Final Report

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Study on determinants facilitating and inhibiting SHGs entrepreneurship in the urban India





This report has been prepared by Intellecap Advisory Services Pvt Ltd (Intellecap) with support from Urban Management Centre (UMC). Opinions and views expressed here are solely basis the date collected and stakeholder consultations.
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Acknowledgment

This report is a result of a study jointly carried out by Urban Managemetn Centre (UMC) and Intellecap Advisory Services Pvt. Ltd. (Intellecap). It aims to understand the determinants facilitating and inhibiting Self Help Groups (SHGs) entrepreneurship in urban India. This report presents the various determinants for the success and failure of SHG enterprises, documents their best practices and help to devise the strategy to replicate various viable/ successful SHG micro-enterprises in India

This report is an outcome of the insights shared by various stakholders across the country. We are grateful for the support and critical inputs by the representatives of Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) including National, State, and City Mission Management Units of Maharashtra, Telangana, Odisha, and Uttar Pradesh.

We would like express our heartfelt gratitude all the SHG enterprises and their members for being supportive and sharing their inspiring stories with us. We would also acknowledge the support received from community organizers, area level federations and city level federations for their support in organizing these discussions and sharing key insights with us.

We would also like to acknowledge the contributions and insights shared by ecosystem stakeholders including various financial institutions (Banks, MFI, etc.), local community-based organizations, NGOs, resource organizations, and other ecosystem enablers.

We would also like to thank the members from UMC team, <add names >

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We welcome your feedback on this effort and encourage you to reach out to the team with your questions and comments through www.intellecap.com or by email at health@intellecap.net.





Foreword

The SHGs have proved to be very successful instrument of economic development, women empowerment and social change in India. These groups serve as a support system for the poor, to meet their financial and social needs. Since inception of National Urban Livelihood Mission (NULM), more than 6.5 lakh SHGs have been formed, of which nearly 3.75 lakh SHGs are actively engaged in various micro enterprise activities. Some states/cities have been progressive in establishing a large number of enterprises and further, a significant proportion of such micro enterprises find it difficult to sustain and continue their operations successfully.

In this backdrop, UMC and Intellecap jointly commissioned this study with a view to understand the various factors that facilitate/inhibit SHG's as entrepreneurs. The study also aims to take a closer look at the various determining factors for the success and failure of group enterprise formed under NULM. A special focus was given to document the various successful SHG models across the sector in urban areas in the identified cities, which could facilitate adoption/adaption in other cities.

Using a sample of 204 group enterprises spread across four states of the country, the study has attempted to devise the strategy for replicating effective interventions to empower and motivate the SHGs to venture into various viable/successful micro-enterprises. It is hoped that the study will provide field understanding to facilitate design of appropriate policy interventions to bridge the gap in respect of group enterprises. Comments and suggestions on the report are welcome.

We acknowledge the efforts put in by Intellecap team for undertaking the field survey and also the financial support for the study extended by BMGF. Lastly, the study would not have been possible without the guidance provided made by the UMC internal team.

Manvita Baradi

Urban Management Centre January 2022

Disclaimer:

The views expressed in this study do not necessarily reflect the opinion/ views of Urban Management Centre (UMC) and Intellecap Advisory Services Private Ltd (Intellecap), nor any of the institutions referred to, and they are not to be held responsible for the opinions/ view in this report.





Table of Contents

Table of	f Contents Contents	2
Executiv	ve Summary	7
1 Introd	luction	10
1.1.	Background	10
1.2.	Need for study	
1.3.	Study objectives	
1.4.	Scope of study	
1.5.	Approach and methodology adopted	11
	Approach for the Study	11
	Methodology	11
1.6.	Limitations of the study	13
1.7.	About the Report	13
2 Wome	en Entrepreneurship Development initiatives in India	14
2.1.	Self-Help Group (SHG)	14
2.2.	Development of SHGs under DAY-NULM	14
	Deendayal Antyodaya Yojana-National Urban Livelihoods Mission	14
	Sub-components of Self-Employment Programme (SEP)	14
2.3.	Government programs supporting women entrepreneurship	15
2.4.	Women enterprises and key challenges	17
3 Result	and Discussions	19
3.1.	Demographics of SHGs	19
3.2.	Best practices followed by SHG	20
3.3.	Profile of SHG Enterprises	22
3.4.	Capacity building and training	24
3.5.	Access to finance	26
3.6.	Enterprise operation	30
	Human resources for enterprises:	30
	Asset ownership by SHG enterprises:	31
3.7.	Marketing and sales	31
	Target customers	31
	Marketing channels	31
	Sales network	32
3.8.	Financial performance of SHG enterprises	33
	Domain wise performance of SHG enterprises	34
3.9.	Scale-up	36
	Willingness to scale up	36
3.10	. Support received from ecosystem stakeholders	37
	Support from community and family	37
	Support from other ecosystem stakeholders	37
3.11	. Critical factors for the performance of SHG enterprise	38
	1. Access to finance	38





	2.	Marketing and sales	38
	3.	Supply chain partners	39
	4.	Financial sustainability of a business	39
	5.	Enterprise operation	39
	6.	Human resource	
	7.	Government program and policies	39
	8.	Access to information	39
	9.	Support from family and community members	40
3.12	. Impac	t of COVID-19 on SHG enterprises	40
3.13	. Key in	sights on closed enterprises	41
4 Best P	ractice	es of women run microenterprises	42
5 Recon	ımend	ation	46
5.1.	Non-fi	nancial interventions	
	i.	Capacity Building Content	46
	ii.	DeliveryError! Bookmark	
	iii.	Market linkage	47
5.2.	Financ	cial interventions	48
6 Appen			50
	Case s	tudies	50
	Survey	v questionnaires	71





List of Figures

Figure 1: Approach for the study	11
Figure 2: Snapshot of study tools	12
Figure 3: Demographics of SHGs	19
Figure 4: Domains of SHG enterprises Error! Bookmark	not defined.
Figure 5: Key skills for the operation of SHG enterprises	25
Figure 6: Loan appraisal process adopted by Microfinance Institutions	28
Figure 7: Loan appraisal process under ULB Taskforce channel	29
Figure 8: Key criteria's considered to evaluate loan applications	29
Figure 9: Key challenges faced by financial institutes	30
Figure 10: Types of marketing channels adopted by SHG enterprises	32
Figure 11: Types of sales channels adopted by SHG enterprises	32
Figure 12: Primary barriers to adopting digital payment platforms	33
Figure 13: Various modes considered to scale up enterprise operations	37
Figure 14: Critical factors for the performance of SHG enterprise	38
Figure 15: Impact of COVID-19 on SHG enterprises	40





List of tables

Table 1: SHGs studied across states	19
Table 2: State-wise SHG demographics	20
Table 4: State wise bifurcation for domains of SHG enterprises	23
Table 5: State-wise profile of SHG enterprises	24
Table 7: Capacity building and training needs of SHG enterprises	25
Table 8: Access to finance across states	26
Table 9: Average number of employees per SHG enterprise across states	30
Table 10: SHG bifurcation by estimated asset values	31
Table 11: State-wise financial profiles of SHG enterprises	34
Table 12: Domain wise financial performance of SHG enterprises	35





List of Abbrivation and Acronyms

Abbreviation	Meaning
ALF	Area Level Federation
CAPEX	Capital Expenditures
CB&T	Capacity Building and Training
CBO	Community Based Organizations
CLC	City Livelihood Center
CLF	City Level Federation
CMMU	City Mission Management Unit
CO	Community Organisers
DAY- NULM	Deendayal Antyodaya Yojana-National Urban Livelihoods Mission
EDP	Entrepreneurship Development Programme
EST&P	Employment through Skills Training and Placement
FGD	Focus Group Discussion
FIs	Financial Institutes
KII	Key Informant Interviews
MFIs	Microfinance Institutions
MoHUA	Ministry of Housing and Urban Affairs
NBFC	Non-Banking Financial Company
NMMU	National Mission Management Unit
NRLM	National Rural Livelihood Mission
NULM	National Urban Livelihood Mission
OPEX	Operational Expenditures
RO	Resource Organization
SEP	Self-Employment Programme
SHG	Self Help Group
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SM&ID	Social Mobilisation and Institution Development
SMMU	State Mission Management Unit
ULB	Urban Local Body
UMC	Urban Management Centre
WEF	Women Entrepreneurship Platform





Executive Summary

Urbanization and economic development are closely linked issues. Around 35% of the urban population currently lives in slums¹, characterized by residential, social, and occupational vulnerabilities. The NULM mission focuses on organizing urban poor in strong grassroots level institutions of Self Help Groups (SHGs), creating opportunities for skill development leading to market-based employment, and helping them to set up self-employment ventures by ensuring easy access to credit. The SHGs model has proved to be a very successful instrument of economic development, women empowerment, and social change in India.

Since inception of National Urban Livelihood Mission (NULM), more than 6.5 lakh SHGs have been formed, of which nearly 3.75 lakh SHGs are actively engaged in various micro enterprise activities. While of some these enterprises have performed well, many others find it difficult to sustain and continue their operations successfully. It's critical to study and understand the different determinants that enable and inhibit the performance of enterprises under NULM. Hence, Urban Management Centre (UMC) in collaboration with Intellecap Advisory Services Private Limited undertook a study to understand the various determinants that promote or inhibit SHG's as enterprises in urban India. To conduct this study team adopted a 5 step approach including secondary research, design of survey tools, primary research, and data analysis and report preparation. The key respondents for the survey included SHG entrepreneurs; ALF; CLF; CMMU; CBO; and FIs etc.

Key findings:

1.1. Key Findings

The summary of the main observations that emerge from primary data is presented below:

- **Demographics of SHGs:** 96% of SHG studied belonged to all women SHG group, whereas 3 % of the groups belonged to all men SHG and 1% to mix SHG group category. The average age of SHG studied was approximately 7.12 years, with a range of 1.98 to 12.6 years across states. Most of SHGs reported following Panchsutra principles of SHG operation i.e. regular meetings, regular savings, internal lending, regular repayment, and bookkeeping.
- **Profile of SHG Enterprises:** Out of 204 SHGs studied across 4 states, 196 SHGs had been involved in livelihood generation/enterprise-related activities. Among these SHG enterprises, close to 36% of enterprises are operating in a manufacturing business, followed by 28% in the service industry, 26% in trading/sales, and the remaining 10% in the processing industry. The age of enterprises i.e. numbers of years SHGs involve in livelihood generation activity reported in the range of 1.2 to 7.9 years. The average age of SHG enterprises was observed as 5 years (i.e. 60 months)
- Access to finance: Only 54% of SHG enterprises have availed the loan from formal lending institutions viz. banks, Microfinance, or cooperative societies. However, it was observed that majority of the credit requirement of enterprise in states like Uttar Pradesh and Maharashtra was met by NBFC MFIs. The remaining 46% enterprises have sourced funds either through their SHG's corpus or informal sources. Further, the borrowing from formal sources majorly range from ₹.0.5 to 5 lakhs, with interest rates in range of 0% to 14%, with weighted average of 7.03%. The Turn around Time (TAT) for loan is around 8 to 15 days.

¹ Population living in slums (% of urban population) - India | Data World Bank



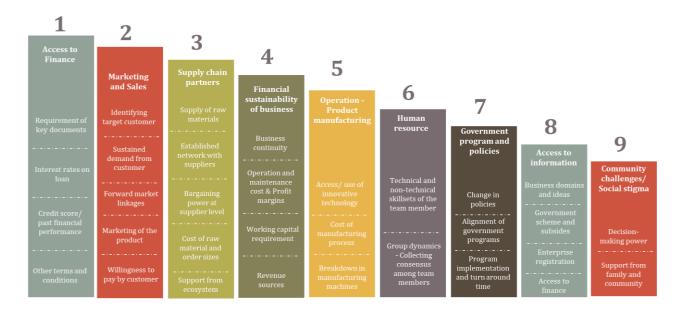


- Enterprise operation: The average number of employees working with SHG enterprises varies in the range of 2 to 9 employees per enterprise. The estimated asset value for most of SHG enterprises varies in the range of ₹1 to ₹5 lakh. Almost 87% of all SHG enterprises have reported an estimated asset value of less than ₹3 lakh, whereas 8% have reported asset value between ₹3 to ₹5 lakh. Only 2% of SHG enterprises have an estimated asset value of more than ₹10 lakh.
- Capacity building and training: The SHGs had majorly received training in the area of SHG operations i.e. group functioning, regular saving, bookkeeping, bank linkages, and livelihood generation activities. Out of 196 enterprises, 82% enterprises reported that technical skills like machine operation, repair and maintenance, and knowledge of process flow are required to operate an enterprise. Apart from this 96% of SHGs also reported that business management skills like business modeling, financial and resource modeling are critical for enterprise operations. 95% of SHGs also reported that marketing and sales skills are necessary for enterprise operations. The SHG enterprises that had taken/ received formal training on the above-mentioned areas have received it either through, ULB, RO, or CMMU.
- **Support received from ecosystem stakeholders**: It has been found that 50% of group enterprises have received support from local NGOs, CBOs, or government-appointed Resources Organization (RO) to establish the enterprises.
- Marketing and sales: 36% of SHG enterprises are dependent on word-of-mouth and print media for marketing their product, followed by, 21% dependent door-to-door marketing and only 7% of enterprises are using digital media marketing to promote their product and services. The majority of SHG enterprises i.e. around 63% of enterprises are dependent on personal selling as their primary sales channel, followed by 20% dependent on the retail sales channel.
- **Digital payments**: The study found that 60% of SHG enterprises are aware of digital payment methods like Google Pay, Paytm, Phone Pay, and Bharat.
- **Financial performance of SHG enterprises**: The study reveals that capital cost of setting up an enterprise varied across the states from ₹10,000 to ₹ 68,000 and their annual turnover ranged from ₹1.36 lakh to ₹6.78 lakh. Their annual operational cost varies in the range of ₹0.94 lakh to ₹4.65 lakh. The variation in the annual profits of an enterprise was in the range of ₹0.59 lakh to ₹2.11 lakh.
- **Scale-up:** 82% of group enterprises have shown their willingness to scale up their existing business in terms of diversifying products/services, increase in production, working in new geography, and increasing business reach through digital platforms.
- Impact of COVID-19 and closed SHG enterprises: The study shows that 98% of SHG enterprises had been affected by COVID-19 in respect of disrupted forward and backward market linkages that affected their loan repayment cycles, and even resulted in closing of business operations for some of them. The study also found that inadequate financial resource (72%) followed by lack of marketing and sales of the product (39%) were the major reasons for closing of enterprise operation.

Critical factors for the performance of SHG enterprise: Based on our discussion, the following are the parameters in order of priority from highly critical to least critical.







Recommendation: To address the challenges highlighted in the above-mentioned section, these recommendations are broadly categorized into non-financial and financial interventions.

Non-financial interventions

Capacity building:

- Strengthen current capacity building program (Enterprise Development Training Program) to build the technical and operational skill set of the enterprises.
- Support enterprises through strategic mentorship, networking opportunities and other business related challenges through an 'Incubation Centre'
- Establish city level enterprise development center in partnership with private professional training agencies/institutions to delivery trainings and certificates to this enterprises in a PPP mode.
- Establish a 'Single Window' at CLC level to provide information related to government schemes, programs, banks, training etc.
- Streamline duplicity of roles between supporting agencies
- Leveraging experience of the 'Champions'

Market linkages:

- Strengthen City Livelihood Centers (CLC) to provide information and quality services for enhancing the market footprint for the enterprises.
- Catalyze Public- Private Partnership to enhance market based activities for enterprises
- Establish channels for market linkages (forward and backward)

Financial interventions

- Provide access to finance for missing middle
- Provide subsidized interest rates to the enterprises through the government programs
- De-risking the financial institutions lending to women-owned enterprises is important to encourage future lending to this segment
- Explore alternate credit assessment frameworks for the enterprises
- Leverage existing local agency/community based organization to generate leads for FIs





1 Introduction

1.1. Background

Urbanization is one of the most prominent phenomena that the world is going through. Cities being the centers of change and progress, facilitating better health, educational and employment opportunities have attracted populations from the adjacent rural areas in search of a better life. In alignment with global trends, India is also witnessing an immensely upward urbanization trend. Data suggests that as of 2020, about 34.85% (481 million) of the Indian population is living in urban areas and it is further expected to grow up to 814 million by 2050².

Urbanization and economic development are closely linked issues. Around 35% of the urban population currently lives in slums³, characterized by residential, social, and occupational vulnerabilities. The government of India has been implementing several urban poverty alleviation programs to address these challenges. On September 2013, the Ministry of Housing and Urban Affairs (MoHUA), Government of India, launched Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) replacing the existing Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The NULM mission focuses on organizing urban poor in strong grassroots level institutions of Self Help Groups (SHGs), creating opportunities for skill development leading to market-based employment, and helping them to set up self-employment ventures by ensuring easy access to credit. It also aimed at providing shelter equipped with essential services to the urban homeless and addressing the livelihood concerns of the urban street vendors.

The SHGs model has proved to be a very successful instrument of economic development, women empowerment, and social change in India. DAY-NULM envisages universal social mobilization of urban poor into SHGs and their federations. The emphasis has been to bring in at least one member from each urban poor household, preferably a woman, into the SHG fold. These groups serve as a support system for the poor, to meet their financial and social needs.

1.2. Need for study

As one of the key sub-component of NULM, the Self-Employment Programme (SEP) focuses on financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/micro-enterprises, suited to their skills, training, aptitude, and local conditions. Since inception of National Urban Livelihood Mission (NULM), more than 6.5 lakh SHGs have been formed, of which nearly 3.75 lakh SHGs are actively engaged in various micro enterprise activities. While of some these enterprises have performed well, many others find it difficult to sustain and continue their operations successfully.

Hence it's critical to study and understand the different determinants that enable and inhibit the performance of enterprises under NULM. Since, there has been limited relevant research focused on the performance of SHG enterprises under NULM, Urban Management Centre (UMC) in collaboration with Intellecap Advisory Services Private Limited undertook a study to understand the various determinants that promote or inhibit SHG's as enterprises in urban India.

1.3. Study objectives

The key objectives of the study were to:

- a) Study the socio-economic profile of different SHGs enterprises
- b) Identify the various determinants for the success and failure of enterprises formed under NULM
- c) Document the best practices for setting up the micro-enterprise

³ Population living in slums (% of urban population) - India | Data World Bank

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² Decoding Urban Climate Change and Resilience, the policy way, TERI





- d) Understand the SHGs access to the credit from different formal/informal sources of finance
- e) Assess the extent to which alternative formal channels (other than the Banks) such as NBFCs, MFIs, BCs and SHGs, Fintech, etc. are meeting the credit requirements of micro-enterprises and the possibility of enhancing their role
- f) Devise the strategy to replicate effectively for empowering and motivating the SHG to venture into various viable/ successful micro-enterprises in India
- g) Document the various successful SHG models across sectors specifically in the cities studied and also in urban areas across India

1.4. Scope of study

The study was conducted in four states of India selected from the South, North, West, and East region of the country. In each of these four regions one representative state was identified, for the South region Telangana, Northern Uttar Pradesh, Western Maharashtra, and Odisha from the Eastern region was selected. In each of these selected states, further two cities each were identified except for Maharashtra, where only one city was selected considering the severity of COVID situation. The selection of state and representative cities are done based on parameters like ongoing activities of NULM, number of SHG registered, number of SHG enterprises, availability of data, and support from ecosystem stakeholders.

In terms of scope, overall program, and stakeholders, the study was majorly focused on Self-Employment Programme (SEP) and sought inputs from SHGs under NULM; Resource Organization appointed by the government; NGO/CBO supporting SHGs; Financial Institutes like banks, MFI, etc. and government representatives from City Mission Management Unit, State Mission Management Unit, City Livelihood Center, etc.

1.5. Approach and methodology adopted

Approach for the Study

We adopted a 5 step approach to undertake this study. Following is the detailed study design capturing the process of primary, secondary data collection, analysis, interpretation, and preparation of the study report.



Figure 1: Approach for the study

Methodology

The section below describes the methodology for tasks undertaken to complete the study.

Secondary research – We undertook a preliminary discussion with UMC to identify and align the approach and critical parameters to be focused on. Based on identified priorities the mission guidelines for National Urban Livelihoods Mission (NULM) and, Self-Employment Programme (SEP) were reviewed. Apart from this, various programs, policies, and studies undertaken focused on SHG enterprises both at the national and state level were also identified.

Based on this preliminary discussion and secondary research key stakeholders including SHGs to be covered as part of this study were also identified. As a part of secondary research, we studied various other projects implemented in the domain of urban SHG enterprises and assessed key challenges and





outcomes. Following are broad categories of documents that were reviewed under secondary research:

- National-level policies related to women/ SHG enterprises
- Mission document for DAY-NULM
- Operational guidelines for Self-Employment Programme (SEP)
- State-level initiative related to women/ SHG enterprises
- Guidelines related to SHG bank linkages program
- SHG and SHG entrepreneurship studies
- Successful SHG enterprise case studies documented by various ecosystem stakeholders

Based on insights from secondary research survey tools and analysis frameworks were further developed.

Development of study tool- To facilitate a structured discussion with SHG enterprises and key ecosystem stakeholders, survey tools like an In-depth Interview Guide, Focus Group Discussion Guides, Key Informant Interview Guides were designed. These guides were designed to develop an understanding of the determinants that enable and inhibit SHG entrepreneurship in urban areas. Following is a snapshot of survey tools developed for the study. The detailed tools are attached in the annexure.

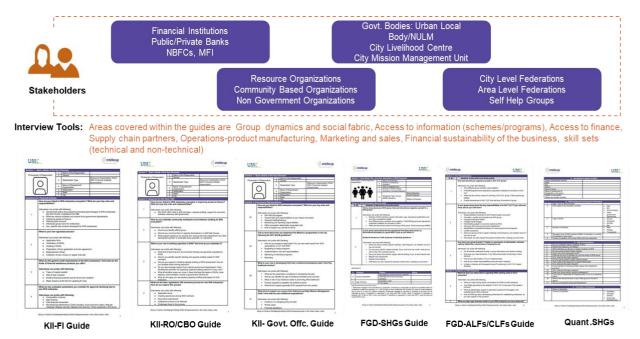


Figure 2: Snapshot of study tools

The survey tools developed for SHG enterprises including IDI, KII and FGDs captures insights on the area of SHG formation, group practices, enterprise formation, capacity building, access to finance, enterprise operation, marketing, sales, enterprise scale up plan, and critical parameters for SHG enterprise operations. KII developed for financial institutes primarily focuses on SHG bank linkages, loan appraisal process, key evaluation parameters for loan applications, various financial products available etc. Similarly the survey tools developed for other ecosystem stakeholders like ALF, CLF or government officials capture insights around their role in enabling SHG enterprise ecosystem, support provided by them, key challenges and critical parameters for growth of SHG enterprises.

Primary Research— The key respondents for the survey included SHG entrepreneurs; representatives from Area Level Federations (ALF), City Level Federations (CLF); representatives from government offices of City Mission Management Unit (CMMU), State Mission Management Unit





(SMMU), Urban Local Bodies (ULB); Resource organization, NGO/ Community Based Organizations (CBO), City Livelihood Centers (CLC); and Financial Institutes including banks, MFI, etc.

Data Analysis and preparation of report – The quantitative and qualitative data collected through the primary survey was carefully scrutinized and analyzed separately. Key insights were developed through triangulation of the secondary research and qualitative and quantitative data collected through primary research. Findings from the study were collated into a final report supplemented with select case studies of best practices.

1.6. Limitations of the study

The Major limitations of the study are as follows:

- The objective of the study was to understand the NULM SHG enterprise ecosystem; however, the report has been prepared based on the primary data collected from 7 representative cities of 4 states and available secondary data. Hence these findings might not be a true representation of the national scenario.
- The pandemic of COVID-19 has impacted the operation and revenue of SHG enterprises due to which many enterprises have either closed their business or started working on new business ideas. Hence the data collected for this study might be skewed toward current operations and might not represent a true picture of their past performance.
- The restricted movement due to COVID-19 and shift in priorities of government and other stakeholders have impacted the overall data collection process.

1.7. About the Report

The report is broadly structured in 2 sections and multiple sub-chapters. Section A consists of key findings around parameters like SHG demographics, best practices, capacity building, access to finance, enterprises operation, marketing and sales, support from ecosystem stakeholders, and plans for scale-up, etc. It also provides a comparative analysis among various domains of SHG enterprises operating across various states. The insights of these sections are majorly derived based on primary interviews conducted with SHGs and other ecosystem stakeholders such as financial institutes, community-based organizations, NGOs, government representatives, etc.

Section B of this report captures case studies of successful SHG enterprises across India, highlighting their best practices across the enterprise value chain. The insights for this section are majorly derived from primary key informant interviews conducted with selected SHG enterprises and secondary research.





2 Women Entrepreneurship Development initiatives in India

2.1. Self-Help Group (SHG)

Self-Help Groups are generally self-governed, peer-controlled, and informal community-based groups of 10 to 20 members from vulnerable and marginalized communities. The members are mostly women from similar socio-economic backgrounds voluntarily coming together from an SHG. The SHGs are normally formed by NGOs, CBOs, Network of Community-based Coordinators, or a team of dedicated functionaries of the government. A particular emphasis is laid on the mobilization of vulnerable sections in SHGs such as SCs, STs, minorities, female-headed households, persons with disabilities, the destitute, migrant laborers, and vulnerable occupational groups such as street vendors, rag pickers, domestic workers, beggars, construction workers, etc.

The SHGs have well-defined rules and by-laws; follow Panchsutra principles of SHG operation i.e. regular meetings, regular savings, internal lending, regular repayment, and bookkeeping. The primary objective of federating women into SHGs is to provide economic opportunities, improve their socio-economic status, and improve their entrepreneurial ambitions through regular and small savings. In the long-term, it supports the poor in building up their human, social, financial, and other assets.

2.2. **Development of SHGs under DAY-NULM**

The self-help group movement in India began in the 1980s when several NGOs mobilized and organized poor rural communities in institutions to provide formal channels for social and financial support. This mobilization of poor households to form their institutions has proven to be an effective and sustainable approach for poverty reduction programs.

Deendayal Antyodaya Yojana-National Urban Livelihoods Mission⁴

The Ministry of Housing and Urban Affairs through its Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) using this institutional approach to reduce poverty and vulnerability of urban poor households on a sustainable basis. As of now 5, 57,687 self-help groups have been formed under the DAY-NULM program⁵. The DAY-NULM program has the following four key components of Social Mobilisation And Institution Development (SM&ID), Capacity Building and Training (CB&T), Employment through Skills Training and Placement (EST&P) and Self-Employment Programme (SEP). The component SEP specifically focuses on financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/microenterprises, suited to their skills, training, aptitude, and local conditions. Local skill and craft are particularly promoted under this component. As of March 2020, nearly 5.26 lakh beneficiaries have been assisted in setting up Individual/ Group enterprises with a total loan sanction of INR 4417.86 crore6.

Sub-components of Self-Employment Programme (SEP)

Selection of beneficiary: The Community Organisers (COs) and professionals from the ULB, ALFs identify the prospective beneficiaries from among the urban poor community.

Educational Qualifications and Training Requirement: No minimum educational qualification is required for prospective beneficiaries under this component. ULB also organizes skill training and conducts Entrepreneurship Development Programme (EDP) for individual and group entrepreneurs.

Financial Assistance: The financial assistance available to urban poor in setting up individual and group enterprises in the form of Interest subsidies on the bank loans. Interest subsidy, over and

⁴ National Urban Livelihood Mission

⁵ DAY- NULM fortnightly newsletter ISSUE VII & VIII (Progress till July 15, 2021)

⁶ SEP Quarterly E-Bulletin Volume 1 April 2020





above 7% rate of interest is available on a bank loan for setting up of individual or group enterprises. 3 percent interest subvention is also available to women SHGs who repay their loan in time.

Individual Enterprises (SEP-I)-Loan & Subsidy: An urban poor individual beneficiary desirous of setting up an individual microenterprise for self-employment can avail the benefit of a subsidized loan. The Maximum unit Project Cost for individual micro-enterprises cases is INR 200,000 (INR Two Lakhs). These are collateral-free loans with a repayment schedule that ranges from 5 to 7 Years after an initial moratorium of 6-18 months as per norms of the banks.

Group Enterprises (SEP-G) -Loan & Subsidy: SHGs of urban poor desirous of setting up a group enterprise for self-employment can avail the benefit of subsidized loans. The group enterprise should have a minimum of 3 members with a minimum of 70% members from urban poor families. The Maximum unit Project Cost for a group enterprise is INR 10, 00,000. These are collateral-free loans with repayment schedules ranging from 5 to 7 Years after an initial moratorium of 6-18 months as per norms of the banks.

2.3. Government programs supporting women entrepreneurship

While DAY- NULM is one of the government initiative aimed at women empowerment in urban India, there are several other national and state-level programs focused on promoting women entrepreneurship following are a few of these programs:

- National Rural Livelihood Mission (NRLM)7: This program aims to alleviate rural poverty and create sustainable livelihood opportunities for the rural poor through women's SHGs. One of the pillars of the livelihoods promotion strategy of NRLM is nurturing self-employment and women entrepreneurship.
- **Udyam Sakhi Portal for Women Entrepreneurs**8: An initiative of Ministry of Micro, Small and Medium Enterprises (MSME), launched on the eve of International Women's day 2018, for nurturing social entrepreneurship creating a business model, revolving around low-cost products and services. It caters to the need of around 8 million Indian women and others to start, build and grow businesses and provide assistance for preparing business plans, incubation facility, training programs, providing mentor, market survey facility, etc.
- **Stand up India Scheme**⁹: As part of MSME Policy, the Program was launched on 5th April 2016 for facilitating credit to women entrepreneurs with an objective of providing loans ranging from INR.1 lakhs to INR.1 Crore to at least one woman entrepreneur by one Bank each.
- **Micro & Small Enterprises Cluster Development Programme**¹⁰: The Ministry of Micro, Small and Medium Enterprises, Government of India (GOI) has adopted the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country.
- **Mudra Yojana**¹¹: This scheme has been launched by the GoI for individual women wanting to start small new enterprises and businesses like beauty parlous, tailoring units, tuition centers, etc. as well as groups of women wanting to start a venture together. The loan doesn't require any collateral security and can be availed for an amount upto 50,000 to 10 Lakhs.

⁷ Deendayal Antodaya Yogana - NRLM

⁸ Udyam Sakhi

⁹ Startup Mitra

¹⁰ Micro & Small Enterprises- CDP

¹¹ Mudra Yojana





- Schemes by financial institutes: A large number of banks have schemes to support entrepreneurship among women by providing certain concessions in the rate of interest, collateral security, etc. few examples of such schemes are a) Shri Shakti Package for Women Entrepreneurs by State Bank of India, b) Mahila Udyam Nidhi Scheme offered by Punjab National Bank and SIDBI.
- Women Entrepreneurship Platform (WEP) by NITI Aayog¹²: WEP is a first of its kind, unified access portal which brings together women from different parts of India to build a nurturing ecosystem that enables them to realize their entrepreneurial aspirations. WEP achieves this by facilitating relevant information and services through key partnerships in the areas of community and networking, funding and financial assistance, incubation and acceleration, compliance and tax assistance, entrepreneur skilling and mentorship, and marketing assistance.

Following are a few state-level initiatives to support women enterprises:

- **Kudumbashree**¹³ **by the government of Kerala**: It is a poverty eradication and women empowerment program implemented by the State Poverty Eradication Mission (SPEM) of the Government of Kerala. It has a mission to eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating the organization of poor by combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty holistically. Through this program, government aims to improve the standard of living of poor women in states by setting up micro-credit and productive enterprises.
- **Mission Shakti**¹⁴ **by the government of Odisha:** Mission Shakti is the self-help mission for empowering women through the promotion of Women Self Help Groups (WSHGs) to take up various socio-economic activities. It has the clear objective of empowering women through gainful activities by providing credit and market linkage. As of now, around 70 lakh women have been organized into 6 lakh groups in all blocks and urban local bodies of the State.
- **WE Hub**¹⁵ **by the government of Telangana:** WE HUB is the first-of-its-kind, State-run platform for Women Entrepreneurs to start, scale and achieve global market access. Formally launched on 8-Mar-2018, WE Hub provides services like seed funding, mentoring, virtual programs (in case women can't travel), business guidance, Government liaison that help women establish their own enterprise.
- Women Entrepreneurship Cell¹⁶: In January 2021, Maharashtra State Innovation Society set up a Women Entrepreneurship Cell (WEC) with a clear one-point focus of planning and undertaking initiatives for spurring women entrepreneurship in the state of Maharashtra. WEC works in collaboration with the public as well as private sector organizations and brings them on a single platform by listing their existing women-focused entrepreneurship schemes, initiatives, and programs.

¹² Women Entrepreneurship platform

¹³ Kudumbashree

¹⁴ Mission Shakti- GoO

¹⁵ WE Hub- GoT

¹⁶ Women Entrepreneurship Cell





2.4. Women enterprises and key challenges

India has more women-owned enterprises than many other countries, with an estimated 13.5 million to 15.7 million MSMEs and agribusinesses, as per published sources¹⁷. There have been several studies conducted in past that highlight the challenges faced by women enterprises in various geographies. Following are a few broad challenges identified through a secondary survey of the existing literature:

- Access to finance: Access to finance is often been cited as the main constraint to the growth of female-owned enterprises. One of the recent studies conducted by Intellecap with grant support from IDRC found that women-owned enterprises in developing countries like India face barriers due to lack of credit history, traditional credit assessment by financial institutes along gender bias by lenders¹⁸.
- Limited access to business and technical skills: A recent study conducted by Google along with Bain and Company has observed that despite an increasingly educated population, limited access to relevant business and technical skills is a major impediment in scaling and tapping the necessary resources for women enterprises across India¹⁹.
- **Social support**: Women entrepreneur generally finds it difficult to obtain social permission to work because of cultural practices, social beliefs, and safety concerns. Women entrepreneurs also find it difficult to balance enterprise-related work with their other roles of caregiver or household management. In such scenario support from immediate family and community members become critical²⁰.
- **Group dynamics**: A group dynamics and collective performance study of SHGs under microcredit mechanism in Karnataka has highlighted that group characteristics such as group formation criteria, participation, decision-making, face-to-face communication, group homogeneity, conflict management, and empathy have been found to play an important role in indicating the effectiveness that brings about group cohesion and better performance of SHGs²¹.
- Market access: As a part of Intellecap's ongoing study on women collectives in India, we have observed that women enterprises find it difficult to identify and connect with buyers in the key markets; hence remain dependent on local traders, affecting their profitability. Also, women enterprises face challenges in branding and marketing of their products as they do not have the required third-party support for promotions²².
- Information and access to government policies: Although there are multiple national and state-level programs available supporting women's enterprises, the low awareness regarding these programs has been a challenge. A similar challenge has also been observed in women's enterprise's access to finance and enterprise registrations. Recognizing this, organization like Haqdarshak has developed platforms for MSME-focused government focused government welfare schemes, covering registrations, documentation, and application for financing.
- **Enterprise operation:** Effective management of enterprise operations including procurement of raw materials, use of machinery, repair and maintenance, etc. However, it

¹⁸ An assessment of women own enterprises in developing countries: Intellecap 2020

¹⁷ Powering the economy with her

¹⁹ Powering the economy with her: women entrepreneurship in India by Bain and Company: 2019

²⁰ Women entrepreneurs in India: What is holding them back? |ORF 2019

²¹ Group Dynamics and Collective Performance of Self-help Groups under Different Microcredit Delivery Models in Karnataka: 2015

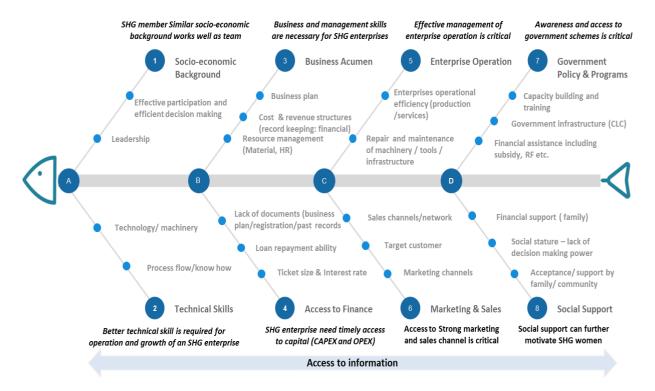
²² Women collectives: Learning Grant on Women Enterprises in India: Intellecap 2021





has been observed that lack of knowledge of the availability of the raw materials and low-level negotiation and bargaining skills are the factors, which affect women entrepreneurs' business adventures in India. Also, women enterprises face challenges in the use of new technology along with operation and maintenance²³.

Based on our review of various literature and preliminary discussion with key ecosystem stakeholders, we have identified the critical parameters in journey SHG to enterprises. Following is our broad analysis framework which we used to further probe into determinants that promote or inhibit SHG's as enterprises:



This analysis framework captures the journey of SHG to enterprises and analyzes information around key parameters like Socio-economic background of SHG members, technical and non-technical skill of SHGs, access to finance, business operation, forward and backward market linkages, and support from other ecosystem stakeholders like government and community.

²³Issues and challenges for women entrepreneurs: Afshar Jahanshahi, Asghar & Pitamber, B.K. & Nawaser, Khaled





3 Result and Discussions

3.1. Demographics of SHGs

As a part of this study, we conducted in-depth interviews with 204 SHGs across the 4 states i.e. Maharashtra, Telangana, Odisha, and Uttar Pradesh. Considering existing numbers of SHGs, enterprises, and restrictions due to COVID-19, we collected data from the following cities:

State	City	Number of SHGs Studied
Maharashtra	Nagpur	34
Odisha	Bhubaneswar	38
Odisna	Dhenkanal	22
Telangana	Warangal	55
Telaligalia	Hyderabad	19
Uttar Pradesh	Kanpur	22
Ottai Pradesii	Varanasi	14

Table 1: SHGs studied across states

96% of SHG studied belonged to all women SHG group, whereas 3 % of the groups belonged to all men SHG and 1% to mix SHG group category. The average age of SHG studied was approximately 7.12 years, with a range of 1.98 to 12.6 years across states. It has been observed that Telangana had the highest average age of SHGs i.e. 12. 6 years. Maximum 44% of SHGs reported part-time employment as a current occupation for the majority of SHG members, whereas 30% of SHGs reported self-employment as an occupation for the majority of SHG members.

On average each group has 10 SHG members, irrespective of their gender and SHG category. Out of the 204 SHG studied, 71% reported having members with educational qualification up to class 10 or below. 69% of groups reported receiving support from RO/ NGO/CBO (Government program) to form SHG while the remaining 31% have formed SHGs on their own.

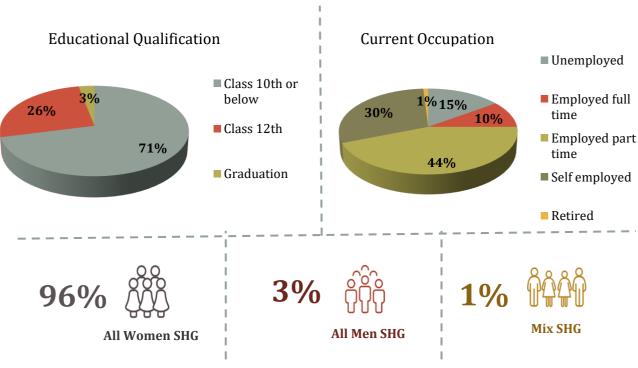


Figure 3: Demographics of SHGs





Table 2: State-wise SHG demographics

Parameter	Maharashtra	Telangana	Telangana Odisha	
Number of SHG studied	34	74	60	36
% of group belong to all women group	100%	95%	97%	97%
Vintage of SHG studied	4.15 Years	12.6 Years	5 years	1.98 years
Average number of members per SHG	10	10	10	10
Educational qualification for majority of SHG members	59% up to class 12	70% up to class 10 or below	80% up to class 10 or below	75% up to class 10 or below
Occupation for the majority of SHG members	44% self- employment	57% Self- employment	75% part-time employment	77% part-time employment
% of SHG reported receiving support from RO/ NGO/CBO to form group	97%	27%	97%	94%

It has been observed that vintage for SHGs from Uttar Pradesh is low (upto 2 years) as compared to states like Telangana (12.6 years). The high vintage and low support vailed from RO/ NGO in Telangana can be attributed to SHG formed under various state level initiatives. The state level program like Mission for Elimination of Poverty in Municipal Areas (MEPMA)²⁴ (launched in 2007) focus on formation of SHG and SHG enterprises. Also, the variation in educational qualification across the states was observed in alignment with state wise literacy rates observed in NSO 2017 survey²⁵.

3.2. Best practices followed by SHG

The SHGs reviewed, are well aware of the Panchsutra principles of SHG operations and practice regular meetings, regular savings, internal lending, regular repayment, and bookkeeping. Following is a summary of practices followed SHGs:

• **Regular Meetings:** Majority of the SHGs reported conducting regular meetings, mostly on the frequency of monthly basis with majority of the members' participation. Among the SHG studied across states, groups from Uttar Pradesh has shown the low rate of monthly meetings, this can be potentially attributed to low vintage of the SHGs. In most cases these SHGs are formed for less than 2 years. Although most of the SHGs from Uttar Pradesh engage in group meetings, few also reported conducting meetings as per the requirement of group members.

Observed best practice: SHG conducts regular group meetings in fix intervals mostly monthly basis with participation from majority of SHG members. The SHG members also actively take part in group discussions.

• **Regular Savings**: Majority of the SHGs visited reported practicing regular savings on monthly basis. The regular saving amount of SHGs generally varies in the range of INR 100 to

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²⁴ TMEPMA::Telangana State Mission for Elimination of Poverty in Municipal Areas (cgg.gov.in)

²⁵ Household Social Consumption on Education in India: NSO (2018)





200 per individual per month. The average monthly saving per member reported was around INR 132 per month. The money was generally collected in monthly meetings with the president or secretary of the group. SHGs mostly use the saved money either for internal lending or investing in livelihood generation activities. More than half of the SHGs reported using saved money for internal lending while the remaining reported using the money for some livelihood generation activities.

Observed best practice: SHG members save a certain amount of money on monthly basis. This money is collected during the group meetings and is used either internal lending or some livelihood generation activity.

• **Internal Lending**: Most of the SHG reported performing internal lending within the group. While close to half of the SHGs surveyed reported performing internal lending on monthly basis, while the rest reported that there is no fixed schedule for internal lending and it is performed as and when required. Around one fourth of SHGs of Odisha reported using group saving for livelihood generation activity as majority of its saving is used for internal lending purposes. The average interest rate for internal lending was varying in the range of 2 to 12%. While the states like Maharashtra, Odisha, and Uttar Pradesh reported having an average interest rate of 2%, Telangana reported an average interest rate of 12%. This skewed the average interest rate for overall sample data to 5.4%.

Observed best practice: SHG used the group saving to lend a certain portion of money to its group members. These loans are provided on a fix pre-decided interest rate (i.e. very low as compared to other informal sources.) The internal lending is performed as per the requirement by different group members.

• **Timely repayment**: Majority of SHGs reported performing regular loan repayment on predefined timelines.

Observed best practice: SHGs members repay the loans availed as per predefined timelines, along with the interest rate applied. The status of loan repayments was also collected and discussed during group meetings.

• **Regular Bookkeeping**: Most of SHG studied, reported performing regular bookkeeping. The SHG reported maintaining books like Attendance cum minute's book, Saving register, Loan ledger, and Bank passbook. More than half of SHGs studied also reported the president of SHG is responsible for regular bookkeeping. It has been observed that SHGs in Maharashtra also follow a practice of rotational responsibilities among group members for bookkeeping. This practice helps SHGs in enhancing active participation of group members and builds their capacity for bookkeeping. Due to this Maharashtra has reported the lowest percentage of presidents responsible for bookkeeping.

Observed best practice: SHGs president or secretary maintains the books for group meeting, saving register, loan ledger and bank passbooks.

Close to half of the SHG reported receiving a revolving fund (RF) from the government. The percentage of SHG receiving revolving funds varies a lot across the states, where a state like Maharashtra has a very high percentage of SHG receiving RF and states like Telangana reported less beneficiaries of RF. The low percentage of SHGs of Telangana receiving RF could be because many of these SHGs were formed under other state level initiatives like MEPMA. On average the SHG reported receiving INR 10,000 to 12,000 as a revolving fund. Among close to half of these groups reported investing revolving fund money in livelihood generation activities.





3.3. Profile of SHG Enterprises

Out of 204 SHGs studied across 4 states, 196 SHGs had been involved in livelihood generation/enterprise-related activities. Currently, 178 SHGs are operating SHG enterprises across various domains, whereas the remaining 18 groups had recently closed their enterprise operations. To get a better perspective, we have collected enterprise-level information both from currently closed and operational SHG enterprises. The analysis and key findings in below section is based on primary data collected from 196 SHG enterprises that in past or currently has been involved in enterprise related activities.

Among these SHG enterprises, close to 36% of enterprises are operating in a manufacturing business, followed by 28% in the service industry, 26% in trading/sales, and the remaining 10% in the processing industry. However, only 25% of overall SHG enterprises are registered under some legal provision. Telangana reported the highest numbers of registered SHG enterprises, and a majority of these enterprises were registered as proprietorship businesses. It was observed in Telangana that most of the businesses/enterprises were run by individuals and not as a group. The individual enterprises included businesses like as retail shops, canteens etc. As part of this study, around 67% of legally registered SHG enterprises reported to avail bank loans as compared to 51% of SHG enterprises that are not registered under any legal provision. Also secondary research shows that legal registrations under MSME provision can benefit enterprises with access to collateral free loans, overdraft interest rate exemption, and access to industrial promotion subsidies provided by government of India.

The age of enterprises i.e. number of years SHGs involves in livelihood generation activity reported in the range of 1.2 to 7.9 years. The average age of enterprises was observed as 5 years (i.e. 60 months)

The various livelihood activities undertaken by SHGs can be classified into the following broad categories:

- Apparels and Textiles: SHGs involved in the design and tailoring dress material business. Few of these groups are also involved in embroidery-related work and started making face masks during the COVID-19 pandemic.
- Retail Shops: Many of SHGs has established local retail shops of groceries, or general stores to sell daily needs things for other women in the community.
- Handicrafts: These SHGs are involved in making crafts, decorative items, toys, clay pots, etc. Few of these groups have also reported using discarded materials like wood and paper to make attractive decorative items for homes and gardens.
- Food Product Manufacturing: These are SHGs involved in making and sales of food items like Papad, Badi, Pickles, and spices.
- Domestic workers: These SHGs are reported to provide services like cooking, laundry, dishwashing, etc. at different households or hotels²⁶.
- Beauty & Wellness: SHGs are involved in providing a variety of cosmetic treatments for women and have established beauty parlors for the same.

²⁶ Under the domestic workers categories, it was also recorded that while some of them are provide individual

support at household level, few work as group in providing cooking/catering and cleaning support at institutional level





- Handloom: SHGs involved in weaving clothes without the use of any electricity, products like saree, stole, or other woolen items.
- WASH (Water, Sanitation and hygiene) business: SHGs involved in operating water cleaning
 plants, sales of WASH-related products, operation and maintenance of sanitation systems
 (such as treatment plants, public toilets), and undertaking solid waste management in
 community.
- Food Stalls/ Food Services at Aahar Kendra: These SHGs are either involved in operating food stalls like chaat or tea center or either working at Aahar Kendra cooking and serving food
- Household Product Manufacturing: SHGs involved in manufacturing daily household products like Phenyl, Incense Sticks.
- Other: Few SHGs had also been engaged in activities like making organic compost, making kites and packaging, and selling decorative lightings

It was observed that many enterprises in Uttar Pradesh operating in areas of product development like Handicraft, Apparel and Textile sector. Whereas the ones in Maharashtra were involved across developing products as well as providing services like water distribution service (Water ATM) or running a canteen. The various activities undertaken by SHGs can be classified under the following domain of operations.



Figure 4: Domains of SHG enterprises

The table below briefly summarizes the activities undertaken under each of these domains and the proportion of SHGs operating enterprises under it.

Table 3: State wise bifurcation for domains of SHG enterprises

Domain of Operation	Maharashtra	Odisha	Telangana	Uttar Pradesh
Apparels and Textiles	6	8	25	7
Handicrafts	7	6	7	13
Retail Shop	3	9	20	1





Domain of Operation	Maharashtra	Odisha	Telangana	Uttar Pradesh
Food Product Manufacturing	5	12	7	1
Domestic Workers	3		8	7
Household Product Manufacturing		9		1
WASH business	5	2	1	
Food Stalls	1	1	4	
Beauty & Wellness	2	1	1	1
Handloom		1		2
Other	2	3	1	3
Overall	34	52	74	36

Table 4: State-wise profile of SHG enterprises

Parameter	Maharashtra	Telangana	Odisha	Uttar Pradesh
Total number of SHG enterprises studied	34	74	52	36
Major type of enterprise	Manufacturing Trading/Sales Manufacturing and Service and Service		Manufacturing and Service	Manufacturing
Major domains of operations	Handicrafts, Apparels and Textiles, and Food Product Manufacturing	Apparels and Textiles, and Retail Shops	Food Product Manufacturing, Retail Shop, Household Product Manufacturing	Handicrafts, Apparels and Textiles
Vintage of SHG enterprises	4.6 years	7.9 years	3.9 years	1.2 years

3.4. Capacity building and training

Capacity building and training is a key sub-component of the NULM SEP program. Out of 196 SHG enterprises studied 58% of SHGs have reported receiving training support at the time of group formation. The groups had majorly received training in the area of SHG operations i.e. group functioning, regular saving, bookkeeping, bank linkages, and livelihood generation activities. These are generally 1-2 days of training provided to individual groups at their locality. The average duration of SHG training at the time of group formation was reported as 1.7 days. Almost 80% of SHGs receiving this training as group were able to incorporate the learnings of programs in day-to-day functioning and enterprise-related activities.





SHGs are aware that to operate an enterprise they need to have technical skills along with, business management, marketing, and sales. Out of 196 enterprises, 82% enterprises reported that technical skills like machine operation, repair and maintenance, and knowledge of process flow are required to operate an enterprise. This percentage is as high as 96% in the SHGs operating a manufacturing business. Apart from this 96% of SHGs also reported that business management skills like business modeling, financial and resource modeling are critical for enterprise operations. 95% of SHGs also reported that marketing and sales skills are necessary for enterprise operations. Although a large number of SHGs are aware of the necessary skills for enterprise operation, only 51% of enterprises feel that their group members have the necessary skills. The SHGs also highlighted that most of current training program focus on general SHG operation and administration related modules and needs to focus on enhancing technical and non-technical aspects.



Figure 5: Key skills for the operation of SHG enterprises

Around 16% of SHGs have reported receiving a formal training in the area of technical skills; only 8 to 9% of SHGs have reported receiving formal training in the area of business management, marketing and sales domain. The SHG enterprises that had received formal training on the abovementioned areas have received it either through, ULB, RO, or CMMU.

Capacity building support provided to enterprises has helped them run successful operations and reach scale. In states like Uttar Pradesh, Maharashtra DUDA, NMC, and respective CMMU have organized and imparted trainings to the enterprises in choosing the business and operating the same. These trainings ranged from machine operations process, like in the case of Anusaya (Nagpur) operating the Water Purification System and dispensing machine or providing professional skilling from Mumbai Bamboo Training Centers for making wood handicraft (bamboo) to Jay Sewa Mahile Group (Nagpur).

The following table captures the number of SHGs that in the future would like to avail or receive the capacity building training in the following areas:

Type of Training s	upport required	Maharashtra	Odisha	Telangana	Uttar Pradesh
	Machine operating	46%	35%	1%	17%
Technical Training	Repair and maintenance	45%	12%	1%	42%
	Process flow	28%	40%	2%	30%
	Financial planning	46%	39%	0%	16%
Management / Business Training	Resource management	48%	19%	1%	32%
	Business modelling	52%	17%	0%	31%

Table 5: Capacity building and training needs of SHG enterprises





	Customer identification	44%	35%	1%	20%
Marketing and Sales	Pricing	63%	0%	0%	37%
	Marketing and supply channel	44%	26%	0%	30%

3.5. Access to finance

Access to finance is one of the most critical parameters for the establishment and functioning of any enterprise. Among the SHG enterprises studied under this survey, 43% of SHGs reported having a separate bank account for enterprise-related work. A majority i.e., 94% of these enterprises have a bank account with a public bank. These bank accounts are generally managed by appointed SHG group members such as the president or the secretary of the group.

Around 54% of SHG enterprises have availed loans from financial institutions like banks, MFI, or cooperative societies. While 75% of SHGs had availed loans to invest in economic generation activities, 25% of groups had availed loans for personal reasons like building a house, marriage, etc. The amount of loans availed varied in the range of INR 50,000 to INR 12, 50,000, the average amount of loan availed by the SHG enterprises is around INR 3, 34,000. The average amount varies in the range of INR 50,000 for states like Uttar Pradesh to INR 4, 50,000 for a state like Telangana. Similarly, the average interest rate for loans was observed to be in the range of 0% to 14%, with weighted average of 7.04% for overall sample. The states like Odisha reported an average interest rate of 4.27% while Telangana reported an average of 8.29%. Around 97% of SHG enterprises had also reported that groups have been able to repay bank loans on time. In addition to the lowest interest rates reported in Odisha, it was observed that most of the enterprises from Dhenkanal (Odisha) had availed loans at 1 or 0% interest rate. This could be attributed to the implementation of the State-level scheme 'Mission Shakti'. 'Mission Shakti' is a Government of Odisha-led initiative to empower women SHGs to take up various socio-economic activities. The Government of Odisha introduced the interest subventions scheme that provides SHGs with an annual interest of 2% for loans up to INR 3 lakh for livelihood activities, which was later revised 1% in 2015 and 0% in 2019.

Enterprises like Brahmeshwar group (Odisha) which is into making badi, papad and Sachi Mahila group (Nagpur) running food canteen have availed loan to expand the business (working capital) from Banks like Bank of Baroda, Bank of India, HDFC and other government program like Pradhan Mantri Mudra scheme. While some of them have availed loan from banks few have also accessed to finance through MFIs.

State	% of SHGs availed bank loan	Mini loan amount (INR)	Max loan amount (INR)	Average loan amount (INR)	Min. interest rates (%)	Max interest rates (%)	Average interest rates (%)
Maharashtra	53%	50,000	480000	155333	1	13	7.89
Odisha	64%	50,000	750000	243448	0	12	4.28
Telangana	73%	50,000	1250000	453148	3	14	8.30
Uttar Pradesh	6%	50,000	50000	50000	4	7	5.50





State	% of SHGs availed bank loan	Mini loan amount (INR)	Max loan amount (INR)	Average loan amount (INR)	Min. interest rates (%)	Max interest rates (%)	Average interest rates (%)
Overall	54%	50,000	1250000	334233	0	14	7.04

In alignment with the vintage of enterprises Telangana showed the maximum 73% of SHG enterprises availing the bank loans, while Uttar Pradesh showed the lowest 6% of SHG enterprises availing bank loans. Around 40% of SHG enterprises in Uttar Pradesh also reported facing document and process related challenges in availing bank loans.

While 56% of overall SHG enterprises have reported that getting a loan from the bank for SHG enterprise is easy due to enabling government policies and priority sector norms of banks. The remaining 44% of SHG enterprises reported facing challenges in availing bank loans due to upfront cost involved (39%). It was also observed that while it was easy for SHGs to access the first round of finance from the bank, accessing the second round for scale up of enterprise was a major challenge for them. While the rate of interest offered by the public banks are low, however enterprises find it difficult to access the loan as there are very few or no facilitators available to help them. It has been observed during the secondary research that financial institutes generally charge a fee of 1 to 3% on the principal amount for processing MSME related loan applications. 21% of SHG enterprises facing challenges with availing bank loans had highlighted difficulty in preparing loan case/business plan, This can particularly be linked to SHGs limited capacity in business management related domain. Apart from this, 13% reported lack of guarantee and 12% reported lack of documents as major challenge in accessing bank loans. In few cases, it has been observed that SHGs were not aware of the business registration process or don't have basic documents to avail the loans including record for past financial performance. Few relatively new loan cases also faced challenges due impact of COVID-19 on business.

As a part of this study, consultations were also undertaken with key stakeholders from financial institutes including banks and NBFC, MFIs. The majority of these stakeholders are associated with SHGs at 2 levels a) SHG bank linkage program and opening saving bank account for the group (only banks), b) providing individual and group loans to SHG enterprises. Banks and NBFC generally offer a variety of financial products for individual and group enterprises depending on the loan cycle for SHG. While the majority of financing requirement of SHG enterprises is fulfilled by public and private banks, there is still a financing gap that is fulfilled by MFIs with their financial products.

The financial products with most MFI are differentiated based on the SHG loan cycle and current financial exposure of the group. For a first loan cycle, i.e. new customers MFI generally provide loans up to INR 20,000 to 30,000 per individual. For a second loan cycle, MFI provides loans between INR 40,000 to 50,000 and for third cycle loans, most MFI provides loans in the range of INR 80,000 to 1, 00,000. The interest rate for these MFI loans varies from 19 to 26%, adhering to the cap set by RBI. Few MFI like Annapurna Finance have also designed specific products for microenterprise lending. Following is an illustrative process generally adopted by Microfinance Institutions for loan appraisal. The turnaround time for this process is 8 to 15 days.







Figure 6: Loan appraisal process adopted by Microfinance Institutions

Similarly, it has also been observed that government-appointed resource organizations or ULBs identify the beneficiary group and support them in preparing a loan application and business plan for livelihood generation activities. As part of this process ULB identifies and maintains the MIS of potential beneficiaries. These beneficiaries are generally sourced by CO, ULB officials, ALF operational in the area. Post completion of application process for each beneficiary, ULB task force also scrutinizes each application based on experience, skills and proposed business activities. Basis this scrutiny, selected loan applications are recommended to concerned banks that are responsible for further process and disbursal of loan amount. The overall process of loan disbursement through channel of ULB task force takes around 15 days.

The public and private banks offer SHG enterprises loans in the range of INR 2 lakh (for an individual) to INR 10 lakh (for a group) at interest rates in range of 7% to 9%. The difference between 7% p.a. and the rate of interest charged by the bank are provided to banks under DAY-NULM. An additional 3 percent interest subvention is also provided to all women Self Help Groups who repay their loan in time. The banks offer these loans to individual/ group enterprises for capital expenditure in the form of term loan and working capital loans through cash credit.

Following figure describe the overall loan process through channel of ULB task force:





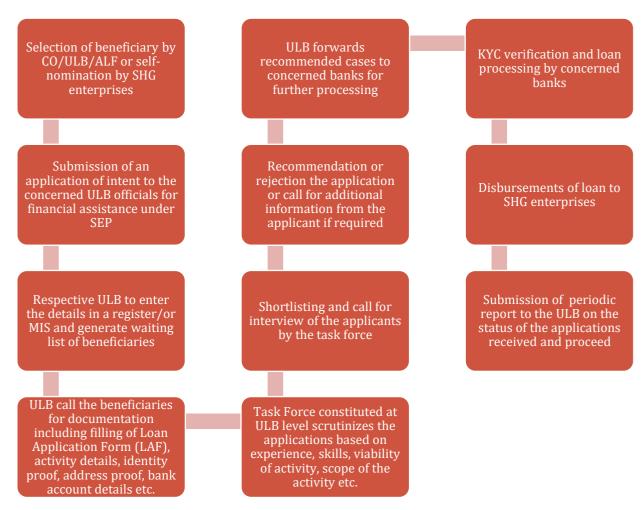


Figure 7: Loan appraisal process under ULB Taskforce channel

While reviewing the loan applications of SHGs, financial institutes consider a variety of parameters including past financial and non-financial performance of SHGs. Following figure captures the list of key parameters considered by FIs to evaluate loan applications for SHG enterprises.



Figure 8: Key criteria's considered to evaluate loan applications





Most of the financial institutes also reported conducting a loan utilization check post the disbursement of loan amount and issuing a credit utilization certificate. These checks are generally performed by local community-level representatives and branch managers. In discussion with FIs we also identified the following key challenges faced by FIs to lend to SHG enterprises:

Limited or no documents availability with SHG enterprise

Lack of business plan and repayment ability of the group

Poor past financial performance or lack of credit history of SHG

Purpose of loan is not aligned with available products with FIs

Figure 9: Key challenges faced by financial institutes

It was also reported by the SHG groups that very few of these enterprises have applied for bank/MFI loans as they are unaware of the process and due to lack of education find the documentation process very cumbersome. Some enterprises from the state of Odisha and Maharashtra reported that they have availed loans from banks such as Bank of Baroda, Bank of Maharashtra, India Overseas Bank, and Vijaya Bank in the range of INR 1 Lakh -1.5 Lakh for buying equipment for expanding business operations. It was also highlighted by the stakeholders that while the first round of loan is easy to access, getting the second round of loan package becomes a challenge for most of the enterprises due to lack of knowledge in preparing the plan and supporting documentation.

3.6. Enterprise operation

Human resources for enterprises:

An overwhelming majority 97% of SHG enterprises are currently working with the SHG members as their employees, the remaining 3% have additional employees hired for enterprises. Most of these employees have basic education up to class 10 or below. The average number of employees working with SHG enterprises varies in the range of 2 to 9 employees per enterprise. The SHG members with primarily interested in livelihood generation activity come together and start functioning as an enterprise, while rest continue being part of SHG and perform regular saving and internal lending practices. The state of Maharashtra, Odisha, and Uttar Pradesh on an average have 8 or more employees working with SHG enterprise, whereas Telangana has reported an average of only 2 employees working with the SHG enterprise. It also indicates that Telangana has more Individual SHG enterprises whereas the rest of the states have more group enterprises. This could be primarily because SHGs of Telangana prefer to engage in individual/ household based enterprises, like tailoring business or retail shops. It has also been observed that majority of SHG enterprises in Telangana, start business operation with support from family members. 100% of enterprises in Telangana reported receiving support from family members to start the SHG enterprises. Around 45% of employees of SHG enterprise are employed on a contractual basis, whereas 31% are employed full-time.

Table 7: Average number	of employees pei	r SHG enterprise	across states

State	Average number of employees per SHG enterprise
Maharashtra	8
Odisha	9
Telangana	2
Uttar Pradesh	8





Asset ownership by SHG enterprises:

Around 60% of SHG enterprises had reported to use assets like land, machinery, and transport equipment in their enterprise operations. 38 % of these enterprises used machinery or equipment for the business, followed by 35% of enterprises owning or renting premises for business. The estimated asset value for majority of SHG enterprises varies in the range of INR 1 to 5 lakh. Almost 87% of all SHG enterprises have reported an estimated asset value of less than INR 3 lakh, whereas 8% have reported asset value between INR 3 to 5 lakh. Only 2% of SHG enterprises have an estimated asset value of more than INR 10 lakh. Only 4% of enterprises reported having insurance coverage for their assets. This could be attributed to low % of legal registration of SHG enterprises and limited insurance products for type of equipment/ machinery used in business operation for example a tailoring machine. The asset ownerships of SHG enterprises across domain also vary based on their business operations. The enterprises engaged in manufacturing activity reported the machinery and premises for business as critical parameters as compared to SHG enterprises working in service or trading activities. Many of SHG enterprises like food product manufacturing, tailoring business reported to use individual homes as their primary space for business operation in case of unavailability of separate space for business. The following table gives a summary of state-wise asset valuation of SHG enterprises.

Estimated asset Above 10 Below 3 lakh 3-5 lakh 5-10 lakh value lakh Maharashtra 88% 9% 3% 0% 94% 4% 2% 0% **Odisha** 80% 4% 3% **Telangana** 13% **Uttar Pradesh** 91% 3% 3% 3% **Overall** 87% 8% 3% 2%

Table 8: SHG bifurcation by estimated asset values

3.7. Marketing and sales

Target customers

Among the SHG enterprises studied, the majority of SHGs have identified their primary customers based on geography, gender, and type of customer individual/ institutes. While more than 97% of enterprises in states like Maharashtra and Uttar Pradesh have an urban population as their primary target customers, more than 63% of enterprises in Odisha and Telangana reported the rural population as their primary target customers. Around 31% of overall enterprises reported business institutions as their primary target customers. Few of the SHG enterprises also target women as their target customers and design their products accordingly.

Marketing channels

To reach target customers, SHG enterprises have adopted multiple marketing channels including door-to-door marketing, digital media marketing, print media marketing, and word of mouth. Few SHG enterprises also reported using fairs and exhibitions to market and sell their products. Around 36% of SHG enterprises are dependent on word-of-mouth and print media marketing each, followed by, 21% dependent door-to-door marketing. Currently, only 7% of enterprises are using digital media for marketing and promoting their product and services. Also particularly, in the state of Telangana around 89% of SHG enterprises rely on print media marketing channels like newspapers and pamphlets considering majority of enterprises from trading and sales category.





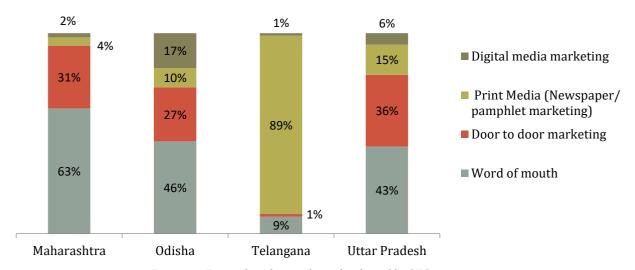


Figure 10: Types of marketing channels adopted by SHG enterprises

Sales network

To sell products and services SHG enterprises have been traditionally dependent on retail and personal selling. The majority of SHG enterprises i.e. around 63% of enterprises are dependent on personal selling as their primary sales channel, followed by 20% dependent on the retail sales channel. Around 7% of SHG enterprises reported using reseller and sales outsourcing channels. However, with the increasing presence of e-commerce platforms, 10% of enterprises also reported using e-commerce platforms like Amazon, Flipkart, etc. More than 70% of enterprises, that are currently using e-commerce platforms, have rated their experience with e-commerce platforms as good or above. The following graph shows the state-wise distribution of various sales channels.

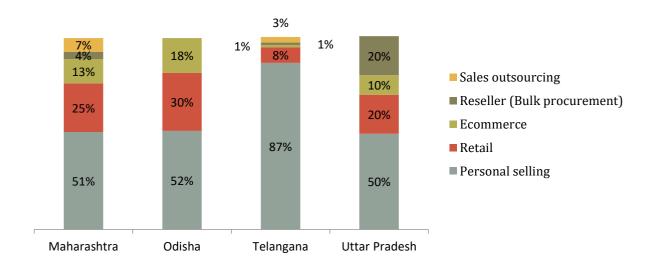


Figure 11: Types of sales channels adopted by SHG enterprises

While 54% of overall SHG enterprises, had said that they are aware of e-commerce platforms, more than 87% of enterprises are not aware of how to connect their business to such platforms. However, around 34% of SHG enterprises had shown willingness to associate and partner with such e-commerce platforms for selling their products and services.





Forward backward market linkage for providing products and services to the customer is one of the critical factor for the enterprises, and many enterprises such as Trinetra group (Kanpur) making leather products, Daan group (Kanpur) making frill work, Laxmi group (Nagpur) creating clay sculptures have identified and established their supply chain. They have established business basis the currently skill set, local procurement channels and sales points such as whole sales, vendors, shops for bulk sales. Additionally to enhance the sales they are using e-commerce platforms like amazon and Flipkart.

Similarly, 60% of SHG enterprises have also reported being aware of digital payment methods like Google Pay, Paytm, Phone Pay, and Bharat. Among the SHG enterprises those are aware of such platform 70% of them have used digital payment platform to transact with vendor or customers. These SHG enterprises have also highlighted that digital payment platforms have helped them match the requirement of suppliers and customers and eased the transaction. The remaining SHG enterprises that are currently not using digital payment platforms have cited reasons like lack of awareness of different platforms and their use along with, lack of trust in online payment options.

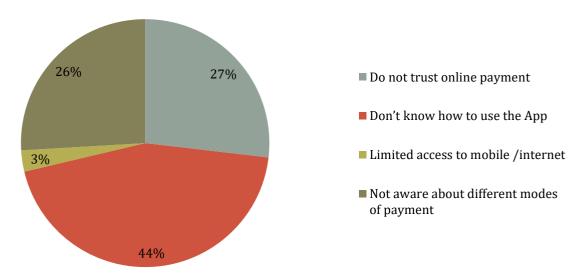


Figure 12: Primary barriers to adopting digital payment platforms

Many enterprises are now aware of the online/digital payment mode for buying and selling and are also using it. During the COVID time use of such modes have picked up. Pranathi group (Telangana) which is into retail business uses digital payment modes such as G pay, phone pay etc. to enable customer payments for ease of business. They have also been using social media platforms like WhatsApp and Facebook to promote and market products.

3.8. Financial performance of SHG enterprises

Capital cost for setting up the enterprises: The capital cost of setting up enterprises across the states varies in the range of around INR 10,000 to INR 68,000. The average cost for setting up an SHG enterprise was reported as INR 41,256.

The wide variation in the CAPEX of SHG enterprises across the states can be attributed to the nature, size, and domain of enterprises. The states like Telangana, which had reported the highest CAPEX of INR 68,649, have more individual enterprises with a major focus on apparel, textile and retail business. Telangana had also reported the maximum number of SHGs (73%) availing bank loans of





4.53 lakh. Whereas Uttar Pradesh that had reported an average CAPEX of INR 10,278, has more group enterprises focused on handicrafts, apparel, and textiles business. Uttar Pradesh had also reported the lowest i.e. Only 6% of SHG enterprises availing bank loans of around INR 50,000.

Annual turnover: The SHG enterprises studied across 4 states have reported the annual average turnovers in the range of INR 1.36 lakh to 6.78 lakh. The average turnover amount for the enterprises was reported as INR 3.67 lakh. The state of Maharashtra had reported the highest average annual turnover of INR 6.78 lakh, followed by INR 4.77 lakh average annual turnover by Telangana. The SHG enterprises generally maintain a separate register capturing daily and monthly turnover of the business. Few SHGs have also reported having a separate receipt book that helps them keep a track of orders and business turnover.

Annual operational cost: The average annual operational cost of SHG enterprises varies in the range of INR 0.94 lakh to 4.65 lakh. In alignment with the average annual turnover across the state, enterprises from Odisha have reported the lowest OPEX of INR 94,060, whereas Maharashtra had reported the highest i.e. INR 4.65 lakh. The major part of OPEX for SHG enterprises goes into employee salaries and procurement of raw materials.

Annual profits: The state of Maharashtra had reported the highest average annual profit of INR 2.11 lakh. The average annual profits made by the enterprises across the geographies were reported as INR 1.10 lakh. The variation in the annual profits of SHG enterprise was observed in the range of INR 0.59 lakh to 2.11 lakh.

In terms of utilization of annual profits, most SHG enterprises i.e. approximately 65% of enterprises re-invest annual profits in the business. Around, 47% of SHG enterprises reported putting annual profits in savings, simultaneously 30% of enterprises also reported utilizing some portion of profits to repay the loans availed from the banks.

The survey team used the data triangulation approach, to confirm uniformity across the business turnover, operational and profit numbers with SHGs. Wherever available and shared, team also looked at records maintained for business activities. The following graph summarizes the state-wise variation in annual turnover, operational cost, and profits.

Table 9: State-wise financial profiles of SHG enterprises

Parameter	Maharashtra	Telangana	Odisha	Uttar Pradesh
Average CAPEX (INR)	28797	68649	31870	10278
Average annual turnover (INR)	678188	477381	136100	179750
Average annual operational cost (INR)	465447	357381	94060	112339
Average annual profits (INR)	211065	120000	66480	59542

Domain wise performance of SHG enterprises:

Following table summarizes the average CAPEX, OPEX, turnover and profits of enterprises across the different domains. It was observed that apparels and textile, along with handicrafts, retail and food





product enterprises are major domain of operations. While the handloom followed by food product manufacturing enterprises has reported the highest capex requirement due to high cost of machinery involved. The retail shop enterprises have reported the highest annual turnover and operational cost due high number of transactions cost of goods. The WASH enterprise has reported the highest average annual profits, as it has low cost of operations also in many cases these establishments have financial and technical support from local government.

Table 10: Domain wise financial performance of SHG enterprises

The domain of SHG Enterprises	Number of SHG enterprises	Average capital cost	Average annual turnover	Average annual operational cost	Average annual profit
Apparels and Textiles	46	52750	275595	187302	84733
Handicrafts	33	34766	213207	147931	73724
Retail Shop	33	56485	841719	679063	162344
Food Product Manufacturing	25	59120	203960	142000	70160
Domestic Workers	18	3167	181950	82213	121450
Household Product Manufacturing	10	22500	253500	146000	91500
WASH business	8	26514	401000	173571	241714
Food Stalls	6	26167	506500	305000	201500
Beauty & Wellness	5	27200	122800	45200	63200
Handloom	3	73333	163333	133333	56667
Other	9	17889	506222	403000	181222
Overall	196	41354	361160	257308	110403

Apparels and Textile

Around 23% of SHG enterprises are currently operating in apparels and textile domain, majorly involved in designing and tailoring dress materials. Around 54% of total apparels and textile enterprises reviewed under this study belong to Telangana. This could potentially because Telangana being 3rd highest cotton producing state in India is one of the most suited locations for textiles due to its geographic location and accessibility to the required resources. The textile policy of Telangana also has provision and provides support in the areas of capital assistance, operational assistance, infrastructure support and capacity building²⁷.

Around 88% of these enterprises reported machine operating, and resource management as critical skill required to operate in this sector. Enterprises in this sector primarily use print media marketing (65%) and personal selling channel (87%). The apparels and textile enterprises reported to require an average capital cost of INR 52,750. Around 58% of these enterprises have availed bank loans in the range of INR 50,000 to 12, 50,000 with interest rate of around 8.81%. Overall apparels and textile enterprises reported an average annual turnover around INR 2.7 lakh with annual operational cost of INR 1.8 lakh. The enterprises reported average annual profits of INR 84,733. Around 87% of these enterprises have shown willingness to further scale up their business and close to 80% enterprises are also highlighted the need of loan to scale up their business.

2

²⁷ Telangana Textile Policy





Handicrafts

Among the 196 SHG enterprises studied around 17% operate in handicraft domain. These SHGs are involved in making crafts, decorative items using wood, plastic or other waste materials. Around of 40% of total handicraft related enterprises operate in the Uttar Pradesh. The high % of handicraft enterprises in Uttar Pradesh can be attributed to various state government initiatives to promote local traditional handicrafts. The government of Uttar Pradesh has incorporated Handicraft Development and Marketing Corporation to support handicraft enterprises market and selling their products. The government of Uttar Pradesh also recently launched the One District, One Product Programme²⁸ aimed to encourage indigenous and specialized products and crafts.

The handicraft enterprises reported an average capital cost of INR 34, 766. Around 39% of handicraft related SHG enterprises have availed loan from the bank. These SHG enterprises have availed the bank loans in range of INR 50,000 to 7, 50,000 with average interest rate of 5%. Around 61% of these SHG enterprises have highlighted the marketing and supply chain related skills as critical skills for the business. Around 27% of handicraft enterprises reported using e-commerce platforms to market and sale their products. Handicraft enterprises have reported an annual turnover of around INR 2, 13, 207 and around INR 1, 47, 931of annual operational cost. The average annual profits were reported to be INR 73724. Around 85% of handicraft enterprises have shown willingness to scale up their business operation. 66% of enterprises that have shown willingness to scale up were considering diversifying product and services provided by the business. Around 72% of handicraft enterprises have also highlighted the need for finance through bank loans to scale up their enterprises.

Retail

Around 17% of SHG enterprises studied operate in retail enterprise segment. These SHGs have established local retail shops like groceries or general stores to sell daily needs. Around 60% of retail enterprises studied operates in Telangana. This could be potentiality due to SHG members of Telangana, generally prefer to engage in individual and household level enterprises like retail shops. This is further supported by state regulations like Shops & Establishment Act helping local SHGs for easy online registration of their business. The average vintage of this retail shops was around 6 years.

The retail enterprises of SHGs reported an average capital cost of INR 56485 to setup the shop. Around 55% of these enterprises have availed a bank loan in the range of INR 50,000 to 7, 50,000. The average interest rate for these loans was reported as 8.6%. Majority of these enterprises use print media (63%) marketing along with personal selling (90%) as their primary channel to market and sale their products. Retail enterprises reported a highest average annual turnover of INR 841719 and annual operational cost of INR 679063. These retail shops reported an average annual profit of INR 162344. Around 79% of retail shop enterprises have shown willingness to scale up their enterprises. Among which 76% have also highlighted the need of availing loan for business scale up as they high working capital requirement to stock the material in their shops.

3.9. Scale-up

Willingness to scale up

The SHG enterprises studied have shown a very high willingness to scale, and enhance their existing business operation/production to earn more revenue. Around 82% of SHG enterprises have shown willingness to scale up their existing business. To scale up the operations, SHGs are considering options like diversifying products/services, increase in production, working in new geography, and

36

²⁸ One District One Product Programme: Uttar Pradesh



Enter in new geography



Diversify product and

services

increasing business reach through digital platforms. Following is the summary of multiple options considered by SHG enterprises.

51% 46% 44% 38%

through the digital

platform

Figure 13: Various modes considered to scale up enterprise operations

While enterprises had shown a high willingness to scale up, they also highlighted the key areas of support required. Almost 89% of SHG enterprises reported requirement of bank loans for business expansion or diversification. Among the groups that have highlighted the need for loans, 71% of them reported requirement of loans as working capital support for business scale-up. Among the enterprises that had shown willingness to scale up and require financial support, have highlighted upfront cost and preparing loan case as major challenges in accessing finance.

Around 46% of SHG enterprises that showed willingness to scale up feel that the group members do not have the requisite skills to operate business efficiently. Few of SHGs also highlighted that there was limited training around technical and business management skills and modules need to be updated further. Further, more than 40% of SHG enterprises have reported requiring training and capacity-building support in the areas of machine operations, financial planning, resource management, identification marketing, and supply chain partners, etc.

3.10. Support received from ecosystem stakeholders

Increase production

Support from community and family

In the FGDs with SHGs, many of the women emphasized that receiving support and acceptance from family and close community is a key motivation to engage in livelihood generation activities. Among the SHG enterprises, around 86% of SHGs reported having received the required support from family to start the enterprise. This support from family included financial assistance to start the enterprise and moral support to continue the enterprise operation. Similarly, 84% of enterprises also reported having received support from immediate community members. While a majority of enterprises have received support from family and community, few have reported challenges like lack of acceptance and no or limited financial support from family/community. Around 86% of SHGs have reported that enterprise had enhanced their say in decision making for the household-related matter and helped to improve their overall societal status.

Support from other ecosystem stakeholders

Approximately 50% of SHG enterprises reported that ecosystem stakeholders like local NGOs, CBOs, or government-appointed Resources Organization (RO) had helped the group to establish the enterprise. For example, it was reported that in Uttar Pradesh the SHG was supported by the District Urban Development Agency (DUDA) and forming and the group as well enterprise capacity building wherein Maharashtra, NMC and City Mission Management Unit (CMMU) played a critical role. 90% of SHGs studied are currently connected to their respective area-level federations. 74% of SHG reported





CO/ CPR as a primary point of contact for additional information about various programs or schemes. The groups also find CO/ CPR approachable and supportive to seek requisite information.

3.11. Critical factors for the performance of SHG enterprise

As a part of this study, we have consulted with both functional and defunct SHG enterprises to identify critical factors for that can be associated with the success or failure of any enterprise. Based on our discussion, the following are the parameters in order of priority from highly critical to least critical.

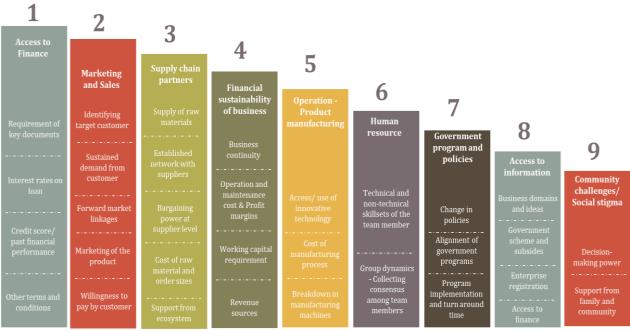


Figure 14: Critical factors for the performance of SHG enterprise

1. Access to finance

The timely and adequate access to finance has been reported as the most critical parameter for any SHG enterprise to operate. More than 50% of SHGs have reported access to finance as a highly critical parameter. Particularly under access finance, 72% of SHGs reported interest rates of financial products as moderate to highly critical parameters, followed by a past financial performance by around 55% of SHGs. 8% of SHGs are also reported the bank's requirement regarding documents and other information as a highly critical parameter.



2. Marketing and sales

Access to right marketing and sales channel has been reported as second most critical parameter for SHG enterprises to operate. Around 40% of SHGs have reported access to marketing and sales channel as highly critical parameters. As a part of marketing and sales channels, more than 67% of SHGs reported, identifying target customers, reaching out to them, and getting a sustained demand





as moderate to highly critical parameters. Around 62% of SHGs also highlighted the establishing forward market linkages for sales as moderate to a highly critical parameter.



3. Supply chain partners

Around 37% of SHGs reported access to supply chain partners as a highly critical parameter for enterprise operation. More than 20% of SHG enterprises reported supply and cost of raw material as the most critical parameter under supply chain partners. Also, more than 58% of SHGs reported an established network of partners and bargaining power as moderate to a highly critical parameter.

4. Financial sustainability of a business

Approximately 33% of SHGs have marked the financial sustainability of the business as a critical parameter for enterprise operations. As a part of financial sustainability, more than 63% of SHGs reported that maintaining 0&M cost and working capital requirement if moderate to highly critical parameters. Around 58% of SHGs also reported maintaining sufficient profit margins as a key moderate to highly important parameter to enterprise operation.

5. Enterprise operation

Around 33% of SHGs reported maintaining efficient enterprises operations as highly critical and 5th most important parameter. Particularly more than 50% of SHGs highlighted that maintaining the overall cost of the manufacturing process and system breakdown is moderate to a highly critical parameter. 49% of SHG also reported access and use of innovative technology as a moderate to highly critical parameter.

6. Human resource

Around 26% of SHGs reported human resources as a highly critical parameter for enterprises operations. Also while highlighting human resource parameters, around 77% of SHGs reported internal group dynamics and collecting consensus among team members as moderate to highly critical parameters. Also, around 65% of SHGs highlighted technical and non-technical skill sets of the team member as moderate to high critical parameters.

7. Government program and policies

The SHG enterprise-focused, government program and policies were reported as a critical parameter for enterprise operations. Around 25% of SHGs have reported government programs and policies as a highly critical parameter. As a part of this parameter, around 50 % of SHGs highlighted subthematic areas like change in policies, its alignment with SHG enterprises, and on-ground implementation as moderate to highly critical parameters.

8. Access to information

Around 25% of SHGs also reported access to the right set of information as a highly critical parameter for enterprise establishment and operations. More than 68% of SHGs highlighted that information related to enterprise registration, financial products, and information regarding information government schemes and subsidies as moderate to highly critical parameters.





9. Support from family and community members

Around 20% of SHGs have reported support from family and community members as a highly critical parameter for enterprise operation. Around 70% of these SHGs also highlighted the decision-making power of members in household and community as a moderate to highly critical parameter.



3.12. Impact of COVID-19 on SHG enterprises

COVID-19 had a devastating impact on the Human, Health, Economic and Financial parameter of SHG enterprises. As a part of our study, more than 98% of enterprises reported that their businesses have been affected by COVID-19. The impacts of COVID-19 on SHG enterprises can be categorized in disrupting forward and backward market linkages, affecting loan repayment cycles and closing the business operations. Few of these SHG enterprises have received support to overcome the effects of COVID-19. This support included receiving financial assistance from government programs/ schemes, receiving tax exemption/ deferral by government policies, extension in the moratorium period by financial institutes, additional capacity building/training supports from NGOs, etc.

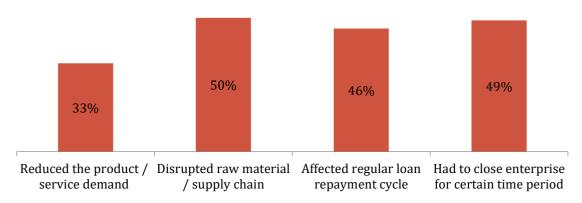


Figure 15: Impact of COVID-19 on SHG enterprises

Few of SHG enterprises have further requested support towards strengthening the supply chain so that the raw material can be made available on time, marketing and sales support through online /ecommerce platforms.







3.13. Key insights on closed enterprises

Among the total SHG enterprises studied close to 9.6% of enterprises have closed their business operations. The majority of SHG enterprises have closed their business operations in the duration of COVID-19 lockdown i.e. between 2019 and 2020. Around 72% of closed enterprises reported a lack of financial resources as the major reason for closing the enterprise. Around 39% of enterprises also reported a lack of marketing and sales of products as a major reason for closing enterprise operations. Few other reasons cited by enterprises were lockdown restrictions due to COVID-19, lack of technical and non-technical skills, internal group conflicts, etc.



Around 72% of the closed enterprises reported seeking support from the government, ALF, RO, other ecosystem partners to sustain the business. The SHG enterprises also cited that they could have saved their business if they could have done few things differently like working on a different business idea, build their technical and non-technical skills, and seek additional financial support, and establishing market linkages for their product and services.



Kerala



4 Best Practices of women run microenterprises

Products

Book binding and other stationery work, Kozhikode, Kerala







Book/Paper binding (Stationery)

Partner Organization Kudumbashree



The enterprise runs a book binding business which involves preparing minutes, registers, linkage pass for Neighborhood Groups²⁹ (NHGs), college record books, office files, file boards, marriage/death registers, attendance register etc. They primarily receive orders from Panchayats, Municipality, Government schools, Kozhikode District Mission Office etc. The main part of the income comes from orders received from Koyilandy Municipality for different types of registers, minutes, passes etc. Additionally, a

major part of the order consists of record books and office files required on a yearly basis by government schools. The enterprise has well established connects with the government channels and hence receive bulk order on recurring basis. The estimated profit generated by the enterprise is around INR 1.5 lac per year.

A detailed training covering various technical and non-technical aspects of a business organized through Enterprise Development Program (EDP) helped the enterprise to develop a deep understanding of the business and how to run it. Identification of right channel for procurement and sales has helped the enterprise establish their back and forward market linkage. Additionally, the enterprise has diversified with making other products like paper bags and providing training to students of government schools on production of paper cover products. In order to scale, the enterprise plans to invest in buying printing machines and mini good vehicles for printing and delivering orders respectively. The training modules under EDP can be used and leveraged by other enterprises to building their capacities.

Spread joy through wooden toys, Vellore, Tamil Nadu



A group of women artisans named 'Yellow Rose' in Vellore, creates colorful wooden toys to sell in the market. This SHG group through the tie –up pf Tamil Nadu Urban Livelihood Mission (TNURLM) and Flipkart has entered into national and international market to find better marketing avenues.

²⁹ NHGs are the primary level unit of women community network created under Kudumbashree to eradicate poverty and empower women.







They manufactured nine different types of products, under the brand name of Velma (Vellore Mahalir), and it was displayed online on Flipkart. Exploring marking avenues through ecommerce platforms such as Flipkart can boost the sales of these SHGs beyond the physical accessible geographies to other locations and increase revenue. While the informal sector has received a big body blow due to the Covid pandemic, entering into **new marketing avenues through e-commerce platforms** has improved returns for the SHGs and provided better livelihood for them.

Spicing up food and life, Shimoga, Karnataka



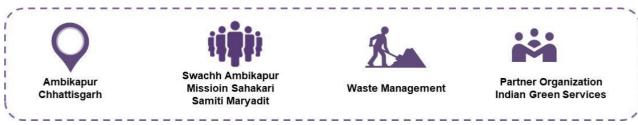
Millath Gulab Chicken Masala Production Women Unit is one of the leading spices production units in Bhadravathi area of Shimoga district, Karnataka. This unit is not only well known because of its spice quality but also for cost effective products. The unit was established by a group of women, when they learned about the NULM program and the facilities under the mission. They mobilized savings in the



beginning and later availed bank loans of INR 6 lac for their chicken masala unit under the Self-Employment Programme (Group) component under NULM. Group members were trained in operation of spices grinding, mixing and packaging machines. The group started Chicken Masala production and packaging unit in the name "Millath Gulab Chicken Masala". The loan amount was utilized for purchasing packing machinery and setting up production process. The unit manufactures chicken masala powder. The final product is neatly packed using packaging machine and sold under the brand name Millath Gulab Chicken Masala products. The chicken masala produced are presently marketed across Shimoga and neighboring district³⁰. **Identifying the right skill set and training** is key to

a successful business. The easy **access to loan from banks** (Vijaya Bank) supported the enterprise **to expand the production and scale up**.

Managing the city waste, Ambikapur, Chhatisgarh



As part of Swach Ambikapur Mission, SHGs of sanitation women workers were formed who could help with D2DC (Door to door collection) and also manage the Solid and Liquid Resource

43

³⁰ Success Stories Minority Communities.pdf





Management (SLRM) centres. Nearly 600 women from the city were enlisted for **orientation and training.** The first hands – on training by Indian Green Services was completed within a week. More than 500 women, including 120 supervisors were trained in 15 days and the first



Centre was brought into action in just 44 days. The training included orienting the group on segregation, pricing, soft skills and safety aspects, collection of user fees etc. After enlisting and training, around 300 women were initially included in a federation of SHGs and the SHGs were **federated to into a registered society** called 'Swachh Ambikapur Mission Sahakari Samiti Maryadit". The society **entered into an agreement with the Municipal Corporation that gives them a legal mandate of managing the city's solid waste**. The municipality created centre for

segregation and other infrastructure facilities for waste management. Role played by Municipal Corporation and other ecosystem stakeholder is critical for supporting enterprise to work in providing city level waste management services.

Rolling the papad, 'Lijjat Papad', Mumbai, Maharashtra



Shri Mahila Griha Udyog Lijjat Papad, popularly known as Lijjat, is an Indian women's worker cooperative involved in manufacturing of various fast-moving consumer



goods. The organization's main objective is empowerment of women by providing them employment opportunities. It started in the year 1959 by seven women in Mumbai. It is primarily a cottage industry, urban by its origin, which has spread to the rural areas, it had an annual Rs. 800 Million (INR 80 crores) worth of exports in 2019. It is considered one of the most remarkable entrepreneurial initiatives by women that are identified with female empowerment in India. Due to

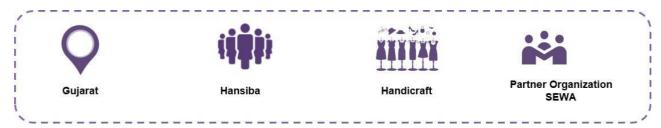
standardization in the Papad, 4.8 Billion Papads are made by 45,000 Lijjat sisters all over India with similar tastes. Some of the critical factors which make the business successful are the **training process of these women joining business** and having equal share in it. The business believes in **centralized procurement (raw material), and decentralized production and distribution** which ensure quality if maintained at branch level and reduces logistic nightmare. The business sells the papad through distributors who have carefully selected basis the areas of operation and physical verification of storage facilities. The cooperative follows a 'Business to Business' (B2B) and ties up with distributors and





exporters. The **profit is equally shared by the women** of the cooperative irrespective of the age and time spent in the business³¹.

Hansiba- fashion brand, SEWA, Gujarat



Self Employed Women's Association (SEWA), a trade union registered in 1972 created with an aim to organize women workers for full employment and self-reliance. In response to the demand for creating sustainable livelihood strategies for the poorest of the poor women producers, The SEWA Trade Facilitation Centre (STFC) was established in May 2003 as the commercial arm of SEWA by more than 15000 women artisans in the textiles and handicrafts sector. In past these traditional artwork was getting lost and due to exploitation by the middlemen the women artisan never received fair price for the products. Through STFC, the handicraft and embroidery work is sourced from these women artisan and sold ahead. Hansiba is a fashion brand that represents thousands of women with precious skills of hand embroidery and craft within STFC. The products are created by the rural women and 65% of the all sales go directly to the women artisans and they are the shareholders and supplier of the company.

Creating you own market -weekly market, Gadag, Karnataka





Raddera Naganur has a total of 32 women self-help groups and a strong and well-organized federation with sound financial support. While many of these SHGs have been working agricultural and Agri-allied business, were facing the problem of finding a suitable market for their products and had to travel to other places in order to sell their products. The SHGs **came up with an innovative idea of setting up a 'Varada Santhe'** (Weekly Market) in their village itself so that the buyers can buy their needs in the village itself.

This idea was well received and supported by the officials and the chairman of the panchayat, and they also received the required support under Sanjeevini scheme of the Karnataka government. This scheme has been introduced with the main intention of empowering the women financially by providing necessary training and marketing facilities. Under this scheme, SHG federation is operating weekly market in the village, where SHG women sell their products without having to incur extra expenditure such as transportation etc. and saving a lot of time.

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³¹ Lijjat case study





5 Recommendation

Based on the findings of the study, the following policy interventions are recommended to address the difficulties faced by SHG enterprises to sustain and continue their operations successfully.

5.1. Non-financial interventions

These suggested interventions need to be carried out to ensure streamlined implementation and sustainability of national urban livelihood program across all states and to enable livelihood generation activities by collectives

i. Capacity Building

Strengthen current capacity building program (Enterprise Development Training Program) to build the technical and operational skill set of the enterprises.

It was reported by many stakeholders that the current enterprise development training program is conducted for a short duration (01-02 days) and is not adequate to impart requisite technical and management information to the SHG enterprises. There is need to develop week long detailed training program with individual modules on various aspects of enterprise development. To strengthen the current training program, it can be structured at two levels: Stage 1 and 2.

Stage 1: Stage 1 training can focus on modules for building the capacity of the SHG groups in the area of book keeping, lending, regular meeting which supports them in keeping a healthy group dynamics. The duration of the training can vary from 02-05 days, with various modules.

Stage 2: Stage 2 training can focus on providing capacity building support to early stage enterprises in understanding the market landscape, process to access finance/loan package, preparing business plan etc. The duration of the training can vary from 05-07 days with modules around business development and scale up.

Enhancing awareness through information dissemination, training, handholding, mentoring and establishment of a network for facilitating a cross learning would help the enterprises. Most of the financial initiatives of banks are based on face-to-face training, which are labour intensive and not feasible during pandemic. Alternatively, it is suggested that mobile phone-based training, short video and mobile app-based learning should be used. It can be supplemented by web-based e-learning viz. U-Learn modules of UMC is more appropriate for the group entrepreneurs. Additional recommendations include adequate and timely information about MSME scheme and Udyam registration process needs to be disseminated through ROs/CRPs channel.

Support enterprises through strategic mentorship, networking opportunities and other business related challenges through an 'Incubation Centre'

Once the micro enterprises have been created, they would need support on business elements (Branding, marketing, Accounts management and mentorship etc.) in order to establish themselves and be sustainable. Hence there is a need to provide a physical or virtual incubation center that will provide handholding support for these enterprises over a period of 1-2 years.

The incubation centre can be stationed at the central level with state level dissemination arms which can further be extended to cities through CLCs.

For example; WE Hub by Government of Telangana is a good example and can be leveraged. It is first-of- its-kind, State-run platform for women entrepreneurs to start, scale and achieve global market access. WE Hub provides services like seed funding, mentoring, virtual programs (in case women





can't travel), business guidance, Government liaison that will help women establish their own enterprise.

Establish city level enterprise development center in partnership with private professional training agencies/institutions to delivery trainings and certificates to this enterprises in a PPP mode.

At city level, to deliver quality trainings to enterprises the CMMU can tie up with various professional training agencies/institutions to impart the trainings. These training center can identify various livelihood activities and develop respective training program based on local activities, market etc. for enterprise development.

Establish a 'Single Window' at CLC level to provide information related to government schemes, programs, banks, training etc.

It is often observed that most of these enterprises are not aware for various government schemes, subsidies, about various trainings and a single window at city level would be helpful in guiding them through the process. The single window can also have help desk which can guide the enterprises with their queries over phone/virtual channel (app based). For example experience from platforms like Haqdarshak can be leveraged and customized for creating awareness about the various available government schemes for SHG enterprises. This platform can also assist SHG enterprise in applying and availing benefits for eligible government schemes.

Streamline duplicity of roles between supporting agencies

Based on our experience across multiple wards and slums, the areas where NULM and local NGOs both are working towards enterprise development, there is a clear disconnect between both entities about the roles and responsibilities, which ultimately creates confusion among the enterprises and demotivates them. Hence, there is a need to appoint a Point agency that will identify and map the roles and responsibilities among the NGO and NULM, which will make the process more efficient, avoid confusion and also achieve the end goal of enterprise development.

Leveraging experience of the 'Champions'

The all-round reluctance or inability of the designated promotional institution, viz. ROs to provide hand holding support to group enterprises requires a totally new approach. It is suggested that experience of successful group entrepreneurs can be used to mentor the upcoming ones. Under this initiative, experienced group entrepreneurs not only will provide guidance on local market demand, customer preferences, skill training and business training, but also help in operations such as identifying and linking with sources of raw materials or inputs, equipment, and any permissions or licenses needed, as also in helping mobilize credit from MFIs or bankers by giving references and offering support in filling applications.

ii. Market linkage

Strengthen City Livelihood Centers (CLC) to provide information and quality services for enhancing the market footprint for the enterprises.

While there are CLCs have been established to offer services to the SHG micro-enterprises to provide support for long sustainability like procurement, marketing etc., it was reported that most of this CLCs are actively performing such functions. Hence, these CLCs should be strengthened by running them in partnership private sector companies. By mobilizing more private sector players to participate and run the CLCs, their expertise in market understanding, business acumen etc., can be leveraged. Efficient distribution system backed with technology, customized product and services





and good relationship management reduce the transaction cost and risk profiling of the group enterprise is desired.

Catalyze Public- Private Partnership to enhance market based activities for enterprises

At city level projects can be designed (PPP model) with private sector to engage with enterprises involved in delivering services. For example in Maharashtra (Nagpur) and Odisha it was observed that SHG enterprises were engaged with the ULBs in delivering Water and Sanitation services like running Water ATMs and FSTPs. More such models can be adopted, where SHG enterprises can be engaged in by developing performance based service contracts.

Establish channels for market linkages (forward and backward)

Strengthen partnership with e-commerce platform like Amazon and Flipkart to showcase and improve sales for SHG product and services. Also government can further strengthen platforms like Mahila E-haat, GeM etc, to support SHG enterprises under NULM. Additionally, it was observed during the study that many enterprises had to stop their operations due to disruption in market (procurement/sales), hence linking them to alternate channels like ecommerce platform would support in enhancing the sales. For example the MoU of NULM program (MoHUA) with Amazon is one such tie up which has happened in 2020 and unlocks the opportunities for SHG clusters to sell their products through the market place. Program level tie ups and dissemination of such opportunity to enterprises will help them enhance their product demand. It was also observed that few enterprise were already using e-commerce platform for selling. CLCs can be used to disseminate the information and build capacity of the enterprises for the same.

Similarly, to ensure availability of raw material a common portal with database of suppliers can be developed at city level and made accessible to clusters of enterprises. These suppliers can provide material to the enterprises on a bulk order and CLFs can negotiate the price.

5.2. Financial interventions

Access to finance for missing middle

It has been observed that while there is a need for building the capacity of these enterprises in accessing loan, these enterprises also need to scale and improve profitability. The loan amount for these enterprises has a cap amount and to scale the need for finance for these enterprises would grow beyond the 2 lakh limit. This requirement will now fall into the missing middle segment, beyond 2 lakh and less than 10 crores. Currently there are very limited options for financing such segment. There is a need to design varied loan products which address this missing middle for the enterprises to grow. FIs can look at providing loan products to enterprise at different stage of their growth to address this gap.

It is obvious from the study that along with the public sector banks which have made significant impact on group microenterprise through financing, the role played by NBFC-MFIs can't be completely undermined due to their unique service proposition and acting as gap fillers. Therefore, it is recommended to include NBFC-MFIs as an additional channel partner under NULM dispensation. The study points out that there is a huge demand – supply gap for group enterprises that compel them to approach NBFC-MFIs or informal sources to meet their credit requirement. To boost overall financial deepening for the group enterprises, it is suggested to increase the ceiling up to ₹10 lakh to ₹20 lakh.





Provide subsidized interest rates to the enterprises through the government programs

The government program (NULM) can provide further interest subvention to the enterprises through the Banks. Models from State programs like Mission Shakti (Government of Odisha) can be studied and leveraged to extend loan to enterprise on a subsidized rate to the enterprises to scale up.

De-risking the financial institutions lending to women-owned enterprises is important to encourage future lending to this segment

A mechanism that provides risk cover to institutions lending to these micro-enterprise can help alleviate their apprehensions around the commercial risks posed by these segments. Over time, this could improve the institutions' confidence in lending to women entrepreneurs, even without a risk cover. This can be achieved through blended finance instruments such as Risk Sharing Facilities (RSF), which can be designed and set up at central/state level. The risk sharing tools can be of following types a) First Loss Default Guarantee (FLDG), b) Partial Guarantee, c) Complete Guarantee and, d) Capital Structure.

The study found that many of the SHG enterprises are still maintaining manual bookkeeping which is not at all to the satisfaction of the Banks. Because of the above challenges, many of the groups either find no credit or delayed and inadequate credit or not getting credit at all. Keeping the long-term goal in mind, Ministry can take appropriate steps for digitization of SHG data, which will ultimately help to access a wider range of financial services and will give the comfort to the lending institutions in credit appraisal, disbursal and linkage.

Explore alternate credit assessment frameworks for the enterprises

The early stage enterprises, lack formal credit history, and therefore do not qualify for loans under conventional credit scoring models. Globally, many Fintech companies are evaluating the use of alternative data to lower the cost of assessment and foster financial inclusion. This data ranges from psychometric factors to mobile, social media and internet usage data among other variables. These scoring models can help serve women entrepreneurs who may not have a formal credit history yet have a high intent to repay. One such framework is being undertaken by CreditVidya in India, which merges smartphone data (such as SMS on utility bill payments, online transactions, location, etc.) with traditional credit bureau reports through the use of AI-based algorithms to assess an applicant's credit risk profile. It serves customers with no or limited credit history, and also helps reduce default rate by re-evaluating existing customers of its FI clients.

Leverage existing local agency/community based organization to generate leads for FIs

To source and supply leads for FIs the existing system such as local agencies, NGOs, CBOs can be leveraged. Since they are the last connect to the community they can be engaged by FIs to generate leads or supply leads of SHGs/enterprises seeking loan to them. The FIs can adopt an incentivizing model to get their services as 'Service Provider'





6 Appendix

Case studies

Case study 1: Leather works by Trinetra SHG

Tags: Uttar Pradesh | Kanpur | Group Enterprise | Manufacturing | Leather works

About SHG: Trinetra SHG was formed by 10 women from the Bhairavghat locality of Kanpur. The primary motivation for forming an SHG was to identify livelihood opportunities to help women fulfill their basic needs. The District Urban Development Agency (DUDA) supported the formation of this SHG. The group consists of women from similar socio-economic backgrounds, between the age of 30 to 50, and with educational qualifications up to class 10. Most group members are aware of Panchsutra principles of SHG operation and practice regular meeting, saving, and lending processes. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Written in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by a majority of members
G	Style of functioning and decision	Decisions taken on a majority basis
	making	
H	Saving Pattern	Monthly INR 100 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
Ī	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose
		of loan. Average interest rate of 1.5%
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	As and when money comes
N	Book of accounts	Attendance cum minutes book, Saving
		register, Bank passbook maintained by
		president and secretary
0	Bylaws/ Group rules	Known to most members

Enterprise profile: The Trinetra SHG is involved in the business of leather works, manufacturing leather belt, and their decorations. The SHG formally started working as an enterprise in 2018 under the business name of R.S. Enterprise. The enterprise is legally registered as a proprietorship and falls under the micro-enterprise category. The initial motivation and idea of starting a leather business come from DUDA and a few fellow SHGs.



The enterprise has already identified and established a partnership with certain raw material suppliers. Once the group receives a bulk order from the customer, they procure raw material, process it, and transfer back the packaged goods. Their primary customers are local businesses across the city. The customization services for color, material, size, provided by R.S. Enterprise act as a major value proposition for the business. To promote their products in local communities enterprises use marketing channels like pamphlets and social media posts. Apart from





this group also sell their products on e-commerce platforms like Amazon and Flipkart. According to the group it has helped them in increasing the reach of their products and finding new customers.

Enterprise performance: The R.S enterprise has an average annual turnover of up to INR 15 lakh, with an average annual operational cost of up to INR 10 lakh. Annually the enterprise makes profits in the range of INR 4 to 5 lakh. As of now the group have not availed any bank loan and started this enterprise with group saving and financial support from family. The group is looking forward to increasing its sales through e-commerce platforms and introducing new designs to the market.

Enterprise best practices: Enterprise development based on local skill and market | Use of Ecommerce platform for sale | Use of social media marketing | Support from ecosystem stakeholders

Case study 2: Papad and Badi manufacturing unit by Bramheswar SHG

Tags: Odisha | Bhubaneshwar | Group Enterprise | Manufacturing | Food Processing

About SHG: 10 women from the Badagada locality of Bhubaneshwar, came together to find ways to improve the living conditions. The members of the group faced numerous challenges linked to poverty, illiteracy, lack of skill, and lack of formal credit, etc. As they understood these problems can't be tackled at an individual level and need a collective effort, they formed the Bramheswar SHG. This is an all-women SHG with an educational qualification up to class 10. The SHG practices regular meetings, savings, internal lending, and bookkeeping processes. Following is a summary of observed SHG characteristics:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by a majority of members
G	Style of functioning and decision making	Decisions taken on a majority basis
Н	Saving Pattern	Monthly INR 100 per person and INR 10 for Mahasangh
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Average interest rate of 3%
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Saving register, Loan Ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The Bramheswar SHG started the enterprise operations in March 2020. The group availed a bank loan of INR 3 lakh from the Bank of Baroda as initial CAPEX for their Papad and Badi-making business. The group is responsible for the procurement of raw materials, processing, packaging, and sale of finished products. To procure raw material the group has already identified and partnered with the local wholesalers.







The enterprise operations are done from individual households. The group sells a majority of its finished goods to the wholesaler in bulk orders and the remaining goods to individual households in local communities. To promote their products group undertake a door to door marketing, according to them most of their new customer come from word-of-mouth publicity by existing customers. Hence group put conscious efforts into building customer relationships and seeking constant feedback on products.

Enterprise performance: Although the enterprise started its operation very recently, their established partnerships with wholesalers help in achieving the targeted sales. Majority of revenue comes from wholesalers through online transactions on the delivery of products. The group also offers digital payment options to its customer. The group is looking forward to avail training on machine operation, marketing, and selling skills. The group is also willing to scale up its enterprise operations.

Enterprise best practices: Established partnerships with wholesalers | Building customer relationships and seeking constant feedback | Use of digital payment option | Access to capital from the bank

Case study 3: Cloth stitching enterprise by Unnati SHG

Tags: Uttar Pradesh | Varanasi | Group Enterprise | Processing | Apparels and Textiles

About SHG: Around 10 women from Gujrati gali sigra, Varanasi formed Unnati SHG. The primary purpose of forming an SHG was to engage in an economic generation activity. The women belong to similar socio-economic background and fall under the age band of 25 to 55 years. The group members have average educational qualifications up to class 10. All the group members are aware of Panchsutra principles of SHG operation and conduct weekly meetings, regular saving, and internal lending processes. Following is a summary of observed SHG characteristics:

#	Parameter	Observed Characteristics
Α	Group composition	Homogenous socio-economic members
В	Age of Group	1 to 3 years
C	Frequency of group meetings	Weekly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by a majority of the members
G	Style of functioning and decision	Decision taken on a majority basis
	making	
Н	Saving Pattern	Monthly
I	Mode of collection (saving and loan	Collected in group meetings
	recovery)	
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Average interest rate of 2%
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	As and when money comes
N	Book of accounts	Attendance cum minutes book, Saving
		register, Loan ledger, Bank passbook





		maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The Unnati group started this enterprise in June 2020 with preliminary support from District Urban Development Agency (DUDA). The DUDA also supported the SHG formation and capacity building by providing training on saving, business operation, sewing machine operation, and repair, etc. The primary expenditure for setting up the enterprise was done through group savings, a

revolving fund from the government, and the financial support of family members. Currently, 6 of SHG members are actively participating in the operation of the enterprise.

Local city-level businesses are the primary target customers for the enterprise. The raw materials are generally provided by individual customer, which is further processed on a sewing machine by an assigned SHG member. Word of mouth is the primary channel of the marketing the enterprise. Similarly, for the order received from private businesses, SHG enterprise is only responsible for processing the goods. The marketing and sales of such products are taken by third-party private businesses only. This assured business reduces a lot of risk and efforts of SHG enterprise to sell finished goods.



Enterprise performance: Although the enterprise has started operations very recently, they foresee average annual revenue up to INR 3.5 lakh and actual profits up to INR 1 lakh. The group is further planning to scale up its operation by acquiring new customers and establishing an additional processing counter. For this expansion, the group is also planning to avail of a bank loan of up to INR 1 lakh.

Enterprise best practices: Established partnership with private business with buy-back grantee | Utilization of revolving fund and saving of groups for establishing the enterprise | Support from ecosystem stakeholders (DUDA)

Case study 4: Handloom business by Kalyani SHG

Tags: Uttar Pradesh | Kanpur | Group Enterprise | Manufacturing | Handloom

About SHG: Women from Gopal Nagar, Kanpur with support from District Urban Development Agency (DUDA) formed the Kalyani Self Help Group. The members of the group are from a similar socio-economic background with ages ranging from 25 to 55 years. The group has an average educational qualification up to class 12. The primary purpose of forming an SHG was to save money and later engage in some livelihood generation activity. The group has also received capacity-building support from DUDA in savings and operations of SHG and enterprise. The group performs regular saving, lending, and bookkeeping practices. Following are a few observed characteristics of the group:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	1 to 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by a majority of members
G	Style of functioning and decision	-





	making	
Н	Saving Pattern	Monthly
I	Mode of collection (saving and loan recovery)	-
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Average interest rate of 1.5%
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Saving register, Loan Ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The enterprise is established in June 2020 and currently 8 SHG members are actively involved in operating the enterprise. The drivers for starting an enterprise were the inspiration from the progress of fellow SHGs and support from DUDA. A few of the group members already had the skills required for handloom business, based on which the group decided to take up this activity. Operating crochet and needle is the primary skill required to operate this enterprise.



The SHG members are responsible for procurement, processing of the raw material, and packaging of finished goods. The major responsibility of marketing and sales of final products lies with third-party businesses. For a certain portion of goods, the SHG undertakes door-to-door marketing and sales. The primary value proposition of the enterprise is to provide a quality product at the lowest cost possible.

Enterprise performance: The major cost center for business is labor payment and working capital need for decorative materials. This business has a low CAPEX requirement of up to INR 3000. The last year's annual revenue for business was INR 20,000. Currently, the business is facing some challenges related to marketing and sales and is willing to take capacity-building training for the same. The majority of SHG women feel that business has improved their confidence and say in decision-making at home and community.

Enterprise best practices: Establish enterprise around locally available market and skills | Support received from ecosystem stakeholders like DUDA and other SHGs.

Case study 5: Cloth retail shop by Maa Laxmi SHG

Tags: Odisha | Bhubaneshwar | Group Enterprise | Trading/sales | Apparel

About SHG: To improve the overall living condition, 10 women from Badagada Brit Colony, Bhubaneshwar organized them in Maa Laxmi SHG. Most of these women have educational qualifications up to class 10. With exposure to the SHG concept, the women understood that many of their challenges linked to poverty, skills, and access to finance can be addressed by federating into a





group. Although the group is not formally aware of Panchsutra principles of SHG operation, they perform activities like regular meetings, saving, bookkeeping, and internal lending. Following are few observed characteristics of the group:

#	Parameter	Observed Characteristics
Α	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly (8th of every month)
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by a majority of members
G	Style of functioning and decision making	Decision taken on a majority basis
Н	Saving Pattern	Monthly INR 200 per person and INR 10 for Mahasangh
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Average interest rate of 2%
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Saving register, Loan Ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: In the year 2018, Maa Laxmi SHG group established a clothes retail shop in Bhubaneshwar. The group procures the clothes (mostly sarees) from a wholesaler and sells them to local retail customers.



The local community member with age ranging from 25 to 35 year is their primary target customers. The group believes many individuals are currently not well versed with the e-commerce platforms and like to shop through a physical store. As the group procures material from the wholesaler and there is no further processing cost involved and hence SHG can sell these products at a low price. Good quality products at low prices act as the value proposition for most of their customers. They are majorly dependent on door-to-door and word-of-mouth marketing and build a relationship with their customer through follow-up calls and personal assistance.

Enterprise Performance: The majority of enterprise revenue comes from an individual customer, through payment at the sale of goods. The mode of payment depends on the customer; the enterprise has both the option of Cash and digital payment. The group had availed a bank loan of INR 1 lakh from Indian Overseas Bank to set up the retail shop. The group has also repaid the entire amount through revenue earned from the retail shop. The annual turnover of the enterprise goes up to INR 3 lakh, with an average annual profit of INR 50 to 60 thousand. The group is looking forward to enhancing its marketing and sales skills and is willing to scale up operations with the help of a bank loan.





Enterprise best practices: Maintaining customer relationships through follow-up calls and personal assistance | Use of digital payment option | Access to capital from bank

Case study 6: Sanitation services by Mahamayee SHG

Tags: Odisha | Bhubaneshwar | Group Enterprise | Services | Sanitation

About SHG: The 10 women from Bhubaneshwar, Odisha formed Mahamayee SHG in the year 2018. The women of this SHG belong to similar socio-economic background (mostly housewives) with educational qualification up to class 10. The primary purpose of SHG formation was to save money and initiate a livelihood generation activity once enough funds are gathered. The SHG practice regular meeting, saving and bookkeeping activities. However, they have not yet started the internal lending. Following are few observed characteristics of the group:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly (8th of every month)
D	Minutes book of meetings	Maintained in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision	Consensus among all the group members
TT	making	Monthly IND 200 non nongon
H	Saving Pattern	Monthly INR 200 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	Does not perform internal lending
K	Interest rate for internal lending	
L	Utilization of saving for loaning	-
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, , Bank passbook maintained by president and
0	Bylaws/ Group rules	secretary Known to all members

Enterprise profile: Recently with the support of local government Mahamayee SHG has distributed masks, sanitizer, hand wash, and other essentials among the community. The group has also supported the government in creating awareness during the COVID-19.







The SHG is currently not operating an enterprise, but they are willing to start operations soon. The group has also identified access to finance, skills regarding marketing and sales as critical parameters for enterprise operation. The group is looking forward to receiving support from ecosystem stakeholders in building technical and non-technical capacity of the SHG members.

Enterprise best practices: Support from ecosystem stakeholders like government

Case study 7: Frill making and packaging business by Daan SHG

Tags: Uttar Pradesh | Kanpur | Group Enterprise | Processing | Frill making and Packaging

About SHG: 10 Women from Hanumant Vihar, Kanpur formed Daan SHG with support from District Urban Development Agency (DUDA). As none of these women had any jobs, they organized themselves in SHG to engage in livelihood generation activity. The members have educational qualifications up to class 12 and range between 29 to 59 years of age group. The SHG members are well aware of Panchsutra of SHG operation and perform regular saving, lending, and bookkeeping, etc. Following are a few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	1 to 3 years
C	Frequency of group meetings	As and when required
D	Minutes book of meetings	Written in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by only a few members
G	Style of functioning and decision making	Decision taken on a majority basis
H	Saving Pattern	Monthly INR 100 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	The interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 1.5%
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	As and when money comes
N	Book of accounts	Attendance cum minutes book, Saving register, Loan Ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The SHG started enterprise operation in August 2020, with the idea they got from other SHG women. The group also received support from fellow SHG and DUDA to start their enterprise. The group is engaged in a frill-making and packaging business. As a part of the process, the group takes raw material from local business, process it to make frills, package goods, and deliver it back to the business for further sales.

As this processing business did not have much capital cost requirement, the group started this business with their savings. The saving money was majorly used as a security deposit, as initially, the goods were not available to them on credit. Delivering high-quality goods on time is SHG's primary value proposition. The enterprise is only involved in the processing and packaging part, the responsibility of selling final products lies with the business supplying raw materials.





Enterprise performance: For the last 3 years enterprise had an average annual turnover of INR 2.7 lakh and an average annual profit up to INR 80,000. The enterprise is looking forward to training more SHG women for this business to enhance overall efficiency of operation. The group is also willing to scale up its operations and thinking of manufacturing raw materials.

Enterprise best practices: Establish enterprise around locally available market and skills | Support received from ecosystem stakeholders like government and other SHGs | Utilizing group savings for establishing the enterprise

Case Study 8: Wood handicraft work by Jay Sewa Mahila group

Tags: Maharashtra| Nagpur | Group Enterprise | Manufacturing| Handicrafts

About SHG: Jay Sewa Mahila group is a Nagpur; Maharashtra based all-women SHG. It consists of 10 female members with age ranging from 35 to 50 years and average educational qualification up to $10^{\rm th}$ class. The group was formed with the help of Community Organizer (CO) with the primary purpose of saving money. The group is well aware of the Panchsutra principle of SHG operation and performs a regular saving (INR 200 per member per month) and internal lending at 2% interest rate. Following is a summary of observed SHG characteristics:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision making	Decision taken on majority basis
H	Saving Pattern	Monthly INR 200 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2%
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Saving register, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: Jay Sewa Mahila group started its group enterprises in September 2019, with preliminary support from local community organizers and Nagpur Municipal Corporation (NMC). Out of 10 SHG members 5 are actively involved in operating the enterprise. The NMC and CO have also supported group in getting a 3 month technical and management training from Mumbai Bamboo Training Center. The group has also availed INR 50,000 bank loan from Bank of India (BoI) to establish and operate the business.







The group procures raw materials and manufactures innovative wooden handicrafts at their residence and aims to sell them through local exhibitions and e-commerce websites. The group currently uses the Amazon and Flipkart platforms to market and sell their handicraft products. They have also partnered with a private sector company to sell their products in local markets.

Enterprise performance: The enterprise has an average annual turnover of INR 1, 50,000 and an annual operational cost of INR 30,000. However, this revenue has been impacted due to pandemic of COVID-19 as it has disrupted raw material and delivery supply chain. Although enterprises have not planned any immediate scale-up they are looking for improving their technical skills like machine operating, panting polishing, etc., and want to reach out to a new set of customers through collaboration with other stakeholders.

Enterprise best practices: Use e-commerce platform for marketing and sales. | Partnership with private sector company to improve sales | Access to capital from bank | Support from ecosystem, stakeholders like CO, CMMU

Case Study 9: Handicraft enterprise by Ritu Swayam Sahayata Sangh

Tags: Uttar Pradesh| Varanasi | Group Enterprise | Processing | Handicraft

About SHG: 10 women from Sigra, Varanasi locality, formed Ritu Swayam Sahayata Sangh. Most of these women have educational qualifications up to class 10 and belong to age group of 30 to 50 years. The District Urban Development Agency (DUDA) also supported formation of this SHG. The primary objective of forming an SHG was to engage in a livelihood generation activity. The group understands the Panchsutra principle of SHG operations and practice regular meetings, saving, and lending. Following is a brief summary of observed SHG characteristics:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	Less than 1 year
C	Frequency of group meetings	Weekly
D	Minutes book of meetings	Written in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by only a few members
G	Style of functioning and decision	Decision taken on majority basis
	making	





H	Saving Pattern	Monthly INR 100 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2.7%
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	As and when money comes
N	Book of accounts	Attendance cum minutes book, Saving register, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members



Enterprise profile: The Ritu Swayam Sahayata Sangh is primarily engaged in the handicraft business. They prepare decorative and jewelry items as per their customer's needs. The group started working as an enterprise in March 2020 with initial support from the District Urban Development Agency (DUDA). The group got this idea of working in the handicraft domain through a few fellow women in the community.

In terms of business operation, the group take the raw material from its customers only, process and refine it into final good as per the requirement and share it back with the customer. The primary target customers of the enterprise are businesses from local markets. To maintain a relationship with customers the SHG members personally do follow-up calls. The group also strives for coming up with new and attractive designs. For marketing and sales, the enterprise is majorly dependent on market traders. Apart from this they also get new business through word of mouth.

Enterprise performance: The majority of revenue for enterprises comes from local businesses, traders against the direct sale of products. The mode of payment is generally in cash. The business has an average annual turnover of up to INR 80,000 and profits up to INR 40,000. The major cost centers for this business are raw materials and salaries of employees. The group member feels that the enterprise has improved their economic status and decision-making power in the community. The group is also in touch with ALF, and willing to scale up its operations.

Enterprise best practices: Establish enterprise around locally available market and skills | Support received from ecosystem stakeholders like government and other SHGs | Utilizing group savings for establishing the enterprise

Case Study 10: Cloth stitching enterprise by Pragati SHG

Tags: Uttar Pradesh | Varanasi | Group Enterprise | Processing | Apparels and Textiles

About SHG: The Pragati SHG was formed by 10 women members from locality of Gujrati gali, Varanasi. All of these women have a similar socio-economic background with an average educational qualification up to class 10 and age group of 35 to 50 years. The primary purpose of SHG formation was to engage in livelihood generation activity to earn money for their daily needs. The group members are well aware of Panchsutra principles of SHG operations and practice regular meeting, saving, and lending processes. Following are few of the observed characteristics of SHG:





#	Parameter	Observed Characteristics
Α	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Fortnightly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	Less than 70%
F	Participation of group in discussion	Participation by only a few members
G	Style of functioning and decision making	Consensus among all the group members
Н	Saving Pattern	Monthly INR 300 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2 %
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Saving register, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The Pragati SHG runs a cloth stitching business since July 2016. The group members come up with this idea of enterprise in one of their team meetings and started working towards it. Few of the SHG members already had the skills required for this business. The District Urban Development Agency (DUDA) also supported formation of this SHG enterprise and capacity building both in areas of technical and non-technical skills.



The enterprise majorly operates on a buy-back mechanism, where group collects raw material from traders (in this case also the customer for SHG enterprise), stitches the clothes, and returns finished goods to traders. The enterprise earns revenue as a processing fee to prepare final goods from raw materials. The group also offers a variety of customizations as per the need of customers. customer for The primary target enterprise traders/businesses in local urban markets. As enterprise is comparatively old, well known in community, it's dependent on word-of-mouth marketing to gain new customers. They also use digital media platforms or advertise their work. Apart from this, group is also connected to Area Level Federation (ALF), which has helped them in getting new customers.

Enterprise performance: The enterprise has availed a loan of INR 50,000 for initial purchase of raw materials and machines. The enterprise actively works with 15-20 customers and has an average annual turnover up to INR 2 lakh. The group is also willing to scale up its business by increasing its production and sales.

Enterprise best practices: Access to capital from bank | Use of digital media platform | Support from ecosystem stakeholders like ALF to enhance sales.





Case Study 11: Clay sculpture making by Laxmi SHG

Tags: Maharashtra| Group Enterprise | Manufacturing | Handicrafts

About SHG: The Laxmi group is a Nagpur based SHG formed in the year 2005. The primary reason for forming an SHG was to engage in a livelihood generation activities. The group has received capacity building support from the CO and CMMU, Nagpur regarding general operation and management of SHG. Group members are well aware of Panchsutra of SHG operation and practice the principles of regular meetings, saving, internal lending, and bookkeeping. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
Α	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	Less than 70%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision making	Decision taken on majority basis
H	Saving Pattern	Monthly INR 200 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 3 %
L	Utilization of saving for loaning	Below 50%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to most of members

Enterprise profile: The Laxmi group operate a clay sculpture making enterprise. It is founded in the year 2005, with basic knowledge and understanding of sculpture made by one of the SHG members. SHG operate this enterprise from their home and manufacture most of clay sculpture during the festival session.







The local urban markets of Maharashtra, Madhya Pradesh, and Chhattisgarh are major customer base for this enterprise. The variety in design and customization of readymade clay sculpture is primary value proposition of the business. The enterprise acquires most of its new customers through word-of-mouth publicity. Apart from this group has also established partnerships with local traders for marketing and sales of their products. They also sell their products through e-commerce platforms and accept payment through digital mode.

Enterprise performance: The group has majorly started this enterprise with self- saving and revolving funds received under NULM program. Raw materials like clay, brushes, and salaries are important cost structures for the business. The enterprise has an average annual turnover of INR 6, 00,000 and with close to INR 4, 00,000 of operational cost they are able to make an annual profit up to INR 2, 00,000. The group members feel that enterprise has improved their confidence and decision making in the community. They are also looking forward to further scaling up their operations.

Enterprise best practices: Building enterprise around locally available skills | Utilizing group savings for establishing the enterprise | Use of e-commerce and digital payment platforms

Case Study 12: Organic compost manufacturing by Mahalaxmi SHG

Tags: Maharashtra| Nagpur | Group Enterprise | Manufacturing | Green jobs

About SHG: The women from Pawan Shukh Nagar, Nagpur formed Mahalaxmi SHG in year 2017. The primary purpose for establishing an SHG was to engage in regular saving and later some livelihood generation activities. It's an all-female group with an average educational qualification up to class 10. They received support from CMMU, Nagpur to start an SHG and capacity building in area of SHG operations. The group conducts regular meetings and performs monthly saving, lending, and bookkeeping. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	70 to 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision making	Decision taken on majority basis
H	Saving Pattern	Monthly INR 200 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2 %
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, maintained
		by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The Mahalaxmi SHG operates an organic compost manufacturing enterprise. The group uses household and plants organic waste to prepare the organic compost with the help of worms. SHG started this enterprise in year 2017, with business idea from one of SHG members. All the key business activities like procurement of raw material, processing, packaging, and sales are





undertaken by 8 active members of SHG. The group has also received support from local CO and other SHGs to establish this enterprise.



The local urban market is their primary target customer. The group uses e-commerce, social media platform, pamphlet, and word of mouth as their marketing channels. Delivering organic compost at low cost is primary value proposition of enterprise. The group also a do regular follow-up calls with their existing customers.

Enterprise performance: The group has started an enterprise with INR 50,000 savings of group members along with 1.5 lakh loan from Bank of Baroda and INR 10,000 of revolving fund. Currently, the enterprise has an average annual turnover up to INR 3 lakh and makes a yearly profit up to INR 1 lakh. The majority of operational cost goes into purchasing raw materials like kechu, khandi, and packing bags. The group is willing to scale up enterprise operations and looking forward to building capacity in areas of machine operation, marketing, and sales. The group members feel that enterprise has defiantly enhanced their confidence and decision making power in society.

Enterprise best practices: Use of e-commerce and digital payment platforms| Use of social media marketing | Access to finance through bank | Maintaining customer relationship through follow-up

Case Study 13: Water purification plant operated by Anusaya SHG

Tags: Maharashtra| Nagpur | Group Enterprise | Service | Water, Sanitation, and Hygiene (WaSH)

About SHG: The local CO from Somalwada, Nagpur supported a group of women in formation of Anusaya SHG. The primary purpose of organizing women in a group was to practice regular savings and engage in livelihood generation activity. The group was formed in the year 2018. Since then group is practicing regular meetings, saving INR 200 per month, internal lending and bookkeeping, etc. The group has also received technical and management training from CMMU, Nagpur. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Maintained but not in detail
E	Attendance of group members	70 to 90%





F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision	Decision taken on majority basis
	making	
H	Saving Pattern	Monthly INR 200 per person
Ι	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2 %
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The government of Maharashtra has established a water ATM (purification) plant in 2018 and hand over the operation of plant to Anusaya SHG. It has not only provided a livelihood opportunity to SHG members but also solved a severe water scarcity in local community.

Before setting up the plant, a preliminary market assessment was undertaken to understand the supply and demand for clean drinking water. The government has also provided technical training for basic operation and repair and maintenance of machines including changing water filters. Currently, most of nearby communities are availing the clean drinking water through this plant at an affordable price of INR 5 per 20 liters. The low cost for this clean drinking water is the primary value proposition for the plant. The enterprise also provides the service of home delivery through vehicles.



Enterprise performance: The water purification plant has average annual revenue of INR 1.5 lakh. The major operation for this business is cost of electricity and replacement of filter and cost of purchasing water cans. The SHG women have also availed a bank loan of INR 2.5 lakh from the Bank of India. The loan amount was utilized for buying additional water cans and repair of machines. The majority of revenue comes from individual customers at the time of buying purified water. This process is facilitated through an innovative mechanism of water ATM, where payment is done through a rechargeable ATM card.





Enterprise best practices: Use of digital payment platforms | Access to finance through bank | Financial and technical support from local government stakeholders | Innovative business model

Case Study 14: Food making by Jay Shree Ram Mahila Group

Tags: Maharashtra| Nagpur | Group Enterprise | Service | Food Processing

About SHG: Jay Shree Ram Mahila Group is all women SHG based out of Nagpur Maharashtra. The SHG was formed in the year 2018, with preliminary support from CO and CMMU. The group is formed with women members between age group of 30 to 50 years. The primary objective of forming an SHG was to practice regular saving. Since its inception, the SHG is practicing regular meetings, saving, and internal lending. The group has also received capacity-building support from government for group operation and management. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics	
A	Group composition	Homogenous socio-economic members	
В	Age of Group	More than 3 years	
C	Frequency of group meetings	Monthly	
D	Minutes book of meetings	Maintained but not in detail	
E	Attendance of group members	70 to 90%	
F	Participation of group in discussion	Participation by majority of members	
G	Style of functioning and decision making	Decision taken on majority basis	
H	Saving Pattern	Monthly	
I	Mode of collection (saving and loan recovery)	Collected in group meetings	
J	Internal lending pattern	In fix frequency	
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2 %	
L	Utilization of saving for loaning	50-80%	
M	Recovery of loans	Monthly	
N	Book of accounts	Attendance cum minutes book, Loan ledger, Bank passbook maintained by president and secretary	
0	Bylaws/ Group rules	Known to all members	

Enterprise profile: The Jay Shree Ram Mahila Group has been involved in food catering business since 2018. They generally provide these services at different events and functions in their locality (in and around Nagpur).

The group is responsible for cooking food and serving to the guests. While most of their customers provide raw materials, in some cases groups also have to procure raw materials. Few members of SHG have been receiving such orders even before formation of group, currently, 5 of this SHG members are taking and serving orders as a group. According to them most of business comes from word of mouth publicity by their prior customers. Apart from this fellow SHG and ALF support them in getting new customers and orders.

Enterprise performance: The group enterprise has an average annual turnover of INR 2.5 lakh but this has been impacted to a great extent due to pandemic of COVID-19. As of most functions/ celebration programs during this time have been canceled. During this time SHG also lost connection with their previous customer base. However, with the help of current food catering business, the members are able to fulfill their daily basic needs.





The group is willing to scale up its operations. The group is planning to follow up with their past customers and reach out to nearby offices for additional orders. In past group also had a school bag manufacturing business, but had to close it due to a lack of technical skill and low profit.

Enterprise best practices: Adaptive approach of the group | Support from ALF | Use of available skills

Case Study 15: Food Canteen operation by Sachi Mahila Group

Tags: Maharashtra| Nagpur | Group Enterprise | Service | Food Canteen

About SHG: Sachi Mahila Group is 10 women SHG based out of Gaddi Godam, Nagpur. The SHG was formed with a primary objective of saving money regularly. The group members took decision of forming SHG with motivation from other SHG in localities. Sachi Mahila Group regularly conducts monthly meetings, saving, and internal lending practices. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
Α	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Written in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision making	Decision taken on majority basis
Н	Saving Pattern	Monthly
Ι	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	In fix frequency
K	Interest rate for internal lending	Interest rates vary according to the purpose of loan. Average interest rate of 2 %
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise profile: The Sachi Mahila group has applied for contract for operating a food canteen at Nagpur Municipal Corporation (NMC). In 2020, they have won the contract however soon after that lockdown happened.

SHG is responsible for operating this canteen and serving quality food to people at NMC campus. They provide breakfast and meal services to visitors and employees of NMC. The group is also responsible for procurement of raw material and processes it. The CO and CMMU have supported this SHG to take up this business activity. CMMU has also provided the capacity building to group for cooking and serving food, business operation, and sales.







Enterprise performance: The revenue of business comes from individual customers as payment against food served. The primary cost center for business is procurement of raw materials, employee salaries, and electricity bills. In past, the group has also availed a loan of INR 1 lakh from Bank of Baroda to meet the business expense. The canteen has an average annual turnover up to INR 5.6 lakh with which group earns profit up to INR 2 lakh. The group members feel that this business had improved their confidence and value in the family and community. The group has also shown willingness to scale up its business.

Enterprise best practices: Contract with government | Use of digital payment method | Support from ecosystem stakeholders like CMMU and fellow SHGs

Case Study 16: Retail business by Pranathi SHG

Tags: Telangana| Hyderabad | Individual Enterprise | Processing and trading | Apparel, and textile

About SHG: Pranathi SHG is a 20-year-old group based out of Hyderabad. The local CRP and ULB representative supported the women members to come together and form the SHG. The primary objective of forming an SHG was to practice regular saving and fulfill the financial needs of group members. The women members belong to a similar socio-economic background, with an average age of more than 45 years. All the members of the group participate in regular monthly meetings and save up to INR 150 per month. The group also practices internal lending at an average interest rate of 12% as and when there is a need in the group members. Following are a few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years
C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Written in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision	Decision taken on majority basis
	making	





H	Saving Pattern	Monthly INR 150 per person
I	Mode of collection (saving and loan	Collected in group meetings
	recovery)	
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Average interest rate of 12 %
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Loan Ledger,
		Bank passbook maintained by president and
		secretary on a rotational basis
0	Bylaws/ Group rules	Known to all members

Enterprise profile: One of the SHG members, Dhanalakshmi recently started an individual enterprise. Earlier she and her husband was working with a textile factory in the locality, however COVID-19 pandemic both of them lost their jobs. Hence with prior experience in the textile and apparel industry both of them decided to start retail shops catering to tailoring work and sale of general decorative items.

She procures materials like cloth, decorative items from wholesalers and sells them through the retail shop. Selling good quality products at a low price is their primary value proposition. The primary target customer for the business is women from the local community. She also mentioned that her SHG members and fellow SHGs are their regular customers and they also support her in getting new customers for the business. Word of mouth and social media marketing are primary channels for her business to reach the customer. She also uses platforms like WhatsApp and Facebook to share the new and creative products of the shop. The enterprise also uses digital payment platforms like Google Pay, Phone Pay, etc. to transact between customers and other supply chain partners.

Enterprise performance: The enterprise was started with preliminary savings and a bank loan of INR 6.5 lakh. The enterprise currently has an annual income of around INR 50,000, with a majority of it coming from the tailoring business. In terms of operation cost, they have to pay monthly rent for the shop, electricity bill, and annual tax to the municipality. She is currently reinvesting a major share of income from the shop in procuring new material and repaying the bank loan. She is also willing to scale up the operations of the retail shop and highlighted that she will need financial support of up to INR 2 lakh.

Enterprise best practices: Use of social media marketing | Use of digital payment platform | Established partnership with wholesalers | Access to finance through a bank

Case Study 17: Handicraft and retail business by Sri Vinayaka Mahila Podupu Sangham

Tags: Telangana | Warangal | Individual Enterprise | Trading/sales | Handicrafts

About SHG: The Sri Vinayaka Mahila Podupu Sangham was formed 13 years ago i.e. in 2007. The local community members formed this SHG with a primary purpose of saving money and availing bank loans to start their individual SHG enterprises. The average of SHG members is around 30 years, and with average education qualification up to a graduation degree. The group conducts a monthly meeting on every 10th of the month and practices a regular saving of INR 200 per member per month. The group also practices regular lending and bookkeeping. Following are few of the observed characteristics of SHG:

#	Parameter	Observed Characteristics
A	Group composition	Homogenous socio-economic members
В	Age of Group	More than 3 years





C	Frequency of group meetings	Monthly
D	Minutes book of meetings	Written in detail
E	Attendance of group members	More than 90%
F	Participation of group in discussion	Participation by majority of members
G	Style of functioning and decision making	Decision taken on majority basis
H	Saving Pattern	Monthly INR 200 per person
I	Mode of collection (saving and loan recovery)	Collected in group meetings
J	Internal lending pattern	As and when required
K	Interest rate for internal lending	Average interest rate of 12 %
L	Utilization of saving for loaning	50-80%
M	Recovery of loans	Monthly
N	Book of accounts	Attendance cum minutes book, Loan ledger, Bank passbook maintained by president and secretary
0	Bylaws/ Group rules	Known to all members

Enterprise Profile: The majority of members of Sri Vinayaka Mahila Podupu Sangham are operating a tailoring business from their respective households. One of the SHG members, Kandukuri Aruna has established a retail shop business. She primarily sells the gift items in her shop. She is also engaged in manufacturing and selling soft toys at the shop. She has also registered her business and taken a trade license from Municipal Corporation of Warangal. Earlier this retail shop was operated by some other vendor, however, 5 years back, she overtook it and started running it. Her son is supporting her in this business and also operates a photo studio along with this shop. They also provide customized gift services to their customers, where they print photos on t-shirt, coffee mugs, and other gift items. She has also procured the required printing machines for the shop.

The primary customer for her business is young individuals studying in nearby school and colleges. They believe in building customer relationships by providing quality services, this also helps them with word-of-mouth publicity for their shop. She has identified and partnered with select wholesale suppliers and distributors from Bangalore and Hyderabad. They also use digital payment platforms for transactions with suppliers and customers. Few other local SHGs that manufacture handicrafts items utilize this shop to display and sell their products.

Enterprise performance: Kandukuri Aruna has started this enterprise with her saving and 2 lakh loan under Pradhan Mantri MUDRA Yojana and another loan of INR 2 lakh from HDFC bank. Annually she invests up to 6 lakh for purchase raw materials, shop maintenance, electricity charges, salaries, license fees, etc. The business has an annual turnover in the range of INR 10 to 12 lakh, out of which she can make a profit as high as INR 6 lakh. Aruna has emphasized in the discussion that engaging in livelihood generation activity has boosted her confidence and respect for her in the immediate family and community members. She is further willing to scale up her business and envisage additional capital requirements up to INR 3 lakh.

Enterprise best practices: Gift customization service | Established partnerships with wholesalers | Partnership with fellow SHGs to sell their handicraft items | Use of digital payment platforms





Survey questionnaires

In-depth Interviews guide for SHH enterprises

A. Ide	ntification details of SHGs			
1	Unique Identification Number			
2	State			
3	City			
4	Name of the ULB			
5	District			
6	Name of group			
7	Name of respondent & Designation in the group			
8	Name of interviewee			
9	Contact Number of the Interviewee			
B. SHG	background and general information			
1	Date / Year of SHG formation			
2	Current status of your SHG	FunctionalDefunct		
3	Who helped in the formation of SHGs	SelfRO/NGO/CBO (Government program)Other		
4	Type of SHGs	All menAll womenAll PwDMix		
5	Number of members	MaleFemaleTransgender		
6	What is the maximum educational qualification for majority (more than 50%) of group members	 No formal education Class 10th or below Class 12th Graduation Post-graduation 		
7	What is the current occupation for majority (more than 50%) of group members	 Unemployed Employed full time Employed part time (at a daily rate) Self employed Retired 		
C. SHG	Characteristics			
1	Does your group undertake regular meetings of SHG?	• Yes		





		• No		
2	If yes, What is the frequency of meeting? Does majority of members participate in the meeting	 Weekly Fortnightly Monthly Quarterly No fixed scheduled (as and when require) Yes 		
3	(more than 50%)	• No		
4	Does your group practice regular savings	YesNo		
5	If yes, how much saving per month per member?	•INR		
6	What are the kind of activities you use the saving of SHG group for	 Investing in livelihood generation activity (product/service s) Internal loaning for personal reasons like wedding or any other events 		
7	Limited cash availability			
8	Does your group perform internal lending	Yes No		
9	If yes, what is the frequency?	 Fortnightly Monthly Quarterly As and when required 		
10	What is the average interest for internal lending (if any)?	• (%)		
11	If group does not perform internal lending, what are the major reasons?	 No requirement from the group members Already invested in livelihood generation activity 		
12	Do all members of the group follow regular loan repayment practice?	YesNo		
13	 Business did n well If no, what are the major reasons? Lost source of Other (specify) 			
14	Does your group perform regular bookkeeping (financial transaction and account?	YesNo		
15	If yes what kind of books you maintain for SHG and entperises	Cash BookBank Book		
16	If yes, who is responsible for keeping books? Or it's on a rotational basis?	 President Secretary Appointed group members accountant Every member 		





1	Name of enterprise	
1	Name of enterprise	
2	Current status of your enterprise	FunctionalDefunct
3	A sector of operation	 Retail Shop Food Processing Handicrafts Apparels and Textiles Handloom Beauty & Wellness Child care center Food Services at Aahar Kendra WaSH (Water, sanitation, solid waste management) Green jobs Manufacturing (Organic food, composting etc.) Farm Activity (Agriculture) Non-Farm Activity (Dairy, poultry etc.) Construction worker Others (Specify)
4	Date/year of enterprise formation	DD/ MM / YYYY
5	If your enterprise is registered under any legal provision	YesNo
6	If yes, which registration? Is the enterprise registered as an MSME and has an	 Proprietorship LLP Pvt. Ltd Partnership Not yet registered Yes
/	Udyog Aadhar Registration?	No Self
8	Who helped you in formation/ registration of Enterprise	SelfRO/NGO/CBO(Government program)Other
9	What 'Type' of Enterprise you have?	ManufacturingServiceProcessingTrading/sales
10	What is the capital cost incurred for the enterprise for setting up the enterprise?	•INR
	What is the source of funding for setting up your Enterprise? And what amount	Amount
11	Self-Funding	•INR
	Loan from Bank	•INR





	Grant under government program	•INR	
12	Have you received subsidy/ benefits from any • Yes		
12	government line department?	 No Technical training Business/Management related training Financial support 	
13	If yes, what is the kind of support you have received?	Market establishment supportOther (Specify)	
E. Capa	icity building and training (Management and technic	cal both)	
1	At the time of forming SHG group, have you received	• Yes	
2	If yes, what kind of training support you have received	 No Book keeping (saving, bank linkages) Group functioning Livelihood generation activity About government schemes 	
3	What was the duration for this training program	Number of days for each train type (Matrix)	
4	Was group able to incorporate the learnings of these training programs in their day to day functioning and enterprise related activity?	YesNo	
5	According to you, what kind of skill sets are required for running an enterprise	 Technical Training Process flow Machine operating Repair and maintenance Management / Business Training Financial planning Resource management Business modeling Marketing and Sales Customer identification Pricing Marketing and supply channel Other (Specify) 	
6	Do you think your group members have above skills?	• Yes • No	
7	Have you received/taken any formal training for above-mentioned skill set?	Matrix with above question to mark against each skill set (Q5)	
8	If yes, from whom and when? And what kind of	Matrix to mention the training, agency, duration and	





	training? Duration of training?	fee (if any)	
9	What are other areas of capacity building or training you would like to receive?	 Technical Training Process flow Machine operating Repair and maintenance Management / Business Training Financial planning Resource management Business modeling Marketing and Sales Customer identification Pricing Marketing and supply channel Other (Specify) 	
F. Acce	ss to finance		
1	Does your group have a separate bank account for SHG enterprise?	• No	
2	If yes, in which bank?	Public BankPrivate Bank	
3	Who manages the transaction-related details for the enterprise? Have you availed of any loans from the bank or any	 Appointed SHG group members Appointed another employee (Not a member of SHG) Yes 	
4	lending agency?	• Yes • No	
5	If yes, how much? (What amount)	Amount (INR)	
6	At what interest rate?	• Interest (%)	
7	 Economic general activity For what purpose you have availed of the bank loan? Personal reason building house, netc. 		
8	Have been able to repay bank loans on time?	YesNo	
9	If no what are the major challenges?	 Business did not function well Lost source of income Other (specify) 	
10	Do you think getting a loan from the bank for SHG enterprise is easy?	YesNo	
11	If yes, why do you think so?	 No Enabling government policy Priority sector for bank Other (specify) 	





12	If no, what are the major challenges you faced in getting a bank loan?	 Lack of required documents Collateral Guarantee Preparing loan case/business plan Upfront cost etc. for middle man Past financial performance of SHGs 	
G. Ente	rprise operation		
1	What is the key business activities involved in your enterprise work?	ManufacturingServiceProcessingTrading/Sales	
2	How many employees are working with your enterprises?	Number of individual	
3	Is it only the SHG members or additional employees? And how many?	Only SHG members (number)Additional (number)	
4	What is the nature of employment? And employees under each category?	Full timePart time (Daily wage)Contractual	
5	What is the gender wise bifurcation of employees?	MaleFemaleTransgender	
6	Do you own or rent any of the following assets of the business?	 Premises for business Machinery or Equipment's Transport Equipment viz. Auto/ Rickshaw/ Motorcycle Other 	
7	What would be the estimated value of all your business assets?	 Below 3 lakh 3-5 lakh 5-10 lakh Above 10 lakh 	
8	Have your assets covered under Insurance?	YesNo	
9	What is the monthly operational cost for the enterprise including salaries of all employees?	•INR	
10	How do you procure raw material required for your business? (If they have already identified and partnered with vendors?	 On convenience basis Have set of identified vendors 	
11	What are your target market/ community?	Geographic Location (Urban/rural/peri- urban) Type of client (Household, Business, Government, Gender, age etc.)	
12	How do you market/ brand your product/ service in the targeted community?	Door to door marketingDigital media marketing	





13	What are the sale channels adopted by your enterprise?	 Event marketing (Hatt, seminar, workshops) Word of mouth Print Media (Newspaper/ pamphlet marketing) Personal selling Sales outsourcing Retail Ecommerce Reseller (Bulk procurement)
14	Is there any permanent customer base identified for your product/ services? (like buyback from NGO, government, private sector company, particular community, bulk procurer)	• Yes • No
15	Are you aware about the e-commerce platforms like Flipkart, Amazon, and GeM etc.?	• Yes • No
16	Do you use any digital (e-commerce) platform to sell your product/ services	• Yes
17	If yes, what platform you use?	Name
	in year, white places in year about	Very Good
18	What kind of response you have received from above e- commerce platform?	GoodAveragePoorVery Poor
19	If no, are you aware of any such platforms? And how to connect your business to such a platform?	• Yes • No
20	Would you in future would like to associate and Yes	
21	Are you aware of digital payment methods like Gpay, Paytm, Phone Pay, and Bharat?	• Yes • No
22	Do you use digital payment methods with your vendors/customers?	• Yes • No
23	If no, what are the major challenges faced by you in accessing these platforms?	 Not aware about different modes Don't know how to use Limited access to mobile /internet Do not trust online payment
24	Are you aware about the following government schemes/ facilities?	 Pradhan Mantri Mudra Yojana Udyog Aadhar Credit Guarantee Scheme City Livelihood Centre
25	If yes, have you received any support from these schemes /facilities?	YesNo





26	If yes, What kind of support?	 Technical training Business/Man agreement related training Financial support Market establishment support Other (Specify) 	
27	What is the annual turnover of your SHG group for the last 3 years?	•INR	
28	What is the average annual revenue of your SHG group for the last 3 years?	•INR	
29	What is annual average revenue of your enterprise?	•INR	
30	What do you do with revenue earned from the enterprise? (distribute among team members, invest back in business)	 Reinvest in business Distribute among SHG members Savings Repayment of bank loans 	
	Have your enterprise achieved break-even?		
31	Interviewer can probe if revenue made by a business in selling products or services equals the costs involved in producing those as well as running the company.	YesNo	
H. Plan	s for scale-up?		
1	Are you willing to scale up your enterprise?	YesNo	
2	If yes, how are you planning to scale up?	 Increase the production Diversify product and services Enter in new geography Scale up sales through digital platform 	





4	Which type of loan your group required for business expansion/ diversification?	 Establishing partnerships Other (Specify) Term Loan Cash Credit Working Capital loan Composite Loan Technical training Business/Man agreement related 	
5	If no, why and what are the major challenges you are facing for scale-up?	training Financial support Market establishment support Other (Specify)	
I. Societ	al Stigma		
1	Did you receive required support from your family to start the enterprise?	• Yes • No	
2	If no What are the challenges you faced from society to operate this enterprise?	No financial supportLack of AcceptanceOther	
3	Did you receive required support from your society to start the enterprise?	YesNo	
4	Do you think the enterprise has helped to improve your societal status in the community?	YesNo	
5	Does this enterprise have enhanced your say in decision making for the household-related matter?	• Yes • No	
J. Impa	et of COVID-19		
1	How has COVID-19 affected your SHG enterprise?	 Reduced the product/ service demand Disrupted raw material supply chain/ Affected regular loan repayment cycle Had to close enterprise for certain time period Other (specify) 	
2	What kind of support your enterprise received from ecosystem stakeholders like government, financial institutes, and NGOs to overcome the challenges of COVID-19?	 Received financial assistance from government programs/schemes Received tax exemption/deferral by government policies Increase in the moratorium period by financial institutes Received capacity building/training supports from NGOs Other (specify) 	





1		ling to you what are the critical parameters responsible for failure/ success of	
Dank the		intperises?	
	Rank the following factors on a scale of 1-9 (1 as most critical parameter and 9 being the least critical parameter for success/ failure of a SHG)		
	•	Human Resource	
		 Limited technical and non-technical 	
		skillsets of the team member	
		 Group dynamics - Collecting 	
		consensus among team members	
	•	Access to information	
		 Lack of information for 	
		identifying the domain or	
		business idea	
		 Lack of information on government 	
		scheme and subsides	
		Lack of information on access to finance Lack of information on access to finance	
		Lack of information on registration of	
	_	enterprise Access to finance	
	•		
		o Stringent requirements of financial institute	
		Lack of collaterals available	
		 High interest rate 	
		o Poor credit score/ past financial	
		performance	
		Other terms and condition (specify)	
	•	Supply chain partners	
		Limited supply of raw materials	
		Lack of established network with	
		suppliers Low bargaining power at supplier level	
		Low bargaining power at supplier level High cost of raw material/ small order	
		sizes	
		 Limited support from the 	
		government/ ecosystem	
		stakeholders for supply chain	
		partnerships	
	•	Operation - product manufacturing	
		 Low access/ use of innovative 	
		technology	
		High cost of manufacturing process	
		Frequent breakdown in manufacturing machines	
	_	machines Marketing and sales	
	•	Marketing and sales o Identifying target customer	
		Identifying target customer Irregular demand from customer	
		Limited forward market linkages	
		 Unable to market product 	
		 Low willingness to pay by customer 	
	•	Financial sustainability of business	
		 High operation and maintenance cost 	
		Low profit margins	
		High working capital requiredLimited revenue sources	
	_	Government program and policies	
		Change in policies	
		Not aligned government programs	
1	1	0	





	 Implementation of government program and policies High turnaround time of project/scheme implementation (slow roll out rate) Community challenges/Social stigma Low decision making power Non responsive, non-supportive family/community 	
L. Reco	mmendation	
1	What are some of the key areas of improvement to promote SHG enterprises?	 Government Level (specify) Technical (specify) Business/ management (specify) Access to finance (specify)
M. Deta	ails about Closed enterprises	
1	When did you close the enterprise	• MM/YYYY
2	What were the major reasons for closing the business?	 Business idea did not work Internal group conflict Lack financial resources Lack of technical skills Lack of management/ business related skills Unable to market and sale product Other (specify)
3	Did you seek any support from the government, ALF, RO, other ecosystem partners to sustain the business?	• Yes • No
4	What you could have done differently to save your business?	 Worked on different business idea Seek additional financial support Build Management / business related capacity of group members Build technical skills of the group members Marketed product with different strategy Availing support from concerned government departments





Focus Group Discussion for SHG Enterprises

Basic det	ails of the group		
1	State		
2	City		
3	Locality		
4	Name of SHG		
5	Total number of members in the group		
6	Number of members attending FGD		
7	Contact details of group representative		
8	Name of SHG enterprise associated		
9	Domain of enterprise operation	 Retail Shop Food Processing Handicrafts Apparels and Textiles Handloom Beauty & Wellness Child care center Food Services at Aahar Kend WaSH (Water, sanitation, somanagement) Green jobs Manufacturing (food, composting etc.) Farm Activity (Agriculture) Non-Farm Activity (Dairy, ponstruction worker Others (Specify) 	olid waste Organic
Sr. No.	Name of the respondent	(Male/Female/Transgender)	Designation
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			





Section 1: S	HG Characteristics		
S. No.	Question of discussion and probe points		
1	How and why did you organize yourself in a SHG group? Interviewer can probe with following: How different group members came together If NGO/RO/government department supported/ mobilized for formation of SHG What was the primary reason for forming a SHG group, if that purpose got fulfilled Overall development of SHG from the time of formation of group		
2	Is your group aware about the Key operational Principles (also known as Panchasutra principles) of a good SHG? If yes do you follow it? Interviewer can probe with following: • Does your group conduct regular meetings; what frequency, do maintain record; if yes can we see • Do your group perform regular savings; if yes, how much per month, what you do with money; who maintain records • Does your group also perform regular internal lending; if yes, at what interest rate; • Regular loan repayments • Regular book keeping • Interviewer can also request for physical evidence like, meeting/ account book		
3	 How does your group function? Explain on parameters of participation, decision making, leadership, cohesiveness, transparency etc. Interviewer can probe with following: Do all member participate equally in group discussions and decision making How does you make decisions, If you follow democratic functioning to make decision How do you elect leaders, if it's on rotational basis How do you divide responsibilities among the team members Is there a cohesive and transparent way of functioning for SHG related activities 		
Section 2: E	Tell us more about your SHG enterprise, how did you started enterprise operation Interviewer can probe with following: • When and why did you started this enterprise (product/services) • How did you come up this idea • Which all stakeholders supported you in the establishing the enterprise • What are the other partnerships you have developed, for this enterprise		





	What is the business model of your SHG enterprise
5	 Sector you are operating; Product/ service supplied; Geographies of operation What are the key activities performed by your enterprise and what are key resource required for it What is your target customer segment, how do you maintain customer relationship What value your business promise to deliver to customers and what channels you adopt to deliver this value proposition
	Can you give us an idea about the financial performance of your enterprise
6	 What are primary cost heads & their % contribution to overall CAPEX of the enterprise What is annual operational cost for your business and its bifurcation Average annual revenue range Profit margins and average annual profits If your business has achieved breakeven? Do you think it is a profit making business, If no, why?
Section 3: Ca	apacity building
7	Can you tell us more about skills and capacity building requirements for your enterprise Interviewer can probe with following: According to you what all technical and non-technical skills are required for running an enterprise Technical Training Process flow Machine operating Repair and maintenance Management / Business Training Financial planning Resource management Business modelling Marketing and Sales Customer identification Pricing Marketing and supply channel Other (Specify) Does your group members have these skill sets Have received any formal training / capacity building session on these skill sets from government/ NGO or other ecosystem stakeholder like ROs Are you aware about city livelihood centre, have you received any support from them? What are the gaps you see existing capacity building landscapes for SHG
Section 4: Ac	enterprises ccess to Finance
8	What are the credit requirements of the SHG enterprises





	 Interviewer can probe with following: Types of capital needed Term Loan, Cash Credit, Working Capital loan, Composite Loan Initial and current sources of capital, What are general terms (interest rate, tenure, etc.), What are the basic requirement for accessing such financial services
	Has the SHG enterprise applied for a loan previously? Did it get approved?
9	 Interviewer can probe with following: Reasons at the time for applying for loan, Which bank and what ticket size If approved: reasons for approval and how was it utilized If rejected: What are the major challenges faced in accessing the loans – document, guarantee/ collateral, credit score, repayment ability, etc., What alternative source of capital did you pursue to fulfill business need
	How has the loan / financing helped the business? And Is there any additional
	funding requirement for scale up of enterprise?
10	 Interviewer can probe with following How it was used (purpose), Did they have any issue with repayment Did it achieve the result for which the fund was taken,
	Was the amount adequate
	 How much additional amount is required for scale up and why (purpose),
	what kind?
Section 5: E	interprise performance
	Do you consider your enterprise as a successful? And why so?
	bo you consider your enterprise as a successian. This why so:
11	 Interviewer can probe with following Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise?
11	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise?
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12	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise?
12	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise? Iritical factors for Enterprise operation According to you what are the critical parameters responsible for failure/ success of
12 Section 5:Ci	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise? iritical factors for Enterprise operation According to you what are the critical parameters responsible for failure/ success of SHG entperises?
12 Section 5:Ci	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise? iritical factors for Enterprise operation According to you what are the critical parameters responsible for failure/ success of SHG entperises? Human Resource Limited technical and non-technical skillsets of the team member
12 Section 5:Ci	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise? iritical factors for Enterprise operation According to you what are the critical parameters responsible for failure/ success of SHG entperises? Human Resource Limited technical and non-technical skillsets of the team member Group dynamics - Collecting consensus among team members
12 Section 5:Ci	 Do you think it's a profit making business? Has it improved your say other decision making at home or community Do you fill confident as compared to when you started the business? Is there any improvement in your economic status since you started this enterprise? What are few of the critical factors for success/ failure of your enterprise? What are some of the best practices you are adopting in the domain of business you are operating Interviewer can probe with following Domain specific question What are some of the innovative approaches you have adopted in your enterprise? iritical factors for Enterprise operation According to you what are the critical parameters responsible for failure/ success of SHG entperises? Human Resource Limited technical and non-technical skillsets of the team member





	T
	 Lack of information on government scheme and subsides
	 Lack of information on access to finance
	 Lack of information on registration of enterprise
	Access to finance
	 Stringent requirements of financial institute
	 Lack of collaterals available
	 High interest rate
	 Poor credit score/ past financial performance
	 Other terms and condition (specify)
	Supply chain partners
	 Limited supply of raw materials
	 Lack of established network with suppliers
	 Low bargaining power at supplier level
	 High cost of raw material/ small order sizes
	 Limited support from the government/ ecosystem stakeholders for
	supply chain partnerships
	Operation - product manufacturing
	 Low access/ use of innovative technology
	 High cost of manufacturing process
	 Frequent breakdown in manufacturing machines
	 Marketing and sales
	 Identifying target customer
	 Irregular demand from customer
	 Limited forward market linkages
	 Unable to market product
	 Low willingness to pay by customer
	 Financial sustainability of business
	 High operation and maintenance cost
	 Low profit margins
	 High working capital required
	o Limited revenue sources
	Government program and policies
	o Change in policies
	 Not aligned government programs
	 Implementation of government program and policies
	 High turnaround time of project/scheme implementation (slow roll
	out rate)
	Community challenges/Social stigma
	 Low decision making power
	 Non responsive, non-supportive family/community
Section 7:	Impact of COVID-19
	How has COVID-19 affected the SHG enterprise?
	Interviewer can probe with following
	 What was the impact on revenue/sales (product/services),
14	 Did the working of the SHG enterprise stop,
	 Did you explored any new economic activity in last on year
	 Did it impact because of accessing raw material, finance, markets or in
	operations
	What additional support is required to overcome the effects of Covid-19?
15	Interviewer can probe with following
	What are the key challenges you foresee in the short, medium and long term
	• what are the key chancinges you foresee in the Short, medium and folig term





due to	covid19.
aue to	coviary,

- Is there any initiative that you feel will be useful for enterprise to overcome the issues due to COVID-19
- Is there any support that government of other development partners can provide for you to overcome these challenges, policy level changes required?

Section 8: Other Observation

Do you have any suggestions/viewpoints to overcome the challenges faced by SHG enterprise

Interviewer can probe with following

- What regulations/programmes were useful and what needs to change
- How can an enterprise have better access to credit
- Any specific training needs/capacity building
- How to improve the revenue/scale
- What can financial institutions do
- What can government do,
- What can private sector companies do
- What can development partners do to support the ecosystem, non-financial supports

16





Key Informant Interview Guide for SHG Enterprises

Section 1: Case Study Title - 0)ne lin	er description of SHG Enterp	orise
Photograph of SHG Members /		Name of Enterprise	
Respondent	2	Domain of enterprise operation	 Retail Shop Food Processing Handicrafts Apparels and Textiles Handloom Beauty & Wellness Child care center Food Services at Aahar Kendra WaSH (Water, sanitation, solid waste management) Green jobs Manufacturing (Organic food, composting etc.) Farm Activity (Agriculture) Non-Farm Activity (Dairy, poultry etc.) Construction worker Others (Specify)
	3	Year of establishment	
	4	Number of SHG member involved in running enterprise	
		What 'Type' of Enterprise you have?	ManufacturingServiceProcessingTrading/sales
		If your enterprise is registered under any legal provision	• Yes • No
		If yes, which registration?	 Proprietorship LLP Pvt. Ltd Partnership Not yet registered
	5	Enterprise Type ³² (As per MSME definition)	Micro Enterprise Small Enterprise Medium Enterprise
Section 2: Brief information	about	the SHG	
S. No. Question of disc	ussion	and probe points	
Tell us more about 1 SHG group?	out you	r SHG group. How and why d	lid you organize yourself in a

³² Enterprises engaged in the manufacture or production, processing or preservation of goods are classified based on investment in plant and machinery i.e. < INR 25 lakh for micro enterprise; INR 25 lakh to 5 crore for small enterprise; and 5 crore to 10 crore for medium enterprise. Enterprises engaged in providing or rendering of services can be classified as micro if investment in equipment is not more than INR 10 lakh, small if investment in equipment is between INR 10 lakh to INR 2 crore; and medium if investment in equipment is more than INR 2 crore but does not exceed INR 5 crore.



2



- Number of SHG members; gender bifurcation; age; educational qualification and any other occupational details
- How different group members came together; If NGO/RO/government department supported/ mobilized for formation of SHG
- What was the primary reason for forming a SHG group, if that purpose got fulfilled

Is your group aware about the Key operational Principles (also known as Panchasutra principles) of a good SHG? If yes do you follow it?

Kindly fill Annexure A with response to following questions.

Interviewer can probe with following:

- Does your group conduct regular meetings; what frequency, do maintain record; if yes can we see
- Do your group perform regular savings; if yes, how much per month, what you do with money; who maintain records
- Does your group also perform regular internal lending; if yes, at what interest rate:
- Regular loan repayments
- Regular book keeping
- Interviewer can also request for physical evidence like, meeting/account book

#	Category	Criteria	Rating (Select relevant)
A	Group	Homogenous socio-economic members	
composition		Heterogeneous socio-economic members	
_	Age of Group	Less than 1 year	
В		1 to 3 years More than 3 years	
		Weekly	
С	Frequency of	Fortnightly	
C	group meetings	Monthly	
		As and when required	
	Minutes book of	Written in detail	
D	meetings	Maintained but not in detail	
	meetings	Not maintained at all	
	Attendance of	Less than 70%	
Е	group members	70 to 90%	
	group members	More than 90%	
	Participation of group in discussion	Participation by only a few	
F		members	
		Participation by majority of members	
	Style of functioning and decision making	Consensus among all the group members	
G			
		Decision taken by few members/group leaders	





		Decision taken on majority basis	
		Weekly	
Н	Saving Pattern	Fortnightly	
П		Monthly	
		As and when required	
	Mode of collection	Collected in group meetings	
I	(saving and loan recovery)	House- house collection	
	Internal lending	In fix frequency (Weekly/	
J	pattern	fortnightly/ monthly)	
	pattern	As and when required	
	Interest rate for	Interest rates vary according to	
K		the purpose of loan	
11	internal lending	Interest rates vary according to	
		the purpose of loan	
	Utilization of	Below 50%	
L	saving for loaning	50-80%	
	Saving for foaming	Above 80%	
	Recovery of loans	Fortnightly	
M		Monthly	
		As and when money comes	
	Book of accounts (Tick against all applicable)	Attendance cum minutes book	
N		Saving Register	
11		Loan Ledger	
		Bank Passbook	
	Bylaws/ Group rules	Known to all members	
0		Known to most of members	
		Not known to many members	





Section 2	Enterprise profile
Section 5:	Tell us more about your SHG enterprise, how and why did you started SHG
3	 enterprise Interviewer can probe with following: Sector you are operating; Product/ service supplied; Geographies of operation When did you started this enterprise Why did you start this enterprise? What were the major driving factors? How did you come up this idea? Which all stakeholders supported you in the establishing the enterprise What are the kind partnerships you have developed for this enterprise
	What is your target customer segment?
4	 Interviewer can probe with following: Type of client (Geography-urban/rural/peri-urban, Household, Business, Government, any specific Gender or age etc.) Individual/ households with a specialized needs and characteristics, for which business is creating valueMost important customers; major source of revenue Is our customer base a Mass Market, Niche Market, Segmented, Diversified
	What value proposition your enterprise delivers to these customers?
5	 Interviewer can probe with following: Which one of our customer's problems are we helping to solve? What bundles of products and services you are offering to each Customer Segment? Which customer needs are you satisfying? Characteristics like: Newness, Performance, Customization, Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability, socially responsible, environment friendly
	Through which avenues/ channels your business deliver value proposition to its
6	 customers? Interviewer can probe with following: How do you reach your customers? Are there multiple channels to reach customer? Is your channels integrated? Which ones work best? Which ones are most cost-efficient? Type of marketing channels: Door to door marketing; Digital media marketing; Event marketing (Hatt, seminar, workshops); Word of mouth; Print Media (Newspaper/ pamphlet marketing) Sales Channels: Personal selling; Sales outsourcing; Retail; Ecommerce; Reseller (Bulk procurement)
	What kind of relationship your business has with its target customer and how they
7	maintain this relationship?
,	Interviewer can probe with following: • Characteristics like one to one, one to many, many to many





	Relationship with customer through follow up calls, personal assistance, automated service, community, third party agreement
	What key activities your business undertakes to reach and deliver value proposition to its customers?
8	Interviewer can probe with following: Procurement of raw materials Operation and processing with raw materials Packaging Marketing Sales Installation. Post sales services Networking and partnership with stakeholders
	What all key resources are required to perform these key activities?
9	Procurement of raw materials Operation and processing with raw materials Packaging Marketing Sales Installation. Post sales services Networking and partnership with stakeholders Interviewer can probe with following: Physical resources, such as raw material, buildings, vehicles, transportation, storage facility, machines and factory. Human resources, or staff, such as technical or marketing experts.
10	 Intellectual resources, such as your brand, patents, copyrights, partnerships, and customer databases. Financial resources, such as cash, credit etc. Which all stakeholders like private companies/suppliers/ government department required to perform these key activities? Procurement of raw materials Operation and processing with raw materials Packaging Marketing Sales Installation. Post sales services Networking and partnership with stakeholders Interviewer can probe with following: Financial institutes like Bank, MFI etc. Community based organization/ NGO





		11						
	Raw material su							
	Partners for maPartners for pace	_	l selling prod	lucts				
	Other SHG group	~ ~	a sching proc	iucts				
	Other (specify)	۲						
	What are the most im	ortant co	sts inheren	t for your bus	siness?			
		6 11						
	Interviewer can probe with following:Capital cost for machine, space etc.							
11	 Operation and maintenance costs like cost of raw materials, marketing cost, 							
	salaries of empl							
	/electricity cons	sumable et	tc.					
	What are your differ stream contribute to o			s and how i	nuch does	each Revenue		
	Interviewer can probe with following:							
12	Who pays you? (Direct customer or a third party?)							
12	 Payment against what product or services? Sale of physical product; Usage fee, 							
	 Subscription fee, Brokerage fees, Advertising etc. How do they pay you? (Cash, bank transfer, digital platform like Paytm, google 							
	pay etc.	y you. (oa.	on, bank tran	sier, aigitai pi	actorni nike i	ay tiii, googie		
	Can you give us an ide	a about th	e financial p	performance	of your ente	erprise		
	Internal account and account and							
	Interviewer can probe what are prima		_	contribution	to overall CA	DFY of the		
13	 What are primary cost heads & their % contribution to overall CAPEX of the enterprise 							
	 What is annual operational cost for your business and its bifurcation 							
	Average annual revenue range							
	Profit margins a	nd average	e annual pro	fits				
	What is average annua	al turnove	er for your e	nterprise? (la	ast 3 years)			
14	Interviewer can probe with following:							
	Net sales generated by your enterprise							
	What is average annua	al profit fo	or your ente	rprise? (last	3 years)			
	Interviewer can probe with following:							
15	Total income minus cost of goods sold, expenses, depreciation and amortization,							
	interest, and taxes for an accounting period (this will be customized to product							
	as well as services)							
16	What are the sources	of (past ar	nd available	funds for th	e SHG enter	prises?		
10	Interviewer can probe v							
#	Source of funds	Total Amount	Grant Amount	Loan Amount	Interest rate	Amount Outstanding		
A	Savings by members					0		
В	Revolving fund Loan from							
С	bank/cooperative							
D	Interest earned							





	through inter
	loaning
Е	Income from Income
	generation activity
	Grants from any
	government
_	program
F	Any other
G	Total
17	 Interviewer can probe with following: Interviewer can probe if revenue made by a business in selling products or services equals the costs involved in producing those as well as running the company. Break-Even Point (BEP) = [Fixed cost/ (Selling price per unit - Variable cost)] Fixed costs including (but are not limited to) interest, taxes, salaries, rent, depreciation costs, labour costs, energy costs etc. Variable cost including cost of raw material, packaging cost, fuel and other costs that are directly related to the production. Selling price per unit
Section 4:	Capacity building
18	What kind of training and capacity building support you have received from ecosystem stakeholders like Government department, community based organizations, NGOs, ALF, CLF etc. Interviewer can probe with following: • Which of the following areas you have received training on? What was the duration of training? Who was the training authority and did you find it useful? • Technical Training • Process flow • Machine operating • Repair and maintenance • Management / Business Training • Financial planning • Resource management • Business modeling • Marketing and Sales • Customer identification • Pricing • Marketing and supply channel • Other (Specify)
19	Can you tell us more about skills and capacity building requirements for your enterprises? Interviewer can probe with following: • What are the gaps you see existing capacity building landscapes for SHG enterprises • According to you what all technical and non-technical skills are required for running an enterprise in the following categories:





	Technical Training
	o Process flow
	Machine operating
	Repair and maintenance
	Management / Business Training Figure 3 in large 1 and
	Financial planning Passauras management
	Resource management Rusiness modeling
	Business modelingMarketing and Sales
	Marketing and Sales Customer identification
	o Pricing
	Other (Specify)
	outer (openly)
Section 5:	Access to Finance
	What are the credit requirements of the SHG enterprises
	Interviewed con much excith fellowing.
20	Interviewer can probe with following:
20	Types of capital needed (term loan, working capital, equity, grant, others) White load anymout assumes of capital.
	Initial and current sources of capital, What are according to the control of the control o
	What are general terms and conditions (interest rate, tenure, etc.), What are the basis requirement for a generical garding such financial gardings.
	 What are the basic requirement for accessing such financial services Has the SHG enterprise applied for a loan previously? Did it get approved?
	has the sind enterprise applied for a loan previously: Did it get approved:
	Interviewer can probe with following:
	Reasons at the time for applying for loan,
	Which bank and what ticket size.
21	If approved: reasons for approval and how was it utilized
	If rejected: why was it declined? What are the major challenges faced in
	accessing the loans – document, guarantee/ collateral, credit score, repayment
	ability, etc.,
	What alternative source of capital did you pursue to fulfilled business need
	How has the loan / financing helped the business? And Is there any additional
	funding requirement for scale up of enterprise?
	g v ₁
	Interviewer can probe with following
22	How it was used (purpose),
22	Did they have any issue with repayment
	Did it achieve the result for which the fund was taken,
	Was the amount adequate
	How much additional amount is required for scale up and why (purpose), what
	kind?
Section 6:	Enterprise Performance
	Can you tell us total volume of business done till date since the inception of
	enterprise?
	Total Community of Charles
23	Interviewer can probe with following
	Total number of customers reached Total calcago abigue d (grandwate/ pagains deligened)
	Total sales achieved (product/ service delivered) The last achieved (product/ service delivered)
	Total of profit achieved
	Do you consider your enterprise as a successful? And why so?
<u> </u>	2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
24	Interviewer can probe with following
	Do you think it's a profit making business?









1	-
	 Lack of information for identifying the domain or business idea
	 Lack of information on government scheme and subsides
	 Lack of information on access to finance
	 Lack of information on registration of enterprise
	Access to finance
	 Stringent requirements of financial institute
	 Lack of collaterals available
	 High interest rate
	o Poor credit score/ past financial performance
	 Other terms and condition (specify)
	Supply chain partners
	o Limited supply of raw materials
	Lack of established network with suppliers
	Low bargaining power at supplier level
	High cost of raw material/ small order sizes
	 Limited support from the government/ ecosystem stakeholders for
	supply chain partnerships
	Operation - product manufacturing
	Low access/ use of innovative technology
	High cost of manufacturing process
	 Frequent breakdown in manufacturing machines
	Marketing and sales Identifying target quaterner
	Identifying target customer Irregular demand from customer
	Irregular demand from customer Limited forward market linkages
	Limited forward market linkages Hackle to market and dust
	Unable to market product
	Low willingness to pay by customer
	Financial sustainability of business
	 High operation and maintenance cost
	Low profit margins
	High working capital required
	o Limited revenue sources
	Government program and policies
	o Change in policies
	 Not aligned government programs
	 Implementation of government program and policies
	 High turnaround time of project/scheme implementation (slow roll out
	rate)
	Community challenges/Social stigma
	 Low decision making power
	 Non responsive, non-supportive family/community
Section 9:	
	What are you plans to scale up the enterprise operation?
	Interviewer can probe with following
30	 Are you willing to scale up your enterprise?
30	 If yes, how are you planning to scale up? (Geography/reach, production, team
	size, funding, institutionalization process)
	 If no, why and what are the major challenges you are facing for scale-up?
Section 10): Closed/ non-operational enterprises
	Kindly help us understand major reasons for closing your enterprise? And What
31	you could have done differently to save your business?





Intervi	ewer can probe with following	
•	Business idea did not work	

- Internal group conflict
- Lack financial resources
- Lack of technical skills
- Lack of management/ business related skills
- Unable to market and sale product
- Other (specify

Section 11: Other Observation What kind of support you expect from ecosystem stakeholders in future? Interviewer can probe with support required and received from following stakeholders Bank, NBFC, MFI **Government Departments** 32 NGO RO City livelihood Centre ALF/CLF Do you have any suggestions/viewpoints to overcome the challenges faced by SHG enterprise Interviewer can probe with following What regulations/programmes were useful and what needs to change How can an enterprise have better access to credit How to improve the revenue/scale 33 What can financial institutions do What can government do, What can private sector companies do What can development partners do to support the ecosystem, non-financial supports Other





Key Informant Interview Guide for Ecosystem Stakeholders

Section 1: I	Basic details of the			
Photograph of Respondent		1	Name of the Respondent	
		2	Gender	
		3	Stakeholder Type	(Resource Organization/ NGO/ CBO/ Financial Institute/ Government)
	\preceq $ $	4	Name of Department/ Organization	
[5	Designation	
b		6	State	
		7	City	
Section 2: Q	Questions for RO/ N	NGO/	СВО	
1	How are you link responsibilities? Interviewer can p RO/NGO/ economic Financial enterprise Government	robe v CBO: activi institues	with following: Role is SHG formation, capacities, advocacy with governmentes: Bank linkages of SHG, ind	nt lividual/ group loans for les and responsibilities as per
2	How do you undertake community mobilization and institution building for SHG ecosystem? Interviewer can probe with following: How do you identify affinity group How do you convince them to organize themselves in a Self Help Groups What support/ guidance you receive from local government department/ any other development partner to undertake these activates (in cash/kind)			
	What is your role	e in b	uilding capacities of SHG? A	nd how do you undertake it?
3	by SHGs How do you do you fact Do you also developm What all to keeping, co	ou ide ou sup cilitate so leve ent pa entati ommu	chnical and non-technical train ntify specific training and capa oport in building capacity build these training sessions? erage support from relevant go	ding of SHG enterprises? How overnment departments / other building sessions? If yes, how? Ainings like basics of SHGs, book ant scheme etc.
4	_		registration/ IIID enrole	nent process for new SHG
1	what are the	Dasit	regionation, oid cillon	nent process for fiew sild





	enterprise? How do you support this process
	 Interviewer can probe with following: Application forms Creating awareness among SHG members Documents requirement Institutional process to be followed Challenges faced in the process
5	How many years have your organisation supported SHGs for setting up micro enterprises? How many Micro-enterprises have been created so far? Interviewer can probe with following • What domain these enterprise are working • What is an average size of these enterprises • Are they currently operational • How are they performing
6	 How do you facilitate the SHG bank linkages for availing the loans? Interviewer can probe with following: What is your roles and responsibilities in facilitating bank linkages Do you also support in developing proposals for loan requirement by SHGs Are there any preferred bank or financial institute you establish partnerships with Are there any other financial institute (other than nationalize banks) who provides loans to SHG enterprise How easy or difficult it is to get loan from bank for establishing a SHG enterprise What are the major challenges you face in facilitating bank linkages
7	What other support you provide to SHG enterprise? Interviewer can probe with following: Ideation Book Keeping Preparing Business plan Registration Linking with value chain stakeholders Bank loans/ access to credit Convergence with other govt. departments and availing government subsides Training and Capacity Building Improving access to market (marketing and sales)
8	According to you what are the major factors responsible for failure/ success of any SHG enterprise? (factors of failure)





Rate the below factors on a scale of 1 to 3; with 1 being 'low', 2 'moderate' critical and 3 being 'high' critical

• Human Resource

- Limited technical and non-technical skillsets of the team member
- o Group dynamics Collecting consensus among team members

• Access to information

- Lack of information for identifying the domain or business idea
- Lack of information on government scheme and subsides
- Lack of information on access to finance
- o Lack of information on registration of enterprise

Access to finance

- Stringent requirements of financial institute
- Lack of collaterals available
- High interest rate
- o Poor credit score/ past financial performance
- Other terms and condition (specify)

• Supply chain partners

- Limited supply of raw materials
- Lack of established network with suppliers
- Low bargaining power at supplier level
- o High cost of raw material/small order sizes
- Limited support from the government/ ecosystem stakeholders for supply chain partnerships

• Operation - product manufacturing

- Low access/ use of innovative technology
- High cost of manufacturing process
- Frequent breakdown in manufacturing machines

Marketing and sales

- o Identifying target customer
- o Irregular demand from customer
- Limited forward market linkages
- Unable to market product
- Low willingness to pay by customer

• Financial sustainability of business

- High operation and maintenance cost
- Low profit margins
- High working capital required
- Limited revenue sources

Government program and policies

- Change in policies
- Not aligned government programs
- Implementation of government program and

Within these scale we will also check how the respondent rate the various sub bullets (scale of 1 to 3).





	policies High turnaround time of project/scheme implementation (slow roll out rate) 			
	 Community challenges/Social stigma Low decision making power Non responsive, non-supportive family/community 			
	Do you have any suggestions/viewpoints to improve ecosystem of SHG enterprise			
9	 Interviewer can probe with following What regulations/programmes were useful and what needs to change How can an enterprise have better access to credit How to improve the revenue/scale What can financial institutions do 			
	 What can government do, What can private sector companies do What can development partners do to support the ecosystem, non-financial supports 			
Section 3: 0	Questions for Financial Institute			
	How are you linked to SHG enterprise ecosystem? What are your key roles and responsibilities? Interviewer can probe with following: Government policy and programs promoting bank linkages of SHG			
10	enterprises like DAY-NULM, Guidelines from RBI What are various subsides you receive from government departments Improving access to finance Opening bank account Individual/ group loans for enterprises Any specific loan product developed for SHG enterprises			
	What is your loan appraisal process?			
11	 Interviewer can probe with following: Application form Verification of SHGs 			
	 Grading of SHGs Preparation of loan application and loan agreement Disbursement of loan 			
	Collection of loan money on regular intervals			
	What are the general credit requirements of the SHG enterprises? And what are the kinds of financial assistance products you offer?			
12	Interviewer can probe with following:			
	Types of capital needed			
	Size of loan required			
	 Existing financial products and its terms and condition 			





	Major reasons at the time for applying for loan
	What are key evaluation parameters you consider for approval/ declining loan to any SHG enterprise
13	 Interviewer can probe with following: Composition of group Age of group Past financial transaction Non-financial performance (Team bonding, socio-economic status, Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Upto-date books of accounts) Credit score Activity loan requested for Collaterals What is the average Turnaround Time (TAT) for loan application process? Do you also track how was it utilized? If yes how
14	What kind of /nature of financial support /assistance have you provided to the SHG enterprises? Interviewer can probe with following: Nature of fund provided (debt, equity, grant, credit guarantee) Average amount per SHG enterprise What is the total amount given so far (along with time span), Tenure of the services/products offered At what interest rate What were the funds used for (operations, sales, expansion, capex etc.)
15	Are you doing credit utilization check? What are the key findings? Interviewer can probe with following: • How the money was used? • Did they have any issue with repayment? • Did it achieve the result for which the fund was taken • What were the responses received from SHG enterprise?
16	What are the major challenges you face in facilitating bank linkages or financing SHG enterprises Rate the below factors on a scale of 1 to 3; with 1 being 'low', 2 'moderate' challenge and 3 being 'high' challenge. Lack information with SHGs Purpose of loan requested for Limited or no documents availability with SHGs Structure, size of financial products Interest rate (higher) Repayment ability of SHGs Performance of SHG based on Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts Collaterals Other (Please explain)





	According to you what are the major factors responsible for fail	ure/ success of
	any SHG enterprise? (factors of failure)	
	Rate the below factors on a scale of 1 to 3; with 1 being 'low', 2 'moder 3 being 'high' critical	ate criticai ana
	S being high Critical	Within these
	Human Resource	scale we will
	 Limited technical and non-technical skillsets of the 	also check
	team member	how the
	o Group dynamics - Collecting consensus among team	respondent
	members	rate the
	Access to information	various sub bullets (scale
	 Access to information Lack of information for identifying the domain or 	of 1 to 3).
	business idea	
	 Lack of information on government scheme and 	
	subsides	
	Lack of information on access to finance	
	 Lack of information on registration of enterprise 	
	Access to finance	
	 Stringent requirements of financial institute 	
	 Lack of collaterals available 	
	 High interest rate 	
	o Poor credit score/ past financial performance	
17	 Other terms and condition (specify) 	
	Supply chain partners	
	 Limited supply of raw materials 	
	 Lack of established network with suppliers 	
	 Low bargaining power at supplier level 	
	High cost of raw material/small order sizes Limited support from the government/coordinates.	
	 Limited support from the government/ ecosystem stakeholders for supply chain partnerships 	
	stakeholders for supply chain partiterships	
	Operation - product manufacturing	
	 Low access/ use of innovative technology 	
	 High cost of manufacturing process 	
	 Frequent breakdown in manufacturing machines 	
	Marketing and sales	
	Identifying target customer	
	 Irregular demand from customer 	
	 Limited forward market linkages 	
	Unable to market product Low willingness to pay by sustamor	
	 Low willingness to pay by customer 	
	Financial sustainability of business	
	High operation and maintenance cost	
	 Low profit margins 	
	 High working capital required 	





	o Limited revenue sources
	 Government program and policies Change in policies Not aligned government programs Implementation of government program and policies High turnaround time of project/scheme implementation (slow roll out rate)
	 Community challenges/Social stigma Low decision making power Non responsive, non-supportive family/community
	Do you have any suggestions/viewpoints to improve ecosystem of SHG enterprise
18	 Interviewer can probe with following What regulations/programmes were useful and what needs to change How can an enterprise have better access to credit How to improve the revenue/scale What can financial institutions do What can government do, What can private sector companies do What can development partners do to support the ecosystem, non-financial supports
Section 4: G	Government Representatives
	How are you linked to SHG enterprise ecosystem? What are your key roles and responsibilities?
19	 Interviewer can probe with following: DAY-NULM program Overall roles and responsibilities as per mission document Capacity building/training Monitoring and reporting responsibilities Other ecosystem stakeholder associated with Kind of support you provide to SHGs
	Marketing and branding support
	 Marketing and branding support Tell us more about how you Implement the Mission's programmes in the city following the DAY-NULM guidelines?
20	Tell us more about how you Implement the Mission's programmes in the city
20	Tell us more about how you Implement the Mission's programmes in the city following the DAY-NULM guidelines? Interviewer can probe with following: How do you prepare project plans? Do you also seek inputs from SHG associations or CLF and ROs? Budgeting for these programs Implementation, role and responsibilities Mentoring of individual programs





	City livelihood centers?
	 Interviewer can probe with following: What are the parameters considered in developing this plan How do you identify the type of livelihood activities to be involved What is role of city livelihood center in promoting SHG livelihood? Process adopted to establish city livelihood center What kind of support generally SHG requests from this centers
	What kind of support you receive from National and State Mission Management Units? And what are your additional expectations?
22	 Interviewer can probe with following: Guidance on changing policy and plan Priority areas Financial assistance Technical assistance (skill enhancement, training support etc.) Monitoring and evaluation framework Access to MIS database Sharing best practices
23	 What is your role in building capacities of SHG/ ALF/ CLF? And how do you undertake it? Interviewer can probe with following: What kind of technical and non-technical trainings are generally requested by SHG/ ALF/ CLF How do you identify specific training and capacity building needs How do you support in building capacity building of SHG enterprises? How do you facilitate these training sessions? Do you also leverage support from other government departments / other development partners for organizing capacity building sessions? If yes, how? What all tentative areas you cover in these trainings like basics of SHGs, financial literacy, book keeping, communication, access to government scheme etc. What are the gaps you see existing capacity building landscapes for SHG enterprise
24	How do you monitor and evaluate impact of different projects under DAY-NULM? Have you documented the best practices of SHG led-micro enterprises? Interviewer can probe with following: • Who is responsible for individual projects • How do you collect data • Do you also take support from local ULBs? If yes what kind of support and how? • Do you have access to national level MIS? Do regularly update this database with data collected?





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	 If yes how do you upload this data to national MIS? Do you also use this data for future project planning if yes how 	w?		
	According to you what are the major factors responsible for fail any SHG enterprise? (factors of failure)	ure/ success of		
	Rate the below factors on a scale of 1 to 3; with 1 being 'low', 2 'moderate' critical and			
	3 being 'high' critical	Within these		
	 Human Resource Limited technical and non-technical skillsets of the team member Group dynamics - Collecting consensus among team members 	scale we will also check how the respondent rate the various sub		
	Access to information	bullets (scale		
	 Lack of information for identifying the domain or 	of 1 to 3).		
	 business idea Lack of information on government scheme and subsides 			
	 Lack of information on access to finance 			
	 Lack of information on registration of enterprise 			
	Access to finance			
	 Stringent requirements of financial institute Lack of collaterals available 			
	 Lack of collaterals available High interest rate 			
	 Poor credit score/ past financial performance 			
25	 Other terms and condition (specify) 			
25	Supply chain partners			
	 Limited supply of raw materials 			
	 Lack of established network with suppliers 			
	Low bargaining power at supplier levelHigh cost of raw material/small order sizes			
	 Limited support from the government/ ecosystem 			
	stakeholders for supply chain partnerships			
	Operation - product manufacturing			
	Low access/ use of innovative technology			
	 High cost of manufacturing process 			
	 Frequent breakdown in manufacturing machines 			
	Marketing and sales			
	 Identifying target customer 			
	Irregular demand from customer Limited forward market links are			
	Limited forward market linkagesUnable to market product			
	Low willingness to pay by customer			
	Financial sustainability of business			
	High operation and maintenance cost			
	 Low profit margins 			
	High working capital required			
	o Limited revenue sources			





	 Government program and policies Change in policies Not aligned government programs Implementation of government program and policies High turnaround time of project/scheme implementation (slow roll out rate) 	
	 Community challenges/Social stigma Low decision making power 	
	Non responsive, non-supportive family/community	
	Do you have any suggestions/viewpoints to improve ecosystem of enterprise	SHG
26	 Interviewer can probe with following What regulations/programmes were useful and what needs to change How can an enterprise have better access to credit How to improve the revenue/scale What can financial institutions do What can government do, What can private sector companies do What can development partners do to support the ecosystem, non-financ supports 	ial





About Intellecap

Intellecap, a part of The Aavishkaar Group, is a pioneer in building enabling ecosystems and channeling capital to create and nurture a sustainable & point application and channeling capital to create and nurture a sustainable & point application. For more details, please visit www.intellecap.

About Urban Management Center

The Urban Management Centre (UMC) is a women-promoted not for profit organization, that works towards professionalizing urban management in India and worldwide. UMC provides technical assistance and support to city governments and facilitates change through peer-to-peer learning processes. It enhances the capacity of city governments by providing expertise and ready access to innovations on good governance implemented in India and abroad. UMC extensively works in the areas of urban water and sanitation, heritage management, planning, urban health, municipal finance, urban management, urban transportation, and institutional restructuring. UMC is a legacy organization of International City/County Management Association (ICMA) and hence is also known as ICMA-South Asia. For more information, visit our website: www.umcasia.org



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