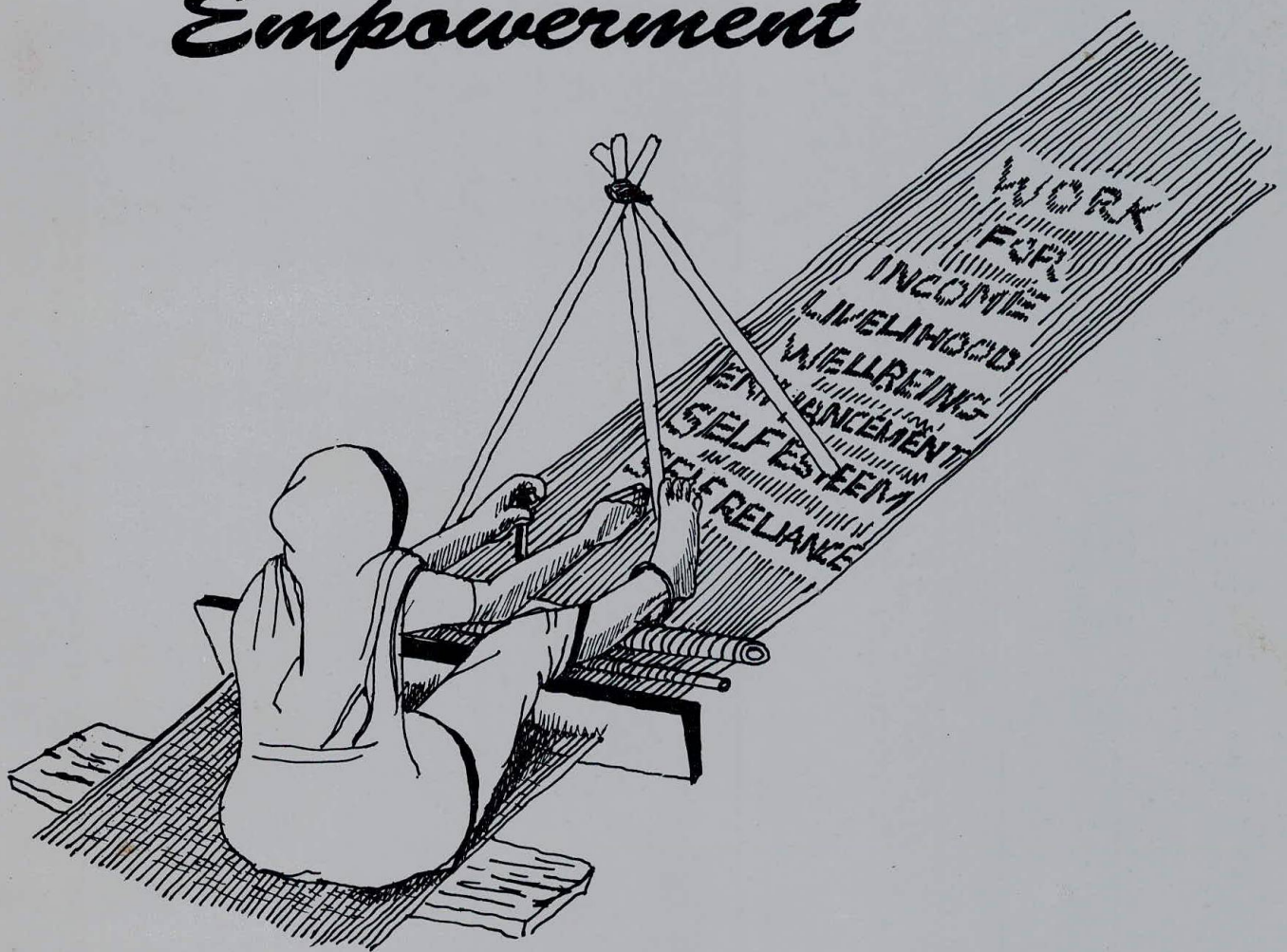


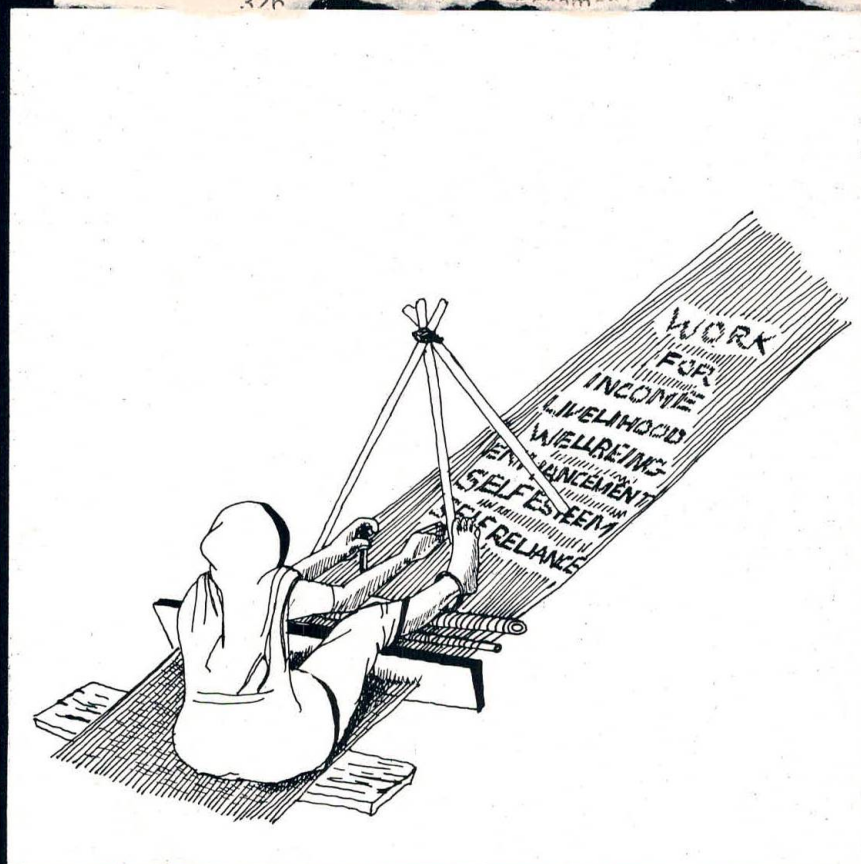
Work and Empowerment



WORK & EMPOWERMENT

COMMUNITY HEALTH CELL

326



Management of Women's Economic Activities
(A Manual for Activists)

NEW DELHI
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CONTENTS

I	INTRODUCTION	11
	<ul style="list-style-type: none">- Status of Women- PRIA's Role- About this Manual	
II	WORK AND EMPOWERMENT	19
	<ul style="list-style-type: none">- The work of the Poor- Perspective on Poor Women's Work- Tenets of Empowerment- Some observations about Women's Work Reality- Interventions to enhance women's income- Exercises	
III	MARKETING	53
	<ul style="list-style-type: none">- What is Market?- Marketing Plan- Exercises on Preparing a Marketing Plan- Marketing Considerations for each type of intervention	
IV	PRODUCTION	89
	<ul style="list-style-type: none">- Production Plan- Additional Aspects of Production Plan	
V	MATERIAL MANAGEMENT	105
	<ul style="list-style-type: none">- Procurement- Recording- Storage- Transportation- Exercises	
VI	COSTING AND FINANCE	127
	<ul style="list-style-type: none">- Costing- Break Point Analysis- Cost Benefit Analysis- Capital- Budgeting	

- Accounts Keeping
- Systems of Account Keeping

VII ORGANISATION: WORKING TOGETHER

197

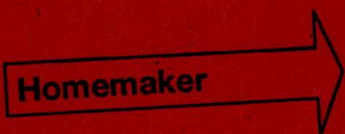
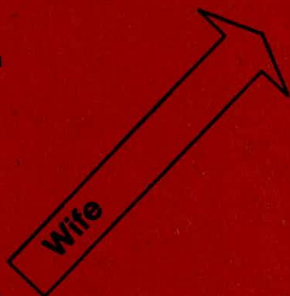
- Why work in Collectives?
- Meaning of Organisation
- Need to form Organisations
- Processes of Forming an Organisation
- Process in an Organisation
- Issues for us

VIII ADDITIONAL ASPECTS

225

- Quality
- Environmental Analysis
- Policy Linkages of Women's Economic Activities
- Information Systems and Use
- Project Proposal Formulation Guidelines
- Where to look for Financial Resources?
- Tips on Reporting to Funding Agencies

Introduction



INTRODUCTION

In trying to understand women's issues, we find that some of the earliest efforts took place in 19th century. This was a period when a number of social reform movements took up issues like widow re-marriage, child marriage, women's right to education and property, etc. It was, however, realised that these efforts were mainly confined to reforming the position of women, as they were largely the recipients in the whole process.

The reformist movement was mainly led by educated male leaders and women started getting actively involved only when the independence movement gathered momentum and expanded its base beyond the middle class. Women's organisations were, at that time, a part of the nationalist movement like other sectoral organisations, the different trade unions, student organisations, etc. We find many urban middle class women in the forefront of the independence struggle, but they were not looking at women's issues separately, as a result of all this we find that in India the right to vote has been granted to both men and women at the same time and Indian women, unlike women in different parts of Europe, have not had to struggle for it as a women's issue. The women's organisations believed that a government of "our" choice would definitely take into consideration women's needs and development, while formulating policies and programmes for the country.

The period immediately following independence, witnessed mainly welfare programmes and some legal enactments against social evils under the auspices of the government. The approach in various schemes was mainly a welfarist one. Women's role in the family as a mother, wife, daughter-in-law, etc., was the most predominant and recognised one, and government policies and programmes were geared only in this context. As most of the programmes were conceived by top level officials, problems and issues of middle class women were considered as concerns for all women and this was reflected in the approach of the government. This was also a period when there was a general lull, as people awaited expectantly for the government to fulfill all their dreams.

In the sixties there were a few struggles of the rural poor, tribals and a few others around problems like price-rise in which women were also involved. However, by the seventies, disillusionment with government policies really started setting in and critical questioning regarding developmental policies started taking place. In different parts of the country, it was being realised that the position of the disadvantaged group of people had not changed much, inspite of two decades of planned development. The urge to do something about it was being felt by a number of groups, forums and individuals

in different parts of the country. During the same time, some women also started questioning what specific difference independence had made to the lives of Indian women. It was against this backdrop that a committee, on the status of women, was set up in the early seventies. This committee for the first time, recognised women as workers, producers and highlighted how technology was displacing women from sectors like agriculture, textiles etc. This document also brought out women's contribution to the economy and its non-recognition till date, particularly in the domain of planning for women's programmes. The presentation of the report coincided with the declaration of the Decade for women and all this provided a push to the women's movement.

The soul - searching, which started in the early seventies, led to an upsurge of students, trade unions, women and other such movements in the mid-seventies.

The entire welfarist approach which views the poor women and other disadvantaged groups of people as targets and objects of development, with the outsider coming in as a doer, was being questioned and people were looking for an alternative approach. This was the time when the conscientization approach was evolving and being experimented in some of the developing countries, specially in Latin America. In India too, a lot of young people started working with this approach and a number of voluntary organisations were formed in both urban and rural areas.

This was also the time when a number of women's organisations, mainly in the urban areas, were formed and were focussing on issues specifically affecting women. At the same time, a lot of discussion and debate was taking place on the whole issue of whether women's issues and development needed to be looked at separately or could they be seen as a part of the class struggle. A school of thought believed that the problems of the disadvantaged (that is, both men and women) were similar and a more equitable system by itself would help improve the condition of women also.

By the end of the Decade for women's development, it was more or less clear that it was imperative to look at the issues of women's development separately and more and more voluntary organisations started doing the same in their own work.

Status of Women

According to the 1991 census, the sex ratio for women is 929 per 1000 men; this has fallen from the 1981 figure where it stood at 933 per 1000 men. The literacy rate is 39.42 percent for women and 63.86 percent for men. The literacy rate for both men and women has gone up when compared with the 1981 census. Women's work participation rate according to 1991 census is not yet available, but the 1981 census showed that it was 13.99 percent and men's work participation rate was 51.62 percent. The definition

of a woman worker has been changing and it would be interesting to see what the new figures are. In spite of some of the changes in the government's thinking about women's work participation and status, which can be seen through the five year plans and other schemes, we still find that women's participation in the labour force has been declining and the status of women has not improved much over the years, and they continue to remain a disadvantaged group.

Women have been playing very important and significant economic roles in both the urban and rural areas. We see that both in the organised and unorganised sectors of the economy, be it agriculture, industry or services, woman has been contributing substantially and yet very often her contribution goes unnoticed by both the family and society. Her work remains mostly "INVISIBLE".

Women play dual roles, one as the paid worker and the other, as an unpaid worker, involved as a part of the family labour in the fields, family trade, craft, etc. Through her labour, she also contributes in running the family by doing different domestic chores.

This work of hers in the family by virtue of her being the mother, wife, daughter, daughter-in-law and home maker takes up a lot of her time and very often, she is the sole contributor in running and keeping the family going. Yet, this contribution of hers is not recognised in the economy.

Even her contribution as a worker on the family lands, in traditional household crafts, etc., is not recognised. Thus, although woman does double the amount of work and contribute doubly to the economy, she is still considered a burden and instances of female infanticide and foeticide (which are not uncommon even today) bear testimony to this.

The World Conference of the U.N. Decade for Women held at Copenhagen in July, 1980 defined Development as the total development, including development in the political, economic, social, cultural and other dimensions of human life, as also the physical, moral, intellectual and cultural growth of the human person. "Women's development should not be viewed as an issue in social development but should be seen as an essential component in every dimension of development", according to this definition.

Thus when we talk of women's development and women's status, it is important for us to recognise that interventions at all levels namely, social, cultural, political, economic are required and are possible (real changes) only if changes take place in the existing systems and social structures, which are not at all, favourable to the women today.

PRIA's Role

The situation of women is being challenged by women's groups, voluntary organisations, women's trade unions, women's studies and researchers. A large number of people are getting involved in working on women's issues and getting women's contributions recognised.

Groups have been involved in helping poor women themselves, recognise their own contribution and help build their self-esteem. Voluntary organisations have also been involved in organising women around health, housing, environment, water, women's rights, economic activities, etc.

Experiences of different voluntary organisations have shown that although points of entry of the intervention could be any of the issues mentioned above, but the need does arise to intervene on the economic activities front, as our work is mainly with poor women for whom the family's survival is the most crucial question.

Even when groups are involved in larger struggles, the need for something concrete in terms of economic benefits to sustain the movement is felt, at some point or the other.

As woman's work is not recognised and she does not (very often) get paid for her work, she has no control over any resources, assets, money, etc. Interventions through economic activities try to change this situation to some extent. If we are talking of a change in women's status, then it is essential that any intervention aimed at raising income or getting income in women's hands is accompanied by a process by which they understand the forces of the global economy, its influences on the general economic situation and how these affect their lives. It is also important to help them analyse their class situation and within that, aspects specially affecting them because they are being "women".

Within the family also, mere cash in her hand does not by itself give her a higher status. Conscious efforts have to be made towards increasing her participation in the decision making process.

Any intervention that does not contribute substantially towards women's active and critical participation in the overall development process of the society, needs to be relooked at as women's development in the real sense can take place only when the systems or structures of the society are changed in favour of women.

With the involvement of voluntary organisations in organising women's economic activities steadily increasing, certain issues are being constantly discussed and debated. Since women's role in the economy is generally seen as secondary to that of men and supplementing the family income, how much should a woman be able to earn, when involved in an income generating activity needs to be looked into, at the planning stage of the activity itself. Experiences in the field show that women are mainly

responsible for maintaining the family, looking after the children's education, health, etc. Whatever money she earns, she largely spends it on the family whereas, many a times men spend a substantial amount of their earnings on themselves in gambling, drinking, etc.

We also see that women work for very long hours and hence, it is important for us to plan income generating activities in such a manner that women are able to earn substantially and at the same time ensure that the labour they put in, and the economic activity, does not add to their already burdened work schedule.

Some of the other issues that keep coming up at voluntary organisations (as most of the times they are the initiators of the economic activities) are - Should these activities be organised in a group or should individual women be helped to start their own economic activity phase? If women's collectives are organised, should they be involved only in economic activities or should their involvement also be in other social issues? The answers to both these questions are located in the perspective as to whether more income in the hands of women will lead to a change in their status or women's control over the entire economic process accompanied by their involvement in other larger issues will lead to a change.

If we accept the latter argument then it is essential to organise women collectively, as the collective would give them the support and space to manage and control the income-generating activity. Many voluntary organisations have been involved in initiating a process of organising women's economic activities with this thinking. The challenge for voluntary organisations is to transfer the skills of management and control of the economic activities to the women's group over a period of time, to enable women to feel confident and empowered.

With women slowly gaining control and being involved in the decision making of various aspects affecting them directly, and as members of the society, real empowerment will emerge and a change in women's status will certainly take place.

From the women's empowerment perspective, it is important that the women's economic activities are economically viable and the capacities and competencies of poor women, individually and collectively, are enhanced to organise and manage the economic activity.

Our understanding is based on the world-view which recognises the contribution of people's own knowledge, learning experiences and the belief that people learn and can learn through their own experiences; thus, the need to share information with others. It is in this context that we have been trying to understand the linkages between income and empowerment.

Based on this understanding, we have been working on this issue for the past few years.

We have been involved in organising a number of workshops in trying to understand the different angles of this issue.

With our understanding of the various dimensions of the issue, we have been involved mainly in organising trainings to enhance the managerial capacities of voluntary organisations, activists, workers, functionaries and also holding camps for women group leaders. We have been doing this as various voluntary organisations have felt the need to strengthen themselves around the managerial aspects of women's economic activities.

The real challenge is to be able to link and move beyond women's involvement and struggle through economic activities, where they are basically involved in trying to cope with the existing market systems in a better manner, to a process of being involved in the struggle against the exploitative forces. Empowerment in the real sense would be attained when they are actively involved in the larger struggle for social change.

About This Manual

This manual is an outcome of our learning experiences, mainly in the training programmes.

This manual begins with an attempt to understand a woman's situation, work and her involvement. Using this as one of the most important bases for the choice of the economic activity, we try to understand the different aspects of Marketing, Production, Quality, Material Management, Costing and Finance plus Organisational issues.

An attempt has been made to understand each of these aspects in the various sections, not just from the angle of economic viability but from the poor woman's point of view also, and to initiate a process which facilitates women to take control and feel empowered.

The preparation of this manual has been a collective exercise and a large number of people have contributed by way of materials, examples, exercises, etc.

We hope this manual would prove useful to activists, organisers and managers involved in managing women's economic activities and contribute in some ways towards women's empowerment.

This manual can be utilized as a resource guide by field workers in their efforts towards strengthening women to manage their own economic activities in a much more viable manner.



Work and Empowerment



WORK AND EMPOWERMENT

Work, in its literal sense, means application of efforts to a set purpose. Based on this premise the meaning of work thus, acquires different connotations. Work as constituting efforts for the purpose of survival is definitely different from the work for the purpose of creative use of time.

For those, committed to strengthen a poor woman's work and her limited capacities to exert control over her situation, it is essential to understand the meaning of work as an **application of efforts for survival and for earning a basic livelihood**. Understanding the concept of work in this context will help in developing a perspective in congruence with the process of enhancement of the self-esteem and self-confidence of poor women. This is an integral component of empowering women.

THE WORK OF THE POOR

There are different ways by which the poor make the two ends meet. The common factor in the different ways of earning a basic livelihood is that in each of their occupations, return occurs for those engaged in one activity or the other. The returns could be in kind or in cash depending on the nature of the activity. For example, farming activity will yield the return in some kind of crop, while, providing services would result in cash returns. The return in kind can be converted into cash through transactions in the market.

Ways of Earning Livelihood

- * Farming on a small piece of land
- * Raising livestock
- * Fishing, collection of forest produce
- * Manufacturing at home or in sheds
- * Hawking, vending, trading
- * Providing services
- * Selling manual labour

It is essential for us to differentiate at the outset, situations where the returns from an activity are primarily used for consumption by the family and the situation where the

returns are used to generate cash, to be further recycled to generate more cash. The first is termed the subsistence economy base while the second is known as the market base of the economy.

The subsistence base of an economic activity is characterised by less accessibility to the means of production, low level of technology and ambiguous relationships between different actors involved in the process of the activity. While the market base of economic activities, by and large, involves relatively more access to the means of production, high level use of technology and a defined set of relationships between actors involved in the various processes of this economic effort.

While looking at the macro-economic level of our society today the base of economy can be termed as the market base. The majority of our population is struggling to survive in a micro sense under the situation specific to the subsistence base of economy. Though more and more people are getting absorbed in the market base economy and the meaning of work for them is still working for a wage or a salary, with well-defined employer-employee relationship, a large segment of the population does not have an employer-employee relationship, regular salary or wages.

The working population is divided into low, middle and high income groups. We also see that in our country the number of people in the high income group is very small and an overwhelming majority belongs to the low income group. Representation of people having an employer-employee relationship can be found in all the three classes in the society.

The people belonging to the low income group do not have any recognition as workers, they are not visible, they do not have enough income to be able to meet the contingencies and exigencies of life on their own. The work these people do is neither understood nor recognised. Their problems are not given any priority by the policy makers. To them, work means a struggle for survival of the family.

This vast majority of population has to fend for itself. These people are not entitled to fixed wages, or even facilities like toilets, creches, leaves and holidays, compensations and other benefits.

The people in the low-income group (who do not have an employer-employee relationship) are mainly contract labourers, marginal farmers, piece-rate workers, artisans, forest-produce collectors, sweepers, transport providers, home-based workers, vendors, hawkers, domestic helpers and other service providers, etc.

The Poor "Workers"

From the above we see, there are workers without the security of work, without the regularity of work and without the level of income available to workers who have an

employer-employee relationship. They have to find work on their own, whenever and wherever they can. They have limited access to material and financial resources. They, mostly, own skills and knowledge of their traditional occupations.

They all have to eke out a meagre living, many of them living below the poverty line. Their incomes do not bear any relationship to the number of hours they work, to the market price of goods they produce and the service they provide in relation to the cost of living. They neither have the protection of labour legislation nor do they have their own representative organisations. As a result, they have a low bargaining power. A large number of them are illiterate and are not familiar with modernisation, new skills, technologies and new markets, etc.

Women's Work

In this larger picture of work in the economy, we must also understand the work of women. Women have to perform multiple roles of wife, mother, homemaker, worker and citizen. The first three roles of women are recognised by society but not the worker and citizen role.

Only 5-6 percent of the working women have an employer-employee relationship. These are across the three income groups. There are some women who are engaged only in household work for their own families. These women mainly belong to the middle-income groups. The women in the low income group cannot afford not to earn some returns for fending the family, so they have to combine household work and **return earning work**. The women in the high income group rarely do their own household work themselves; they engage other people to do it for them. It is the women in the low income group who are fending for themselves, without a regular job, an employer-employee relationship which constitutes the majority of the female workforce in our country.

Poor Women's Work

Poor women are engaged in multiple occupations the year round in an effort to earn a livelihood.

Three broad types of their activities are:

- * **Production** which entails transformation of some inputs into outputs;
- * **Trade** which implies providing goods at a certain place and time for a price;
- * **Service** which entails provision of facilities to support production, trade or human populations at a price.

Production activities can be broadly classified into three categories: (a) land-based (b) livestock-based (c) manufacturing based. For poor women, all these types of occupations and activities are intermingled. Thus, for part of the year, a woman may be engaged in agricultural labour (during cropping season); other times, she may be engaged in some manufacturing activity, like weaving, and also raise some poultry simultaneously for the remaining part of the year.

The different production relations are also combined in these multiple occupations. 'Own-account work' may be combined with piece-rate work and with wage labour work at different points of time during the year. Thus, agricultural work may be done on daily wages, weaving on piece-rate and poultry as own-account work. These production relations also keep changing for the same activity, as well as across activities. What we are trying to imply is that all these different ways and a combination of ways to earn a livelihood constitute the work pattern of poor women in our country.

Poor women are engaged in a variety of occupations: small farm agriculture, livestock tending, processing livestock produce, gathering and processing fruit produce, tree — growing, small trading and vending, producing manufactured items such as garments, bidis, shoes, food stuff, etc., at home or in small workshops. They also provide manual labour in fields, at construction sites, in factories and workshops, providing services such as — domestic labour, washing, cleaning, transportation, child care, etc.

Activities which do not generate return, and/or which are done for sustaining the members of the family, and/or which are done for supporting work which generates cash return are also work. Filling water, cooking, washing, cleaning, looking after the children, bringing fodder, fuelwood, tending to old people and looking after the sick in the family are activities which are done for the well-being of the family and to support activities of other family members, which generate cash returns. This is also **work**.

Similarly, barter-trade-relationships also entail work for the poor women in our economy. Goods produced by one family are exchanged for goods produced by another family, viz., farmers exchange grains for pots from potters; Or, goods produced by one family are exchanged for services provided by another family, viz. farmers exchange grains for the services of grazing animals provided by shepherds. All such activities are also included under **work**. Much of this 'barter' work is also done by the poor women themselves.

We need to know these various kinds of work relationships that obtain work for these poor women. We need to understand the reasons why their work is invisible, why they

are not recognised as workers, why their contribution to the economy is not recognised and why they are deprived of their due share in returns from the economy.

Any intervention to strengthen the work of poor women and to make it more sustaining, visible, appropriate and effective needs to be placed in this perspective and carried out with sensitivity to all related issues.

Women's Work Status

MEN	WOMEN	POPULATION	WOMEN	MEN	HOURS OF WORK
1/2	1/2		2/3	1/3	
MEN	WOMEN	CASH INCOME	MEN	WOMEN	OWNERSHIP OF ASSETS
9/10	1/10		99/100	1/100	

The time spent on fulfilling these roles is considered legitimate, though the 'work' that is entailed in these roles is under-valued and undermined. However, with respect to the 'worker' (wage-earning) role of the woman, it is considered peripheral and subservient to that of man.

PERSPECTIVE ON POOR WOMEN'S WORK

Woman's biological and social reality has created several distinct roles for her in society: that of wife, mother, daughter, homemaker, worker, citizen, etc. These multiple roles of woman make several diverse demands on her time. The social system in our country recognises wife, mother and homemaker roles as the paramount roles of women.

As elaborated earlier, poor women living at sub-subsistence level, have no choice but to be primary wage-earners and assume responsibility for the livelihood of their children. Any attempt to change the situation of poverty for the vast majority of the population in our country today, needs to recognise and validate the '**worker role**' of poor women, and enable them to meet their basic livelihood needs over which they have no control.

Visibility

Lack of visibility in the worker-role is essentially an issue that needs future interventions. Nevertheless, it must be recognised that one cannot isolate the economic analysis

of the worker-role of poor women, without a social-cultural and political analysis. The patriarchal form of society has persistently been undermining women and their worth. Therefore, supportive structures for their worker-role are abysmally lacking. It is important that this recognition takes place both at **home** and **work** fronts.

Organising

It is impossible to even think of affecting the situation of the poor people in today's economy. The forces against the poor are so many and the social system so biased in favour of the rich that it will not respond to the demands of the individual poor woman. In the economy, the various forces that work against the poor are highly organised. It is so-far the poor 'self-employed' workers, as well as the poor women workers, who are not organised as workers. To be able to ameliorate the situation of poverty of women workers, some direct interventions have to be made in the economy as it exists today. This is possible only by organising the women workers and enhancing their collective strength. Their strength lies in numbers and these need to be brought together.

Organising is a slow and continuous process of enabling a group of people to perceive common interests and act collectively. All of us in voluntary organisations, who are working with poor women, are organising them in some way or the other. When we are trying to affect the income levels, we are organising women around work issues directly. Organising around work has both occupational and locational aspects. Occupational aspects involve dealing with the specific problems of each occupation separately and focussing on specific occupations as the basis of organising people. Locational aspects involve dealing with the issues of particular geographical locations and focussing on the specific needs of that area as the basis of organising people. We take into cognisance the variety of activities that poor women do to understand how we can organise them around work.

By understanding the various occupations in which poor women workers are engaged, we are able to recognise the multiple occupational base of poor women workers as well. And this helps strengthen their position in these occupations by organising them around work. The problems they face in these occupations become issues for bringing them together. The problems of women in the same occupations across different locations become a focus when the numerical strength of women is necessary for collective action.

Similarly, all the occupations in a given location can be organised to create strength for women in a geographical region.

Empowerment

Why do we want collective strength? When we are discussing of role of women, we are talking of changing the equilibrium of social forces to treat them as equal partners

in the society and to bring recognition to all their roles. When we are concerned with poor women, we are seized of changing both social and economic forces in favour of their worker-role in particular and other roles in general. Such a perception of poor women's work places, their empowerment as the central thrust of the desired goal, which is beyond increase in income levels, and, in financial terms. Empowerment entails struggle; it entails learning to deal with the forces of oppression; it entails having a vision of a new society; it also entails conscious and deliberate interventions and efforts to enhance the quality of life. Collective strength is necessary for building solidarity and support among workers to achieve empowerment. On the one hand, a struggle against existing forces of oppression has to be undertaken and on the other, support for women workers has to be generated through collective strength. Empowerment through organising helps to sustain both the struggle and the support base.

Our Perspective

It is in this context that we need to discuss what our perspective is in respect of **women's work and empowerment**. This perspective has several components. We are concerned with poor women who are fending for themselves; the **component of labour** in their work is predominant. It is clear that we are not dealing with individual entrepreneurs or dealing with the type that middle class women are trained for. Secondly, our perspective includes focus on activities that are carried out for **survival, subsistence, and for viability of the family** of poor women and not activities which are visualized as 'income-enhancing' in their narrow sense. It is like swimming against the stream that requires more strength than what a set of professional and managerial skills alone can provide. Such a strength comes from the process of empowerment. Empowerment in this context entails gradually **increasing control of poor women** over the entire economic process and not merely as producers of some products and services which are otherwise controlled through other intermediaries. Our perspective includes those activities of poor women which have **regenerative potential** in the location and area where they live and work. Transplanting alien activities which do not have the long-term regenerative and self-sustaining potential do not make the kind of activities that lead to empowerment. Thus, economic intervention is posited **not only for enhanced income but also for increased empowerment of the poor women**.

The importance of **collective activity** in this context also needs to be emphasised. This collective activity could assume several forms. It is possible that a group of women could carry out one single activity together. It is also possible that each individual member of a group carries out an activity on her own, perhaps even at home, but relates to the group and gets some common inputs and services through a collective forum, like inputs of raw materials, marketing, credit, management, record-keeping, accounting, solidarity, etc. It is possible that women may work in cooperatives. It is also possible that within a group, women could be carrying out several sub-activities which they

do jointly and separately. We are clearly visualising empowerment of women through collective action in the process of carrying out the economic activity.

It can be argued that various voluntary organizations which adopt intermediary roles in this regard are perhaps reducing the possibility of women's empowerment by not deliberately attempting to transfer control of the economic activity to those poor women over a period of time. In fact, it is in this background that the need to substantially enhance the capacity and the competence of poor women is felt as an important intervention towards their gradually taking control over the entire economic process.

Since wider coverage and increased income are both important characteristics of this kind of perspective, the focus of efforts in this direction is required to be **extensive and intensive**.

This perspective further implies that the issue of **generating surplus through the economic efforts** of poor women is both the consequence of improved internal management efforts and also changes in the economic policies of the country. Poor women are operating at a level where many of the policy frameworks, laws and market forces act against them and despite their best efforts at improving internal management, they may not succeed in generating a surplus and making that activity viable. Thus, long-term viability by generating consistent surplus from economic efforts by poor women entails the simultaneous focus on improving internal management and struggle for changing policy frames in favour of the economic efforts of such poor women. Thus, a comprehensive framework and perspective on women's economic efforts has to be included both in the short as well as in the long-term. Even short-term interventions geared at improving economic returns should be placed in a long-term perspective of empowerment and greater control by the poor women themselves.

The concern for increased income and increased empowerment of poor women can be translated into reality through the **joint action of struggle and development** efforts in economic activities. Organizing poor women creates the basis for struggle as well as for development. And it is this perspective that guides the interventions that follow in this volume.

TENETS OF EMPOWERMENT

Having outlined the significance of working towards empowerment as a necessary part of any intervention to enhance women's income, it is essential to understand some of the critical tenets of empowerment. These are:

1. Collectivisation

Bringing a group of women together at a base to become an integral part of an economic activity is an important part of the strategy towards their

empowerment. The coming together of poor women provides them an identity which is different from their other identities and helps highlight their worker role. It also provides them a sense of belonging in a totally different power equation - that is, of mutuality. Both of these are empowering experiences in themselves. For providing support to each other, the group of women can meet periodically and there is a reference available for each woman. For bargaining and negotiating activities, like bulk buying and selling, bulk acquisition, credit and other facilities, necessary for economic activities, collectivisation can be there. This collectivisation also brings in the possibility of pooling and sharing resources, skills, time-frames, space and other facilities. Pooling is an important way of strengthening the capacities of the poor women to work together and to develop a sense of strength.

2. Capacity Building

Once women start coming together, the next step is to enhance their capacity to work as a group and play different roles, necessary for development and maintenance of the group.

It is important from the point of view of empowerment that women are not only capable of functioning as a group but also are able to effectively participate in the process of economic activity. This may entail their capacity-building in the skills required for the economic activity undertaken by the group of women.

Capacity building of women in the areas of planning, executing and monitoring all aspects of the economic activity is equally desired in this context. This will include capacity to use legal framework to their advantage and the capacity to build as well as sustain a culture of the economic activity compatible with the realities of the women involved and to the nature of their activity.

3. Ownership and Control

Once women start acquiring the capacity to work as a group, planning, executing and monitoring the activities, the issue of taking control over the whole activity becomes critical. A sense of belonging and owning good and bad consequences of their own activity, is the first step in that direction. It implies that women begin to consider the group and the group activity as their own. Taking responsibility of more and more functions in the entire process of economic activity helps them gain control over their ventures. So, managing different components, apart from operational aspects of activity, like record-keeping, accounts-keeping, handling cash, being signatory to bank accounts, etc., are helpful in building this control.

4. **Mediation**

Another important aspect of empowerment of women is to strengthen their capacities to mediate with the external world. Mediation entails relating with the outside world, with the markets, with financial institutions, with competitors, with suppliers, with a host of policy-makers and other important segments of external environment, i.e., politicians, bureaucrats, officials, etc. Mediation also requires mediating with experts, with those who can provide some technical assistance in the conduct of the economic activity. Women's sense of empowerment gets a concrete base and mediation becomes an integral part of women's work in that economic activity.

Working towards the empowerment of a group of poor women is an ongoing and gradual process, which cannot be short-circuited under any circumstance. Therefore, it is important that these different aspects are dealt with through a series of carefully planned and deliberately made interventions over a period of time, keeping specific requirements of a particular group and the economic venture it has undertaken, in mind.

SOME OBSERVATIONS ABOUT WOMEN'S WORK REALITY

During various discussions and workshops by field workers, followed by a close analysis of women's work reality, the following observations have emerged.

- They have double work and multiple responsibilities towards the household and of generating income for the household.
- They work sometimes for as long as 16-18 hours a day.
- They have very little or no control over money.
- They are not involved in all the processes of work in an activity.
- Domestic work takes up a lot of their time.
- They are oppressed as women and, doubly so, as poor women.
- Womens' work is invisible.
- Womens' work is not valued. It is not considered work.
- Women do not pay attention to themselves, even when they get sick.
- In some cases, it is found that there is a deterioration in womens' mental and physical conditions due to excessive work.
- In most cases, it is found that women spend all their income in maintaining the family.
- They are engaged in cooking food, bringing up children, collecting fuel wood, water and other outdoor activities.

- In some places, both men and women get less than minimum wages for their work. And, women get less wages than men.
- Women do not own any assets.
- There is not much reward for their work.
- Women have very little or limited interface with the market and the outside world.
- Women are considered to be weak.
- Women are considered to be consumers. Men are considered to be providers. This view persists even when women bring in money by working.

INTERVENTIONS TO ENHANCE WOMEN'S INCOME

Types of Activity

There is a need to understand the various types of economic activities that are taken up by voluntary organisations to improve women's incomes. Having looked at the range of occupations in which poor women are engaged, we may try to categorize them into three sections: **production**, **trade** and **services**. **Production** involves use of some inputs and raw materials to transform them into other kind of outputs or goods. **Trade** involves exchange of goods and services for cash or/and kind. **Services** involve providing some facility for a price. Poor women are mainly engaged in production, trade and services which are of small size, generate small returns, involve very few verbal transactions with others, and are in a vulnerable situation in the economy.

Since majority of voluntary organisations, as part of their effort to improve women's income, are dealing with the activities that fall under the category of production, we will confine ourselves to these in the following pages.

There are three different bases of production in which poor women are engaged; these are **land-based**, **livestock-based** and **manufacturing-based** activities.

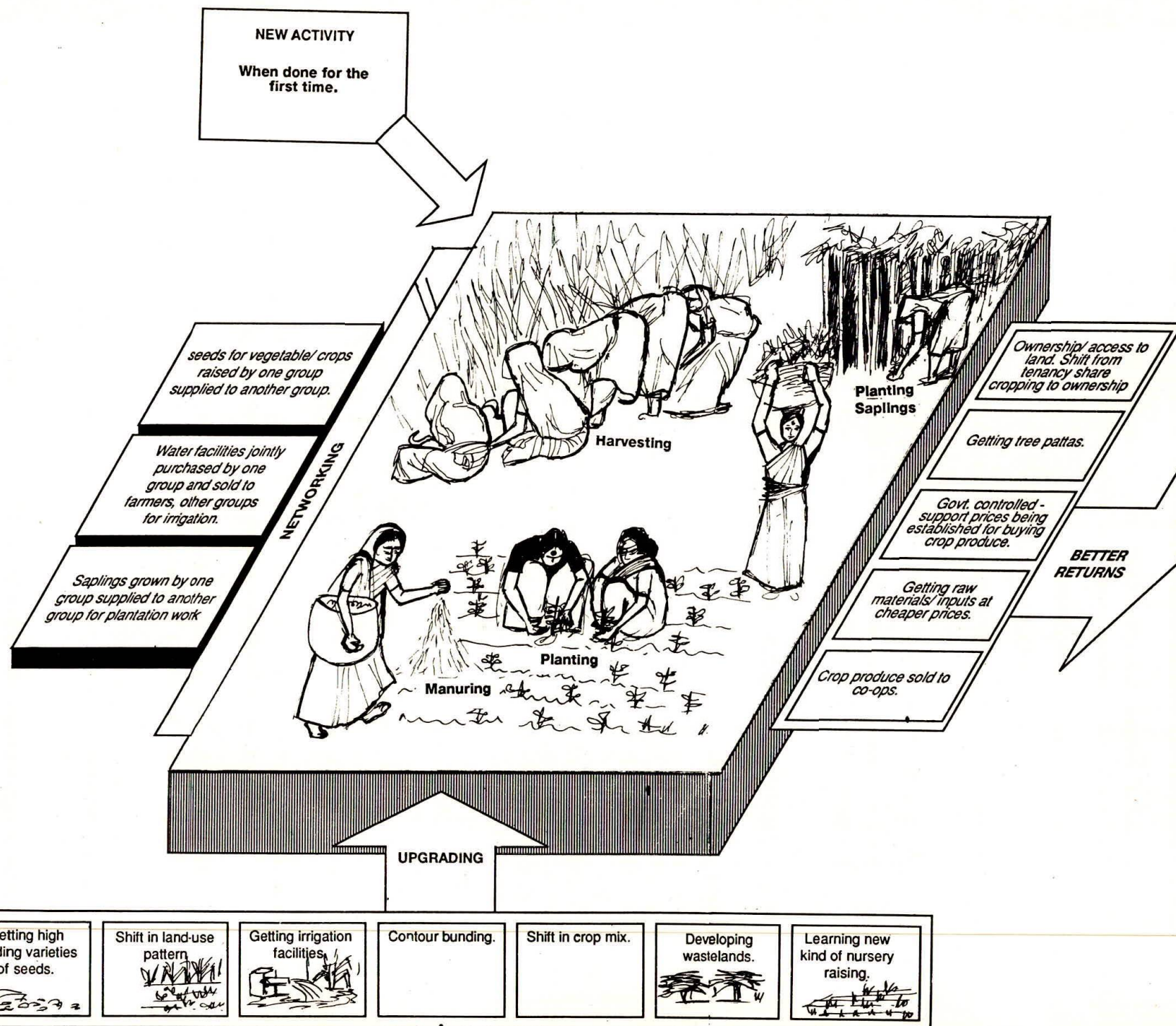
Agriculture, social forestry, wasteland development, horticulture, etc., are all land-based production activities where the inputs are transformed into outputs through land.

Dairying, poultry raising, fish-farming, bee-keeping, sericulture, piggery, goatery, etc., are all livestock-based production where inputs are transformed into outputs through living beings.

Manufacturing-based production activities include crafts, sewing, weaving, embroidery, carpentry, pottery; industrial goods, engineering goods; dyeing, printing, paper

NEW ACTIVITY

When done for the first time.



manufacture, electronics, etc., where inputs are transformed into outputs through machines and tools, and with human and/or mechanical energy.

These three production bases — land, livestock and manufacturing — are by far the most critical areas in which women are engaged in large numbers in the economy. The first two categories — land-based and livestock-based — are organic forms of production and have a lot of interdependence with nature. The complexity of the activities here is unique and one has to be sensitive to ecological and animal cycles and related practices, procedures and laws if one wants to earn a livelihood from these activities. The last one — manufacturing-based — is a non-living form of production. It has its own complexity which has to be understood well if one wants to earn a livelihood from it.

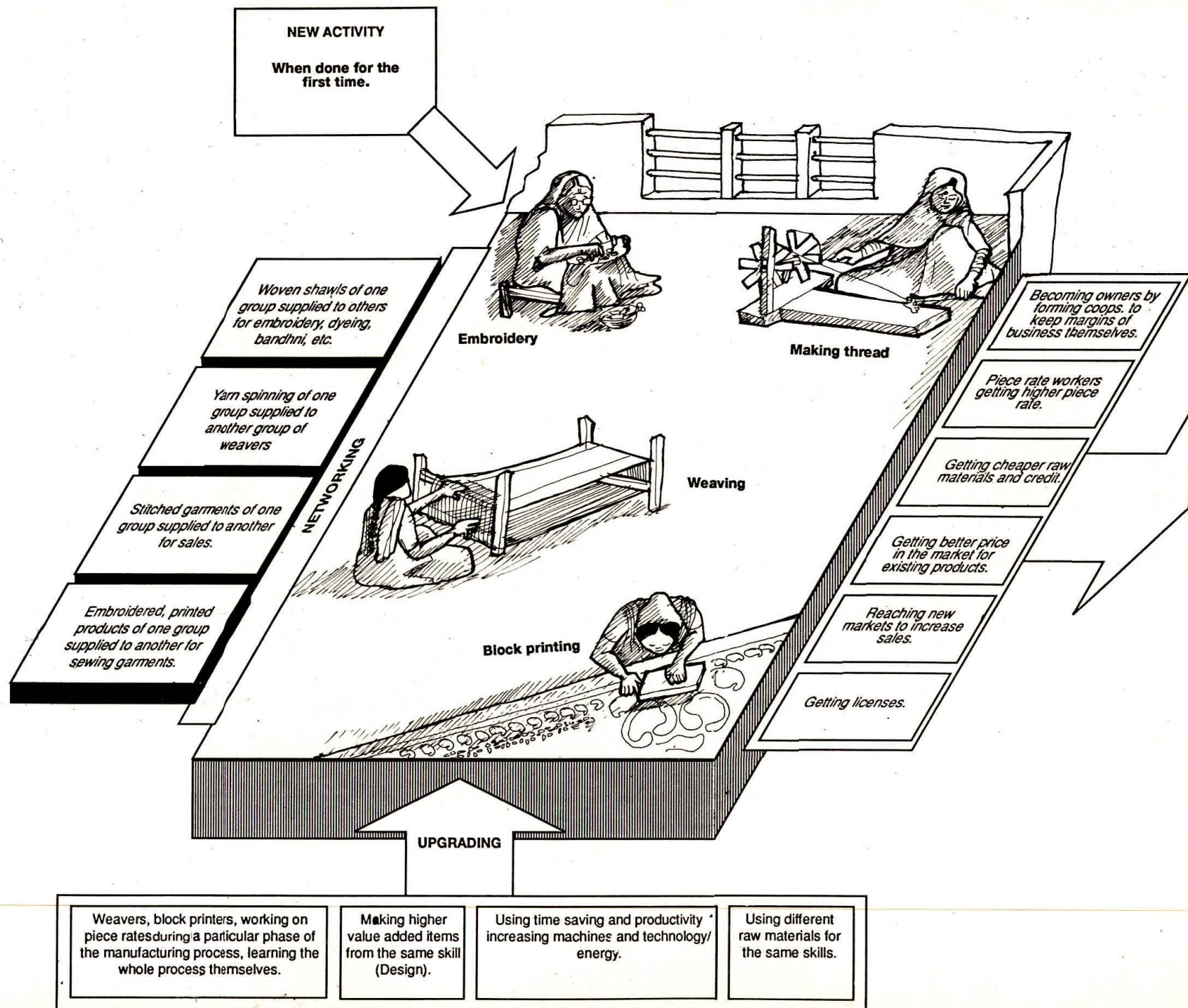
Types of Interventions

Initiating, supporting and strengthening economic activities of various kinds is one way which has helped in influencing the socio-economic realities of poor women. There are many types of interventions in this direction which can be initiated to increase incomes. It is useful to classify various interventions of this kind undertaken by voluntary organisations. These are:

1. Activity Networking

One set of intervention can be **activity networking**, whereby the existing work of women, spread and fragmented in different places, is networked and linked in an input-output process. For example, if some women sweepers are using brooms in their role as sweepers and some other women workers are manufacturing brooms at home, then they could be linked in such a network such that the sweepers





could buy their brooms from these women producers. Similarly, if some women are making ropes out of some weeds sitting at home and some other women are growing those kinds of weeds, then these two could be linked together. This activity-networking helps build an economic link between two sets of, as yet, unlinked women — individuals or groups.

2. *Upgradation Interventions*

The second type of intervention focuses on **upgradation of current activities** being carried out by the women. Instead of allowing their activities to continue at the current levels, certain interventions are made to upgrade them and thereby enhance their economic potential. Upgradation interventions imply several things like the process increasing the **scale of operations** and providing quality inputs to increase productivity. Upgradation could also include improvements in skills. Thus, several types of upgradation interventions are possible in support of women's economic efforts.

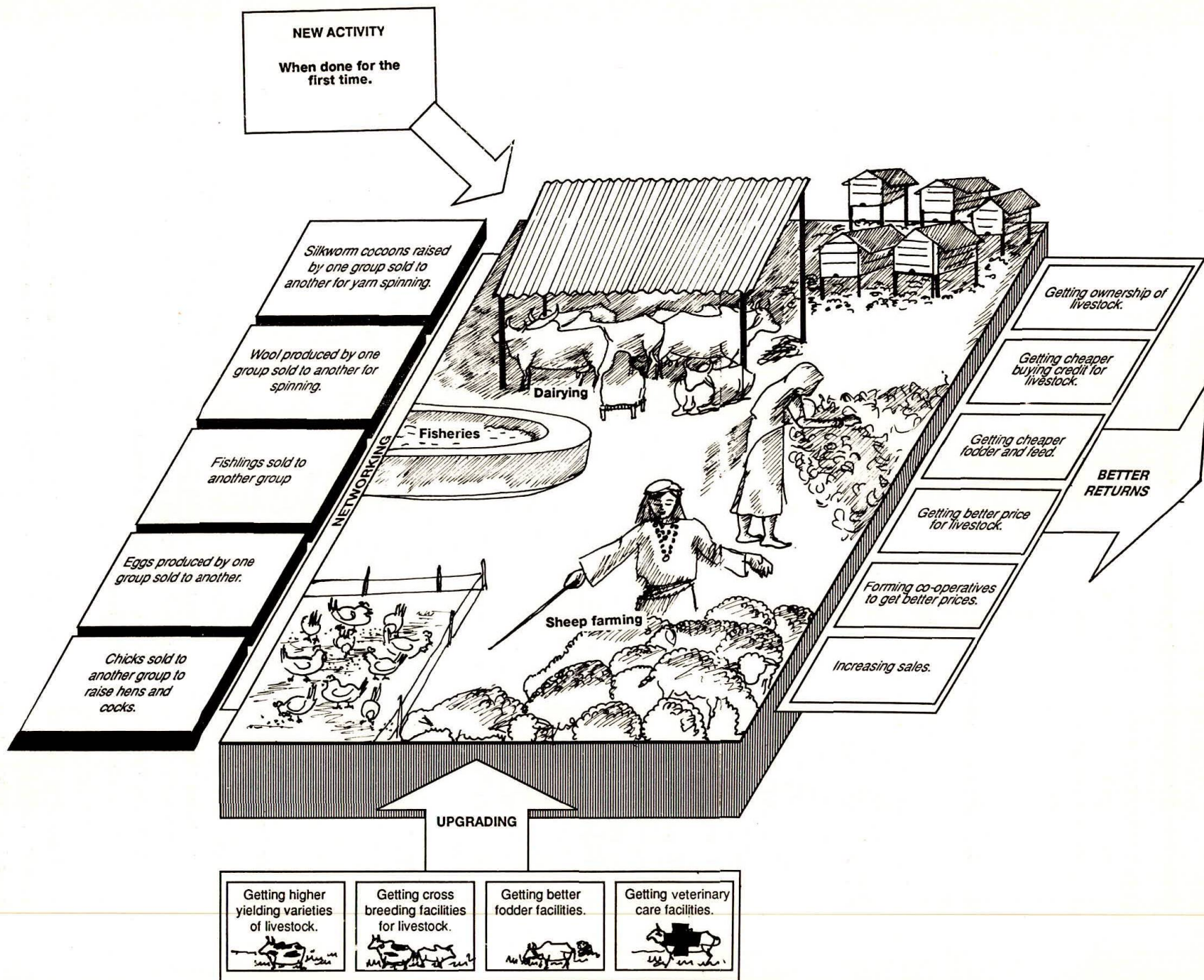
3. *Generating Better Returns*

A third type of intervention could be to focus on **generating better returns from the same activity** without necessarily upgrading it. This may mean reducing the cost of inputs or processing of inputs or increasing the price of outputs, or increasing sales. This may also mean struggling to acquire inputs and credit facilities at cheaper rates; getting better prices for women's products and services; to improving the compensation being paid for women's labour put in the process of production. In case of women involved in part of the production process through various kinds of intermediaries, this may mean a more favourable time-rate and piece-rate link, such that women are able to get more payment for the same amount of output produced during the day. This will also include the struggle to improve the wage-rate or the minimum wages being paid to poor women. Creating ownership of land, livestock, equipment, licenses and gaining access to new markets — are all part of the interventions for generating better returns from the same activity.

4. *Initiating New Activities*

And finally, a set of interventions could also entail **initiating completely new activities** by the poor women themselves. These are the activities which were not practiced by the women and are not necessarily very common in the area in which they live and work. A variety of examples of new activities are available from experiences in the field.

The following illustration depicts an example of **live-stock-based** activities. (Similar illustrations are provided on page 30 and 32, illustrating **land-based** and **manufacturing-based** activities, respectively).



Implications

Each of the four types of interventions has its own implications, in terms of relating to the economy and the outside environment; and, in terms of structuring our own work inside the organisation.

In a new activity, the emphasis is on learning and acquiring proficiency in that activity. Allowance has to be made for mistakes and delays till sufficient proficiency and experience is generated to deal confidently with that activity.

In upgradation of current activities, the emphasis is on backward and forward linkages of the activity; on understanding the basis of productivity in that activity; and, how it can be increased. Taking over more aspects of the production-process and new techniques and methods of doing the same work becomes important.

In getting better returns from the same activity, the emphasis is on costs and prices and the terms of trade with the economy. Knowing the economy and how it works around our activity is important. It is necessary to grasp as to how to negotiate for the best returns in the situation by working on costs, prices and margins at different points in the work process. An adversative posture vis-a-vis other actors in the economy and regular pressurising and lobbying may be necessary in this aspect.

In a networking activity, the emphasis is on building linkages with other users and producers of goods and services. Here, more and more extension work as well as working out mutually acceptable arrangements become imperative. A collaborative posture towards other groups and organisations assumes an importance here.

Choosing an Appropriate Intervention

The information generated by exercises forms the basis for the first and most crucial step of choosing an appropriate intervention. Only a well thought out, conscious and deliberate choice can ensure appropriateness of intervention in the context of the poor women's life situation.

The following four considerations are necessary in making such a choice :

1. **Start from Women's Work Reality**

A detailed analysis of women's work reality based on a sensitive understanding of their work and life is a critical starting point. Having identified a group of women that an organisation or a field worker is working with, the first step is to understand the daily life and work reality of women. It becomes necessary to understand the kind of work they have to do from the time they get-up in the morning to the time they go to sleep, as well as to understand the seasonal variations in

the nature of their work. Classification of the work, based on whether it is production, trade or service-oriented, and the nature of the production activity may also help at this stage. A detailed analysis of the skills that women have acquired over a period of time in continuing the work that they are doing also helps in choosing an appropriate intervention. A sensitive and detailed listing of the resources that women may have (individually and collectively), both in terms of ownership as well as accesses, is of importance at this stage.

The crucial issue is to use the in-depth and sensitive understanding of women's work reality as a starting point to decide on the possible interventions needed to enhance their income.

2. *Assessment of Organising Base*

The second step is to look at the organizing base of that group of women. An understanding of the nature of collective efforts that a women's group might have experienced in the past, either on social or political or economic issues, would help in assessing its organising base and the starting point for a future economic intervention. In situations where little or no organising has been carried out, a starting point may well be to initiate some process of organising the group of women. This organising may be around social issues which could also involve work-related issues. The new experience of working together may provide the basis for assessment. So, an assessment of the organising base of that group of women and the kind of organising potential that exists in that group of women may be useful in making an appropriate choice of intervention.

3. *Understanding the Environment*

A detailed assessment of the environment in which such an economic intervention will be located can also help in making appropriate choices. Environmental analysis may entail looking at the economic, political, legal, policy and socio-cultural segments of the environment, particularly in its micro manifestation as they may directly affect the economic activity. preliminary analysis of the larger micro environment also helps in making due assessment of possibilities of success of a particular intervention in that given reality. Details about environmental analysis have been mentioned subsequently in this volume.

4. *Perspective and Competence of the Organisation*

An assessment of the perspective and competencies of the organisation which is initiating such an effort is also important. Any activity or intervention that seems to be in contradiction of the organisation is not likely to succeed. Hence, the choice of an appropriate intervention must be taken into account in the current perspective, in the philosophy and competence of the Organisation which is taking the initiative.

Based on the above criteria, a short-listing of appropriate interventions for a variety of activities can be developed. It is important at this stage not to choose only one intervention, because the act of choosing itself is an ongoing process and should not be cut short. Other considerations like market, cut pricing, costing availability of credit and other resources, etc., may have to be availed of in finally narrowing down the choice to a single viable intervention. ■



This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

The purpose of this exercise is to enhance our sensitivity to womens' work reality within our own contexts. It helps us focus up on all the work that women do: at home and outside the home, (paid, unpaid, earning in cash, kind, for consumption needs, etc.).

- For example :
- * cleaning home
 - * fetching water
 - * working in the field
 - * looking after the animals , etc. , etc.

[illegible]

2. Based on the work the women do on a typical day, can you make a time-schedule of a typical day.

For example :

5 a.m. Wake-up, clean home

6 a.m. Clean animals, cook food

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

- For example :*
- * During the harvesting period, major time is spent on these activities (7 a.m. to 6 p.m.)*
 - * Marriage in the family means less time for economic activities.*

4. Can you make out a list of various skills (major skills) that women possess:

For example :

- * *Sowing, transplanting*
- * *Cooking*
- * *Taking care of children*

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5. Can you prepare a list of resources that women have in terms of the quantity, location, nature of access to the resource (ownership, control, lease etc.), likely value of the resource, etc.

For example :

- * *House*
- * *Land*
- * *Bullock cart*
- * *Hand cart*
- * *Water*
- * *Electricity*
- * *Any other resource*

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Exercise II

To understand different types of activities.

1. Make a list of all the activities that your organisation does to enhance women's income and classify them according to the type of intervention they represent.
For example :

- * *Bee keeping* - *new activity*
- * *Dairy* - *upgradation*
- * *Banana fibre products* - *better returns*
- * *Vegetable growing and vegetable vending* - *networking*

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears to be a standard notebook page or a sheet of stationery. There is no handwriting or other markings on the page.

1. From the list of activities identified by you in the previous exercise, choose any three and write them down. List reasons why your organization started these activities.

* We started to do bee-keeping as no one was doing it in the area. Women do not have to spend much time in this activity and flowers also grow in abundance in the area.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

2. List the impact these activities have had on the workers' income.

For example : By doing bee-keeping, individual women are able to earn Rs. 40/- to 50/-

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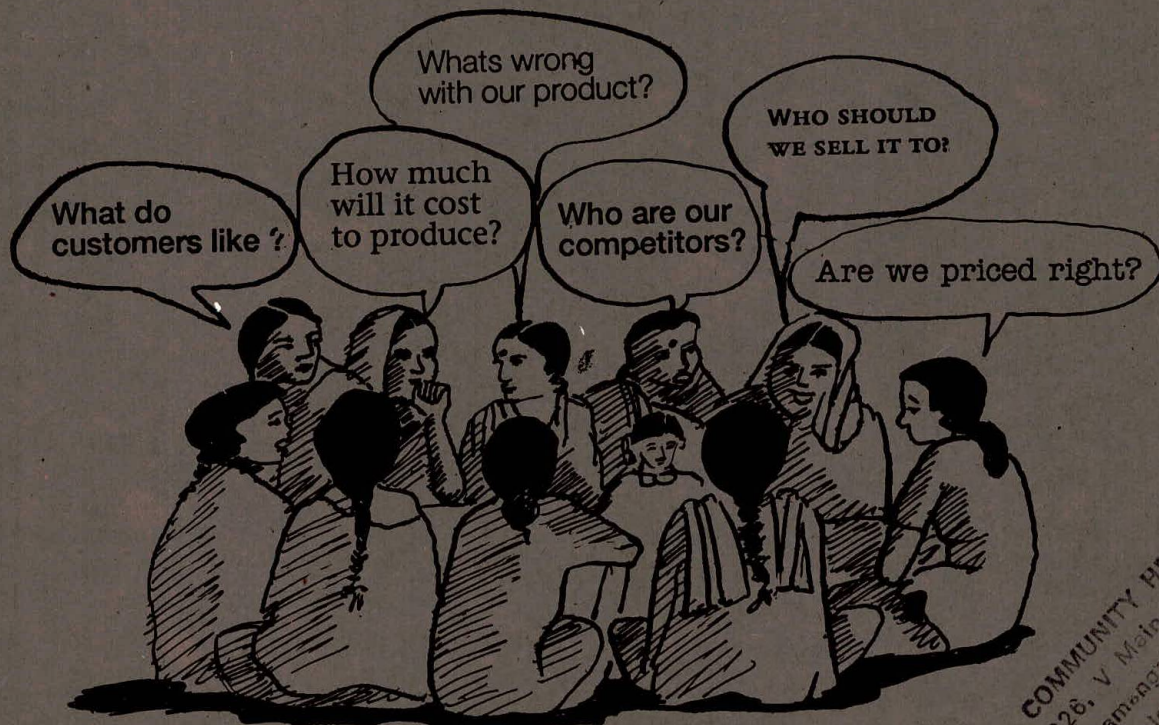
3. *Relate these activities with the analysis of reality of women's work. Do you find any mismatch? If yes, why? If no, why not?*

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Marketing



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RDCPRIA)

COMMUNITY HEALTH CELL
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Koramangala
Bangalore-560034
India

MARKETING

A cooperative society decided to undertake blanket weaving as an economic activity. The organiser arranged the required training for members, and also secured the necessary raw material. The production began, and the quality of blankets was quickly accepted as very good. Encouraged by this, the production tempo was increased, and the average production capacity was stepped up to rupees one lakh per year. However, the sale proceeds in the first year totalled Rs. 20,000/-. Undeterred, the organiser kept the pressure on production for the second year but unfortunately, the sales income for the second year did not exceed Rs. 30,000/-. Stocks in the godown at the end of the second year were approximately worth Rs. 1.50 lakhs, and production came to a grinding halt.

A Beedi-rolling cooperative was set up with 100 women members. The first year was spent in preparatory work, such as registration of the cooperative society, securing production and sale permits, renting and furnishing the production shed, enrolment of members etc. The raw material was easily available at the market place. The workers did not require training as they already had long experience in making Beedis. The production started soon and picked up quickly. The organisers approached the local wholesale/retail markets to lift the Beedis produced but they were not able to succeed due to other commitments of dealers and loyalties with other established large-scale Beedi manufacturers of the area. Efforts were made to sell Beedis outside their area but this effort was also not successful. At the end of six months, only 10% of the Beedis produced were sold and stocks worth Rs. 1.75 lakhs were piled up in the godowns. In desperation, the co-operative made a loss sale of Rs. 78,000 to the local Mela Stall owner at 60% of the normal price. Frantic efforts with distributors in other districts of the state resulted in orders at only half the normal price. This situation brought disillusionment amongst the members and resulted in a substantial number staying away from work.

What had happened in both the cases? In both activities, there were adequate skills, funds, raw materials and finished goods but 'No Sales'! We, in voluntary organisations, are quite familiar with such examples, because many a times adequate attention has not been given to a very vital area — Marketing.

What is "Market"?

The term market used here is different from the "market place" or "bazaar". Most of the times when people say "I am going to the market" they really refer to the market-

place or bazaar, which is a place where products are sold and bought. But this place is not a "Market". In the context of an economic activity, **Market** is defined as **a group of customers for a given product or service.**

Hence when we say that the market for school uniforms in Delhi is very large, what we really mean is that there are a large number of customers for school uniforms in Delhi.

What is 'Demand'?

The customers give rise to **demand** for products or services. For example in the above case, we would say that there is a large **demand** for school uniforms in Delhi.

Demand is generated because customers have a need and the product satisfies this need.

The demand for a product arises when potential customers are either aware of an existing need, or made aware of a need (through, say, advertising), and the customers have the purchasing power or money to buy the product.

What is 'Marketing'?

Marketing is the process of understanding customers' needs, their demand and then taking steps to fulfill these demands by designing, producing, supplying the product or providing the service to the customers.

Marketing function involves:

- (i) understanding customers, their needs and preferences;
- (ii) estimating the existing demand, anticipating the future demand and making attempts to expand and generate more demand;
- (iii) rating one's own product in comparison with similar other products already in the market;
- (iv) taking steps to fulfill this demand by introducing the required changes and
- (v) setting up efficient channels of supplying the products.

Difference between 'Marketing' and 'Selling'

Marketing is different from **selling**. The concept of 'sales' implies the task of just "disposing off" stocks of products at, of course, a profit. On the other hand, 'marketing' implies

coordinating efforts to mould products/programmes according to the needs of existing/potential customers' needs. It is assumed that profits will build up only after adequate customer--satisfaction is achieved. The above concept is illustrated in the following chart:

	Focus	Means	End
I) The Sales Concept	Product	Selling or Pushing	Profits through Sales
Vs			
II) The Marketing Concept	Customer Needs	Set of Products/ Programmes based on customers' need.	Profit through customers' satisfaction.

When to begin thinking about it?

In any economic activity, it is very important that adequate attention is given to marketing before starting the activity. It is important because if the raw materials are already purchased, other arrangements have been made and then we think of marketing, there are chances that we have selected a product or service which has already many suppliers in the market, or customers may be looking for an entirely different quality of product or they may not be willing to pay the price we expect. As a result, our activity may never become feasible.

During the initial stages, it may be necessary for us to take up the responsibility for marketing but we need to involve the women and train them to gradually take on this responsibility.

MARKETING PLAN

If organisations have to initially assist women groups in developing a marketing plan and eventually train women to carry on the task on their own, we need to know of the steps involved in doing so.

For developing a marketing plan for an economic activity, we need to collect information regarding the market of the product(s)/service(s) we intend to provide as well as some information of our own product. The first set of information that we require for this purpose relates to customers, their characteristics and special features, their needs and their preferences.

The second set of information relates to the same product(s) or service(s) already available in the market. It includes the information regarding the special features of the products and the consumer benefits that they offer; their capacities to meet the requirements of the market; the customer--opinion about these products, and so on.

The third set of information relates to our own product(s) or service(s) concerning its special features and the customer benefits that it can offer.

A. Market Estimation

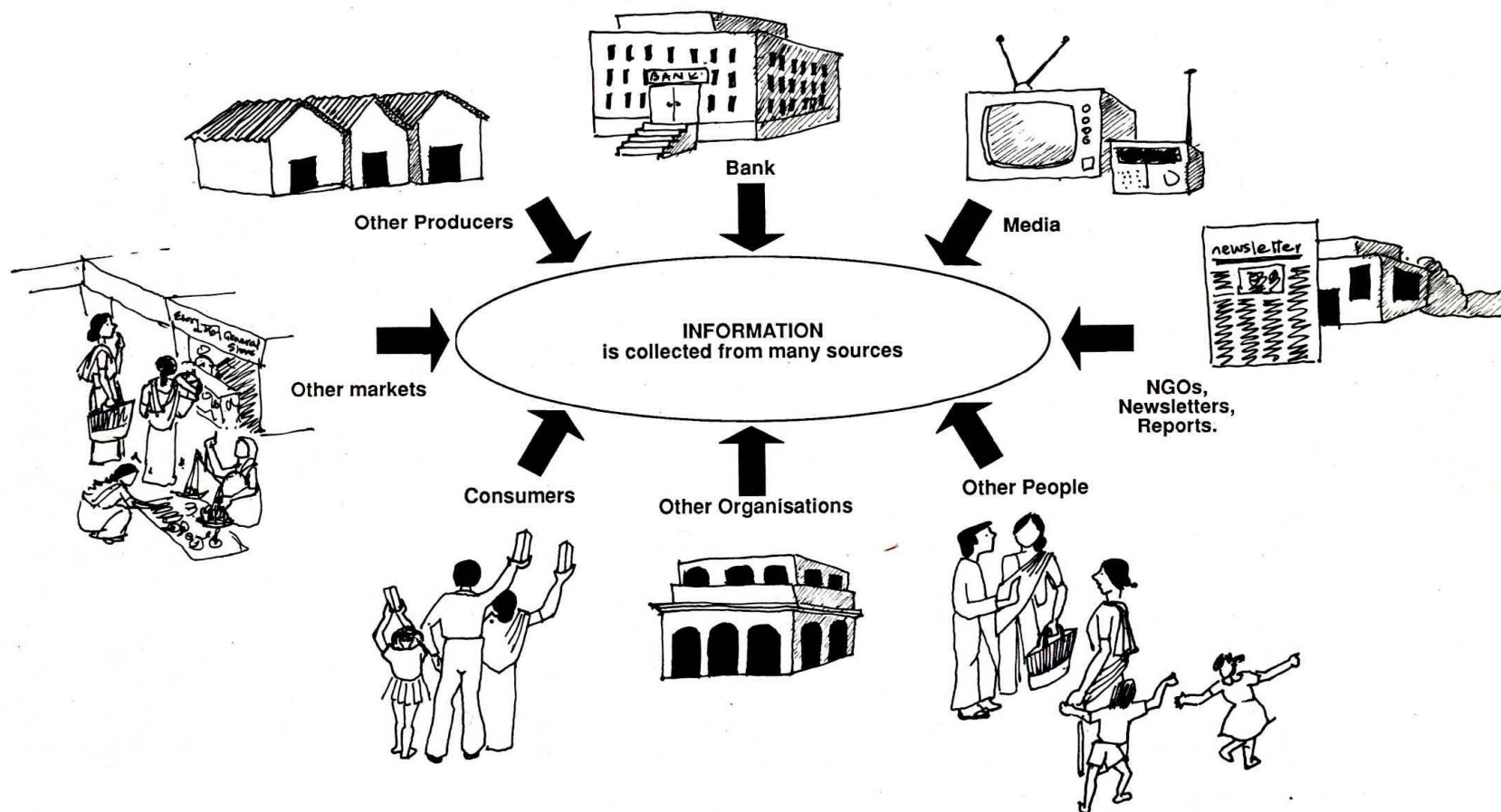
Once we have this information it needs to be organised, consolidated and analysed to estimate the market. The estimation of the market has four essential components : the market size; the market potential; the supply situation; and the competition.

Sources of Information

1. Consumers
2. Market survey done by the group by talking to other people (other than customers).
3. Other organisations
4. By travelling and visiting markets
5. By going to banks, finding about all schemes and talking to bank employees
6. Through TV, Radio, Newspapers
7. Through training programmes
8. Newsletters of other NGOs, magazines, bulletins, government notifications, etc.
9. By being in touch with producers of similar products.

1. Market Size

Every product has its own market size at any given point of time and place. If every day, in a particular city, two lakh eggs are consumed, then the market size



for eggs in that **given area** is two lakh eggs. We need to have an **approximate** idea of the market size of the product we are planning to produce or are already producing.

Here is an example ! A milk co-operative is set up in a village of 500 families. In a village, there are 500 families and a milk co-operative is set up. In order to find out the market size, we try to find out the quantity of milk that could be consumed in the village. After that, we try to make an estimate of how much milk the government dairy or any other institution **can buy** from the village. The total of all these would constitute the market size.

2. Market Potential

Market potential refers to the demand that could be generated by the market at some time in the future. This is because new customers may emerge on the scene, or we may be able to persuade more customers to use our products, more frequently. Hence, we need to look at whether our product has the capacity to exploit the market, which may not be there today but may emerge in the future.

The future of our product depends upon the market potential of the product

If the market potential is high then we may think of a larger group of women working on the activity in future, and, we do not have to worry a great deal about marketing.

3. Supply

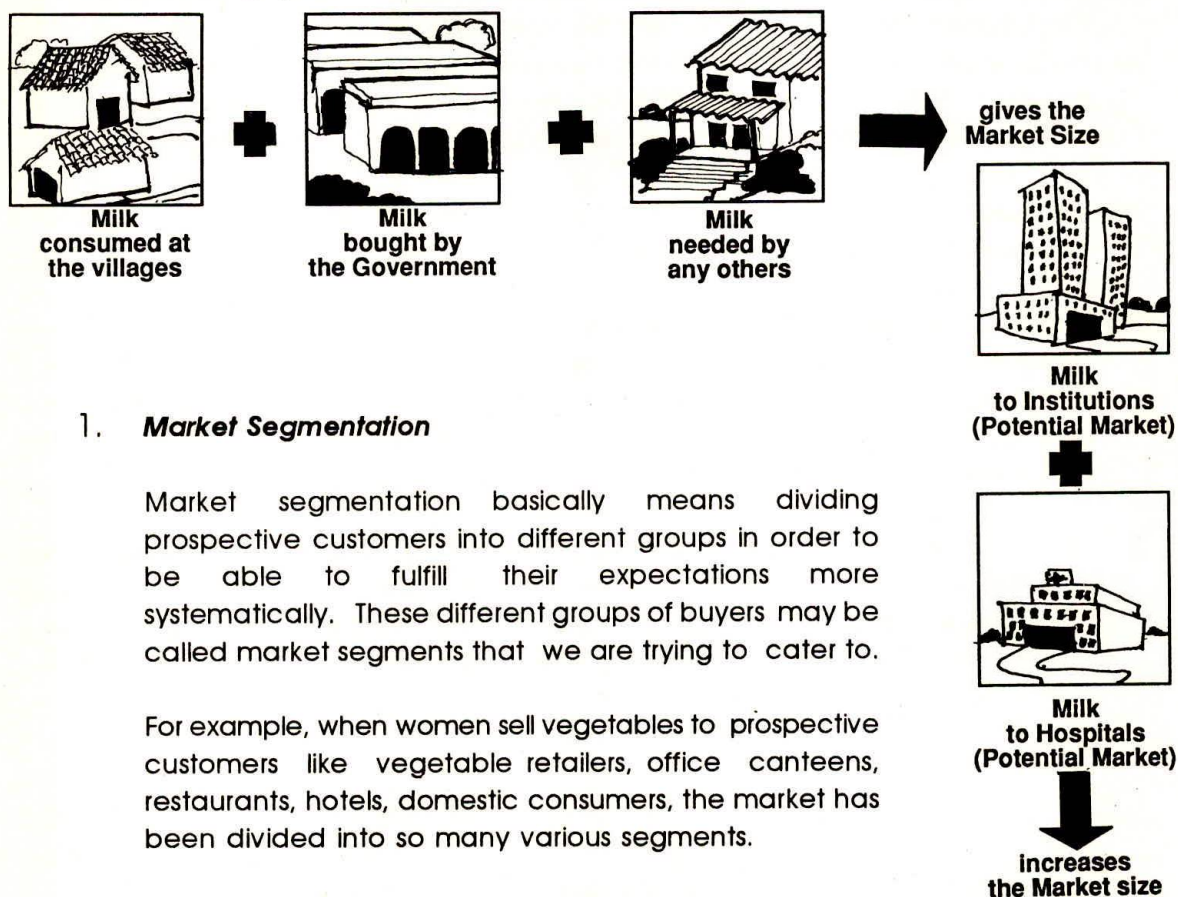
Supply means the total quantity of a product normally available in a given area or state. For example, if a city gets bread from 3 bakeries, then the total supply of bread to the city is the sum total production of these 3 bakeries. Estimation of the supply situation, when matched to the market size and market potential, gives an idea of the scope for our product/service in the market.

4. Competition

It is important to be aware of the number of competitors operating in a given market. A competitor is a person/organisation which supplies the same product(s) or service(s) to the same market as we do and fulfill the same need of the customers. Estimation of the quantity of competition, as well as the strengths and weaknesses of competitors is essential to develop a marketing plan. If there are too many competitors in a market, the supply may exceed the demand and selling may require tailoring the gap between the customer's needs and performances and the existing nature of supply.

B. Planning

The estimation of the market in this way will provide us the first-cut picture of the standing of our product(s)/ service(s) in a given market situation. Now we can move on to develop our marketing plan in this context. The essential aspects of marketing plan are described as follows:



1. Market Segmentation

Market segmentation basically means dividing prospective customers into different groups in order to be able to fulfill their expectations more systematically. These different groups of buyers may be called market segments that we are trying to cater to.

For example, when women sell vegetables to prospective customers like vegetable retailers, office canteens, restaurants, hotels, domestic consumers, the market has been divided into so many various segments.

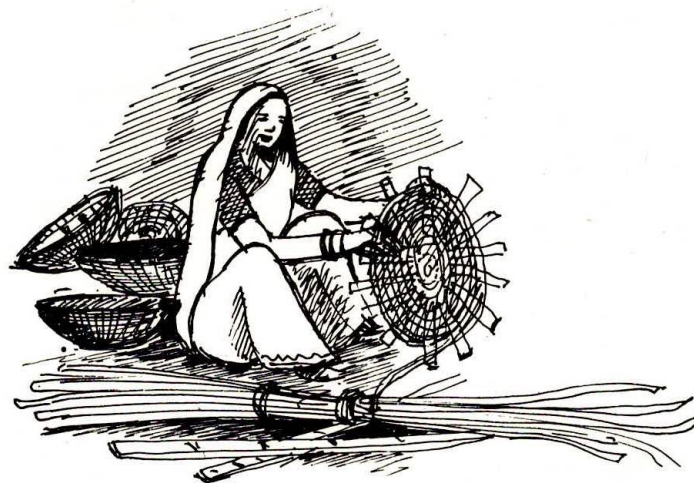
Each segment of the market is a market by itself, because it has its own requirements and peculiarities. For instance, vegetable retailers may want the full range of vegetables and may want it every day, while canteens and restaurants may require only certain vegetables and not of a very high quality, while hotels may choose to buy only certain vegetable and that too of high quality.

In a similar way, a tea-shop owner's market segments may comprise of office workers, college students, casual visitors, commuters, roadside labour, regulars, etc.

The Basis for segmenting markets

A large number of variables can be used to segment the markets. However, the following four criteria are normally used:

-
- (i) **Regional segmentation**, involves choosing a particular region for selling. For example, we may choose to sell our vegetables, eggs, bidis, creche facilities in the rural areas only; or we may want to increase our regional segmentation by including the nearby town also. We may choose to sell our product in one locality or may cover the adjacent area also.
- (ii) In **demographic segmentation**, we make an attempt to differentiate groups on the basis of their age, sex, family size, income, occupation, education, religion, social class, etc. For example, in a tailoring project, we may like to distinguish between the sex of buyers - male/female. Is it the working women who will buy? What is the average age of these buyers? What is the average income of their family? What is their social class, culture etc.? The answers to such questions would provide valuable inputs to the kind of product that we are going to market as well as its success.
- (iii) The **personal segmentation** is basically concerned with the lifestyle of the buyer groups or their personality traits. For instance, we need to know whether a particular buyer group is going for tasty food, likes variety and does not mind paying for it, or is content with the same food every day and cannot pay for the taste and variety in food.
- (iv) Segmentation on the basis of **buyers' behaviour or consumers' benefits**, implies differentiating on the basis of their preferences and benefits that they are looking for, from the products or services. For example, in a bag-making project, one prospective buyer may be seeking the design, another the colours, and the third one, its utility and size.



Examples of segmentation of the Market are given here on the basis of three different types of Activities.

1. "Manufacturing" (Product - Chappals)

Segment Number	Segment Description	Similarity between members of Segment
One	Local shops, weekly market, consumer co-operative society.	Regular but small quantity orders Same locality, same price and quality, easy to understand the taste.
Two	Wholesalers, factories, boarding schools, colleges, orphanages, hospitals, army, police, offices, organisations, Government.	Large quantity. Orders not regular, customers give own specifications and designs
Three	Exhibition	Large quantity
Four	Export	Large quantity customers give specifications and designs

2. "Livestock" (Product - Milk)

Segment Number	Segment Description	Similarity between members of segment
One	Hotels, Hostels, Hospitals, Schools, Colleges, Creche, Sweetshops.	Bulk and regular order
Two	Dairy, Co-operative Society, consumers	Bulk, particular about quality; not direct
Three	Houses	Small quantity, regular order

3. "Land" (Product - Fodder)

Segment Number	Segment	Similarity between members of segment
One	Dairy farms, Co-operative Societies	Large, regular orders
Two	Individual animal owners	Small quantity
Three	Bazaar	Large quantity, not one buyer

Segments are made on the basis of similarities which exist between customers. The similarities could be one or more. The segments get made or constructed when groupings of customers are done on these similarities. Customers having same/similar features are grouped in one segment.

2. Targeting

The segment(s) which we choose to focus on for our activity is called **Target Market**. We need to understand:

1. The needs of the target-market.
2. Details of the special characteristics of people of the target-market.
3. How do they buy the product - in bulk or in small lots? What is the frequency of their purchase ?
4. The special preference of the target market. Do customers want products to be delivered at their doorstep or are they willing to collect these from the place of operation ?
5. Are there certain things they do not like for example, certain colours, perfumes, sizes, kinds of packing, etc.?
6. What price can they pay ? What price are they willing to pay?
7. How committed are they to our products? How committed can we make them to our organisation/our products ?

The above information is needed, so that we can satisfy the needs of our market and are able to provide the services and goods to the satisfaction of our customers.

Example of different levels/scales of market that could be targetted and their advantages and disadvantages.

Different Markets	Advantages	Disadvantages
Local/Neighbourhood Markets	<ul style="list-style-type: none"> - Buying habits and purchasing power more easily known - Minimises problems with distribution and transport 	<ul style="list-style-type: none"> - Becomes saturated quickly - Generally cannot afford to pay for higher-priced items
Countrywide/National Markets	<ul style="list-style-type: none"> - Increases the number of buyers and thus creates potentially greater surplus 	<ul style="list-style-type: none"> - More difficult to know buying habits and likes/dislikes - Requires national distribution of products. - May require channels of distribution in selling
Export/International Markets	<ul style="list-style-type: none"> - Provides access to buying power of wealthier countries and consumers. - Creates large population of consumers 	<ul style="list-style-type: none"> - Creates dependency on intermediary importers to translate markets, trends and requirements. - Extremely complicated requirements of quality-control, licensing, shipping, etc. - Requires far more sophisticated control of financial and production systems.

WE COULD CHOOSE THE MARKET BEST SUITED TO US DEPENDING ON OUR CIRCUMSTANCES AND RESOURCES.

3. *Outlining the Product/Service Decisions*

Once we are clear about the target market, its size, market-potential, competitors and their products, we need to focus on what **exactly** we will make. We need to outline decisions in relation to the range, quality, level, designs and costing, etc., at this stage. Such decisions are called product/service decisions. The rationale of such decisions lies in pitching our product/service to the requirements of the market that we are targetting at.

For example, if we are making handicrafts, then the product-decisions involve answering the following questions:

- i) Should we make all kinds of handicrafts - paper, wood, clay, cloth, etc., or, should we restrict to one or two items only ?
- ii) Should we make expensive type of handicrafts of the medium/inexpensive variety ?
- iii) Should we specialise in making one item, that is, dolls or decoration pieces? Or, should we make a larger variety?
- iv) If our decision is to make wall-decoration pieces of cloth, and in Rajasthani style, then
 - * of what sizes ?
 - * of which patterns and colours ?
 - * what quality of cloth, colours and other raw materials to use ?

In the above example, the product decision involves a detailed decision on the range, the raw material, the kind of handicrafts, etc.

Product Features and Consumer Benefits

Product features are the characteristics or properties of the product. For example, a plastic bucket has the characteristic of being made of plastic. The benefits to its consumers are: light as compared to a steel bucket and so easy to carry, colourful, good looking; also does not get so hot in the sun and is easy to clean.

Consumers normally buy things because of their benefits and not because of their features. Product Features and Consumer Benefits have a cause-and-effect relationship. Product Features are the causes and Consumer Benefits, the effects.

The above point can be illustrated with the following examples of manufacturing activities

Examples of "Manufacturing Based Activity"

Number 1

Foot-operated Spinning Wheel to make Wool

Product Features

- * Foot-operated
- * Self-winding mechanisms
- * Made of Mild Steel

Consumer Benefits

- * No chest and back pain
- * 500-600 gms, extra production per day.
- * Long-lasting
- * Good quality of yarn produced.

Number 2

Hand Made Grass Mats

Product Features

- * Length 7 feet. This is more than machine made mats.
- * Good colour combination
- * Smooth, thin grass used
- * Good careful weaving (No holes)
- * Fast colours used

Consumer Benefits

- * Any person can sleep comfortably without his legs sticking out of the mat
- * Looks nice
- * Does not hurt while sleeping.
- * Long life. Not easily broken
- * Will not fade

EXPLANATION: We will need to talk about the specific benefits and features of our grass mats and justify the high price.

Number 3

Dining Table Mats

Product Features

- * Made of sisal fibre
- * Smooth finish, shiny
- * Washable
- * Hand-made

Consumer Benefits

- * will not burn
- * good-looking
- * Easy to keep clean
- * Life of mat is 2-3 years

EXPLANATION: We will have to explain the specific benefits that the customers will get if they buy our dining table mats.

Examples of "Livestock" based Activity

Number 1

Poultry - Chicken

Product Features

- * Light Weight
- * Tenderness
- * No Disease

Consumer Benefits

- * You get a good price
- * Easy to cook, digest and tasty
- * Safe to eat. You will not fall sick

Number 2

Eggs

Product Features

- * Big Size
- * Fresh
- * Clean

Consumer Benefits

- * You get a good price
- * You get good quality
- * Eggs will not dirty your hands at the storing place.

4. **Marketing Consideration In Pricing**

While deciding the selling price for our products/services, we need to know—apart from the cost of our product - the number of competitors and prices of their products, and the extent to which the customers can bear the price, i.e., ability and willingness of the customers to pay the price. (Details of how to calculate the price is dealt within the finance section).

While pricing, we can follow one of the following pricing methods:

Cost Plus Pricing

In the first method, we calculate all costs and add some margin in order to give a profit and a surplus, e.g.,

Cost + 20% of cost as margin = selling price.

Competitive Pricing

In competitive pricing, we determine the price of our product after considering other similar products in the market. We can then choose to price it at the same price; a lower price, or a higher price. Each has its merits/demerits. For example, if milk is being sold at Rs. 6.00 per kg and we are pricing it at Rs. 5.90 or Rs. 6.10 per kg, we can say that our price is competitive.

Penetration Pricing

In the penetration strategy, we consciously keep the price of our product low as compared to others. This way we attract a lot more customers and penetrate into the market. For example, a women's group which supplies fresh food to office-goers, keeps its prices low and is therefore, able to capture many more customers. Larger output and smaller margins add up to bigger profits.

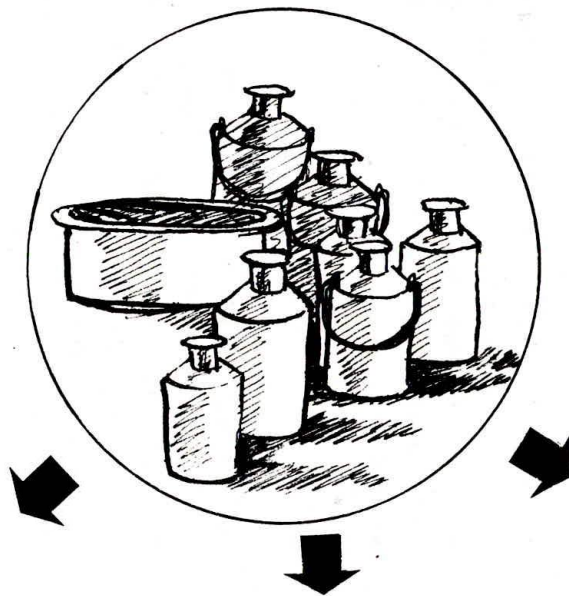
Discount

Discount is given to serve a particular purpose at a given time. To further our sales, or to get rid of large stocks, we give discounts. These may be cash discounts, i.e. 1% or 2% or 5% on cash payments; or quantity discounts, i.e., the customer buying in large bulk gets a discount.

5. **Distribution Channels**

Distribution channels include all the activities and steps which are required to make our product reach the customers. If the customer is supplied directly by the producer, it is called **Direct Distribution**. If the supply is through some intermediary

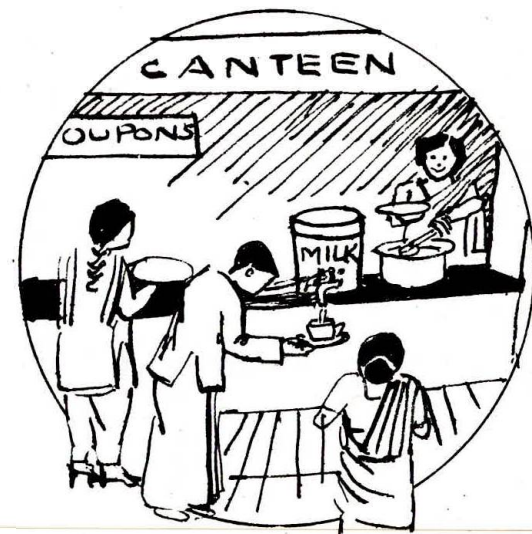
The Milk Supply is Distributed



to
individual homes,



through Co-operatives
to individuals



through Canteens, and Restaurants
to individuals

like a distributor, a dealer, or a marketing agency or networks -i.e. KVIC etc., then it is called **Indirect Distribution**.

One example of **Direct Distribution** is selling of bed-sheets directly to customers at the production centre itself. Direct distribution can also be done by buying at a shop in a market place. Another way of direct distribution is to participate in exhibitions, melas, etc. These exhibitions can be organised by us or we may participate in exhibitions organised by others. There can also be exhibitions organised jointly by a number of NGOs. We could also participate in exhibitions organised by DASTAKAAR, SIPA, Government/Semi-Government departments like CAPART, the Central Social Welfare Board, etc.

However many a times, it is not possible to deal with and sell directly to all customers. In such cases, it is advantageous to have **Indirect distribution** i.e. use a channel of distribution. For example, when we are making handicrafts we may find it very suitable to sell to the State Handicrafts Emporium.

The decision to choose a particular channel of distribution will depend on such factors as our target market, product, sales volume which we wish to achieve, how widespread our market is, distribution arrangement of our competitors, the present capacities and skills available in our organisation, etc.

There is an imperative need to work out the details of distribution channels as part of the marketing plan.

6. **Order Taking and Selling**

Order-taking and selling constitute the most important components of marketing. We need to receive orders regularly. Some one has to be responsible for meeting customers regularly and keeping them satisfied. We could have one person or a team to look after this assignment. Usually, this person or the team could consist of an organiser of the activity - anyone from the NGO staff, the group members, or, leaders, etc.

Order-taking and Selling means

1. Co-ordination between customers on one hand and production and delivery personnel on the other.
2. Acknowledging orders of the customers, answering all their queries, including detailed queries of technical nature.
3. Keeping a systematic record of all customers' orders, including despatches made against each order.

-
4. Making delivery challans and bills (sometimes these functions are allocated to the delivery/despatch/store section).
 5. Collecting payments from the customers and keeping a record of these.

A list of concrete decisions and a detailed design for all these functions is an important component of the marketing plan.

FEEDBACK

Following information is essential to keep up the activity in tune with the dynamics of the market:

- * Customers' forecast of orders for the next few months.
- * Change desired by the customers in the products.
- * Customers' level of satisfaction with our products.
- * Those who are using competitors' products and what their satisfaction level is.
- * Do customers know about us sufficiently? (feedback on our promotional effort).
- * Do the customers find our distribution arrangement adequate?

People involved in selling and order-taking may be the most appropriate for providing such information because by nature they will be in constant touch with the customers.

7. Test Marketing

Test marketing means marketing the produce on a test basis. We need to test the market in order to find out if the customers find the product and the price acceptable

It is essential to test the market when we are entering it for the first time, when launching a new product, or, when we have changed some of the features of our product.

Test-marketing consists of two stages:

Stage 1 is doing a Pilot Test. In the Pilot Test, we produce a few (15-20 at least) samples of our product and give them to our consumers for use. After they

have used these, we ask them: Are you satisfied with our product and its performance? Does it meet all your expectations? If not, what improvements would you like us to make ?

After getting the responses, we implement the suggestions of the consumers to make the product more acceptable.

Stage 2: is producing more quantity of the product than in the Pilot Test. This quantity is then sold in a limited area, which is called the 'Test Market'.

At this stage, we have to put the product under actual market conditions. Samples are not given, as in the case of the Pilot Test. The product is sold at a specified price, at chosen shops and given some promotional support, if required. In this process, we get to know the strong and weak points of our product, its distribution, its price, promotional efforts needed, etc.

Test marketing is done **before buying the raw material** in bulk or buying all machines for production.

If test-marketing results show that sale of the product is not encouraging, we may even decide against starting that particular activity.



EXERCISES ON PREPARATION OF A MARKETING PLAN

An important aspect of marketing is the preparation of a marketing plan. This needs to be done before we start producing in bulk. The Marketing plan is our own thinking, understanding of the various aspects of marketing of the activity which we are thinking of and putting this down on paper.

Once the group has decided what activity to get involved in, we may make a rough plan of marketing based on formats 1-5, provided in the following pages. This could be done by 2 to 3 organisations, involved in a similar activity, sitting together and discussing.

The organisers could also collect/obtain information from the markets/other knowledgeable persons, by deputing people or going themselves.

This rough plan could be discussed in a meeting of women members or their leaders and their views sought on this matter.

The final Marketing Plan is made after including changes which have been suggested and accepted in the above-mentioned meeting (The final Marketing Plan is also made in Formats 1-5).

A review of Marketing Plan every three months, and to assess whether it is working alright, is also very important.

Change the Marketing Plan when necessary but major changes should not be done frequently. If we find ourselves changing our Marketing Plan very frequently, something is certainly wrong with our planning and setup. This would mean that we need to think afresh.

For illustration purposes we have filled Format 1-3. Detailed Marketing Plans can be filled only after getting in-depth information on the particular activity we are trying to start.

Marketing Plan Format 1

Products we will make

1. _____
2. _____
3. _____

Special features of these products

1. _____
2. _____
3. _____

Competition

<i>Our Product Name</i>	<i>Competitor's</i>	<i>Their Product</i>	<i>Price</i>		<i>Features</i>	
			<i>Ours</i>	<i>Theirs</i>	<i>Ours</i>	<i>Theirs</i>
1. _____						
2. _____						
3. _____						

For illustration purposes we have filled Format 1-3. Details of Marketing Plans can be filled only after getting in-depth information on the particular activity we are trying to start.

Marketing Plan Format 1

Example—Nursery

Products we will make

Pipal _____

Mango _____

Guava _____

Zenia _____

Rose _____

Money Plant _____

Amranthus _____

Silosia _____

Special Features of these Products

1. *Evergreen, Foliage* _____

2. *No Damaged Leaves* _____

3. *2.5 to 3 ft. Long sapling which means it is fairly well grown, big and therefore good.*

Competition

1. *Evergreen Nursery, their Prices are 15% lower*

2. *Kalindi Nursery, then ours*

* *The competitors do not have a partial sun shade as we have*

* *We do frequent sprinkling of water over plants. They (the competitors) do it only once in the morning*

Marketing Plan Format 2

Target Market

Our customers are companies and hotels in Delhi. Delhi is only 40 km. from here and big companies and hotels need a lot of plants and saplings from our nursery. Also big farm houses in Gurgaon (10 km from here) take plants from us. Then there are small individual customers who take 2-5 or 10 plants from us for their houses backyards, etc.

Marketing Plan Format 2

Target Market

We are going to sell our products to:

States _____

Cities _____

Age Group _____

Educational Group _____

Economic * *Upper*
Class * *Upper Middle*
(Tick one) * *Middle*
 * *Lower*

Very quality conscious/somewhat quality conscious/price conscious (Tick one out of the three in the above sentences)

If we are selling to organisations, co-operatives, KVIC, etc., Write down:

Name of the organisation _____

*Their annual purchase
of the product* _____

Who else is supplying this product to them? _____

If you are selling to wholesalers, dealers, etc.

Names of the wholesalers _____

Dealers _____

Their approximate annual purchase of the item we are making _____

Any special features which they want _____

Marketing Plan Format 3

Our customers are very quality conscious and so are we. Our customers are willing to pay a higher price to us but they are satisfied with our dealing because we provide them full range of plants, saplings. Our products are healthy and we also give guidance and expertise to our customers. These things our competitors are not able to provide. In fact now we have built up such a good reputation that more and more organisations are inviting us to set up their lawns, gardens, farms on a project turn key basis. We find such project work quite profitable.

Marketing Plan Format 3

Put down on paper all factors which customers consider as important when buying products of the type which we are making.

Then list of all important competitors and categorise (place) their products based on the above list of factors

Competitor

Category (position) they belong to

- | | |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |

Position of the Product

Based on the target market chosen in format 2

Determine position of our product

What will our product be known as (tick one of these)

- | | |
|---|-----------------------|
| * <i>High quality</i> | * <i>High price</i> |
| * <i>High quality</i> | * <i>Medium price</i> |
| * <i>Reasonable quality</i> | * <i>Medium price</i> |
| * <i>Reasonable quality</i> | * <i>Low price</i> |
| * <i>Fresh, pure, natural ingredients</i> | |
| * <i>Full range/medium range/low range (in case of job-work, welding, etc.)</i> | |
| * <i>All sizes/few sizes</i> | |
| * <i>Standard products/products made to order/both.</i> | |

Marketing Plan Format 4

Pricing

- * *Have a look at our competitors, their products and prices given in format 1.*
- * *Calculate fixed, variable and total costs for each of our product*

<i>Product 1</i>	<i>Fixed cost</i>	<i>Variable cost</i>	<i>Total cost</i>
<i>Product 2</i>	<i>"</i>	<i>"</i>	<i>"</i>
<i>Product 3</i>	<i>"</i>	<i>"</i>	<i>"</i>

Calculate break-even point for each of our products

<i>Product</i>	<i>Break-even point</i>
<i>1</i>	<i>- Units</i>
<i>2</i>	<i>- Units</i>
<i>3</i>	<i>- Units</i>

Select a (selling) price for each of our products based on

- * *Competitors' prices*
- * *All costs of product*
- * *Customers' capacity/willingness to pay*
- * *Image of our product*
- * *Discounts we have to give to our dealers/distributors/marketing agencies*

<i>Product</i>	<i>Selected price</i>
<i>1</i> _____	_____
<i>2</i> _____	_____
<i>3</i> _____	_____

Marketing Plan Format 5

For the sales arrangements to be used here, list all details in terms of persons, contacts, etc., to be used by us.

Wholesalers/dealers

<i>Name</i>	<i>Product</i>	<i>Discount allowed</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Transportation arrangement.

Order taking and sales handling

Will be done by _____

Billing to be done by _____

Sales recorded by _____

Advertising/Promotion to be used by us

PROMOTION AND ADVERTISING

Promotion means making our customers aware of our produce/products, their features and highlighting the good points. Advertising is the most popular method of promotion.

The objective of any advertisement is to inform the potential customers of the product. Once they have the information and are aware of the product, we need to persuade them to buy the products. The advertisement should be able to build an image of the product in the minds of the consumer by talking about the product-features and consumer benefits. The advertisement should appeal to the customers either rationally, emotionally or through humour.

Rational Appeals	Emotional Appeals
<ul style="list-style-type: none">* Economy-low Price* Return on investment* Profit* Better designs* Good looks* Smooth finish* Credit* Durability* Early delivery* Better packaging* Tasty* Better finance* Good quantity.	<ul style="list-style-type: none">* Status* Prestige* Image* Women's group

These appeals conform to various consumer benefits from various segments. Hence, if these appeals are used along with the identification of consumers in each of the four segments, it would be very helpful in marketing.

An advertisement should be able to attract customers by one or more of these : slogans, illustrations, photographs, colours, style of letters, etc.

Before deciding on using a particular type of advertisement, its cost—effectiveness needs to be looked into. This means asking the question —‘How much extra sale will we get by issuing this advertisement?’ If the benefit is more than the cost, advertising should be adopted. While applying this principle, it also needs to be kept in mind that advertising has a long-term effect and some amount of advertisement has to be done by any group to make the potential customers aware and respond favourably to a product/activity.

This is usually done by:

- * meeting the present and future customers regularly and giving them all the required information.
- * making leaflets, booklets and posters about the products showing all details of sizes, patterns, illustrations/photographs of the products.
- * whenever necessary, getting a wall poster painted on a house, or by the roadside, in a village.
- * if the customers are spread over a large area, then putting advertisements in local and state newspapers. For example, Lijjat papads are sold all over India and they are advertised in newspapers and magazines and even on TV.

The advertising medium and the style of advertising would depend on who the target customers are.

If the target customers belong to the upper middle class (income being the basis of classification) and live in a city, then it may be necessary to use good quality printing for posters and to advertise even on TV. Once we are clear in our minds about who our customers are, what places they visit, and, what they see/read, it becomes easy to decide the medium and style of advertising.

Any economic enterprise can advertise its products and promote them through different mediums, such as exhibitions, weekly melas, markets, permanent shops, stalls and by door-to-door selling. One can also use the medium of announcement on cycles, rickshaws, wall writings, cinema hall slides, radio, posters at railway stations, bus-stands, etc. We can also promote our product at the Seminars, Conferences, in the colleges, schools, government offices, NGO offices, etc.

MARKETING CONSIDERATIONS FOR EACH TYPE OF INTERVENTIONS

In the four types of interventions, mentioned earlier, the marketing considerations for each type are as follows:

(1) Upgradation of Activity

Upgradation of an activity implies improving or upgrading the current activity with the help of new machines, technology, facilities, resources, funds, etc. For example, if milk is sold by a co-operative, provision of better feed for cattle, or provision of transportation of milk to far-off places, or vaccination of milk cattle are different ways in which the activity of milk production is upgraded. As a result

of this upgradation, several issues concerning marketing arise. Two main issues are the following:

- a) **Increased production as a result of upgradation:** Marketing plans need to be revised and reviewed as a result of increased production and strategies adopted to market the extra produce in time.
- b) **Increased and better quality as a result of introduction of upgradation:** Marketing plans may require reviews in areas of revision of price or change of customers, as a result of better quality of the product or the service.

(2) **Better Returns of Present Activity**

This implies ways to manage our present activity in such a way that it yields better results (gains). Lowering the input costs, or increasing output costs, or better organisation may be some of the ways to achieve the goal. Again, as in measures to create upgradation, here too, several marketing issues emerge. These are:

- a) Marketing for increased production (as mentioned above)
- b) Search for new markets for higher prices (as mentioned above)
- c) Selection and training of women from within the organisation to take over the marketing tasks.
- d) Planning and monitoring the marketing strategy as per the customers' requirements. In other words, if we have forecast a customer demand for our product/service and production is undertaken at a matching speed, then, perhaps, all orders have to be executed in time leading to better returns from the same activity.

(3) **Activity Networking**

It implies establishing contacts with similar organisations engaged in similar activities, i.e., the produce of one organisation is consumed by the activity of another organisation. For example, wool produced by one group is sold to the other for spinning, or saplings from one group are sold to the other for plantation, who in turn sells forest produce to a third group, etc. In this category of interventions, since a chain is established by a link-up of two or more organisations, marketing concerns have to be carefully monitored till the end of the chain. In the example of wool, if spinning produces low quality stuff, or it is difficult to market spun goods, then there will obviously be less demand for wool and our group as a producer group of wool will suffer. Hence, for the

marketing plan to be effective, we have to bear in mind the following:

- a) behaviour of the end link in the networking chain.
- b) marketability of the end product of the networking chain.
- c) Price controls of the end product.
- d) Consumer preference of the end product.

(4) **New Activity**

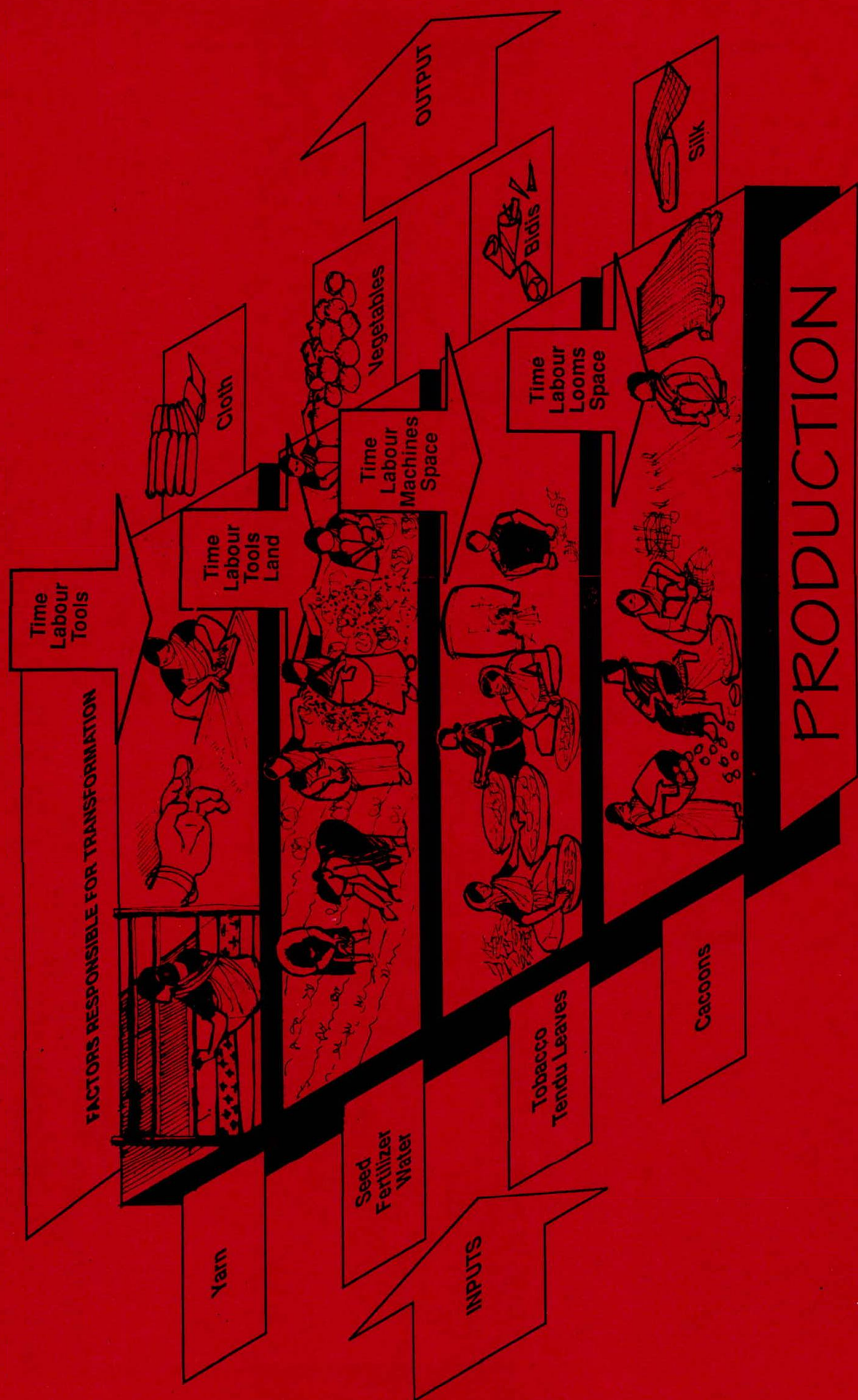
Groups venturing out to initiate entirely new areas of economic activity to women, need to begin with a marketing plan. This comprises of:

- a) estimating carefully the potential demand for the product to be produced.
- b) establishing contact with prospective buyers, individuals, groups, etc.,
- c) satisfying consumer requirements, i.e., ensuring price and range controls.
- d) setting up distribution channels.
- e) promoting and advertising the product.

Thus, it may be concluded that whatever the nature of intervention with a group, the marketing concerns generally coalesce in the same areas. If a group thinks through all these concerns before initiating any activity and prepares exhaustive marketing plans, there is no reason why its efforts should not succeed. ■

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears to be a standard notebook page, possibly from a composition book. The edges of the paper are slightly irregular, suggesting it might be a scan of a physical document. There is no handwriting or other markings on the page.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or printed text on the page.



PRODUCTION

Involvement in any economic activity entails a series of operations through which a set of inputs undergo a process of transformation, to yield a set of outputs. The resultant output fetches returns to the activity and, thereby, income to the group members.

The production function of an economic activity refers to planning, operating, integrating, supervising, contracting and evaluating the entire process of "creating" goods and services, at the 'right' cost, time, quality and quantity.

Such transformation of input into output or 'creation' of goods and services, takes place by application of labour and skills and with the help of machines and tools and in a given frame of time and space. Lack, in terms of quantity and quality, of any of these factors will affect the production process correspondingly.

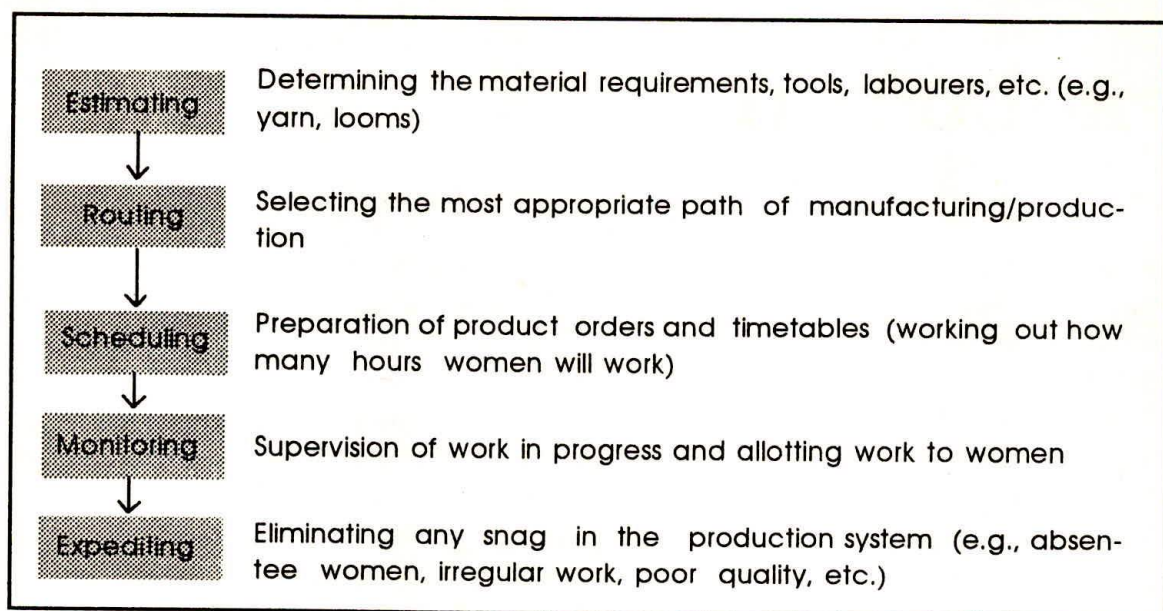
Ensuring production at the 'right' cost and time, quantity and quality constitute the backbone of any activity and thus, requires rigorous prior-planning.

Developing a detailed production plan helps a lot whether we desire to make a choice among the short-listed activities, that women can undertake, or, we wish to intervene in whatever activities women are already involved in. It helps in terms of anticipating the quantity and quality of labour and skill requirements; the implications of machines and tools required; and the related dimensions of time and space.

Such anticipation is important from the point of view of not assessing the requirements in congruence with the women's capacities and assessing the financial and other non-financial requirements.

PRODUCTION PLAN

Since production is a process that involves several stages, the first step is **estimating** the scale of production and determining the requirements of raw materials, machines, tools, labour and skills. The second step entails appropriate **sequencing** or **routing** of different stages of the production process. The third step involves **scheduling**, which coordinates operations at various stages in such a way that the rate of production corresponds with the customer demands. Besides, a production plan also includes allocation of work to women; identification of points of supervision as well as **monitoring** the coordination between different stages and aspects of production. The production plan should also propose ways and means of **expediting** the tensions that might come in the way of the production process.



Estimating

Our concern here is specifically focussed on women. In order to determine the scale of production or how much a group of women is going to produce, we need to look at the following factors:

i) **Capacities :**

In previous sections, we have talked about the real life situations and marginalised the social conditions under which poor women work. In the case of a commercial enterprise, the starting point for determining the scale of production may be the market features — like competition, competitive prices and the need to break-even. Subsequently, while entering the new market, it becomes necessary to evaluate the quality of labour and their skills. In the case of a group of poor women, however, considering the life situation and the work capacity, this evaluation for deciding the scale of activity-and-rest needs become difficult to follow. Nevertheless, their capacities in terms of the time they can spare for the proposed economic activity, the skills they possess or given the opportunity can develop, form the basis for deciding the scale of production.

ii) **Market Requirements**

Other set of factors that influence decisions about the scale of production are the requirements of the market that we are targeting at. These include sizing up the targeted market and its specific preferences etc., and matching it with the capacities of the group of women who are to be involved. Because, producing more than the requirement of market or producing something different from the preferences of the targeted market

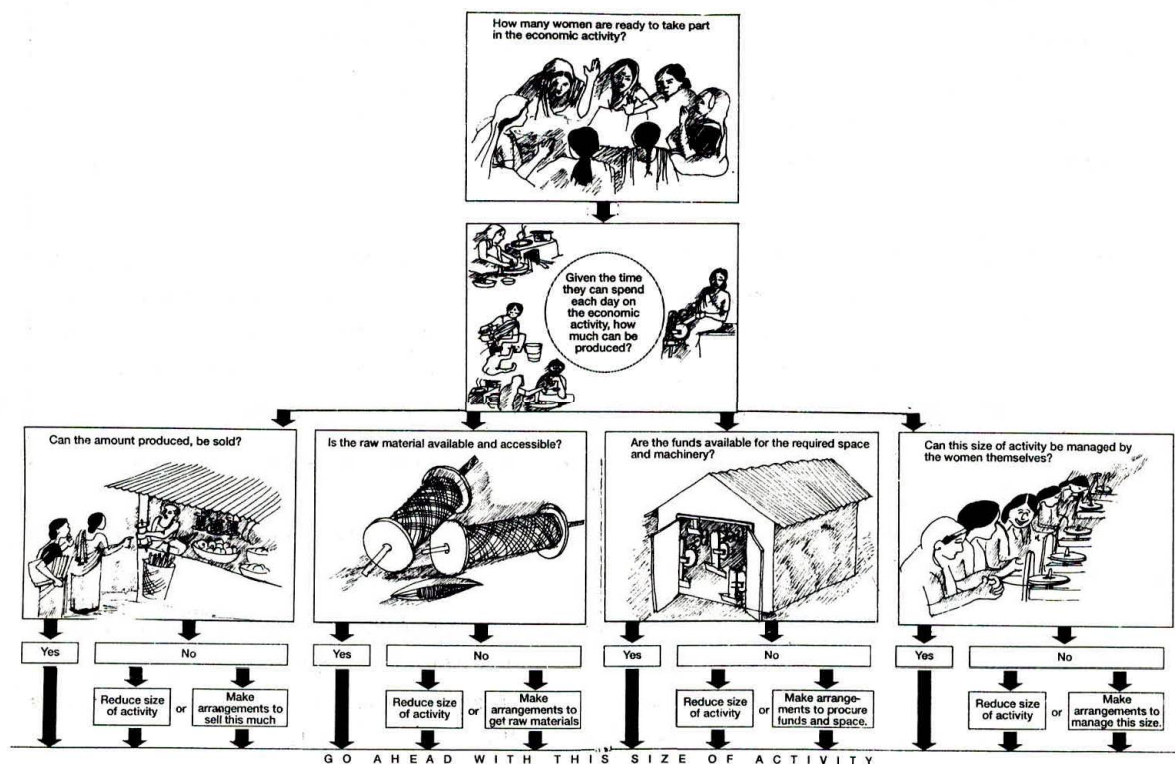
is likely to effect the economic activity adversely and thus, create problems for the already marginalised group of women.

iii) **Resource Requirements**

We have already observed that women or women groups have very little access to and control over financial and non-financial resources. This needs to be taken into account while deciding the scale of production. It also relates to the assistance women can get from a wide network and their capacity to negotiate for assistance.

iv) **Additional Factors**

The other significant factors which decide about the scale of production are geographical location and transportation; infrastructural facilities like storage; etc. For example, a group of women in a remote village in the hilly areas will have different constraints, which will affect the decision on the scale of production, compared with a group of women in a village at the periphery of a metropolis.



The envisaged scale of production will give us the first clear-cut idea about the requirements of all the three sets of factors essential for production —labour and skill; time and space; and machines and tools.

The next step is to assess how much a group of women needs to produce every month/season/year. Though there cannot be any hard and fast rule about it, yet experiences show that it is helpful to look at this issue on a yearly basis. Since the demand in the market as well as the time available to the group of women, we are concerned

Fixed production Fluctuating demand - Shawls				
Month	Demand	Production	Backlog	Stock
April	500	750	-	250
May	300	750	-	500
June	300	750	-	750
July	300	750	-	750
August	600	750	-	1100
September	1500	750	-	350
October	2000	750	900	-
November	1500	750	1650	-
December	1500	750	2400	-
January	1100	750	2750	-
February	1100	750	3100	-
March	500	750		250

These figures illustrate that it has not been possible to cater to the demand even though we have been collecting stock in the first five months. We see that it gets consumed mainly in the 6th month and is able to ease the situation a little bit in the 7th month, but the stock is not enough to satisfy completely the demand of the 7th month and a backlog starts from the 7th month and goes on to the 11th month.

with, have seasonal fluctuations, planning for at least a year helps in making adjustments/ balances between production and demand.

In the table, given above, we also observe that the backlog of demand increases every month. If we are not able to cater to the demand in time, people will go to some other source for their demand-satisfaction, especially if the demand is seasonal in character. Therefore, we have a stock of 250 in the month of March.

Most of the time, in our type of activity, it is not possible for us to increase our production as the number of women in our group is fixed. The table shows us the scope of the demand which exists at a particular time.

Fluctuating production Fluctuating demand - Shawls				
Month	Demand	Production	Backlog	Stock
April	200	300	-	100
May	150	300	-	250
June	150	300	-	400
July	200	400	-	600
August	450	500	-	650
September	650	700	-	700
October	1100	750	-	450
November	1500	750	-	300
December	2000	750	950	-
January	1500	750	1700	-
February	750	750	-	-
March	500	750	-	250

From the above, we can see that both demand and production are fluctuating as the demand is less in the first few months and we are able to build up a stock. In spite of this, during the peak season, we have a backlog in the first year.

If we are able to continue at the same scale of production in the second year, like in the first year and our demand is also at the same scale, then we will find that there will be no backlog but a surplus stock. That means we shall have to actually increase our demand in the second year.

Fluctuating production Fixed demand - Shawls				
Month	Demand	Production	Backlog	Stock
April	100	60	40	-
May	100	50	90	-
June	100	40	150	-
July	100	30	220	-
August	100	55	265	-
September	100	130	-	30
October	100	150	-	50
November	100	200	-	150
December	100	210	-	260
January	100	115	-	275
February	100	90	-	265
March	100	100	-	-

In the above chart, we can see that there is a fixed demand but the scale of production is fluctuating. In the first few months, there is a backlog and then we are able to build stock in the next few months as we are able to increase our production.

In the second year, this stock will help us to fulfill the entire demand even though the scale of production in the months of April, May, June, July, August is less than the demand. This, however, may not be possible, especially if we are producing perishable items.

Fixed production Fixed demand - Shawls				
Month	Demand	Production	Backlog	Stock
April	150	200	-	50
May	150	200	-	100
June	150	200	-	150
July	150	200	-	200
August	150	200	-	250
September	150	200	-	300
October	150	200	-	350
November	150	200	-	400
December	150	200	-	450
January	150	200	-	500
February	150	200	-	550
March	150	200	-	600

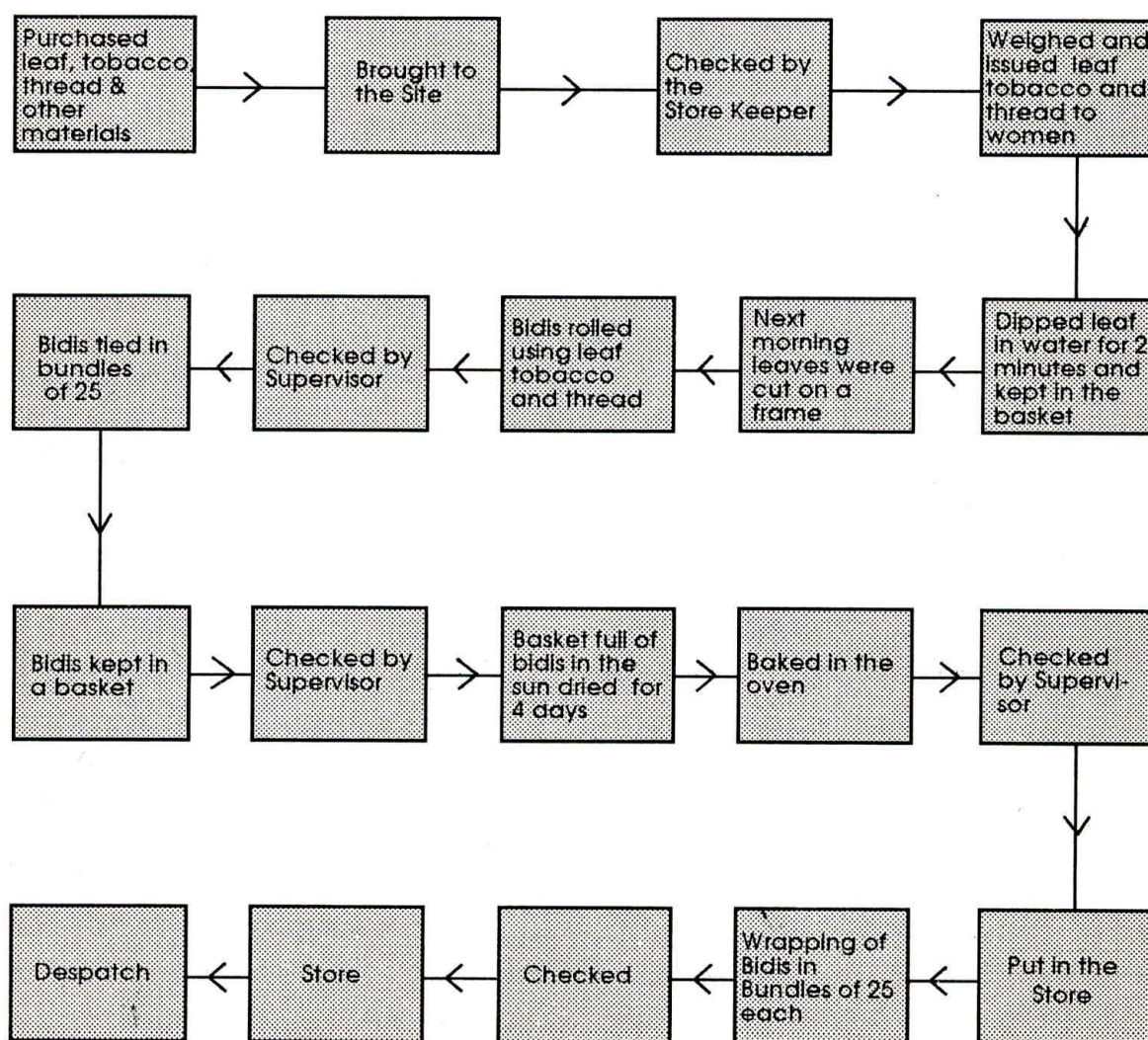
The figures given above show that both the scales of demand and production are fixed. A stock is getting accumulated. In the second year we would have to try to increase our demand, as it is not possible for us to reduce the production since the number of women in our groups is fixed.

In all the afore-mentioned cases, the discrepancy between production and demand can be handled by either involving more women, if possible, in the months when the backlog is increasing; or, by inventory-planning and control; or, both. Most of the time, for our kind of work, periodical involvement of women does not work well, and is also not advisable policy-wise. Hence, we need to concentrate upon inventory-planning and control. We will be dealing with these various aspects in great detail in the following sections:

Routing

Many a times, the production process involves various steps/stages and each step/stage has its own specific requirements that need to be anticipated and planned in advance. Working out details in the production-process ensures that no step is likely to be forgotten or over-looked. It also helps in modifying and improving the steps, wherever possible. The first step for routing is to identify and list all the steps involved in a production-process in a logical sequence, and thus, create a process flow-chart. The process flow chart of a bidi unit is shown below :

PROCESS FLOW CHART



Such a process flow chart will help us estimate space, time, machines/tools and labour required at each step in a production-process. It will also explain to us the nature of linkages between different steps and their interdependence, etc.

Questions to be asked at the time of routing :

- * Is the step really necessary ?
- * How best can this step be combined with another?
- * How best can the lag/distance between the steps be reduced or removed ?
- * How best is sequencing affecting the smoothness of the process ?

Scheduling

On one hand, the process of flow-chart will help us to estimate the time taken and the labour required at each step of the production-process. On the other, we will know the time, quantity and quality of the labour available with the group of women that we are concerned with. The next stage is to work out detailed arrangements so that time and labour could be used to the optimum level. This will mean working out who, among the group of women, will work on each of these steps, how many of them will work together at a time on each step, and how much time will they require to put in at each step, etc. It implies working out details to the extent that every one understands what needs to be done by whom and by what time.

Example

In a bidi-making unit, where certain processes of the production take place at a centralised place and the rest are done by women at their own homes, the scheduling of this unit could be done in the following way:

Parveen and Farida go to the market once a week to buy all the raw materials and give it to Hasina - the store incharge, who checks the material and puts it in the store.

In the morning, 15 women come to the centre to take leaves, tobacco, thread, etc. These are weighed, counted and distributed by Hasina and Farida.



Women, then take these materials to their homes and make the bidis. Individual women cut the leaves at their homes, roll it with tobacco, tie the thread, put it in the basket to be brought back to the centre.

They bring the bidis back after two days. These are checked by Parveen and Farida and the new raw material is released to them by Hasina.

After the women go back, Parveen and Farida put the bidis in baskets for drying for 4 days. The dried bidis are then checked by Hasina who puts them in the oven for baking. She checks them after they are baked.

Parveen and Farida, then wrap the bidis in bundles of 25 each. Hasina checks the bundles and stores them. Arrangements are, later, made for the despatch of the bidis.

In a bidi-making unit where 18 women are involved in making bidis, the scheduling could be done in the following way :

Leela and Mala (two women) go to the market once a week to buy leaves, tobacco, thread and other required materials.

After coming back from the market they give all their purchases to Geeta, the store-keeper, who checks and keeps it in the store.

In the evening, 10 women involved in making the bidis dip the leaves in water for 2 minutes and place them in the basket. This is a pre-requisite for making the bidis the next day.

Next morning Sudha, Prabha and Arti cut the leaves and give them to 10 women, who roll the bidi-leaf and tobacco. Leela and Mala check the rolled bidis before Sudha, Prabha, Arti tie the bidis into the bundles of 25 each. These bidis are then kept in a basket. This basket is kept for drying out in the sun for four days. Before this is done, it is checked by Mala.

After the bidis have dried up, Geeta puts them in the oven for baking after which she checks them and puts them in the store.

Kala and Anjali then wrap the bidis in paper, making bundles of 25 each. This is again checked by Geeta before they are put in the store and are ready for despatch.

Taking again the bidi example : if one individual woman is involved in the entire production process, then the scheduling would have to be done by the woman in such a way that the production does not stop. She has to set aside time for buying the raw material; she needs to cut the right amount of leaves for the whole day as only then can she spend the rest of her time in making the bidis, putting them in the sun for drying, making bundles, etc. The important thing for her would be to have the right quantity ready, at the right time, so that she can move from one stage of production to the next in a systematic manner. She does not have to waste time going backwards and forwards from one stage to another.

Monitoring

Looking at the interdependence at different stages in the production-process, and its implications on the success of an activity, it is essential to give extra attention to the issue of coordination at different stages. If we look at the process flow chart starting from purchase/collection of leaves and purchase of tobacco, to the final stage of packing and despatch, more than a dozen steps line up in sequence. For the purpose of understanding, we may call this as 'Production Line'. This production line needs to be balanced in such a way that :

- i) it does not allow for more than an optimum inventory (stock) at each step;
- ii) it reduces the possibility of production hold-ups to a minimum;
- iii) it ensures accomplishment of the desired production rate.

Example

In a bidi-making unit, which has an order for producing 80,000 bidis a day, a total of 85 women are involved — 80 women in making bidis and 5 women in the inspection and stores department.

One woman is able to make 1000 bidis every day — so at the end of the day, we have 80,000 bidis.

After the bidis are rolled by the women, they have to be baked. One oven can accommodate 40,000 bidis. Five women working for 8 hours are able to, on a sample basis, inspect and put bidis in a store.

In the above example, the production line will be balanced when the bidis rolled by 80 women can be baked in two ovens. Otherwise, there will be a stock pile-up at the baking stage. Similarly, at the inspection and storage stages we need 5 women; otherwise, the stock for inspection will get piled up and the production line will get affected.

In case there is any change in the number of women involved in rolling bidis, or inspecting the bidis, then changes at all stages of production will have to be made, in order to ensure balanced and ongoing production.

If one of the ovens is not functioning properly, then again, we would have to see how production can be balanced and what adjustments have to be made.

Working out details, on one hand, of 'Line balancing' at the planning stage will help improve our decisions of scheduling; and, on the other, help us identify points of monitoring at different stages in order to sustain balance in the production line. Requirements of line balancing will also create several roles for women, other than their tasks.

Expediting

Under any circumstance, the whole process of production - despite rigorous estimation, routing, scheduling, and monitoring — is bound to be subjected to snags, bottlenecks and exigencies of circumstances. There is a need to adopt some corrective mechanisms in order to deal with such issues. These issues are of two types - those related to women engaged at different stages; and those related to machines and tools. Issues of the first type are : absence of women from work, irregularity of work, inadequacy of work, etc. We need to plan systems and procedures to cope with them.

Issues of the second category relate to the proper functioning of the machines and tools as well as their maintenance. The maintenance of machines and tools need to be understood in two spheres — preventive and corrective. We need to plan for both.

The preventive maintenance planning will imply planning for every day routine check-up; where it needs to be done; who will do it; who will be responsible to ensure that it is done, etc. Planning for corrective maintenance will entail arrangements to look after break-downs in machines and tools.

In case of the livestock based activity of production, preventive as well as corrective maintenance is likely to be complicated since it relates to the maintenance of animate rather than inanimate machines. Here, the maintenance function entails ensuring clear and hygienic conditions in the sheds, cleanliness of the livestock, their periodical medical check-ups, etc.

We need to plan ahead for all these exigencies due to their labour, time and financial implications.

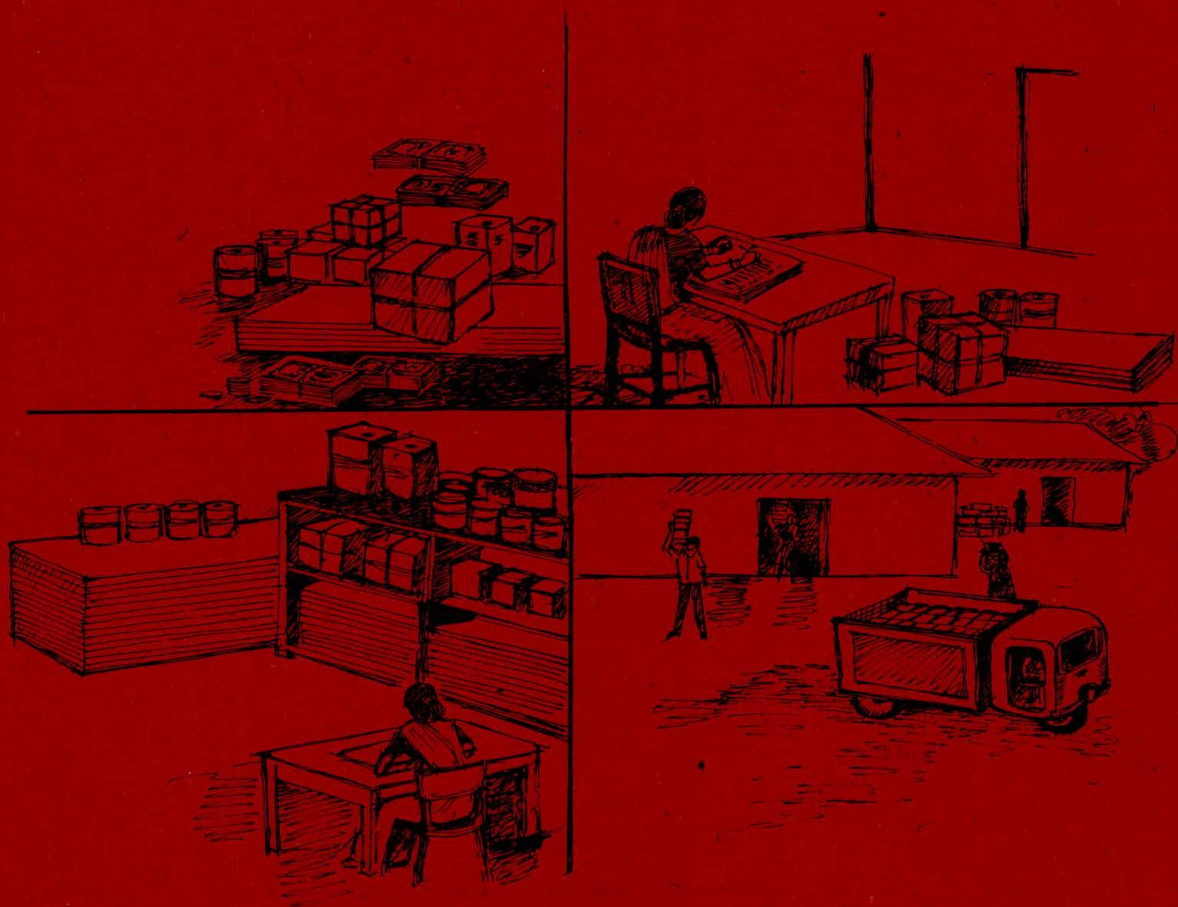
Additional Aspects of Production Plan

An important aspect of production-plan is the layout of the work place. There are three major considerations in lay-out planning:

- i) It involves arranging the lay-out in such a manner that it facilitates entry of production output from one stage into the following stages with the utmost convenience.
- ii) The sitting arrangement or the location of steps is arranged in such a way that matches with the involvement of individual women in the different steps of the production-process, and their convenience.
- iii) The third set of planning issues relates to the basic needs/requirements of different functions and women: e.g., lighting, air, cleanliness and other environmental factors; basic amenities, water, sanitation, etc.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or printed text on the page.

Material Management



MATERIAL MANAGEMENT

Once we have determined the scale of our activity and prepared a production plan, we know approximately the requirements for commencing the production. Planning the most critical components, labour and skill, is already enumerated in various steps of our production plan. The other materials required for production fall into two categories: of consumable materials, i.e., cotton for spinning, colour for dyeing, dyed threads for weaving; and, non-consumable materials, i.e., spinning wheels, pots, looms and other allied tools.

Non-consumable materials are bought at one go, yet we need to plan for their availability in the right quantity, at the right time and in a similar manner as in the case of consumables, which have to be bought regularly. This entire process is termed **Material Management**.

In a way, Material Management, begins with the **procurement** of consumable and non-consumable materials of the right quality and in the right quantity.

PROCUREMENT

Material Procurement is a very crucial function in an economic activity because it has bearings on all the other components of any economic activity, e.g., financial planning, production and marketing, etc. Hence, procurement of materials needs to be meticulously planned beforehand. Experience shows that the following five considerations are essential for appropriate procurement :

1. Quantity

The production plan gives us a fairly clear idea of the quantity of non-consumable and consumable materials required for the scale of activity we have planned for, but for the purpose of procurement-planning we need to take a second look at it. The total quantity of different materials needed for uninterrupted production can never be bought (procured) at one go because it is likely to have other implications. The following factors influence the decisions regarding procurement :

(i) **Nature of Material**

Some materials (because of their perishable nature) cannot be procured in bulk, and only a systematic procurement plan can ensure the availability of adequate quantity of such materials at the right time. Whereas, non-perishable materials can be procured in bulk in order to meet the requirements over a longer period of time.

(ii) **Availability and Accessibility**

Another factor, which influences the decision about how much to procure and when, is the availability of the material. All the material is not easily available all the time, and our procurement plan needs to take care of that contingency. Some materials, like machines and tools, may take a long time to be delivered after an order has been placed; while some raw materials might have seasonal availability only. Hence, procurement process has to be planned accordingly.

Sometimes, material may be available but at a far away place and procuring it entails transport and other costs. This needs to be taken into account while taking procurement decisions.

(iii) **Cash Flow**

The procurement of material in bulk necessitates blocking money for an indefinite period of time. Hence, despite the knowledge of requirement and availability of material in the market, it may not be possible sometimes to procure material in bulk. Before making procurement decisions, it is necessary to look into this issue carefully.

(iv) **Space and Maintenance**

Even when the nature of material is suitable for bulk purchase, also that the material is available, and there are no cash flow constraints, the other aspects to look into very carefully are storing-space requirements for the material and its maintenance.

2. **Quality**

The quality of equipment and raw material affect the quality of the final product which we want to sell. Hence, while making purchases we need to be particular about the quality of the materials purchased. For instance, if any livestock has to be purchased for a dairy unit, quality in this case would mean milk-giving capacity and health of the livestock, etc. In a tailoring unit, the quality of cloth would mean durability, fastness of colour, etc.

Quality in the context of an economic activity does not necessarily mean buying the best available material in the market. The best quality purchases mean very

high costs and high prices. We may not be able to market high price products in our targeted markets, at least not always. That is why our aim has to be to procure the material of a suitable quality, which may or may not be the best.

To illustrate our point, suppose we use a cloth of Rs. 60/- per metre in a tailoring unit for stitching a salwar-kameez. The cost of each salwar-kameez will come to Rs. 300 - 320. After adding our profit-margin of Rs. 20-30 to each unit, the selling price will come to Rs. 350/-. We may not be able to sell a large quantity at this price unless our target-market is of well-off or fashionable urban clients. If this price does not suit the requirements of our target market, we have to revise our decision of procuring this quality of cloth to our tailoring unit.

3. **Price**

The price of the raw material is a very important dimension. The selling price of our product/produce depends to a large extent on the cost incurred by us on purchasing the raw material. If we have paid an unreasonably high price for our raw materials, then our product is likely to be costlier compared to the other similar product in the market. This will affect our sales. Or, we will have to cut down the cost by paying very low wages to the women involved in our activity, which may not be desirable at all.

4. **Timing**

This is another important dimension affecting procurement. Keeping the stock ready always costs money. This involves taking decisions about when we need to purchase our raw materials, formulate a schedule or a deadline on which our products need to be ready, etc. Take an example: If 100 bags have to be made by the 15th of the month; there are 10 women and each one of them makes two bags a day. They would require 5 days ($10 \text{ women} \times 2 \text{ bags} \times 5 \text{ days} = 100 \text{ bags}$) to comply with the order of 100 bags. Working backwards, we will need to buy raw materials at least 10 days before the 15th, incidentally, allowing for 2-3 days for unexpected hazards.

5. **Source**

The purchase function needs to ensure that raw materials are procured from the right source, from a supplier who can provide quality material at a reasonable price. We should also explore whether this source is ready to supply us on credit, give discount and other benefits. We should also see that this supplier is not very far from where we are located.

One thing to be clear about is as to who will be responsible for purchasing. Such person/persons should keep all the above factors in mind as well as be aware of the alternative procurement sources, so that the production does not get hampered.

EXAMPLE OF RAW MATERIAL PROCUREMENT

The following example illustrates decision-making for stocking raw material needed for an activity and the forces which influence such decisions:

A group of ten women, in South India, is involved in making shoulder bags. They spend 25 days every month in making these bags. Each woman makes 2 bags a day; thus 20 bags are made each day and 500 bags in a month. The bags are made of yarn/thread; the other materials used in the production are stitching thread and plastic bags for packing. All the three materials - yarn, stitching thread and plastic packing bags - are easily available. The work is carried out on looms, located in a workshop.

Question : How much of the raw material should be stocked for the activity ?

Answer : Since there is no difficulty in getting the material from the market anytime, it will not be advisable to stock huge quantities. At the same time, a lot of time may be wasted if the purchasing is done each day. Hence, one possible solution is:

- * Keep one week's stock of the yarn
- * Keep two months' stock of the stitching thread, because it is a low cost item. Stocking it will not involve making an elaborate inventory or locking up money, unnecessarily.
- * Plastic bags used for packing can also be stocked for one week.

Suppose, a big order for 500 bags is received. This is in addition to the regular weekly sale of approximately 100-125 bags. In such a situation, there is no harm in buying a large quantity of yarn and plastic bags. You may decide to buy the total requirement of 500 bags at one go. This will save you money because you may be able to get quantity-discounts on the bulk purchases. Also, you will be saving a considerable amount of time and travel expenses if instead of four weekly visits to the market for purchase of raw materials, you are now making one visit only. This time can, instead, be spent in producing extra bags.

In this example, you will notice that decisions have to be changed to stock the raw material for 500 bags in response to the increase in demand and consequently, the need for a system of buying one week's increased requirements of the raw material.

This happened because :

- * a large confirmed order of 500 bags was received. Thus, there was no risk in stocking one month's requirement, in terms of yarn and plastic bags.
- * the sooner the order of 500 bags is executed, the better it will be because money will be recovered soon. Therefore, there is logic and reason behind buying all materials at one go and raising the production by various means.

If our economic activity is based on networking-intervention, then the system changes. We procure raw materials from some other women's economic activity or supply our product to another group to be used as a raw material by them. If we are buying raw materials from another group then we need to see that:

- * the group has adequate production capacity so that we get sufficient supplies of raw materials in time.
- * quality of the material they produce is good, constant, and is what we need.
- * we pay them a price which is fair, reasonable and acceptable to them; as well as which ensures a reasonable return/surplus to them.

CONSIDERATIONS FOR MATERIAL PROCUREMENT

1. Purchase should be for a particular and well defined need.
2. Purchase should be made mainly on the **merit** of goods and services offered by the suppliers, who are competing against one another to supply. The price, quality and regularity of supply should be the other considerations in the selection of suppliers.
3. The decision about what to buy and when to buy should be guided by market trends, price-movement and demand-supply position in the market.
4. The purchases should be made when the prices are the lowest and on terms which are the most advantageous in terms of price, quality, volume of material and the delivery date.
5. The purchase should be made in the light of future market trends, which the purchaser must forecast.
6. A large number of goods and services are available on seasonal basis. Purchase should be made in that season when prices are the lowest.
7. While making purchases, quantity-discounts (which are given by many suppliers) should be availed of.
8. The purchases should be made keeping the availability of funds in mind. Purchased goods need storage space, insurance cover, etc., which need to be attended to. All this costs money, and, therefore, while purchasing raw materials or goods, we need to see how much space (storage) we have and how much money we can spend on it, without harming other activities. Money can be borrowed if we assess that we will be able to buy the material at low rates now, consume the material in time, and make large enough profits to repay the money.

RECORDING

Once the raw material is purchased, we need to evolve mechanisms to keep track of the purchases in order to ensure availability of material in the right quantity and at the right time. Such an exercise is known as INVENTORY MANAGEMENT. Inventory Management involves the following aspects :

1. Knowledge of the quantity and quality of stocks required at different stages and the time of the production process.
2. Keeping track of the consumption of stocks. How much raw material is being consumed everyday and how many finished goods are being produced daily need to be known. Keeping record of all the material is essential in this context. We need to keep the record of each item of non-consumable and consumable materials, of goods in the process of making as well as the finished goods. These records should indicate the amount procured at a particular time, the amount of material put into use and balance left in stock. To sum it up, we need to plan for four categories of items : the non-consumable materials, raw materials, goods in the process of making and the finished goods.

Keeping Inventory Records helps in :

- * Regular monitoring of the raw materials and finished goods; and draws attention to the production performance, a comparison with production targets and performances; taking stock of the other problems arising in the production process, etc.
- * Maintaining an inventory of the finished goods in the store draws attention to sales and marketing problems, if any.
- * The trend of prices of raw materials and inputs can be analysed from the inventory register. It can draw attention to market changes in the costs, prices, and may involve a revision in costing of our products.
- * Shortages of raw materials in the market could also be identified through the trend analysis.

Registers and Forms for Inventory

A separate register has to be maintained for all the four types of inventories : non-consumable materials, consumable materials, goods in the process of making and the finished goods. After drawing a complete list of items under each category, we may allot separate pages in the inventory register to each category.

Formats enclosed show how the columns in the register could be maintained. The columns may vary slightly, depending on our own requirements of production and sale. They can also be changed to suit our requirements. As there is no format which is "the best" for all purposes, it can be designed according to our own requirement.

Enclosed are two suggested formats:

Format 1 : Raw Material Inventory Register

The register should provide accurate information on:

- * Total purchase during a particular period: say, one month.
- * Balance at any given time and its value/quantity.
- * The name of a particular person or department during a given period of time and the value of the material issued.
- * Rate fluctuation in the raw material over a fairly long period of time.

Format 2 : Finished-Goods' Inventory Register

This register gives accurate information on:

- * The quantity of goods received from the production department during a particular period
- * Quantity of goods dispatched in a given period which provides an index of sales as well as customers.

We come to know the following :

- * The exact quantity in stock in the finished or saleable form. This helps us in making commitments to our customers, in planning our production for the next month or coming months. For example if the stock of finished goods is already very high, we may not like to undertake the production of that item for some time.
- * Finished-goods' inventory register helps us to tally actual stock with quantities listed in the register. This exercise is called physical verification and is very necessary at regular intervals of, say, once in 3 months or so.
- * If the finished goods' inventory register is scrutinized carefully, all unsold products lying in stock for a long period are taken note of. Efforts are then made to sell off or liquidate such stock.

RAW MATERIAL INVENTORY REGISTER

[illegible]

PURCHASE

CONSUMPTION

[illegible]

FORMAT 2

FINISHED-GOODS' INVENTORY REGISTER

Date	Name of Person	Quantity coming in	Quantity sent out	Balance	Signature of the Person	Name of the finished item



Inventory Management is also closely linked with the working capital and the operating cycle, explained in other sections of this manual. The operating cycle makes estimates of the number of days required to convert cash through raw material - through finished goods---through sales to cash again. It accordingly, estimates the cash requirement. Inventory management is matched with the calculations of the operating cycle in order to ensure smooth functioning.

Periodic physical verification of inventory is a useful practice to ensure that the information in the stock registers is correct. A quarterly/periodic review is hence recommended. At the annual audit of the economic activity, physical verification of inventory is done by the auditor.

Raw materials and finished-goods' inventory records are kept in the respective stores while goods-in-process inventory stays with the people engaged in the work-process of the economic activity.

STORAGE

Planning for storage is another important step in Material Management. Appropriate space to keep stock and measures to prevent the stock from being damaged are essential once we decide to procure some materials. It also applies to the goods we produce for marketing.

The type of storage facilities will differ according to the nature of the goods being produced and the raw materials being stored. For example, the kind of storage facility required for storing milk is different from that of the facility required for storage of cloth or animal-feed. It is necessary to demarcate spaces for different items, as this helps save time and money. In the same vein, different grades of stock need to be stocked separately, according to the **quality of stock**.

A few examples of items that need to be stored under manufacturing, land-based and livestock-based activities are:

	Manufacturing	Land-based	Livestock-based
Raw material	Wool	Seeds, fertilizers	Feed
Goods in process	Wool on loom	Standing crop	Chicken
Finished goods	Shawls	Grain	Eggs

Important aspects of Storage

- * Storage space needs to be located as near the economic activity as possible. If women take work home, then the store should be at a central place, which is convenient to reach for the majority of the women.
- * The size of storage facility will depend on the number of items to be stored and the quantity to be stored.
- * Separate space needs to be kept for each item to avoid confusion.
- * A tag/slip needs to be fixed to each item so that identification is easy and we can find the right thing at the right time. Item name, code number, tags or slips help in the identification.
- * The store layout needs to take into consideration environmental requirements, i.e., air and light specifically needed for the goods being stored.
- * One person needs to be in-charge of the store, to keep a check that goods are not stolen, spoiled and soiled or wasted.

-
- * It is necessary to plan and carefully assign responsibility for the maintenance of the store and items in it.
 - * The store records need to be maintained, in order to know what is entering, leaving and what actually is in the stock at the end of each day.
 - * In order to protect the store against any damages or losses, it should be covered by adequate insurance.

TRANSPORTATION

In most situations, transport requirements need to be taken into account at the planning stage of material management because transportation facilities are required at various stages in the production process, as well as at the time of sales. To illustrate the point, once the raw material is purchased, it needs to be transported to the place of production. Sometimes it becomes necessary to transport goods from one production site to another, while in the process of being produced. Invariably, transport is required at the packing stage, when goods are produced, when the finished product is to be taken to the market for selling, etc. At times the group decides to store the finished product for sometime at a central place in order to get a better price, later.

Transport may also be required for carrying out repairs and maintenance of machines and equipment used for production; for advertising, etc. An autorickshaw, a bicycle or a bullock cart could be used for these purposes, as well as to acquaint people with the product.

Choice of Transport

Transport facilities should be of such a type that the cost of transportation is minimised, goods are moved from one place to another safely, in good condition and on time.

The different types of transport that could be used are: local bus, bicycle, truck, head-load, auto-rickshaw, cycle-rickshaw, bullock-cart, jeep, train, van, ship, aircraft. Transport could be hired from outside agencies or owned by the women's group or by the NGO.

The choice of transport would depend upon the condition of roads, availability of transport, distance, cost, time, quantity, type of material, funds, etc. If we are producing perishable items like milk, vegetables, eggs, etc., then the choice and availability of the quickest type of transport at the right time is crucial for the success of that productive activity.

The effects of different seasons on the availability of transport and the type that can be used has also to be considered. We need to ensure that the transport agent or contractor is not exploiting or overcharging, by cross-checking with other people involved in the transport trade and NGOs.

Exercise - I

After going through this section on Material Management, the basic questions likely to arise in our minds are:

Q. 1: In our economic activity, what quantity of the raw material should be ordered each time?

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Q. 2: How much stock of the raw material should we maintain?

For answers to questions 1 and 2, calculate the quantity of the raw material to be purchased each time, by following the steps given below:

Step 1: Prepare a Production Plan for one year, based on how many women are going to be involved in the activity.

Step 2: Check whether the sale of the produced quantity is possible. If a higher sum is possible and more women are willing to get involved in the activity, make a revised production plan. Also make a revised production plan with lower output if less sale is expected than estimated in Step 1.

Step 3: Divide the finalised Production Plan into quarterly plan periods (4 plans for 4 quarters). Divide the first quarter's plan into 3 monthly plans.

Step 4: Decide how much of the raw material you want to store in order to keep the production going, as per the answer to above plan.

Step 5: Decide how much raw material you wish to buy each time. Use your individual judgement. There is no formula for this. Take your decision based on Q.No. 1. seasonality, funds' availability, price advantage and easy or difficult access to the raw material.

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Step 1: Calculate the total pending orders from customers and add to them an estimate of the new orders expected in the next 3 months.

Step 2: Go through steps 1, 2, 3, of the previous answer.

Step 3: Decide on the 'finished-goods' inventory. Use your own judgement. and answer. There is no formula for this. Keep to Q.No.3 customer-satisfaction and service in mind. Avoid lost sales on account of the non-availability of materials. Avoid extra-large inventories.

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Think of the amount of money that is "tied up" in stocks, suppose you reduce the quantity of stock what do you think will happen? Also think of how you would spend the money you get from the released stock? With this thinking now chalk out a plan.

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Costing and Finance



COSTING AND FINANCE

In any economic activity it is crucial for women to understand the financial planning, analysis and record keeping. Without proper understanding of the financial aspect of any economic activity, women will not be able to fully control and carry out any economic activity. Many a times we have seen that this aspect of managing an economic activity is generally left on to NGOs. Such a practice may be desirable in the initial stages of the development of Women's Group and their economic activity, when their understanding and skill of managing the finance (of their activity) is limited; but we should aim at developing them to learn and start taking care of this aspect also as this will lead to a greater self-confidence and self-esteem of poor women.

During the initial stages, an economic activity depends, to a large extent, on external sources for funds. However, as the activity gets established and a surplus is generated, the economic activity (Coop. or production unit) should depend more and more on its own resources.

Right through the life of an activity, a balance has to be maintained between the use of external resources and members' own resources. Equity (or share) plays a very important role in this as women feel more involved in the activity and treat it as their very own.

Another aspect of empowerment of poor women is achieved when the surplus generated from the economic activity is used to create facilities and supportive services for the members who have contributed in generating the surplus. For example, child care facilities, skill training, subsidized raw materials, credit facilities, health care, housing, transport, insurance, exposure and training — all these efforts also create a greater stake for the women members in the economic activity and encourage them to participate more actively.

Financial Management involves:

- i) Assessing the money required to start an activity and arranging the funds for it.**
- ii) Management of working capital and investment in the fixed assets.**

- iii) Costing each activity and relating these costs to selling prices and generation of surplus.
- iv Planning, operationalising and monitoring the use of surplus
- v) Keeping record of the accounts of the economic activity and using this information to improve the performance.

In this section, we will focus on: Costing, Break even analysis, Cost-benefit analysis, Capital, Budgeting and Accounts Keeping. Each of these topics are dealt with separately.

1. Costing

When something has to be produced - whether it is a commodity (e.g. woolen shawl, cocoons, vegetables) or a service (cleaning or transport) - a number of inputs (resources) are used for producing it. These may be raw materials (e.g. wool, mulberry leaves, seeds or broom), hours of labour (for weaving, feeding, planting, sweeping), other efforts (selling shawls, cocoons, vegetables, or getting cleaning contracts). All these inputs (resources) involve expenditure of various kinds. 'Cost' simply implies measuring these inputs and giving their value in terms of money.

For example:

Cost of woolen shawls	= Money spent on purchasing wool + Money spent on wages for weaving + Money spent on hiring the equipment. + Money spent on selling shawls
Cost of Vegetables	= Money spent on purchasing seeds, fertilizers, pesticides + Money spent on getting water for the plot + Money spent on wages for sowing, tending and selling.
Cost of eggs	= Money spent on buying chickens + Money spent on getting food. + Money spent on transportation + Money spent on wages

Cost of the cleaning service

= Money spent on purchasing brooms and other required materials.
+ Money spent on wages for sweeping and swabbing.
+ Money spent to obtain the cleaning contract.

Costing involves keeping a systematic record of expenditure incurred, classifying and allocating it appropriately to arrive at the actual cost of a product or service.

Costing is an important tool:

- 1) to determine cost price
- 2) to determine selling price
- 3) to control costs
- 4) to determine profit\loss

Doing costing on a regular basis helps in making realistic decisions for planning and implementing an economic activity. The tendency to make these decisions on a hunch is not helpful in making the activity self-reliant.

Types of Costs

All costs incurred in running any economic activity can be classified into two types:

- 1) Fixed Costs
- 2) Variable Costs

Fixed Costs

Once in business, you have to incur these costs/expenses. Whether you produce 1 unit or 100 units of a product, these costs will have to be incurred. For example, if you have taken a room or a shed for making leather chappals, then the rent of that room is a fixed cost. Even if you do not produce any chappals, you will have to pay the rent.

Variable Costs

Variable costs are those which vary or change in proportion to the units produced and sold. For example if leather chappals are being produced in an activity, then the cost of leather, cost of chemicals, colour, etc. will constitute the variable cost. Variable cost increases with every additional unit of a product produced.

Total Cost

This is the sum of fixed costs and variable costs. As you will notice the total cost will keep changing at different levels of production. Let us take an example. If we are producing an item whose variable cost per unit is Rs. 10/- and fixed cost is Rs. 2,000/- per month then the total cost will be:

Units Manufactured	Fixed Cost	Variable Cost	Total Cost (cost per unit)	Unit Cost
0	Rs. 2000.00	$0 \times 10 = 0$	Rs.2000.00	———
100	Rs. 2000.00	$100 \times 10 = 1000$	Rs.3000.00	Rs. 30.00
200	Rs. 2000.00	$200 \times 10 = 2000$	Rs.4000.00	Rs. 20.00
300	Rs. 2000.00	$300 \times 10 = 3000$	Rs.5000.00	Rs. 16.67
400	Rs. 2000.00	$400 \times 10 = 4000$	Rs.6000.00	Rs. 15.00
500	Rs. 2000.00	$500 \times 10 = 5000$	Rs.7000.00	Rs. 14.00

As can be seen from the above table, the cost per unit keeps on falling as more and more units are produced. Why does this happen? It is because the fixed cost gets distributed over a much larger number of units and therefore the cost incurred per unit decreases. Although the variable cost per unit remains the same, the total cost per unit reduces because it is the sum of variable cost per unit and fixed cost per unit.

It must, however, be said that fixed cost does not remain fixed for ever. It is fixed for a certain range of production. Beyond that level of production, it goes up. For example in the business of making leather chappals, one room may be sufficient for making 2000 pairs of chappals a month but beyond that level of production another room may be required. Another machine may also be required beyond a certain level of production.

Hidden Costs

A piece of land is donated to a group of women for sericulture by the village panchayat. When determining the cost of cocoons produced, do we include the value of this land ?

Bamboo is available to a womens' craft co-operative at subsidized rates. Do we take into account the value of the subsidy when determining the cost of the product ?

A common marketing facility for all products is provided by an organisation. Do we take into account the expenditure incurred in marketing a particular product from amongst all the products while determining the cost ?

Many a times we find that in womens' economic activities in examples like the above and other similar examples we tend not to include such costs in determining our total costs. We tend to ignore these costs as they are not very visible. However, it is important to include these costs otherwise economic activities would never become self-sustaining.

NGOs could decide that in the initial stages of the economic activity such costs could be borne by them but it is important to recognise and be aware of such costs while determining the cost of our products.

Cost Price and Selling Price

As mentioned earlier, cost is the sum total of resources used in the activity, in monetary terms. The total cost, divided by the number of units produced gives the cost price per unit.

Once the cost price is known, all those involved in the activity will have to decide at what price to sell the product or set the selling price.

The difference between the selling price and the cost price of a product is called the margin. There are several ways of determining the selling price of a product. Some of them are as follows:

- The selling price may be fixed taking into consideration the price at which the same or similar products are sold in the market.

-
- Or, if it is under a government scheme, the price may be prescribed by the government.
 - The policy of adding some percentage to the cost price to arrive at a selling price is also followed at times. This is called a 'cost-plus' pricing policy.
 - If the product is new, it may be worthwhile to sell it at a low margin or on a low-profit no-loss basis (here, cost price will be equal to the selling price). This is called a 'market introduction' or 'penetration' price. The selling price may be gradually increased once the product is established and visible in the market.
 - If the product has some unique features, we may be able to demand a high selling price.

Whatever the considerations may be while fixing the selling price, due care must be taken to ensure that the cost price is accurately arrived at, taking into account not only the fixed and variable costs but the hidden costs also. It must be remembered that ultimately it is the mark-up that is made on the cost price, which will generate a surplus. This will enable the economic activity to sustain and develop.



Exercise

In a village, a rich farmer donated 4 acres of wasteland to the Mahila Mandal. The Mandal members decided to take up agriculture. They cleaned the plot, and fenced it, developed the land, planted mulberry saplings, and dug a well for irrigating the saplings - incurring an expenditure of Rs. 69,000.00. They bought equipment worth Rs. 3,000.00 and constructed a room for rearing silk worms for Rs. 10,000.00. When it was time to harvest the mulberry leaves, women bought 1200 patches of eggs @ Rs. 900.00 per 100 patches. Four women were involved in picking leaves, cutting them and feeding the silk worms. For each crop the feeding period lasted for 2 weeks during which each woman was paid @ Rs. 15.00 per day. The salary of the person responsible for irrigating the plot was Rs. 100. Other miscellaneous expenses incurred for the crop announced were Rs. 150.00.

List the fixed costs and variable costs in the above example. Is there any hidden cost in this example?

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Breakeven Point Analysis

Breakeven Point is that level of production when you make neither a surplus nor a loss. At this level of production, the income from the business just covers all the costs of the business.

Example

Suppose, selling Price/Unit (Revenue) Rs. 12

Suppose, variable cost/unit Rs. 10

Fixed cost Rs. 2000

(Here 1 unit = a pair of chappals)

Units Manufactured	Income	Total Cost	Surplus or Loss
0	0	2000	(2000) Loss
100	1200	3000	(1800) Loss
300	3600	5000	(1400) Loss
500	6000	7000	(1000) Loss
800	9600	10000	(400) Loss
1000	12000	12000	BREAK EVEN

Breakeven level of production as seen from the above table is 1000 units of production per month. Below this level of production, there will be a loss and above this level, there will be a surplus. For example, if 1500 units are produced per month then:

$$\begin{array}{rclclcl}
 \text{Income} & = & \text{Rs. } 12 \times & \text{Rs. } 1500 & = & \text{Rs. } 18000 \\
 \text{Total Cost} & = & \text{Rs. } 10 \times & \text{Rs. } 1500 & + 2000 & = \text{Rs. } 17000 \\
 \text{surplus} & = & \text{Rs. } 18000 - & \text{Rs. } 17000 & = & \text{Rs. } 1000
 \end{array}$$

It is interesting to note that the breakeven level changes with the change in selling price. For example if the selling price rises to Rs. 15.00 per pair of chappals, or unit of production, then let us see what the breakeven level is.

Selling Price/Unit = Rs. 15.00

Variable Cost/Unit = Rs. 10.00

Fixed cost = Rs. 2000.00

How many units of the product need to be produced to cover its Total cost i.e., Fixed cost + Variable Cost.

We know that when we sell each unit of the product we can earn Rs. 5.00 over and above its variable cost.

(Selling price - Variable Cost = Rs.15.00 - Rs.10/- = Rs.5/-)

Now in order to cover the fixed cost the number of units that need to be produced

$$\begin{aligned} &= \frac{\text{Fixed Cost}}{\text{Selling Price per unit - Variable Cost per Unit}} \\ &= \frac{2000}{15-10} = \frac{2000}{5} = 400 \text{ units.} \end{aligned}$$

Therefore, we see that the breakeven level has fallen very sharply from 1000 to 400 units of production per month at this new selling price.

Hence, the basic factors which affect these calculations are the **variable cost** and **selling price** of the product. The business world usually computes break-even point on these two factors. For instance in a big industry, the variable costs and selling prices of a product are estimated keeping in mind the return on investment which is desired by the owners. The break-even point in the business therefore becomes that level of production (assuming 100% sales) where the total costs are covered by the total income. If it takes three years to reach this level of production, then arrangements are made to cover the losses till that time and make the business viable.

Factors Affecting Breakeven Point

However, when we are talking of women's economic activities for increasing the income and increasing the solidarity of poor women then certain other considerations also come into play while determining the break-even point.

The first consideration is that of the **Employment Generation**. Most of the women's economic activities are started to generate 'employment' for poor women, unlike in business where the purpose is to generate the maximum profit.

Hence, this factor also comes into play while doing the breakeven analysis. Similarly, the associated consideration of how much wages these **"women should earn"** from this activity also comes into play.

These two factors

- number of women getting work and
- wages earned per women

Influence the breakeven point in the women's economic activities in the following manner :

1. When the number of working women (and therefore the level of production), and the variable cost is constant, the selling price will determine the break even level. In the same chappal manufacturing example, if the selling price per unit (which is Rs. 12/-) is raised to Rs. 15.00 per unit, the break-even point which was earlier 1000 units now falls to 400 units. In such situations, the focus of the activity is on employment creation. The breakeven level is determined for making it possible to create a certain quantum of employment.
2. When the number of working women and wages per woman is fixed, then the selling price and the variable cost of inputs will determine the break-even level of production. A higher selling price and lower variable cost of inputs will lower the breakeven level. If 12 women have to be provided work to earn Rs. 15.00 per day, then 2.28 lakh saplings is the breakeven level for the selling price of 30 p. per sapling and the variable cost of 12 p. per sapling. If the selling price is made 40 p. per sapling, the breakeven level will come down to 1.46 lakh saplings. Here, the focus is on maximising the selling price to bring down the break even level.
3. When the number of working women (and therefore the level of production) and the selling price is constant, then the level of variable cost of inputs will determine the breakeven level. The economic activities where government schemes are implemented such as nursery-

-raising for social forestry, are examples of this situation. Variable cost of inputs may be controlled by reducing the wastage, looking for cheaper materials etc. This would lower the break even level of production. For example, in the nursery case given at the end of this note, the break even level of 2.28 lakh saplings is needed to provide work to 12 women, when the selling price per sapling is fixed at 30 paise. If the variable cost per sapling is reduced from 12 paise to 10 paise, then the break even level of 2.28 lakh saplings comes down to 2.05 lakh saplings.

In situations 1, 2 and 3, the employment creation is of important concern. The **level of production**, the **level of work**, the **size of the activity**, the **volume of business needed** are the various terms used to determine the break even level which, is sufficient to support the extent of employment to be created. In such situations, the classification of fixed and variable costs is different. Wage for labour, which is usually counted as a variable cost becomes a fixed cost in situations 2 and 3. We have to understand such adaptations when we estimate the break-even level in our economic activity.

Lowering the breakeven level of production is important because before the break-even is reached, the economic activity runs at a loss and only after the breakeven level of production is crossed does the activity start generating a surplus.

Contribution

Contribution per unit is defined as the excess of selling price over variable cost.

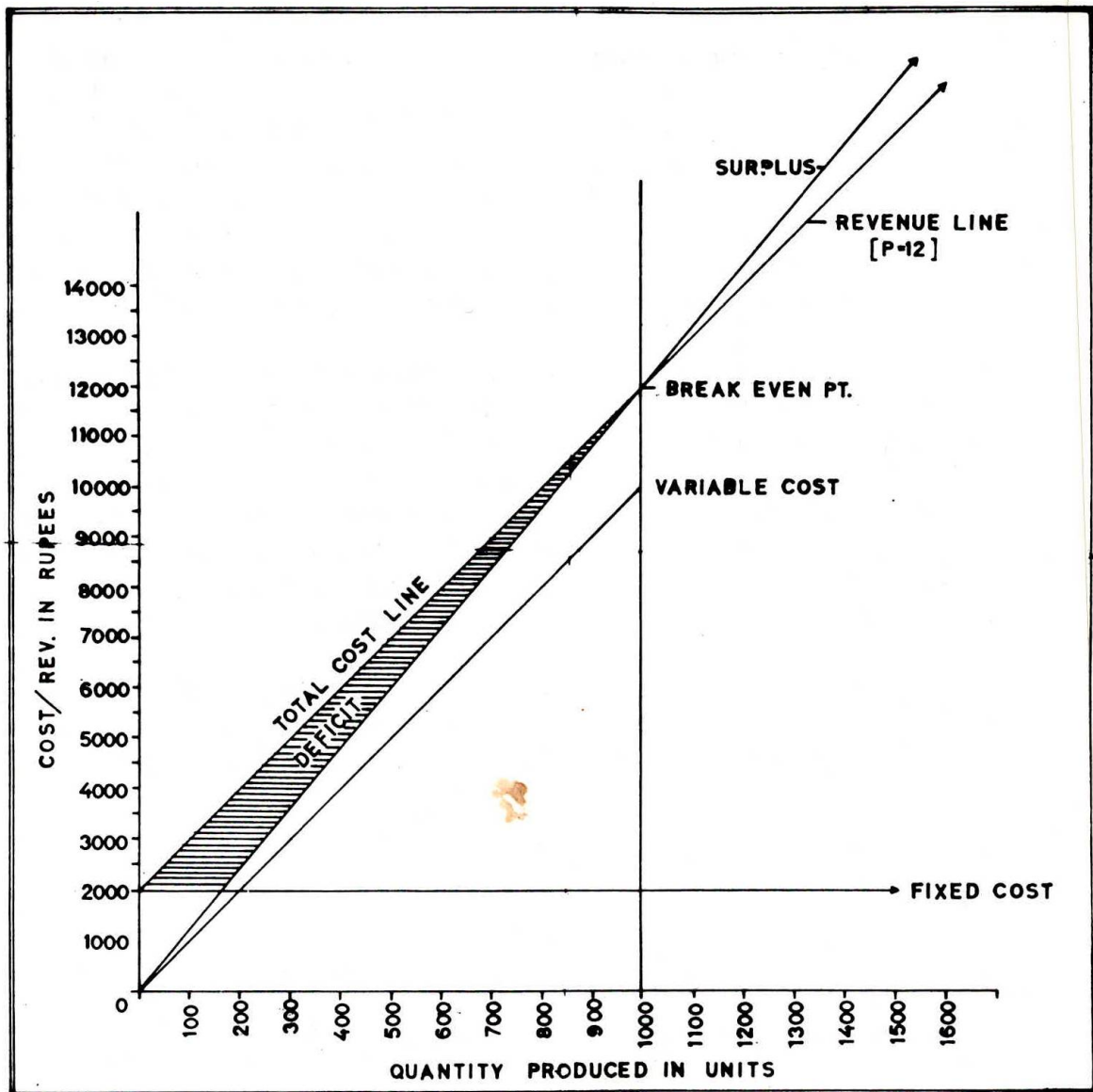
Contribution per unit = Selling price per unit - Variable cost per unit.

Contribution per unit x units sold = Total contribution.

The contribution therefore, serves to cover the fixed costs. The greater the contribution per unit, the fewer will be the units of production needed to reach the break-even.

Sometimes during the initial introductory stages of an economic activity, selling price of a product is fixed so that it covers only the variable cost. In such a situation the contribution per unit is zero. This is done to enter the market at a lower price.

But, this is essentially a short term strategy and later, the price per unit must be set so as to cover a part of the fixed cost per unit also.



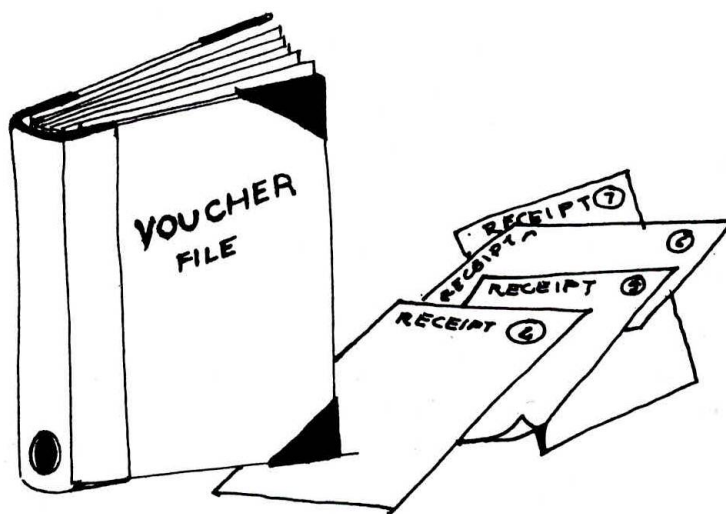
If we try to understand the Break Even analysis in a graphical form we will see that the X axis depicts quantity produced in units and the Y axis depicts the revenue and Costs in Rupees.

The variable cost line (Rs. 10/Unit), revenue line (Rs. 12/Unit) and total cost line are depicted. The total cost line and revenue line intersect each other when production is 1000 units. For production lower than this, loss is incurred as depicted in the shaded deficit area as the total cost line is above the revenue line. When production is 1000 units, total cost equals revenue earned. So this is the Break Even point. When production is above this, there is a surplus.

Once the demand has been analysed and a demand schedule made, you should calculate all costs of carrying out that activity which is under consideration. Divide the costs into fixed and variable costs. Calculate the breakeven point at 2-3 different market prices of the product. While considering costs, take all costs into account.

The following costs are usually present:

- Cost of raw material
- Depreciation of any machine installed.
- Electricity, water cost
- Wages and salaries
- Cost of transporting finished goods
- Cost of transporting raw material to the place of activity.
- Rent
- Payment of interest
- Fee for any technical advice or training
- Taxes (if any)
- Supervisory cost



Break Even Point and Hidden Costs

Many economic activities use the facilities which are provided by some voluntary organisations, helping to initiate or supporting the economic activity. These can be either fixed or variable costs for the economic activity but are not considered while determining the cost price of the product, since they are usually given free to the women's group. Land, workshop, machines, administrative expenses like transport, office space, stationery, postage, telephone, electricity, furniture, skills training, stipend, exposure-training, interest-free funds in the form of grant are some such hidden costs. The selling price arrived at by ignoring hidden costs is never based on the actual total cost but includes as an unconscious element of subsidy, and therefore leads to an over-estimation of surplus. Actually, the value of the hidden cost should be estimated and taken into account in the cost price and helping price so that when the support from the voluntary organisation is withdrawn, the economic activity can still sustain itself. Breakeven point should be determined keeping in mind the value of hidden costs.

Some General Rules

Some general rules which emerge from break-even analysis are:

When selling price goes up then break-even level comes down. When variable costs go up then break-even level goes up. When fixed cost goes up then break even level goes up.

Following is an example of Break-even Analysis:

Masala grinding and selling

Various Masalas (Spices) like Red Chilli, Garam Masala, Haldi, etc. are produced in this economic activity.

Average selling price	=	Rs. 18.00/ Kg.
Average price paid for Raw materials	=	Rs. 10.00/ Kg.
Total quantity of Masala per year	=	12000/Kg.
Labour charges paid for one Kg. of Masala	=	Rs. 2.50

Details of Costs

Raw material cost per year = 12000 x 10	= Rs.	120000
Labour per year = 12000 x 2.5	= Rs.	30000
Packing material per year	= Rs.	3600
Transportation charges per year	= Rs.	3000
Electricity per year	= Rs.	500
Rent for house per year	= Rs.	3600
Taxes per year	= Rs.	200
Bank Charges per year	= Rs.	50
Miscellaneous per year	= Rs.	200
Repair & Maintenance per year	= Rs.	2400
Stationery per year	= Rs.	1200
Salary of staff/storekeeper, salesman		
Coordinator per year	= Rs.	18000
Equipment (Chakki)	Rs.	10000
Moped	Rs.	2000
	Rs.	12000

Depreciation @ 10 % = Rs. 1200 per year.

Now, let us classify the costs into fixed & variable costs.

Fixed Costs(Per year)

Electricity	Rs.	500.00
Rent	Rs.	3600.00
Taxes	Rs.	200.00
Bank charges	Rs.	50.00
Miscellaneous	Rs.	200.00
Repair & Maintenance	Rs.	2400.00
Salary of Staff	Rs.	18000.00
Stationery	Rs.	1200.00
Depreciation	Rs.	1200.00
Total:	Rs.	27350.00

Variable Costs (Per Kg.)

Raw material	Rs.	10.00	1 kg
Wastage @ 5%	Rs.	0.50	1 kg
Labour	Rs.	2.50	1 kg
Packing	Rs.	0.30	1 kg
Transportation	Rs.	0.25	1 kg
Total/Kg	Rs.	13.55	1 kg.

Commission 10% on sale.

Commission/Kg. = Rs. 1.80

Total variable cost/kg. Rs. 15.35

For Breakeven Point Sales Revenue = Total Cost

Let us assume N. Kg. are sold per year.

Rs. 15.35 = Variable cost/Kg.

Rs. 27350 = Fixed cost/year

Selling Price/Kg = Rs. 18.00

$$\begin{aligned}\text{Break even} &= \frac{\text{Fixed cost}}{\text{SP/Unit} - \text{VC/Unit}} \\ &= \frac{\text{Rs. 27350}}{\text{Rs. 18} - \text{15.35}} \\ &= \frac{\text{Rs. 27350}}{2.65} \\ &= 10,320 \text{ kg/Year or } 860 \text{ Kg/Month.}\end{aligned}$$

Since they are producing 1000 kg/month, they are making surplus.

At 1000 Kg/month, Fixed cost/year = Rs. 27350

Variable cost/year (Rs. 12000 x 15.35) = Rs. 184200

Total cost/year	=	Rs.	211530
Revenue Rs. 18 x 12000	=	Rs.	126000
Surplus	=	Rs.	4470

When Selling Price is Fixed

A voluntary organisation has been organising women of a village to take up alternate economic activities. Twelve women members were keen on raising saplings to earn a living. The local forest Dept. was buying 1.5 feet tall saplings of forest species at the rate of 30 paise per sapling. Nursery-raising is a seasonal activity (January-June). The details of costs incurred are as follows:

Cost of Polybags	7 Paise/bag
Cost of Manure	= Rs. 225/-tractor
(one tractor load of manure is sufficient for 7,500 saplings)	
Cost of Pesticides	= Rs. 1000.00 - 10000 Saplings
Cost of Seeds	= Rs. 1000.00 - 10000 Saplings.
Cost of Tools for 20 women	= Rs. 2000.00
Rent for Plot and Shed on	
Plot and water	= Rs. 500.00/ month
Salary for watchman	= Rs. 500.00/ month
Salary for Supervisor	= Rs. 600.00/ month
Stationery	= Rs. 200.00
Repairs & Maintenance	= Rs. 500.00
Cost of constructing water tank	= Rs. 1800.00

Now let us classify these costs into fixed and variable costs.

Fixed Costs (for 6 months)

Rent for premises & water	= Rs. 3,000.00
Water tank	= Rs. 1,800.00
Salary of staff	= Rs. 6,600.00
Stationery	= Rs. 200.00
Tools	= Rs. 2,000.00
Repairs and maintenance	= Rs. 500.00
Wages	= Rs. 27,000.00
Total:	<u>Rs. 41,000.00</u>

Variable costs (per sapling)

Polybags	=	.07 Paise
Manure	=	.03 Paise
Seeds	=	.01 Paise
Pesticide	=	.01 Paise
Total:		0.12 Paise

In this case it is very important to ensure that the 12 women taking up the activity, earn sufficient income (i.e., a minimum of Rs. 15.00 per day). We know the fixed costs and the variable costs to be incurred for a nursery. Now, we need to know how many saplings these women should raise so that this activity breaks even.

Income per Sapling = Rs. 0.30 ps.

Variable costs/saplings = Rs. 0.12 ps.

Contribution per unit = Income per unit - variable cost
= 0.30 - 0.12 = Rs. 0.18 p.

Total fixed cost = 41,100.00

Number of saplings that need to be raised to cover the fixed cost of the nursery.

$$\frac{\text{Fixed Cost}}{\text{Contribution per unit}} = \frac{\text{Fixed cost}}{\text{Income/Unit - Variable Cost/Unit}}$$
$$\frac{41,000}{0.18} = 2.28 \text{ lakh saplings}$$

Therefore, the women need to raise 2.28 lakh saplings so that the nursery breaks even. If they raise more than 2.28 lakhs saplings they can make a surplus.

Exercise

1. What would be the breakeven point if 5 more women join work on the Nursery?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Cost Benefit Analysis

The cost benefit analysis involves an evaluation of all the costs that are incurred or are likely to be incurred, against the benefits that accrue or likely to accrue from a particular economic activity.

The costs and benefits which are expressed in monetary terms can be called : Economic costs which are the expenses incurred. Economic Benefits which are the accrued profits.

There are other costs and benefits which may not be monetary in nature, but are just as vital in determining the feasibility of an economic activity.

They can be called:

Social costs (e.g. unemployment, under utilisation of available resources)

Social benefit (e.g. reduction in drudgery, increase in empowerment, solidarity)

Feasibility

Having weighed the economic costs against economic benefits we know that an economic activity generating a surplus is giving a net economic benefit while one undergoing a loss is giving a net economic cost.

Similarly, we need to analyse and weigh the social costs against the social benefits. When the social benefits are greater than the social costs for an economic activity we can say it has no social benefit and when social costs exceed social benefit we can say that the activity incurs a net social cost.

On examining the social and economic costs and benefits of an activity we find that any economic activity could fit into one of the boxes (A,B,C,D) shown below:

	NET ECONOMIC COST	NET ECONOMIC BENEFIT
Net Social Cost	A	B
Net Social Benefit	C	D

-
- A. Categorizes an activity whose social and economic costs out-weight social and economic benefits.

For example, a land development co-operative leaves its land (asset) idle due to a dispute among its members. The members lose income for this period (economic cost) and this land is not available to the rest of the community (social cost).

Some economic activities in their initial stages could fall into this slot (e.g. a skill upgrading training programme for artisans has the objective of increasing the income). The transition phase and related problems create an imbalance in the community (social cost). The trainees have to forego the present income for a nominal stipend during the training period (economic cost) for future economic benefits. Often these result in future social benefits through reduction in drudgery also.

- B. Categorizes an activity whose economic benefits are more than economic costs; but social costs outweigh social benefits. Some activities may have to go through this phase before they reach the ideal position of slot D.

For example, use of chemical fertilisers and pesticides help increase crop yield considerably. Immediate economic benefits are high. However, continuous use of such inputs, degrade the resource base and posterity suffers, (social cost). Mechanisation of the textile industry has also made the cheap cloth available (economic benefit) but has displaced the labour (social cost).

- C. Categorizes an activity where the economic cost outweighs the economic benefit, but the social benefit is more than the social cost.

The net economic costs may decline with time or increase in the activity base, moving the activity towards Slot 'D'.

For example, powerloom cloth is cheaper than the handloom cloth. But a hand block printing and a patchwork unit uses the latter at a higher economic cost, to generate income for a handloom weavers' unit.

- D. Categorizes an activity which is feasible and ideal, as both economic and social benefits outweigh economic and social costs.

For example, mechanisation of the grinder (Chakki) has brought about a net social and economic benefit by reducing the drudgery in women's work; increasing productivity; and allowing some time for leisure or other pursuits.

When a women's cleaning services co-operative acquired a vacuum cleaner, the women got more remunerative cleaning contracts (like cleaning conference rooms) for which they were earlier considered unfit.

This also reduced drudgery in their work.



Exercise

Capital

- i) List the economic costs, economic benefits, social costs and social benefits for an economic activity undertaken by your organisation.
- ii) Does it fall under Slot A, B, C, or D of the matrix shown earlier? If it does not fall under 'D', what steps will you take to bring the activity to box 'D'?

The funds needed for investing in "fixed" (like land, machinery, etc.) which are going to be used in the business over a long period of time are called Fixed Capital.

Working Capital

The funds needed for investing in "current" (like raw material, wages, etc.) which are going to get consumed in the process of production and will be converted into cash (after sale) are called Working Capital.

Working Capital Management

The accurate estimation and efficient management of working capital is of utmost importance for any income generating activity.

Working Capital Management is defined as the management of current assets of an economic activity. It is also known as the management of working capital. Management should take a look at the assets and liabilities of any economic activity.

Assets are what an enterprise owns and controls.

Liabilities are what the enterprise owes to others.

The means that enterprises possess the money which has been invested in the enterprise to the firm from various sources. These are the claims of outsiders on the firm.

Assets show how the firm has used or employed the funds available to it.

Both assets and liabilities can be either long term or short term.

Long term assets and liabilities are called fixed. Fixed assets are those which are not expected to be sold or converted into cash within a short period of time. Fixed liabilities are those which are expected to be repaid over a long period of time.

Capital

The funds required to start any business activity is called **capital**. This capital is classified into fixed capital and working capital.

Fixed Capital

The funds needed for investing in "items" (like land, machinery, etc.) which are going to be used in the business on a long term basis fall under the category of Fixed Capital.

Working Capital

The funds needed for investing in "items" (like raw material, wages, etc.) which are going to get consumed in the process of manufacturing and will be converted into cash (after sale) fall under the category of Working Capital.

Working Capital Management

The accurate estimation and efficient management of working capital is of utmost importance for any income generating activity.

Working Capital Management is defined as the management of 'current assets' of an economic activity. To be able to understand the working-capital management, we should first take a stock of the assets and liabilities of any economic activity.

Assets are what an enterprise or the unit owns.

Liabilities are what the unit owes to others.

This means that liabilities indicate the money which has been made available to the unit from various sources. These are the claims of outsiders on the unit.

Assets show how the unit has used or employed the monetary resources available to it.

Both assets and liabilities can be either long term or short term.

Long term assets and liabilities are called '**fixed**'. Examples of fixed assets are: land, building, machinery, etc. for which the unit has spent money for its utility to the activity over a long period of time. Fixed liabilities are those funds which have been made available to the unit for a long period of time, e.g., long term loans or borrowings.

Short term assets and liabilities are termed 'current'.

Current Liabilities have to be met or paid usually within the accounting year of the activity. These would be unpaid expenses, trade creditors, bank overdraft, etc.

Current Assets are those assets which are held in the form of cash or are expected to be converted into cash during the accounting period or operating cycle of the economic activity, whichever is longer.

While the accounting period for an activity is usually one year, the operating cycle may be more or less than this period.

What assets of the activity would one consider 'current'?

These are:

Cash: Which is readily available to the unit e.g., for raw material procurement, to meet various expenses of the unit like wages, salaries, rent, electricity etc., or to meet future exigencies.

Inventories: These would be raw material stocks which are to be converted into finished goods. The unit will have to decide what level of raw material it wants to hold to ensure smooth production. This would depend upon their availability, price fluctuations, economic lot size, etc.

The unit will also have finished goods stocks for sale. Again, the unit will have to decide how much of its finished goods it would hold as stocks or what would be the level of these stocks at different points of time considering 'peak' and 'off' seasons, etc.

Debtors: are those persons or institutions to whom credit sales are made. The unit may set terms of payment and specify a time within which payments are to be made. But it often happens that when goods are supplied to Government, Corporations or large institutions, they set the terms and have their own policies and systems.

Bills Receivable: These are payments which are due to the unit. These current assets, if not cash, are expected to be converted into cash during the operating cycle of the economic activity.

It is the management of current assets and current liabilities that constitute the management of working capital i.e., the capital that the unit requires for its day to day working.

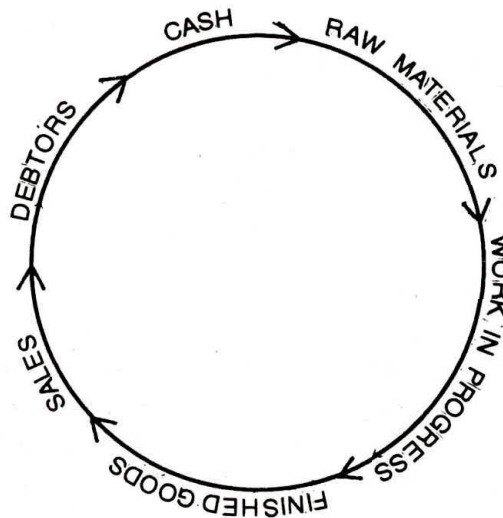
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When an activity is started, money is required for raw materials. It is also blocked in work-in-process, finished goods and debtors. The unit it may have made purchases on credit or borrowed money for a short period of time. Hence, current assets and current liabilities are generated from the time that the income generating activity starts. The unit may not have fixed assets or liabilities at this point of time. It may choose to rent a workshop and the desired machinery. It may not make a long term borrowing. This may be done gradually as the unit establishes itself, but current assets and liabilities are instantly generated when work starts and its proper management is of utmost importance.

Operating Cycle

Each activity requires funds for its day to day functioning because money that is used to procure raw material takes time to come back to the unit in the form of money realized from the sale of finished goods. The time required for the conversion of cash-out to cash-in in an economic activity is called the **operating cycle**

For a manufacturing unit the operation cycle would be:



The following sequence is evident from the above:

- 1) Conversion of cash into raw material.
- 2) Conversion of raw material into work-in-process.

- 3) Conversion of work-in-process into finished goods.
- 4) Conversion of finished goods into debtors and bills receivable through Sales.
- 5) Conversion of debtors and bills receivable in cash.

In this operation cycle there would be a **value addition** at each stage i.e., when raw material becomes work-in-process, which results in the production of finished goods, the value of production would be added. Progressive addition of value, including the profit margin, will be reflected in the sales value. It should also be kept in mind that there is a cost attached to capital also. This is because monetary resources available to the unit are being used by it. If these have come in the form of grant-in-aid, organisations often do not feel compelled to provide for the cost of capital. If this has come through borrowings from banks or financial institutions the unit will have to bear interest on that amount which will be its cost of the capital. On the other hand, if the Organisation has some surplus funds which it has provided for this particular activity, it does not mean that there is no cost attached to these funds. Because, if it had not been used for this activity the organisation had the choice to invest it e.g., give it to someone else who would pay interest for the use of this money or even put it in a savings account in a bank where also it would earn interest. This simply means that money when put to some productive use is expected to earn a return. Just as one pays for the use of a commodity or service (e.g., salary to staff, rent for workshop,) money also has a price. All engaged in economic activities should be conscious of this.

Similarly, the sequence of activity will determine the operating cycle of other types of economic activities like land-based, live-stock based, etc.

So far, we have focussed on current assets in the discussion on working capital i.e. **Gross Working Capital**. Just as there are people or institutions who owe the unit money; there may be others to whom the unit owes money. These claims of outsiders which are expected to mature for payment within the accounting year of the unit are called its **Current Liabilities**. These include Creditors and bills payable (i.e., those from whom purchases have been made on credit), bank overdrafts and outstanding expenses.

The difference between current assets and current liabilities is called **Net Working Capital**.

A cash surplus (positive net working capital) arises when current assets exceed current liabilities. A cash deficit (negative working capital) arises when current liabilities exceed current assets.

Factors to be considered for the estimation of Working Capital requirements

Various factors influence the working capital needs of an economic activity. These vary in importance and the importance changes over time. The following factors generally influence working capital requirements.

i) Nature and Size of the Activity

The type of activity the unit is involved in influences its working capital requirements' e.g., units that provide services or undertake job-work require less working capital than manufacturing units. Also, the larger the size of the unit, the greater the working capital it requires.

Working capital requirements will differ again for land based and livestock based activities.

ii) Operating Cycle

The longer the sequence of the operating cycle, the greater will be the working capital requirement.

iii) Seasonal Fluctuations

Most income generating activities are influenced by seasonal fluctuations. more working capital will be required during an approaching peak season e.g., land based activities require more funds with the approaching monsoon, while handicraft units require more funds to meet the festival season demands and less funds during monsoon as this is the 'off' season and also certain types of production are not possible when the weather is cloudy e.g., block printing.

iv) Production Policy

The unit will have to decide if production is to continue at the same level throughout the year, or it will fluctuate with seasonal demands, or, whether members will be given breaks in the festival season and other social commitments, etc. This will determine the working capital requirements.

Some organisations decide that women involved in an economic activity should earn at least a certain amount as piece rate per day. Hence, this is also one way of setting the production targets.

v) Credit Policy

How much time should be allowed to debtors to make payments. The longer the time, the greater will be the working capital requirements as it will take that much more time for cash to flow back into the activity. The unit should be firm and prompt in making collections to avoid unnecessary block up of funds.

vi) Availability of Credit

How much time is granted to the unit to meet its dues? This may be from its bankers, suppliers, etc. The longer the time available, the lower will be the working capital requirement.

Voluntary organisations can also avail of working capital assistance, soft loans and special schemes for specific groups and/or for certain types of activities.

vii) Growth and Expansion Activities

With the growth of the unit, the working capital requirements will also increase. More working capital will be required for raw material, to pay wages, etc.

viii) Profit Margin and Appropriation

The prevalent market trends and the degree of competition will determine the profit margin that the unit will fix. The higher the margin, the greater will be the contribution towards the working capital pool. But this will depend on whether the women members decide to share the profits among themselves or use the funds to create or use them for further development of the activity.

ix) Price Level Changes

The greater the fluctuations in the price levels, the more difficult becomes the task of estimating working capital. If the cost of inputs (raw materials and other costs) increase, more working capital is required. If this increase cannot be fully incorporated in the price, a still further increase in the working capital is required.

x) Operating Efficiency

The higher the efficiency, the shorter will be the length of the working capital cycle, leading to more effective use of working capital. Hence, lower amounts of working capital will be required.

Estimation of Working Capital Requirements

The operating cycle of an activity will depend on factors discussed previously like, the nature and size of activity, seasonal fluctuations, production and credit policies, growth and expansion activities, profit margins and appropriation, price level changes, operating efficiency, etc.

Example I

Manufacturing based. The unit has been set up by a voluntary organisation for its women members. It is housed in the premises of the voluntary agency. The land and building cost is Rs. 50,000.00. The unit has a fibre cleaning machine, two and three ply yarn ratts, a set of corridor mat frames, a mesh mat frame and a 2 metre steel matting loom.

The equipment has cost Rs. 1,29,400.00

The land and building belongs to the voluntary agency, but the unit does not have to pay any rent. The equipment has come as a grant and hence, there is no repayment nor an interest burden. In all 30 women work in this unit. They are assisted by a trainer-cum-unit-incharge and an assistant trainer.

Raw material is easily available. It is procured at the end of every month. This costs Rs. 5,950.00 and is procured in one day. So the conversion of cash to raw material takes one day.

This is one month's supply of raw material, and the conversion to finished goods takes 30 days. The value added to raw material is that of wages (piece-rate— Rs. 9000.00 and other overheads— Rs. 300.00). Hence, a value of Rs. 9,300.00 is added in 30 days.

For the conversion of finished goods to sales, cost of sales (Rs. 750.00 i.e., transport to sales centre, salary of sales person) is added. The average sales figures are Rs. 18,000.00 per month. The organisation has established contacts with local traders and those in the nearby towns. It takes 3 days for the goods to reach these traders and sales value is immediately realised.

Hence, the conversion of finished goods to cash takes 3 days. Thus, the operating cycle of the coir weaving unit is 34 days. During this period it has used Rs. 16,000.00 for 31 days and Rs. 18,000.00 has come back to the unit after 34 days.

Fixed Capital

Land-building	=	Rs.	50,000
Equipment	=	Rs.	1,29,400

Working Capital (Funds Invested)

Raw material	=	Rs.	5,950
Wages	=	Rs.	9,000
Overhead	=	Rs.	300
Sales cost	=	Rs.	750
		Rs.	16,000

Funds received from sale	=	Rs.	18,000
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The working capital in this case is Rs. 16,000.00 the money that is used during the operating cycle.

Now, estimate the working capital required in your activity.

Example II (Livestock based)

Samuben took a loan of Rs. 5000.00 from the bank to purchase a buffalo, in the month of March '86. The animal gave milk for one month, then got pregnant and calved in the month of October.

During the period of March 1986 to February, 1987, the expenses incurred on rearing the buffalo were as follows:

1. In Summer

i) Green fodder for 30 in milkdays 20 Kg. per day @ Rs. 7.50 per 20 Kg	Rs.	225.00
ii) Concentrates for 30 in milk days. 3 kg. per day @ 95/- per 70 Kg.	Rs.	122.00
iii) Grazing expenses during 30 milk days.	Rs.	25.00

iv)	Green fodder for 90 dry days, 10 kg. per day @ Rs. 7.50 per 20 kg.	Rs.	338.00
v)	Dry fodder for 30 dry days, 2 kg. per day @ Rs. 20.00 per 50 kg.	Rs.	24.00
vi)	Dry fodder for next 60 dry days, 7 kg. per day @ Rs. 20.00 per 50 Kg.	Rs.	168.00
vii)	Concentrates for 90 dry days, 1kg. per day @ 95.00 per 50 kg.	Rs.	122.00
viii)	Grazing expenses for 90 dry days @ Rs. 25.00 per month	Rs.	75.00

2. In Monsoon

i)	Dry fodder for 90 days, 3 Kg.per day @ Rs. 10.00 per 59 Kg.	Rs.	54.00
ii)	Concentrates for 90 dry days 1 Kg. per day @ Rs. 95.00 per 70 Kg.	Rs.	122.00
iii)	Grazing expenses for 90 dry days @ Rs. 25.00 per month.	Rs.	75.00
iv)	Dry fodder for 30 in milk days, 3 kg. per day @ Rs. 10.00 per 50 Kg.	Rs.	18.00
v)	Concentrates for 30 in milk days, day per 70 Kg. @ Rs. 95.00	Rs.	122.00
vi)	Grazing expenses for 30 in milk days @ Rs. 25.00 per month	Rs.	25.00

3. In Winter

i)	Concentrates for 120 in milkdays, 3 Kg. per day @ 95 per 70 Kg.	Rs.	489.00
ii)	Grazing expenses @ Rs. 25.00 per month.	Rs.	100.00
iii)	Interest on loan of Rs.5000 for 12 month @ 4%	Rs.	200.00

Besides the expenses mentioned above, Samuben has spent a fair share of her time in tending the buffalo, milking the animal and collecting green fodder and dry fodder for it.

The income earned by Samuben during these months was:

1. Sales of Milk average 6 liters day
for 180 days of lactation @ Rs. 80/-20 liter. Rs. 4320.00
2. Sale of farm yard manure (before monsoon) Rs. 300.00
3. Sale of calf (in November) Rs. 400.00

Now let us take a look at the cash income earned by Samuben, against the cash expenditure she has incurred, during each season for maintaining the buffalo.

No.	Season & Months	Expenditure Rs.	Income Rs.	Surplus/Deficit during period/ cumulative	
1.	Summer March(in Milk)	372	720	+348	
2.	Summer April-June	827	300	-527	-179
3.	Monsoon July-September	251	-	-251	-430
4.	Monsoon October	165	720	+555	+125
5.	Winter November-February	789	3280	+2509	+2634

Considering the above example of buffalo, let us look at the following aspects:

1. Operating Cycle

From March 1986 to February 1987 we see a definite sequence of events. The buffalo gives milk for 30 days, goes dry for 6 months, calves and again gives milk. This sequence of events is likely to get repeated again and again and is known as the operating cycle and in this case it is for a period of 12 months. In livestock based activities, the operating cycle generally tends to correspond with the natural productive cycle of the animal concerned.

The operating cycle of Samuben's buffalo rearing activity may be shortened by decreasing the dry period of the buffalo, with a technological intervention like embryo transfer. On the other hand the operating cycle of the activity may get lengthened, if the buffalo falls ill and is able to conceive only after recovering.

2. Current Assets

During the operating cycle, the buffalo produces a calf, milk and farm yard manure. These products get converted to cash during the cycle and are termed the current assets of the activity.

3. Current Liability

Samuben has to spend money to maintain her buffalo in the period corresponding to the operating cycle (on green fodder, dryfodder grazing etc.). These expenses can be termed as current liabilities.

4. Net Working Capital

In this case, the value of the current assets is more than that of the current liabilities (+2634) Hence the activity has a net positive working capital.

5. Working Capital Requirement

If we take a closer look at Samuben's buffalo rearing activity, we find that she runs short of money during the months of April-September when she has to spend money to maintain the animal (which is going through a non-production phase). To tide over this period, Samuben requires at least Rs. 430.00. This amount may be termed the required working capital.

Example III (Land Based)

Let us take a look at the activity in which 15 women are working to raise 3 lakh saplings of various forest species. under the scheme, the forest Department will buy the saplings in the first week of June @ 30 paise per sapling. The women begin their nursery raising activity in the first week of December. Since the Forest Department will pay money for the saplings only after they are ready, the women need money to get the activity started.

Land, with sufficient water supply, is available at a monthly rent of Rs. 500.00. The women will need:

1) a helper (Rs. 600.00 per month) who will purchase raw material, inputs, keep records and liaise with the Forest Department.

2) a watchman (Rs. 500.00 per month) to guard their nursery.

At the onset, women have to purchase seeds, farm yard manure, pesticides and polybags worth Rs. 36,000.00. Besides, Rs. 1000 is also required for stationery, repair of tools, the fence and water tank. The wages of women working on the nursery for the duration of the activity is Rs. 33,600.00. Thus, we see that the women have used Rs. 80,200.00 from the first week of December to the first week of June (6 months). The payment from the sale of saplings (Rs. 90000) is realised in the first week of July. Hence, the Operating Cycle of the activity is seven months. (December 1st week to July 2nd week). The working capital required for the activity is Rs. 80,200.00

Budgeting

A budget is a financial plan. It specifies how much money an organisation thinks it will take in and how much it will spend. A budget is generally laid out in two sections that are grouped under two main headings: Income(or Revenue) and Expenses (or Expenditure). Planning the activities of the business culminates into a budget.

The main purpose of preparing a budget is to have an instrument with which to monitor a business. It is useful only if you 'follow up' the budget, constantly keeping an eye on income and expenditures to see whether or not they agree with the estimates made. This variance helps one judge what targets were set and what the actual position is. This acts as an internal pressure. Timely review and monitoring helps the activity attain its targets as planned.

The Budgeting Process

If budgeting is a form of financial planning then it is important to know what specific procedures are involved in doing it effectively. There are a few important considerations:

Budgeting should always be related to the overall planning process of the organisation. No one is in a position to plan for the future without a clear sense of what the available resources are. Conversely, sensible budgets or financial plans cannot be put together without knowing where the budget is going. Simply allocating money is not enough. Using it strategically is what the budgeting process ideally should be about.

It is important that the members be involved in the budgeting process, both in the **forecasting stages** and later when the budgets are **monitored**. Beyond the above consideration, the actual way of estimating the budget can be illustrated through the example of Rainbow Handicraft group.

It is important to 'plan' the business. but how can you 'plan' a business like a handicraft? How can you tell in advance what the members will produce, how much of their handicraft will be sold, the amount of the gross surplus and the running costs ? The steps are as follows:

- 1) Estimating Sales
- 2) Estimating Costs



1. Estimating Sales

Rainbow Handicraft Group (RHG) has received a large order and signed a delivery contract for 100 rugs with a company in the city. The members of the economic activity feel that they will certainly produce 100 rugs. A production plan has already been worked out with them, some promising to make two rugs, others three. The selling price of a rug has already been fixed after careful calculation and negotiation with the buyer. It will be Rs. 100.00. Members will receive Rs. 1,080.00, when the group has taken its commission of 10%. The cost of the raw material will be Rs. 550.00. It will mark up 12% and charge the members Rs. 616.00. A member will earn Rs. 164.00 for weaving the rug.

Here the total estimates for the income next year, are shown in the table 1 and table 2.

Table No. 1

Income	Estimates for Next Year	
Supply Business:		
Sale of Raw Material (100 x 616)	Rs.	61,600.00
Cost of Raw Material (100 x 550)	Rs.	55,000.00
Gross Surplus	Rs.	6,600.00
Marketing Business :		
Sale of Rugs (100 x 1200)	Rs.	1,20,000.00
Payment to members (100 x 1080)	Rs.	1,08,000.00
Gross Surplus	Rs.	12,000.00
Total Income:		
From the supply Business	Rs.	6,600.00
From the Marketing Business	Rs.	12,000.00
Total Gross Surplus	Rs.	18,600.00

If everything goes as planned, RHG, will earn a gross surplus of Rs. 18,600.00 next year. All the costs of running the RHG will have to be paid out of the total amount of Rs. 18,600.00.

Table No. 2

Rent	Manager's Wage
GROSS	Travel
SURPLUS	Interest
18,600	Insurance
	Other costs

2. Estimating Costs

To estimate expenses, a table (Table No.3) showing all the costs during the present year (which is now coming to an end) is prepared. Every item is thoroughly discussed in the Management Committee of the economic activity. Before agreeing on a figure it is useful to ask "Will this cost be the same or higher next year ?" Items like travel and other costs are slightly uncertain. Underestimating such costs show higher surplus. However, it may happen that travelling has to be undertaken, then expenses would show a negative variance. (A negative variance is there when the actual is more than what is estimated. A positive variance, on the other hand, taken place when the actual is less than estimated).

Table No. 3

Costs	This year	Estimates for next year
Wages	Rs.3200	Rs.3400
Rent	Rs.1600	Rs,1800
Travel	Rs. 468	Rs. 600
Interest	Rs.2012	Rs.1800
Insurance	Rs. 744	Rs. 800
Misc.	Rs. 576	Rs.1000
Total:	<u>Rs.8600</u>	<u>Rs.9400</u>

Finally, after consensus, a table of cost estimates is prepared which is given below:

Table No. 4

Operational Budget of Rainbow Handicraft Group.			
Income			
Sale of Raw material	Rs. 61,600		
Cost of Raw material	Rs. 55,000	Rs. 6,600	
Sale of rugs	Rs. 1,20,000		
Payment to members	Rs. 1,08,000	Rs. 12,000	Rs. 18,600
Running Costs			
Wages		Rs. 3,400	
Rent		Rs. 1,800	
Travel		Rs. 600	
Interest		Rs. 1,800	
Insurance		Rs. 800	
Miscellaneous		Rs. 1,000	Rs. 9,400
Estimated Net Surplus			Rs. 9,200

The Quarterly Budget

The circled figures (table-5) indicate the number of rugs or sets of raw material to be bought or sold during each quarter. We can see that most of the rugs will be delivered and paid for in the third quarter (50). Clearly, supplies must be available much earlier for the members. Hence, we must plan to buy 20 sets of raw materials in the first and 40 in the second quarter. But the members cannot pay for this expensive material on delivery. They must get credit until they bring the finished rugs for payment. As seen, only 10 sets of material are paid in the first and 25 in the second quarter, corresponding to sale of and payment for rugs.

Certain expenditures are spread over the whole year, like travel. It is difficult, to gauge how much and when travel money will be used. Other costs like rent and interest have fixed dates of payment.

Table No. 5

Quarterly Budget		Rainbow Handicraft Group				
	Jan.-Mar.	Apr.-June	July-Sept.	Oct-Jan.	Total	
Income	10	25	50	15		
Sale of Supplies	6160	15400	30800	9240	61600	
Sales of handicraft	12000 10	30000 25	60000 50	18000 15	120000	
Total income	18160	45400	90800	27240	181600	
Expenditure:						
Cost of supplies	11000 90	22000 40	16500 30	5500 10	55000	
Paid to members for handicraft	10800 10	27000 25	54000 50	16200 15	108000	
Wages	850	850	850	850	3400	
Rent	-	900	-	900	1800	
Travel	100	100	300	100	600	
Interest	-	-	-	1800	1800	
Insurance	-	800	-	-	800	
Miscellaneous	250	350	250	250	1000	
Total Expenditure	23000	51900	71900	25600	172400	
Net	(4840)	(6500)	18900	1640	9200	

When the budget is ready, it is obvious that during the first quarter, the income is not enough to pay for the expenses. We see a negative balance for that period indicated by the brackets in the line 'Net'. Fortunately, RHG has some money in the bank. To cope with the large expenses during the first two quarters, that money has to be used. But will it be enough? Suppose for instance, all the first quarter expenses (Rs. 23,000/-) has to be paid before the expected income is received.

The above possibility has to be planned carefully. A cash flow budget has to be made, showing exactly month by month, how money will come in and will be paid out. We will have to see whether there is a need for additional cash. Whether a short-term loan is required or whether we need to ask for on-supplier credit.

It is now apparent why budgets are so necessary for the smooth operation of an economic activity in the future. A cash flow problem for instance, will not come as a surprise. Thanks to the budget, we can know about it in advance and can plan accordingly.

All the figures then, are put together in a 'budget' i.e., a projection of the business results expected for in the coming year.

Table No. 6

Budget Follow-up 1st quarter.	Estimated	Actual	Variance
Income			
Sale of supplies	6,160.00	4,928.00	+ve
Sale of handicraft	12,000.00	9,600.00	-
Total Income	18,160.00	14,528.00	+ve
Expenditure:			
Paid to members for handicraft	10,800.00	8,640.00	+ve
Wages	850.00	850.00	-
Rent	-	-	-
Travel	100.00	142.00	-ve
Interest	-	-	-
Insurance	-	-	-
Miscellaneous	250.00	182.00	+ve
Cost of supplies	11,000.00	11,000.00	
Total Expenditure	23,000.00	20,814	
Net	(4,840)	(6,286)	

However, the annual budget shown above (Table-5) lacks the precision needed to check business results on a monthly or quarterly basis. It is very difficult to judge whether the business is going as planned, because the budget shows only the total result

for the whole group. It says for instance, that sales of rugs will be Rs. 1,20,000 but not how much money will come in during the first month or the last month of the year. This knowledge or information is essential to control the development of business according to the desired plan.

The Follow-up

Regular meetings should be held, with all the people concerned with the economic activity so that the budget could be discussed against the actual performance. A table (no.6) showing the estimated and actual targets should be prepared and also a column indicating the negative or positive variance should also be shown. This table should be then analysed and the variances discussed. For instance in the first quarter, 10 rugs were to be produced, but only 4 were actually produced. The reason should be known and the corrective measures taken accordingly. Whether the differences will affect the overall result for the year should also be known.

By checking the progress each month like this and taking corrective actions accordingly, we can guide the economic activity towards its goal of achieving the desired results, as planned in the budget.

A word of caution: the planned budget is not the 'gospel'. It may be changed/revised in the budget meeting. The performance is analysed after one quarter, and if the members feel that the targets set for the next two quarters is unrealistic then the necessary changes can be made in the budget.

Few budgets can hold up over time unless they are amended and modified to accommodate new information and new conditions as the years move on. Thus, we must set up a process by which the budget can be revised when necessary and changed.

Other Uses of Budgeting

Budgeting can be a useful tool for the following aspects also, in addition to planning the logistics of day to day work.

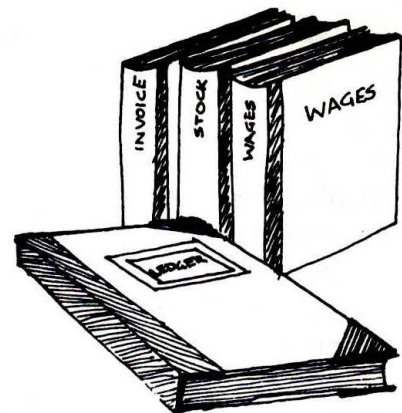
1. As a basis for expansion of the economic activity.
2. As a basis for enabling government developmental programmes to be designed along the lines of grassroots experiences.
3. As a basis for negotiating suitable policy changes of the government in the areas of prices of raw material; selling price fixed in the government schemes, facilities like marketing, workshed, training, etc., which can help to make our economic activity more viable.

4. To explain the women members the periodic performance of the economic activity as well as to initiate them to interpret these data. The importance of making such calculations can also be explained.

Notes

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This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly aged or off-white appearance. There is no handwriting or other markings on the page.



ACCOUNTS KEEPING

Accounting is a system of keeping track of how financial and monetary transactions occur. It records, classifies and summarizes financial information.

Systematic and regular account keeping is necessary for any activity because:

- * It creates the data-base that will provide quantitative information about the activity
- * This information will help monitor the progress of the activity in terms of
 - Is expenditure in accordance with the budget ?
 - Is members' income as targeted?
 - Is the activity breaking-even; is there a surplus or a deficit ?

Over and above this, maintaining accounts is a statutory requirement also.

Types of Accounts

Various types of financial transactions (Exchanging money for any services or goods offered) occur in the course of running an economic activity. Different rules of accounting have been developed for different types of transactions. Such a classification of all transactions helps in the proper application of accounting rules.

Broadly speaking, there are three types of financial transactions:

Personal Accounts

When an organisation is dealing in financial terms with persons, (like Suresh Chandra, B.D. Reddy, etc.) or other organisations (like Samaj Sevi Sangathana, Mahila Vikas Samiti, etc.) on a regular basis, it becomes necessary to record all the transactions in their respective names. This facilitates in locating financial information with respect to these people\organisations.

For example, an organisation deals with another organisation called "Gram Sudhar Sansatha, which provides raw material to this organisation at least three times in a month, worth about Rs. 30,000/- . The organisation makes payment only once in three months. Hence, to locate the information, every third month, regarding how much payment has to be made becomes very important. If recording is done in the name of 'raw materials', the organisation will not be able to locate information regarding to whom, and how much payment has to be made, as it would contain information regarding different raw materials from different suppliers,. Hence, it becomes easier to record the transaction in the name of the supplier i.e., Gram Sudhar Sansatha.

Real Accounts

Many organisations own assets like land, building, machines, furniture, etc. Similarly, they also have liabilities like loans, advances, etc. In these accounts, an in-flow or out-flow does not take place on a regular basis. For example, if land is bought for a social forestry programme, then it will remain with the organisation for a long period of time and if a loan is taken, it is paid back within a specific time.

Hence, those accounts where an in-flow or out-flow of money takes place only occasionally in an organisation's life-time are called Real Accounts.

Nominal Accounts

Every organisation has some accounts where an in-flow or out-flow of money takes place on a regular basis e.g., monthly rent, salaries, interest, postage, wages, commission. These accounts generally involve a small amount of money, but a regular transaction and relate to the day-to-day running of an organisation.

Such accounts are labelled Nominal Accounts.

SYSTEMS OF ACCOUNTS KEEPING

Single Entry System

Domestic accounts are maintained by the lady of the house mentally, or in an old diary or notebook.

This type of account may look something like this:

1st August	received for household expenses	Rs. 750.00
2nd August	less paid milkman	Rs. 100.00

2nd August	paid newspaper vendor	Rs. 45.00
4th August	paid Grocer's bill	Rs. 165.00
5th August	paid for children's school books	Rs. 50.00
9th August	paid electricity bill	Rs. 114.00
10th August	BALANCE	Rs. 276.00

This system of keeping accounts is convenient for domestic accounts, and is appropriate where one just needs to know how much money came in and on what it was spent. It is called the Single Entry System, because the inflow and outflow of money is recorded in a single account.

One may maintain accounts in this manner in an activity where transactions are very few and are placed in an informal manner. However, in any set-up where accounts need to be formally maintained, final statements will have to be prepared. For this purpose, information will have to be pooled together. For instance in the above example under the single entry system, total money paid to the milkman through the year will not be available at one place. Thus completeness of records and comprehensive information is unavailable under this system.

Other limitations of the single entry system of maintaining accounts are:

1. It does not enable us to prepare the 'trial balance', which helps in checking the arithmetical accuracy of accounts.
2. In the absence of real and nominal accounts, the Receipt and Payment Statement, Income and Expenditure Statement and Balance sheet cannot be prepared.
3. Any information obtained under this system may be dubious, as it will not be free from doubt. It has to be checked several times.
4. No Asset Account is maintained under this system. Hence, if an organisation wants to sell some old assets, it will be unable to fix a proper price.

Double Entry System

This system enables compilation and recording of complete and comprehensive information through systematic bifurcation of transactions.

Just as there are two sides to every coin, there are two aspects of every transaction.

For any financial transaction, something comes in, while something goes out. This system operates on the basic principle - 'without an outflow, there cannot be any inflow and vice-versa'. For example :

If seeds are purchased for Rs. 500 in cash

- Seeds have come in
- Cash has gone out.

Example: If seeds are purchased for Rs. 500 on credit

- seeds have come in
- correspondingly, liabilities have increased because obligation to pay has increased.

(Cash has not gone out immediately, but payment will have to be made in the future).

Debit and Credit Rules

Suppose an organisation receives cash from ABC Agency

Here - cash has come in
- from ABC Agency.

From this, we develop the rule
DEBIT THE RECEIVER
CREDIT THE GIVER

Hence, the above transaction will be entered as:

Cash A/c Dr.

To ABC Agency A/c Cr.

Example: If furniture is purchased in cash:

Here - furniture comes in
- cash goes out.

The entry for this transaction will read

Furniture A/c Dr.

To Cash A/c Cr.

This leads us to the rule:

**DEBIT WHAT COMES IN
CREDIT WHAT GOES OUT**

Now suppose one organisation has to pay a loan taken by it .

**In this situation - Interest expense is incurred
- Cash has gone out.**

Hence, the book entry will be:

**Interest A\c Dr.
To cash A\c Cr.**

Hence, the rule:

**DEBIT ALL EXPENSES AND LOSSES
CREDIT ALL INCOMES AND GAINS**

Summarising the three different types of accounts (Personal, Real and Nominal), the rule: can be put down as:

Nature of Account	Concerned Account	Debit	Credit
Personal Account	Party's Account	The Receiver's Account	The Giver's Account
Real Account	Tangible Assets	What comes in	What goes out
Nominal Account	Income and Expenditure	Expenses and losses	Incomes and gains

Example

For the following transactions list the debit and credit aspects.

1.	Grant received from 'A' deposited in Bank	Rs.	50,000.00
2.	Withdraw money from Bank	Rs.	10,000.00
3.	Rent paid	Rs.	1,200.00
4.	Travel expenses	Rs.	100.00
5.	Purchased Machinery (By cheque)	Rs.	12,000.00
6.	Purchased cloth	Rs.	2,000.00
7.	Purchased other raw material	Rs.	300.00
8.	Stipend to trainees	Rs.	1,000.00
9.	Salary paid through bank	Rs.	2,000.00

Solution

Debit	Credit
1. Bank A/c	Grant A/c
2. Cash A/c	Bank A/c
3. Advance Rent A/c	Cash A/c
4. Travelling A/c	Cash A/c
5. Machine A/c	Bank A/c
6. Cloth Purchase A/c	Cash A/c
7. Raw Material Purchase A/c	Cash A/c
8. Stipend A/c	Cash A/c
9. Salary A/c	Bank A/c

Steps in Double Entry System of Accounting

In the double entry system of Accounting, several sequential steps are involved. They can be listed as:

1. Collection of information and its classification. For each transaction, a document (like bill, cash memo etc.), is collected and classified in its 'debit' and 'credit' aspects of accounting. This is done mostly through a process of filling a form called a 'voucher'
2. Posting of accounts to the book of prime entry. i.e., Journal and Cash Book with the help of these vouchers.
3. Posting of accounts from the book of prime entry to the respective accounts maintained in the 'ledger'.
4. At the end of an accounting period, balances of all accounts maintained in the ledger are extracted, and a 'Trial Balance' is prepared.
5. Preparation of final statements of Income and Expenditure and the Balance Sheet.

Voucher

A voucher is an account document, which helps the Accountant analyse each and every financial transaction.

Each voucher should have a supporting document as evidence of the transaction having taken place.

Two types of vouchers are normally in use. These are receipt vouchers and payment vouchers. One should always remember this and ensure:

- that for expenditure above Rs. 20/-, the recipient must sign the voucher on a 20 paise stamp.
- that no cash payment should be made for any amount exceeding Rs. 2,500.00
- that as far as possible all vouchers should have the respective supporting evidence.
- that each voucher should be approved by the concerned authority of the organisation.

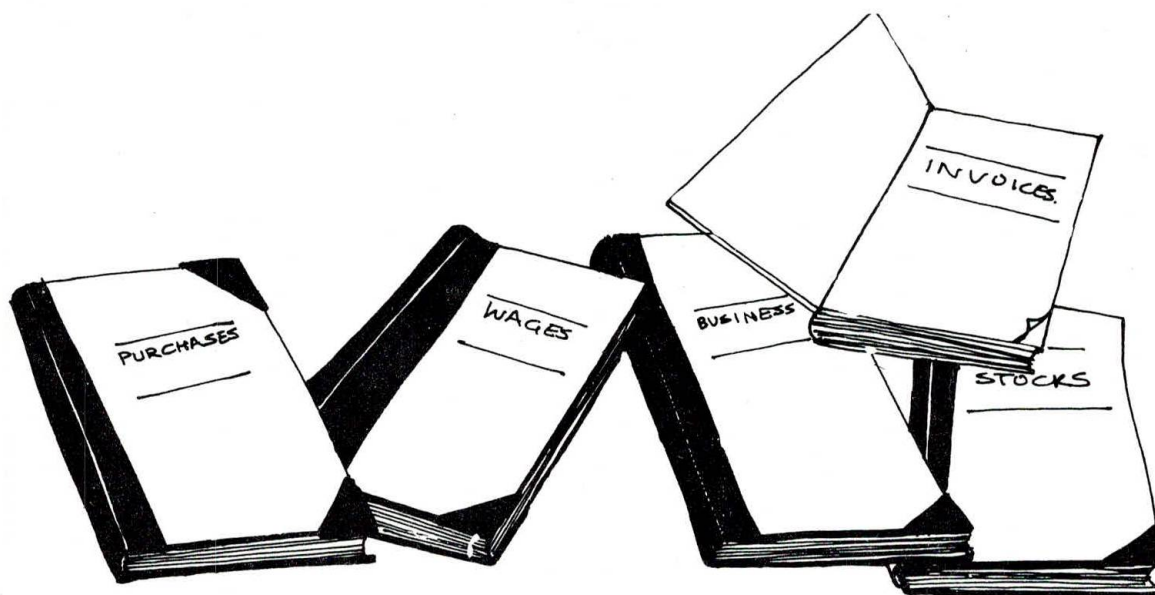
Journal

After vouchers are prepared, each transaction is recorded chronologically in the book of prime entry - the Journal, following the double entry principle.

While some organisations still maintain the Journal for credit transactions and adjustment entries, the Journal is slowly being replaced by the Cash/Bank book.

Below is an illustration of a Journal entry (Refer transaction of Exercise 1.).

Date	Journal Particulars	L.F.	Amount Debit	Amount Credit
1.	Bank A/c Dr. to grant A/c (Grant received from A)		50,000.00	50,000.00
2.	Cash A/c Dr. to Bank A/c (Cash withdrawn from bank)		10,000.00	10,000.00
3.	Advance Rent A/c Dr. To cash A/c (Cash paid for rent of 6 months)		1,200.00	1,200.00
4.	Travelling A/c Dr. To Cash A/c (Cash paid for travelling)		100.00	100.00
5.	Machine A/c Dr. To Bank A/c		12,000.00	12,000.00
6.	Cloth purchased A/c Dr. To Cash A/c (Cash paid for cloth)		2,000.00	2,000.00
7.	Raw materials purchased A/c Dr. To Cash A/c		300.00	300.00
8.	Stipend A/c Dr. To cash A/c (Stipend paid to participants)		1,000.00	1,000.00
9.	Salary A/c. Dr. To Bank A/c (Salary paid by cheques)		2,000.00	2,000.00



Cash Book and Subsidiary Books

In practice we find that most of the transactions of a financial nature are related to cash and bank. Such transactions, often become innumerable in a single day. Hence, journalising for each and every transaction becomes a laborious job. To avoid this, separate books are maintained for each group of transactions. (Example: Cash Book for cash \bank transactions; Purchase Book for credit purchases; Sales Book for credit sales).

Similarly, other books like Sales Return, Purchase Return, Bills Payable, Bills Receivable, etc., can be maintained, depending on the nature of dealings of the organisation. This is, in a way, a bifurcation of the Journal. Due care must be taken to see that a single transaction is entered in one book only.

System of Recording Entries

Cash Book: Cash book is meant to record all transactions in which cash \bank receipts and payments are involved. Normally, cash in hand and cash in the bank will be written on the left hand side (Debit side) of the cash book. The Debit side represents receipts and Credit side, the payments. Hence, usually, the debit side total will be larger than the credit side one. The amount of difference between the two side is put on the side with the lesser total and each book is balanced. If the debit side total is larger, it is called a debit balance and a larger credit side total is called a credit balance.

An illustration would make this clear:

Cash Book

Month and Date	Particulars	Folio	Cash		Bank		Total	
			Rs.	P.	Rs.	P.	Rs.	P.
1	Grant A \c By grant received from 'A' and depo- sited in bank				50,000.00			
2.	Bank Contra A \c		10,000.00					

Cash Book

Month and Date	Particulars	Folio	Cash		Bank		Total	
			Rs.	P.	Rs.	P.	Rs.	P.
2.	Cash Contra A\c To cheque paid for withdrawal of money				10,000.00			
3.	Advance Rent A\c To cash paid for rent to six months		1,200.00					
4.	Sewing Machine A\c To cheque paid for purchase of machine				12,000.00			
5.	Travelling A\c To cash paid for travelling		100.00					
6.	Cloth Purchase A\c To cash paid for cloth purchased		2,000.00					
7.	Misc. Raw Material Purchase A\c To cash paid for raw materials		300.00					
8.	Stipend A\c To cash paid for stipend to participants		1,000.00					
9.	Salary A/c To cheque paid for staff salary.				2,000.00			

Purchase Book

The extent of detail will depend on the nature of transactions, but usually credit purchases are recorded in the following format:

Date	Supplier's Name	In Ward Invoice No.	L.F.	Amount (Rs.)
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Sales Book

Credit Sales are recorded in the following format:

Date	Customer's Name	Out Ward Invoice No.	L.F.	Amount (Rs.)
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Similarly, other subsidiary books are maintained depending on the organisations' requirements and transactions recorded and the extent of detail deemed necessary.

Ledger

A ledger is a record of final entry which contains accounts of all types. This is written from books of prime entry, i.e. cash book \ journal. Since all the financial statements are extracted only through the general ledger balance, it is called the principal book.

The ledger helps us to get all necessary data at one place, since all types of entries are recorded in it. Unlike the cash book, ledger entries are recorded under their specific heads. Hence, if we want to know how much we have spent under certain heads, like travelling during the entire month \ year, we can get this information, which is not possible in a cash book.

The cash book has a unique position. It is a subsidiary book because cash entries are originally entered therein. But a cash book also contains the two accounts - cash and bank - itself hence, no cash account is maintained in the ledger; the cash book itself is treated as a cash bank account. Therefore, a cash book is both a book of original entries as well as a principal book, or, a part of the ledger.

Posting to Ledger

First of all, the opening entries should be posted, as it indicates the balance of assets and liabilities with which an organisation starts the new period. All the opening entries of assets should be written on the debit side of the respective accounts - 'To Balance B\F' (Brought Forward) and then the amount in the debit column. Similarly for credit entries of all liabilities and the capital account, one writes - 'By Balance B\F' and then the amount in the credit column. In case of cash and bank balances, balances are written in the Cash Book and no separate account is opened.

Posting the Cash Book in the Ledger

The debit side of the Cash Book shows receipts in cash and receipts in bank, and credit side of the Cash Book shows payment of cash or payment from bank.

So to complete the double entry, one has to open all the accounts for which cash has been spent or received. For example, on the debit side of the cash book one finds:

Kasi Ram A\c Rs. 1000.00

This means cash has been received from "KASIRAM", which, in turn is entitled to a credit. One will open an account of KASIRAM and make the entry on the credit side.

Just to further clarify, we can make a Journal entry of the same transaction:

Cash C\c Dr. 1000.00 (What comes in)
Kasi Ram A\c Cr. 1000.00 (being the giver)

In the Cash Book we entered only first part - (what comes in), but to complete the entry we have to open the account in the ledger and give it a credit - which is the second part.

Similarly, the payment side of the Cash Book shows to whom or for what purpose cash has been paid. Therefore, all accounts mentioned on the credit side will be debited in the Cash Book.

Ledger

Date	Particulars	L. F	Debit Amount	Credit Amount	Balance

For example, when credit side of the cash Book shows: "Travelling A/c 300.00"

That means Rs. 300.00 is being spent on travelling.
Let us do the Journal entry:

Travelling A/c - Dr. 300.00 (Expenses)
Cash A/c - Cr. 300.00 (What goes out)

In Cash Book we wrote the cash aspect, that is second part "Credit - what goes out", but we have to record the expenses in the ledger which will be debited according to the first part of the Journal entry.

It is important to note that in posting the Cash Book, no cash account or bank account should be opened, the cash book itself consists of these accounts. All entries marked 'C' being contra items should be ignored while posting because the corresponding debit or credit already appears in the Cash Book itself.

Sub Ledger

Many Organisations have a practice of maintaining the sub ledger. Sub ledger is an Account Book devised to bring down the burden on the Ledger. For example, every day postage is recorded in Cash Book and Ledger, these books will have hundreds of entries only about postage but if a sub ledger is created and all postage is recorded first in the sub ledger and then at the end of the month posted to Cash Book and Main Ledger then there will be only few entries for recording.

In a Sub Ledger, unlike Main Ledger (where all types of transaction, are recorded) only one type of transaction is recorded i.e., Postage. Hence for different types of transactions we can have different sub ledgers, i.e., salary sub ledger, sales sub ledger, raw material sub ledger, etc. These sub ledgers provide us with specific information in detail at one place. Many organizations with multiple projects keep independent projectwise sub ledgers also. Some of the sub ledgers have been described in the section of additional aspects.

Posting the Journal in the Ledger

Posting of journal is done to the accounts as stated in the entry on the same side with the same account. For example if journal entry is:

Traveling A/c Dr. 300.00
To travel agent A/c Cr. 300.00

Then in posting, both the accounts will be posted as it is in the ledger.

One major difference between a cash book and a journal is that in the journal both the aspects of a transaction are written at one place, while in a cash book it is only one aspect (which is effecting the cash) is written. Hence, while posting from a journal, entries are posted as it is, but while posting from a cash book, all debit of cash book are posted in credit of ledger and all credit will go to the debit side of the ledger to complete the double entry, because only one side of entry is recorded in the cash book.

Trial Balance

Under the double entry system, we have seen how a transaction is recorded-once by debiting an account and then (while posting) crediting a corresponding account. Since every transaction is recorded both as debit and credit, then if we prepare a list of all the accounts under the classification of debit and credit, and the total of both the sides match, it proves the books are arithmetically correct.

By way of illustration, let us take the example of the organisation Sangathana.

Trial Balance as on.....

Name of the A/c	Folio No.	Dr. Balance	Cr. Balance
Grant A/c			50,000.00
Rent Advance		1,200.00	
Sewing Machine		12,000.00	
Travelling		100.00	
Cloth Purchasing		2,000.00	
Miscellaneous Raw			
Materials purchase		300.00	
Stipend		1,000.00	
Salary		2,000.00	
Cash in Hand		5,400.00	
Cash in Bank		26,000.00	
		<hr/> 50,000.00	<hr/> 50,000.00

This list of debit and credit accounts is known as Trial Balance.

It helps to know whether books are arithmetically correct or not. If the total of debit balances is not matching the total of credit balances, then there is definitely some mistake in the books. That is why Trial Balance would be prepared every month to check that the books are properly written.

Final Statements

As the final step in the accounting process, summarised and aggregated information is presented in three statements - Receipt and Payment Account, Income and Expenditure Account and Balance Sheet.

Receipt and Payment Account

As is clear from the name, in Receipt and Payment Account, all the transactions (receipts of money and payments of money) are recorded under major heads of accounts. It is a kind of summarised reproduction of Cash Book, but no provision of money to be repaid or money to be received, i.e. debtors or creditors, is recorded in Receipt and Payment Account. It is a statement of total money received and total money paid in a particular period of accounting. It includes both capital and revenue transactions.

Opening balances of cash in hand and cash at bank are shown at the beginning of the period on the receipts (debit) side of the statement. Closing balances of cash and bank are shown at the end of the payment (credit) side. Then, all the receipts during that period are recorded on debit (receipts) side and all the payments are recorded on credit side (payments).

At the end of all recordings, the total of both sides (receipts and payments) should match.

This is generally prepared annually, for the accounting year.

Income and Expenditure Account

Under Income and Expenditure Account, one summarises the total income and total expenditure of the year. Unlike Receipt and Payment Account, here one also includes all the provisions made for income and expenditure during that period. For example, all the debtors, creditors, depreciations, amount payable, etc., will be included in this statement. Income and Expenditure A/c covers only the incomes received for the year and not the income for the previous year received in this year, or any advance income received for the coming year. The same goes for the expenditure also. In the

Receipt and Payment A/c, any income (whether for previous year or for coming year) is included under Receipt and Payment Account after making necessary adjustments.

Difference Between Receipt and Income

Many a times we face a problem in differentiating the Receipts from the Income. The common belief is whatever we receive is income. But this is not true.

Receipt is whatever money we receive in a particular period, say in one year. This money could be an advance for the next year, received this year. It could be reimbursement, or any direct income. Hence, whatever money comes into an organization is called Receipt.

But all Receipts are not called Income.

Income is something which the organization receives only for the particular period of one year. For example an organization has received a cheque of Rs 3,00,000 from one customer. Out of this 3,00,000, Rs. 2,00,000 is the payment for settlement of this year's bills and Rs 1,00,000 as advance for his next year orders. Then only Rs 2,00,000 will be called "income" for this year. While the total Rs 3,00,000 will be called Receipt of this year.

Similarly, if some Income has accrued like interest on fixed deposits during the year but has not been encashed, it will also add up to the Income of the year. But it will not be treated as Receipt of the year. Another example is regarding sale on credit. Some raw material has been sold to M.M. & Co. but the payment has not come. Then this sale will not come under Receipts (since money has not come) but will be considered as an income because sale has taken place in that particular period. Hence, credit sales do not come under Receipts and Payments A/c but will be included in Income and Expenditure Account.

Difference Between Payment and Expenditure

Similar to the Receipt and Income, the prevalent belief is that all payments are expenditures, which again is not true.

Payment is something which goes out of the pocket. Like, all the advances paid are called Payments. This could be an advance for the coming two years. If an organisation paid an advance for raw materials to be purchased the next year, this will be called a payment, because money has gone out of the organisation. Similarly, if a machine which will work for next ten years has been purchased and payment has been made, this will come under payment.

Hence, all the money paid is called Payments.

But all Payments are not called Expenditure.

Expenditure means what has finished or gone out during the year.

It does not cover such payments which will help the organisation in the coming year. Like, a machine which will provide service to the organisation for the coming ten years will not come under Expenditure.

Similarly, if payment has been made for some raw materials to be purchased over the coming three years then the cost of raw material during this current year only will be called Expenditure.

Hence, the payments done for current year only will come under Expenditure.

Difference between Receipt and Payment Account and the Income and Expenditure Account			
Points		Receipt and Payment A/c	Income and Expenditure A/c
1.	Opening balance and closing bank balance	Opening and Closing balance of cash and	Not to be shown
2.	Capital Receipts and payments	To be shown	Not be shown
3.	Revenue Receipts	To be shown	Not be be shown
4.	Outstanding Expenditure and income A/cs	Not to be shown	To be shown
5.	Advance payments and receipts	To be shown	Not to be shown
6.	Depreciation and provisions etc.	Not to be shown	To be shown
7.	Credit purchase and sales	Not to be sown	To be shown

Balance Sheet

A Balance Sheet is a statement which presents a picture of the total financial position of an organisation on a particular date of a year (generally, end of the year). A Balance Sheet tells us what all an organisation owns (Assets) at the end of the year and what all it owes (liabilities which have to be paid off). All the transactions in an organisation's life are either of Revenue nature or of Capital nature. The transactions of a Revenue nature come under Income and Expenditure Account and the transactions of a Capital nature come under Balance Sheet.

A Balance Sheet is divided into two parts:

Liabilities and Capital

This covers all the money which the organisation has to pay off. Like, sundry creditors, rent payable, salaries payable, etc.

Under Capital comes the amount for which the organisation is accountable. In an organisation, it is accountable to share holders, members, and their investment in the organisation which is shown as Capital. To summarise, we can say that liabilities and capital side of the Balance Sheet primarily forms the list of sources from where the money has come in the Business, or to whom Business is liable to pay on the date of making the Balance Sheet.

In this part of the Balance Sheet, all that the organisation owns on that particular date of the year is recorded; like - furniture, machinery, building, securities, land, cash, bank balance, etc.

In other words, it depicts where all the money is invested on the date of preparing the balance sheet.

Additional Aspects

Some additional aspects about accounting are discussed here.

Various Books of Account Required

According to various statutory requirements, we must keep the minimum of Cash Book and Ledger.

There are some other books of accounts for other specific purposes. The most common of them are mentioned here:

Postage Register

This helps us to avoid recording daily postage in Cash Book. We can easily record day-to-day postage in the Postage Register. An advance should be given to the concerned person and at the end of the week or the month, the total postage of that period can be transferred to the Cash Book. Hence, it reduces unnecessary work of writing Cash Book for each and every postage item. Besides, it also helps to maintain a detailed record of postage carried out during the period.

Salary Register

This becomes necessary when more than three persons are drawing regular salary in an organisation. It helps in monitoring the monthly salary. And the risk of losing salary vouchers kept separately can also be avoided. If even a single salary voucher is missing, an organisation could be held responsible for not paying salary for that month. That is why it is important to keep the Salary Register.

Assets Register

It is very useful to keep track of the assets owned by an organisation. It helps to give the current position of every individual asset item, practically on a day to day basis. Whenever an organisation purchases any asset, it is recorded in this register. At the end of the year, a depreciation is charged and the balance is carried forward to the next year. In case of sale of the asset, it helps to decide the price for sale.

Stock Register

This gives a clear idea of how much stock of various things (consummables) is being held by the organisation. Is there any need to buy immediately or can we wait for a while? It also helps in monitoring the stock. Whenever anything like writing pads or other raw material is purchased it is entered in the Stock Register. Whenever we issue these items, it should also be entered and the balance left is mentioned.

It also helps us to plan whether there is a need to buy more raw material or not. It gives us an idea about how many raw material items we consume in a month, and on that basis we can decide the total quantity necessary for stocking these items. It helps in monitoring as well. For example, every month there is a consumption of 30 writing pads but suddenly in one month it goes up to 50 pads. Then we can check the reason for such an increase. It helps in keeping a check on any possibility of pilferage or loss.

Stipend Register

If an organisation is running training programmes, where trainees are paid a stipend, this register is maintained. This will have the trainees' names, how much they are paid each

month and their signature on a twenty paise revenue stamp. This can be cross-checked with the attendance register.

Sales Register

This will record the itemwise sale and the amount each item is sold for. If the organisation is involved in more than one income generating activity, it is better to maintain separate sales registers for each. This will help one know how much money is coming in from each activity and the sales deducted from finished goods stock, will give the ready stock position. It will also help decide what to produce as one will know what sells more.

Production Register

This can be maintained in two ways:

- Itemwise daily production can be recorded
- Personwise records can be maintained i.e., namewise details of who has made what and how much each day. This will help keep track of each person's efficiency also.

Wage Register

If members are paid on a piece-rate, a wage register will have to be maintained. This will have the member's name, amount of wages and member's signature that this amount has been received. For this, the Production register will serve as a base. ■

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Organisation: Working Together

ORGANISATION: WORKING TOGETHER

Why Work in Collectives

We have been discussing about organising women's economic activities not just for a better income but, for women's control over the entire economic process. We have seen that a mere raise in income does not automatically bring about a rise in the status of women and therefore, economic activities have to be organised such that they keep in raising womens' own self-esteem and confidence, leading to empowerment.

For women to be able to take control over the entire economic process, we find that women working together in a group (as a collective) are able to support each other in their struggles, whether it is in the family or the society at large.

While working as a collective, women find that they are not alone and that there are others like them. This gives them the strength to work on issues and struggle for a better life.

Members in a group/collective have differential skills, capacities, competencies. By being in a group, they are able to supplement/complement each other and the collective is able to achieve much more than the individual woman.

When women are involved collectively in working on an economic activity, responsibilities of managing different aspects like marketing, purchasing, supervision, financial management can be taken up by different women according to their capacities and competencies and thus, they could support each other mutually.

By working in a collective, women also learn to play leadership roles at different points of time. In dealing with bankers, financial institutions and funding organisations, women feel more confident and are able to work more effectively when they are in a collective as they can depend on each others' support and responsibilities are divided amongst themselves to meet different people and fulfill other requirements. The collective thus, provides a secure environment for women to manage their economic activities.

It is therefore, important for us that the women's group, organised with the help

and initiative of a voluntary organisation, slowly moves towards an organisation with its own identity which is different from the identity of the NGO. This is imperative to accomplish our objectives of enhanced income and empowerment.

Meaning of Organisation

An organisation has a well defined set of objectives and goals. It has a certain structure in which there are tasks and there are people involved in carrying them out. Through an organisation, efforts are made by the collective (members) to systematically achieve the objectives for which the organisation has been set up.

When individuals decide to come together and start working collectively (through a group), we have a set of individuals deciding to work towards a common objective but they will remain as a group only as long as the objectives/goals/mission of the individuals synchronize with that of the entire group.

When the objectives/mission is conceived conceptually by individuals as part of an organised group then an organisation is formed. An organisation thus, has an identity which is different from that of an individual or group of individuals and an identity which is determined by its objectives, tasks and its structure. It also has a life of its own, independent of its individual members.

Thus, we can see that there are various aspects of an organisation like identity, mission and objectives and structure. We need to understand these aspects to help us find ways to design and run an organisation to accomplish the objectives we set out to achieve at the time of organising. In our context, the objectives are of increased income and enhanced empowerment for the women with whom our organisation is working.

Identity

We need to clearly understand and determine an identity for our organisation. Let us take the example of a voluntary organisation working with a Mahila Mandal. The voluntary organisation is one organisation and the Mahila Mandal is another. The two may be working in close collaboration and in an inter-connected fashion, but they have two distinct identities. Similarly, a voluntary organisation promoting a union of women construction workers will be more effective if it is able to distinctly preserve its own identity, and also allow the union of women construction workers to preserve its own. Only then can the two organisations relate to each other as distinct but interdependent organisations. If the Mahila Mandal or the union of workers, as the case may be, tends to, (or is allowed by the voluntary organisation) to merge its identity with the voluntary organisation, the whole relationship will tend to be counter-productive. For example, it is more likely to empower the voluntary

organisation rather than the Mahila Mandal. Besides, it will make the ultimate identification of the voluntary organisation almost impossible.

Mission and Objectives

Each organisation is created to accomplish certain broadly defined missions. These missions are hopes of the future which the organisation attempts to realise. From those missions, specific goals and objectives get elaborated which may be relevant for the time being. The important question that we need to ask is, how clearly is the mission of the organisation (and its goals or objectives) stated and understood by those inside and outside the organisation?

In the event of any confusion about the mission, the people from outside the organisation may see it as one type of organisation while it is intended to serve an altogether different purpose. People inside the organisation may at times seem to be working at cross purposes, because they view the purposes in two-three different ways. An important aspect of building strong organisations is establishing a clearly stated mission of the organisation, with well defined shared goals and objectives and from time to time, making sure that members inside the organisation and people outside understand them clearly and concretely. This is where voluntary organisations need to continuously work with the women themselves to help them explore why they have come together in the Mahila Mandal, - or why have they formed this women's organisation to pursue economic activities? It needs also to be understood that unless a Mahila Mandal has established for itself an objective for its empowerment, merely an objective on the part of the voluntary organisation to aid and assist the Mahila Mandal in its empowerment may end up in nothing.

Structure

The structure of an organisation has to be appropriate to people constituting the organisation, the goals and objectives it has to accomplish, and the tasks it has to do to achieve these goals and objectives. To this extent an organisation is a mechanism created to accomplish a broad mission and specific goals and objectives. It has to be structured in a manner that helps accomplishment of those goals and objectives and achievement of that mission. Therefore, no single structure can be appropriate to all organisations, or for the same organisation for all times. It is possible for us to design or re-design a structure appropriate to the task at hand and to the goals and objectives that organisation wishes to accomplish for the time being. This gives us an opportunity to look at the structure of the organisation and the need to create it flexibly.

Structure of an organisation essentially means the division of work and systems of coordination, accountability and decision-making. In order to design an appropriate structure we need to first split the tasks to the minutest possible level and then group

these tasks on the basis of a set of criterion evolved from the core value of the organisation. In the process of establishing a structure, the requirements of tasks and the capacities available with people performing those tasks have to be carefully kept in mind. In this sense, the structure of an organisation created for dairying by a group of women need not be the same as that of the trade union of women construction workers. In fact, the two structures will be quite different in order to be able to efficiently accomplish these two different sets of activities.

The key considerations mentioned above in structuring of the organisation, also help us in understanding and continuously examining the existing structure in the light of whether it is serving the task and the purposes at hand and (if necessary) modify, elaborate, change or alter it. It also implies that as the mission gets modified or as the objectives and goals change, or, as new tasks get added, the structure may cease to be operational and effective and may need to undergo changes. Changes in technology, in techniques of doing the work and in the people working in the organisation may also necessitate changes in the structures. It may be pointed out that structures not only give emphasis, but are also the outcome of the human element in the organisation. Consequently, changes in the nature and number of people working within an organisation would necessitate a corresponding change in its structure. To that extent, the structure of an organisation is a dynamic concept, and not a static one.

Need to form Organisations

1. An organisation helps to achieve objectives/mission/goals which are larger than the goals and aims of individual members.
2. Through an organisation, we are able to bring together resources, people, ideas towards the fulfillment of the goals.
3. An organisation provides continuity over an extended period of time and beyond the individual i.e. efforts towards fulfillment of the goals can carry on even when an individual or individuals are not interested or not able to carry the effort further.
4. An organisation can have new members without it affecting the larger goals whereas the goals of the group could get influenced by the changing membership of the group.
5. The organisation can provide synergy and super-coordination. It encourages individuals to undertake tasks which are beyond one person's capacity and thus, help in fulfilling tasks which contribute towards the accomplishment of the larger goals.

Process of forming an Organisation

Women working together may, after sometime, feel the need to form themselves into an organisation.

In order to form an organisation initially, it is essential that all of them are able to identify the objectives, mission of the organisation, with what they would like the organisation to achieve. Once this has been done, then there is a need to jointly articulate the strategy and the programmes which would help them achieve these objectives. It is very essential while forming an organisation that the members are clear and definite about what they want to do. This articulation is not just for their own sake but also for the outside world.

Once, members are aware and a consensus is reached amongst themselves about the objectives, strategy and programmes and this is then articulated, then one can say an organisation is formed. This will however, remain an informal organisation till such time that they decide to go for a formal registration.

As members of the organisation, they individually and voluntarily agree to give and surrender certain things to this organisation. Empowerment comes from learning not only about ones own capabilities but also about others who would be contributing and developing their potentialities. This helps in demonstrating the true value of working collectively.

Once we realise the importance of the organisation, of the power that we get in return of what we surrender then it helps us to be a part of the organisation and not withdraw from it, without thinking of the implications it would have on the larger interest of the organisation and thereby our own individual interests.

Statutory Forms of Organisation

In the course of promoting women's groups, Mahila Mandals, Mahila Sanghams, Women's organisations and economic activities for women's groups, there comes a time in the growth of these organisations (like in the case of any other organisation) when they need to become a legal entity. This need to have a legal status arises mainly when the group becomes interested in relating to the larger environment as a body of its own. When the group is interested in acquiring resources, benefits from various sources and schemes, then also arises the need for a legal status.

It has been seen that first, it is important to build a women's group and even though this is time-consuming, only after the group is strong enough and the members are able to work together should we think of its registration.

As each legal entity has its own requirements to be fulfilled, members need to first learn to work together before trying to fulfill legal requirements of an external environment, which they may not be in control of.

After a group has acquired a legal status, that is it becomes a registered group, the registration makes demand on the group in terms of filing of returns and meeting various statutory requirements. The various forms of legal entities prevalent in India are:

- Society, under the Societies Registration Act 1860
- Trust, under Indian Trust Act 1882
(or Charitable and Religious Trust Act 1920)
- Trade Union, under Trade Union Act 1932
- Company, under Companies Act 1956 (or
Section 25 of Companies Act) and
- Co-operative, under Co-operative Societies Act.



The Society

Act	Provision	Advantages	Limitations
<p>The Societies Registration Act 1860 - The Central Act was created for the registration of literary, scientific and charitable societies. However, the purposes of this act have been broadened to include a variety of other public purposes in the amendments made by the different States.</p>	<p>The main provision of the Act is that seven persons who subscribe to a Memorandum of Association can register a Society under this Act. The membership of the society can be open to all those who subscribe to the aims and objectives of the society.</p>	<p>Society is one of the most democratic forms of organisation available. It can have a broad membership which elects periodically a governing body for managing the affairs of the society. The governing body is accountable to the general membership and can delegate its day to day functions to some full-time staff of the society.</p> <p>The Societies Registration Act is flexible and the members can easily make changes, amendments, alternations to its purposes, rules regulations, bye-laws.</p>	<p>Society as a form of organisation in its original purpose and concept was conceived as a form meant to be utilized to provide services to a set of beneficiaries who were not the members of the society. Therefore, if we are thinking of utilizing this form for women's economic groups, then women themselves become beneficiaries of the society as well as its members and are represented on the governing body, which could lead to a conflict of interests.</p> <p>However, the important thing is to distinguish between the role of the member as a member of the society, its general body and governing body, as well as the same person playing a full-time or part-time role in performing the activities of the society and being compensated for the same.</p>

The Trust

Act

Trust can be of several types: a Private Trust which is governed by the Indian Trust Act of 1882 or a Public Trust. There is no central law which governs the constitution of public Trusts in the country but a formal document of public Trust can be registered under the Registration Act. However, there are some other legislations which affect public religious and charitable Trusts in certain parts of the country.

The other legislations governing Trusts in this country are:

- Charitable Endowment Act, 1890
- Charitable and Religious Trust Act, 1920
- Official Trustee Act, 1913
- Section 92 of the Code of Civil Procedure
- Bombay Public Trust Act, 1950

Provision

The Indian Trust Act 1882 is a Central Act that governs the constitution and the functioning of a private Trust. It suggests how a Trust can be created and what are the rights and obligations of the trustees. As per this Act, a Trust is "an obligation annexed to the ownership of property, and arising out of confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another or of another and the owner". The person who reposes or declares the confidence is called a author of the Trust; the person who accepts the confidence is called the trustee.

The liability of trustees for a breach of trust is unlimited and the trustees' private property and assets can be attached, should there be a need for recovery due to loss or breach of trust. The trustees are both individually as well as severally liable in case there are more than one trustee. The Act does not specify how many trustees can there be. Trustees cannot be changed unless they resign or retire.

Advantages

The Indian Trust Act is extremely flexible and provides for minimum government interference and regulation except the Bombay Public Trust Act applicable to Maharashtra and Gujarat.

The mode of creation of a legal entity is very simple and it does not specify the number of trustees.

Limitations

Members of the Trust and the board of trustees cannot become full-time staff of the Trust or in any way derive income from the activities of the Trust. Thus a women's income generating group or a grassroot organisation with the full-time staff intending to create a Trust of its own members may not be considered as a Trust under the provisions of the Act.

Trust is a highly closed organisation and once appointed, trustees cannot be ordinarily removed. It is not a democratic set-up. The instrument of the Trust created and the rules mentioned therein become binding since the Act does not specify any such rules or bye-laws. However, the Trust rules and its deed can be altered, if it is so provided for in the original deed.

The liability of the trustees is individually and severally unlimited and, therefore, they have to be very careful in managing the affairs of a Trust; otherwise personal property and assets can be attached in the case of a breach of trust.

The Partnership

Act

Commonly used in commercial and trading sectors is a Partnership Firm. A Partnership Firm constitutes of three elements:

An agreement entered into by all persons to form the partnership.

An agreement for sharing the profits or losses of the business.

A business which is carried on by all or any of them acting for all.

Provision

The Partnership Act, 1932 lays down the definitions and regulations of partnerships in this country. Partnerships have been utilised by smaller commercial and profit-making organisations where two or more partners enter into an agreement and pool their resources.

In law, a partner cannot be employed by his own firm and therefore, cannot be compensated as an employee. The partners derive benefits or face losses from the conduct of the business. If any honorarium or regular payment is made to the partners, it is construed as a share of the profit of that particular partner and is taxable as such.

The liability of a partner of the firm is jointly and severally with all the partners for any act conducted by the firm.

Advantages

As it allows for business to take place with much legal restrictions it seems that a Partnership Firm, though hardly used in the promotion of development programmes, could be one of the possible forms for women's economic programmes. Thus, a women's economic programme of group members themselves, could be structured within a Partnership Firm.

Limitations

A Partnership Firm cannot be construed as non-profit and, therefore, is subject to tax liability on profit and tax will have to be paid. The partners, in this case of women themselves, will get their share only if there is a profit because they cannot be paid a salary.

The Company

Act	Provision	Advantages	Limitations
<p>A company can be of two types: Private Company or a Public Company.</p> <p>A Private Company is one which restricts the right to transfer its shares and limits the number of its members to 50. A Public Company is otherwise. In case of a Public Company any seven or more persons and in case of a Private Company any two or more persons, by subscribing their names to a Memorandum of Association, can incorporate a Company, with or without limited liability.</p>	<p>The procedure for registration of a company is very elaborate and requires a printed Memorandum of Association and Articles of Association to be filed with the Registrar of Companies with all the provisions as prescribed in the Act.</p> <p>The Companies Act, 1956 lays down, in considerable detail, a variety of provisions with respect to the governance of a Company. Clearly, it is a form that has been desired and used to carry on commercial and, for profit, economic activities.</p>	<p>It is the most appropriate form for any economic activity. Company are elected by the shareholders and themselves can be shareholders. Thus, it is possible to create a Company comprising of women involved in an economic activity who among themselves constitute all the shareholders and some of them are elected as Board of Directors of the Company.</p> <p>The women Directors can receive a remuneration and compensation for the time spent; other women can be full-time staff of the Company without any difficulty.</p>	<p>A Company cannot claim and non-profit status and will have to be subjected to the various provisions of the Income Tax Act, 1961. However, it is possible to take to advantage of the various provisions available within the Income Tax Act (which provide for tax exemptions).</p> <p>The Companies Act is very comprehensive and cumbersome. The reporting requirements are very strict under this Act. As a result, the number of returns and the frequency of filing those returns is enormous in comparison to other forms of registration.</p>

The Cooperative

Act	Provision	Advantages	Limitations
<p>The Cooperative as a form of organisation has been in existence in India for about 100 years. The first Cooperative Act was introduced in 1904. Since then the law has been changed and modified in several states in different ways and has resulted in a very high degree of control in the hands of the government and its nominees.</p>	<p>The Cooperative as a form of organisation is based on certain principles. It is the implementation of these principles in an organisational form that defines the practice of Cooperatives.</p> <p>It provides the opportunity of equality of shareholding and right to decision-making for each member of the Cooperative.</p> <p>The registration as a Co-operative means following the rules and procedures laid down in the laws of different states. There is a separate Act in each state.</p>	<p>Registration as a Cooperative provides access to certain state and central government funds which have been earmarked for cooperatives as well as of having certain tax exemptions under the income Tax Act.</p>	<p>Registrar of Cooperative Societies of the state may be able to exercise a great deal of influence and control over the functioning of the Cooperatives</p> <p>Membership of cooperative societies is heterogeneous and, therefore, unequal members become cooperators. As a result, the rich, particularly in the rural areas, have dominated and manipulated cooperative societies.</p> <p>Government regulations have come to control cooperative societies and utilise them as vote banks, as well as a source of funds for party workers.</p>

Trade Union

Act	Provision	Advantages	Limitations
The Trade Union Act, 1926 provides for the registration of Trade Unions and defines certain rights and obligations of the registered Trade Unions.	<p>Trade Union is a temporary or permanent combination formed primarily for the purpose of regulating the relations between workmen and employers, or between workmen and workmen, or between employers and employers. Thus even employers can form and register trade unions. The Act also covers a federation of two or more unions.</p> <p>Under this Act, any seven persons can apply for the registration of a Trade Union.</p> <p>A registered Trade Union is required to send to the Registrar:</p> <ul style="list-style-type: none">- annual income and expenditure statement- any changes in names or rules within 15 days, or any- changes in office-bearers or the address of the union. <p>If a union has more than 500 members, its annual accounts must be audited by a Chartered Accountant.</p>	<p>Trade Unions are associated with empowerment and collectivization. No other form of organisation captures the essence of, or represents the meaning of, collectivization, democracy, organisation, empowerment and struggle.</p> <p>To enhance economic status of workers engaged in wage-labour, it can be a powerful and effective form. Thus, enhancement of the income of women workers through their struggle for increased wages, can be effectively accomplished through this form.</p> <p>It has the capacity as a form, to work with a large number of members. This allows for relating to issues of a large number of people within one legal entity.</p>	<p>As most trade unions in the country are highly politicised, trade unions can accept grants from foreign sources only after prior permission of the central government under Foreign Contributions (Regulation) Act. Besides, for initiating new economic activities for women, it may require additional resources which even government departments may hesitate to provide to a Trade Union.</p> <p>Dues generated through membership of extremely poor women may pose constraints on the ability of a Trade Union to engage in a variety of activities and programmes. As a representative organisation of members, it can also limit the possibility of utilising certain types of professional skills that may be needed for initiating economic programmes.</p>

Processes in an Organisation

When an organisation begins to function it is faced with a number of questions. Some of these may be: How are the ideas, skills and commitment of members going to be conveyed to each other? What is the best use of the available resources and time, or how do organisations establish dynamic relationships between decision making members? The answers to these lie in a series of processes that take place in an organisation. These processes need to be carefully looked into and appropriately planned as these would help in the effective functioning of the organisation.

Some of these processes are leadership, decision-making, supervision, communication and team building.

Leadership

One of the major aspects of any organisation is the question of leadership. Leadership is not merely the group of persons as leaders. It is the motive force that moves the organisation forward. It is like the power behind a machine, it is the power that moves the work of the organisation from one step to another.

Leadership has various purposes in an organisation. Most significantly, it helps to elaborate the mission/objectives and not only informs people inside and outside the organisation about that mission, but also makes the mission understood and accepted to the members, specially those who join the organisation later on. One of the important functions of leadership is to inspire people to commit themselves to the work of the organisation. Leadership is also responsible for ensuring decisions and seeing that differences and conflicts are appropriately resolved and managed, and do not develop into dysfunctional proportions. Leadership must lead the process, bringing in the necessary resources and demonstrating their effective utilisation. In short, leadership must help evolve an appropriate culture and climate in the organisation, and sustain it.

Leadership gets exercised at different places, by different people, in different ways and on different aspects of the organisation.

It is important that organisations help build their members to exercise leadership, and that many people exercise leadership in different ways and at different stages in the life and work of the organisation. It is important that a new generation of leadership is constantly being prepared to take on the roles from those who have been playing them for a few years. This helps revitalize the organisation. Leadership is exercised in various ways. An autocratic leadership is the one wherein all authority is in the hands of a leader or a small group of leaders. Ideas, plans, as well as decisions come from just one source, whereas members are given neither the time nor the opportunity to put forth their own ideas.

Diametrically opposite to this is, democratic leadership - leaders give members the right and opportunity to offer their ideas, to give suggestions or put forward questions. Decision and work - plans are worked out together and everyone shares an equal responsibility for them. This style is the most appropriate as it fosters dedication to the organisation and a sense of responsibility for its development. Though it is slow and time consuming, it establishes loyalty and understanding and the progress of the organisation is largely guaranteed.

QUALITIES OF A GOOD LEADER

- | | |
|-----------------------|----------------------|
| * Forceful | * Cooperative |
| * Imaginative | * Adaptive |
| * Self confident | * Cautious |
| * Decisive | * Agreeable |
| * Helpful | * Tactful |
| * Friendly | * Intelligent |
| * Courteous | * Commands Respect |
| * Kind | * Likable |
| * Cheerful | * Nurtures the group |
| * Brave | * Charismatic |
| * Has Initiative | * Dominant |
| * Self Assuring | * Aggressive |
| * Supervisory Ability | |

You could identify any other quality/qualities found in the leader of your organisation and add those to the list

Decision-Making

In performing any work in an organisation or conducting various tasks and sub-tasks, decisions have to be made regularly and continuously. In fact, decision-making is the basis of continuity in the work of an organisation. Organisations which fail to make decisions effectively will be unable to move, leave alone accomplish their goals and objectives. The key issue here is, how is decision-making carried out in the organisation? Are decisions made on the basis of requirements of the task? Are decisions made on the basis of performances of individuals? Are decisions made to please those who are in higher positions in the organisation? Are decisions made on the basis of complete information and through analysis? Are decisions made on the basis of conjectures and partial information? Are decisions made in a timely manner? Are decisions made at a level and at a place where the problem exists, or further removed from there? Thus as an activity and a process, decision-making encompasses everything from making major changes in the objectives of the organisation,

to choosing what should be served to a visitor. It is important to be clear as to who has the power to make what decisions and who has the responsibility to implement it. Some members (collectively) may take a certain decision (e.g., what work to choose for the economic activity), while some decisions could be made by any member (eg., buying stationery).

These are some of the issues in decision-making in an organisation. The important thing to keep in mind is that the manner in which decisions are taken, or are not taken, affects the motivation, the commitment, the enthusiasm, and the competence of the members of the organisation. If decisions are perceived to be unfair, irrational or not serving the task at hand and mission of the organisation, then it leads to tensions, conflicts, confusion and inefficiency. A good decision-making process adds to organisational clarity. If most people in the organisation can anticipate decisions of others, as also assess the kind of organisational support they can expect on the decisions they are entitled to take, then there is total identification between the individual and the organisation. This leads to a greater efficiency and satisfaction.

In any organisation, decisions need to be taken around division of tasks, distribution of roles, accountability and people/personnel related issues. In each of these--which level of people will be involved and when, that is, at the policy level or at the maintenance level (to whom the responsibility will be given, who is accountable to whom, who will do a specific task, who should be given leave, who will play a specific role, etc.) or on a routine basis (day to day, when decisions have to be taken immediately and cannot wait, seeing if the tasks are being done, leave-records are being maintained, etc.), will depend and get influenced by the core values, the mission, the culture, the structure and also the statutory form of an organisation. One of the ways of seeing a pattern of decision making in an organisation is to use the following chart. The pattern which would emerge would basically depend upon the factors mentioned above. By looking at the pattern we could then decide whether we would like to continue with the same pattern or make some changes to facilitate in our context—enhanced empowerment of women.

Keeping your own organisation in mind, fill in the relevant block (on the next page) to check the pattern of decision-making.

Supervision

Inherent in the division and sub-division of tasks and creating its corresponding structures is the concept of supervision. Supervision is critical to the process of co-ordination. It involves ensuring meaningful completion of the allocated sub-tasks through and with different individuals and groups attached to the supervisor.

As different individuals constitute work-groups responsible for different sub-tasks of the organisation, they have to be accountable within the organisation with respect

TYPES OF DECISIONS/ LEVELS IN AN ORGANISATION	ORGANISATION			ACTIVITY		
	POLICY	MAINTENANCE	ROUTINE (DAY TO DAY)	POLICY	MAINTENANCE	ROUTINE (DAY TO DAY)
GOVERNING BODY						
CHIEF EXECUTIVE						
ACTIVIST/ORGANISER/ SOCIAL WORKER						
SUPERVISOR						
WOMEN WORKERS						
GENERAL BODY						
ADD ANY OTHER LEVEL DEPENDING ON YOUR STRUCTURE						

to the responsibility for the allocated sub-task. This accountability need not be to a person, instead, it is invariably to a role and the person occupying that role becomes the focal person for purposes of accountability. Accountability can also be to a group. For example, the Governing Body, Board of trustees, Board of Directors as a group becomes the focus of accountability for the entire work of the organisation.

Viewed in this context, supervision essentially ensures that the assigned responsibility is discharged in a fashion appropriate to the accomplishment of the tasks and goals of the organisation. It is in ensuring accountability of those individuals and groups which have been assigned a certain responsibility that the purpose of supervision is important.

In practice, supervision is effective when it is done in a supportive manner, that is the supervisor understands what the likely problems, challenges, difficulties the person who is working will experience while organising and working on women's economic activities and based on that, helps and supports organisers/workers. Supervisors need to help and support in the identification and analysis of the problem based on which they then help the workers/organisers in making an informed choice.

On supportive supervision, the supervisor needs to look at his/her role as supportive, as opposed to judgemental, assisting as opposed to bossing; and give primacy to the roles assigned to the persons who are being supervised, as opposed to an issue of relationship between persons.

For effective supportive supervision to take place, the supervisor needs to have a set of competencies to play his/her role effectively. The supervisor plays multiple roles vis-a-vis the person who is being supervised. A supervisor may need to be a guide, motivator, educator, leader, friend-counsellor, as well as a team member - all these different roles require specific set of competencies which a supervisor will need to develop to be able to play an effective supervisory role.

Effective supervision is the key to ensure accountability. Wherever supervision is not carried out effectively and accountability gets diffused, fulfillment of tasks and achievement of goals invariably suffer. To avoid confusion in the mind of the person being supervised, it is always advisable that the organiser/worker has only one supervisor.

Communication

Communication is the life-line of an organisation. Communication occurs orally as well as in writing. Communication occurs one-way, two-way, and in multi-ways. Communication helps in ensuring coordination. Through communication flow the ideas, the goals, the plans, the decisions, the values, the information, the power and

influence, the feelings between people-individuals, groups, departments and so on. Therefore, communication is critical to the health of an organisation.

There are many problems in communication that all organisations face. These problems arise due to several interpersonal tensions and difficulties, likes and dislikes, inappropriate systems and procedures. Sometimes communication problems arise because communication is taken for granted and careful, deliberate attention is not paid to ensure effective communication, i.e. timely, relevant, and accurate communication.

The process of communication in an organisation is also the process of ensuring common understanding, shared perspective and collective responsibility. In situations where communication is controlled, distorted or otherwise ineffective, sustaining people's commitment to the work of the organisation becomes a difficult task. It is in this context that information, its flow and use becomes of considerable importance.

Information is required for planning, decision-making, supervision etc. We need to know if we are to achieve objectives, targets that have been set up. We need to know about the problems, difficulties and unplanned, unforeseen events that may occur.

Information and sharing of information is a very important part of communication. Each organisation needs to have its own information system which is developed according to the specific need of that organisation. This system will help in transferring and sharing of information such that the work of the organisation is carried out effectively by all its members which in turn helps in the attainment of the larger goals/mission of the organisation.

HOW IS COMMUNICATION USEFUL

- * It spreads understanding of the aims and objectives of the organisation.
- * It facilitates the organisation to run in line with its structure.
- * It promotes a sense of natural responsibility between members.
- * It strengthens mutual understanding between the organisation and external environment.
- * It helps to cultivate assistance from outside sources.

OBSTACLES IN COMMUNICATION

- * **Time (If it is inappropriate)**
- * **Lack of concentration**
- * **Habit (if used to demonstrations, lecture will not work)**
- * **Experience in life**
- * **Difference in Education**
- * **Relative Importance of Things**
- * **Differences in Status**
- * **Tradition: Different Backgrounds**

Team Building

Every organisation has its own set of objectives and mission. When different members of the organisation work together on different tasks, task teams get formed for the accomplishment of these objectives. However, merely having different members of an organisation working on a particular task, does not constitute a team. Members may begin to work in a team but each team and its members go through their own processes, stages and build their own characteristics which help in their functioning as a team. The starting point for members to be working in a team would be when members equally understand the task and its importance. Thus, they also have a clear and shared understanding of how the tasks need to be done.

When members work together in a team, each member can contribute according to his/her capacities and the tasks gets accomplished in a better manner. If the task to be completed is immense, then the different members working on it help to accomplish it quicker and faster. As different members are working on the tasks no individual member is burdened and responsibilities get shared. Members also draw support and strength from each other and are able to work in a much more confident manner. This factor is very important, specially when we are working with poor women who begin from a very low level of self-confidence.

CHARACTERISTICS OF AN EFFECTIVE TEAM

Some of the characteristics of an effective team are :

- * All members understand, share and are committed to values, norms, goals of the organisation and their own task teams.
- * All members have been involved in articulating the values, goals and tasks.
- * Members are clear and share an understanding of how the task needs to be done. Members trust and respect each other.
- * The potentials of each member is recognised, valued and tasks are allocated accordingly.
- * There is flexibility and sensitivity to the needs of different members.
- * The team has been in existence sufficiently long enough to develop a relaxed, informal, comfortable working relationship among all its members.
- * There is a shared learning.
- * There is a shared leadership.
- * Appropriate procedures for taking decisions and doing work are jointly developed by the leaders and the members.
- * There is openness in communication amongst the members and there is discussion in which practically everyone participates but the discussion is pertinent to the task of the team.
- * The members are conscious and have the ability to examine their own process so as to constantly improve itself as a team.
- * The members provide support to each other and share responsibilities amongst themselves for the effective completion of tasks.

When we want to understand team-building, it is necessary for us to understand the various group processes. Members of a team initially come together as individuals, it is only when they work together over a period of time that they start functioning as a team. Just as members in a group go through different stages of development where they initially test each other, build relationship with only similar others; then move towards challenging differences amongst members with some members trying to control and influence the group; from this stage the group then moves to working in collaboration for completion of the task. Similarly in a team, we find members going

through these stages and its only when they reach the stage of working in a collaborative manner and have the characteristics of an effective team (which have been mentioned earlier) can it be said that the team has been built.

At times, it may be necessary for us to play an active role in helping build the team. We may need to have frequent meetings of all team members even if it is for a very short time.

Certain teams, because of the nature of their tasks, may meet more frequently than the others but team members need to meet to help build a sense of identity.

The size of the team and the type of leadership we need to build are two other factors we need to look at while helping build a team. We also need to constantly re-check with the members, their understanding and clarity of the tasks that need to be done. If there is more than one working team (which is very often the case) then we need to see that while each team has its own autonomy in taking decisions about its own work-plans, yet there is a coordination between the functioning and decision-making of the different teams.

Issues for us

While creating our own organisations as well as while altering, modifying, and, revitalizing them from time to time, we need to keep in mind aspects which are distinct and unique to our work in women's economic activities. We have been talking about the principle of enhanced empowerment of the women themselves. Thus, they may have to be involved significantly in the creation and recreation of their organisation and its different aspects and processes. Detailed discussions with the women themselves may be necessary for ensuring this. The current capabilities and limitations of a particular group of women will need to be kept in mind in designing the structures and procedures, systems and processes of the organisation they create for themselves. If many of the women members are illiterate, communication may have to be essentially oral. If they have limited skills in performing certain types of tasks (like accounts-keeping), the additional competencies may have to be inducted. But such inducted competencies must be kept accountable to the organisational leadership in the form of women themselves. Special interventions may be needed to expedite strengthening of the internal leadership of the women. Mechanisms may have to be created for dealing with differences among women. Retrospection of the processes used to allocate resources, responsibilities and roles among different members may also help.

Thus, all these principles and issues need to be specially related to the requirements and constraints of a specific group of women who are creating a new organisation, or are revitalizing an existing one. The principles of widespread participation, the principle of shared leadership, the principle of involvement in decision-making with

respect to those decisions that affect the life and work of different members, the principle of equity and fair-play; all these and many others may need to be woven into the fabric of the organisation, comprising its various components, structures, rules, procedures and systems.

Similarly, depending on the type of economic activity some special emphasis may be needed in relation to the creation of revitalization of the organisation. Mentioned below are some of the specific considerations that may have to be kept in mind with respect to organisations based on four different types of economic activities:

1. Organisations created to initiate a new economic activity may have to pay a greater attention to the question of training and skill-building of those working in the organisation. This will be necessary because the activities may be new and very little past-experience or relevant expertise is available. Similarly, it will have to be reckoned with that the speed of performing the task could be slow, as many women would be learning while working. This may have implications on the outcome. The outputs will be slow in the initial period. Working on a new activity may entail making mistakes and the culture of the organisation, as well as the systems of supervision, may have to ensure that there is always space for committing mistakes and learning from them.
2. Organisations involved in *upgradation* may have to focus on their re-orientation to new markets and new strategies. They may also have to pay special emphasis on improving and upgrading skills and techniques. Bringing new technologies, new designs, new machinery, new techniques and new ways of doing work may have implications on the structure of the organisation as well as assignment of the roles and responsibilities. In such a situation, the organisation may have to learn to change and adapt. The members working in the organisation may have to acquire the capacity to learn and grow. This happens only in a culture that promotes learning, growth and change.

Upgradation may also entail bringing in new human resources with new skills and capacities. The questions then would be how these new people could be integrated in the existing culture of the organisation; how is the existing culture reviewed with a view to facilitate that integration; and, how the tensions and differences between the old and the new are kept in check.

3. Organisations involved in *networking* activity place greater emphasis on establishing links and relationship with others outside the organisation who are relevant. This is where coordination needs to be emphasised. This is where processes, systems and procedures need to be created or reoriented for ensuring smooth linkages between different sectors of this organisation and of others with whom it is networking. A fair inter-sharing of the culture and structure

of the networking organisation and its mission, objectives, current tasks, etc., prove useful in identifying partners with whom wholesome relationships are likely.

4. Organisations which are trying to get *better returns* from the existing activity, may have to learn how to influence their environment more significantly. This is where their capacities to influence external decision makers, the government, the market, suppliers, etc. may be invaluable. Ability to mobilise members collectively, and, to optimise the existing system may considerably add to the economy. Therefore, the leadership will have to gear up its capability for conducting these tasks. Organisations involved in this type of work may also have to occasionally bring in special expertise and skills which may be needed for lobbying and advocacy functions. The challenge for the organisation would be how those additional experts or people remain accountable to the current leadership and the goals and objectives of the organisation.

These are only some general principles. Depending on a specific type of organisation, we may have to assess its specific requirements. The important thing to keep in mind is that an organisation is a mechanism to attain certain goals and objectives and thereby accomplish its mission. As a mechanism, therefore, its structure must be appropriate to the task at hand. Building a new organisation, as well as modifying and revitalizing an existing one thus, requires focused attention, dedicated time and energy, and a deep understanding of how organisations function and survive.

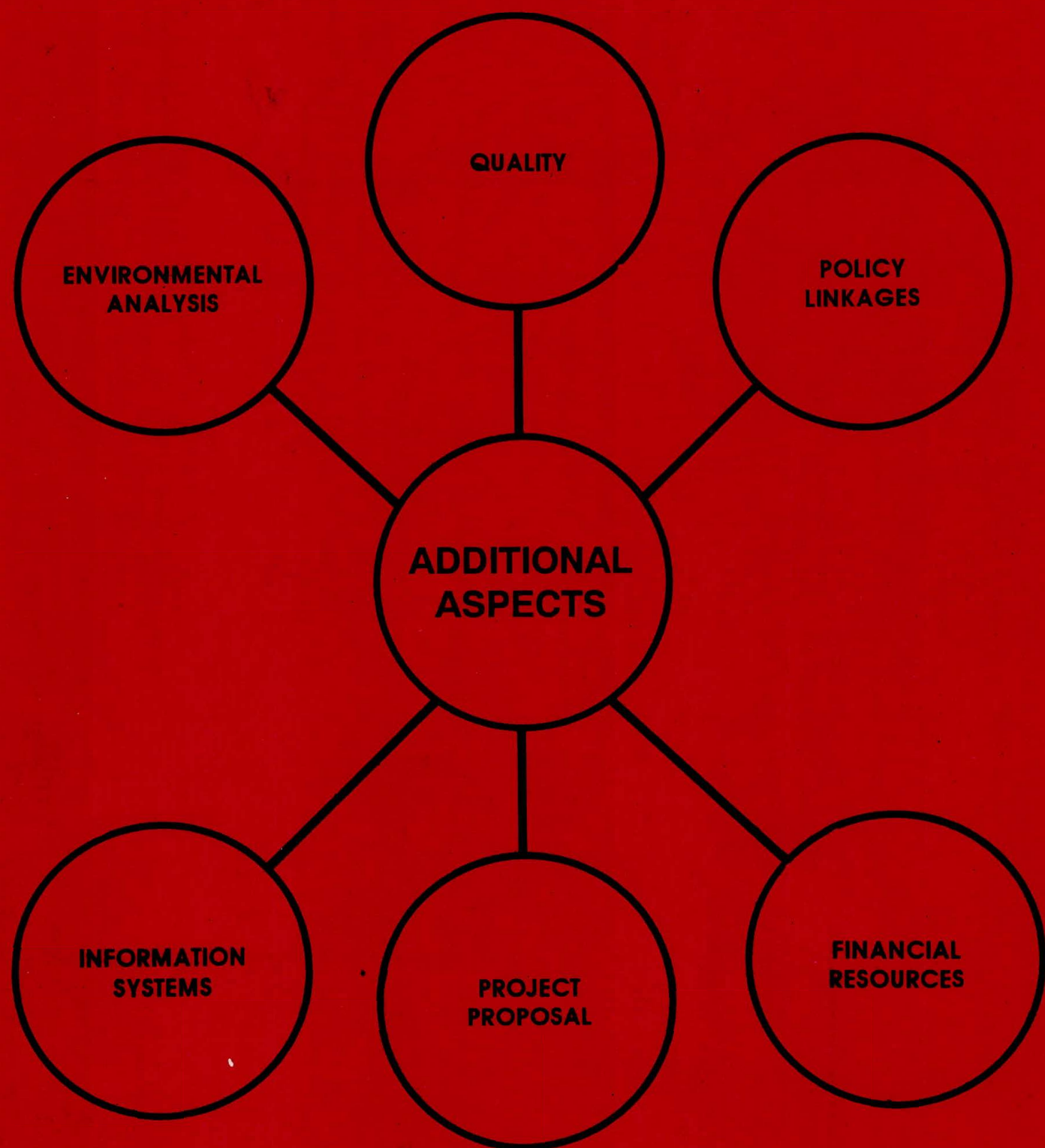
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ADDITIONAL ASPECTS

QUALITY

A quality product is that which meets the expectations of the customers. Maintaining/controlling quality is an important area of production and plays a very crucial role in the survival and success of any economic activity. Quality control ensures that the output of the production system is in conformity to the needs of the target market. A standard/norm is set in the production guideline which keeps in mind the expectation, agreement with the customers. A product produced on these lines can be said to be a quality product. For example, customers are buying bidis made by a particular women's group since they expect a particular standard/quality. If they do not find the expected quality of tobacco, **leaves' dryness**, packing, number of bidis, etc., then it is very likely that they will shift to some other brand. Expectation of quality in a product is also linked to the price the customers pay for it. If a packet of 25 bidis cost the customers one rupee they expect a particular quality which they neither expect from a 0.75 paise packet nor Rs. 1.50 packet; but when this expectation is not met with then the customers get disappointed and are likely to change their brand. Therefore, quality signifies a certain level of one or more properties, characteristics and benefits of a product. It is a concept which is relative in nature. There is generally no absolute level of quality.

DEFECTS VERSUS DETERIORATING QUALITY

A **defective** product is that which does not meet the desired standard/norm/specification in terms of one or more dimensions. For example if a table was to have a top of 3'x2' and it is actually 3'x1', then this table has a **defect**. Some defects can be rectified but not others and thus, the product has to be rejected. **Defective pieces need to be simply removed from the good lot during the quality checks.**

Deteriorating quality is a gradual decline in implementing the quality standards. This may happen due to carelessness, lack of supervision, inadequate training, etc., and needs to be rectified immediately. Since quality is a conformance on a continual basis, we need to check, test and adjust the quality at each stage of the production.

Importance of Quality

Quality is important because :

- * it attracts customers
- * it fetches continuous orders from customers as they have full faith and assurance that our product will serve the desired purpose.
- * it is a selling proposition - a reason for people to buy our product in contrast to others available in the market.

For example - Masalas grinded in the machine and those which are commonly available in the market are much cheaper than the masalas made by women's groups. This is because the groups use pure and high quality raw material, whereas the usual bazaar variety is not so pure. In red-chilly grinding, the bazaar businessmen usually grind the stick along with the chilly and sometimes add dust to haldi. To avoid such adulteration, some customers are willing to pay a higher price to buy masalas from the women's groups.

Perception of Quality

This means how customers perceive the quality of our product. It is quite possible that the quality of the product produced in our activity may be good but the customers may not perceive it so. In such a case, we have to correct/modify the perception of the customers by communicating to them/convincing them/influencing them. There are several factors which affect the perception of quality of a product. They are :

- * **Price** : Higher price is generally associated with better quality.
- * **Packing** : Good packing enhances (improves) the quality image of the product. Packing need not be very expensive but it should be neat, attractive and functionally effective (should protect the product packed in it).
- * **Place of selling** : Products like handicrafts sold in a State Government Emporium have acquired a good quality image, while the same product sold on the footpath in the weekly market may give the impression of a low cheap-quality product. In case of eatables, the place of selling should be clean and hygienic (without flies). This will help to enhance the quality-image of our products.

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- * Reputation of the manufacturing organisation/group. People expect good quality product from reputed organisations/groups, so if we want our products to sell well in the market, our organisation/group should be well known.

Why do Quality Problems Arise ?

Generally, quality problems arise because of one or more of the following reasons :

- * absence of quality-consciousness and quality-culture
- * Insufficiently skilled group members
- * poor quality of raw material
- * outdated/old production machines and tools
- * low commitment of group members to the activity and quality
- * lack of quality-checks at various stages of production
- * poor storage leading to rats/insects spoiling the produce
- * Inadequately-timed marketing and aging of products which become lack-lustre, colourless or tasteless.

Strategies to Overcome Quality Problems

Quality. means the identification and correction of various causes, defects and variations from the set standards in terms of specifications of a project.

The objectives of every quality-control, therefore, must be both:

- * Remedial and
- * Preventive

The **Remedial** objective in quality control values the sorting out of the defective pieces at the final stage of production so that only "good" products reach the customers e.g., we weed out the defective bidi bundles once they are rolled and ready for sale.

The **preventive** aspect is concerned with all the possible defects that may occur at the various stages of production and try to minimise these defects, e.g., before the bidis are rolled out, we remove the defective leaves, or inspect the quality of tobacco, inspect the bidis rolled out before making them into bundles, etc.

The following steps could be adopted as a means to overcome quality problems:

- * Use good quality raw material and check it as soon as it enters the place of production.
- * Use good machinery, tools and better methods of production.
- * Build quality-consciousness among group members and organisers.
- * Make a few "ideal" samples of the product and ensure that the production matches this "deal".
- * Train group members adequately in the production process, to avoid the quality-deterioration due to lack of understanding and skill.
- * Provide good supervision, guidance, and assistance to women to help them maintain the quality.
- * Have quality checks at 2-3 important stages of production.
- * Group members can be given rewards/incentives/appreciation for quality production.
- * Good coordination between various people involved in the production and timely information.
- * An inspection system must be set up and activated i.e., ask questions like who is responsible for ensuring the quality of raw materials used? Who is responsible for the quality at the different stages of production? Who will check the final product, etc.

Once these and similar questions have been answered satisfactorily, the quality of products gets automatically ensured.

MAINTAINING A CONSISTENT QUALITY

This means all or most of the produce has the desired level of properties. For example, if the group produces salwar-kameez, it is possible to check each and every piece after cutting, sewing, and button-making, piping, etc. (finishing). This is an example of a 100% quality control by a 3 stage inspection.

Example of a Quality Check at Different Stages

Production of Salwar Kameez

Cutting Stage 1	Cutting of each piece, whether cut properly	Stitching Stage 2	Inspection of each piece whether stitched properly	Inspection, buttoning piping Stage 3	Inspection of each piece, whether finished properly
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It may not be possible to have a 100% inspection in all economic activities. For example, a women's group supplying cooked food to officers goes in a city to buy a lot of raw vegetables. Before cooking, the vegetables are inspected but not 100%. Suppose, 100 Kg of bhindi is purchased one day. Ten percent of this i.e. 10 Kg is selected for inspection. This quantity of 10 Kg is the **sample**. If the acceptable level set by the group is 'not accepting more than 5% of bad vegetables' then out of the 10 Kg, 500 gm of bad vegetables is acceptable. If after sorting out, the bad portion is more than 500 gm then the group rejects the whole lot of 10 kg and also the whole supply of 100 Kg.

It is not possible to have 100% quality-consistency in all production processes specially land and livestock based activities.

For example: On the same tree, mangoes of different quality grow: And, grading of mangoes will need to be done under the classification Grade a, Grade b and Grade c.

The aim should be to reduce the level of defects to such a low-level as is economically possible and maintain a consistent high-quality. This consistency in quality can be increased both through regular inspection as well as with the help of the steps mentioned earlier. ■

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ENVIRONMENTAL ANALYSIS

We all exist in a given situation and context. What is around us and affects us is our environment. Any economic activity, any production process or any productive unit also has a given environment around it. That environment affects the economic activities in various ways. Thus before planning and starting any economic activity with the poor women, it might be useful to systematically understand the various aspects of the environment and how they affect. In this case, such analysis can help us plan the economic activity in a way that makes use of the various possibilities presented by the environment, at the same time being aware of the various threats to the activity posed by certain aspects of the environment.

Segments of Environment

For an economic activity, the environment can be understood in various ways. Different aspects of the environment may have different bearings on an economic activity. The following are some of the major aspects of the environment which may require our attention while we are planning an economic activity with the poor women.

1. *Economic Environment*

The economic parts of the environment primarily comprise of two major segments. The first relates to the Market, where goods and services are exchanged, or sold and purchased. Thus, market provides a basis for acquiring a variety of raw materials which may become necessary for the economic activity and thereby helps sustain the activity over an extended period of time. An analysis of the market from the point of view of use of the output of the economic activity has been dealt with in some detail in the section on Marketing. An important thing to keep in mind is that the trends in the Market for the product and services may give us the possible hints about ways in which our activity will develop.

Similarly, a detailed discussion on the acquisition of raw materials from the Market has been presented in a subsequent section. The important thing to remember is that economic forces affect the functioning of the Market and therefore, the availability of supply and demand of various goods and services which in turn significantly affects the supply of raw materials for the economic activity and use of its outputs.

The second major aspect of the economic environment is finance. It is this aspect from where the capital is obtained for the economic activity, that part of the environment which could provide subsidies or loans to finance long-term investments

and assets as well as purchase of consumable raw materials to run the activity. Various financial policies of the government are also included here (like interest rates, differential rates of interest for weaker sections/women, subsidies, use of capital for current as well as fixed assets, etc.). A detailed description of this is available in the section on financial management.

2. Political Environment

Political aspects of the environment can vary from the local village power structure and political dynamics to the national and international political situation. The important thing is to decide which aspects of this range of possibility from the environment have a direct or significant bearing on the economic activity per se. The local political process can affect an economic activity of women, favourably as well as unfavourably. Sometimes, the local vested interests are threatened by any effort which leads to the empowerment of poor women since local traditional leadership is generally male.

The political trends at the state and national level can also affect the general climate in which the women's economic activities could be initiated. They tend to set the general tone which may either create favourable conditions for the implementation of such economic activities or hinder the process. The dominant political leadership and ideology prevalent at a given place at a given point in time may lead to either recognition of the importance of such efforts as women's economic activities or their undermining.

3. The Policy

The policy segment of the environment is that which relates to the State policy in general plus policies related to women and development in particular. Various policies of the government at the national and state levels have a significant impact on the possibility of success of women's economic programmes. For example, a decade ago very little explicit policy formulation existed with respect to development of women and whatever little programmes and schemes were available focussed on the role of woman as a mother and home-maker and, therefore, entailed programmes of health and education only. It is only in recent years that the productive and economic roles of women, (women as producers and workers) have been recognised by the policies of the government and therefore, corresponding schemes and programmes have been initiated.

Similarly, an analysis of the segment of that Policy Environment which directly affects the work of a voluntary agency also becomes important. There are periods in the history of State policy where due encouragement to the role of voluntary agencies has been provided. There have also been periods where State policy has not been so encouraging towards the work of voluntary agencies. Therefore, both analysis of

general policies of the State as well as specific policies in programmes related to women's economic activities can provide useful insights into the possibilities of implementing women's economic activities successfully.

4. Legal

Legal segment of the environment is that segment which relates to various laws, rules and procedures. Various laws in general, and some legislation in particular, directly or indirectly, affect the possibility of successfully implementing women's economic activities. For example, legislations related to ownership of assets by women and the rules and procedures to be followed for the same can either facilitate women's ownership of assets (like land, cattle, worksheds, instruments and tools, etc.) or can hinder that. Similarly, legislations like Minimum Wages Act provide some reference point for the level of income that poor women should be able to generate from an economic activity. Laws related to the registration of women's groups and organisations as Societies, Trusts, Cooperatives, Trade Unions or Companies also have a bearing on their internal functioning. Thus, a variety of legislations comprise of legal segments of the environment affecting women's economic activities.

5. Socio-Cultural

Finally, a broad category of the socio-cultural segment of environment has a bearing on any economic activity per se. This includes values, norms, taboos, habits, cultural roles, prejudices, attitudes, world-views of that segment of the population, of that area where such an effort is being initiated. At some places, women have been relegated to traditional home-maker roles, for example (with restrictive norms about their public mobility.) Thus, planning economic activities to bring women out of their homes at a common place may have to be taken into consideration. The women in certain parts of the country do not get involved in agricultural operations, while in other areas they are playing a central role in it. In many parts of the country women are expected to continue to play the role of home-maker and also continue to be involved in the economic spheres? The specific context of a given situation has to be understood for understanding the impact that socio-cultural segments of the environment are likely to have on the success, or otherwise, of women's particular economic activities in that location.

The above are only suggestive categories of segments of environment which need to be understood in specific and concrete terms while planning an activity with women. There are other aspects which can also be highlighted. The idea is that a comprehensive and systematic analysis of the environment is carried out at the stage of planning an economic activity with women. This will help us identify opportunities and threats from the environment.

Types of Analyses

The manner of analysis that can help in planning is to look at each specific segment of the environment and to identify those trends or aspects of the segment which appear to be favourable to the growth of women's economic activities and to identify those which appear to be unfavourable. Of course, identification of segments of environment as favourable or unfavourable is a matter of judgement to be exercised by those who are involved in the planning process.

However, this judgement has to be based on some concrete and authentic information regarding the various segments of the environment. Some of this information is easily available in a variety of published documents, some be obtained through the media (like newspapers, journals) Some of it may have to be specifically obtained through special efforts at the planning stage. The important thing to remember is that assessment of the environment and its specific segments has to be done in a way that can help us in using those segments either favourably or neutralizing their unfavourable impact while planning the women's economic activity. This assessment is essentially based on the judgement of those involved in the planning process but must be based on some systematic and authentic information obtained about those segments of the environment.

Second thing that needs to be kept in mind in this regard is that environmental analysis range from a very rudimentary to an extremely sophisticated form. From the kinds of economic activities (with poor women) that we are involved in, it appears that preliminary analysis itself may be a useful starting point. Also, the initial analysis may focus that the levels are proximate to the location of the economic activity. Initially, it may be very difficult to analyse the international political trends and their impact on the economic activity of a group of women in a small hamlet. However over a period of time, through constant analytical approaches, those involved in economic activities with women must develop the capacity to infer the impact of national and international macro forces — economic policy, policy etc., — which affect their micro experiments and efforts and in ways that they do so.

The purpose of doing the analysis is not to stop at that but to utilize the favourable segments of environment in support of the economic activity. Also, we analyse to think of ways by which the potentially negative, unfavourable impacts of certain segments of the environment can be minimised or neutralised so that an economic activity does not get derailed.

Another thing to keep in mind is that environmental assessment can be made on the basis of our current understanding and assumptions. But, there may be serious pitfalls in this. Our understanding and assumptions may be dated, may be based on past and historical facts and may not be in tune with the emerging forces and trends.

Therefore, it is important to state those assumptions explicitly in the process of environmental analysis and to test them against the current reality. This is a skill which we acquire through practice over a period of time. But we can begin even today by taking a single activity that we are involved in and examining the different aspects of its environment in some detail that will help us to begin to focus on the environment as a major source of influence on the future aspects of that activity. ■

Notes

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POLICY LINKAGES OF WOMEN'S ECONOMIC ACTIVITIES

Profits are earned in any economic activity when the two forces come together - one is the good and efficient management of an activity itself (in its day to day functioning), and second is the supportive and appropriate policy framework.

Good and efficient management of the economic activity is in the hands of the people who initiate the activity. A supportive policy framework is provided by the policy makers in our economy, who are usually the government departments and regulating institutions for different activities. Sometimes, a supportive policy framework already exists and we have to only use it to the advantage of the poor but more often, a positive policy framework has to be created by the people who are working with the poor.

To create a supportive policy framework, we have to first know the concerned policy making bodies. An illustrative list of policy making bodies for the grid of economic activities (we have developed) is presented in the box. For all the four generic types of economic activities, the policy making bodies are the same. The differences are basically between the three bases of activities.

POLICY FORMULATING STRUCTURES IN OUR ECONOMY			
AFFECTING POOR WOMEN'S WORK			
	Land Based	Livestock Based	Manufacturing Based
New Activity	Revenue Ministry, Department of Women and Child Development	Animal Husbandry Department, Various Livestock Boards	Industries' Ministry, Central Social Welfare Board (CSWB)
Upgrading Existing Skills	Rural Development Ministry, Credit Institutions, NABARD	Skill Board Khadi Board	KVIC, Collage Industry, Handlooms Board, CSWB
Networking activity	Irrigation Dept., Marketing Feds., Agricultural Produce Proce- ssing Depts. and Ministries	Dairy Board, Rural Development Ministry, Cooperative Department, Fishermen's Board.	Handloom and Handicrafts Board, Coops. Dept.
Better returns from existing activity	Forest Department Forest Development Corp., Various Boards, Anti Poverty Programmes.	Credit Organisations	Sales Tax Dept.

Policies which Affect Women's Economic Activities

The main areas of policy formation affecting women's economic activities are Pricing, Raw material use, Land ownership, Credit availability, Membership of organisation, Training Criteria, Minimum wages, Licensing policy, Assured markets, Export industrialization, Forest Produce use, etc.

When establishing the policy linkages we have to be aware of the following implications:

Implications of Establishing Policy Linkages

- (1) Constant analysis of the situation
- (2) Awareness of the areas where we have to accept somebody else's terms of trade
- (3) Not taking the existing terms as given
- (4) Cultivating a relationship with concerned officials of the department.
- (5) Studying the legal basis on which the present terms are fixed.
- (6) Finding out the other interested forces which benefit from present terms
- (7) Who gets the most out of the present margins
- (8) Readiness to lobby for change
- (9) Building the numerical strength of members as well as the political clout to influence the policies
- (10) Lobbying for the change we want by documentation, research, meetings, use of the media and creating pressure.
- (11) Understanding the larger national and global context which is creating the status quo and how the situation at the grass-roots is the consequence of these larger forces.
- (12) Enabling similar activities across regions to come together and present a united front.

Different Policy-Influencing Levels

Grass-roots
(Village, city,
Block, District)

State \ National

International

We have to start at the immediate grass-roots level because that is the direct interface which affects the group members' lives and incomes. Every day is a struggle here. The various officials here are the starting point of the spiral through which we can get an access to higher levels in the hierarchy, who can help us to influence policies in our favour. "We must also understand that at the lower levels of the public policy infrastructure, the officials are only trained to administer and implement the policy laid down in terms of various procedures and formalities. They are not usually aware of the context in which the overall policy has been made, which is creating the status-quo for us, nor are they interested in changing anything to help the poor.

It is at the state and national level (sometimes district also) that the policy is formulated, keeping in mind various priorities of the government. Here, we can create pressure, visibility, and understanding of the nature of problems faced by the poor women at the grass-roots level in their day to day work of earning a livelihood. We can also give various inputs, suggestions, ideas, and data to the officials at the decision-making level to consider for change in the policies. Officials at this level usually have an open mind and are willing to listen to the problems faced at the grass-roots. They are not always in a position to change the situation altogether in favour of the women's group but they can certainly help. This is a process of sensitisation and it takes some time before any change occurs in the policy. The need here is to keep pressurising. The officials keep changing and getting transferred. We have to keep track of all these changes and also maintain close contact with the new officials who come in. We have to discover influential contacts who can also influence these officials. We must be aware of the various committees which may be constituted from time to time by these various government machineries and build a relationship with them, and even acquire their membership. This level forms the crucial link between the grass-roots and the international level, and our constant interaction here develops our understanding of the state\national priorities. And, all that brings us into direct contact with the international levels of policy formulation.

The world has become such a small place that everything happens in the global context today. All the international agencies in the UN, the country forums, the trade federations and associations, the unions, the academic bodies, the funding agencies, all constitute an international element to policy formulation. Here, it is the conceptual framework, the ideas, and the fundamental analysis which becomes the inspiration for policy formulation. Our country is a member of many such international forums and the decisions made here affect the nature of policies formulated inside the country. The international level also can be influenced when our work reaches a stage where there is a strength of concepts and knowledge of how things need to be done.

As groups develop and grow in number and size and gain capabilities of generating information in their area of work, they can create a platform to voice their concerns and that of similar groups and also have a major influence on policy questions, causing the government to take more interest.

INFORMATION SYSTEMS AND USE

In the note on Environmental Analysis, we have discussed the importance of understanding the various forces in the environment which have to be taken into account in managing our economic activities. The process of analysis automatically leads to the generation of information which has to be utilised in different ways to strengthen the economic activities. Information systems and their use therefore becomes an ongoing aspect of our work in organising/managing economic activities.

Information does not come automatically. We have to understand the importance and use of information and the ways of developing and improving our information systems. Some of the aspects of information use are:

Importance of Information

Information is power. In our changing environment today, new information is being generated everyday, processed and used in many different forms. While we are attempting to strengthen our organisation, and economic activities for women, we need to know how the situation/environment outside our organisation is changing. We can take action only when we have the information. In the absence of such information we are unable to take decisions about our work or take appropriate steps to protect our organisation against the outside forces. Also, our attempts to develop our organisation further are hindered. The overall objective of increasing income and empowering the poor women can be achieved only with the help of adequate information about various aspects. Herein lies the importance of information.

Developing Information Systems

Here we have to identify what kinds of information are needed, who will generate this information, how often will it be generated, and the sources of this information.

Kinds of Information Needed

Information by itself has no value. It is useful only when it serves a purpose. Hence from the environment, we need information about the economic, political, policy, legal and socio/cultural aspects discussed in the section on 'Environmental Analysis'. An illustrative list of the kinds of information dealing with these aspects is given below. However, greater details regarding a particular type/category of information will depend on the nature and type of activity adopted by an organisation. For Example:

- 1) Budgetary allocations of the Central and State Government.
- 2) Existing policies and programmes favouring the poor.

-
- 3) Special programmes for women
 - 4) Sources of raw materials-local, regional, national
 - 5) Prices of raw material
 - 6) Competitive prices of products and services in the market
 - 7) Transport systems and their cost
 - 8) Service charges and terms of borrowing
 - 9) Sources of short term and long term borrowing
 - 10) Special government schemes for support and promotion of particular economic activities and specialised institutions set up for them.
 - 11) Local state and national taxes which affect costs and prices.
 - 12) Sources of technical guidance
 - 13) Insurance plans available
 - 14) Political parties in the area
 - 15) Local leaders and their influence
 - 16) Elected representatives in the village block and district Panchayat.
 - 17) Activist groups unattached to political parties
 - 18) District administration set-up
 - 19) Land distribution pattern of the area
 - 20) Caste distribution of the area
 - 21) Infrastructural facilities available like electricity, roads, water supply, health care
 - 22) Other voluntary organisations working in the area
 - 23) Religious groups and their activities
 - 24) Various religions in the area and their following
 - 25) Total population (with percentage of males/females)
 - 26) Crops grown
 - 27) Occupation and skills of the people
 - 28) Other Resources.

Who will Generate this Information

Everybody associated with our organisation, in some way or the other, would be in a capacity to generate one or the other aspect of such an information. However, people having the overall responsibility of the economic activity will have to generate this information more consciously. In addition, people interacting with similar kind of agencies based in the outside environment will also be in a position to generate more information.

How often will the Information be Generated

Information collection of this kind is a continuous process. The periodicity of information collection is difficult to determine, however when situations/events are changing rapidly, there is a more critical need for recording that information than when no changes are occurring.

Sometimes, the periodicity will depend on and coincides with the periodicity with which the outside agencies bring out their information such as government plans and documents which may be annual or of some other periodicity. Information from the environment is thus generated more through constant vigilance and interaction than through a pre-set periodicity.

Source of Information

some of the possible sources of such information are:

- 1) Central and state government plans and documents
- 2) Allocations in government budgets
- 3) National and state level agencies, organisations, corporations and boards, set up to promote development activities.
- 4) Funding organisations
- 5) Government officials
- 6) Political leaders and representatives
- 7) Federations of various kinds (e.g., of local people, traders, etc.)
- 8) Newspapers, general magazines, research journals and special interest periodicals.
- 9) Radio
- 10) Television and video cassettes
- 11) Official committees, meetings, informal gatherings, public gatherings, speeches of public figures.

This information can be used mainly to capitalize on various opportunities in the environment, take advantage of various facilities and services available and increase the strength of our organisation. It help us make judgements on the environment to determine a proper place for our work. It is utilized in protecting our work from being destroyed or undermined and create visibility for the women we work with, and promoting the achievements which have been possible. It is also used in negotiating with various other agencies we deal with, to derive the maximum benefit for our women.

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PROJECT PROPOSAL FORMULATION GUIDELINES

There are no hard and fast rules about project formulation. Many donors, however, specify their own format and guidelines to prepare a proposal. An attempt has been made to present a framework for writing a proposal. However, a proposal needs to encompass the specific context and situation of the organisation writing the proposal.

1. Overview or Introduction

This provides a background and sets the stage for elaborating the goals and activities subsequently. Brief information regarding the socio-economic, geographical and cultural aspects of the area & the people could be mentioned. If a base line survey has been conducted, or a needs' assessment has been carried out, then that data could be shared. Information from secondary sources such as the Census Reports may be utilised in the preparation of this section.

The basic purpose of this section is to place the activities\programmes of the Organisation in a context. The information provided should present a rationale or a justification for the organisation's objectives\goals\mission. The rationale for doing a particular type of work should be clearly mentioned.

2. Goals or Objectives

The specific goals of the organisation need to be presented here under two heads.

- Long term goals.
- Short term goals.

3. Activities

This outlines the specific activities the voluntary organisation is going to be engaged in. In writing out the activities we need to mention as to:

- How the organisation attempts to accomplish these goals and objectives.
- Sequencing of activities i.e., which activity follows which.
- Time frame of each activity as well as the overall duration of the total project activities.

We need to mention the nature of the activities, the amount of time they are likely to take and their inter-linkages.

Expected Outcomes

It is always useful to outline some of the outcomes that may emerge as a result of the project intervention. These expected outcomes become the basis for evaluation and monitoring. They also serve as a guide to motivate and inspire the members of the organisation.

How Is the Project to be Monitored

It is important to specify in the proposal itself how the progress of the project is to be evaluated or monitored. May be some dimensions, outcomes or accomplishments could be spelt out along with the stage at which they are likely to occur.

Administration and Management

Just exactly how the project is going to be carried out and managed needs to be spelt out. If recruitment of the additional staff is required it should be mentioned. If certain roles and responsibilities need to be created that also needs to be elaborated. This then becomes the basis for outlining a collaborative arrangement between the Organisation and an external\support organisation.

Budget

This needs to be commensurated with the activities of the project.

- * A realistic and reasonable statement of expenditure and resources needs to be stated.
- * Future costs have to be anticipated and projected. They may exceed the present costs and hence inflation has to be taken care of.
- * Include costs of carrying out the evaluation of the project planned; cost of staff development and training (including field visits, attending other programmes, conducting specialised training programmes, acquisition of learning material, etc.).
- * Estimate costs of infrastructure i.e., the building, office equipment, support staff, accountants, auditors, governing body members, etc.
- * Mention hidden costs like the contribution of the organisation itself in terms of financial, material and human resources. ■

WHERE TO LOOK FOR FINANCIAL RESOURCES

Sources of Financing

If we look at the sources from where financial assistance can be obtained we can classify them in the following categories :

- a) Donations by individuals, corporate bodies and organisations in cash, kind or service.
- b) Subscriptions, interest, fees.
- c) Income from - rent, sale proceeds, etc.
- d) Grants-in-aid from Government:
 - Central Government,
 - State Governments,
 - Autonomous Bodies,
 - Local Bodies such as Corporations, Municipalities, Panchayats, etc.
- e) Autonomous organisations like CAPART, KVIC, NABARD,
- f) Assistance from international agencies, foreign aid.

The schemes mentioned in the following pages refer to

- (i) Credit
- (ii) Employment and
- (iii) Training

The majority of the sources listed above function all over the country. Some however, may be limited to specific geographic areas due to the traditional concentration of a particular activity geographically e.g., tasar silk, fishing, mulberry growing, etc. These schemes provide assistance to the general population and not just women. This is not an exhaustive list but we have attempted to cover some major schemes.

Funding Sources

I. Central Ministries

1. Ministry of Human Resource Development (HRD)

Under the aegis of the Ministry of HRD, the department of Education and the department of Women and Child Development have initiated numerous **training** programmes for women.

The department of Education emphasises educational transformation, reduction of disparities, universalisation of primary education, adult education and scientific/technological research. A Technology Mission for eradication of illiteracy is also set up.

The aim of the scheme is to eradicate mass illiteracy, develop the sensitivity of people, implement socio-economic development programmes and promote national unity, equality of genders, secularism, democracy and inculcate a scientific temper amongst the people.

Under the Directorate of Adult Education, two schemes are earmarked for the development of women:

- | | |
|------------------------------|---|
| a) Adult Education Programme | Additional Director,
Directorate of Adult Education |
| b) Instructors' Training | Department of Education,
Block-10, Jamnagar House,
Shahjahan Road,
New Delhi-110 001 |

The department of Women and Child Development, aim to mainstream women in the process of national development. Its schemes aim at providing training and access to employment for women through :

- | | |
|--------------------------------|--|
| a) Creche Workers' Training | : To sensitise workers in the various aspects of child development. |
| b) Balsevika Training | : Training in the integrated child development service so that they can look after Balwadis, Child Welfare projects and other welfare services for children. |
| c) Anganwadi Workers' Training | : To equip grassroot level functionaries of ICDS with requisite knowledge and skills to run pre-school education, health and nutrition services. |

-
- d) Support to Employment : To integrate assetless Programme (STEP), marginalised women, migrant labour, tribals and unpaid family workers through action projects in eight sectors viz. agriculture, small animal husbandry, dairying, fisheries, handlooms, handicrafts, khadi and village industries and sericulture.
- e) Setting up Women's Development Corporations in states\ unions Territories : Aim to procure collective, technical, managerial, marketing and financial skills for the weaker sections of women so that they can generate sustained income for themselves.
- f) Employment and Income Generating Training cum Production units for Women : Objective is to organise income generating activities for poor women so that they can achieve economic independence.
- g) Training Centres for Destitutes: Aim is to rehabilitate and ensure employment to women in distress so that they become economically independent.
- h) Schemes of assistance for setting up womens' training centres for rehabilitation.
- For all the above, contact : Director(Women Development),
Department of Women and Child Development,
Shastri Bhawan, New Delhi - 110 001

2. Ministry of Labour

Ministry of Labour under the Director General, Employment and Training, operates various programmes on vocational training and employment services through employment exchanges, ITI's and other specialised institutes (both at the Centre and in the States). A National Vocational Training Institute for Women at Delhi and six Regional Vocational Training Institutes (RVTI) at Bangalore, Bombay, Trivandrum, Hissar, Calcutta and TURA meet the training needs of women in urban and rural areas.

The schemes are :

- a) Basic Skills' Course : Provides vocational training like dress making, electronics, secretarial practice, data preparation, etc., to women to enable them to become economically independent.

b) Advanced Skills' Courses : Provides specialised training to trainees who have already acquired basic skills in a craft/activity in NVTI/ITI.

c) Instructional Training Courses : To train the instructors so that they can train the trainers in skills in a craft/activity more effectively.

For all the above, contact : Director General
Employment and Training
Shram Shakti Bhawan
Rafi Marg, New Delhi - 110 001

3. Ministry of Health and Family Welfare

The focus is on Mother and Child Health Care. It has the following schemes :

- a) Female Health Workers' Training
- b) Female Health Assistants' Training
- c) Training of Dais (Traditional Midwives)

Contact : Deputy Nursing Adviser
Ministry of Health and Family Welfare
Nirman Bhawan, New Delhi - 110 001

4. Ministry of Industry

The office of the Development Commissioner of the Small Scale Industries (SSI) attached to the Ministry of Industry is the apex body and the nodal agency for formulating, coordinating and monitoring the growth of the SSI in the country. It has initiated the following schemes :

- a) **Training in technical trades for workers in SSI** : Aim is to improve the existing skills of the workers and broaden their competence to match the changing requirements of SSI.
- b) **Training in Industrial Management for Small entrepreneurs and their supervisory personnel.** : Aims at improving the managerial and technical skills of small industrialists and their supervisory staff.

For these two, contact : Director (IMT)
Office of the Development Commissioner
Nirman Bhawan, New Delhi-110 001

- c) **Entrepreneurial Development/Programme for women** : Aimed at generating awareness and motivation, regarding opportunities for self-employment; and imparts needed skills/training.

Contact : Director (Womens' Cell)
Ministry of Industry
Nirman Bhawan, New Delhi - 110 001

- d) **Training in Khadi and Village Industries** : The work of Khadi and Village Industries is spread over more than a lakh villages in all states and union territories. The schemes are implemented through 26 Khadi and Village Industries' Boards. The scheme was launched in 1956 to provide employment opportunities and create self reliance amongst the masses, especially in rural areas. Major areas include: manufacture of all kinds of Khadi, dyeing/bleaching/printing, processing of cereals/pulses/masalas/oil, palm products, hand-made paper, bee keeping, pottery, carpet-weaving, biogas, fruits and vegetable processing, preservation/canning, lime manufacturing.

Contact : Director
Khadi and Village Industries Commission,
A-1 Baba Kharak Singh Marg,
New Delhi - 110 001

OR

State office of KVIC in your state

(For details of schemes refer to 'Patterns of Assistance', or 'Handbook on Training' brought out by KVIC).

5 Ministry of Textiles

Handlooms, Handicrafts and Silk Boards constitute the three important sectors of textile industry. They provide employment and training for weavers/artisans/farmers. Schemes include:

- a) **Weavers' Training** : Improves knowledge/skills of weavers in weaving, dyeing, designing/ printing/increasing their production and improving earnings.

-
- b) **Decentralised Training of Weavers** : Aims to generate income and higher productivity for the weavers, dyers and printers by providing technological inputs.
 - c) **Bunkar Sevak Scheme** : Set up in the 7th Plan to interact with the weavers' community so that benefits of various schemes reach their community. (Liaison Work).
 - d) **Diploma Course in Handloom Technology and Post-Diploma Course in Textile Chemistry** : Indian Institute of Handloom Technology at Varanasi, Salem and Guwahati train technical persons for handloom industry.
 - e) **Member Education Programme for members of Weavers' Cooperative Societies (MEP)**: Aims to acquire weaver members with the intricacies of cooperative laws and cooperative development.

For all the above, contact : Development Commissioner for Handlooms
Udyog Bhawan, New Delhi - 110 001

- f) **Training in Carpet Weaving** : Aims to enhance the skill/quality/productivity of the weaving industry (especially hand knit carpets)
- g) **Training in Hand Block Printing Textiles** : Equips the trainees with better technical and productive skills to meet the growing demands.
- h) **Training in Cane and Bamboo** : Provides strong production base and high quality designs.
- i) Training in different crafts like wood, ivory, dolls, toys, shoes, leather, embroidery, chappals, pottery, jewelery etc. Aim is to preserve a dying craft by ensuring transfer of skill from one generation to another and also increase production.
- j) **Training in Metal Wares** : Increase production and quality of brassware by design and technical inputs.

For the above, contact : Development Commissioner for Handicrafts
West Block - 7, Sector-1
R.K. Puram, New Delhi - 110 066

- k) **Farmers' Training programme** : Helps farmers to procure higher yields of cocoons
- l) **Special Training Courses for Unaergraduates** : Training in all aspects of sericulture.

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- m) **Training in Post Cocoon Technology :**
For the above, contact : Director (Technical) Central Silk Board
II Floor, Mahatma Gandhi Road
Bangalore - 560 001

6. **Ministry of Food and Civil Supplies**

Under the aegis of Department of Food, a Food and Nutrition Board was set up in 1963 to look after the nutrition needs of people. The various schemes under this are :

- a) **Food, Nutrition and Conservation Education :** Generates mass awareness regarding values of nutrition, food, defining personal hygiene, clean drinking water, environmental sanitation and general health.
- b) **Training in Canning and Preservation of Food :** Conducts short courses in preservation at the Community Canning and Preservation Centres (CCPC)

For the above, Contact : Deputy Technical Adviser,
Department of Food,
Food and Nutrition Board,
Jamnagar House
New Delhi - 110 001

- c) **Training in Scientific Methods of Foodgrains Storage and Pest Control**
- d) **Institutional Training for Food Functionaries at Indian Grain Storage**

For the above, Contact : Joint Commissioner (S & R),
Department of Food,
Krishi Bhawan
New Delhi - 110 001

7. **Ministry of Science and Technology**

The department of Science and Technology is one of the three major departments of Ministry of Science and Technology.

- a) **Science and Technology for women :** Aims to improve life and status of women through Science and Technology. The scheme operates in all states except Jammu and Kashmir.

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- b) **Science and Technology - Women Entrepreneurship Programme** : Aims to generate self employment. Scheme began in 1984.

For the above, Contact : Senior Scientific Officer
Science and Technology for Women
Department of Science and Technology
Technology Bhawan,
New Mehrauli Road
New Delhi - 110 016

8. Ministry of Agriculture

- a) **Vocational Training to learners through Krishi Vigyan Kendras**: Imparts need based and skill oriented, vocational training for increasing productivity.

For the above, Contact : Deputy Director General (A.E),
ICAR,
Krishi Bhawan
New Delhi - 110 001

- b) **Farmers' Training through Farmers' Training Centres** : Launched in 1966 aims to train rural women skills in agricultural production.

For the above, Contact : Director of Extensions
Department of Agriculture
West Block -8, III Wing,
R.K. Puram,
New Delhi - 110 066

- c) **Training of Rural Youth for Self-employment(TRYSEM)/(IRDP)** : Provides technical skills to allied fields.

- d) Dairy Development - Women Dairy Development Coops.

- e) Fisheries - Small Scale Fisheries Project

For the above, Contact : Director
Department of Rural Development,
Krishi Bhawan,
New Delhi - 110 001

9. Ministry of Energy

Non conventional sources of energy (biogas, solar energy, etc.)

10. Ministry of Environment and Forests

For involving people in afforestation and social forestry,

National Wastelands Development Board (NWDB) provides funds to voluntary agencies for programmes like land reclamation, community awareness social forestry, training and extension services, development of nurseries, etc.

Project proposals to be sent to : The Subject Matter Specialist
NWDB
Block 2, Phase II, 6th Floor
CGO Complex
Lodi Road,
New Delhi

11. Ministry of Rural Development

- a) **Assistance to Horticulturists under IRDP:** Provides assistance for low cost seedlings, inputs, land levelling, digging of pits, garden tools and appliances - open to women also.
- b) **Purchase of Agricultural Implements under IRDP:** Provides a subsidy for items like fertilisers, tools, storage bins - open to women also
- c) **Farm forestry under Drought-Prone Areas' Programme (DPAP) :** Seedlings are supplied free of cost for planting in areas brought under drought. The programme is open to women.
- d) **Setting up of Poultry units under IRDP :** Assistance is generally offered to beneficiaries in clusters so that some facilities like feed production, health cover of birds and marketing etc., may be delivered to the group as a whole. Women can apply also.
- e) **Individual Minor Irrigation Works under IRDP :** Aims at giving assistance to individual cultivators to invest in digging and renovation of wells, for purchase of pumpsets, electric motors, diesel engines and for energisation of pumpsets. Scheme open to women of identified households.
- f) **Subsidy for purchase of storage bins under IRDP :** Aims at giving assistance to individual cultivators to invest in purchase of storage bins. Scheme open to women who wish to improve their storage facilities.

-
- g) **National Rural Employment Programme (NREP):** Provides employment to the needy in rural areas in slack periods when agricultural production is at a low key. Guidelines for implementation lay stress on the execution of special projects under which rural women may be gainfully employed.
 - h) **Scheme for subsidy for Inputs Under IRDP:** Subsidy for purchase of potashic and phosphatic fertilisers to farmers under IRDP. Scheme open to women.
 - i) **Assistance to Bee-Keeping under IRDP :** Offers subsidy. Technical know-how and marketing facilities are offered to groups of bee keepers. Women may avail of the subsidy.
 - j) **Scheme for Sericulturists under IRDP :** Subsidy is granted to an investment made on rearing and reeling activities like growing host trees and improving reeling.
 - k) **Purchase of Milch Animals, Sheep, Goats and Pigs under IRDP :** Aims at strengthening the dairy sector. Subsidy provided. For women beneficiaries, the scheme is monitored separately.
 - l) **Fisheries Development to Individuals under IRDP :** Subsidies given for fishing nets, finger lings, boats, etc. to identified fisherfolk. As women are traditionally involved in marketing, the formation of a co-operative by them would fetch higher subsidy along with marketing facilities..
 - m) **Growing of Fuel and Timber species on Private Lands in Drought Prone Areas:** Aims at giving free seedlings, subsidy to help them tide over the difficult period and a loan at a reasonable rate of interest. Scheme open to women also.
 - n) **Pasture, Fodder and Fuel Development on Private Lands :** This relieves pressure on the public land. Open to both male and female beneficiaries in identified households. Scheme likely to reduce pressure on women for fuel and fodder collection. Subsidy provided.
 - o) Trysem and Selected beneficiaries (at least 1/3 being women) are trained under NAEP (National Adult Education Programme) in a variety of traditional and industrial areas. Help is given in the preparation of self-employment schemes availing bank loans and subsidies.

In all the above schemes under IRDP, beneficiaries are selected from identified households. This identification is done at the Block level. The beneficiary should approach the Gram Pradhan or BDO to file the application for subsidy/loan.

Additional information may be obtained from : Assistant Commissioner, IRDP
Ministry of Rural Development
Krishi Bhawan,
New Delhi-110001

Or the State level office of
Krishi Vigyan Kendras.

13. Ministry of Works and Housing

- a) **Provision of House Sites-Under Construction Assistance to Landless Workers in Rural Areas** : Aims at providing land as well as grants for construction of huts/houses to landless workers of all categories. A woman may apply for an independent site as head of the family. A significant feature is the decision taken by the department in 1980 to give the titles for house sites in joint names of husband and wife.

For identification, applicants can approach BDO or the Tehsildar of the villages directly or through Village Panchayats.

Contact : Deputy Director (Monitoring)
Ministry of Works and Housing
Nirman Bhawan,
New Delhi-110001

Or State Level office of Housing Secretaries

II. AUTONOMOUS BODIES

After independence, a number of autonomous bodies were set up under the aegis of different ministries of the Government, to give financial and technical assistance for a variety of programmes. Some of these are :

1. Central Social Welfare Board (CSWB) :

The CSWB was created with membership drawn from government departments dealing with social development, both the Houses of Parliament, voluntary workers and experts who would administer finances in the form of grants-in-aid to voluntary agencies. This helped in enabling the voluntary agencies to improve, expand and develop their programmes. Then, CSWB created State Social Welfare Boards - thus reaching out closer to the applicant agencies.

The types of grants-in-aid available are : One Year Grant, Plan-Period Grant, Maintenance Grant, Development Grant, Non Recurring/Capital Grant, etc.

Discretionary Grant; Emergency Relief Grants; Grants for innovative and Bapal Projects; Administrative Grants; Grants for Meeting Deficits; Grants for Appointing Trained Staff.

Assistance to villagers engaged in Child Welfare, Women Welfare, Welfare of the Handicapped, Community Welfare/Service, etc., is provided. It also promotes and supports programmes in the uncovered areas.

For details, contact : Director (CSWB),
New Mehrauli Institutional Area,
South of IIT, New Delhi - 110 016

[Note : The State Social Advisory Boards have independent funds and can be contacted separately.]

2. Council for Advancement of People's Action and Rural Technology (CAPART)

With the initiative and assistance from FAO of the UN, an organisation called Freedom from Hunger Campaign was set up. It established its branch in India too for the purposes of assisting projects of food production to combat hunger. Later, this organisation was renamed People's Action for Development, India (PADI) which functioned as a registered autonomous society initially under the Ministry of Rural Development. With the merger of Council of Rural Technology with PADI it is now called CAPART. Its assistance is available for a variety of projects to voluntary agencies such as the use of appropriate technology for agriculture, programmes of water and sanitation, women development, voluntary action, bringing the weaker sections above the poverty line, strengthening the existing institutions, research and training in agriculture and allied fields etc.

Contact : Director General
CAPART,
58, Pankha Road
D-Block, Institutional Area,
Janakpuri, New Delhi - 110 058.

3. NABARD and Other Banks

Such banks provide loans on viable income generation projects, self-employment areas, or purchase of raw-material/machinery for enhanced income.

Contact various banks in your area of operation and for NABARD,

Contact : National Bank of Agricultural and Rural
Development, 10, Bahadur Shah Zafar Marg,
New Delhi-110002

4. Khadi and Village Industries Commission (KVIC)

Khadi and Village Industries Commission (KVIC) is a statutory organisation set up in 1957 for promoting and developing Khadi and rural industries with a view to generate employment opportunities in rural areas. Its various schemes are specially aimed at reaching women, scheduled castes and scheduled tribes. KVIC seeks to strengthen rural economy through promotion of more than 25 rural industries that can broadly be classified as agro-based; livestock-based; forest-based and service-oriented.

The functions of KVIC include training of artisans, supervisory and managerial personnel; building up of reserves of raw materials and tools, implements and equipments and making these available at reasonable rates at implementing agencies; assisting in production of Khadi and village industries' articles as well as their marketing; and encouraging cooperative efforts among Khadi and village artisans.

The KVIC programmes are implemented largely through State Khadi and Village Industries Boards; institutions established under Societies Registration Act 1860, public charitable trusts and cooperative societies. In addition, it also has a provision for assisting individual artisans engaged in rural industries.

The package of assistance extended by KVIC covers extension of finance right from procurement of raw materials and tools and implements to the production of goods and their marketing. While loans for promotion of Khadi are interest-free, those for village industries are extended on an interest of 4 percent per annum.

Khadi and Village Industries Commission
Gramodaya, Irla Road
Vile Parle (W), BOMBAY - 400 056.

III. FOREIGN FUNDING

In addition to the sources of financial assistance mentioned earlier, there are a number of organisations based outside the country, which are commonly called foreign funding agencies. These agencies give funds to voluntary agencies for a number of activities. Economic activities form one such type of activity. Many of these funding agencies have their counterparts in India. We could send a proposal to their Indian offices directly. In case there is no India office then we would have to send a proposal directly to the head office of the funding agency. ■

Tips on Reporting to Funding Agencies

Whenever we receive funds from any source we need to periodically report to our funders. The periodicity of reporting is normally decided by the funders. Many a times, funders also suggest the format of receiving the reports.

A generic reporting format could be as follows:

- * Project Title
- * Reporting Period
- * Name of the Organisation
- * Activities undertaken during the reporting period

An analytical description of experiences at the time of implementation i.e., what happened, why, success, failures, problems encountered and reasons, for this would help the funding organisation to know what is happening in the project.

- * Financial Statement

Reporting of the Actual Expenditure (item-wise) as allocated in the project proposal, it may also be good to mention if there is any difference between the allocated amount in the budget and the amount spent.

- * Future plans — activities planned for the next period.
- * Appendix — Any other information e.g., annual report, case study, etc., which we may want to share with the funders, to enable them to get a better idea about our work. ■

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ABOUT US

Society for Participatory Research in Asia (PRIA), New Delhi is an educational support organisation, which works with activists, individuals, grassroots groups and organisations so as to strengthen their capacities in the areas of participatory research, participatory training, evaluation, and organisation-building to help them deepen their understanding of the issues they are working on.

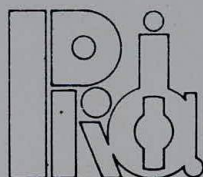
Participatory Research implies an effort on the part of the people to understand the role of knowledge as a significant instrument of power and control. It gives value to individual and collective experiences, and gives credit to the existing popular knowledge. It therefore, challenges the monopoly over knowledge and its tools in the hands of the few, and contributes towards the empowerment of the oppressed and poor.

In the last ten years of its existence, PRIA has focussed on wide-ranging issues such as adult non-formal education, problems of deforestation, land alienation and large dams, women and work, women and sanitation, occupational health hazards and management issues of NGOs. In the coming years, PRIA's focus would be on looking at the issues of women's empowerment, people's access to control over natural resources, occupational safety, workers' education and enhancing competencies of activists and groups in individual and organisational areas.

PRIA is constantly involved in efforts to promote the understanding and practice of Participatory Training philosophy and methodology by holding workshops and documenting several efforts in the country. The Training of Trainers programme aims at the capacity building of grassroots activists and educators.

PRIA's Popular Documentation and Resource Centre aims at preparing and disseminating popular materials on a variety of issues so as to facilitate a wider access to the grassroots and contribute towards social and political changes.

At PRIA, Nandini Narula, Rajesh Tandon, Anil Chaudhary and Rajesh Pandey have worked on the text of this manual.



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