Acknowledgements

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About Villgro

Villgro Innovations Foundation works to identify, finance and support early-stage social enterprises that promote innovative products and technologies in the health, energy and agriculture sectors, and have clearly defined potential to positively impact rural and peri-urban India. Villgro has been in operation for over 10 years and has financed and supported over 50 social enterprises. Social enterprises supported by Villgro have collectively gone on to raise over INR 200 million in follow-on funding and have impacted the lives of an estimated 400,000 rural Indians.

Villgro differentiates itself with its high-touch mentoring and support services. Villgro’s advisory services go beyond traditional consulting roles to encompass domain-specific mentoring, strategic and operational planning and access to key industry stakeholders in an enterprise’s sector of operation.

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About Intellecap

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A hard life of labor has made Salkhi Devi look much older that her 40 years. She lives in remote Junglepura Letwa, a village in the Banka district in Bihar, where the basics of modern life like paved roads and electricity, or for that matter adequate food, clothing and shelter, are still distant dreams. All this, however, has not deterred Salkhi Devi to successfully overcome poverty. She is a star producer of tasar yarn, earning more than INR 18,000 (US$ 324) a year from the occupation. For a woman who had never seen the world outside her village until she was 37 years old, Salkhi Devi is today a frequent traveler, visiting many villages to train women and spread the message of reeling yarn to transform lives.¹

All this would have been unachievable for Salkhi Devi and hundreds of other women in remote villages of Jharkhand with similar circumstances had they not joined the self-help groups (SHGs) promoted by Professional Assistance for Development Action (PRADAN), an NGO engaged in working on enhancing livelihood opportunities for the underprivileged across India. At first, participation in the SHG provided support and credit that helped the women overcome everyday problems such as illness in the family. The big change, however, came when PRADAN started a tasar yarn reeling centre, where the SHG members could find a regular source of income. Once the reeling centers took off, the women producers were organized as a producers company, a separate entity from PRADAN, called MASUTA.

At present, MASUTA works with 1000 women producers who are spread across four districts in Jharkhand. In its seven years of existence, MASUTA has emerged as the largest tasar silk yarn producer in the country. Its customer base includes major silk producers in the country, in organized and unorganized sectors such as National Handloom Development Corporation and the weaving clusters in Chhattisgarh, Bihar, Uttar Pradesh and the North East. With a growing body of work, the management team at MASUTA headed by Managing Director, Madhabananda Ray is working on restructuring the organization’s business model and crafting a long term strategy. As MASUTA grows, some important questions that Ray and his team are trying to find answers for are how to ensure that the women producers get the maximum returns? What is the best business model for MASUTA to ensure financial viability and sustainability in the long run? How can MASUTA build stronger market linkages for its produce?

India’s Silk Industry

India is the second largest producer of silk in the world, next only to China, with 14.6% share in global raw silk production. India produces all four varieties of natural silks viz., mulberry², tasar, muga, and eri. The tasar, eri and muga silks are non-mulberry silks, and are also known as Vanya Silks.³ Muga is the most expensive of all silks and its silk moth is exclusively found in

¹Section on Producers. MASUTA Website. 20 August 2012. [http://masuta.org/producers.html](http://masuta.org/producers.html)
² Obtained from the cocoons of the larvae of the mulberry silkworm *Bombyx mori* reared in captivity.
³ All non-mulberry silks are collectively branded as Vanya silk. Vanya literally means ‘forest’ in Sanskrit.
Assam and bordering areas of neighboring North Eastern states. It has been traditionally used to make Sualkuchi sarees and mekhla-chaddars\(^4\) in Assam.

*Eri silk* is the product of the silkworm, *Philosamia ricini* that feeds mainly on castor leaves. In India, eri is primarily grown in Assam and other North Eastern states. Eri shawls are very popular in the North East because of their thermal properties. Eri silk is also blended with mulberry silk, cotton, jute etc. to produce furnishings, jackets or suiting materials.

Tasar culture is the main stay for many tribal communities in India. India is the sole producer of tropical tasar, which is also known as Indian tasar. *Tropical tasar* is a coarse silk with copper tones, mainly used for furnishings and interiors. The finer varieties of tropical tasar are also used for sarees, stoles and scarves. It is mainly produced in the states of Jharkhand, Chhattisgarh and Odisha, besides Maharashtra, West Bengal and Andhra Pradesh. *Temperate/Oak Tasar* is a finer variety of tasar. It is reared in the sub-Himalayan belt of India covering the states of Manipur, Himachal Pradesh, Uttar Pradesh, Assam, Meghalaya and Jammu & Kashmir. It is mainly used for furnishing, dress materials and sarees. According to the Central Silk Board, production of Vanya silks, particularly that of Tasar and Eri increased significantly during 2011-12, in comparison to the previous year (See table 1).\(^5\)

India is also the second largest producer of tasar silk in the world after China. Despite this, tasar silk accounts for only 5% of the silk produced in India. Demand for tasar silk in India far exceeds its supply, and therefore, about 75% of the total tasar silk demand is met through imports from China and South Korea.

<table>
<thead>
<tr>
<th>Type of Silk</th>
<th>Production (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011-12</td>
</tr>
<tr>
<td>Tasar</td>
<td>1577</td>
</tr>
<tr>
<td>Eri</td>
<td>3110</td>
</tr>
<tr>
<td>Muga</td>
<td>127</td>
</tr>
</tbody>
</table>

**Table 1: Total Vanya Silk Production**

Source: Central Silk Board

*Value Chain of Tasar Silk Production*

The conversion of tasar silk into a marketable product involves a long value chain (see Figure 1 below). The tasar cocoons are available only once a year. There is no organized marketing channel for its procurement, and yarn producers have to purchase the cocoons from individual

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\(^4\) Traditional Assamese attire.

coconut rearers or from middlemen. Some State Governments have tried to organize coconut rearers into co-operatives, and have also created cocoon banks to provide yarn producers with easy access to cocoons. MASUTA’s Managing Director Madhabananda Ray, however, shares that there is a considerable amount of leakage, and most of the cocoons from state-owned banks are sold to local traders and poor yarn producers are obliged to buy the cocoons from these traders.

**Figure 1: Value Chain of Tasar Silk Production**

Significant value addition is done at each of the stages mentioned above. Traders, however, net most of the profits at each stage, while producers get a very small share. This has been largely attributed to unorganized production systems, remote location of producers, illiteracy and poverty. It is increasingly becoming difficult for producers to individually undertake all functions involved in the value chain. As a result, producers are losing interest in yarn production.

**Figure 2: Process of Yarn Production from Tasar Cocoon**
Source: Process derived from Annemarie Mink’s *Description of Tasar Project*

**Government Schemes for Promotion of Silk Production**

Since the Ninth Five Year Plan, the Central Silk Board (CBS) has been implementing a centrally sponsored scheme called the Catalytic Development Programme (CDP), in collaboration with the respective State sericulture departments in order to improve productivity and overall quality of silk produced in the country. The different components under CDP were together aimed at development and expansion of host plantations, development of farm infrastructure, up-gradation of reeling and processing technologies in silk, enterprise development program etc.

CDP is run in project-mode mainly in the form of three packages: Seed, Cocoon and Post-cocoon sectors. States covered under this scheme for tasar yarn production include Jharkhand, Bihar, Chhattisgarh, Madhya Pradesh, Odisha, Maharashtra, Uttar Pradesh, West Bengal, Andhra Pradesh (for tropical tasar), Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Manipur, Assam, Nagaland, and Mizoram (for oak tasar).

According to CBS, during the Tenth Five Year Plan, CDP has made a steady progress in terms of coverage of geographical areas under sericulture, involvement of all categories of farmers and introduction of new technologies. It has been proposed that cocoon banks will be established under CDP to make raw materials (cocoons) available throughout the year. Under CDP, support will be extended to the interested State Governments, departments or State-identified agencies like NGOs, societies and SHGs for establishment of Cocoon Banks with suitable infrastructure and equipment for cocoon grading, drying and storage. Besides CDP, there is also a special Swaranjayanti Gram Swarozgar Yojana (SGSY) project for development of Tasar and Eri culture in Bihar and Jharkhand through the respective State departments of sericulture and NGOs.

Recently, the government has also taken some important policy decisions to promote the silk industry. Sericulture has been included as agriculture allied activity under Rashtriya Krishi Vikas Yojana (RKVY). This enables sericulturists to avail the benefits of the scheme for all the sericulture activities up to reeling. During 2011-12, sericulture projects costing INR 42.1 crore (US$ 7.5 million) have been proposed for funding under RKVY. The Forest Conservation Act has been amended to treat non-mulberry sericulture as a forest-based activity, enabling the farmers to undertake Vanya silkworm rearing in the natural host plantation in the forests.

**MASUTA**

The name MASUTA is an acronym derived from Mahila (woman), Suta (thread) and Tasar. MASUTA Producers Company Limited (MASUTA) was registered on December 26, 2005. Most of MASUTA’s work is concentrated in four districts of Jharkhand, namely Hazaribagh, Dumka,
Godka and Koderma. MASUTA has been established with the dual purpose of providing livelihood opportunities to the women who are resource-constrained and bring about change in the society by allowing women producers to take ownership of their organization.

It all began when PRADAN organized women in SHGs and identified tasar silk yarn production as a potential activity to generate livelihood opportunities for them. To manage the reeling centers, clusters of women yarn producers from SHGs came together to register as a mutual benefit trust (MBT), a primary yarn producers group at the village level. In 2005, these groups of MBTs formed MASUTA Producers Company Ltd. (Registered under Section 581C (5) of the Indian Companies Act) to procure raw materials (tasar cocoons) and buy yarn from MBTs in bulk, which are then sold directly in the market or converted into fabric.

PRADAN acquired a few machines developed by the CBS to produce silk from cocoons, and trained the women to operate it. Initially, PRADAN started working with about 200 women producers and had a modest turnover of INR 1.5 lakh (US$ 2701). But as business picked up, PRADAN realized that it could not make and distribute profit as it was a not-for-profit organization. “We needed to have a for-profit organization,” recalls Ray. And that led to the establishment of MASUTA.

Moreover, PRADAN wished to increase the autonomy of the producer groups manufacturing yarn so that they could control both, the production and administration elements of the business. Thus, it was decided that yarn production, formerly housed as a microenterprise unit of PRADAN would transition to an independently registered producers company called MASUTA.

**MASUTA’s Founders**

PRADAN, established in 1983, is a voluntary organization registered under the Societies Registration Act of India. It believes that the path towards conquering economic poverty is through enhancing the livelihood capabilities of the poor and giving them access to sustainable income earning opportunities. At present, there are 268 skilled professionals divided into 41 teams, working with over 206,298 families in 4,138 villages across eight of the poorest states in India. Most of the families that PRADAN works with are Schedule Tribes and Schedule Castes.
PRADAN has been working with SHGs for livelihood generation in the remote and tribal districts of Jharkhand since the last 15 years. The oldest SHGs involved in yarn production with MASUTA are about 10-15 years old. PRADAN started the yarn production activity a decade back, in 2002. It organized the yarn producers in a collective as it was increasingly becoming unviable for individual producers to perform all functions in the yarn production value chain – from buying cocoons to marketing the finished product. The advantage of the collective was that yarn producers collectively undertake tasks such as buying cocoon and marketing their products. Tasks became more specialized and the efficiency of the producers increased.

PRADAN’s work is not limited to yarn production; its work includes the entire tasar segment – from cocoon rearing to yarn production and weaving. PRADAN has organized the farmers involved in cocoon rearing into cooperatives, yarn producers in a producer company (MASUTA) and formed a private limited company for weavers (Eco Tasar).

MASUTA’s Managing Director Madhabananda Ray has been working with PRADAN since April 1995. A post graduate in Agriculture, he started working with PRADAN in Godda district in what was then Bihar (now in Jharkhand). In 1996, Ray wrote in answer to a question of why he had joined PRADAN: "I had not heard of PRADAN until two months before actually joining. Before then, my mind had been occupied with working for the big businesses. But I was disillusioned with these companies after bitter experiences of working as a sales man for an agrochemical company, an assistant manager of a tea estate, and assistant of a government insurance agency. I was totally frustrated with these services as there was no room for creativity and freedom. I kept on thinking: Is this what I studied for?..."

Madhab became team leader of the Godda team, during which time the team had a breakthrough in tasar cocoon production. When PRADAN decided to constitute MASUTA Producers Company Limited to focus on collective production of tasar yarns with rural women
yarn producers as owners in December 2005, Ray, who had demonstrated commitment and passion for the work, was the unanimous choice as the managing director. Madhab recounts, “It is true that I have taken the initiative and devoted myself passionately for the cause of the yarn production activity/producers, but PRADAN as an organization has played (is being playing) very sensible role by nurturing me and my passion.” He further elaborates, “PRADAN has played an over-arching role in promotion of yarn producers and other producers in the value chain.”

**Getting Off the Ground**

MASUTA received its initial funding came from PRADAN in the form of seed capital of INR 1 lakh (US$ 1800). Gradually, the producer company model of MASUTA attracted the attention of many government organizations and private investors. Some of its funders and investors include National Bank for Agriculture and Rural Development (NABARD), Indian Bank, The Institute for Financial Management and Research (IFMR Trust), and Villgro. Support from organizations such as the Rabobank Foundation, RBS Foundation (India), Central Silk Board has made significant contribution to its growth.

MASUTA also benefitted from government schemes. Under a special SGSY scheme monitored by the CBS, MASUTA was able to distribute yarn production machines free of cost to all those in the yarn producing cluster. MASUTA’s capital intensive infrastructure such as warehouses for storage of cocoons was also funded by the SGSY scheme.

**Technology Improvement**

As mentioned in relation to MASUTA’s partnership with Villgro, MASUTA has invested time, effort, and capital on improving the reeling machines in order to increase the quantity and quality of Tasar produced. “The present machine is better in multiple aspects than the one provided by the Central Silk Board (CSB),” says Ray, MD, MASUTA. The innovation is an improvement over the machine distributed by the CBS in terms of quality of yarn, smoothness of filament, quantity of output, ease of use, power consumption, flexibility of operation, ability to produce untwisted yarn, increased mobility and structural stability. The improved machine has increased production by 200% and is capable of increasing it upto 800%.
In order to improve the reeling machine, Ray had to take inputs from academicians from the fields of Physics and Mechanics in various cities and gather technical know-how from students at The Netherlands' Delft University of Technology. Some students from Delft University visited India to help in the development. Ray recalls, "They helped us manufacture the first prototype. Then in the second prototype, we focused on reducing power requirements. In the final stage, we worked towards bettering the bobbin.”

The development and refinement of the reeling machine is still on and MASUTA is further fine tuning it to increase its productivity and with options of producing different types of yarns.

**Initial Challenges**

The enterprise faced many challenges at its launch. MASUTA produces machine-made yarn – ironically, when it started work in 2004 there was no market for machine-made yarn in the country. Indeed, before MASUTA’s intervention, yarn was seldom marketed separately; it was always seen as a part of the weaving activity. The foremost challenge, therefore, was to create a market for yarn. In fact, PRADAN’s initiative in Jharkhand was the first time when yarn production was separated from the weaving activity and promoted as an independent, separate and viable enterprise for women in Jharkhand and Bihar. It was only through MASUTA’s subsequent marketing efforts that yarn has been recognized as a commodity. It was also difficult to link small producers to markets that required bulk quantities of yarn. To enhance access to markets, MASUTA has set up a system to aggregate yarn, and to link small producers to supply large quantities of yarn.

Transforming producers into entrepreneurs was another major hurdle and required investment in terms of capacity building through training. MASUTA conducted structured, step by step training, as well as worked to build ownership and capabilities of the producers to participate in the

**MASUTA and Villgro**

Villgro invested INR 10 lakh (US$ 18,000) with MASUTA in 2010-2011, towards improving the silk yarn reeling machine. It also provided a fellow to help MASUTA develop an automatic machine that would generate twist in the yarn and hence improve its strength.

This improved, portable re-reeling machine is expected to save the labor time by 50% and increase the income by 20% for MASUTA members. It is estimated that the implementation of this technology will facilitate MASUTA’s business to earn a profit of INR 50 lakh (US$ 90,000) per year.

A grant proposal of INR 15 lakh (US$ 28,000) was submitted to the Ministry of Science and Technology, India for development and patenting of re-reeling machine. The proposal is currently under consideration.

Villgro has also played a key role in improving MASUTA’s visibility and helping it get international recognition for its work. Villgro wrote a case study on MASUTA, “Sustainable Social Enterprise”, which won an award from The Small Enterprise Education and Promotion (SEEP) Network and Intellecap in their annual case profile competition. Villgro has also helped MASUTA get media coverage through India Today and DARE.
governance of MASUTA.

MASUTA’s Business Model

MASUTA is the largest collective of yarn producers in the country, registered as a Producer Company. **A producer company** is a hybrid business entity sanctioned by Indian law. To be a member or owner of the company, it is necessary to be a “primary producer,” that is, engaged in an activity connected with the organization’s primary produce.

Therefore, to become a member of MASUTA, one needs to produce and supply a minimum quantity of tasar yarn, and be approved by a Board of Directors. Members receive an equity share in the company; **currently one share is valued at INR 100** (US$ 1.8). As mentioned in the earlier section, all the producers of MASUTA are drawn from SHGs promoted by PRADAN. Selected members from the SHGs who opt for yarn production become part of the Mutual Benefit Trust (MBTs) at the village level.

Representatives from the MBTs form a Unit Committee, mostly at a block level. The Unit Committee members are part of the MASUTA General Body and the Board of Directors is also generally elected from amongst the Unit Committee members. Figure 3 below depicts MASUTA’s organization structure.

**Figure 3: Organization of MASUTA**

Source: Weaving Strengths with ‘Suta’, Sharma, S.K.
Business Cycle

MASUTA purchases tasar silk cocoons and sells these cocoons (at cost) to its producer members. The women purchase the cocoons as and when they require it. In exchange for this consistent supply of cocoons, the women sell the yarn back to MASUTA, which sells it in the market. The model removes risk for the producer, who knows that when her work is done, she will have a buyer. MASUTA aggregates, grades and sorts the yarn, then stores and maintains a stock of all varieties for potential buyers. MASUTA earns revenue when it sells yarn to buyers.

There are basically three important stages in MASUTA’s business operation:

Stage 1 - The first stage is the procurement and storage of raw materials. The business operation in MASUTA starts with the bulk procurement of raw materials i.e. tasar cocoons. The MBTs assess their annual requirements of cocoons well ahead of its harvest and inform MASUTA. Cocoons are purchased by MASUTA in bulk for the whole year and stored at MASUTA’s warehouses. At present, MASUTA purchases cocoons from Jharkhand, Bihar, Chhattisgarh and Andhra Pradesh (A.P.), majority of its cocoons are procured from A.P. The cocoons are available only once in a year through an open auction by the A.P. State Government and MASUTA is the single largest buyer at this auction. This requires a large amount of working capital, for which MASUTA is largely dependent on bank credit.

Stage 2: The second stage in the business cycle is production of yarn. It involves production of yarn from the cocoon. MASUTA primarily wants to concentrate on this stage in the coming years. Along with PRADAN, it engages in skill building activities for the producers. Every day in each MBT the CEO (centre manager) distributes the cocoons to the individual member in the morning. The value of the cocoons is debited as advance to the respective members. The member producers convert it on the same day and keep the yarn with them.

On a prefixed date (grading day, normally twice a month) the yarn graders (a set of skilled supervisors, who have knowledge and experience of production and market exposure on qualities) grade individual producers yarn and give her feedback on the qualities based on market requirements. MASUTA buys the yarn in perceived market price from the MBTs and
scores it. Just after the grading, the MBT CEO, with the help of the computer “Munshi” (a set of trained local youth provides computer services on payment) enter the entire transactions into specially developed computer software. The software generates MIS reports and accounts-related data for the MBTs and its members. MASUTA pays the price of the yarns to the producers after adjusting all advances.

Stage 3: Yarn storage and marketing is the third and the last stage in the business cycle. After collecting the yarn from the producer, MASUTA aggregates, grades, sorts, based on the color and quality, store, and maintains a stock of all varieties of yarns. There are certain seasons when the demand for yarn is very high, so MASUTA has to also store the yarn for the peak season. The enterprise sells yarn directly to the market and also to its joint venture company (Eco-Tasar Silk Private Limited), which is engaged in converting the yarn into fabric, and marketing of the fabric.

The largest buyer for MASUTA’s yarn is the National Handloom Development Corporation. About 10-15% of the yarn is sold to Eco-Tasar. MASUTA also markets its yarn in major weaving clusters like Bhagalpur, Raigarh and Varanasi. It has marketing offices in Bhagalpur and Raigarh. It also sells yarn to big manufacturers in Varanasi, Assam and Bengal.

**Governance**

MASUTA is governed by its General Body and Board of Directors. At present 80% of the Board of Directors comprises of producer representatives elected by the producers themselves. The other 20% are industry experts. Every policy level decision in MASUTA is taken in consultation with the Board of Directors. The Board of Directors has to ensure that the interest of producers is always protected. Overtime, the awareness amongst board members with regard to their rights and responsibilities has increased. However, they still look up to the experts for strategic directions. Ray does not visualize a point where the producers will not need the help of industry experts to manage and grow MASUTA.

**Total production and Turnover**

In 2005, MASUTA started with just INR 1 lakh (US$ 1800). By 2009, it had nearly 3,000 producers organized into 165 MBTs with annual turnover of INR 9.5crores (US$ 1.7 million). At the end of FY 2009-10, MASUTA generated a profit of INR 32lakh (US$ 57,631). By March 2010, 2,668 rural women spread over 120 villages in three held shares in the company. A full-time yarn producer, engaged with MASUTA, can earn an average of INR 20,000 per year (US$ 360).

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6 Accountant in Hindi
In 2011, it produced 12 tonnes as the emphasis was more on restructuring and not yarn production. In 2012, the projected target is 15 tonnes and MASUTA is on way to achieving it as it has met the targets for the first two quarters.

**Economic and Social Impact**

Ray points out that this PRADAN /MASUTA model allows 53% of added-value to be retained by the actual producers, unlike the traditional model where only 25% was possible, after cocoon and finished-goods traders had taken away the lion’s share. Also, apart from the sheer quantity of jobs created (over 1000 jobs), there is also the qualitative, social dimension – tasar offers a dignified job opportunity for marginalized groups like women and landless farmers without being exploitative. Importantly, they do not have to leave their homes in search of work, or work in hazardous environments. Ray further elaborates, “Being part of a producers’ company is extremely empowering for MASUTA’s producers – who would otherwise most likely be daily-wage earners. At MASUTA, they are part owners and have a voice. Working in groups, women build support systems and learn about different ways to cope with their day-to-day challenges.” Likewise, as Ray emphasizes, it has been a mutually enriching relationship - the immense contribution of women yarn producers in general and the producer leaders in particular cannot be ignored in the journey of MASUTA.

<table>
<thead>
<tr>
<th>The MASUTA Impact</th>
<th>Past</th>
<th>Present</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Producer Profile</strong></td>
<td>Collecting firewood, wage labor in field, stone quarries and brick kilns</td>
<td>Tasar Yarn Production</td>
</tr>
<tr>
<td><strong>Source of Income</strong></td>
<td>Seasonal</td>
<td>Throughout the Year</td>
</tr>
<tr>
<td><strong>Income opportunity</strong></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>Wage Earner</td>
<td>Self-employed</td>
</tr>
<tr>
<td><strong>Working Hours per day</strong></td>
<td>8</td>
<td>6-8</td>
</tr>
<tr>
<td><strong>Working condition</strong></td>
<td>Outdoors, often hazardous</td>
<td>Indoors</td>
</tr>
</tbody>
</table>

Source: [Silken Spread](#), PRADAN

**Restructuring MASUTA - The Road Ahead**

MASUTA’s experience of successfully transforming from a microenterprise unit of PRADAN to a producers company has many lessons for other organizations in transition. The foremost being retention of key staff who have worked in the microenterprise unit. The supportive role of the parent NGO is also very crucial. Creating a structure where the producer company has ownership over its resources and exercises control is also essential.
MASUTA is currently in the process of restructuring its business model. Most of the proposed changes are based on lessons learnt in the last seven years. The restructuring involves separation of the cocoon procurement and storage function from MASUTA. This is because cocoon procurement requires large amounts of working capital for which MASUTA has been largely dependent on credit from the banks.

In recent years, bank credit has become expensive and MASUTA has been forced to re-think its strategy. MASUTA plans to reduce its dependence on bank credit and create a cocoon bank with a revolving fund as a one-time grant from the Ministry of Textiles. It plans to separate this function (of procuring & storing raw material), and either create a separate entity or host the cocoon bank with PRADAN. However, Ray is clear that the cocoon bank would have sufficient representation from MASUTA so that the producers retain access and control over raw materials. MASUTA plans to limit its role to yarn production and marketing.

It has also reduced its full time staff from 35 to 9, this is because the yarn graders are no longer employees of MASUTA, and now work as commission agents. This has also led to change in input/training provided to the yarn graders as they are now working on a commission basis and are entrepreneurs in their own right. In the old model one MASUTA staff was responsible for supervising the quality of yarn in 10-15 villages. Since the staff were on a fixed monthly remuneration they lacked ownership and had little motivation to supervise and ensure good quality production was less. Therefore, MASUTA has shifted to an incentive based model. The supervisors now work on a commission basis ensuring better quality control in yarn production. This was started in May 2012 and in the last few months the volume of production has increased.

<table>
<thead>
<tr>
<th>Key Areas of Change</th>
<th>Before Restructuring</th>
<th>After Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement &amp; Storage of Cocoons</td>
<td>MASUTA responsible for annual procurement and storage</td>
<td>Create a separate entity – Cocoon Banks to handle this task.</td>
</tr>
<tr>
<td>Yarn Graders/ Supervisors</td>
<td>Worked as full time employees of MASUTA</td>
<td>Have started working as commission agents</td>
</tr>
<tr>
<td>Number of Producers</td>
<td>Around 3000 producers</td>
<td>Retained only 1000 active producers and restricted entry of new producers.</td>
</tr>
</tbody>
</table>

Another important change MASUTA has implemented is to restrict the entry of new producers and reducing the number of existing producers to 1000 from 3000 in 2010. MASUTA has only retained active and excellent performers. According to Ray, “Even though the number of producers was reduced by one –third the overall production has not gone down.” The criteria for selection of new members have been made stringent and only good performers are given membership.
While these changes reflect long term strategy, Ray continues to be concerned about whether this will ensure maximum benefits to the organization’s reason for being – the women producers. Are there other ways for MASUTA to ensure financial viability and sustainability? In the meanwhile, Salkhi Devi and her group of friends from different villages in Jharkhand and Bihar, are working towards ensuring a sustainable livelihood and a step out of poverty.