaCH with financial resources.

<i>Average no. of houses per waste picker</i>	<i>Average no. of working hours per waste picker</i>	<i>Monthly fee per household in informal settlement</i>	<i>Monthly fee per household in formal settlement</i>	<i>Average total monthly income of a waste picker</i>
250 (based on numbers available on the website)	8-10 hrs	Rs. 45	Rs. 60	Rs. 10,125 to Rs. 13,500

- **Organizing workers:** Back in the 2000s, when SWaCH was reaching out to waste pickers to join the collective, there was mistrust and apprehensions among the waste pickers regarding the SWaCH DTDC model.<sup>71</sup> Given that the waste management sector has largely been unorganised for waste pickers, the workers were not sure of the efficiency of the SWaCH model. However, today the workers engaged in the model form a dense and secure network. The organisation does not conduct outreach to workers anymore, in fact workers approach it directly. As each locality is served by SWaCH workers exclusively and SWaCH clearly demarcates a locality for each worker, this protects the workers from external competition.
- **Capacity Building:** The waste pickers are also trained in composting. The localities/households who prefer in-situ composting can hire waste pickers through SWaCH to do so. The charges for composting services depend on the amount of the waste generated. Another way by which SWaCH provides work to waste pickers is by undertaking waste collection for public or private events. The charges for these events depend on the number of waste pickers required, the time duration for which they are required, the expected amount of waste, etc.
- **Partnership with local governments for maximum impact:** Partnering with the PMC allowed SWaCH to avoid overlapping of waste management processes.<sup>72</sup> There are clear demarcations of the work carried out by SWaCH workers, vis-a-vis the work carried out by the PMC.

### Addressing Barriers

- **Foundation of the trade union:** One of the biggest challenges for cooperatives is in bringing together different workers. As SWaCH evolved from KKPKP which already had members, it was easy for SWaCH to overcome this challenge.<sup>73</sup>

<sup>69</sup> Presentation on Solid Waste Management, Greenico (2018)

<http://www.greenico.in/gco/casestudy/Presentation%20on%20Solid%20Waste%20Management%20by%20Pune%20Municipal%20Corporation-2018.pdf>

<sup>70</sup> Basis: stakeholder conversation.

<sup>71</sup> Basis: stakeholder conversation.

<sup>72</sup> Basis: stakeholder conversation.

<sup>73</sup> Basis: stakeholder conversation.



- **Awareness:** When SWaCH started out, a large section of the population was resistant to paying for DTDC waste picking services. The most common concern among citizens was that the DTDC expense was over and above the taxes to the PMC. To address this, SWaCH undertook awareness campaigns to spread information about the benefits of DTDC. Spreading awareness boosted the confidence of citizens in the SWaCH DTDC model, and encouraged them to accept it.
- **Shared accountability:** As the SWaCH DTDC model rests on participation of workers as well as the cooperation of its users, SWaCH had to make sure that citizens were completely aware of the need to segregate their household waste.<sup>74</sup> The workers were also incentivised to collect the waste regularly in order to receive payment for their work.

### Working with the Government

In 2000, the solid waste management rules were introduced, which mandated segregation of waste, door-to-door waste collection, reduction of waste dumping, and emphasised a focus on waste processing. These rules allowed KKPKP to channelise the workers' union in door to door collection of waste.<sup>75</sup> The section of the union engaged in DTDC was formally institutionalised into SWaCH in 2006. The SWaCH DTDC contract was renewed with the PMC in 2016. Today, this service is provided to 8.2 lakh households covering almost 70% of the city of Pune, out of which 1.2 lakh households are in slums, leading to a collection of 1100 tonnes of waste every day.<sup>76</sup> The PMC supports SWaCH DTDC with an administrative cost of Rs. 3.5 crores per year, as well as provides them with equipment like pushcarts, gloves, etc.<sup>77</sup>

### Key Lessons

- SWaCH leverages the power of collective action successfully in order to provide higher bargaining power to the waste picker community, who are more often than not marginalized and discriminated against.
- Alignment of incentives between the waste pickers and the households ensures a win-win situation for both parties involved, eliminating the need for a government-run service for DTDC of waste.
- By partnering with the government, the model eliminates competition from the municipal corporation's sanitation workers, which benefits the waste pickers directly.

### Lessons for female participation

The SWaCH collective primarily started out as a union – the Kagad Kach Patra Kashtakari Panchayat (KKPKP) - of waste pickers and waste buyers. Of its currently 9000+ members, more than 80% are women, that too primarily from marginal communities. As a union, the KKPKP is an equal opportunity platform and offers every member – man or woman – an equal say in its matters. SWaCH is an institutionalization of the work KKPKP did, in a way that allowed it to be organized. It also strengthened the collective bargaining power of the waste pickers, and allowed it to be leveraged to ensure them a consistent and remunerative revenue stream.

SWaCH offers a very community-driven initiative and they have managed to ensure two crucial things which have been instrumental to their business model: (i) identifying areas of last-mile service delivery that can be bridged, but without burdening already overburdened civic bodies; (ii) providing a level of service delivery over and above what the local government could offer, thereby convincing the local community to pay extra for it.

Waste picking is an activity that has a skewed gender ratio associated with it, with the workforce being overly masculine in many parts of the country. Therefore, SWaCH's female dominated workforce remains a surprise to many. What has worked in the latter's favour has been the presence of existing female waste-pickers who initially became a part of the union, and whose presence has likely encouraged other women to join SWaCH later on. Unionizing existing waste pickers (who likely already worked in the local community and in contract with civic bodies) as opposed to having to recruit new people, has also helped their cause and curbed competition. Lastly, the flexibility offered by SWaCH in terms of work hours, the proper division of

<sup>74</sup> Basis: stakeholder conversation.

<sup>75</sup> About SWaCH, SWaCH website, <https://SWaCHcoop.com/about/history/>

<sup>76</sup> Basis: stakeholder conversation.

<sup>77</sup> Basis: stakeholder conversation.

collection areas among waste pickers, and the presence of the SWaCH collective that helps anchor everything together, thereby allowing workers to focus only on ground level tasks, have also strengthened the model.

However, as with other models, the SWaCH model too hinges on a number of existing variables such as mobility of women in an area, social norms governing collective action, presence of a government or private anchoring body to handle admin etc. But most importantly, collection of community waste in India continues to unfortunately be governed by caste and class norms, therefore unionization, and subsequent apportionment of work among community women, must also account for such biases.





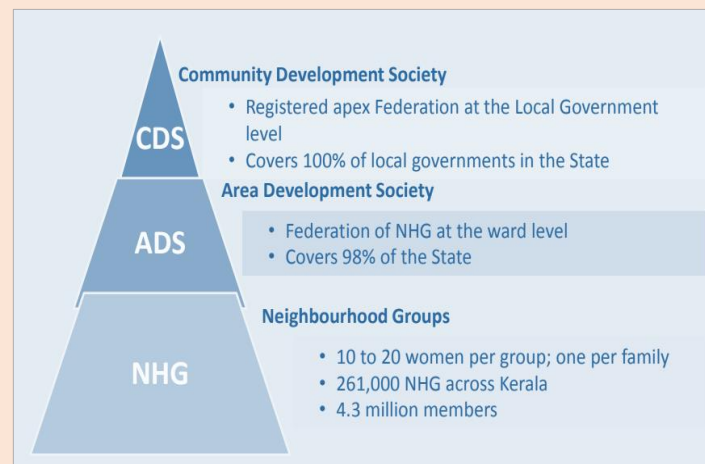
## 4) Café Kudumbashree, Kerala

<b>Name</b>	Kudumbashree
<b>Year of initiation</b>	1997
<b>Current Scale</b>	The Kudumbashree network has 2,91,507 NHGs (i.e. neighbourhood groups) affiliated to 19,489 Area Development Societies (ADS) and 1,064 Community Development Societies (CDS) with a total membership of 43,93,579 women.
<b>Services/Goods provided</b>	It consists of 162 types of micro enterprises such as sanitary napkin units, construction groups, hospitality ventures etc. across the state. Café Kudumbashree is a venture placed in the hospitality sector. It specializes in ethnic Kerala cuisine, prepared by women members.
<b>Nature of the model</b>	Cafés are run by groups of women with support from Kudumbashree.
<b>Interface with the government</b>	Kudumbashree is a registered society under the Travancore Cochin Literary, Scientific and Charitable Societies Act 1955 and it works on poverty eradication and women empowerment programmes of the Government of Kerala.

### Overview

Kudumbashree is an outcome of the People's Plan Movement, a strategy of the state government of Kerala for mass mobilization. In 2007, the state government integrated SHGs under the Swarnajayanti Gram Swarozgar Yojana (SGSY) (now NRLM) with Kudumbashree.<sup>78</sup> Today, Kudumbashree stands as a women-oriented, community based project in Kerala, which aims to form small groups of women and encourage economic activities among them. It promotes women as active leaders in development initiatives, and assists them in their monetary savings and provides them with credit linkages.

Micro Enterprise (ME) promotion and development is one of the key strategies of the Kudumbashree Mission to facilitate economic empowerment of the poor since it does not require a high calibre skill set and can also be taken up as a secondary activity after the daily household chores.<sup>79</sup> The ME mission involves providing Kudumbashree members the training, partial financial support, marketing support and handholding to be a part of existing as well as new enterprises.



### Structure<sup>80</sup>

Kudumbashree has a three-tier structure at the Panchayat/Municipality level. At the primary level, there are Neighbourhood Groups (NHGs) who are the equivalent of an SHG, with 10 to 20 women members. These NHGs are then affiliated to an Area Development Society (ADS) at the ward level. All the ADSs are then affiliated to a Community Development Society (CDS). The NHGs convene meetings every week. As ADSs are formed at the ward-level by federating all the NHGs in the ward, the activities and the decision in the ADS are decided by the representatives of the women elected from various NHGs.

### Café Kudumbashree<sup>81</sup>

<sup>78</sup> History & Evolution of Kudumbashree, Kudumbashree website, <http://www.kudumbashree.org/pages/178>

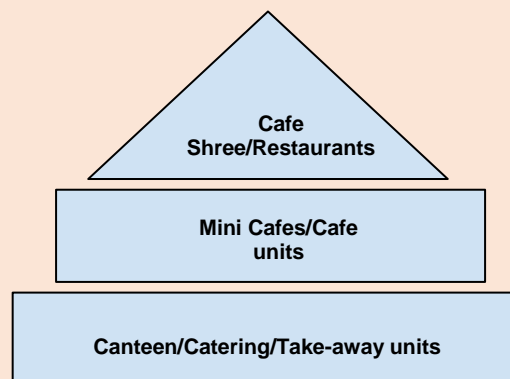
<sup>79</sup> Enterprise mapping and monthly turnover, Kudumbashree website <http://www.kudumbashree.org/pages/550>;

<sup>80</sup> Community Structure, Kudumbashree website, <http://www.kudumbashree.org/pages/9>;

**Background:** Café Kudumbashree is a venture under their ME Unit, placed in the hospitality sector. It specializes in ethnic Kerala cuisine, prepared by women members. It began when the ME Unit, in 2005, explored the potential of cooking as a means of livelihood and encouraged Kudumbashree women to start canteen and catering groups across the state. In 2008, the Kudumbashree's Thrissur District Mission attempted to pioneer a model to improve the conditions of the canteen/ catering units operated by Kudumbashree members. Subsequently, in the same year they brought together people from across the hospitality sector (management professionals, chefs, etc.) to create the Adebha Institute of Food Research and Hospitality Management, Thrissur (AIFRHM), to set up an in-house training team for Kudumbashree women.<sup>82</sup> AIFRHM provided Kudumbashree women with both technical as well as marketing support to create and run Kudumbashree canteens and restaurants.<sup>83</sup> Currently AIFRHM mentors over 700 such units. Additionally, they also began to regularly conduct training sessions on bulk cooking, crisis management, business promotion, accounting and many more.<sup>84</sup> Thus, the brand Café Kudumbashree was established. Since then, Kudumbashree has successfully positioned itself as a strong brand in the food and hospitality sector, by displaying their cooking prowess through a series of food festivals, catering orders and also by running canteens and restaurants across the state. **Of all the ME run enterprises in the state, Café Kudumbashree has been identified to be the most profitable, often earning almost 50% in profits.**<sup>85</sup>

Today, there are over 2,500 of these across the state, categorized into 3 types of enterprises: 1. Restaurants (aka Café Shree); 2. Mini Cafés/Café Units; and 3. Catering Units, Canteens & Take-away counters.

- *Kudumbashree restaurants or Café Shrees* are the biggest of all such establishments and work as a premium-grade chain of restaurants with a standardized menu, uniform and other features.<sup>86</sup> As of 2015, there was one Café Shree in each district, thereby having a total of 14 across the state.<sup>87</sup> Each Café Shree unit acts as a district level headquarter for other Café units and management teams in the respective district.
- *The Mini Cafés or Café Units* function as tea and snacks shops or as take-away counters. Among these, the take-away counters have been the most profitable,<sup>88</sup> with women members earning between Rs. 15,000-18,000 per month.<sup>89</sup>
- *The canteen, catering and take-away unit groups* are the last tier of this segment. The catering and take-away units are mobile in nature, and provide services as per requirement. These are generally run by women who lack access to all but the most basic of infrastructure, those who prefer to work from home, or face problems in committing to regular working hours. The canteens are a little bigger than the other two, and provide a variety of meals. They are set up across the state and are associated with or hosted inside various government/non-government offices and institutions, which ensures them access to necessary infrastructure (which comes with building) and guarantees women some minimum income.



### Setting up enterprises under Café Kudumbashree

Any interested woman can join Kudumbashree, and will be provided the necessary training to become employable. Each woman joining Kudumbashree has to undergo general orientation training where she's exposed to the entrepreneurship sector as well as to other wage employment options. Those women with the aptitude for entrepreneurship are then identified, and as the next step, have to undergo a separate *Entrepreneurship Development Programme* training to equip them with the skills to set up an entrepreneurial venture, as well as to help them understand the risks and prospects of starting a venture. Furthermore,

<sup>81</sup> Café Kudumbashree, Kudumbashree website, [http://www.kudumbashree.org/storage/files/wc5wb\\_50.%20cafe%20kudumbashree.pdf](http://www.kudumbashree.org/storage/files/wc5wb_50.%20cafe%20kudumbashree.pdf)

<sup>82</sup> Kudumbashree's mouthwatering treat in Idduki, Mathrubhumi News, 1st December, 2018, <https://english.mathrubhumi.com/news/offbeat/kudumbashree-s-mouthwatering-treat-in-idduki-food-1.3356744>

<sup>83</sup> Café Model in Thrissur town, Kudumbashree website, [http://www.kudumbashree.org/storage/files/zr7zu\\_cafe%20model%20of%20aifhrm%20in%20thrissur%20town.pdf](http://www.kudumbashree.org/storage/files/zr7zu_cafe%20model%20of%20aifhrm%20in%20thrissur%20town.pdf)

<sup>84</sup> Enterprise mapping and monthly turnover, Kudumbashree website, <http://www.kudumbashree.org/pages/550>

<sup>85</sup> Basis: stakeholder conversations with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

<sup>86</sup> Café Kudumbashree, Kudumbashree website, [http://www.kudumbashree.org/storage/files/wc5wb\\_50.%20cafe%20kudumbashree.pdf](http://www.kudumbashree.org/storage/files/wc5wb_50.%20cafe%20kudumbashree.pdf)

<sup>87</sup> Café Kudumbashree, Kudumbashree website, [http://www.kudumbashree.org/storage/files/wc5wb\\_50.%20cafe%20kudumbashree.pdf](http://www.kudumbashree.org/storage/files/wc5wb_50.%20cafe%20kudumbashree.pdf)

<sup>88</sup> Basis: stakeholder conversations with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

<sup>89</sup> Café Kudumbashree, Kudumbashree website, <http://www.kudumbashree.org/pages/550>; Basis stakeholder conversations with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

based on the feedback from women who have been trained, Kudumbashree identifies and consolidates women into groups based on what they wish to do (start their own Café, run a tailoring unit, etc.). The women are then free to either run their own micro-enterprise individually, or in groups with other members. Financial support in the form of subsidy, Revolving fund and Crisis Management fund to meet working capital requirements are provided to these units as per their requirement, along with other support as the enterprises grow (details in the table below).<sup>90</sup> Kudumbashree also employs *Micro-Enterprise Consultants* who hail from the community, and are trained in business development by Kudumbashree, employed on honorarium basis to provide general as well as entrepreneurship training to women members.<sup>91</sup> Women/NHG groups who need their support are required to pay for their services from the initial set of funds provided to them by Kudumbashree.

Approximately 5-6 members in an NHG unit of 20 members usually express an interest in being associated with or in running one of the models under Café Kudumbashree, whereas others pursue other employment opportunities.<sup>92</sup> Once a woman or a group of women decide to set up establishments under the Café Kudumbashree brand, they are then offered intensive training on health, food habits, customer management, the concept of service, etc. through AIFRHM.<sup>93</sup>

*Table detailing financial support provided to Kudumbashree enterprises at various points of time<sup>94</sup>*

<b>Scheme</b>	<b>Provisions</b>	<b>Conditions</b>
<i>Interest Subsidy</i>	For enterprises which take loans from banks via Kudumbashree.	Entrepreneurs must pay a minimum interest of 4% to banks while the rest is taken care of by Kudumbashree.
<i>Subsidy Scheme for Enterprises</i>	Provides initial capital cost of Rs. 50,000 to a group, or Rs. 10,000 to every individual, for starting an enterprise, whichever is less.	None. Provided to all while setting up the enterprise.
<i>Crisis Management Fund</i>	An interest free loan, limited to a maximum of Rs. 25,000 per enterprise, when they face working capital shortage, unexpected loss etc.	Must be an individual/enterprise that has been around for 6 months or more, and established under RME or <i>Yuvashree</i> schemes, or other assistance schemes like SCA, Linkage Loan etc.
<i>Technology Fund</i>	Meant for supporting running enterprises in acquiring modern technology, machinery or equipment, limited to 40% of the capital investment, subject to maximum of Rs. 2,50,000.	Must be an individual/enterprise that has been established under RME or <i>Yuvashree</i> schemes, or other assistance schemes like SCA, Linkage Loan etc. who have been around for 6 months or more, having 3 members or more, where project outlay (including technology cost) is not more than 10 lakhs.
<i>Innovation Fund</i>	Meant for those trying to make innovative changes in their mode of functioning, technology, machinery or processes limited to 40% of the capital investment, subject to maximum of Rs. 2,50,000.	Must be individual/enterprise that has been established under RME or <i>Yuvashree</i> schemes, or other assistance schemes like SCA, Linkage Loan etc. who have been around for 6 months or more, having 3 members or more, where project outlay (including technology cost) is not more than Rs. 10 lakhs.
<i>Revolving fund</i>	Provided as working capital support of Rs. 40,000 to enterprises which have completed 6 months, and Rs. 5 Lakhs to enterprises which	Only for group enterprises run by Kudumbashree members that have been running for the specified duration.

<sup>90</sup> Enterprise mapping and monthly turnover, Kudumbashree website, <http://www.kudumbashree.org/pages/550>

<sup>91</sup> Basis: stakeholder conversation with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

<sup>92</sup> Basis: stakeholder conversations with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

<sup>93</sup> Basis: stakeholder conversations with Ms. AkhilaUnni, program officer, MEU, Kudumbashree.

<sup>94</sup> Mission Programme for Enterprise Promotion, The Kudumbashree Story, <https://thekudumbashreestory.info/index.php/programmes/economic-empowerment/enterprises/enterprise-promotion>;

complete 3 years of working with Kudumbashree.
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### Key Features of the Café Kudumbashree Model<sup>95</sup>

- **In-house training:** Besides the general training available to all women entrepreneurs through Kudumbashree's Entrepreneurship Development Programme, or through the help of Micro-Enterprise Consultants, they also provide women specifically interested in setting up enterprises under Café Kudumbashree with specialized training with the help of AIFRHM. Technical training in running such enterprises, such as in branding, accounts, etc. is also provided.
- **Flexibility in models:** The Café Kudumbashree brand offers a very flexible framework to women entrepreneurs interested in cooking & hospitality. They have 3-4 different types of enterprises that run under its aegis, and women can, depending on their time commitment and interest choose to be a part of whatever suits them best. The exposure to different kinds of management styles and tiers within the brand, coupled with the mentorship Kudumbashree offers, allows women the ability to scale up their models if need be. The Kudumbashree's Café model offers a good hierarchy wherein women can graduate from one tier to the other in terms of work. However, the movement is not just vertical, it is horizontal as well, since women members can also move between canteen and catering businesses.
- **Pricing and Branding:** Café Kudumbashree units are known to be affordable but not cheap. Prices are decided via stakeholder consultations, keeping in mind the quality of food, compensation of employees, and willingness of the average customer to spend. Safe and healthy food as well as engaging socially committed women as employees are the main pillars of branding for Café Kudumbashree.
- **Quality check:** Kudumbashree has adopted Standard Operating Procedures for assessing quality of food at Café units. All the units are made to mandatorily adhere to certain benchmarks. Periodic checks are conducted by the concerned district mission. Café Management Team or Micro-Enterprise Consultants are deployed for quality checks by District Missions.
- **Digitisation:** For effective monitoring and the implementation of activities, Kudumbashree is in the process of developing web-enabled Management Information System, which involves geo tagging of café units.

### ***Ms. Girija's story – Empowerment through Café Kudumbashree***<sup>96</sup>

Ms. Girija, who hails from Trivandrum and has been a member of Kudumbashree for the last 17 years, began her journey into the food and hospitality space quite by accident. Having come from a severely deprived background, she and a few other women from her colony joined Kudumbashree in 2002 in order to find a way to save money and escape poverty. Two years in, they were made aware of an opportunity to run a canteen at University College Palayam, which she and some among her fellow NHG members opted for. They were given an initial fund of Rs. 2.5 lakh by Kudumbashree to help set up their enterprise. Since the college did not provide them with anything more than the building and some basic furniture, they had to set up the canteen from scratch, buying everything from cooking and cleaning equipment, to the raw materials. The college however provided them with electricity and water, for which they were required to pay them Rs. 800 per month. They began the venture very modestly, having pre-fixed the menu and the food prices after a discussion with the college authorities and students. The assurance of a fixed number of college students offered the women a regular income, and they were able to split and take home a share in their daily earnings (which in the early days could be anywhere between Rs. 800 to Rs. 1,000). Every year, the monthly money they paid to the college for basic amenities such as electricity and water, as well as the prices of the menu items were also revised incrementally to keep up with the cost of living.

Ms. Girija and her fellow NHG members ran the college canteen for more than a decade, during which their earnings increased substantially. Kudumbashree's subsidy, revolving fund and other funding streams guaranteed that if they wanted the venture to undergo major changes/renovations, they would not have to dip into their daily earnings or savings. Any incidental

<sup>95</sup> Jiby Mathew Phillip, Food Festivals & Livelihood Development, SAPM-Marketing, Kudumbashree, [http://kudumbashree.org/storage//files/3qbef\\_jiby%202.pdf](http://kudumbashree.org/storage//files/3qbef_jiby%202.pdf)

<sup>96</sup> Basis: stakeholder consultations with Ms. Girija, NHG member of Kudumbashree from Trivandrum.

or extra expenses that the canteen faced were taken care of through loans from the college PTA (between Rs. 1,000-2,000), which the NHG was allowed to pay back at their convenience. Overtime, the canteen was easily able to earn double of what its expenses were, and today ensures that each member takes home a monthly remuneration of at least Rs. 15,000.

In time, the canteen earned a strong reputation, as did Ms. Girija, which allowed her to leave the canteen business in 2016-17 and venture into catering. Today, Ms. Girija is a popular caterer in her area, where she, along with a group of women service different types of events from family dinners, to small celebrations to even large 1,000+ gatherings. While Ms. Girija has private clients, she also gets a number of them through Kudumbashree, especially government contracts. Within catering, she and her team perform a variety of functions, some doing the cooking, some the serving, while others handle logistics. Ms. Girija has found catering to be the more flexible and remunerative model, though monthly earnings vary from month to month. Some months the groups' total earnings can - depending on the events catered to - be close to 3-4 lakhs, with a profit margin of anywhere between 10-20%.

Thanks to Kudumbashree, she has been able to not only uplift her family out of poverty, but also build a house, educate her children, and establish a decent standard of living. She is among Kudumbashree's longest serving members, and she intends to be one for a long time to come.

### **Addressing Barriers**

- Organizing women in poor slum colonies after convincing them to join, and/or rescuing them from the clutch of moneylenders was an issue in the early days.
- In the food and hospitality sector, reputation spreads through word of mouth - this often takes time, and is not always easy. Kudumbashree has resorted to strong quality checks, training from AIFHMR, and putting up stalls at food fests and exhibitions to remedy this and to build a strong clientele.

### **Working with the Government**

Kudumbashree is the poverty eradication and women empowerment programme implemented by the State Poverty Eradication Mission (SPEM) of the Government of Kerala, and additionally, is also the State Rural Livelihoods Mission (SRLM) under the National Rural Livelihoods Mission (NRLM) as of 2011. It implements all its programs for women's empowerment in partnership with or under the aegis of one or more initiatives of either the state or the central government. This includes interventions like Café Kudumbashree.

### **Key Insights**

- Adequate financial support and handholding can help successfully incubate entrepreneurial ventures among economically and educationally disadvantaged women.
- Building flexibility (in terms of timings and scale) and mobility (horizontal and vertical both) within business models is central to creating a gender sensitized entrepreneurial ecosystem. This enables more women to join the workforce at some level and become economically empowered.

### **Lessons for female participation**

Among all the business models discussed in this report, Kudumbashree's Café Kudumbashree perhaps has the <sole> distinction of being a business model that is large-scale, female-centric, community-driven, and profitable. It also stands out for being a best practice, since Kudumbashree is a national resource organization (NRO), in addition to being the SRLM designate for the state of Kerala.

While SRLMs are a national phenomenon, their performance varies significantly from state to state, since mass mobilization of, and collective action by women rest on a number of factors, beginning with the socio-cultural norms of a region to the level of responsiveness of governments. Even so, as a national program, NRLM provides all SRLMs under it access to the same set of tools, including but not limited to mobilization support, credit access, programs for upskilling etc., which they are



then free to modify to best benefit their target audience. It is here that the Kudumbashree model stands out, and offers learnings to other SRLMs.

There are four main strategies that seem to have worked well in the context of the Cafés setup by Kudumbashree:

(1) *Strong Partnerships*: The concept of poverty alleviation through Kudumbashree is already very well embedded within local government and institutions, which has helped Kudumbashree leverage them to ensure the success of enterprises incubated under it. For Café Kudumbashree, this means that Kudumbashree encourages their tie-ups with government offices, schools and colleges, transport departments etc. to run canteens, kiosks, and restaurants, elevates their public image through public exhibitions etc.

(2) *Upskilling*: In order to ensure the success of their enterprises, particularly against competing private brands, Kudumbashree has also invested in sector-specific upskilling, in addition to the usual training provided to all SHG members who engage in micro-enterprises. With respect to Café Kudumbashree, Kudumbashree set up an in-house hospitality management and marketing group the AIFRHM which provides specific hospitality training with the help from experts from the hospitality industry. This ensures that SHG women running these enterprises are able to have access to the same technical and soft skills that their counterparts in the industry possess, allowing them to compete on a level playing field.

(3) *Financial support*: Kudumbashree helps incubate their enterprises by providing them with a variety of financial support systems, and of varying pecuniary thresholds. As the table detailing the financial support provided by Kudumbashree would show, financial support is divided into grants and low interest loans, and some have the Kudumbashree standing as a guarantee for them. Most are staggered, and offer support only when enterprises have reached a certain maturity period in terms of years of service or number of members. They are also allocated under different heads, which ensures access to finance for appropriate causes, thereby preventing over-borrowing or underfunding.

(4) *Affording flexibility and encouraging growth*: A profitable enterprise requires a certain number of things to succeed – quality control to ensure it is well-managed and professionally run, but at the same time, it must allow for some in-built flexibility to allow it to grow, adapt to changing market conditions, and innovate. Kudumbashree has ensured both. On one hand, it confirms quality checks and mentorships through AIFRHM. It also follows a strong hierarchical model, with large enterprises like Café Shrees and restaurants held to strict standards for billings, menus, cleanliness etc. This helps secure Kudumbashree's brand as a strong and affordable, but not cheap culinary experience. On the other hand its in-built hierarchy also allows for a certain level of flexibility in terms employability. NHG members are able to choose which level of enterprise they wish to engage with, based on the amount of time and resources at their disposal. They are also free to migrate within enterprise models depending on the level of responsibility they are able to demonstrate. This allows all women, regardless of social norms or domestic situations to successfully partake in economic activities.

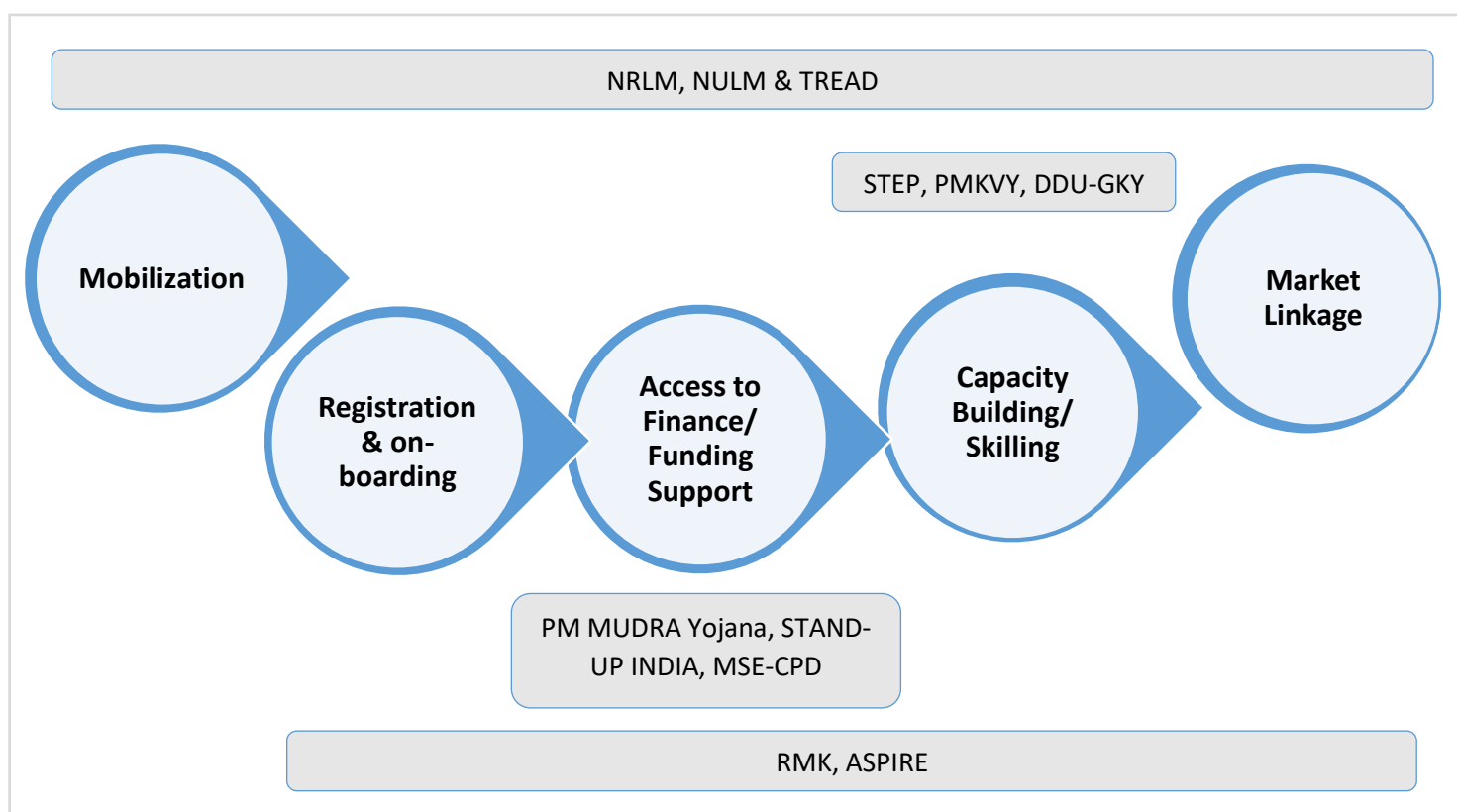
## Analysis of Select Government Interventions in India

The Government of India has taken multiple steps to aid women's economic empowerment, and these are reflected in the numerous schemes, policies and programmes specifically designed and implemented for women. This section briefly looks at some of the biggest policies and programmes supporting self-employment and entrepreneurship by women. The focus areas of each intervention vary, but between them they cover the following building blocks: (i) Mobilization; (ii) Registration & On-boarding; (iii) Access to Finance; (iv) Capacity Building; and (v) Market Linkages. Some schemes like the NRLM, NULM and TREAD offer support that is comprehensive, covering all aspects, whereas others facilitate one or more aspects. Schemes that specifically target poorer women with low access to resources usually operate by first mobilizing women into Self-Help Groups to leverage the power of collective action. NRLM is a great example of one such intervention.

Interestingly, even when schemes target similar beneficiaries, they sometimes operate under different ministries, with quite distinct guidelines and modus-operandi. Many schemes are gender neutral, but lay emphasis on reaching women either by focusing more on that segment (such as in NRLM) or through specific incentives (as in MUDRA through a reduction in interest rates). However, skilling schemes such as PMKVY and DDU-GKY lack a specific gender lens and therefore, probably, not as effective in training women.

A key area of concern that stands out is the lack of strong focus on long-term hand-holding to ensure sustainability of the enterprises created under these schemes. Even where market linkages are attempted (such as under RMK) the impact has not been significant. Given the expertise and the effort required in making enterprises sustainable, the state machinery often finds it difficult to deliver on these aspects.

In the text that follows, we present a brief narrative on key interventions and highlight learnings from their implementation.



*Schematic depicting the aspects covered by different union government schemes and programmes*



## 1) National Rural Livelihoods Mission

The NRLM is a Centrally Sponsored Scheme – it is funded by both the centre and the state government, and implemented by the states. At the central level, the Ministry of Rural Development is in charge of the scheme.

NRLM aims to alleviate rural poverty by encouraging sustainable livelihood practices among poor families through community institutions such as SHGs. It does this by helping its members expand existing livelihood options, building skills, and nurturing self-employment and entrepreneurship. Women are mobilised into SHGs which are then given benefits such as credit support (in the form of revolving funds and community investment funds), skilling programmes, accounting practices, market intelligence, etc. with the aim of encouraging them to start livelihood enterprises of their own.

Kudumbashree, Kerala's state-run rural poverty elimination program which had beginnings prior to NRLM, and later became subsumed under it, is a great example of a state-driven SHG mobilization program to promote enterprise and entrepreneurship. Women members under it form neighbourhood groups, and are encouraged to take part in economic activities that are either entrepreneurial or wage employment related. Other successful state-run SHG mobilization programs under NRLM are Jeevika in Bihar and SERP in Andhra Pradesh, and they too offer services similar to Kudumbashree to encourage women's economic empowerment.

Credit support under NRLM is a key component in helping set up micro-enterprises. The total loan amount disbursed to SHGs at the national level up to February 2017 was Rs. 1.05 lakh crore<sup>97</sup> while more than Rs. 400 crore had been subvented under the interest subvention component of the scheme. Specifically speaking of subvention, the Centre first ran an interest subvention programme – supported by NRLM – for women's SHGs in 250 districts across the country, wherein they were offered loans of Rs. 3 lakhs at 7% interest, which was reduced to 4% if payments were made on time. The 2019 Budget extended this to all SHGs across the country, in addition to declaring that one woman in every SHG would also be made eligible for a loan of up to Rs. 1 lakh under the MUDRA scheme.<sup>98</sup>

While NRLM has gone a long way towards aiding women in developing economic agency, and self-reliance, it is by no means without issues. Organisations working in the rural development space often highlight concerns about the sustainability of the SHGs or the ventures undertaken by their members in the absence of sufficient handholding. The Institute of Rural Management Anand also conducted a midterm evaluation of the scheme in 2016.<sup>99</sup> While the institute's report credited the scheme with mobilising women into SHGs, it highlighted some important shortcomings. In particular, it spoke about limited accesses to bank credit for traditionally unbanked areas, promotion of a select few livelihood options and lack of sufficient contextualization to different ecosystems. The report also highlighted that federating of SHGs into village organisations and cluster level organisations needs to be improved, with some states still not giving the federations legal status under their statutes. Doing so can improve sustainability of SHGs as well as provide long-term benefits to the members of federated groups.

Finally, while acknowledging the positive impact of handholding new SHGs, the report highlighted that the scheme needs to go beyond the initial stage and focus on orienting groups for sustainable enterprise creation and management, by leveraging the strengths of the SHGs.

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<sup>97</sup> Statement referred to in reply to Unstarred Question 5406, Lok Sabha, Ministry of Rural Development, <http://164.100.47.190/loksabhaquestions/annex/11/AU5406.pdf>

<sup>98</sup> Shreya Jai, MUDRA to SHGs: Budget 2019 boosts women's start-ups and rural business, Business Standard, 5<sup>th</sup> July, 2019, [https://www.business-standard.com/budget/article/mudra-to-shgs-budget-2019-boosts-women-s-start-ups-and-rural-business-119070501577\\_1.html](https://www.business-standard.com/budget/article/mudra-to-shgs-budget-2019-boosts-women-s-start-ups-and-rural-business-119070501577_1.html)

<sup>99</sup> Independent assessment of design, strategies and impacts of day-NRLM, Institute of Rural Management Anand, 2017, [https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report\\_Without%20Design.pdf](https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report_Without%20Design.pdf)

## 2) National Urban Livelihoods Mission

Like the NRLM, the National Urban Livelihoods Mission (NULM) is administered by the centre (the Ministry of Housing and Urban Affairs) and implemented by the states. Planning is done by the states in consultation with city governments, and states disburse funds after adding their share to the central pool.

NULM does not directly promote entrepreneurship, but given its aim of helping urban poor households access gainful self-employment and other skilled employment opportunities, it certainly lays out the steps that could potentially lead towards the same. As with NRLM, credit disbursement – the fulcrum upon which most economic activity rests – remains a key aspect under NULM. Under its Self-Employment Programme, any urban poor who wishes to set up their own self-employment venture/micro-enterprise can avail a bank loan at 7% rate of interest. An individual can be given bank loans of up to Rs. 2 lakh for setting up of individual micro enterprises; for a group of urban poor, bank loans are available for projects of up to Rs. 10 lakh. All SHGs of urban poor can also avail bank loans at 7% rate of interest. Lastly, NULM carries a specific component regarding urban street vendors, and enables their skilling, micro-enterprise development, and credit enablement.

In terms of implementation and budgets, NULM has only recorded the formation of about 4 lakh SHGs since 2015.<sup>100</sup> The scheme has also seen a drop in fund allocations since its launch, though allocations have been increasing in recent years.

*Table: NULM budget allocations vs actual expenditure*

<b>Year</b>	<b>Budget Allocations, in rupees crore</b>	<b>Actual Expenditure, in rupees crore</b>
2014-15	1,003	703
2015-16	510	268
2016-17	300	328
2017-18	349	598
2018-19	310	510 (est.)
2019-20	750	NA

*Source: Answers to Lok Sabha Question<sup>101</sup> and yearly expenditure budgets of the Union Government<sup>102</sup>*

While a well-intentioned scheme, NULM has not fared as well as its rural counterpart, and has therefore been taken back to the drawing board for restructuring. Stakeholder consultations suggest that the homogeneity seen in rural groups is largely absent in urban SHGs, which makes it difficult for the Mission objectives to be met. Much of the focus so far has also been on constructing shelters for the urban homeless and for various activities targeted at street vendors. However, the scheme has a lot of potential as a much needed intervention to engage the collective agency of an often migratory urban population, and helping the economically disadvantaged among them create sustainable enterprises or simply supplement their income.

## 3) STEP | PMKVY | DDU-GKY

With the twin objectives of skilling women to increase employability and to encourage self-employment among them, the Support to Training and Employment Programme (STEP) for Women is administered by the Ministry of Woman and Child Development (MWCD), Government of India. Initially implemented as a central sector scheme, it was restructured and is now implemented as a centrally-sponsored scheme, with implementation resting with state governments.

<sup>100</sup> Statement referred to in reply to Unstarred Question 5295, Lok Sabha, Ministry of Housing and Urban Affairs, <http://164.100.24.220/loksabhaquestions/annex/171/AU5295.pdf>;

<sup>101</sup> Statement referred to in reply to Unstarred Question 5124, Lok Sabha, Ministry of Housing and Urban Affairs, <http://164.100.47.190/loksabhaquestions/annex/14/AU5124.pdf>;

<sup>102</sup> Expenditure Budget, Ministry of Finance, Government of India, <https://www.indiabudget.gov.in>;

Under the STEP scheme, the MWCD invites proposals from organisations to be implementing partners. Upon being chosen, the implementation partners identify beneficiaries and commence training. A certification process is conducted at the end of the training and upon successful completion, funds are released to the partners. The scheme reimburses costs of travel and lodging and also provides post-placement support.

In terms of budgetary support, the allocations for STEP have been very modest. In fact, in 2019-20, only Rs. 3 crore was allocated to the scheme. It appears, based on recent budget allocations, that the government intends to merge the scheme's implementation with that of the other flagship skilling schemes that are in place today.

STEP began at a time when skill development was not as prolific or well-known. However, in recent years, skill development schemes run both at the national and state level in India, and most are gender neutral. The centrally sponsored Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDU-GKY) and the Pradhan Mantri Kaushalya Vikas Yojana (PMKVY) schemes have received a majority of the funds allocated to skilling programmes in recent years. For instance, PMKVY has an outlay of Rs. 12,000 crore over a four year period (2016-2020). However, despite their massive mandates, these schemes do not adequately address the unique challenges faced by women such as responsibilities of juggling work with household chores, bearing a disproportionate burden of care work or their lack of mobility. Merely skilling women without taking into account ways to successfully transition them into the labour market also cause these schemes to fall short.

#### 4) TREAD Scheme

The TREAD scheme was introduced by the Ministry of Micro, Small, and Medium Enterprises in 1997. The scheme, targeted at illiterate & semi-literate women in both urban and rural areas, promoted self-employment and income generation activities in non-farm sectors. It envisaged the economic empowerment of women through their capacity building via trade-related training, information and counselling, and by organising them into SHGs.

TREAD banked on NGOs to be the implementation vehicles for the scheme. Credit was made available through NGOs to women. The selected NGOs were engaged in disbursement of loans, as well as in offering counselling, training and assistance to women SHGs. Out of the total project cost, the government covered 30% in the form of a grant, while the remaining 70% was provided in the form of a loan through lending institutions. The loan was extended by lending institutions after appraising the project and assessing the costs involved, including the cost of counselling and training by the NGOs. Once the project was approved, the NGOs would pass on the money to the end beneficiaries and help them set up livelihood related businesses. A pre-fixed percentage of money from such projects would be collected and used to repay the loan. In the event the project was unsuccessful, the agreements with lending institutions required the NGOs to pay back the full amount.<sup>103</sup>

The table below shows a year-wise disbursement of loan amounts and the corresponding number of women benefited. Between the years 2011 and 2015, the scheme received allocations under its own name in the budget. Around this time, the Report of the Working Group on MSME Growth, also commended the scheme for its excellent work in empowering women SHGs, and asked that allocations under the scheme be raised.<sup>104</sup>

*Table: Allocation and beneficiaries under TREAD*

<b>Year</b>	<b>Amount (Rs. in lakhs)</b>	<b>No. of women benefited</b>
2011-12	77	2,374

<sup>103</sup> Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women, Development Commissioner, Ministry of MSME, <http://laghu-udyog.gov.in/schemes/treadwomen.htm>;

<sup>104</sup> Report of the Working Group on MSME growth for 12th Five Year Plan (2012-17), Ministry of MSME (2012), [https://msme.gov.in/sites/default/files/Report\\_working\\_group\\_5yearplan-2012-17\\_0.pdf](https://msme.gov.in/sites/default/files/Report_working_group_5yearplan-2012-17_0.pdf);

2012-13	107	9,855
2013-14	233	5,535
2014-15	52	2,100

From 2015 onwards, however, the budget for the TREAD scheme was moved under the Promotional Services Institutions and Programme (PSIP) section of the MSME budget alongside a number of other schemes, making it hard to ascertain how much was allocated to TREAD specifically<sup>105</sup> and sometime around 2017-18, the TREAD scheme was wound up.<sup>106</sup>

## 5) Rashtriya Mahila Kosh (RMK)

The objective behind setting up the RMK was to empower women with access to micro credit for income generation. Along with the provision of credit, financial literacy, and skill training was also provided under the scheme. The scheme aimed to improve the accessibility of credit by reducing physical distance to credit facilities, simplifying lending procedures and improving flexibility.

The Rashtriya Mahila Kosh (RMK) was established in 1993, as an autonomous body at the national level, under the aegis of the Ministry of Women and Child Development.<sup>107</sup> It works as a facilitating agency that provides loans to intermediary organisations (NGOs and MFIs), who extend loans to SHGs. Only those NGOs/MFIs are chosen to have loans sanctioned under RMK that have proven their capacity to disburse and repay. In turn, these organisations further lend to poor women in informal sectors who otherwise struggle to access credit. RMK conducts monitoring of loans at both pre and post sanction phase, and additionally provides training to the borrowing organisations to aid SHGs, through RMK resource centres.

The Ministry of Women and Child Development allocates funds to RMK through a corpus.<sup>108</sup> At the end of FY 2017-18, the total corpus fund of RMK was Rs. 284 crores, of which Rs. 100 crores was the main corpus, with reserves and surpluses to the tune of Rs. 184 crores.

While RMK has been around since 1993, its performance has fluctuated. The number of beneficiaries as well as the loans disbursed under the scheme has been on a decline in recent years.<sup>109</sup>

*Table: Progress of RMK over the years*

<b>Year</b>	<b>Loan sanctioned (in lakhs)</b>	<b>Loan disbursed (in lakhs)</b>	<b>No. of new NGOs</b>	<b>No. of new SHGs</b>	<b>No. of women beneficiaries</b>
2010-11	1,278	1,249.15	22	1,336	13,362
2011-12	1,985	1,631	22	1,818	1,812
2012-13	2,258	1,849	15	2,147	21,465
2013-14	1,029.2	1,242.6	9	800	8,080
2014-15	*	334	*	*	*
2015-16	*	*	*	*	*
2016-17	*	55	*	*	*

<sup>105</sup> Annual Report of Ministry of MSME, 2017-18, <https://msme.gov.in/sites/default/files/MSME-AR-2017-18-Eng.pdf>;

<sup>106</sup> Annual Report of Ministry of MSME, <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

<sup>107</sup> Introduction to Rashtriya Mahila Kosh, RMK website, <https://rmk.nic.in/introduction-0>

<sup>108</sup> Statement referred to in reply to \*Starred Question 205, Lok Sabha, Ministry of Women and Child Development, <http://loksabha.nic.in/Questions/QResult15.aspx?qref=63923&lsno=16>

<sup>109</sup> Website of Rashtriya Mahila Kosh, <https://rmk.nic.in/cumulative-and-year-wise-achievement-up-to-31032019-rs-lakh>

2017-18	653	117.50	12	291	2,915
2018-19	475	766.50	6	219	2,199

\*Information unavailable

### Mahila E-Haat

Mahila E-haat is a 2016 initiative financed under RMK. It was conceptualized to be a direct e-marketing platform to support and empower women entrepreneurs and women SHGs or NGOs, by helping sell their products and showcase their services. As a facilitating platform, it connects and enables entrepreneurs to sell products across 18 categories. To enable sale, the product along with their photographs, descriptions, costs and mobile number/address of the producers are prominently displayed on the E-Haat portal.

The platform does not charge vendors for displaying their wares, and is financed in entirety by the RMK, with the 2019-20 budget setting aside Rs. 1 lakh for its functioning. An analysis of the expenditure shows that money has mostly been spent towards generating awareness, and capacity building workshops.<sup>110</sup>

*Challenges:* While a well-intentioned initiative, the portal fares poorly when compared to those maintained by retail giants like Amazon and Flipkart. The content on the [portal](#) lacks adequate product detail and the portal itself is clunky and hard to navigate. In 2019, the portal hosted a total of 629 vendors from different parts of the country showcasing over 7,000 products and services.<sup>111</sup> In contrast, portals like Amazon India have over 5.5 lakh vendors offering just as many products. Since its launch in 2016, the portal has only been visited by 22,91,471 visitors (as on 12/1/2020),<sup>112</sup> whereas leading retail portals like Amazon (India), see around 322 million visitors every six months.

While attempts were made by the government to arrest the decline in loans disbursed through the revision of RMK loan guidelines between 2016 and 2018, this did not solve the problem entirely. The 310<sup>th</sup> Report of the Standing Committee on Human Resource Development noted<sup>113</sup> that RMK remained poorly staffed, with 21 vacancies among 37 sanctioned posts. The Committee also noted that there were numerous cases of bad loans plaguing the program, and there was a need for the government to consider the possibility of reviving enterprises in cases of bad loans. Most importantly, the Committee noted that for a scheme/program that had been active since 1993, the government had not conducted any impact assessment of its functioning as of 2019.

## 6) A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)

ASPIRE was launched in 2015, with an aim of setting up a network of incubation centres to boost entrepreneurship in the country. As a scheme, ASPIRE aims to provide the necessary skills, facilitate market linkages, and offer handholding to ensure sustainability. The planned outcomes of ASPIRE include setting up Technology Business Incubators (TBI), Livelihood Business Incubators (LBI) and creation of a Fund of Funds for such initiatives with the Small Industries Development Bank of India (SIDBI).

The LBI programme is implemented through the National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC), the Coir Board and other institutions/agencies of the government, and seeks to pursue live demo projects. TBIs, on the other hand, are set up primarily in and around academic and technical institutions to tap potential

<sup>110</sup> Statement Referred In Reply to Lok Sabha Unstarred Question no. 2022 for answer on 29th, November 2019, <http://164.100.24.220/loksabhaquestions/annex/172/AU2022.pdf>

<sup>111</sup> Annual Report, Ministry of Women and Child Development, <https://wcd.nic.in/sites/default/files/WCD%20ENGLISH%202018-19.pdf>

<sup>112</sup> Website of e-Haat, <http://mahilaehaat-rmk.gov.in/en/about-e-haat/>

<sup>113</sup> Report of the Standing Committee on HRD, Rajya Sabha, [https://rajyasabha.nic.in/rsnew/Committee\\_site/Committee\\_File/ReportFile/16/123/310\\_2019\\_9\\_15.pdf](https://rajyasabha.nic.in/rsnew/Committee_site/Committee_File/ReportFile/16/123/310_2019_9_15.pdf)

technology ideas for enterprise creation. Both kinds also allow for private enterprises and institutions to set up incubation centres under PPP mode. A Fund of Funds of Rs. 60 crore was set up in 2016 to incubate projects across incubators.<sup>114</sup>

Proposals to set up any sort of incubation centre(s) are sent to the Steering Committee under the ASPIRE scheme. Once accepted, the incubators are launched and closely scrutinised by the monitoring agency of the scheme. The scheme has set up incubators with companies and organisations such as Sobhit University (Uttar Pradesh), Laghu Udyog Nigam Ltd. (Madhya Pradesh), Khadi Board (Mizoram), Institute of Entrepreneurship Development (Odisha), etc.<sup>115</sup> As of 2018 November, 20,727 proposals had been incubated, with an expenditure of Rs. 29.91 crores.<sup>116</sup>

Budgetary allocations under ASPIRE have seen wide fluctuations, as can be seen below.

*Table: Year-wise budget allocation to ASPIRE<sup>117</sup>*

<b>Year</b>	<b>Budget allocated (Rs. in cr)</b>
2015-16	210
2016-17	100
2017-18	48
2018-19	224
2019-20	50

The highest allocation that the scheme received was in 2018-19, where it was provided Rs. 224 crore. However, this decreased to just Rs. 50 crore in 2019-20. The scheme did find a mention in the Finance Minister's Budget speech that year along with a reference to plans of consolidating the work under the scheme.

*Table: LBIs and TBIs approved over the years.*

<b>Year</b>	<b>Final Approved LBIs (incl. KVIC, PPP &amp; NSIC)</b>	<b>Final Approved TBIs</b>
2015-16	21	2
2016-17	27	3
2017-18	11	3
2018-19	15	3
<i>Total</i>	<i>74</i>	<i>11</i>

Though the scheme is listed as a flagship program, the progress of the scheme is hard to measure. Some years have seen a larger number of incubators approved as opposed to others.<sup>118</sup> Also, some states have been granted multiple incubators, but others do not seem to have even one. For instance, Uttar Pradesh has the highest number of incubators (12 incubators), whereas 9 states ranging from Gujarat to Haryana, West Bengal, Jammu & Kashmir as well as a few North Eastern states do not have even a single incubator.<sup>119</sup>

<sup>114</sup> Launch of ASPIRE Fund, Website of the Ministry of MSME [https://aspire.msme.gov.in/WriteReadData/DocumentFile/Launch\\_of\\_ASPIRE\\_Fund.pdf](https://aspire.msme.gov.in/WriteReadData/DocumentFile/Launch_of_ASPIRE_Fund.pdf);

<sup>115</sup> Website of Ministry of MSME, [https://aspire.msme.gov.in/Map/UA\\_IndiaMap.aspx](https://aspire.msme.gov.in/Map/UA_IndiaMap.aspx)

<sup>116</sup> Statement Referred In Reply to Lok Sabha Unstarred Question no. 2283 for answer on 24th December, 2018, <http://164.100.24.220/loksabhaquestions/annex/16/AU2283.pdf>

<sup>117</sup> Expenditure Budget, Ministry of Finance, Government of India, <https://www.indiabudget.gov.in>

<sup>118</sup> LBI/TBI details, ASPIRE MIS, Website of the Ministry of MSME, <https://aspire.msme.gov.in/ASPIRE/Reports/ShowDPRLList.aspx>

<sup>119</sup> Website of the Ministry of MSME, [https://aspire.msme.gov.in/Map/UA\\_IndiaMap.aspx](https://aspire.msme.gov.in/Map/UA_IndiaMap.aspx)



Furthermore, there is greater prevalence of LBIs across states (incubating projects ranging from tea stalls to candle making), with many states having at least 1 approved LBI, but this is not the case with TBIs which seem to be confined to Karnataka, Telangana, Tamil Nadu, Maharashtra and UP.<sup>120</sup>

## 7) Stand Up India

The Stand Up India Scheme was introduced by the Ministry of Finance in 2016, to cater to the economically disadvantaged in India - the Scheduled Caste (SC), the Scheduled Tribe (ST), and women – with the aim of aiding entrepreneurs among them.

The scheme seeks to specifically target non-farm entrepreneurship. It does this by facilitating bank loans between Rs. 10 lakhs to Rs. 1 crore per bank branch to at least 1 SC/ST borrower and 1 woman borrower to set up greenfield enterprises in the manufacturing, services or trading sectors.<sup>121</sup> Loans are offered to both individuals and institutions. In the case of institutions, at least 51% of the shareholding and controlling stake should be held by either an SC, ST or woman entrepreneur.

Once applicants apply for a loan, they are connected to the Lead District Managers (LDMs) or to Connect Centres, which work as handholding agencies. The handholding agencies then connect the applicants with banks. The sanctioned composite loan covers 75% of the total project cost inclusive of term loan and working capital. The remaining 25% comes in as ‘margin money’ provided in convergence with central/state schemes, and a 10% contribution from the applicant.

With an ambitious target of creating 2.5 lakh entrepreneurs (via 2 loans each from 1.25 lakh bank branches),<sup>122</sup> the scheme was positioned as one that would help turn job seekers into job creators. As of December 2019, the collective number of beneficiaries under the scheme were higher than 80,000.<sup>123</sup> Women have tended to be the largest segment of beneficiaries, as can be seen from the table below:

*Table: Year-wise number of beneficiaries under Stand Up India<sup>124</sup>*

Year	No. of beneficiaries			
	SCs	ST	Women	Total
2016-17	2,625	731	12,262	15,618 <sup>125</sup>
2017-18	7,086	2,162	41,639	50,887 <sup>126</sup>
2018-19	10,451	3,103	5,942	72,983 <sup>127</sup>
2019-20	*	*	*	80,002 (as of Dec, 2019) <sup>128</sup>

\*Information unavailable

### Challenges:

- **Targeted beneficiaries:** Given that the minimum loan amount under the scheme is Rs. 10 lakhs, the scheme happens to cater to a specific economic class of entrepreneurs. Women who wish to start small businesses with seed amount less than Rs. 10 lakhs, cannot avail the scheme.

<sup>120</sup> Statement Referred In Reply to Lok Sabha Unstarred Questionno. 1407 for answer on 5th March, 2018, available at <http://164.100.24.220/loksabhaquestions/annex/14/AU1407.pdf>;

<sup>121</sup> Scheme Features, <https://www.standupmitra.in/Home/SUISchemes>

<sup>122</sup> PM Narendra Modi launches Stand up India to promote financial inclusion, Business Today, 6th April, 2016, <https://www.businesstoday.in/current/policy/pm-narendra-modi-launches-stand-up-india-to-promote-financial-inclusion/story/230837.html>;

<sup>123</sup> Statement Referred In Reply To Lok Sabha Starred Question No. \*293 for answer on 9th December, 2019, tabled By Shri Basanta Kumar Panda, regarding Stand Up India Scheme, <http://164.100.24.220/loksabhaquestions/annex/172/AS293.pdf>;

<sup>124</sup> Expenditure Budget, Ministry of Finance, Government of India, <https://www.indiabudget.gov.in/>

<sup>125</sup> Annual Report, Ministry of Finance, <https://dea.gov.in/sites/default/files/Annual%20Report-2016-17-E.pdf>

<sup>126</sup> Annual Report, Ministry of Finance, <https://dea.gov.in/sites/default/files/Final%20Annual%20Report%20English.pdf>

<sup>127</sup> Annual Report, Ministry of Finance, [https://dea.gov.in/sites/default/files/Annual%20Report%202018-19\\_0.pdf](https://dea.gov.in/sites/default/files/Annual%20Report%202018-19_0.pdf)

<sup>128</sup> Statement Referred In Reply To Lok Sabha Starred Question No. \*293 for answer on 9th December, 2019, tabled By Shri Basanta Kumar Panda, regarding Stand Up India Scheme, <http://164.100.24.220/loksabhaquestions/annex/172/AS293.pdf>;



- State disparity: Uttar Pradesh, Tamil Nadu, Gujarat, Maharashtra, Telangana and Andhra Pradesh together have received over 50% of the total loans sanctioned under the scheme up until December 2019.<sup>129</sup>
- Performance lag:
  - An RTI filed by Indian Express revealed that as of September 2017, only 6% of the bank branches had provided loans to SC or ST individuals.<sup>130</sup> For the same time period, loans worth Rs. 8,803 crores had been sanctioned, while only Rs. 4,852 crores had been disbursed. Reports from Maharashtra in 2018 also suggest that most of the borrowers have tended to be from urban areas.<sup>131</sup> There were in fact districts which had significant SC/ST populations where not even a single loan was disbursed.<sup>132</sup>
  - Government data from December 2018 also reveals that while public banks and branches of Scheduled Commercial Banks (SCBs) have been progressively extending loans under the Scheme, certain Private Scheduled Commercial Banks, Scheduled Small Finance Banks, Foreign Banks and Regional Rural Banks (RRB) have not reported any loans extended by them.<sup>133</sup> Whether it is because loans have not been disbursed at all, or because there is a lag in reporting is not clear.

Overall, as a scheme, Stand-Up India certainly has a lot of potential, particularly because of the specific beneficiary segment it targets. However, Stand-Up India continues to be plagued by many of the same challenges that cause these segments of the population to be left out when it comes to normal credit dispersion. For instance, private banks have cited requirements of handholding support, limited availability of viable business proposals of requisite size in rural and semi urban areas, inability of borrowers to arrange for margin money as reasons why loan dispersals have been low.<sup>134</sup> However, some activists have complained of prejudices in lending to Dalit and tribal entrepreneurs, questioning their repayment capacity even though collateral security by the union government is a part of the scheme.<sup>135</sup>

## 8) Scheme for Micro & Small Enterprises Cluster Development Programme (MSE-CPD)

A cluster is understood by the Ministry of MSME as “group of enterprises located within an identifiable and as far as practicable, contiguous area and producing same/similar products/services.” Enterprises in a cluster usually have similar methods of production and marketing, and thus are likely to face similar issues and challenges. With this understanding, the government created the ‘Micro and Small Enterprises – Cluster Development Programme (CDP)’ in 2007.<sup>136</sup>

The primary objective of the CDP is to support micro and small enterprises by addressing common issues such as access to capital, improved technology, quality of skills, and markets, and to set up common facilities (for testing, training, raw material depots, effluent treatment, etc.). Some clusters under the scheme include the auto cluster in Karnataka, a rice mill cluster in Tamil Nadu, a textile cluster in Maharashtra and a honey processing cluster in West Bengal.

The nature of assistance is briefly summarised below:

<sup>129</sup> Radheshyam Jadhav, Stand Up India: Six States get 50% of loan amounts sanctioned under the scheme, The Hindu BusinessLine, 10th December, 2019, <https://www.thehindubusinessline.com/economy/stand-up-india-six-states-get-50-of-loan-amounts-sanctioned-under-the-scheme/article30269976.ece>;

<sup>130</sup> Are banks really giving out loans under Stand-up India scheme?, The Wire, <https://thewire.in/government/stand-up-india-loans>

<sup>131</sup> Manasi Phadke, Two years on, Modi's 'Stand-Up India' is still on its knees in Maharashtra, 12th March, 2018, The Print, <https://theprint.in/india/governance/two-years-on-modis-stand-up-india-is-still-on-its-knees-in-maharashtra/39925/>;

<sup>132</sup> Manasi Phadke, Two years on, Modi's 'Stand-Up India' is still on its knees in Maharashtra, 12th March, 2018, The Print, <https://theprint.in/india/governance/two-years-on-modis-stand-up-india-is-still-on-its-knees-in-maharashtra/39925/>;

<sup>133</sup> Statement Referred In Reply To Lok Sabha untarred Question No. \*803 as answered on 14th December, 2018, tabled by Ravindra Kumar Pandey, regarding Stand Up India Scheme, <http://164.100.24.220/loksabhaquestions/annex/16/AU803.pdf>;

<sup>134</sup> Statement Referred In Reply To Lok Sabha untarred Question No. \*803 as answered on 14th December, 2018, tabled by Ravindra Kumar Pandey, regarding Stand Up India Scheme, <http://164.100.24.220/loksabhaquestions/annex/16/AU803.pdf>;

<sup>135</sup> Manasi Phadke, Two years on, Modi's 'Stand-Up India' is still on its knees in Maharashtra, 12th March, 2018, The Print, <https://theprint.in/india/governance/two-years-on-modis-stand-up-india-is-still-on-its-knees-in-maharashtra/39925/>;

<sup>136</sup> Modified guidelines of MSE-CDP, [https://msme.gov.in/sites/default/files/ModifiedGuidelinesofMSE\\_0.pdf](https://msme.gov.in/sites/default/files/ModifiedGuidelinesofMSE_0.pdf)

- **Common Facility Centres (CFC):** To set up these facilities, the government grant is restricted to 70% of the cost of the project, up to a limit of Rs. 15 crore. Clusters where more than 50% of enterprises are micro, rural, or owned by women or by SC/ST entrepreneurs, receive up to 90% of the cost of the project from the government.
- **Infrastructure Development:** The government provides a grant of up to Rs. 10 crore for setting up infrastructural facilities like power distribution networks, water, telecommunication, drainage, roads etc. However, this grant is restricted to 60% of the cost of the project, unless such clusters have more than 50% of enterprises that are micro, rural, or owned by women or by SC/ST entrepreneurs, in which case this amount goes up to 80%.
- **Marketing Hubs:** This aspect of the grant, borne by the central government is restricted to 60% of the cost of project and 80% for Associations of Women Entrepreneurs. The remaining project cost may be borne by the state government.

In terms of implementation, the Ministry of MSME has supported over 1,000 interventions under the scheme, including 68 CFCs and 135 infrastructural development projects.<sup>137</sup> The progress of the scheme is shown in the table below:

*Table: Progress of MSE-CDP through the years*

<b>Year</b>	<b>Budget Allocations (cr)</b>	<b>Clusters completed by year</b>
2014-15	84.6 <sup>138</sup>	*
2015-16	102 <sup>139</sup>	*
2016-17	135 <sup>140</sup>	5
2017-18	184 <sup>141</sup>	13
2018-19	173.40 <sup>142</sup>	17
2019-20	227.9 (estimates) <sup>143</sup>	*

\*Information unavailable

According to information provided by the government in Parliament, many clusters such as Narasapuram's Lace Cluster in Andhra Pradesh, the Handloom Weaving Cluster in Karnataka, etc. have all developed thanks to upgradations possible under this scheme,<sup>144</sup> with some of them, such as the former being a woman entrepreneur-driven one.<sup>145</sup> However, despite the scheme's long existence, there is no publicly available evaluation of the scheme. Therefore, it is hard to determine its exact on-ground impact, as well as its possible successes and limitations, particularly with respect to women beneficiaries.

## 9) Pradhan Mantri Mudra (Micro Units Development & Refinance Agency) Yojana

The Pradhan Mantri MUDRA Yojana (PMMY) was launched on 8<sup>th</sup> April 2015 as a Central Sector Scheme. PMMY aims to increase the last mile delivery of institutional finance and support micro-enterprises by offering funding support without collateral. To support loan disbursement by financial institutions, and to cover their risk from the lack of collateral, MUDRA provides a refinancing option and credit guarantee to the loan portfolio.<sup>146</sup>

<sup>137</sup> Cluster Development Program, Infrastructure Development Program, Ministry of MSME, <https://msme.gov.in/schemes/infrastructure-development-program>;

<sup>138</sup> Cluster Development Program, Infrastructure Development Program, Ministry of MSME, <https://msme.gov.in/schemes/infrastructure-development-program>

<sup>139</sup> Cluster Development Program, Infrastructure Development Program, Ministry of MSME, <https://msme.gov.in/schemes/infrastructure-development-program>

<sup>140</sup> Cluster Development Program, Infrastructure Development Program, Ministry of MSME, <https://msme.gov.in/schemes/infrastructure-development-program>

<sup>141</sup> Annual Report 2017-18, Ministry of MSME, <https://msme.gov.in/sites/default/files/MSME-AR-2017-18-Eng.pdf>;

<sup>142</sup> Annual Report 2018-19, Ministry of MSME <https://msme.gov.in/sites/default/files/Annualrprt.pdf>;

<sup>143</sup> MSE-CDP under MSME Ministry develops 35 clusters between 2015 to 2019: Nitin Gadkari, KNN (29th November, 2019),

<https://knnindia.co.in/news/newsdetails/msme/mse-cdp-under-msme-ministry-develops-35-clusters-between-2015-to-2019-nitin-gadkari>;

<sup>144</sup> List of the Diagnostic Study Report (DSR) taken under MSE-CDP, Ministry of MSME, <http://www.dcmsme.gov.in/DSR-Website%20update%2030.01.13.pdf>;

<sup>145</sup> Godavari Delta Women Lace Artisans Cooperative Ltd, [http://gdwlace.com/lace/001/?afg17\\_page\\_id=2#afg-17](http://gdwlace.com/lace/001/?afg17_page_id=2#afg-17);

<sup>146</sup> Offerings, Website of MUDRA, <https://mudra.org.in/Offerings>

Loan disbursement under the scheme is categorized in 3 product offerings – Shishu (covering loans upto Rs. 50,000), Kishor (covering loans above Rs. 50,000/- and upto Rs. 5 lakh) and Tarun (covering loans above Rs. 5 lakh and upto Rs. 10 lakh).<sup>147</sup> To avail the loan, an eligible borrower needs to prepare a business plan and approach the nearby MUDRA empanelled financial institutions such as banks, MFIs, non-banking finance companies (NBFCs). To encourage lending to women entrepreneurs financial institutions are offered an interest rate reduction of 25 bps.<sup>148</sup>

As per data released by the government, roughly 60-80% of the accounts that have been provided with MUDRA loans are said to belong to women entrepreneurs.<sup>149</sup> These accounts constitute 40-48% of the total disbursed amount. Interestingly, most loans disbursed to women are of the “Shishu” category (loans up to Rs. 50,000).<sup>150</sup>

FY	Total (Details in #s; Amts. In Crores)			Women Entrepreneurs (Details in #s; Amts. In Crores)			Women Entrepreneurs (Details in %)		
	No. of A/Cs	Sanctioned Amt.	Disbursed Amt.	No. of A/Cs	Sanctioned Amt.	Disbursed Amt.	A/Cs	Sanctioned Amt.	Disbursed Amt.
2015-16	3.4 cr	137,449	132,955	2.7 cr	82,184	63,190	79%	60%	48%
2016-17	3.9 cr	180,528	175,312	2.9 cr	80,289	78,249	73%	44%	45%
2017-18	4.8 cr	253,677	246,437	3.3 cr	103,254	100,171	70%	41%	41%
2018-19	5.9 cr	321,723	311,811	3.7 cr	133,034	129,153	62%	41%	41%

While the government has commissioned an impact assessment of PMMY, the study is likely to take over three years to complete. Meanwhile, an independent assessment has been conducted by the Public Policy Research Centre (PPRC) in Delhi NCR.<sup>151</sup> According to this study - while PMMY has been able to increase access to formal credit and loans have helped expand existing businesses with many supporting new ones, the absence of credit histories and lack of collaterals makes the scheme administratively expensive to implement. This poses a potential risk in the form of increased NPAs.

While the verdict on the effectiveness of the scheme is still awaited, MUDRA can be an important platform for women entrepreneurs to access formal credit. In fact, in the 2019 budget, the government announced that one woman in every SHG will be eligible for a loan up to Rs. 1 lakh under the MUDRA Scheme.<sup>152</sup>

## Comparative Analysis – what has worked in other places?

International Labour Organisation (ILO) Study: To be effective, development interventions for women entrepreneurs must focus on the need for long-term handholding and support to enterprises

In 2014, the International Labour Organisation (ILO) commissioned a report to understand the ‘Effectiveness of Entrepreneurship development interventions on Women Entrepreneurs’.<sup>153</sup> A follow-up report was published in 2018. These reports found that access to finance for women-led SMEs had little impact, and highlighted the need for long-term handholding and support to enterprises. Based on a review of evidence generated since 2014, the ILO made the following observations for policy interventions:

<sup>147</sup> Offerings, Website of MUDRA, <https://mudra.org.in/Offerings>

<sup>148</sup> Master Circular – Lead Bank Scheme, Reserve Bank Of India, 1/07/2018, <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11321&Mode=0>

<sup>149</sup> PMMY Reports, Website of MUDRA, <https://mudra.org.in/Home/ShowPDF>

<sup>150</sup> How Many Jobs Are Really Being Created by the Govt's Mudra Scheme, The Wire, 2018, <https://thewire.in/labour/modi-mudra-loan-scheme-jobcreation-reality>

<sup>151</sup> PMMY: Impact Assessment Study in Delhi NCT, Public Policy Research Centre, 06/2018,

<http://pprc.in/upload/6246Impact%20Study%20of%20Mudra%20Yojana.pdf>

<sup>152</sup> Budget Speech 2019-20, Ministry of Finance, Government of India, <http://www.cbgaindia.org/wp-content/uploads/2019/07/Budget-Speech-2019-20.pdf>

<sup>153</sup> Entrepreneurship development interventions for women entrepreneurs: An update on what works, ILO, [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---ifp\\_seed/documents/briefingnote/wcms\\_616805.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/briefingnote/wcms_616805.pdf)

- While providing and increasing access to finance and networks is a starting step, interventions must go beyond these provisions, which reduce and eliminate dependencies and minimise risk through incentive structures.
- External factors such as the mobility of women and care responsibilities must be taken into account while formulating interventions, especially those revolving around training and workshop sessions targeted at women.
- While a significant portion of women engage in employment in the agriculture sector, interventions encouraging employment in non-traditional sectors must also be encouraged through government policies.

It is interesting that the ILO study draws attention to external factors and to the need for studying the impact of women entrepreneurship on other actors (say, the men in the household or the community at large), as the change in how these actors perceive women entrepreneurship and employment can play a critical role in sustaining any women-led activity.

### Global Examples of Women Entrepreneurship Interventions

With growing recognition of entrepreneurship as an important economic activity and a source of economic growth, has come the acknowledgement that women entrepreneurs form an almost negligible percentage of all entrepreneurs. Countries and governments across the world have thus made various attempts to redress this problem through policies, laws and other interventions. Many of these interventions are common across countries, and have already been replicated in India, though success levels vary depending on external conditions such as the socio-economic and cultural landscape, the existing legal system, etc. Also, owing to barriers relating to access to documentation and language, there is sometimes limited literature available on whether these interventions have been successful, particularly with respect to their impact on increasing the number of women entrepreneurs, or broadly, bringing more women into the workforce.

Nonetheless, this section briefly looks at three prominent global examples in this area from countries that share close resemblance to India in terms of development or whose levels of women entrepreneurship mirrors ours, in an attempt to glean learnings which could be transplanted into the Indian context.

#### 1. *Bangladesh: Providing women with channels to access credit*

Though women in Bangladesh have progressed notably in terms of their participation in the labour force (from 15.8% in 1995-96 to 35.6% in 2016),<sup>154</sup> they remain a minority as owners in the SME space. As of 2018, Bangladesh had nearly 1.5 million small and medium-sized enterprises, of which less than 10% were owned by women.<sup>155</sup> Of these, the majority are micro in size and based in rural areas.<sup>156</sup> Traditionally, Bangladeshi women have suffered from gender and social barriers that have prevented them from growing in the entrepreneurial space. Even where they have been able to overcome social barriers, lack of access to finance has continued to plague their efforts. As per a 2018 Asia Foundation study, women received a mere 3.5% of total loans in 2009.<sup>157</sup> Absence of collateral in their own name as well as regressive social customs that often require women to have a male guarantor, impede their access to credit/formal finance.

Aware of these issues, the Government of Bangladesh has made concerted efforts over the last decade. For instance, the state's "National Strategy for Accelerated Poverty Reduction II (revised) FY 2009-2011"<sup>158</sup> included measures for improving financial access, marketing and skilling for women entrepreneurs and has also addressed the broader agenda of increasing women's participation in the workforce. In line with this, the government has pursued a number of programmes and projects seeking to further women entrepreneurs' access to credit. One such initiative was a loan agreement signed in 2009 with ADB

<sup>154</sup> Women entrepreneurs in SMEs: Bangladesh perspective, [https://bids.org.bd/uploads/events/almanac2018/TS-2\\_P-3.pdf](https://bids.org.bd/uploads/events/almanac2018/TS-2_P-3.pdf)

<sup>155</sup> Emerging lessons on women's entrepreneurship in Asia and Pacific, Asian Development Bank, <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>

<sup>156</sup> Emerging lessons on women's entrepreneurship in Asia and Pacific, Asian Development Bank, <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>

<sup>157</sup> Emerging lessons on women's entrepreneurship in Asia and Pacific, Asian Development Bank, <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>

<sup>158</sup> National Strategy for Accelerated Poverty Reduction II (revised) FY 2009-2011, <https://www.imf.org/external/pubs/ft/scr/2012/cr12293.pdf>

for the Small and Medium-Sized Enterprise Development Project, which financed SMEs outside the metropolitan areas of Dhaka and Chittagong.<sup>159</sup> By requiring that a certain set percentage (15%) of funds be mandatorily allocated to women, and by creating a grant for developing the capacity of women to qualify for the funds, they were able to encourage a better level of uptake by women;<sup>160</sup> the number of successful women entrepreneurs applying for loans increased from 13,831 in 2010 to 42,730 in 2014, showcasing an average growth rate of 32.6% per year.<sup>161</sup> This also provided inspiration for a few spin-off projects, including the most recent one where ADB has set aside a USD 200 million credit facility for SMEs of which USD20 million has been specifically made available for SMEs headed by women.<sup>162</sup>

Yet another similar but more recent initiative of which Bangladesh has been a beneficiary, is the “Inclusive and Equitable Local Development Programme (IELD)”, a multi-country joint initiative of UNCDF, UNDP and UN Women and funded by the Government of Sweden.<sup>163</sup> The programme, piloted in 2017 in Bangladesh, helps women overcome roadblocks relating to mobility and credit access by fostering local public and private investments in women-led enterprises and small businesses that benefit women as well as their communities.<sup>164</sup> Though currently on-going, the programme has seen some small wins, with the enterprises supported by it generating further women-oriented employment.<sup>165</sup> All these have clearly borne results as Bangladesh has come out on top of all South Asian countries in recent *Global Gender Gap Reports* for its work towards improving gender equality.<sup>166</sup>

India’s work in improving credit access to women entrepreneurs, both those from the general category, and those who might be further disadvantaged due to caste or religion, through schemes like RMK, Stand-Up India, and others mirror Bangladesh’s efforts. While these schemes do show uptake among women entrepreneurs, particularly general category women, there is a need to aid first-time entrepreneurs and those who are further economically and socially disadvantaged through capacity building and handholding, as is seen from the Bangladesh example.

## 2. *Malaysia: Mentoring Women in Business Programme*

In Malaysia, women-owned businesses constitute 20.6% of the total 907,065 SMEs in Malaysia. Of this figure, 97.2% of the women are in the services sector.<sup>167</sup> Gender inequalities and social norms continue to plague Malaysian women entrepreneurs, impacting their access to credit and support systems. Aware of this, Malaysia reached out to the Cherie Blair Foundation for Women (CBFW) in 2012 to launch a pilot of their “Mentoring Women in Business Programme”.<sup>168</sup> The programme had been curated in 2010 by CBFW with the intent of offering an innovative solution that combines mentoring with technology to offer cross-border support to women entrepreneurs.<sup>169</sup>

Through the program, women participants were engaged and trained, post which they were connected to business professionals around the world through the use of technology.<sup>170</sup> Training was conducted over Google and mentees were given opportunities to attend webinars on business and inspirational topics, as well as in-person events.<sup>171</sup> As of July 2015, 200 women entrepreneurs had completed the training, and been matched with a mentor. Feedback revealed that as a result of the

<sup>159</sup> Gender equality results case study of Bangladesh, Cornell University, <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1459&context=intl>

<sup>160</sup> Gender equality results case study of Bangladesh, Cornell University, <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1459&context=intl>

<sup>161</sup> Emerging lessons on women’s entrepreneurship in Asia and Pacific, Asian Development Bank, <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>

<sup>162</sup> Gender equality results case study of Bangladesh, Cornell University, <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1459&context=intl>

<sup>163</sup> Growing women entrepreneurship in Bangladesh, UN Women, <https://www.unwomen.org/en/news/stories/2019/10/feature-bangladesh-women-entrepreneurs>;

<sup>164</sup> <https://www.uncdf.org/ield/homepage>

<sup>165</sup> Growing women entrepreneurship in Bangladesh, UN Women, <https://www.unwomen.org/en/news/stories/2019/10/feature-bangladesh-women-entrepreneurs>

<sup>166</sup> Global Gender Gap Report, 2017, World Economic Forum, [http://www3.weforum.org/docs/WEF\\_GGGR\\_2017.pdf](http://www3.weforum.org/docs/WEF_GGGR_2017.pdf)

<sup>167</sup> What are the business opportunities from Malaysia’s budget 2020? Mastery Asia, <https://www.masteryasia.com/business-opportunities-malaysia-budget-2020/>;

<sup>168</sup> Strengthening women entrepreneurship in ASEAN, OECD, [https://www.oecd.org/southeast-asia/regional-programme/Strengthening\\_Womens\\_Entrepreneurship\\_ASEAN.pdf](https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf);

<sup>169</sup> Mentoring women in business programs, Cherie Blair Foundation for Women, <https://cherieblairfoundation.org/programmes/mentoring/>;

<sup>170</sup> Mentoring women in business, Qualcomm Research, <https://www.qualcomm.com/media/documents/files/malaysia-mentoring-women-in-business.pdf>

<sup>171</sup> Strengthening women entrepreneurship in ASEAN, OECD, [https://www.oecd.org/southeast-asia/regional-programme/Strengthening\\_Womens\\_Entrepreneurship\\_ASEAN.pdf](https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf)



pre-programme training, 98% of mentees improved their ICT skills and 97% improved their English skills.<sup>172</sup> More importantly, over 90% revealed that they had found new markets and built networks, while over 75% had increased access to funding options and 68% had expanded their online footprint.<sup>173</sup>

Women's access to business networks tends to lag behind men's, thus limiting their opportunities to learn from the experience of others, develop useful business contacts, and gain market information. Thus, though the sample size of this intervention remained small, and it was tested out as a pilot, the program was found to have improved the self-confidence of the women participants, while improving their entrepreneurial potential.

India does not have a singular mentorship and capacity building programme for women, though components of skilling and mobilization are covered through programs such as PMKVY, STEP (in skilling), and NRLM (mobilization). Mentorship and handholding are important for all women who seek entry into the workforce, and especially for entrepreneurship. Therefore, India's skilling and training schemes must make every effort to incorporate a mentorship component in their curriculum, and overlay that with a gender lens, so as to help disadvantaged women tap their potential.

### 3. *Cambodia: Combining Advocacy with Capacity Building*

SMEs remain a vital aspect of Cambodia's economy. According to the 2011 Economic Census, SMEs were the dominant type of establishment occupying over 99% of the overall industry, across sectors.<sup>174</sup> In Cambodia, 65% of SMEs are classified as "women-led," (of which a majority are micro enterprises).<sup>175</sup> However, women own only one-third of all registered businesses, and less than 1% of businesses with more than 10 employees.<sup>176</sup>

To impart entrepreneurial skills training and business development services to women, the Ministry of Women's Affairs led the development of the Cambodian Women Entrepreneur Association (CWEA) in 2011.<sup>177</sup> CWEA provides a platform to its 300+ women entrepreneur members to work together to draw the attention of the government, the business community, and the media towards their concerns. It also works towards enhancing their capacity through training, technical support, etc. Since its inception, CWEA has successfully pushed reform in some key areas, such as the opening of a one-window service for new business registration, and in negotiating a deal between its members and a commercial bank (Mega Bank) to reduce annual interest rates on loans from the original 9% to approximately 6%, applicable to loans between USD 50,000 and USD one million.<sup>178</sup>

Often, trainings for entrepreneurs focus on HR, logistics, market linkages, credit and skilling, while ignoring advocacy. Therefore, Cambodia's example offers lessons on why, regardless of the diverse nature of entrepreneurial activities, it is important to leverage common platforms to come together to work on influencing priorities. It also highlights the importance of mobilizing together - which is often the first strategy in poverty alleviation programs in rural areas, yet becomes scarcer in suburban entrepreneurial activities.

While India's strategy leverages some of these aspects through initiatives such as the Women Entrepreneurship Platform (WEP) - a first of its kind, unified access portal intended to support women from different parts of India in realizing their

<sup>172</sup> Mentoring women in business, Qualcomm Research, <https://www.qualcomm.com/media/documents/files/malaysia-mentoring-women-in-business.pdf>

<sup>173</sup> Strengthening women entrepreneurship in ASEAN, OECD, [https://www.oecd.org/southeast-asia/regional-programme/Strengthening\\_Womens\\_Entrepreneurship\\_ASEAN.pdf](https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf)

<sup>174</sup> Project for strategic strengthening of SME support system in Cambodia, Japan International Cooperation Agency, [http://open\\_jicareport.jica.go.jp/pdf/12245049\\_01.pdf](http://open_jicareport.jica.go.jp/pdf/12245049_01.pdf)

<sup>175</sup> Women entrepreneurship: Lessons and good practice, UNESCAP, <https://www.unescap.org/sites/default/files/ASEAN%20women%E2%80%99s%20entrepreneurship%20case%20studies.pdf>

<sup>176</sup> Organisation for Economic Co-operation and Development (OECD) and Association of Southeast Asian Nations (ASEAN). 2017. Strengthening Women's Entrepreneurship in ASEAN: Towards Increasing Women's Participation in Economic Activity. Paris: OECD. [https://www.oecd.org/southeast-asia/regional-programme/Strengthening\\_Womens\\_Entrepreneurship\\_ASEAN.pdf](https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf)

<sup>177</sup> Women entrepreneurship: Lessons and good practice, UNESCAP, <https://www.unescap.org/sites/default/files/ASEAN%20women%E2%80%99s%20entrepreneurship%20case%20studies.pdf>

<sup>178</sup> Women entrepreneurship: Lessons and good practice, UNESCAP, <https://www.unescap.org/sites/default/files/ASEAN%20women%E2%80%99s%20entrepreneurship%20case%20studies.pdf>

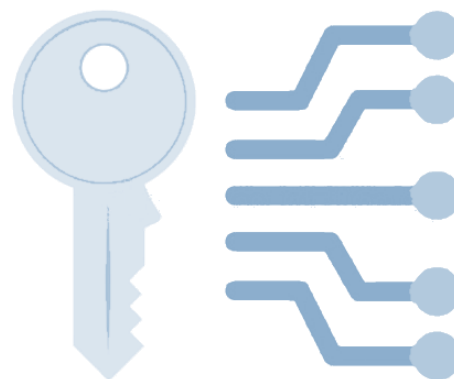


entrepreneurial aspirations set up by NITI Aayog<sup>179</sup> and platforms like Mahila-E-Haat to help them leverage technology to improve market access – more can be done in the areas of advocacy and mentorship.

## Recommendations

Studies suggest that raising India's female labour force participation by 10 percentage points would bring 68 million women into the economy and increase the country's GDP by USD 0.5 trillion by 2025.<sup>180</sup> Given that entrepreneurship is characterized by higher productivity, increased profit, higher innovation, and greater levels of output, it proves to be an apt vehicle for helping channel women's economic potential and in enabling them to be active participants in India's economy.

Therefore, on the basis of the analysis presented in earlier sections, of existing schemes and programmes as well as international experiences, and relying on lessons gleaned from the study of specific cases detailing women's entrepreneurship, the following recommendations are made:



### ***1. Encouraging the creation of a single central platform/nodal body to help streamline enterprise management***

A common thread emerging from case studies, stakeholder conversations and scheme analysis is how crucial support is in enabling a young enterprise to scale up. This is particularly true of SHG-run micro-enterprises that often have inherent limitations of social barriers, scale and skills.

A nodal body, particularly a legally registered entity can offer many benefits such as improved capacity building and heightened bargaining power. This is seen from the example of SWaCH in Pune, where the waste-picker collective union was able to successfully negotiate for funds with the local municipal body and enter into contracts with residents for scaling their business. Besides improving mobilization of like-minded people towards a common goal, such platforms also help organizations and SHGs to expand operations and perform at scale. This is best observed in the Café Kudumbashree model under Kudumbashree, where the nodal agency takes on the responsibility of training, skilling, credit access and fine-tuning a single business model through branding and setting standards. This frees up individual members time to merely adopt the business model, and focus on scaling up. They are also free to customize the model as they scale up. Last but not the least, it also leads to better marketing as a result of improved communication and outreach.

Creating such a nodal body can be attempted within the frameworks of existing flagship schemes such as NRLM and NULM wherein the focus thus far has been on creating SHGs and providing them with credit and access to formal financial systems. The next step in these schemes can be to create a state level autonomous body, or to utilise the SRLM to create a multi-tiered structure which federates existing SHGs on the basis of a particular enterprise or trade, thereby allowing them grow in skills and scale.<sup>181</sup>

### ***2. Streamlining existing schemes and programmes***

Our mapping of schemes shows that many schemes are directed at providing skilling and financial support to women entrepreneurs. While skilling and financing are crucial aspects in encouraging women entrepreneurs, the overlapping of schemes' benefits as well as targeted beneficiaries can result in confusion for beneficiaries and inefficient allocation of

<sup>179</sup> Women Entrepreneurship Platform, NITI Aayog, <https://wep.gov.in/about-wep>;

<sup>180</sup> McKinsey Global Institute Power of Parity report, 2015

<sup>181</sup> Independent assessment of design, strategies and impacts of day-NRLM, Institute of Rural Management Anand, 2017, [https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report\\_Without%20Design.pdf](https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report_Without%20Design.pdf)

resources from the government's side. For instance, the table below presents some of the schemes, their focus areas and beneficiary overlap:

*Table 12: Schemes and overlapping target groups*

Scheme	Focus areas include skilling & access to finance	Target Group
NRLM/NULM	Yes	Low income individuals through SHGs
TREAD	Yes	Poor women through SHGs
RMK	Yes	Women through SHGs and NGOs
Stand Up India	Finance	SC/ST/Women entrepreneurs
PM MUDRA Yojana	Finance	Micro-enterprises with no collaterals

This argument was reinforced in the recommendations of The Expenditure Finance Committee (2019) to the Ministry of Women and Child Development.<sup>182</sup> The Committee acknowledged that overlapping of schemes and duplication of costs must be avoided for efficient utilisation of resources, and for better beneficiary targeting.

Although catering to similar target beneficiaries with the objective of boosting women's entrepreneurship, each scheme here works under a different ministry. For example, NURM is under the Ministry of Rural Development, while Stand Up India is under the Ministry of Finance, and so on. Instead of each ministry implementing multiple schemes with the same objective, it will be more efficient and cost-effective if each ministry bundles up their schemes for women entrepreneurs, which can generate greater awareness of schemes and increase their uptake.

### ***3. Providing specialised business training within existing skilling programmes and adapting to the constraints faced by women***

Multiple schemes and programmes, both at the state and central level, provide skilling and vocational training to women as a way to encourage self-employment as well as to enter the formal job market. However, there is little evidence to show that these courses make significant impact on beneficiaries including women, when it comes to starting their own ventures. Therefore, the government must consider utilizing funds available through schemes such as STEP, PMKVY and/or DDUGKY to offer specialised business training and entrepreneurial skills to ventures incubated under other schemes, such as NULM, NRLM or RMK. While this is already happening in some instances, a concerted effort in this direction will help streamline resources and improve effectiveness of skilling interventions.

Schemes such as PMKVY and DDU-GKY will also do well if they actively try and address the unique challenges faced by women such as responsibilities of managing household chores, disproportionate burden of care work and lack of mobility, while designing skilling interventions. This will help increase uptake and generate better skilling outcomes.

### ***4. Understanding Caste and Gender dynamics in entrepreneurship***

Many schemes that seek to mobilize women, such as NRLM and NULM, rely on affinity amongst members to bring individuals together, engage them in collective action, and to improve their bargaining power. Often affinity can take the form of characteristics such as caste, and caste-centric circumstances, which bind people together. In India, the caste of an individual can help or hinder their economic and social mobility, and this impact is greater in the case of any economic activity including entrepreneurship because caste is deeply intertwined with traditional/hereditary occupations that communities undertake. Nowhere is this more apparent than in the case of activities in the WASH and particularly, sanitation space, where women and women's groups might be motivated or de-motivated from taking up certain entrepreneurial activities, depending on the caste they belong to.

<sup>182</sup> Govt to discontinue entrepreneurship program for women: WCD, The Business Standard, 4th July, 2019, [https://www.business-standard.com/article/pti-stories/govt-to-discontinue-entrepreneurship-program-for-women-wcd-119070401140\\_1.html](https://www.business-standard.com/article/pti-stories/govt-to-discontinue-entrepreneurship-program-for-women-wcd-119070401140_1.html)

Many women might object to partaking in interventions in the sanitation space because they believe it is beneath their caste, or may delegate the work to those who they believe are responsible for it as a result of perceived caste-based hereditary roles. Equally relevant is that caste-based dynamics can also cause problems in reverse, as was observed in the case of Gramalaya where sweeper communities felt like their livelihoods were being threatened due to the work of community toilets. That said, there are instances, however, of women producing hygiene products and goods like soaps without the caste factor impacting their work.

Yet another interesting insight which emerged from our stakeholder conversations, especially from women who hold decision making positions in organisations in the WASH space, was that women were more likely to create impact in the sector, mainly because they see the effect it has more closely within their own homes and workspaces. Further, they are also likely to be the ones who are adversely affected due to lack of sanitation and hygiene practices around them, and the ensuing physiological and psychological factors cause them to hold such interventions in higher priority.

However, as was mentioned in a section earlier on in the report, it is more likely for women in India to manufacture and produce goods rather than work in the service sector due to a variety of factors, mainly social norms. This also holds true in the sanitation space which is largely service-driven, and may require women entrepreneurs to exercise a level of mobility and discretion they may not have in their communities. Therefore, any intervention framed by the government or a private entity must take into account this factor and base its recommendations and offerings accordingly.

# *Women Entrepreneurs in Sanitation*

A study by TQH Consulting for the NFSSM Alliance