

Table of Contents

Acknowledgements	VI
Executive Summary	VIII
Acronyms	XI

Part I – Introduction and conceptualization

1 Introduction – micro enterprises in India:	
problems and potentials	3
1.1 Background	3
1.2 Objective of the study	5
1.3 Relevance of the approach and the study	7
1.4 Methodology and data	8
1.5 Case studies	9
1.6 Structure of the study	10
2 Conceptual and policy framework	15
2.1 The perspective taken in this study	16
2.1.1 General assumptions	16
2.1.2 Social capital theory and perspectives taken in the study	18
2.2 The concern with micro enterprises and the organization of the informal sector	20
2.2.1 Organizing the informal sector	23
2.2.2 Categories of the poor and borrowing as a factor of poverty	23
2.2.3 Institution building for the micro enterprise sector – ministries and financial institutions	24
2.3 Income Generation Activities vs. microfinance	29
2.4 Five components of poverty alleviation	31
2.5 The concept of Self-Help Groups (SHGs): “Savings first – credit later!”	35
2.6 Government assistance for Self-Help Groups – the implementation	41
2.6.1 Support of Self-Help Groups at state level (Gujarat)	41
2.6.2 Support of Self-Help Groups at national level	42
2.6.3 Support of Self-Help Groups by NABARD	43
3 Study areas in the State of Gujarat	45
3.1 Geographical characteristics	46
3.2 Disaster impact	49
3.3 Relevant economic, social and political aspects	54
3.3.1 Economic aspects	54

3.3.2 Social aspects	59
3.3.3 Political aspects	61
3.4 The Districts of Ahmedabad, Kutch, Patan and Sabar Kantha	64
3.4.1 Ahmedabad	64
3.4.2 Kutch	72
3.4.3 Patan	74
3.4.4 Sabar Kantha	78
3.5 Institutions for self help: NGOs in Gujarat	83
3.6 SETU, SEWA and Aware Foundation	85
3.7 CCISB – Chamber of Commerce for Industry and Small Businesses	86

Part II – Operationalization: qualitative and quantitative research

4 Qualitative analyses – case studies of micro entrepreneurs	93
4.1 District of Ahmedabad – riot affected urban communities	95
4.1.1 Hindu micro entrepreneurs in Gomtipur, Ahmedabad – CCISB members	95
4.1.2 Muslim micro entrepreneurs in Behrampura, Ahmedabad – CCISB members	98
4.1.3 Hindu micro entrepreneurs in Behrampura, Ahmedabad – non-members of CCISB	103
4.2 District of Kutch – earthquake and flood affected communities of the City of Bhuj	106
4.2.1 Hindu micro entrepreneur in Ashapuraganagar, Bhuj – CCISB member	106
4.2.2 Muslim/Hindu micro entrepreneur in Ashapuraganagar, Bhuj – CCISB member	110
4.2.3 Hindu micro entrepreneur in Ashapuraganagar, Bhuj – non-member	112
4.3 District of Patan – flood and drought affected rural communities	114
4.3.1 Muslim micro entrepreneur in the village of Shergadh, Patan – CCISB member	114
4.3.2 Hindu micro entrepreneur in Najupura, Patan – non-member	118
4.4 District of Sabar Kantha – riot affected communities of the City of Modasa	122
4.4.1 Muslim micro entrepreneur in Rashidabad, Modasa – CCISB member	122
4.4.2 Muslim micro entrepreneur in Rashidabad, Modasa – non-member	125
4.5 Main findings	128
5 Data and methodology for the quantitative analysis	131
5.1 Focus of the survey	132
5.2 Survey instruments	133
5.2.1 Structure of the questionnaires	133

5.2.2 Conceptualization of the questions	133
5.3 Sample size	139
5.4 Data collection	141
5.5 Expert interviews	141
5.6 Evaluation – difficulties of the study	144
6 The structure of the micro enterprises studied	147
6.1 Structure of the sample	149
6.1.1 Overview of main interviewee characteristics	149
6.1.2 Information on households of micro entrepreneurs	151
6.2 Business characteristics	156
6.2.1 Business types	156
6.2.2 Ownership of business	160
6.2.3 Business mobility	163
6.2.4 Business expansion	164
6.2.5 Contributors to the business	166
6.2.6 Peak seasons	168
6.3 CCISB membership and benefits	170
6.3.1 CCISB membership and information, reasons for joining it	170
6.3.2 Advantages of CCISB	173
6.3.3 Disadvantages of CCISB	175
6.3.4 Relationship with other CCISB members	178
7 Management of sales, purchases, income, credit/loans, investments and savings	181
7.1 Supply and sales practices	183
7.1.1 Supply chains	183
7.1.2 Dependency on one supplier	184
7.1.3 Reasons for purchasing from one supplier	186
7.1.4 Supply and sales location	188
7.1.5 Purchasing from wholesalers or intermediaries	189
7.2 Purchasing practices	191
7.2.1 Cash purchases	191
7.2.2 Share of cash purchases	195
7.2.3 Benefits from purchasing in cash	198
7.3 Cash/credit/money circulation	201
7.3.1 Sources of credit	202
7.3.2 Conditions of credit	206
7.3.3 Increase of credit	209
7.4 Income, profits and savings	211
7.4.1 Income	211
7.4.2 Profits	215
7.4.3 Savings	218
7.5 Loans, investments and increases of profit	220
7.5.1 Loans	220
7.5.2 Loan amounts	224

7.5.3 Loan investments	225
7.5.4 Increase of profit because of the loan	227
7.5.5 Revolving Fund	229
7.5.6 Investments made with the Revolving Fund	231
7.5.7 Increase of profit because of CCISB's Revolving Fund	232
7.6 Bridging social and financial capital– own observations	233
8 Selected factors of business success	235
8.1 Strength of/threats to the business	236
8.2 Unique selling propositions (USPs)	238
8.3 Expenses for/investments in quality of life	240
8.4 Factors of business and personal success	246
8.5 Disaster impact and disaster risk reduction	252
8.6 Views on CCISB – how micro entrepreneurs evaluate the work of CCISB	255
8.7 Conclusion – main findings	256
9 Business and investment strategies of unorganized micro entrepreneurs	259
9.1 Comparability of groups – overview of sample and household information	260
9.2 Lack of assistance and poverty of the control group	263
9.3 Business characteristics	265
9.4 Supply and sales practices	270
9.5 Cash/credit/money circulation	275
9.5.1 Sources of credit	275
9.5.2 Conditions of credit	277
9.5.3 Income, profit and savings	279
9.5.4 Loans, investments and increase of profit	283
9.6 Strength of/threats to the business	287
9.6.1 BPL card and insurance	287
9.6.2 Unique selling propositions	288
9.6.3 Expenses for/investments in quality of life	290
9.6.4 Business and personal success	293
9.6.5 Disaster impact and disaster risk reduction	296
9.7 Main findings on micro entrepreneurs not organized in a Chamber of Commerce	299

Part III – Conclusions

10 Main findings, conclusions and suggestions for further research	305
10.1 Overview of findings	306
10.1.1 Gender-specific findings	306
10.1.2 Caste aspects	308

10.1.3 Findings related to urban and rural areas	309
10.1.4 Findings related to the four districts under study	309
10.2 Social versus financial capital	312
10.3 Cycles of development	315
10.4 The impact of CCISB	318
10.4.1 Comparative approach: micro entrepreneurs with and without CCISB membership	318
10.4.2 Results from the comparison	318
10.4.3 Evaluation of and recommendations for CCISB	319
10.5 Transferability of results	325
10.6 Main conclusions and avenues for further research	326
10.6.1 Conclusions of the study	327
10.6.2 Critical reflections and further research	329
Appendix	331
Questionnaire for CCISB members	333
Questionnaire for non-CCISB members	338
Evaluation of CCISB	342
References	347
Literature cited	347
Personal communication	352
Internet sources	353
Pictures	353
List of figures	355
List of tables	359
List of boxes	365