



# Grassroots Business Initiative



## SEWA

India



### Background

It is estimated that 94 percent of the female labor force in India exists in the informal sector. These marginalized women generate income by harvesting crops, producing handicrafts, and selling food. The informal nature of these activities often yields meager economic returns for the entrepreneurs, who lack access to basic benefits such as health and childcare.

### What Is SEWA?

Established in 1972, SEWA is a registered trade association of over 800,000 poor, self-employed women in India. The vast majority of SEWA's members live in the semi-arid and disaster-prone region of Gujarat, which has been beset by severe droughts and a devastating earthquake in recent years. The adverse climatic conditions have made subsistence farming an unreliable source of income. This has prompted SEWA to encourage its members to diversify their operations towards embroidery and other handicrafts, as a substitute means of livelihood.

SEWA's overall aim is to provide employment and economic independence to its female participants. The goal is to ensure that the women have access to the essential social services that they were living without. SEWA has made many attempts to achieve these objectives in different geographical and sectoral contexts. One initiative has been to group the women into co-operatives, collectives, producer groups and district associations, so that they have access to targeted support from SEWA's Bank and Training Academy.



Typical areas in which SEWA are active in the economy are handicrafts, salt farming, watershed protection, and agricultural production.

In 2002, the International Finance Cooperation (IFC) helped launch a significant expansion of SEWA's handicraft trade activities, by establishing the SEWA Trade Facilitation Center (STFC), a venture that is partly owned by the embroidery workers themselves. This project has significantly expanded and upgraded management, product quality, and resources, while linking the poor rural workers to global markets.

## IFC's Involvement

IFC's Grassroots Business Initiative (GBI) is helping SEWA in the following areas:

- IFC has mobilized funding for the **Barefoot Managers' School** from the Japanese Social Development Fund (JSDF), which provides training in microfinance and livelihood activities for trainers and rural women working in the informal sector
- During **Phase 1**, IFC has applied additional funding from the Dutch Government Trust Fund to strengthen the STFC in three key areas: 1) Commercialization through assistance in product/design development and market expansion; 2) Business plan development; and 3) Implementation of comprehensive MIS / M&E systems
- During **Phase 2**, GBI has committed additional grant funding to STFC to assist in the following key areas: 1) Refurbishment and launch of Delhi retail outlet; 2) Techno-feasibility study to improve production process in new crafts facility; 3) Improvement in product design, quality, and pricing; 4) Improvement in corporate governance and strategic advisory input; 5) MIS/M&E improvement including retail level MIS and impact assessment of Phase 1 activities
- In addition, GBI is also supporting a customized **Multi-Purpose Van** project. This venture delivers education, health care, micro-finance, communication, and food distribution services directly into isolated communities located on the fringes of the deserts of western India.

## Results To-Date

|  |           |
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| # of micro-entrepreneurs               | 1,200     |
| % of women entrepreneurs               | 100%      |
| # of dependent children                | 3,918     |
| Average annual income of entrepreneurs | \$275     |
| # of Barefoot Managers trained         | 40,000    |
| Total Revenue FY 06                    | \$300,000 |

Over the years, SEWA has become increasingly sophisticated in organizing its women entrepreneurs. They have successfully commercialized the rural handicraft industry which sells the women's goods through shops, trade-fairs and exports.

Additional key results for the SEWA Trade Facilitation Center (STFC) include:

- Comprehensive management information systems customized to STFC operations
- Reduction in rejection rates from 30 percent to under 9 percent
- A state of the art production facility with advanced plans to move to a new consolidated crafts facility
- A comprehensive development plan and established Strategic Advisors Committee

