



Empowering Women Through Collective Action: **A Review of Group Enterprises Formed from Self-Help Groups (SHGs)**

Insights from an Exploratory Study
in Bhatapara, Chhattisgarh

STUDY REPORT
January 2025

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Technical Lead

Sharon Buteau

Authors

Megha Shree, Swathi Murali

Research Team

Christopher Glan, Saradha Krishnamoorthy, Harshula Sinha

Editorial Support

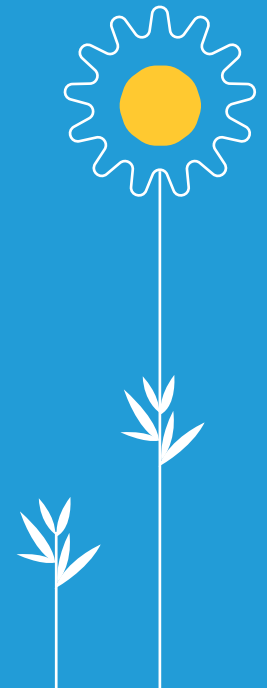
Diksha Singh, Keerthana Ramaswamy

Design

Sakthivel Arumugam

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01

Introduction



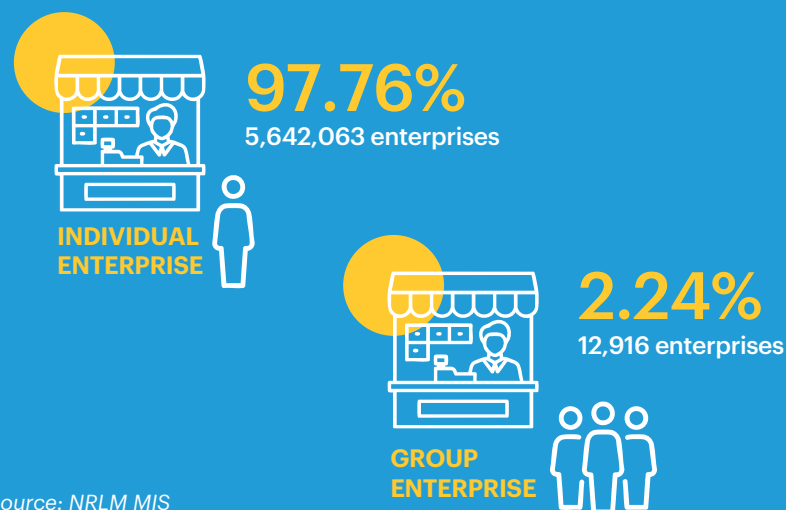
In the quest for women's economic empowerment and poverty reduction, Self-Help Groups (SHGs) have emerged as a powerful tool. Beyond microfinance and savings, some SHGs also hold the potential to evolve into enterprises either group or individual, fostering collective action, shared ownership, and economic growth. Studies have also explored the transformation of SHGs into strategic business enterprises such that they can play a catalytic role in increasing the income, standard of living and quality of life of rural population.¹ The National Rural Livelihoods Mission (NRLM) has recorded the emergence of close to 6 lakh such enterprises.²

LEAD undertook a study of individual enterprises that emerged from SHGs supported by NRLM. The study was able to highlight the diversity of enterprise sectors and provide valuable insights into the creation, characteristics, financial performance and challenges faced by these enterprises informing our understanding of potential areas for support and intervention. **This study delves into the world of group enterprises i.e. enterprises that have formed from members of SHGs, which were created with the aim of financial inclusion i.e. collective savings and accessing credit based on the same.** This study further examines their benefits, challenges, and the factors influencing their success. This will help glean valuable insights into the characteristics and adaptability of women-led businesses operating in challenging environments.

The below figure captures the number of different types of group enterprises that have formed from members of SHGs registered with NRLM with the breakdown of enterprise categories and their corresponding business activities. This is the data of enterprises across the country supported (either financially or technically) by NRLM. A fascinating contrast emerges when we compare the overall enterprise landscape with those specifically formed by SHG members under the NRLM program. While the broader data captured above showcases a robust presence of group enterprises across diverse sectors, a mere 2.24% of enterprises initiated by SHG members are group ventures.

The remaining 97.76% are individual members of the SHG. While having started enterprises these women usually continue to remain members of their SHGs.

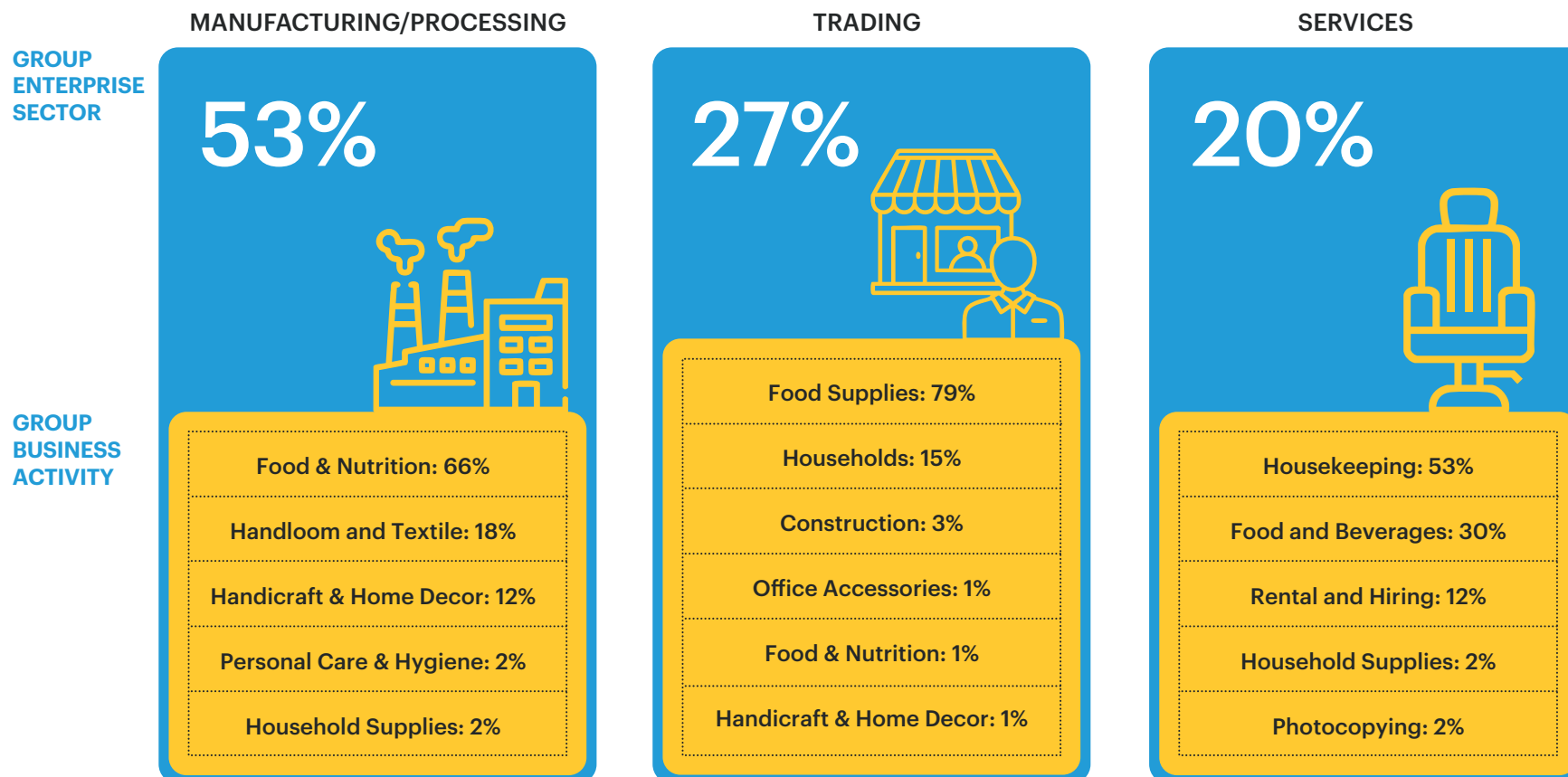
Figure 1: Enterprise Data Reported by NRLM



Source: NRLM MIS

Of all the (n=12,716) group enterprises there is a strong presence in manufacturing (n= 6,860) at 53%, followed by trading (n= 3,492) 27% and services (n= 2,564) 20%. Some of the leading business activities undertaken by group enterprises are Food & Nutrition manufacturing (n=4,520) i.e. enterprises engaged in the production of food products such as jams, pickles etc accounting for 66% of the manufacturing category, Food Supplies trading (2,745) accounting for 79% of the trading category, Housekeeping services (1,369) accounting for 53% of the services category and Handloom and Textiles manufacturing (1,239) accounting for 18% of the manufacturing category. This data suggests a vibrant and multifaceted enterprise landscape operating in challenging environments.

Figure 2: Group Enterprises Formed From NRLM-Supported SHGs



Source: NRLM MIS

Delving deeper into these individual enterprises, we observe a clear dominance of the trading sector at 46% (n=2,61,324), followed by services (n=2,03,050) at 36% and manufacturing at 18% (n=99,689). Notably, Consumer Goods Trading (n=1,58,434) accounting for 61% of the trading category reigns supreme within the individual enterprise category, followed by Maintenance Services (n=1,12,735) accounting for 56% of the services category and Food and Nutrition manufacturing (n=62,857) accounting for 63% of the manufacturing category.

This intriguing disparity can likely be attributed to a confluence of factors. The motivations and business skills/acumen might be driving SHG members to embark on different entrepreneurial endeavours that influence the entrepreneur models. For instance, there is evidence that the specific kind of skill training provisioned to entrepreneurs are driver of the enterprises established by them.³ Additionally, the support and guidance provided by the surrounding ecosystem including N(S)RLM, Non-Governmental Organisations (NGOs), Financial Institutions, Community-Based Organisations (CBOs) and panchayats could play a significant role in shaping the type and structure of enterprises that emerge from SHGs. Further exploration into these areas could offer valuable insights for fostering a more robust environment for group enterprise development within the SHG framework.

Empowerment Beyond Economic Benefits

Group enterprises can be viewed as a promising strategy for promoting economic development, particularly for women from marginalised communities. These enterprises involve a group of individuals, often with shared interests or backgrounds, coming together to pool resources, share skills, and collectively manage a business venture. A study by NABARD underscores the economic advantages of group enterprises formed by Self-Help Groups (SHGs) in Andhra Pradesh.⁴ These enterprises function as a platform for women to generate income, achieve financial independence, and contribute to improved household well-being. The concept of empowerment achieved through SHGs and enterprise creation is further explored in the research of Boef et al. (2021) and Kondal (2014).^{5,6} Through participation, women gain power, make informed choices, and exert greater control over their lives. Notably, the livelihood activities undertaken by SHG women are driven by an intrinsic and collective purpose, fostering a sense of shared responsibility. This empowerment has resulted in a more inclusive environment, access to higher quality products and solutions, and a dismantling of traditional gender barriers. Furthermore, these advancements positively impact women's self-perception as entrepreneurs, bolstering their self-esteem and sense of self-determination, qualities initially nurtured by their SHG membership.

Social Capital and Collective Action

Social capital refers to the networks of trust, cooperation, and reciprocity fostered within the group. Strong social bonds create a supportive environment where members hold each other accountable and contribute to the success of the enterprise. This fosters a sense of collective ownership and motivates members to work towards shared goals. Studies reveal that collective engagement and processes involved in enterprise development contributed to a change in women's collective perception of themselves; it reinforced and strengthened relationships amongst each other and with others. Also, entrepreneurial actions had implications on how household members and communities perceived women's knowledge, capabilities and responsibilities as witnessed in agro-business initiatives by SHGs.⁷

Federations further strengthen social capital by fostering trust, accountability, and collective action. Initiatives such as cleanliness drives, cultural competitions, and awareness programs on education, health, and safety create a sense of shared purpose among SHG members, driving both economic and social empowerment.⁸

Barriers and Challenges

Group enterprises formed from Self-Help Groups (SHGs) hold significant promise, but their growth path is not without hurdles such as limiting access to crucial technical expertise, managerial guidance and marketing support. A major pain point identified by SHGs themselves is the lack of well-established marketing channels for their products. Furthermore, research acknowledges that the entrepreneurial spirit is not universally present within SHGs. Not all members will be drawn to this path, and skill sets, and business acumen within the group may not be evenly distributed. Other critical challenges include internal struggles related to shared equity, workload distribution, and liability and a pervasive fear of product marketing failure.⁹

Building Sustainable Enterprises

Several factors contribute to the success of group enterprises formed from SHGs. Effective leadership, as identified by Cheek et al (2024) is one of them.¹⁰ Leaders who can build consensus, manage resources efficiently, and motivate members are essential for navigating challenges and achieving long-term success. Federations play an essential role in building sustainability by facilitating technical support, such as training for turmeric

cultivation through KVK, and creating market opportunities through partnerships.¹¹ These efforts empower group enterprises to thrive and scale sustainably.

Additionally, skills training and capacity-building programs, as highlighted by Ramadevi (2019), play a vital role.¹² In addition, marketing and product standardization are identified as critical for sustainability, with studies recommending the establishment of raw material banks and facilitating sales through exhibitions and federations. Studies also underscore the multifaceted nature of transforming SHGs into successful microenterprises and recommend a multi-stakeholder approach involving government agencies, NGOs, and financial institutions.

Further research is needed to fully understand the impact of group enterprises on women's financial empowerment, enterprise development and household well-being. Studies measuring the impact of factors like decision-making power within households, educational opportunities for children, and overall social mobility would provide valuable insights into long-term societal gains. Identifying strategies to overcome logistical challenges and reach a wider population can significantly enhance the overall impact of initiatives.



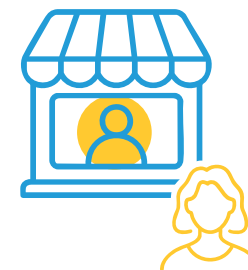
Objective

This research is aimed at profiling women-led group nano enterprises in Bhatapara, Chhattisgarh who are members of Self-Help Groups, which are promoted by the Ambuja Foundation. The Foundation has done considerable work to help communities and empower women in Bhatapara, Chhattisgarh. The SHGs of which the women are members have helped the enterprises access and manage finance, create bank accounts, avail skill training, develop business plans, help network with vendors, build marketing strategies etc. The primary objective of this study is to conduct an in-depth analysis and profiling of group enterprises.

The study focuses on the following key research questions:



What are the key enablers for the creation and establishment of group enterprises?



What is the composition of a group enterprise and what are the roles of the different members of the group?



What is the business economics of the enterprises?



What are mechanisms adopted by the group that enable better cohesion, decision making and performance?

Research Methodology

This research is a cross-sectional study aimed at profiling women-led nano group enterprises in Bhatapara, Chhattisgarh. The study adopts the exploratory methodological approach and the sample frame included 73 group enterprises categorized into sectors. In-depth interviews and focused group discussions were conducted to further understand the support system available for the group, the dynamics within the group and their aspirations.

The study sample is divided into enterprise sectors, Non-Farm Sector (n=54) that includes Manufacturing (number of enterprises i.e. n= 53) and Service (n=1) and Farm-Based Enterprises (n=19). The categorization has been made based on the National Industrial Classification (NIC) codes.¹³ The below chart provides the various enterprise activities undertaken by women nano group entrepreneurs who are also members of Self-Help Groups (SHGs) across different enterprise sectors.

Table 1: Various Enterprise Activities Undertaken by Women Nano Group Entrepreneurs

Enterprise Sector	Enterprise Sub-Sector	Enterprise Activity*
Non-Farm Based	Manufacturing	Food and Beverage Production, Bio-Fertilizer production, Health and Hygiene Products, Handicraft, Brick Making, Paper Products, Tailoring
	Service	Waste Management
Farm Based		Animal Husbandry, Horticulture

*Based on NIC Codes developed by MoSPI, Govt. of India

Data was collected through a survey questionnaire in the local language. Data quality was ensured through the training of enumerators, pre-testing of survey instruments, and regular data quality checks. The study also included a pilot phase to refine the methodology and data collection tools.

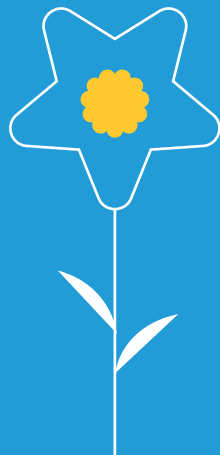
The questionnaire that was administered to the respondents focussed on some of the major themes of women's group entrepreneurship including group formation & structure, membership & composition, business activities & performance, financial management, supply chain & operations etc.

In-depth interviews were conducted with bank officials, NRLM and Ambuja Foundation representatives to understand the support system enabled by them to help foster the development of the group-women enterprises. Focussed group discussions were conducted with 15 group enterprises engaged in varied business activities such as Food and Beverage Production, Bio-Fertilizer production, Health and Hygiene Products, Handicrafts i.e. bamboo products manufacturing, Tailoring, Waste Management, Animal Husbandry i.e. goat rearing, Horticulture i.e. turmeric cultivation and processing etc.

The study has followed a data security protocol with clear guidelines on data security measures. Surveyors signed a data confidentiality agreement and the data was securely handled and the rights of the respondents were and will be protected. The research project was reviewed by the Institutional Review Board and it was ensured that the tools (questionnaire) used during the survey did not violate the socio-cultural values and sensitivities of the participants. Respondents' consent was also taken before they were surveyed.

02

What are the Profiles of Nano Group -Entrepreneurs?



The Origin Story

The motivations behind group enterprises paint a compelling picture of aspirations. They are driven by a blend of economic ambition, a shared sense of purpose for self-actualisation, and a desire to make the most of available resources given familial constraints. Three main factors fueled the development of these enterprises:



Legacy and Evolution

Some enterprises sprung from tradition, building upon the time-honoured crafts and skills passed down through generations, such as bamboo-based handicrafts and goat rearing.



Seizing New Opportunities

Others capitalised on emerging trends and local needs, venturing into exciting new territories like the production of fast food and snack items, manufacturing health and hygiene products, or cultivation of cash crops like turmeric.



Empowered Negotiation

Still others displayed remarkable agency, leveraging their collective strength to negotiate with local governing bodies (panchayats) and stakeholders. This strategic approach led to the provision of essential goods and services like food and beverages for the mid-day meal program, or the manufacture of bio-fertilizers, directly benefiting their communities.

About 67% of the group enterprises were started within the last 5 years while 26% have been in operation for the last 6 to 10 years and 7% were established more than 11 years ago. Only 19% of the enterprises have registered themselves formally. Five of the enterprises have registered themselves as a Society (~6%) belonging to bio-fertilizer manufacturing and food and beverage production activities. Three enterprises involved in food production under the mid-day meal scheme have registered themselves as Farmer Producer Organizations (FPOs) or have a Shops and Commercial Establishments registration.

This table reveals a diverse social composition within the group enterprises, with members belonging to various caste categories. The majority of members (61%) belong to Other Backward Classes (OBCs), 36% members belong to Scheduled Castes (SC) and Scheduled Tribes (ST), while 3% members are from Most Backward Classes (MBCs). Overall, the data suggests a commitment to inclusivity within these group enterprises.

Table 2: Overview of Group Enterprise

Formally Registered Group Enterprises		19%
Vintage: Mean		5 years
No. of members in a Group Enterprise: Mean		11
Location:	Within Household premise	38%
	Outside Household (fixed premise & permanent structure)	52%
Caste: Members of the group enterprise	OBC	61%
	SC/ST	36%

What is the Classification of these Group Enterprises?

This data reveals a well-diversified group enterprise ecosystem, with a presence of agro-based enterprises, manufacturing of consumer cleaning goods, and food and beverage trade. Since the enterprises are rural based, there is a preponderance of farm-based / allied business such as manufacturing of vermicompost, bio-fertilizers, engaging in animal husbandry, horticulture etc.

Non-Farm Sector: This sector boasts the highest number of enterprises (54), representing 74% of the sample. A large segment of these enterprises is involved in the manufacture of food and beverage (23) and are those who are supplying food to Anganwadi and the mid-day meal program operational in school. This showcases the group's ability to leverage the local networks to create a sustainable business opportunity. Production of bio-fertilizer/vermicompost (13) stands out as the next most frequented business activity, leveraging the byproducts from animal husbandry and catering to local agricultural needs. This business activity in manufacturing is a testimony to the skilling provided to these women groups that resulted in the establishment of their enterprises. Another prominent area is health and hygiene products (8), with a focus on producing soaps, detergents and other household essentials. Other noteworthy activities include handicrafts (4), brick making (2), paper plate making (2), and tailoring (1), showcasing a variety of skills and products.

Farm-Based Enterprises: Agriculture (26% of the enterprises) plays an important role among group enterprises in rural Bhatapara, with animal husbandry (15) being the most common activity. This suggests a

focus on livestock rearing and potentially dairy or meat production. A smaller segment of group enterprises (4) has ventured into horticulture, i.e. cultivation of fruits, vegetables (mushrooms) etc.

The table presents a snapshot of the business activities undertaken by group enterprises, revealing a diverse landscape across two main sectors: farm-based and non-farm-based (including manufacturing and service).

Table 3: Group-Enterprise Sector and Business Activity

Objective	No. of Enterprise	% of Enterprises	% of Enterprises	
Farm-Based	Animal Husbandry	15	21%	26% (n=19)
	Horticulture	4	5%	
Non-Farm Based	Food and Beverage	23	32%	74% (n=54)
	Bio-Fertilizer	13	18%	
	Health and Hygiene Products	8	11%	
	Handicraft	4	5%	
	Brick Making	2	3%	
	Paper Product	2	3%	
	Tailoring	1	1%	
	Waste Management	1	1%	
Grand Total		73	100%	100%

GROUP MEMBERSHIP

On average, the groups have 11 members each, a staggering 92% of enterprises fall within the 10 to 15-member range. Only a small fraction (5%) operate with less than 10 members, similarly, enterprises exceeding 15 members are rare (3%). Cumulatively a total of 808 members are involved in these 73 group enterprises. Of the group enterprises, three of them have one member each, who is differently-abled.

Table 4: Group Enterprises categorised based on the count of members

Category	No. of Enterprise	% of Enterprises
Less than 10 members	4	5%
10 to 15 members	67	92%
More than 15 members	2	3%
Total	73	100%

What are the motivations behind the creation of the Group Enterprises?

In addition, 75% mentioned that increased production is a dominant driver for creating the group enterprise. This suggests a desire to boost output through economies of scale, potentially through resource sharing and/or joint production efforts. Common Business Interests (60%) is the next major driver for the formation of these enterprises. A strong sense of community and shared goals is evident with 60% of enterprises citing this as a founding principle. This highlights the collaborative spirit and the potential for collective decision-making within these groups. Cost-effectiveness is a significant motivator for 38% of enterprises. Group formation can lead to bulk purchasing discounts, shared infrastructure, and more efficient resource utilisation, ultimately lowering operational costs. The table sheds light on the primary motivations behind the formation of group enterprises.

Table 5: Objective Behind the Formation of Group-Enterprises

Objective	No. of Enterprise	% of Enterprises
To increase production	55	75%
For common business interest	44	60%
For cost reduction	28	38%

What are the collaborative activities undertaken by the Group Enterprises?

The enterprises reported that they jointly undertake certain activities to achieve their group enterprise objectives, this includes:

- **Procurement of Inputs (58%):** This is the most frequent activity, with 58% of enterprises focusing on collectively obtaining raw materials or supplies. This could involve bulk purchasing to negotiate better prices or leveraging group knowledge to source high-quality materials.
- **Market Linkage Activities/Sales Unit (49%):** Nearly half of enterprises prioritise establishing market linkages or setting up dedicated sales units. This emphasises the importance of finding buyers for their products and ensuring efficient distribution channels.
- **Technical Support (41%):** With most enterprises focussed on manufacturing products post skill training, technical support emerges as an important aspect.
- **Production Facility (37%):** Using a shared production facility is undertaken by 37% of enterprises. This could involve co-ownership / shared usage of production/storage space, land, and equipment, facilitating efficient production processes.
- **Federations as Mentors and Market Enablers:** Federations amplify these collaborative activities by providing structured support in market linkages, technical training, and financial access. For example, federations facilitate bulk marketing of products like turmeric seeds and promote participation in government schemes.

Overall, these activities demonstrate a strategic approach by group enterprises. They work together to secure resources, reach customers, enhance skills, and optimize production facilities, ultimately aiming to achieve their founding objectives like increased production, shared business interests, and cost reduction.

Table 6: Activities Undertaken to Achieve the Objectives of the Group Enterprise

Activities	No. of Enterprise	% of Enterprises
Procurement of inputs	42	58%
Market linkage activities/Sales Unit	36	49%
Technical support	30	41%
Production facility	27	37%

Support Systems for Group Enterprises: A Breakdown

Several organisations contributed to the creation of Group Enterprises, indicating a diverse support ecosystem. This suggests a collaborative approach to fostering entrepreneurial activity. While some of the support is targeted at strengthening or facilitating the creation of individual enterprises, some are aimed at building the stakeholders in the ecosystem i.e. Financial Institutions, Training Institutions, Corporates, Government Officials etc.

Leading Support Providers

- **Ambuja Foundation:** A significant portion (89%) received support from the Ambuja Foundation in promoting entrepreneurship. The Foundation has provided both directed support to individual groups and also undertaken some ecosystem-building efforts and these include:
 - **Tailored Interventions:** The support provided goes beyond a one-size-fits-all approach. It emphasises directed customization, addressing the specific needs of each enterprise. This includes providing access to markets, mentorship, machinery and materials for the enterprises. For example, in the case of a Group Enterprise engaged in garment and bag production, linkages were made with Garment Shop owners for raw materials and marketing of manufactured goods. In addition, machinery for undertaking tailoring activities was provided. In another case, hands-on training on production techniques was extended to cultivating cash crops such as turmeric while also facilitating linkages to seeds and marketing.
 - **Building a Thriving Ecosystem:** Beyond individual enterprise support, the Ambuja Foundation fosters a supportive ecosystem for the NRLM team in Bhatapara. This includes identifying and onboarding the right team members, providing vital mentorship, and offering ongoing hand-holding support. Notably, the foundation plays a crucial role in liaising with financial institutions and private corporations. This facilitates crucial business-to-business (B2B) sales, opening doors to wider market opportunities for the nano-enterprises.
- **NRLM (47%):** The NRLM provides a multi-pronged support system to nurture group enterprises. This includes financial assistance through Revolving Fund and credit linkages, capacity building through training and skill development programs, and market linkage support through programs like Livelihood Resource Centers (LRCs). Additionally, NRLM facilitates access to government schemes and subsidies, promotes entrepreneurship development through initiatives like the Start-Up Village Entrepreneurship Programme (SVEP), and provides institutional support through the formation of federations and collectives.
- **Government Departments (16%):** Government departments focused on Agriculture, Animal Husbandry, and other relevant areas also play a role in supporting group enterprise creation (16%).

Table 7: Organisations that Supported the Creation of the Group Enterprises

Activities	No. of Enterprise	% of Enterprises
Ambuja Foundation	65	89%
National Rural Livelihoods Mission (NRLM)	34	47%
Government Department (Agriculture/Animal Husbandry/ Others)	12	16%

- **Federations:** Federations play a pivotal role in supporting group enterprises. These federations provide loans to members, address social issues like domestic violence and alcoholism, and organize awareness programs on safety, sanitation, and health. They also offer crucial linkages to NRLM, NABARD, and Farmer Producer Organizations (FPOs) to facilitate financial and market access.

Having explored the profiles of these group enterprises, including their characteristics, membership composition, motivations for the establishment, and the technical support they received, the next section delves into their financials. This next section will examine the financial aspects of establishing these enterprises and analyse their business economics. This will provide a more comprehensive understanding of their sustainability and potential for growth.



03

What are the Business Profiles and Economics of Nano-Group Enterprises?



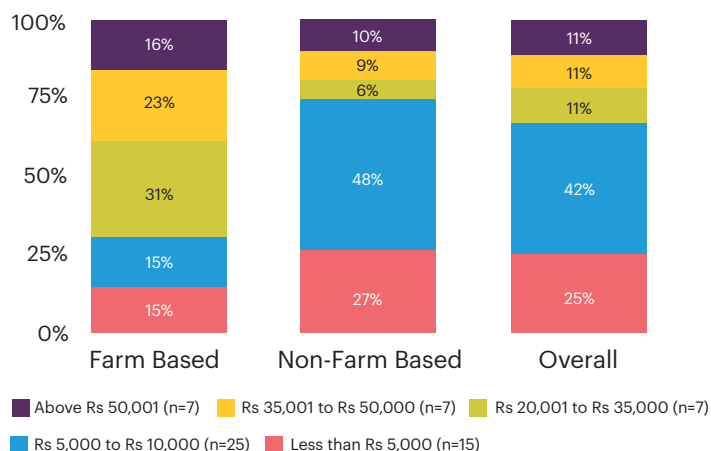
INVESTMENT

This section explores the various sources of investments for the group enterprises, i.e. shared capital (the initial capital invested by group members), grants received by these enterprises etc. Further analyzing the sources and purposes of this crucial financial support. By dissecting these funding mechanisms, we gain valuable insights into the financial health and support structures that empower these women-led group enterprises.

a. Share Capital:

Share capital, the initial investment by group members, reveals interesting trends. Over a quarter (25%) of enterprises invested less than Rs.5,000, while over 42% invested between Rs.5,000 and Rs.20,000. Non-farm enterprises showed the highest investment propensity, with 48% of those investing between Rs.5,000 and Rs.20,000. Of the 73 enterprises from whom data was analyzed, only 61 enterprises reported as having made investments.

Figure 3: Investment by Enterprises



b. Grant or No-cost Funds

A significant proportion of enterprises (~70%) reported receiving grants last year. This indicates a strong performance of support programs and their effectiveness in reaching these nano group enterprises. The data reveals a diversified grant funding landscape with the government and SHGs playing a central role. Here's a breakdown of the key observations:

- **Government as the Leading Source (61%):** Government agencies emerge as the primary source of funds for enterprises. This could be the grant or no-cost funds from NRLM in the form of Revolving Fund or Community Investment Funds etc.¹⁴
- **Role of Self-Help Groups (SHGs) (41%):** Self-Help Groups (SHGs) are a significant source of grants for a substantial portion of enterprises. This could be the funds raised from the community.
- **Other Sources (4%):** Banks (4%) and Non-Banking Financial Companies (NBFCs) (4%) contribute to a lesser extent (around 8%), suggesting they may offer grants for specific purposes.

Table 8: Objective Behind the Formation of the Group-Enterprise

	Government (n=31)	SHG (n=21)	Banks (n=2)	Others (n=2)
% of Enterprises	61%	41%	4%	4%

Grants were awarded to the enterprises for specific purposes as listed below:

- **Financial Support for Members (84%):** The overwhelming majority of enterprises were awarded grants as a means of providing financial support to their members. This support can be viewed as salary or income.
- **Group Operations (55%):** A significant portion of grants are used for meeting the day-to-day operational costs of the group enterprise.
- **Infrastructure and Maintenance:** A smaller percentage utilise grants for repairs and maintenance (10%) or paying utility bills (6%). This suggests that some grants focus on supporting the physical infrastructure of the enterprises.
- **Limited Use for Direct Business Costs (8%):** Notably, a smaller proportion (8%) use grants to pay suppliers.

Table 9: Purpose For Which Grants Were Awarded and the % Enterprises

Financial support to members (n=43)	For day-to-day operational expense (n=28)	For repair and maintenance (n=5)	To pay suppliers (n=4)	To pay utility bills (n=3)
84%	55%	10%	8%	6%

The data from Bhatapara confirms existing studies in highlighting the limited investment in machinery and inventory among nano group enterprises. It is now important to understand how this investment has translated into income and profits.

BUSINESS ECONOMICS: INCOME, EXPENSE AND NET PROFIT

Table 10 shows the revenue, expenses, and net profit of enterprises from the different sectors i.e. Farm Based, Non- Farm Based. The average (mean) revenue of the enterprises in the last month is ~ Rs.18,108 while the expenditure for the same period is ~Rs.4,875 and the profit earned is ~ Rs.13,508.

Table 10: Purpose For Which Grants were Awarded and the % Enterprises

	Enterprise Sector		
	Overall (N=73)	Farm-Based (n=19)	Non-Farm Based (n=54)
Revenue (monthly, ₹)			
Mean	18,108	23,500	16,934
Median	11,500	11,000	12,000
Expenses (monthly, ₹)			
Mean	4,875	3,084	5,378
Median	2,000	1,000	2,000
Sample Size	60	13	47
Cost Revenue Ratio (CRR)[#]			
Mean	32%	23%	33%
Median	30%	23%	35%
Profit (monthly, ₹)			
Mean	13,508	20,415	11,813
Median	10,000	10,000	8,500
Net Profit Margin(%)			
Mean	68%	77%	67%
Median	70%	77%	65%
Sample Size	59	13	46

[#]Cost to Revenue Ratio (CRR) = (Cost of Revenue i.e. Expenses / Total Revenue) x 100.

Revenue: The average monthly revenue for all enterprises is Rs.18,108. The highest average revenue is in the Farm-Based sector (Rs.23,500) and the lowest is in the non-farm sector (Rs. 16,934).

Expenses: The average monthly expenses for all enterprises is Rs. 4,895. The highest average expenses are in the non-farm sector (Rs.5,378) and the lowest in the Farm-Based sector (Rs. 3,084).

Profit: The average monthly profit for all enterprises is Rs.13,508. The highest average profit is in the Farm-Based sector (Rs. 20,415) and the lowest is in the Non-Farm sector (Rs.11,813).

Net Profit Margin: The average net profit margin for all enterprises is 68%. The highest average net profit margin is in the farm-based sector (77%) and the lowest is in the Non-Farm sector (67%).

Cost Revenue Ratio: The CRR acts as a barometer for efficiency, revealing whether expenses effectively contribute to revenue. A higher CRR percentage suggests that high expenses are incurred to generate revenue. And this will negatively impact profitability unless the enterprise can scale its revenue effectively to offset these costs. Usually, enterprises with high resource or labour costs or those operating with very low margins have a high CRR. Among the group enterprises, the non-farm sector has the highest CRR and farm-based the lowest, this could be because of the high dependence on labour for the former and low cost of operations for the latter.

EXPENSES

About 65 respondents revealed the average value of their major expenses during the past three months. Purchase of inputs i.e. raw materials, fertilisers, and fuel were the major expenditures for 85% of the group enterprises. A few other critical expense categories are sales and marketing activities (5%), purchase of small machinery/equipment (3%) production credit (1%) i.e. external financing to support production activities and for covering operational expenses.

PROFIT

The majority (75%) of the enterprises (n=59), reported that profit sharing/dividend distribution happens among the members of the group. Of those who distribute profits (n=44), 84% do so annually, 7% quarterly and 5% monthly. Only enterprises that reported a profit have been considered for this analysis. The table captures the number (percentage) of enterprises across different levels (quantum) of profit distributed by enterprises to their members. For instance 27% of the enterprises distributed less than Rs.5,000 as profits as against 30% of the enterprises distributed Rs.5,000 to Rs.20,000 as profits.

Table 11: Profit/ Dividend Shared with Group Members During FY 2019-2020

	Less than Rs.5,000 (n=12)	Rs.5,000 to Rs.20,000 (n=13)	Rs.20,001 to Rs.35,000 (n=2)	Above Rs.50,001 (n=11)
% of Enterprises	27%	30%	5%	13%

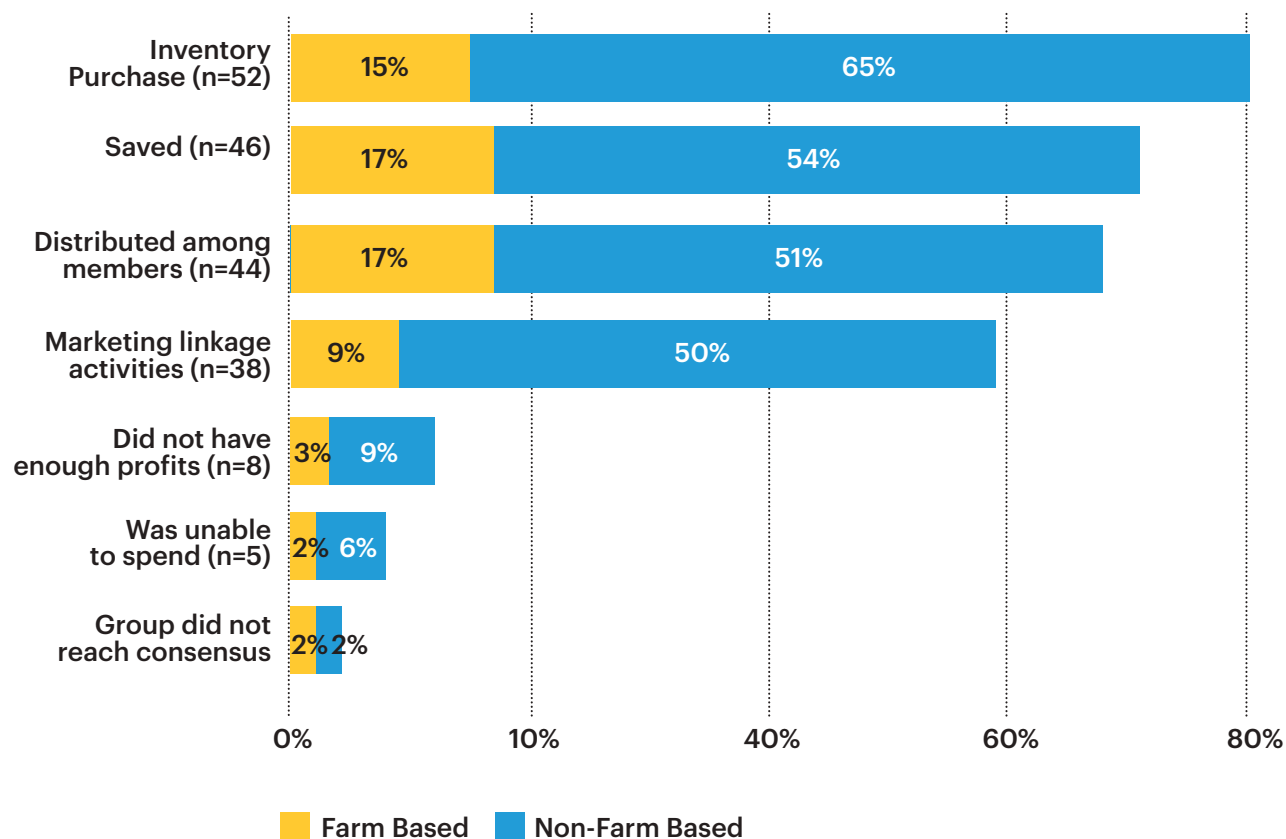
Enterprises (n=65) shared the various purposes for which they used profits, in particular, they mentioned:

- **Inventory Purchase:** A considerable number of enterprises (80%) prioritise using their profits for inventory purchase i.e. a focus on stocking up on materials or products to meet future demand or growth. This could be the result of the challenge in managing cash flow and the lack of access to working capital at competitive rates.
- **Saving for the Future:** A common practice among (71%) of enterprises is to save their profits, a cautious approach, potentially for emergencies, future investments, or expansion plans.
- **Distribution Among Members (Common Practice):** Distributing profits among members is a common practice for (68%) of the enterprises.
- **Market Linkage Activities:** A considerable number (59%) of enterprises invest in market linkage activities, suggesting a focus on marketing, sales, or distribution channels to reach customers effectively.
- The presence of a few enterprises struggling with profitability or internal decision-making indicates areas where further support or guidance might be beneficial.

Table 12: Ranking of Utilization of Profits by Enterprises

Sector	Inventory Purchase (n=52)	Saved (n=46)	Distributed among members (n=44)	Market linkage activities (n=38)	Did not have enough profits (n=8)	Was unable to spend (n=5)	Group did not reach a consensus (n=2)
Overall	80%	71%	68%	59%	12%	8%	4%

Figure 4: Ranking of Sector-wise Utilization of Profit by Enterprises



ENLISTING EXTERNAL SUPPORT

The group enterprises enlisted three types of external support including workers i.e. family members or workers, taking support from business networks and mentorship.

a. Enlist Family Members or External Workers

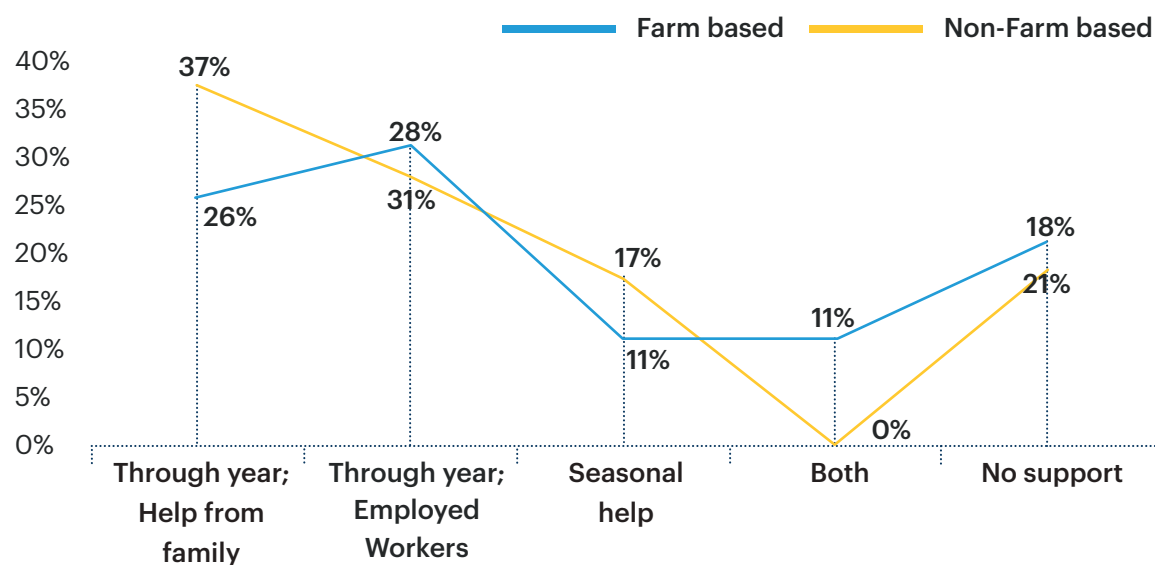
- **Year-Round and Seasonal Engagement (81%):** The majority (81%) of the enterprises enlist help from family members or employ external workers year-round or seasonally. 34% of all enterprises enlist the help of their family members and 29% employ external workers throughout the year.

Table 13: % of Enterprises and their Employment Pattern

Sector/ Employment Pattern	Throughout the year (n=46)		Seasonally Employed workers/ Enlisted help from family (n=11)	Throughout the year and Seasonally (n=2)	Did not Employ workers /nor enlist help from family (n=14)
	Enlisted help from family (n=25)	Employed Workers (n=21)			
Overall (N=73)	34%	29%	15%	3%	19%
Farm Based	26%	31%	11%	11%	21%
Non- Farm Based	37%	28%	17%	0%	18%

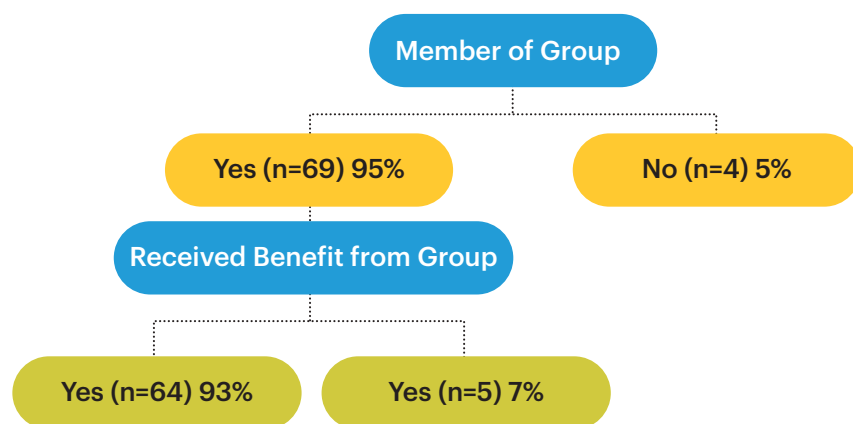
Figure 5: % of Enterprises Enlisting Help for Business

Self-Reliant Operations (19%): Nearly one-fifth of enterprises function with no worker besides the group members. This suggests a focus on bootstrapping operations, potentially leveraging members' skills and resources to manage production or service delivery.



b. Business Network:

- A significant majority (95%) of enterprises belong to a business support group or informal network. This highlights the importance of these networks for entrepreneurs. Among those participating, a large proportion (93%) report receiving benefits from their membership. This suggests that these groups are playing a positive role in supporting businesses.



The various benefits that entrepreneurs receive from being a part of the network include:

- Knowledge Sharing (97%):** Exchanging information is the most common benefit, emphasising the value of peer-to-peer learning and staying informed within the network.
- Joint Procurement (44%):** A significant portion benefits from joint purchasing of inputs, potentially achieving economies of scale and cost savings.
- Joint Sales and Marketing (36%):** Over a third collaborate on selling or marketing their products jointly, which could help them reach new markets or customers.
- Financial Access (25%):** A quarter of enterprises access to credit through their association or group, indicating these networks can facilitate access to financing.

Table 14: % Enterprises and the Benefits from the Network

Benefit (n=64)	Exchange of information (n=62)	Purchase inputs jointly (n=28)	Sold output jointly (n=23)
% of Enterprise	97%	4%	4%
Benefit (n=64)	Received credit (n=16)	Jointly change rules/policies (n=10)	
% of Enterprise	25%	16%	5%

c. Mentorship

Nearly all enterprises (96%) have mentors who guide and help solve problems. This highlights the crucial role mentors play in supporting entrepreneurs. The sources of mentorship are:

- Ambuja Foundation personnel:** Over 77% respondents mentioned that they received mentorship from the Ambuja Foundation team. This mentorship is in the form of handholding and negotiations in prices during the purchase of raw materials or training on business skills or negotiating with buyers and pricing of products etc. In addition, Ambuja personnel also facilitated direct and indirect linkages to markets such as corporates and bulk buyers. They also supported access to credit and vendors.
- Family and Friends:** Family members (56%) are also a common source of mentorship, followed by friends in similar businesses (27%) underlining the importance of informal networks and shared experiences.
- Paid consultants (7%):** A smaller portion utilises paid advisors or consultants.

Table 15: Typology of Mentorship and % of enterprises

Types of Mentors	Ambuja Foundation personnel (n=54)	Family Members (n=39)	Friend (Similar type of business) (n=19)	Paid Advisory/ Consultants (n=5)
% of Enterprise	77%	56%	27%	7%

The Four Cornerstones of Enterprise Success: Location, Suppliers, Customers, and Competition

The four cornerstones of Location, Supplier, Customer, and Competition is a critical framework for nano enterprises, playing a crucial role in shaping success and sustainability.

a. Location

The table unveils the preferred locations for group enterprises based on their sector and operational needs.

- **Home-based enterprises:** Farm Based Enterprises have a dominant presence within household premises. This likely reflects the utilisation of existing land or resources readily available at home for farm-based activities.
- **High Reliance on Fixed Premises:** A significant portion of enterprises that operate from fixed and permanent structures are those that belong to the non-farm sector. This suggests a need for dedicated space for machinery, equipment, or storage of inventory associated with manufacturing activities.

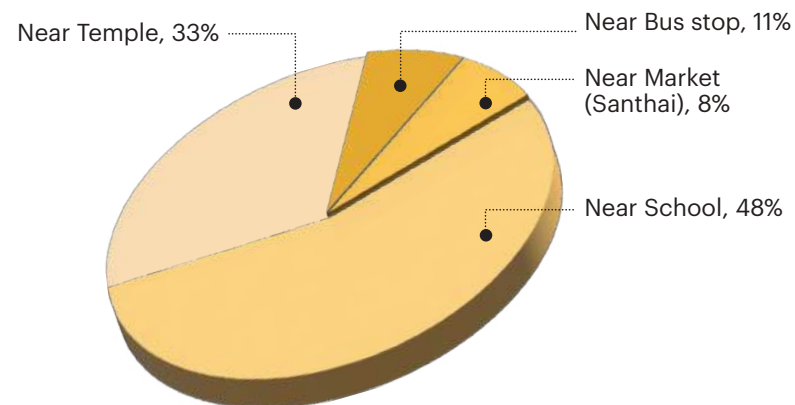
The data reveals a clear correlation between the enterprise sector and preferred location. Farm-based enterprises prioritise utilising household resources, while manufacturing under non-farm-based enterprises often necessitates dedicated spaces. This strategic approach to location selection optimises operational efficiency and facilitates business success for each type of group enterprise.

Table 16: Sector of Enterprise and their Location

Sector	Fixed premise, permanent structure (n=38)	Without fixed Premise and/ or Temporary Structure (n=7)	Within HH premises (n=28)	Total
Farm Based	11%	5%	84%	100%
Non-farm	67%	11%	22%	100%
Grand Total	52%	10%	38%	100%

It is pertinent to note that 48% of the enterprises are located near the school, several of these are also enterprises that are engaged in providing food and beverages to the mid-day meal program and anganwadi programs operated in schools. Almost equal number of enterprises are located at a distance of less than one kilometre and more than one kilometre from the market.

Figure 6: Enterprise (%) Landmark



Overall, the data indicates a high level of operational activity within group enterprises, with most functioning for a significant portion of the month. The majority (63%) of enterprises operate for more than 20 days in a month. In particular, the enterprises that operate more than 20 days a month are involved in bio-fertilizer and paper product manufacturing, providing mid-day meals to schools and engaged in goat rearing.

Table 17: Number of Days in Month Enterprises are Operational

Days in a month	Farm-Based	Non-Farm Based
Average / Mean	24 days	22 days
Median	25 days	26 days

a. Supply Chain:

Respondents actively manage the various aspects of their supply chain, 38% of respondents mentioned that they recently made changes in the same to ensure faster delivery, better quality of service and cost-effective products. They also pay keen attention to their supplier relations as there is a huge reliance on market mechanisms for obtaining materials. Some of the highlights of the relationship with suppliers are:

- **External Sources Drive Procurement:** Enterprises primarily procure inputs from external markets (60%), followed by utilising household assets (32%) and Government (8%).
- **Self-Sufficiency and Local Markets:** All farm-based groups rely on a combination of household assets (47%) and private vendors (53%). This highlights their potential focus on utilising readily available resources and leveraging local markets for additional inputs.
- **Diversified Sourcing:** All Non-Farm Based enterprises utilise a combination of sourcing strategies. Private Vendors (63%) are the primary source, likely due to the need for specific raw materials or bulk purchases. A small portion (11%) accesses materials through government supply networks, potentially benefiting from subsidised pricing or specific programs. Non-Farm sector units (26%) engaged in bio-fertilizer production and food production leverage household resources for supplementary materials or specific production processes.

Table 18: % of Enterprises by Sources of Raw Materials

Sector	Buy from private vendors (n=44)	Government supply networks (n=6)	Source from household assets (n=23)	Total
Farm Based (n=19)	53%	0%	47%	100%
Non-Farm Based (n=54)	63%	11%	26%	100%

Supplier selection involves group consensus for 33% of the group enterprises. About 47% have added new suppliers in the recent past and 63% reported that this was based on competitive pricing and general demand. But, credit options from suppliers are limited, with only 14% receiving credit from suppliers. This might explain the reason for 61% of the enterprises procuring inputs multiple times within a month.

Overall almost a third of the enterprises buy inputs at least once a week, this is an indicator of a low level of working capital, limited bargaining power and limited space for stock holding. This was corroborated by the enterprises during the focussed group discussions. While a majority (63%) of the farm-based enterprises are able to purchase inputs only once to thrice a year, the majority of the non-farm based (72%) enterprises excessively depend on multiple purchases within a period of a month. This also suggests that farm-based enterprises likely deal with more seasonal or long-lasting inputs.

Table 19: % of Enterprises and the Frequency at Which they Buy Input for their Business

Enterprise Sector	At least once a week (n=23)	1- 3 times a month (n=21)	1 - 3 times a year (n=21)	Others (n=8)	Total
Overall (N=73)	31%	29%	29%	11%	100%
Sector-wise distribution of enterprises by frequency of buying inputs					
Farm Based	5%	21%	63%	11%	100%
Non-Farm Based	41%	31%	17%	11%	100%

Slightly more than 1/3rd (38%) of group enterprises reported bargaining or exchanging goods when faced with poor quality of products. This indicates proactive measures to ensure value for money. The strategies adopted for value assurance by them include:

- **Price Negotiation (64%):** The most common strategy is bargaining for a lower price on the subpar inputs. This allows enterprises to potentially recover some of the lost value.
- **Exchange for Better Quality (36%):** In some cases they opted to exchange the poor-quality goods for better quality inputs. This ensures they receive the materials they need without incurring additional expense.

It is pertinent to note that despite the majority (80%) of the enterprises knowing 5 or more suppliers only a third engage in bargaining for quality of produce. Even with multiple suppliers, the quality of relationships, awareness of their rights as buyers, quantum of inputs purchased relative to market demand, type of input and its scarcity can all influence the bargaining behaviour.

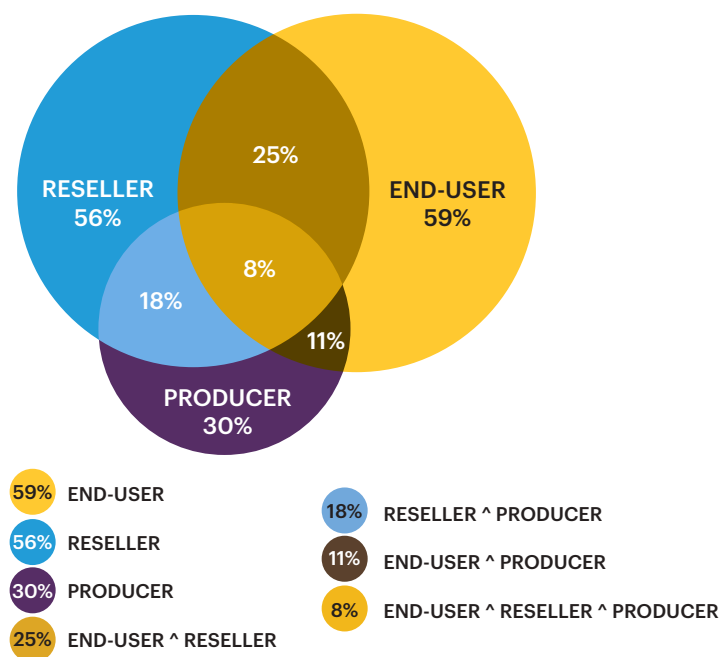
Table 20: Bargaining Power of Entrepreneurs and their Supplier Network

Bargained/Exchanged goods, when inputs are of poor quality	Less than 5 suppliers (n=14)	5 or more suppliers (n=59)
Yes (n=28)	11%	89%
No (n=45)	25%	75%

c. Customer

Enterprises have a healthy mix of business to end-user (B2C) and business to business (B2B) i.e producers, resellers, traders and shops as clients. About 27% enterprises (n=20) cater to both B2B and B2C markets having a healthy diversification. About 37% (n=27) enterprises cater to two of three segments of customer segments i.e end-users, resellers and producers.

Figure 7: % of Enterprises and their Customer Segmentation



The figure captures the various segments of customer types to whom entrepreneurs sell their services / products. The Dominant Business Models are directly selling to end-users (59%) and multi-step distribution with resellers (56%). 25% of the enterprises have been able to tap simultaneously into the end-user and reseller segments suggesting a dynamic market with their ability to adapt to serving different customer profiles. This is true for enterprises in both the manufacturing and farm-based sectors. The large segment of farm-based enterprises catering to end-users indicates a strong focus on local farm-to-table initiatives.

Table 21: % of Enterprises Serving Different Customer Segments*

Sector	Producers (n=22)	End-users (n=43)	Resellers (n=41)
Farm Based (n=19)	21%	58%	58%
Non-Farm Based (n=54)	34%	56%	59%

Note: The %s are calculated against the number of enterprises in each sector.

Above 60% of the respondents mentioned that their primary or in some cases sole customer base is from their own or neighbouring village, while 36% mentioned that they cater also to customers beyond their block and district.

d. Competition

Predominantly enterprises deal with low or no competition, 48% face "too few" competitors and 7% face "none". A substantial group 33% encounters "some" competition, suggesting a moderately competitive environment. This could be ideal for businesses with a strong value proposition and well-defined target market. A smaller number of enterprises (12%) face "many" competitors, suggesting a highly competitive regional market. The enterprises that mentioned high levels of competition were involved in the business activities of Bio-Fertilizer Manufacturing and Animal Husbandry. These enterprises might need to implement robust marketing strategies and focus on differentiation to stand out.

Table 22: % of Enterprises and the Number of Competitors in the Region

	None (n=5)	Too few (n=35)	Some (n=24)	Many (n=9)	Total
% of Enterprises	7%	48%	33%	12%	100%

In this environment, the enterprises have been able to sustain their competitiveness by offering high quality products (48%) and attractive prices (37%). This suggests that quality and price sensitivity are significant factors in the market. According to 6% of the enterprises, customers value long-term relationships with enterprises, suggesting the importance of fostering customer loyalty. Another 6% believed their local presence or ease of access might be a deciding factor for customers to come to them.

e. Growth Aspiration

A resounding majority (92%) of the enterprises anticipate exponential growth in demand for their business in the future. This suggests a high level of confidence in their products or services and the overall market potential. While the remaining 8% showed a measured optimism and expected moderate growth. Enterprises (n=67) reported they would achieve the same using the below strategies:

- **Product Diversification (81%):** This highlights a strategic approach to cater to a wider audience, meet evolving customer demands with innovation and higher quality on existing products and invest time on building new products.
- **Customer Acquisition (49%):** Nearly half of the enterprises aim to expand their customer base to drive sales growth. They also plan to set-up online sales, avail government schemes for market linkages etc.
- **Geographical Expansion (48%):** They plan to expand into new geographical areas suggesting a strong growth appetite and a desire to tap into new markets.
- **Supplier Network Optimization (30%):** Enterprise had mentioned that the twin aspects of quality and price are what make their products competitive to buyers. Hence strengthening their supplier networks by improving access to high quality but low cost raw materials and enhancing supply chain resilience would be critical for enterprise growth.
- **Workforce Development (18%):** A smaller number of enterprises emphasises improving employee skills or increasing staff size. This highlights the recognition of a skilled workforce as a key driver of growth.

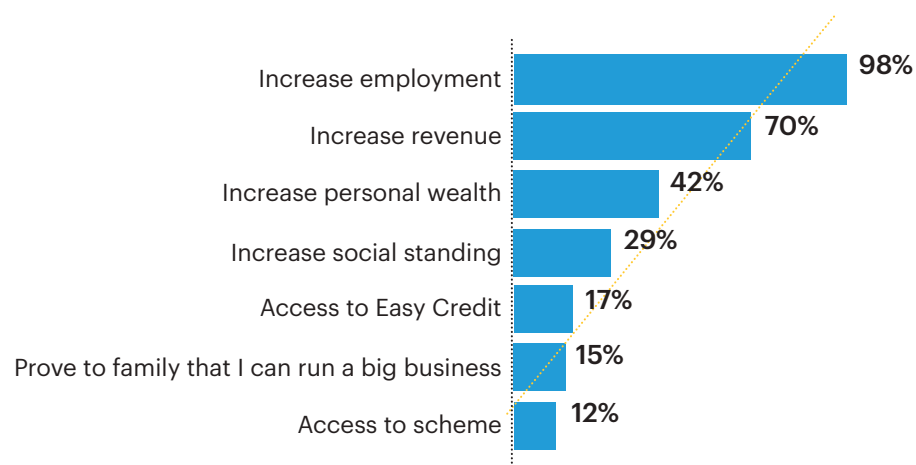
Table 23: Strategy for Achieving Growth by Percentage of Enterprises

Strategies	Expand to new Geography	Increase Product Range	Expand Customer Base	Increase Suppliers	Enhance the skill and/or number of Employees	Avail Govt. Scheme
No. of Enterprise	32	54	33	20	12	1
% of Enterprises	48%	81%	49%	30%	18%	1%

The data suggests that a combination of social and financial aspirations fuels the growth ambitions of business owners. While creating jobs and contributing to the community are top priorities, financial success and social recognition also play a significant role.

Nearly all respondents (98%) rank increasing employment opportunities as an important motivator. This suggests a strong desire to contribute to the local economy and create jobs for others. This is followed by financial growth both enterprise (70%) and personal (42%) are significant drivers. A sizable portion (29%) aspires to improve their social standing and garner validation (15%) from family members through business success. Access to easy credit (17%) and government schemes (12%) are also considered growth enablers.

Figure 8: Motivational Drivers for Growth Aspiration



f. Barriers

Respondents revealed the key challenges faced by them hampering productivity and expansion.

- **Financial Constraints:** Both inadequate capital for operating costs (43%) and capital investment (37%) are significant concerns. Lack of awareness (7%) of credit options and lack of collateral (7%) prevent enterprises from availing of credit.
- **Demand Fluctuations:** Uncertain or inadequate demand for products is a concern.
- **Supply Chain Hurdles:** Difficulty in acquiring necessary inputs (34%) and managing operational expenses (30%) appears to be a challenge for some groups.
- **Knowledge Gaps:** A lack of knowledge (34%) on business essentials and government regulations (26%) are hindering growth.
- **Infrastructure Challenges:** Transportation problems might hinder smooth operations.

Table 24: Barriers to Growth Expressed by Entrepreneurs

Financial Constraints				Demand Fluctuations
Inadequate capital to meet operating costs	Inadequate capital for investment	Don't know how to access credit	Lack of collateral	Inadequate demand for products
43%	37%	7%	7%	38%
Supply Chain Hurdles		Knowledge Gaps		Infrastructure Challenges
Lack of inputs	High operating cost	Inadequate know-how	Government regulations	
34%	30%	33%	26%	26%

By addressing these constraints through targeted interventions and support mechanisms, policymakers and development agencies can empower these groups to enhance their productivity and achieve sustainable growth.

04

Key Insights



1. What have we learned about Nano Group-Enterprise profiles from the Study?



1. Enterprise Typology and Challenges:

Group enterprises emerge from traditional occupations, local needs, or new opportunities (Kondal, 2014).¹⁵ These enterprises have been created based on either traditional occupations (ex. bamboo-based handicrafts) or catering to emerging needs of the households in the village (ex. Demand for cleaning products) or catering to local needs by negotiating with the local governance i.e. partnering with panchayats to supply bio-fertilizers mid-day meals. Each of these enterprise models faces unique challenges:

- **Traditional Craft-based Enterprises:** Those that depend on traditional natural raw materials are facing a shortage in supply, ex. bamboo-based handicrafts. They have considerable local demand because of the unique role their products play in cultural and religious events. However, younger generations, seeking social mobility, are either migrating to cities or prefer factory-based employment, hindering the transmission of traditional skills, and jeopardising the craft's future.
- **Partnership with agents of local governance:** These enterprises (e.g., bio-fertilizer suppliers, or providing mid-day meals) benefit from secure prices but are restricted by contracts with the local quasi and government agencies. They can't source materials elsewhere or sell to external buyers, hindering market expansion and product diversification.

- **Opportunity-based Enterprises:** These businesses cater to emerging household needs (e.g., cleaning products). However, they face fierce competition and customer demand that's elastic i.e. sensitive to price changes.

2. Community Roots, Skill Gaps: The enterprise groups have in most cases emerged from existing savings groups, with all or some members of an existing savings group graduating into an enterprise group. There exists a strong bond of trust among all members and respect for the leader of the group. Studies highlight the importance of social capital within SHGs, where trust and cooperation drive group success (Sabhlok, 2011), however, a group in itself often lacks critical business skills like marketing, finance, and product development, hindering their growth potential.¹⁶

3. Incentive to Outperform within a Group: All the groups that participated in the focused group interviews mentioned that their revenue shared is based on hours worked. Each group had a register in which the hours were documented and the earnings were divided. The trust, unity, and solidarity demonstrated by the group members in contributing equally to the work load seems to have been established via effective leaders who emphasised the consistent participation of all members in the activities. While this approach has encouraged solidarity, this approach might not inspire entrepreneurial spirit i.e. incentivize members to contribute more through efficiency/creativity in undertaking tasks, and/or finding new income streams {Boef et al. (2021)}.¹⁷ However, equal profit-sharing often disincentivizes innovation and efficiency.

4. Household Responsibilities Limiting Aspirations:

Most of the group entrepreneurs face a double bind: the drive to build a business and the burden of household duties. Several of the enterprises can operate only 5-6 days a month for 3-4 hours per day. This is primarily because of other responsibilities that women shoulder such as providing labour for agriculture on their farms, and other labour work related to animal husbandry and household chores (Ramadevi, 2019).¹⁸ This lack of time results in limited efforts in marketing and poses a significant barrier to growth. Without reliable social support systems, childcare, or even familial understanding, these women struggle to dedicate the necessary energy to their ventures. Financial limitations further restrict their options, hindering the ability to hire help or outsource tasks. This lack of comprehensive support hinders their ability to compete, innovate, and ultimately, achieve their full entrepreneurial potential.

5. Do not tick all the boxes: Some of the women entrepreneurs who participated in the focussed group discussions, recognised that they have not yet ticked all the boxes to establish themselves as full-fledged entrepreneurs, the reasons stated for the same were:

- **Contract Manufacturing:** Some of the nano group enterprises are fashioned very similar to those engaged in job-work i.e. they are provided raw-materials by a single vendor who also pays them for the finished goods. This is true in the case of specific tailoring group enterprises, groups engaged in mid-day meal preparation and those involved in manufacturing bio-fertilizers. Entrepreneurs feel that they heavily rely on a single vendor or contractor which also limits their bargaining power, product diversity and market diversity making their enterprise extremely vulnerable (Kondal, 2014).¹⁹ This restricts bargaining power and product diversification, making enterprises vulnerable to market disruptions.
- **Marketing Myopia | Focus on local markets:** The focus within the SHG might be heavily tilted towards production, with limited understanding or resources allocated towards marketing and customer outreach. The majority of enterprises cater to customers within their village or neighbouring villages. Most of their sales process involves door-to-door marketing. Also while producing products that compete with the organised sector they have not undertaken sophisticated marketing arrangements.
- **Collective Comfort Zone:** The familiar and supportive environment of the SHG has created a comfort zone, potentially discouraging individual members from taking calculated risks or venturing outside their established production methods. The entrepreneurs have also accepted the lower levels of income and profits.

6. Elusive Entrepreneurial Vision: While external opportunity and mentorship ignited a spark to create an enterprise, many of these nano group enterprises lack a clear entrepreneurial vision. Enthusiastic and hardworking, they navigate their ventures without a roadmap to growth. This gap between potential and direction hinders their ability to fully harness the power of their enterprises. They need to devise a pathway to empower themselves to not just be skilled producers, but evolve into strategic business owners.

2. Group Versus Individual Nano-Enterprises: Learnings

LEAD's report "Scaling the Ladder: Exploring the Growth Potential for Women-Led Nano Enterprises" (2024), explores the growth potential of individual women-led nano enterprises in Bhatapara, Chhattisgarh.²⁰ Below are some of the unique learnings that emerged regarding Individual and Group Nano-enterprises.



1. Differences in Business Activities: Among individual nano-enterprises 42% were concentrated in tailoring as their business activity. This prevalence suggests these businesses may be classified as "Skills-Trained Enterprises," likely spurred by training programs and the relatively low investments. In stark contrast, more than half of the group nano-enterprises were established to address specific needs identified by the local village governance (panchayat) i.e. Necessity-Driven approach. Furthermore, the predetermined raw materials and markets provided by the panchayat hint at a potential Supported Enterprise model, where the local governing body offers resources and assured pricing (ceiling). Some of the group-enterprises are Community Based Enterprises, i.e. they are rooted in a traditional craft, skill or community based occupation and aim to benefit its members. They are mostly owned and operated by the community itself, and they prioritise local sourcing, hiring, and economic development.

Learning: This interesting contrast unveils two distinct paths to entrepreneurship. Individual enterprises appear to leverage acquired skills and potentially lower entry barriers, while group enterprises strategically address identified local needs and/or often benefit from the support of the local stakeholders or their own community (*Kondal, 2014*).²¹ Given the distinct type of business activities these varied enterprises are engaged in, they could have potentially different growth trajectories. An individual

enterprise might expand through growth in operations either across geographies or within a specific region and graduate into formal companies. A group enterprise might graduate formally into an FPO (Farmer Producer Organization) or an LLP (Limited Liability Partnership) while growing in terms of region or expanding within the region.

2. Role of Spouse and Family: Both among individual and group nano-enterprises, family plays a significant role in providing labour and mentorship in the operation of the enterprise as detailed below:

- a. Enterprise Creation:** About 50% of Individual Nano-Enterprises mentioned that they started the enterprise with their spouse. In the case of the group enterprise, the women group supported each other along with guidance from their family in the creation of the enterprise, except for those enterprises that were based on traditional handicrafts or select farm-based activities such as goat rearing wherein their family also played a significant role in providing labour.
- b. Labour:** Among individual nano-entrepreneurs, almost 52% and 34% among group enterprises enlisted the support of their family members throughout the year for business activities.
- c. Mentorship:** About 56% of the group nano-enterprises mentioned that family members are an important source of mentorship. But among individual nano-enterprises, 80% mentioned that they depended on mentorship from their family members.

Learning: Studies like (Ramadevi, 2019) and (Sabhlok, 2011) emphasize the critical role of family support—both as mentors and as providers of informal labor—among women entrepreneurs.^{22,23} However, this dependence often limits entrepreneurial autonomy. While this offers advantages like trust, shared values, and flexibility, it also presents challenges. Both types of entrepreneurs mentioned that the dual role of business owners and homemakers often limits their business growth. This highlights the need for supportive social structures and policies to empower women to fully realise their entrepreneurial potential.

3. Formalization: Only 19% of the group enterprises and 1% of the individual enterprises have registered themselves formally. The low formalisation rates among both group and individual enterprises underscore the challenges faced by these businesses. Formalization offers benefits like legal recognition, access to credit, and market opportunities. However, the complex registration process, lack of awareness, and potential additional costs might deter entrepreneurs (Kondal, 2014).²⁴

Learning: To foster growth, initiatives should focus on simplifying registration procedures, delivering awareness campaigns, and offering financial incentives to encourage formalisation. In addition, existing registrations do not have sufficient provision to recognise a group enterprise. Individual enterprises tend to scale through operational expansion or geographic diversification, while group enterprises often formalize as Farmer Producer Organizations (FPOs) or Limited Liability Partnerships (LLPs) (Ramadevi, 2019).²⁵

	Individual Enterprises	Group Enterprises
Business Activities	Skills-Trained Enterprises: Reliance on skill acquisition from training programs eg. Tailoring	Necessity-Driven Enterprises: Supported Enterprise Model where these groups benefit from resources and pricing structures determined by local stakeholders Community-Based Enterprises: traditional crafts or occupations unique to their community, focusing on benefiting their members through local sourcing
Enterprise Creation	Enterprise creation supported by family, civil society organisations and NRLM.	Enterprise creation is spurred by joint action of members from their family members and community. Civil society organisations and NRLM have played a critical role along with the local Panchayat.
Labour/Employment	Family members are a critical part of enterprise labour. Hire very few formal labour.	Group members are the major labour support to the enterprise. External vendors and informal labour fulfil requirements for logistics and branding.
Mentorship	Family members and civil society organisation	Family members, group members and civil society organisation
Formalisation	Formalization is low. Limiting the ability to access formal finance.	Formalization is low. Limiting the ability to partner with corporations.
Growth pathways	May evolve into formal companies through operational expansion	May formalise into FPOs or LLPs by expanding markets.

3. What are some of the Actionable Solutions to Pressing Challenges?



1. Availing Professional Mentorship: The groups shared that their primary sources of mentorship are Ambuja Foundation personnel, family members, and friends involved in similar businesses. However, most enterprises are struggling to achieve sustainable income, with average monthly revenues below Rs. 20,000, despite operating for around five years. There is a clear need for professional, tailored support in areas such as product development, marketing (including social media and e-commerce platforms like ONDC), vendor relations, and utilizing technology for financial management.

Federations can serve as critical intermediaries to address mentorship and market linkage challenges. By leveraging their collective strength, federations help enterprises connect with technical training institutions (e.g., KVK for turmeric cultivation) and marketing platforms such as NABARD-supported exhibitions and Gram Dukan. They also facilitate access to credit, reducing dependence on informal money lenders.

2. Group-Enterprises to Support Services: Among the enterprises within the same CLF (Cluster Level Federation) or Village Organization (VO) a tiered approach to enterprise operations can be taken. While some groups focus on providing labour and financial support in the creation of products, specific enterprises could provide dedicated branding services, logistic services or marketing services to all the other enterprises. This not only elevates the overall professionalism of the ecosystem's output but

also allows individual member enterprises to focus on their core competencies in production. This fosters symbiotic interdependence, optimises resource allocation, and strengthens the overall value proposition of the CLF/VO.

3. Profit-Sharing with Innovation Bonus: Maintain a base profit-sharing structure based on hours worked, but introduce an "innovation bonus" system. Allocate a small percentage of profits to reward members who propose and implement successful new product ideas, marketing strategies, or cost-saving measures. This incentivizes initiative and problem-solving beyond just daily tasks.

4. Leverage Collective Bargaining Power: Enterprises within a CLF can form a common brand to provide holistic solutions or supply products to corporates/households. For instance, a group-enterprise involved in the manufacture of cleaning products could partner with those who could provide housekeeping services and those involved in horticulture and goat rearing could join hands with those involved in Food and Beverage production. Additionally, these nano-group enterprises can leverage collective bargaining power to negotiate better deals with suppliers and access markets that might be inaccessible to individual members. This strengthens their position in the marketplace and promotes economic independence.

5. Formalising for Growth: Most of the enterprises surveyed have not registered themselves under Udyam Registration or PAN for Business or Shop and Commercial Establishment Registration Act etc with limited or no documented proof of their enterprise. The importance of these documents are listed below:

- Udyam Registration or PAN (business) provides recognition and identity to the enterprise, enables access to formal credit and facilitates participation in e-marketplaces and selling to larger corporations.
- Documents like FSSAI (for enterprise dealing with food), trade licences for those engaged in retail activities etc are mandatory according to law.

6. Government Schemes and Policies for Expanding Enterprise:

Enterprises can leverage scheme that are in-particular advantageous for group enterprises and this could include,

- **Credit Guarantee:** Financial schemes such as Credit Guarantee Fund for Micro Units (CGFMU), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- **Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme (PMFME):** Provide enterprises subsidy for starting or growing select business activities related to food production, processing and / or marketing.
- **Marketing:** Branding and marketing support extended by platforms such as GeM (Government e-Marketplace), ONDC, Tribes India, eSARAS, SC/ST Hub etc.
- **Handloom Mark or GIS:** Availing registration under the Geographical Indications of Goods (Registration and Protection) Act. The scheme aims to protect the reputation and quality of Indian products that are geographically linked to a specific location. These products possess unique characteristics or qualities primarily attributed to their geographical origin and traditional production methods.
- **Registration:** Depending on the scale, size, government support requirement, management structure and future aspirations, the nano-group enterprises can register themselves as a partnership firm, Limited Liability Partnership, Joint Liability Group engaged in production or provision of service, Cooperative, Farmer Producer Organization etc.



4. What are the Long-Term Pathways for Growth and Scalability?



A. Entrepreneur-led Initiatives | Embrace an Entrepreneurial Mindset: *The nano group - enterprises can purposefully and systematically cultivate an entrepreneurial mindset, below are some practical methods to build the same.*

1. Set SMART Goals: Studies like Boef et al. (2021) emphasize fostering innovation and encouraging risk-taking as essential for driving growth in SHG-led enterprises.²⁶ Setting SMART goals and embracing continuous learning through workshops on finance and marketing are proven strategies for growth (Ramadevi, 2019).²⁷ This could involve increasing sales or revenue or profits by a certain percentage, reducing costs by a certain percentage, expanding product offerings, or entering a new market.

2. Embrace Continuous Learning: Encourage the group to actively seek out new knowledge and skills. This could involve attending phy-digital workshops on marketing, finance, or product development. They could also learn from successful entrepreneurs or mentors.

3. Celebrate Innovation and Risk-taking: Create an environment where experimentation and trying new ideas is encouraged. This could involve small trials of new products, marketing strategies, or production methods. Celebrate successes, and use failures as learning opportunities.

4. Customer Focus: Shift the focus from simply producing goods to understanding customer needs and wants. Encourage the group to gather feedback from customers and adapt their products or services accordingly.

5. Invest in the Future: Encourage the group to save a portion of their profits to invest in the enterprise's growth. This could involve buying new equipment, upgrading raw materials, attending training, undertaking exposure visits, piloting products or processes, hiring additional skilled workers etc.

B. Ecosystem-led Initiatives | Enable the Entrepreneurial Mindset: *To empower group enterprises, stakeholders need to build a supportive ecosystem. LEAD at Krea University (2024) highlights that multi-stakeholder collaboration can foster ecosystem-level support, involving NGOs, financial institutions, and local governments.²⁸ Strengthening social capital through collective bargaining and group branding, as proposed by Suprabha (2014), also enhances the enterprises' ability to access larger markets and achieve economies of scale.²⁹*

1. New Institutional Structure: For nano SHGs to thrive as group enterprises there is a need for a specialised and customised legally recognised institutional structure that is easy to register at the district level, with limited liability, accommodating a large number of women, that enable easy profit sharing and distribution of bonus among members Cheek et al. (2024).³⁰ A structure that provides legal security while dealing with large corporations but not shackle the enterprises with restrictive covenants of the existing labour codes.

2. Customer Feedback Forums: Organise CLF-level customer engagement and feedback forums where SHG women can interact with their customers and undertake market studies. This can be done through meetings, surveys, or focus groups. Encourage customers to share honest feedback on product quality, pricing, and preferences. Use this feedback to guide product development, marketing strategies, and overall customer service approach.

3. Savings Group Challenge: Leverage the existing SHG savings structure to introduce a friendly "savings group challenge." Set a group savings target associated with achieving a specific business goal, like purchasing new equipment or attending a relevant training program. This gamifies the saving process and motivates members to contribute towards a shared entrepreneurial objective.

4. Scaling Success: Federations as Growth Catalysts: Federations can play a pivotal role in scaling nano group enterprises by streamlining formalization, offering structured financial products, and enabling bulk marketing opportunities. By acting as a bridge between government schemes (e.g., NRLM) and SHG entrepreneurs, federations ensure that women-led enterprises benefit from subsidies, technical expertise, and emerging market opportunities. Additionally, federations foster resilience by addressing social barriers and building solidarity among women entrepreneurs.

5. Strengthening Local Financial Institutions: Partner with financial institutions operating at the district or village level to build their capacity in assessing and financing nano group enterprises. This can involve workshops on understanding the unique challenges and opportunities of these enterprises, developing appropriate risk assessment frameworks, and tailoring loan products.

6. Peer Learning Circles: Form small peer learning groups within the enterprises in the Cluster Level Federation. Each group can focus on a specific business challenge, like marketing a new product or improving production efficiency. Encourage knowledge sharing, brainstorming solutions, and holding each other accountable for implementing agreed-upon action plans to develop a healthy entrepreneurial spirit.



05

Conclusion



This unique study sheds light on a cohort often overlooked in the entrepreneurial landscape: women-led group nano-enterprises in Bhatapara, Chhattisgarh. Emerging from Self-Help Groups (SHGs), nurtured by the Ambuja Foundation, these enterprises represent a powerful tool for women's economic empowerment. The findings align with existing literature, such as LEAD at Krea University (2024), which highlight the transformative potential of SHG-led enterprises in fostering inclusive economic growth.³¹ Group enterprises tend to focus on manufacturing and leverage collective action to achieve economies of scale and shared benefits.

This report explores their characteristics, founding stories, and the collaborative activities that underpin their success, and provides valuable insights for policymakers, NGOs, and development organisations. Understanding the factors that enable group enterprises to flourish can inform the creation of a more supportive ecosystem, ultimately fostering inclusive economic growth in rural communities. The research paints a compelling picture of the motivations driving these group enterprises and is reiterated by existing literature. They are fuelled by a potent blend of economic aspirations, a shared sense of purpose, and a desire to leverage collective skills and resources. The success of these group enterprises also hinges on a robust support system. The success of these group enterprises also hinges on a robust support system. Sabhlok (2011) and Suprabha (2014) emphasize the role of social capital, trust, and collaboration as foundational elements for enterprise

sustainability and scalability.^{32,33} The NRLM, NGOs and Ambuja Foundation emerge as the leading providers of support. Their efforts encompass capacity building for NRLM teams, and facilitating crucial business-to-business (B2B) sales. Ambuja Foundation plays a critical role by offering tailored interventions (market linkages, machinery, training), as noted in studies like Cheek et al. (2024), which underscore the importance of leadership and targeted support in driving group enterprise growth.

Federations exemplify how collective action can drive both economic and social transformation. By providing loans, addressing critical social issues like domestic violence and alcoholism, and facilitating market linkages, federations empower SHG-based group enterprises to overcome barriers and thrive. Their role in fostering economic self-sufficiency, improving access to resources, and promoting social mobility is a cornerstone for sustainable rural development. Integrating the federation model into the larger ecosystem can unlock the full potential of group enterprises, enabling women to emerge as dynamic entrepreneurs and change agents in their communities.

Further, fostering an entrepreneurial mindset is key to unlocking the full potential of these enterprises. At the enterprise level, this involves setting SMART goals, embracing continuous learning, and prioritising customer focus. Developing a specialised legal framework that balances ease of registration with limited liability would empower these enterprises. Facilitating

customer feedback forums and gamified savings challenges can further motivate and equip the groups. Kondal (2014) and Ramadevi (2019) highlight those equipping women with the skills for innovation, customer engagement, and market adaptation is essential for long-term success.^{34,35}

Financial sustainability also remains pivotal, with NABARD and NRLM advocating for improved access to credit and government-supported schemes to overcome resource constraints. Investing in the future through strategic savings and calculated risk-taking is crucial for long-term success. Financial institutions must be strengthened to better understand and cater to the unique needs of nano group enterprises. Tailored loan products and capacity-building initiatives are essential for ensuring access to capital. Furthermore, fostering peer learning circles within the ecosystem can promote knowledge-sharing and problem-solving, fostering a collaborative and supportive environment.

By implementing these solutions, we can empower nano group enterprises to overcome their challenges and thrive. The story of women-led group nano-enterprises in Bhatapara is one of remarkable resilience, collaboration, and empowerment. By leveraging their collective strengths and harnessing the support of a collaborative ecosystem, these women are not only forging their own economic destinies but also contributing to a more inclusive and prosperous future for their communities. As we move forward, fostering this vibrant ecosystem holds immense potential for unlocking the power of collective action and accelerating progress towards sustainable development goals.

Actionable Recommendations for Foundation

Recommendation Area	Key Action Points	Expected Impact
Strengthen Local & Cluster-Level Market Access	<ul style="list-style-type: none"> Facilitate tie-ups with government programs (Mid-Day Meal, ICDS, Panchayats) for bulk sales. Strengthen partnerships with local retailers, kirana stores & cooperatives for consistent buyers. 	<ul style="list-style-type: none"> Reduced dependency on seasonal demand. More sustainable business growth.
Improve Production Efficiency & Shared Infrastructure	<ul style="list-style-type: none"> Set up Common Facility Centers (CFCs) for food processing, tailoring, bio-fertilizers, handicrafts. Provide semi-automated equipment for better production quality & efficiency. 	<ul style="list-style-type: none"> Increased productivity & reduced costs. More competitive pricing for SHG enterprises.
Capacity Building & Skill Enhancement for Business Growth	<ul style="list-style-type: none"> Develop sector-specific training modules in branding, financial management, & pricing. Train women in digital marketing & e-commerce platforms (ONDC, GeM, Facebook, WhatsApp). Create a mentorship network with successful rural entrepreneurs. 	<ul style="list-style-type: none"> Enhanced business skills & financial literacy. Better market positioning & sales strategy. More SHGs adopting formalized business structures.
Strengthen Financial Access & Working Capital Solutions	<ul style="list-style-type: none"> Assist in applying for NRLM funds, MUDRA loans, & Credit Guarantee Schemes. 	<ul style="list-style-type: none"> Increased working capital for SHGs.
Facilitate Brand Identity & Collective Marketing	<ul style="list-style-type: none"> Develop a regional SHG brand identity Enhance SHG participation in state-level trade fairs, exhibitions & retail partnerships. 	<ul style="list-style-type: none"> Improved brand recognition & market trust. Higher revenue & repeat buyers.

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About Ambuja Foundation

Ambuja Foundation is an independent, pan-India development organisation, committed to generating prosperous rural communities. We believe in the vast, untapped potential of rural communities and the unstoppable power of the people that live there. With investments in water, agriculture, skills, women, health and education, Ambuja Foundation enables 'livelihoods' as a pathway to unleashing that potential. Partnering with like-minded corporates, Governments and others, Ambuja Foundation works collaboratively with communities to solve pressing community problems – empowering local people to be the catalysts and drivers of change.

www.ambujafoundation.org



About LEAD at Krea University

LEAD at Krea University is an action-oriented research centre housed at the Institute for Financial Management and Research (IFMR), a not-for-profit society which is also the Sponsoring Body of Krea University. LEAD leverages the power of research, innovation and co-creation to solve complex and pressing challenges in development. Since 2005, LEAD has been at the forefront of financial inclusion and SME research in India.

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