



Key learnings from one-year pilot studies under Swashakt

India has one of the lowest female labour-force participation rates in South Asia. Even when women set up enterprises, 98% of these remain in the ‘micro’ category. Women in rural India face additional gender barriers to income generation, and in access to economic resources and opportunities. The Government of India has launched several initiatives, such as the National Rural Livelihoods Mission, to advance women’s socio-economic empowerment through collectivization and collective-based enterprises. However, rigorous evidence on factors that enhance the viability, scale, and impact of these initiatives is scarce. To address this gap, 3ie, with funding support from the Bill & Melinda Gates Foundation (BMGF), launched the Swashakt Evidence Program in December 2020. The goal of this program was to extend support to nine projects involving women’s collective enterprises. Five out of these nine projects were at the pilot stage (see Table 1), while four others sought to scale established proofs of the concept further. The five pilot projects, implemented in the states of Gujarat, West Bengal, Jharkhand, and Bihar, were reviewed at the end of piloting. These pilot reviews were then synthesized to analyze factors affecting the setting up and viability of women’s collective enterprises in different contexts. This brief summarizes the key learnings from the synthesis of reviews of the Swashakt pilot projects.

Highlights

- The review underscores existing evaluative evidence that socio-economic profile, business literacy, acumen and planning, maturity of value chains and access to capital all carry implications for the set-up, operations and scalability of women-led collective enterprises
- The community ties of implementing agencies play a vital role in speed and strength of collectivization around a business idea, while their business capacities will determine the strength and evolution of the business model
- Support from external funding avenues is vital to remove entry barriers for rural women who may be interested in setting up an enterprise but lack the economic means to do so
- Institutional support, including favorable government policies and schemes, can be an enabler for setting up and scaling collective interventions that take place in complex contexts and involve members who experience considerable socio-economic barriers to improved livelihoods
- Poorly developed value chains and availability of inputs present significant barriers to operations and scale of such collective enterprises
- Collective motivation, ownership, and cohesion around the potential enterprise present a significant determinant to its set-up, operations, and scale

3ie partnered with LEAD at the Krea University to conduct this research. Using a 'mixed methods' approach, the research sought to understand the models of collective enterprises developed at the pilot stage, the viability of the collectives and the

feasibility, acceptability and relevance of their interventions, and their potential to scaleup and generate improved and sustainable incomes for participating women. To this end, this study was guided by the following research questions:

- What are the enablers and barriers to setting up women's collective enterprises?
- What is the model of the collective and whether the tested model is scalable/replicable?

Methods

In line with the above broad research objectives, the review was tailored to answer the following sub-questions, mapped on to eight themes (Table 1). The review themes thus developed were based on literature search and consultations with experts (practitioners, lenders, researchers) in this domain.

Both qualitative and quantitative evidence were gathered to address the key review questions. The primary and secondary data collection methods used included in-depth interviews, focus group discussions, surveys, and review of policy and project documents. Detailed interview protocols,

survey instruments, and contextual study notes were developed to guide the discussion with the different categories of project stakeholders.¹ The study was approved by the Ethics Committee at the Institute for Financial Management and Research, Chennai, India.

Table 1: Research themes and questions

Themes	Research question
Structural factors	<ul style="list-style-type: none"> ■ What are the natural and human resources, and demographic considerations such as ethnic/caste compositions that influence project success?
Institutional factors	<ul style="list-style-type: none"> ■ Are there formal and informal institutional rules and practices that will facilitate or hinder collectives from growing?
Governance and management of collectives	<ul style="list-style-type: none"> ■ To what extent are operations of the Board and the Management formalized? ■ What is the level of cohesion between the Board members? ■ How competent are the Board and the Management? ■ What is the level of dependence of the Board and the Management on the implementing partners/promoting organizations?
Business and operation	<ul style="list-style-type: none"> ■ What is the type, level, and adequacy of technical support (trainings and incubation support by implementing partners) extended to the members and the Management? ■ How robust is the project's value proposition? ■ How robust is the project's assessment of value chain (VC) and market opportunity? ■ What is the quality and adequacy of partnerships (value chain/market/other)?
Process and systems	<ul style="list-style-type: none"> ■ How robust are the existing processes and systems around <ul style="list-style-type: none"> ▪ regular business operations ▪ statutory requirements
Financial performance and sustainability	<ul style="list-style-type: none"> ■ Is the enterprise on a positive trajectory in terms of scale and profitability? ■ What mechanisms are in place/being considered for business expansion and technical support beyond the project period?
Group interactions	<ul style="list-style-type: none"> ■ What is the proposed value chain of the collective business? ■ How do gender norms influence women's interactions with VC members?
Group cohesion	<ul style="list-style-type: none"> ■ To what extent do members demonstrate group cohesion? ■ To what extent are members aware of and committed to enterprise goals?

Methods

Table 2: Overview of Swashakt collective enterprise support models

Project	Implementing organization(s)	Product	States	Pilot duration	Objective	Women targeted	Outcomes
Collectively run agro-processing enterprises in the Eastern Gangetic Plains - CDHI	University of Birmingham with Centre for Development of Human Initiatives (CDHI)		West Bengal	8 Months	Testing the business model	80	Sales worth INR 0.13 million done by producer groups
Collectively run agro-processing enterprises in the Eastern Gangetic Plains - SAKHI	University of Birmingham with SAKHI	Processing prickly water lily seeds (Makhana)	Bihar	8 Months	Testing the business model	56	56 households reached
Strengthening women farmer producer organization in tribal communities of Gujarat, India	ANANDI	Processing non-timber forest produce such as Mahua flowers and tamarind	Gujarat	8 Months	Testing the business model	600	<ul style="list-style-type: none"> ■ 979 women beneficiaries became part of the program ■ Trainings (technical/ marketing/ business management) provided to 370 women beneficiaries ■ Sales worth INR 1 million by women collectives
Empowering women through collective-based approaches in Bihar, a state of India	Institute of Livelihood Research and Training (ILRT)	Rural Retail Shops	Bihar	8 Months	Testing the business model with SRLM support	360	<ul style="list-style-type: none"> ■ 229 women kirana store owners became part of the program ■ Sales worth INR 2.6 million by Gramin Bazaars
Women's Bamboo Entrepreneurs Collective	NEEDS	Bamboo crafts	Jharkhand	1 year	Testing the business model	1000	<ul style="list-style-type: none"> ■ 1030 women bamboo artisans became part of the program ■ 20 mentors identified and trained for supporting women bamboo artisans



Key findings from the pilot portfolio

Broadly, our review found that internal and external factors such as socio-economic profile (low levels of literacy, BPL status, informal occupations), business knowledge and acumen of collective members, access to capital, robustness of business planning, the maturity of value chains, the sense of group cohesion and ownership, quality of implementing partner/promoter, and an enabling ecosystem carry important implications for the set-up, operations, and scalability of such an enterprise.

Enablers and barriers to setting up and operating women's collective enterprises

An important first step in the set-up of a collective enterprise is the mobilization of women around a common business idea and model. Across all pilot projects, a key enabler of this interventional component is the engagement of local NGOs for project implementation. These NGO partners have been successful in mobilizing the targeted number of rural women in each of the pilot projects owing to their strong community ties. These ties developed as a result of having worked with rural women on collective initiatives in the study districts over the past several years. In the Grameen Bazaar pilot project in Bihar, which is nested within the existing collectives' ecosystem, the mobilization efforts of the NGO partner, JEEViKA, benefited from their longstanding community engagement work in the study districts. Women (and their families) reposed their trust in the Grameen Bazaar model because of its

association with JEEViKA. It was observed across all projects that collective members indicated trust and rapport with field-level functionaries of the implementing partners.

The role of a local implementing partner has been enabling the pilot models in other tangible ways as well. They have helped drive collective activities, built member capacities, and extended technical support. In addition to relevant technical capabilities, setting up, and successful operation, an enterprise requires business competencies including basic management and governance, and advanced ones such as identification and assessment of business opportunities and business strategy. It is in these areas that women members of collective enterprises lack competency and are unable to conceive, plan, and develop business opportunity. Across all projects, the low levels of literacy of the members, their lack of technical and business knowledge and access to enabling networks present strong barriers to the setting-up and scalability of collective enterprises. There are also complex regulatory and statutory requirements to be fulfilled both at the time of set-up and on an ongoing basis by enterprises operating as a business entity. This is a significant barrier for any micro-entrepreneur, and more so for women shareholders and leaders in collective enterprises, who often lack the knowledge, time, and resources to comply with these requirements. The role of the implementing partners has been vital in all these areas. Partners have helped develop business

strategy and plans, helped fulfill collective registration and regulatory requirements (for example, the Grameen Bazaar pilot), and linked collectives to relevant value chain actors for input purchases, and to technical partners who can help build member capacities. Beyond business strategy and planning, implementing partners have also played a vital role in operations and financial management for the collectives. Thus, the capacities of the implementing partner can be a strong determinant in the evolution of such collective models.

Although our review framework was not designed to assess implementing partner capacities, progress across all projects suggests that the nature and quality of the support received from the implementing partners indeed influences collective outcomes. In the NEEDS and SAKHI pilot projects, this is evidenced in the gaps in business planning as well as in the FPO, value chain, and institutional engagement. While the extent to which some of these gaps could have been identified and planned for in advance is uncertain, a key lesson could be that such complex livelihoods interventions could benefit from a more grounded and contextual understanding and robust planning and preparation prior to mobilizing communities around a collective enterprise opportunity. It is also worth noting that the capabilities of members take time to build, and thus warrant continued technical support from external partners as well as continuous education to reinforce their technical and business skills.



Key findings from the pilot portfolio

Institutional support, including favorable government policies and schemes, can be an enabler for setting up and scaling collective interventions that take place in complex contexts and involve members who experience considerable socio-economic barriers to improved livelihoods. In the case of all pilot projects, favorable policies and schemes did exist for the chosen enterprise opportunity, both at the national and state levels in India. In the NEEDS, SAKHI, and CDHI pilots, these available institutional supports and partnerships were not explored adequately for various reasons during the pilot period. In the case of the Grameen Bazaar pilot, being part of the JEEViKA ecosystem enabled robust institutional linkages with the public and private sector. It also enabled access to initial capital as well as technical support for business strategy, operations, financial management, and governance and regulatory compliance, all of which were critical at the start-up stage, and even later on an on-going basis. At the same time, if the enterprise model is promoted by a government entity, it gets constrained by stringent administrative rules and processes which prevent it from adapting business strategies quickly in response to market demands.

The low economic profile of participating women means that they are unlikely to have savings for investing into the collective. Even in the Grameen Bazaar pilot, where joining members indicated willingness to meet the relatively low share capital

requirements, almost half of the registered members were unable to pay this amount fully at the time of the review. The pooled share capital, even if it were paid in full, is inadequate to cover major start-up costs like stock purchases, rental payments, and staff salaries. To this end, considerations by JEEViKA, such as the substantive start-up grant and flexible payment terms for share capital, have helped eliminate a significant entry barrier for rural women who lack the economic means to do so. Other pilot projects required start-up capital as well as working capital for ongoing operations including input purchases, input/product storage and transport, and asset purchases. Members in these pilots also have been unable to contribute towards these capital requirements. Given the low capital base of these collectives, support from external funding avenues (such as from JEEViKA and Swashakt) have helped eliminate a significant entry barrier for rural women who may be interested in setting-up an enterprise but lack the economic means to do so.

For many collective models in farm and non-farm sectors, poorly developed value chains and availability of inputs tend to be barriers to operations and scale. In contrast, the food and grocery retail sector, in which the Grameen Bazaar operates, has well-developed value chains with robust wholesaler and distributor networks for FMCG products, food staples, and other local products, and a strong market opportunity. This is an important enabler to projects in this

sector. In the CDHI pilot, availability of inputs was a barrier during the pilot period owing to the seasonality of these inputs as well as their limited local availability. Although with West Bengal being a predominantly agrarian state, the perceived demand for organic inputs is high, the actual demand and profitability for this collective opportunity is as yet unclear. Further, it also appears that the organic farming and fertilizer markets are still quite nascent and value chains are yet to be developed. In the SAKHI pilot, makhana is an endemic crop in Bihar and the state also has well-developed value chains with robust wholesaler and trader networks for makhana products and a strong market opportunity. However, in both pilots, product sales have been limited to local markets. The size of the market opportunity and the market-reach of the collectives beyond the pilot period and outside of local markets is yet to be explored. In the NEEDS pilot, considering that bamboo markets are still at a nascent stage across the country and are being strengthened through policy interventions, it is likely that related markets do not exist in Jharkhand, and the bamboo value chain may take time to develop. While the state has successful bamboo product clusters such as in Dumka district, it is unclear whether they are adequately mechanized, demonstrate product quality, and deal in products that cater to demand outside of local markets. These aspects of the pilot could not be corroborated with either the implementing partner or with policymakers.



Key findings from the pilot portfolio

Lastly, collective motivation, ownership, and cohesion around the potential enterprise present a significant determinant to its set-up, operations, and scale. These aspects could not be observed in the NEEDS pilot context as the project was defunct at the time of the review. In the CDHI project, a high level of group cohesion and interactions were observed, potentially because these women members have worked together in other collective settings anchored by the same implementing partner. The level of comfort and trust that women members have with each other, as well as the tangible skills that some members have acquired from being part of other collectives, have enabled smooth and transparent business operations and willingness to converge around important business decisions, like reinvestment of profits back into the collective operations. In contrast, both the Grameen Bazaar and SAKHI pilots fared weakly on this front. Building ownership and influencing member perceptions on the value that the collective offers hinges on the extent to which existing operational issues are addressed and profit distribution is carried out.

Scalability and replicability of tested collective enterprise models

The enablers and barriers discussed above carry strong implications for the scalability and replicability of the collective models that were piloted.

The pilot projects started their operations on a small scale and have realized appreciable gains over the pilot period (with the exception of NEEDS). The implementing partners have shared ambitious plans for the future for all these pilot projects, but it remains to be seen if this is

achievable. In the Grameen Bazaar pilot, the local demand is diverse, there is stiff competition from the open market, and profits from private sector linkages depend on bulk orders which currently the Bazaars are struggling to aggregate. Further, institutional sales to other JEEViKA programs drive the bulk of the sales in the Grameen Bazaar model. This raises a larger question of the funds being circulated from one scheme/ model/system to another within JEEViKA — how much does the model rely on this convergence and circulation within the system to sustain itself? Consequently, to what extent can it be positioned to perform as a stand-alone model that is profitable? The interdependence of JEEViKA schemes on each other can thus be construed as the Grameen Bazaar's strength or weakness, depending on the answers to the above question.

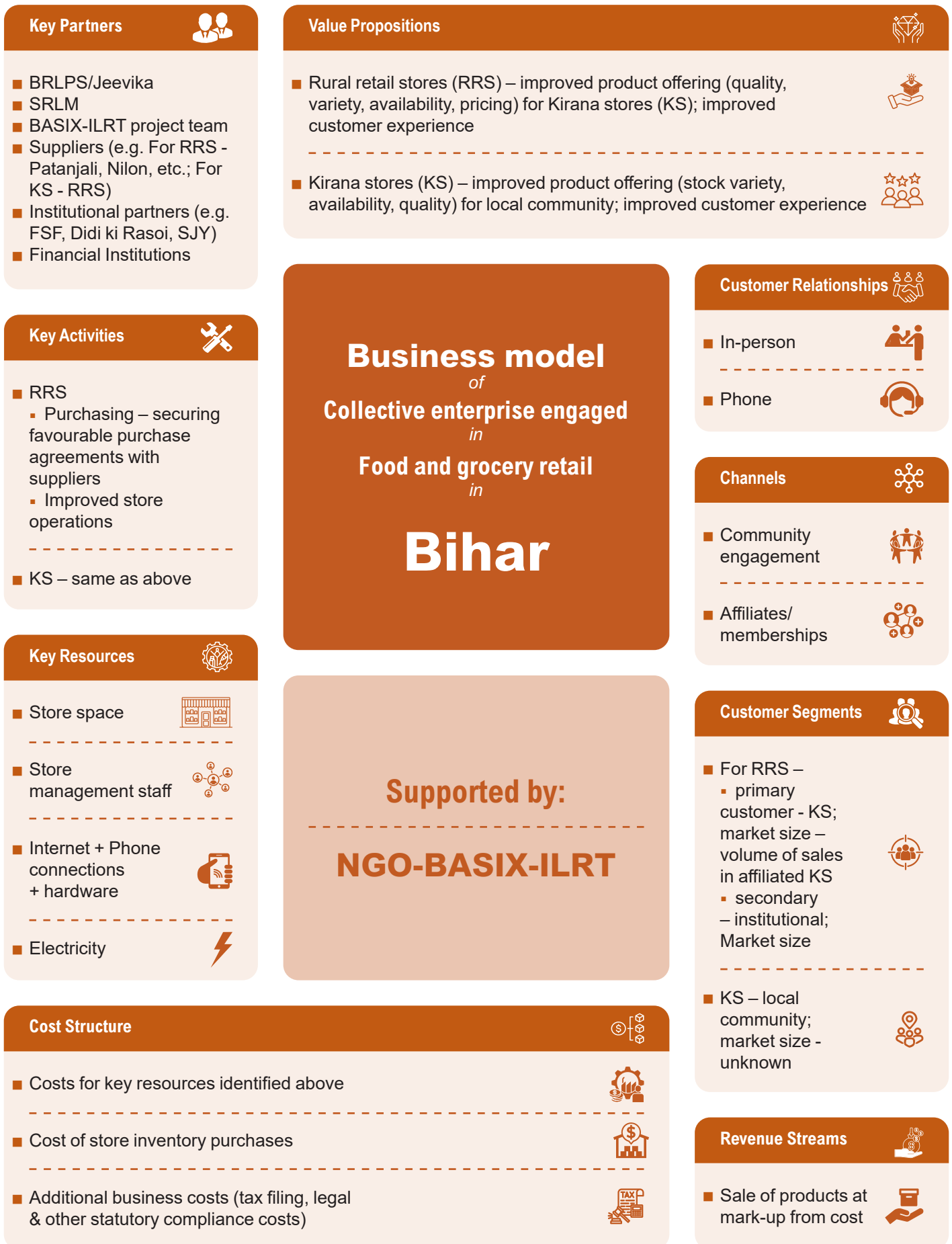
In the CDHI pilot, overcoming external barriers like access to cost effective inputs will be essential for scaling. In the SAKHI pilot, the proposed strategy for scaling is to go beyond processing and undertake makhana production as well. Given that collective members are mostly landless laborers, this will entail gathering additional capital to enter into purchase or lease agreements with pond/landowners in this area. Further, makhana cultivation and harvesting are labor intensive activities and typically undertaken by men in the community. It is unclear as to what extent women members can be directly involved in these activities, or overcome existing gender barriers to engage and manage male laborers for these activities.

Across all projects, there is a strong need to increase membership base and transaction volumes to secure

better prices for inputs and increase product sales and profits. This will entail capital investments for asset purchases or routine operations. The weak socio-economic profile of collective members and their inability to bear business expenses for pilot operations suggest that funding for these investments will need to be secured through external sources. Implementing partners also confirmed this to be the case. It is unclear whether these collectives will be able to secure this external funding through financial institutions, given their economic profile and possible lack of collateral. The extent to which support from existing government schemes or from donor sources can be leveraged for this purpose, is yet to be explored.

During the pilot period, the Grameen Bazaar, CDHI, and SAKHI projects had business plan in place but were still adapting business strategies and operational practices by trial and error. The steps taken then are yet to show any concrete results. So, it is difficult to make assessment about approaches that may be sustainable in the long term. Profits were indeed generated from business activities during the pilot period. At present, members in the CDHI pilot have decided to reinvest these profits in the business, while members in the Grameen Bazaar and SAKHI collectives lack information about how the profits can be used further. While members understand the value proposition of these collective enterprise opportunities, realizing concrete benefits from the enterprises may go a long way in building group cohesion, ownership, and overall buy-in from members for these models. All of these factors are important for any business plan to scale and sustain.

Figure 1: Business model of the collective enterprise engaged in food and grocery retail in Bihar, supported by NGO-BASIX-ILRT



Source: Developed by authors based on project documents

Figure 2: Business model of collectives engaged in bio inputs in West Bengal, supported by UoB and NGO-CDHI



Source: Developed by authors based on project documents

Figure 3: Business model of collectives engaged in makhana products (cultivation, processing, value-added products) in Bihar, supported by UoB and NGO-SAKHI



Source: Developed by authors based on project documents



About this brief

This brief summarizes the learnings from the one-year pilot studies under Swashakt. It has been submitted as part of the Swashakt: Empowering Women's

Collectives Evidence Program funded by the Bill & Melinda Gates Foundation. Sujatha Srinivasan, Aishwarya Joshi, and Neha Parekh from LEAD at KREA University

authored this brief. They are solely responsible for all content, errors, and omissions. It was designed and produced by Akarsh Gupta, Mallika Rao, and Tanvi Lal.

Endnotes

¹ Key stakeholders were broadly categorized as – implementing partner and their key resources, women involved in the collective enterprise, policy partners, value chain, and market partners and experts in this domain.



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