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INNOVATION FOR INCLUSION: THE ROLE OF SOCIAL ENTERPRISES IN REDUCING POVERTY IN MAHARASHTRA

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ABSTRACT

This paper examines the role of social entrepreneurship in poverty reduction in Maharashtra. Using secondary data (National Multidimensional Poverty Index reports, Maharashtra Economic Survey) and published case studies and evaluations of social enterprises and community finance (SELCO, SHGs, UNDP/Donor assessments), the study synthesizes evidence on how market-led social interventions—affordable energy, food programs, microfinance & SHGs, women-led enterprises, and livelihood linkages—contribute to multidimensional poverty reduction. Findings show Maharashtra made substantial gains in reducing multidimensional poverty between 2015–16 and 2019–21, and that social enterprises have contributed through targeted service provision, product innovation, and linkages to finance and markets. The paper concludes with policy recommendations to scale high-impact social enterprises, strengthen public-private-civil society linkages, and improve measurement and financing mechanisms for poverty-focused social ventures.

KEYWORDS: social entrepreneurship, poverty reduction, Maharashtra, multidimensional poverty, SELCO, microfinance, social enterprise.

1. INTRODUCTION

Poverty in India is a complex and multidimensional challenge that extends beyond low income levels to include deprivation in health, education, and living standards. Recognizing this, policymakers and researchers have increasingly shifted towards multidimensional measures of poverty. The National Institution for Transforming India (NITI Aayog) has adopted the Multidimensional Poverty Index (MPI), which captures indicators such as nutrition, child mortality, years of schooling, sanitation, housing, and access to basic utilities. According to the National MPI, India experienced a significant reduction in multidimensional poverty between 2015–16 and 2019–21, with the national headcount ratio declining from 24.85% to 14.96%. Maharashtra, one of India's most industrially and agriculturally advanced states, also recorded notable progress, with its MPI headcount falling from 14.8% to 7.8% during the same period.



While government policies, social welfare schemes, and economic growth have been critical drivers of this decline, an important complementary factor has been the rise of social entrepreneurship. Social enterprises are mission-driven organizations that combine innovative business approaches with a focus on creating measurable social impact. Unlike traditional businesses, their primary goal is not profit maximization but the provision of affordable, sustainable, and scalable solutions to societal challenges. In Maharashtra, social enterprises have played a growing role in bridging service gaps by offering access to clean energy, affordable healthcare, education, financial inclusion, and livelihood opportunities.

This paper seeks to explore the role of social entrepreneurship in poverty reduction in Maharashtra. Specifically, it examines how community-based enterprises, microfinance initiatives, and women-led cooperatives have contributed to addressing multidimensional deprivations. By combining secondary data analysis of poverty trends with case-based insights into the operations of notable social enterprises, the study highlights both achievements and challenges. The central question guiding this inquiry is: How have social enterprises and related community finance mechanisms contributed to reducing poverty in Maharashtra, and what policy interventions are necessary to enhance their effectiveness?

2. LITERATURE REVIEW

2.1 Multidimensional poverty in India and Maharashtra

Poverty in India is increasingly analyzed through a multidimensional lens that captures deprivation across several dimensions of well-being rather than relying solely on income-based measures. The National Multidimensional Poverty Index (MPI), developed by NITI Aayog in line with the global MPI framework, provides a comprehensive assessment of poverty by examining indicators such as nutrition, education, sanitation, housing, and access to clean energy. According to official estimates, India's multidimensional poverty headcount ratio declined from 24.85% in 2015–16 to 14.96% in 2019–21. Maharashtra demonstrated stronger-than-average performance, with its MPI headcount falling from 14.8% to 7.8% during the same period (NITI Aayog, 2023). The major drivers of this reduction were improvements in sanitation, access to clean cooking fuel, higher educational attainment, and better health outcomes.

2.2 Social entrepreneurship as a poverty-reduction mechanism

The literature on social entrepreneurship in India highlights its expanding role as a complementary mechanism for poverty alleviation. Social enterprises are particularly active in sectors directly linked to MPI indicators—namely agriculture, clean energy, education, healthcare, and financial inclusion. These organizations address systemic market failures such as affordability constraints, last-mile distribution challenges, and information asymmetries by developing innovative products, alternative



delivery mechanisms, and inclusive financing models. Landscape studies of Indian social enterprises note that western and southern states, including Maharashtra, have become significant hubs for agricultural and renewable energy-based social enterprises (Bertelsmann Stiftung, 2018).

2.3 Evidence on specific interventions

Clean energy (e.g., SELCO model): Social enterprises engaged in decentralized renewable energy provision, such as SELCO, have demonstrated measurable impacts on poverty dimensions. By offering solar-powered solutions tailored to local needs, these enterprises reduce household energy costs, extend productive hours, and improve educational and health outcomes. Critical to their success are after-sales service networks, product customization, and linkages to microfinance institutions, which make adoption feasible for low-income households (UMass Lowell, 2020; The Smarter E India, 2021).

Microfinance & Self-Help Groups (SHGs): Evidence from Maharashtra shows that microfinance initiatives and SHGs are effective tools for poverty reduction. Participation in SHGs has been associated with higher household incomes, increased savings, smoother consumption patterns, and enhanced women's empowerment. These outcomes contribute directly to multidimensional poverty reduction by improving household resilience, financial inclusion, and women's agency (Findev Gateway, 2007; Mishra & Kumar, 2018).

Programs for women and cooperatives: Development agency assessments highlight the role of social enterprises in strengthening women-led cooperatives. By offering technical training, facilitating market access, and providing financial support, these enterprises have helped women increase their incomes and social status. Such interventions not only reduce income poverty but also enhance empowerment and community development outcomes (UNDP, 2023).

3. OBJECTIVES

1. To document recent trends in multidimensional poverty in Maharashtra.
2. To synthesize evidence on how social entrepreneurship interventions (energy, finance, livelihoods, food/education) affect poverty dimensions.
3. To present illustrative case examples of social enterprises and community finance models operating in Maharashtra.
4. To propose policy recommendations to strengthen and scale the poverty-reduction impact of social entrepreneurship in Maharashtra.

4. DATA AND METHODOLOGY

4.1 Data Sources



This study relies entirely on secondary data drawn from both quantitative and qualitative sources:

Secondary quantitative data:

Key sources include the National Multidimensional Poverty Index (MPI) Reports and progress reviews published by NITI Aayog (2015–16, 2019–21, 2023), as well as the Economic Survey of Maharashtra and related statistical reports produced by the Directorate of Economics and Statistics, Government of Maharashtra (MahaDes). These datasets provide macro-level evidence on poverty trends and socioeconomic indicators. (NITI Aayog, 2023; Government of Maharashtra, 2023).

Secondary qualitative data:

Supplementary evidence is drawn from published case studies and assessments of social enterprises such as SELCO (UMass Lowell, 2020), UNDP evaluations of social enterprises and women-led cooperatives (UNDP, 2023), and academic as well as practitioner studies on microfinance and self-help groups (Findev Gateway, 2007). These sources provide insights into the mechanisms and contextual factors linking social entrepreneurship to poverty reduction.

4.2 Methodology

This is a mixed-methods secondary study: (1) descriptive analysis of MPI headcount trends for India and Maharashtra to locate the scale and direction of change; (2) thematic synthesis of case studies and evaluations to identify mechanisms through which social enterprises influence poverty dimensions (e.g., income, education, health, living standards); (3) a brief cross-case comparison of successful design features and constraints. (A primary data component—surveys and interviews with social enterprises and beneficiaries—would strengthen causal attribution and is recommended for follow-up work.)

5. FINDINGS

5.1 MPI Trends: Maharashtra vs. India (2015–16 → 2019–21)

The National Multidimensional Poverty Index (MPI) offers an important lens to track the progress of poverty reduction across states in India. It goes beyond income poverty and measures deprivations across three dimensions—health, education, and standard of living—using indicators such as nutrition, child mortality, years of schooling, sanitation, housing, and access to clean cooking fuel.

Region	2015–16 (%)	2019–21 (%)
India	24.85	14.96
Maharashtra	14.8	7.8

As shown in Table 1, India as a whole experienced a significant decline in multidimensional poverty over the period 2015–16 to 2019–21. The headcount ratio fell from 24.85% in 2015–16 to 14.96% in 2019–21, reflecting a reduction of nearly 10 percentage points within five years. This is equivalent to



millions of individuals moving out of multidimensional poverty due to combined policy interventions in health, education, sanitation, rural electrification, and targeted welfare programs.

Maharashtra, however, performed better than the national average, both in baseline levels and in the pace of reduction. The state's headcount ratio dropped from 14.8% in 2015–16 to just 7.8% in 2019–21. This decline of 7 percentage points represents almost a halving of multidimensional poverty within the state. Maharashtra's relatively stronger performance can be attributed to several state-specific initiatives, including improvements in school attendance, expansion of healthcare access, and a rapid shift from traditional biomass to clean cooking fuels (particularly due to the Pradhan Mantri Ujjwala Yojana and state-level LPG adoption drives). Rural electrification and housing programs also played important roles.

5.2 How Social Enterprises Contributed (Mechanisms)

1. Access to Affordable Essential Services (Energy, Water, Sanitation):

Social enterprises in Maharashtra have improved poverty-related outcomes by providing affordable and context-specific solutions in energy, water, and sanitation. Clean energy providers like SELCO offer decentralized solar products that reduce household energy costs, enable income-generating activities, and extend study hours for children—thus improving both education and living standards. Their approach combines product adaptation, local service networks, and financing options tailored to low-income households (UMass Lowell, 2020; The Smarter E India, 2021). Similarly, social enterprises offering water purification and sanitation solutions help reduce health risks and time burdens. These services address several MPI indicators, making a direct contribution to reducing multidimensional poverty by enhancing health, education, and living conditions.

2. Food Security, Health, and Education Supports at Scale:

Social enterprises and nonprofit organizations working in school feeding programs and community kitchens have significantly improved nutritional intake and education outcomes in underserved areas. By ensuring that children receive regular, nutritious meals, these initiatives directly impact health and schooling indicators of the MPI. Moreover, many programs are designed to be scalable by sourcing food from local farmers and suppliers, which not only supports rural livelihoods but also strengthens local economies. Such models enhance both immediate well-being and long-term poverty reduction by improving learning outcomes, reducing malnutrition, and creating income opportunities for small producers (The CSR Universe, 2022).

3. Financial Inclusion and Enterprise Support (SHGs, Microfinance, Value-Chain Enterprises):

Self-help groups (SHGs) and microfinance initiatives in Maharashtra have played a crucial role in enabling households—especially women—to invest in income-generating activities, build savings,



and manage consumption more effectively. These interventions help families cope with financial shocks, improve livelihoods, and gain better control over household resources. Social enterprises complement these efforts by providing access to working capital, facilitating market linkages, and offering training in skills and entrepreneurship. Together, these efforts enhance economic participation and empower women, thereby contributing to multidimensional poverty reduction across income, education, and health dimensions (Findev Gateway, 2007; Mishra & Kumar, 2018).

4. Women-Focused Value Chains and Cooperative Strengthening:

Social enterprises that work with women-led cooperatives have been effective in improving incomes, enhancing skills, and promoting social empowerment. By providing technical training, facilitating market access, and supporting aggregation of products, these enterprises help women participate more actively in value chains such as agriculture, handicrafts, and food processing. These interventions not only boost household earnings but also strengthen women's decision-making power and social standing, addressing several dimensions of poverty related to education, health, and living standards (UNDP, 2023).

5.3 Case examples

1. SELCO (Clean Energy Solutions):

SELCO is a pioneering social enterprise that provides decentralized solar energy solutions to low-income households and small businesses in Maharashtra and beyond. Its approach combines affordable, tailored products with local service networks and innovative financing options, making clean energy accessible to those who would otherwise be excluded from formal energy markets. By reducing energy costs and enabling productive activities—such as evening study for children and income generation through small enterprises—SELCO's model has helped improve both livelihoods and educational outcomes in rural and underserved communities (UMass Lowell, 2020; The Smarter E India, 2021).

2. Self-Help Groups (SHGs) in Pune and elsewhere in Maharashtra:

Self-help groups (SHGs) in Pune and other regions of Maharashtra have emerged as a powerful tool for financial inclusion and poverty alleviation. These groups, typically composed of women from low-income households, facilitate collective savings and provide access to credit, enabling members to invest in small businesses, manage household expenses, and cope with economic shocks. Participation in SHGs has also been linked to greater decision-making power and social empowerment for women, which in turn improves living standards and resilience. These outcomes directly contribute to several dimensions of multidimensional poverty, including income security, education, and health (Findev Gateway, 2007; Mishra & Kumar, 2018).

3. Women-led Social Enterprises / Value Chains (Assessments):

Assessments by UNDP and other development partners highlight that social enterprises collaborating



with women's cooperatives have a strong impact on both income and non-income dimensions of poverty. By providing technical assistance, facilitating market access, and linking cooperatives to financial services, these enterprises help women scale their businesses, increase earnings, and enhance their social status. Improved agency, confidence, and participation in household and community decision-making further strengthen resilience and contribute to multidimensional poverty reduction (UNDP, 2023).

6. Constraints and challenges

1. Financing and Scaling:

Many social enterprises struggle to access sufficient growth capital and concessional financing that aligns with their hybrid social business models. Traditional investors often seek higher returns, while grants are limited and not always structured to support expansion. As a result, enterprises face difficulties scaling operations to reach larger populations or invest in long-term infrastructure.

2. Last-Mile Distribution and After-Sales Service:

Delivering products and services consistently to remote and underserved areas requires strong local networks, supply chains, and trained personnel. Social enterprises often lack the resources to build and maintain such networks, which affects the quality and reliability of service delivery. Without proper after-sales support, customers may lose trust or be unable to maintain the technologies provided.

3. Measurement and Attribution:

While many social enterprises track outputs like the number of products distributed or customers served, fewer have robust systems to measure the broader, long-term impacts on poverty reduction. Linking interventions directly to improvements across MPI dimensions—such as health or education—requires rigorous data collection and analysis, which remains underdeveloped in many organizations.

4. Policy and Regulatory Frictions:

Small social enterprises frequently encounter regulatory hurdles, such as complex compliance procedures and high administrative costs. Additionally, access to government tenders, subsidies, or corporate social responsibility (CSR) partnerships is often uneven across districts, limiting opportunities to expand reach and collaborate with public and private stakeholders.

7. Policy Recommendations

1. Create Financing Corridors for High-Impact Social Enterprises

To support enterprises that directly contribute to poverty reduction, financing mechanisms must be designed to reduce risk and enable growth. Concessional capital windows, blended finance structures, and results-based grants should be made available for enterprises that demonstrate measurable impact on MPI dimensions such as health, education, and living standards. Public funds, donor contributions,



and corporate social responsibility (CSR) resources can be pooled to form dedicated financing corridors, ensuring sustainable support for social businesses operating in underserved regions (Bertelsmann Stiftung, 2018).

2. Support Integrated Last-Mile Ecosystems

Last-mile delivery and after-sales service remain key barriers to sustained impact. State governments should facilitate partnerships between social enterprises, self-help groups (SHGs), municipal bodies, and local service providers to strengthen supply chains and ensure maintenance infrastructure. Integrated models that combine local capacity building, service networks, and technical support are particularly important for sectors such as clean energy, water purification, and sanitation services, where consistent service delivery is essential for long-term adoption (UMass Lowell, 2020).

3. Strengthen Measurement and Data Linkages

Robust impact measurement is crucial for scaling successful interventions. Governments and development partners should incentivize rigorous evaluation methods—including randomized controlled trials and quasi-experimental designs where applicable—to better understand how social enterprises affect MPI indicators. Standardized reporting frameworks can enhance transparency and comparability across enterprises. Additionally, disaggregated district-level MPI data should be used to target investments and identify regions with the greatest poverty burdens (NITI Aayog, 2023).

4. Scale Women-Centered Enterprise Models

Women-led enterprises and cooperatives are powerful agents of poverty reduction when provided with appropriate support. Targeted technical assistance, market access initiatives, and affordable finance should be prioritized to enable women's value chains to scale. Development agencies and state programs should incentivize partnerships that enhance both income generation and women's empowerment, recognizing that improvements in agency, education, and decision-making are critical to multidimensional poverty reduction (UNDP, 2023).

5. Promote Public Procurement and CSR Linkages

Regulatory and administrative barriers often limit social enterprises' ability to collaborate with government or access CSR funding. Simplifying procurement rules for enterprises that supply essential goods and services—such as decentralized solar energy solutions for schools or logistics support for nutrition programs—can enhance scalability. CSR platforms should also be encouraged to form multi-stakeholder partnerships that align corporate investment with local enterprise initiatives, ensuring that funding flows efficiently to high-impact interventions.

8. CONCLUSION

Maharashtra's significant reduction in multidimensional poverty between 2015–16 and 2019–21 represents a noteworthy accomplishment in the state's development trajectory. Improvements in health, education, living standards, and access to basic services reflect both government-led interventions and the complementary role of social enterprises. These enterprises have been



instrumental in extending affordable and context-specific solutions—such as decentralized energy, nutrition programs, financial inclusion, and market access—to underserved communities. Their work, often in partnership with self-help groups (SHGs) and cooperatives, has strengthened local capacities, improved livelihoods, and empowered women, thereby addressing multiple dimensions of poverty simultaneously.

However, sustaining and expanding this progress requires targeted policy support. Financing gaps, inadequate last-mile infrastructure, and weak monitoring frameworks continue to hinder the scalability and effectiveness of social entrepreneurship. Policymakers must therefore create financing corridors that de-risk investments, build robust service delivery ecosystems, and incentivize data-driven decision-making to ensure that interventions translate into measurable poverty reduction. Linking government initiatives with evidence-backed social ventures and prioritizing women-led enterprises will be critical in addressing inequities and promoting inclusive growth.

A focused agenda that integrates public, private, and civil society efforts—backed by appropriate financing, partnerships, and rigorous evaluation—will be essential for Maharashtra to maintain and deepen its poverty-reduction gains. By aligning state programs with the expertise and innovation of social enterprises, the state can build resilient communities, enhance human development, and move closer to achieving equitable and sustainable progress across its diverse regions.

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