From Rural to Digital Markets: E-Saras-ONDC partnership Ushers E-commerce Revolution for SHG Enterprises

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'All one needs is a computer, a network connection, and a bright spark of initiative and creativity to join the economy.'[1]

'The COVID lockdowns in India established the significance of the digital economy. The pandemic was different for those with access to digital marketing and payments than for those without,' says Mr Saransh Agarwal, Chief of Staff with the Open Network for Digital Commerce (ONDC), a Government of India initiative that aims to democratise e-commerce through an open, inclusive e-commerce ecosystem.[2] This e-commerce network serves to break down online monopolies and empower smaller businesses to participate in the digital economy.

The ONDC has played a critical role in the success of e-Saras, the Government of India's digital marketing strategy under the Deen Dayal Upadhyay National Rural Livelihoods Mission (DAY-NRLM or Mission) under the Ministry of Rural Development (MoRD or Ministry). E-Saras, integrated with ONDCs open e-commerce network, aims to empower rural artisans and women-led self-help groups (SHGs) in India by leveraging digital marketing tools and forward market linkages as strategic solutions to their entrepreneurial success.

This initiative was built upon the Missions efforts under its Livelihoods programme, to promote self-employment, financial inclusion and women's economic empowerment in rural India. The Livelihoods programme was thus mobilising poor rural households into self-help groups (SHGs) and their federations. However, some challenges persisted, like limited economies of scale, low-value enterprises, poor marketing, limited market access, irregular supply chains, lack of forward linkages and inconsistent product quality. E-commerce offered a promising solution.

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[1] Wikinomics: How Mass Collaboration Changes Everything, Don Tapscott & Anthony D. Williams, 2011 edition (page 22)

[2] The Open Network for Digital Commerce (ONDC), an innovative initiative of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India has revolutionised the digital commerce ecosystem to improve online shopping. It is an open network that connects different e-commerce platforms and enables seamless transactions between different apps to empower small businesses.

Around mid-2022, the Mission built strategic alliances and established partnerships to create an online e-commerce platform called 'E-Saras' which was launched in October 2022 to connect SHGs and rural artisans with a wider market for their products. However, perceiving a need for upscaling e-Saras, the Mission partnered with ONDC in 2024 to establish e-Saras as an online multi-platform e-commerce system, which expanded its reach to multiple buyer applications connected on the ONDC network, thus fostering business growth for SHG enterprises. However, the Mission-ONDC collaboration faced some challenges too, including differing organisational structures and goals, evolving ONDC policies, supply-demand mismatches, quality consistency issues and internal changes within the Mission that led to monitoring gaps and disrupted continuity.

E-commerce Solution for SHG Products

The Ministry of Rural Development was tasked with leading an ambitious initiative - called the Deen Dayal Upadhyay National Rural Livelihoods Mission (Mission), a flagship programme for financial inclusion and poverty alleviation in rural India. The goal was to create sustainable livelihoods and viable enterprises for nearly 10 crore rural women connected with the programme through Self-Help Groups (SHGs).

'*Though ambitious, this goal of empowering SHGs was not unattainable,*' said Mr Charanjit Singh,[3] the driving force behind the Mission. His optimism was grounded in evidence. Systematic reviews (Brody et al., 2015) had highlighted the positive impact of community-based organisations on financial inclusion, employment and women's economic and psychological empowerment. Membership in SHGs had shown to improve women's confidence, financial autonomy, decision-making power, access to information, and social networks (Pandhare et al., 2024; Raghunathan et al., 2023).

Mr Singh, however, recognised the persistent challenges in advancing women's economic participation and income enhancement, particularly unequal access to financial services, small-scale enterprises, poor marketing of SHG products, fragmented supply chains, limited forward linkages, low economies of scale and inconsistent product quality across clusters. He still remained undaunted while acknowledging the substantial efforts already undertaken by the Ministry under the Livelihoods Mission that aimed to reach 100 million rural poor across 6 lakh villages in India.

Among the key interventions made to address the multi-faceted challenges faced by SHG enterprises, e-commerce emerged as a promising solution for providing the marketing and forward linkages for SHG products. Evidence from past studies had highlighted the significant impact of e-commerce on business strategy in small and medium enterprises, enabling them to adapt and thrive in the digital economy (Chiani & Adibpour, 2023). However, some research studies on business strategies of smaller enterprises also indicated a conflict between strategies to reach local markets and expanding to global markets (Lewis & Cockrill, 2002).

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[3] Mr Charanjit Singh, a 1990-batch veteran Indian Forest Service officer, from the Madhya Pradesh cadre had extensive administrative experience in Central Government and State Government functioning before joining the Ministry of Rural Development in 2018. In 2020, he served as Joint Secretary, Rural Livelihoods Division in MoRD where he was promoted as Additional Secretary in 2022. He retired from here on December 31, 2024.

The Mission recognised that sustained digital marketing of SHG-products would depend on the growth of the SHG-led retail businesses, the popularity of the e-commerce portal and its outreach. Despite this potential, SHG-enterprises remained underdeveloped with only 1% of the DAY-NRLM SHGs operating in the manufacturing sector (NRLM Analytical Reports 2023),[4] Also, only about 9.9% of weavers had SHG membership while 2587 handloom-households out of 39,438 had received SHG loans (7th Economic Census 2019-20).

Existing studies highlighted the critical gaps in marketing by SHG enterprises in terms of limited scale, weak branding, and inadequate skills and technology for product improvement and packaging (Tirkey et al., 2024). Nonetheless, urban consumers showed a preference for SHG-products, largely due to perceptions of affordability (Malar & Malar, 2008). With 97% of the 86.84 Lakh SHGs linked to functional bank accounts (NRLM SHG analytical reports 2023), their integration in the digital economy appeared viable. It remained to be seen, however, whether e-commerce could effectively address the marketing challenges and ensure sustained consumer reach for SHG-enterprises. The stability of the e-commerce portal itself depended on successful partnerships with implementing organisations possessing relevant expertise.

Phased Roll-out of Livelihoods Mission

The Deen Dayal Upadhyay National Rural Livelihoods Mission (2011) was implemented in three distinct phases: social mobilisation, institution building, and livelihoods promotion, (see **Exhibit 1**) which worked in tandem to empower poor rural households by organising them into self-help groups (SHGs), strengthening community institutions, and providing access to financial resources and livelihood opportunities.

As Mr Singh recalled, "*Initially, in the mobilisation phase, we focused on identifying and organising poor rural households, particularly women, into self-help groups. Households were categorised based on their poverty levels and vulnerabilities. In the second phase of institution building, we worked to strengthen the SHGs and their federations at the village and higher levels. We also ensured access to banking credit. SHGs revolving fund and community investment fund was created to provide SHGs with a credit history. A set of standard practices were also institutionalised (see **Exhibit 2**) to operationally stabilise the SHG enterprises. These efforts worked as most SHGs were operating on auto mode.*"

Performance data from the first two phases suggested that SHGs had accessed around ₹ 9.75 lakh crore of bank credit (DAY-NRLM KPI data, Analytical Report 2024). Strict monitoring of loan repayments encouraged SHG members to take up livelihood activities and avoid defaulting. These efforts ensured that the number of defaulters in the programme remained low. The Mission could soon move into the third phase of livelihoods promotion, where the focus was on creating higher order enterprises through marketing and digital commerce interventions.

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[4] The NRLM published disaggregated data on various performance indicators and program outreach through its portal as Analytical Reports. Disaggregated data till SHG-level is published for various year/month (Available at: https://nrlm.gov.in/outerReportAction.do?methodName=showReportMaster)

Livelihoods Promotion

The Mission undertook large-scale livelihood initiatives across both farm and non-farm sectors. It had progressively federated SHGs into larger higher-order collectives of producer groups and producer enterprises.[5] Through the start-up Village Entrepreneurship programme—a sub-scheme of the Mission to create business ecosystems in villages—several one-stop facility centres and incubation centres were established. One-stop facility centres provided professional business development services to nano-enterprises run by women. These were operationalised on a large scale. Yet, SHGs across India faced some systemic barriers. Key constraints included:

(i) Low scale of operations: While SHGs demonstrated high economy of scope with a large variety of products, they often lacked economy of scale, resulting in operational inefficiencies, whereby it was not possible for SHGs to tap into national or global markets.

(ii) Inconsistent quality: Many SHG members lacked technical and production skills necessary to meet market standards for high-quality products.

(iii) Limited Marketing Skills: Most SHG participants lacked formal training in marketing, which limited their effectiveness in setting competitive prices and promoting their products. This was a significant challenge as branding and effective digital marketing tools and techniques are crucial to sustainability of small businesses (Dumitriu et al., 2019).

(iv) Poor packaging: Poor packaging of products caused limitations in long-haul transportation, shelf-life and branding.

(v) Unorganised markets: SHGs could only manage to sell in the local markets that were unorganised and fragmented, thus limiting their sales potential.

Considering these limitations, Mr Singh recognised a shift in how consumers engage with markets and felt the need for a physical retail outlet to promote sales, which could also act as an experience centre to build brand engagement and consumer trust.

Birth of the Saras Gallery

To align with changing consumer behaviour and expectations, the Mission, in 2021, renovated its retail sales outlet called *SARAS-Gallery* in Baba Kharag Singh Marg in New Delhi and transformed it into a state-of-the-art Emporium.

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[5] Producer Groups refer to an informal collective of small and marginal producers, like farmers or artisans, who come together to enhance their income by improving production, adding value to their products, and gaining better access to markets – usually for a specific product or commodity. Producer enterprises are formal, legally registered organisations owned and managed by primary producers to engage in business. Both groups and enterprises are higher order entities enlisting members of multiple SHGs from multiple clusters.

Sales at Saras Gallery increased over the years and crossed ₹ 5.5 crore in the financial year 2024-25. Yet, marketing proved a persistent challenge, particularly securing a fair price for SHG products. The Mission realised that retail sales from the physical outlet could only be a part of the marketing solution. To address issues with SHG products marketing and forward linkages, e-commerce offered a promising solution. As Mr Singh mentioned, *'Not every customer wants to visit a brick-and-mortar store, especially the younger generation, who prefer the convenience of online shopping.'* After some deliberation, the Mission initiated efforts for States to onboard SHG products onto various existing online e-commerce platforms. On 2 November 2021, the Mission signed a Memorandum of Understanding (MoU) with Flipkart Internet Pvt. Ltd. to onboard SHG producers, artisans, weavers and craftsmen on the Flipkart *Samarth* programme,[6] which was shortly followed by another similar MoU signed with Amazon on 12 May 2022. While well-intentioned, these partnerships did not demonstrate a national impact. Direct transactions between SHGs and sellers on these e-commerce platforms remained outside the Mission's monitoring purview, thus hindering strategic oversight.

Monitoring Order Fulfilment

In his Independence Day address on 15 August 2023, the Prime Minister of India issued a clarion call to intensify the movement for women's economic empowerment with the creation of two-crore 'Lakhpati Didis.[7] The Hon'ble Prime Minister also announced the need for a dedicated online e-commerce platform for SHG products. This was a major turning point in the establishment of an e-commerce portal for the Mission's SHGs. In response to the Prime Minister's call, the Ministry and the Mission conceptualised e-SARAS, as an online marketing portal, after considering three models for order fulfilment:

1. A centralised procurement system with product storage and order dispatch being managed from a fulfilment centre in Delhi.
2. A partially decentralised model involving the set-up of Fulfilment Centres at the state level to manage orders.
3. A fully decentralised model where individual SHGs were onboarded to handle order processing and despatch

After careful deliberation, the Mission chose to pilot the centralised model in Delhi to preserve brand reputation. In the decentralised models, there were concerns over negative publicity from poor order fulfilment or issues of product quality, which would have long-term ramifications for the entire initiative.

A Centralised Fulfilment Centre: In the first phase therefore, a centralised Fulfilment Centre was established at New Delhi to control sales operations. Accordingly, SHG products from all over the country were brought and stored at the Fulfilment Centre from where the team ensured order despatch. However, state level fulfilment and decentralised operations remained part of the long-term strategy once first phase activities had stabilised.

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[6] The Flipkart Samarth programme empowers artisans, weavers, and small businesses by providing them with a platform to showcase their products to a pan-India audience, fostering inclusive growth and economic empowerment across India's diverse communities.

[7] A Lakhpati Didi is a self-help group member who earns an annual household income of Rupees One Lakh (₹ 1,00,000) or more.

To scale operations and support regional outreach, the Mission also planned to build in each state a local cadre called '*Marketing Sakhis.*' With this strategy in place, the Ministry was confident of its success. As Mr Singh stated, '*That is how we wanted it – to grow step by step as e-commerce is here to stay.*'

Launch of E-Saras

Launching a national initiative like e-SARAS required expertise in marketing, procurement, logistics and digital operations in a complex economy—domains in which the Mission had no prior business experience. To address this gap, Mr Singh brought in Dr Bipin Bihari, an IIM, Ahmedabad graduate with nearly four decades of experience in rural marketing and enterprise creation. Dr Bihari was the CEO of the Foundation for Development of Rural Value Chains (FDRVC or Foundation)[8] which was already involved with the Saras Gallery and possessed the required expertise and technical know-how relating to procurement, storage, packaging and shipping needed for an operation of this scale.

Dr Bihari recalled that initially the Foundation supported the producer enterprises as a Technical Support Agency. Later, in December 2021, following the re-launch of Saras Gallery—the physical store that showcased products by rural artisans—the Ministry had signed an MoU with FDRVC, entrusting it with managing the Saras Gallery in Delhi for three years.

Following the Gallery's success, and the then Union Minister of Rural Development, Mr Giriraj Singh's proposal for the development of a dedicated e-commerce platform, the Mission seeking to expedite this process, had tasked the FDRVC with managing the e-commerce business too.

The ideation of E-Saras started in early 2022 with the Ministry conducting extensive deliberations on the operational model including the process and mechanisms for powering e-sales. In May 2022, the Mission signed an MoU with FDRVC—to provide technical support as the implementing agency— following which FDRVC onboarded a core team to start uploading the SHG products onto the platform. This marked the beginning of the process of structured e-marketing through e-SARAS.. For the technical development of the online portal, however, the Ministry partnered with the Digital India Corporation (DIC),[9] a Government of India agency, specialising in digital infrastructure. These collaborations to set up the e-SARAS portal outlined a phased roadmap: setting up the platform in phases 1 and 2, followed by maintenance and handholding in the final phase (see **Exhibits 3 and 4**).

The simultaneous engagement of DIC and FDRVC was a strategic move to enable iterative development and cross-functional feedback during the design phase. The e-Saras initiative, while still evolving, represents a significant step in mainstreaming SHG products into the digital economy.

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[8] FDRVC is a not-for-profit Company constituted jointly by the Ministry of Rural Development and Tata Trust.
[9] Digital India Corporation is a not-for-profit company established by the Ministry of Electronics and Information Technology (MeitY), Government of India, which provides strategic support to government on implementing the Digital India mission by promoting best practices, public-private partnerships, and fostering technology innovations.

E-Commerce Preparedness

Mr Singh highlighted three challenges faced while transitioning into e-commerce.

Product Representation and Quality Assurance: There was a major concern that any discrepancy between how the products would appear online versus in-hand could increase the risk and rate of returns and potential damage. To address this concern, the Mission focused on backend operations by sourcing high-quality products from various SHGs. A dedicated team was deployed across states to engage with local officials and directly interact with the actual SHGs, to guide them on the types of products in demand.

Inventory and Supply Management: Another challenge was ensuring sufficient inventory to meet consumer demand. As Mr Singh explained, *'If the e-SARAS portal showcased only five products, and then sold them, it would be left with no product to sell, which would reflect poorly on the brand besides resulting in negative feedback.'* To avoid this, Mr Singh emphasised the need for adequate stock levels to maintain consumer trust and platform credibility.

Consumer Engagement: The third challenge was managing the frontend with effective storytelling and content creation which was essential to appeal to buyers seeking authentic local products. The Mission thus leveraged field experiences to craft compelling narratives. For instance, as Mr Singh said, *'Why should the consumer buy the Tul-panji rice of West Bengal? We promoted this rice by informing that this rice is grown by SHG women after jute cultivation, without the use of any chemicals or fertilisers. Besides purity, the Tul-panji rice is known for its distinctive aroma that will reach your neighbours once you cook it. Such stories appealed to consumers who sought to buy genuine local products.'*

Operational Obstacles

Alongside the Mission, FDRVC played a key role in identifying the artisans and working on their products' packaging, branding and pricing. However, even FDRVC had to counter significant operational challenges related to multi-platform sales. Each e-commerce platform such as e-Saras, Amazon, Flipkart and Meesho, had different requirements for cataloguing photographs and product descriptions. FDRVC, limited with a small team, found it challenging to meet these diverse specifications within a small time. To mitigate this obstacle, FDRVC invested in internal capacity building through team skilling and training. Some of its staff were trained in product photography and content creation to streamline and complete the cataloguing process.

Sales Strategy

Initially, sales were slow. The FDRVC team studied retail trends on other platforms like Reliance Smart Bazar and noted the effectiveness of bundling products into groups linked to occasions. For instance, rather than listing each item individually a themed prayer hamper of '*Puja-Samagri*' combining 10 diverse products could be uploaded in one go. The FDRVC team created different product sets like women's personal care items, etc., which showed higher sales performance.

Over time, FDRVC successfully uploaded more than 2,600 products on the e-SARAS portal. Dr Bihari expressed confidence in continued growth due to a stable product supply from SHG artisans and rising consumer demand for handmade, sustainable and culturally unique products over mass produced alternatives. The FDRVC continued its operations under this initiative for two years until June 2024, after which the MoU was extended to sustain the momentum.

Building the e-Saras Institution

Smooth operation of the e-Saras portal involved four key components. As Dr Bihari mentioned, '*This e-commerce initiative was structured on an operational framework that encompassed (1) compliance (2) company structure (3) supply chain and (4) sales and collections.*'

Compliance: For FDRVC to enter the e-commerce business and operate the online platform, e-Saras, required licenses from the Ministry of Corporate Affairs as per the Company Act (2013). Additionally, operating an e-commerce platform mandated setting up a website. For product storage, establishing a warehouse   necessitated approvals such as Trade License, Fire NOC, and clearances from the local municipality. The Mission provided the storage and office space through a License Agreement with its autonomous body, the National Institute of Rural Development and Panchayati Raj (NIRDPR) at its New Delhi premises. Although, the institute initially expressed reservations about a storage facility on its premises, an arrangement was eventually formalised.

Company Structure: As a formal entity, FDRVC was required to establish a complete organisational structure to operate an e-commerce business, including an IT and Finance division. A dedicated onboarding and sourcing team was formed to identify potential products, which involved field visits, analysing products being sold on competitor platforms, evaluating pricing and assessing exclusivity and duplication risks. On completion of its evaluation, the sourcing team coordinated with the State Rural Livelihoods Missions to finalise the products for inclusion on the platform. FDRVC also employed an administration team and a warehouse operations team comprising a warehouse manager, warehouse supervisor and pickers and packers.

For system management, FDRVC implemented platforms such as Genesis for overall operations and Brown Tape for inventory control. A significant challenge arose in working with rural artisans who lacked familiarity with business processes such as invoicing, taxation and Goods and Services Tax (GST) registration. As Dr Bihari informed, '*To address this gap, we decided to let FDRVC take up responsibility for purchasing products from the SHGs and artisans, managing taxation and accordingly setting retail prices.*'

Supply Chain: Products received from the artisans were often unpackaged and lacked essential identifiers like barcodes and QR codes, standards necessary for e-commerce transactions. FDRVC addressed this gap by improving packaging quality for safe transit without breakages via couriers and postal service while also ensuring compliance with industry norms and managing the aesthetics or visual appeal for end consumers. Dr Bihari leveraged social media platforms like Instagram to improve the direct-to-consumer supply chain visibility. Breakage and damage during transit were meticulously documented with all financial paperwork. Outbound logistics also presented challenges, particularly in coordinating timely despatches. To ensure prompt nationwide delivery, FDRVC partnered with shipping partners like

Shiprocket and India Post. Delivery timelines ranged from 3-4 days for urban areas to about 7 days for remote locations.

Sales and Collections: Customer orders were received and downloaded at the warehouse, where products were packaged and shipped. Payments were either collected in advance or upon product delivery.

Building Collaborations

For managing the operational efficiency of e-Saras, FDRVC had to collaborate with state level partners, artisans and the Ministry of Rural Development.

Role of State Rural Livelihoods Missions
While product procurement was managed entirely by the FDRVC, the State Rural Livelihoods Missions played a critical role in facilitating the identification of suitable products. Once the product list was finalised, FDRVC teams engaged with state officials to locate production areas for listing where the product was being manufactured and also to identify the artisans. After selection of the artisans, the FDRVC discussed pricing, explained logistical requirements and oriented artisans on warehousing procedures.

Engaging Artisans
Most artisans were engaged in generational businesses and often had set expectations and apprehensions. For example, in Himachal Pradesh and Jammu & Kashmir artisans producing woollen products with some rare wool like pashmina would invest 4-5 months in working on a product before it came to market. Consequently, these artisans expected high returns based on labour and material costs. They had to be sensitised to market dynamics, where mass-produced factory-made or power loom products selling at a lower cost, competed on price and finish. FDRVC helped artisans understand the need to price their handmade products competitively while emphasising their advantage of exclusivity and durability. Negotiations were not focused solely on bringing down prices, but on arriving at a fair and market-aligned pricing. Artisans offering good quality products at low cost for instance, were encouraged to explore better price points. In the absence of an advance payment provision on procurements from the Ministry, FDRVC prioritised timely payments to artisans. While the documentation of inventories took 2 to 3 days' time, the target was to ensure payments were processed and reached the artisan's bank account within four days of product arrival, which helped to build trust with the supply channel.

The e-Saras portal was officially inaugurated and launched on 28 October 2022, by the Union Minister of State for Rural Development, Mr Faggan Singh Kulaste, at the Saras Food Festival. The e-Saras Mobile application was launched on 28 June 2023, in partnership with DIC. However, operations remained slow. A policy-push for e-commerce that followed the Prime Minister's Independence Day address, accelerated the development and operationalisation of the e-SARAS initiative. Although the physical space for establishing the Fulfilment Centre had been identified by then, the space needed some renovation. Therefore, it was only by the end of 2023, that the Fulfilment Centre was renovated and made functional. The digital and physical infrastructure gradually stabilised and inventory stocking commenced. During this period, the MoU with FDRVC was extended twice to sustain ongoing marketing operations.

The ONDC Solution

The e-Saras portal was operating smoothly but not getting enough traffic. As Mr Singh said, '*The front-end is good, the back end is strong, product quality is ensured, but why would the people come to your portal?*' This question shaped the ideation underlying the strategic partnership with the Open Network for Digital Commerce (ONDC), aimed at increasing global visibility and broadening market reach.

Without any previous template or proven framework, e-commerce was a constant learning experience for Mr Singh and his team, especially in sourcing products from SHGs. Social media advertising, previously unexplored by the Ministry that had worked only with print media or television, proved a challenge too. Customer acquisition was initially difficult, although once users discovered the portal, their repeat visits indicated strong product appeal. Still, driving more traffic to the portal remained a priority for the Mission.

ONDC offered a powerful solution—a meta-platform that allowed diverse sellers and buyers to interact, thereby democratising the e-commerce market and reducing the monopoly of large e-commerce entities (See **Exhibit 5**).

Partnering with ONDC

Discussions were initiated to onboard e-SARAS on ONDC. However, aligning the approaches of a government-led Mission with a dynamic tech-driven Section 8 competitive start-up company like ONDC posed some challenges. While the Mission had cautious apprehensions about digital expansion, ONDC had a contemporary and competitive outlook to marketing and business.

Mr Saransh Agarwal, Chief of Staff at ONDC and a key figure since its inception at the Quality Council of India[10], emphasised the inevitability of digital transformation. As he said, '*A decade ago, people would have laughed if we said UPI (digital payment) will become the primary mode of payment. Today, payments are mostly digital and there is no doubt on the future significance of the digital economy.*'

Mr Agarwal also opined that a large-scale push was needed for e-marketing of SHG products on e-Saras. Although attempts were made to integrate e-SARAS into ONDC, the progress was slow in the initial months. For the -e-SARAS-ONDC partnership to gain momentum Mr. Agarwal credited Ms Swati Sharma, an Indian Administrative Services officer of the Government of India, who joined the Mission in late 2022 as the Joint Secretary of NRLM. Under her leadership, the NRLM championed the upscaling of SHG product marketing, adoption of digital networks, particularly the ONDC platform, which could offer SHG sellers access to broader markets by enabling sales with other multinational companies too.

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[10] The Quality Council of India (QCI) is an autonomous, non-profit organization established in 1997 as a public-private partnership to promote quality standards across India. QCI serves as the national accreditation body for products, services, and processes.

In 2024, e-Saras was formally integrated into ONDC through a digital Network Partnership Agreement with the e-SARAS marketing partner FDRVC.

ONDC's Open Network for e-SARAS

'Everyone who is buying or selling anything at any scale should be able to transact with each other irrespective of the platform or digital system or even the product or services,' Mr Agarwal explained. This is the underlying value of equitable access, which is the key differentiator between mainstream e-commerce platforms like Amazon or Flipkart and the network-based platform developed in partnership with ONDC. The network-based system works like the UPI or digital payments system, where users can transact across banks and platforms. Similarly, ONDC used an open protocol to integrate e-SARAS with all the buyer platforms in its network resulting in free access to the entire network for the SHG sellers of E-SARAS (see Exhibit 6).

The ONDC platform thus connects sellers and buyers across e-commerce platforms, enabling broader market access—especially for smaller players like e-SARAS. Thus, sellers who had placed their products on the e-SARAS portal and app, were discoverable by buyers using any e-commerce platform, within the ONDC network, which significantly expanded their market reach. Joining ONDC's unified, open network helped SHGs to overcome any monopolies and restrictions imposed by large e-commerce platforms.

There were, however, some technical challenges. Initially, the products uploaded on the e-SARAS portal had to be re-uploaded on the ONDC platform separately, creating duplication of effort for e-SARAS. However, this issue was resolved when ONDC incorporated the feedback and upgraded its systems that enabled seller portals such as e-SARAS to directly sync with the ONDC platform. Consequently, any new product that is uploaded on e-SARAS gets automatically reflected on the ONDC network.

Integration of e-Saras with ONDC also served as a major value addition due to enhanced product presentation within the e-SARAS portal and app. As Mr Agrawal mentioned, *'The behaviour of buyers can be diverse and unpredictable, except for one attribute common to all buyers; the need to examine product features. Is the fabric linen or is the product vegetarian? Therefore, clear and transparent product descriptions are critical for building buyer trust and credibility in the online marketplace.'*

Unlike other commercial platforms, the ONDC actively provided online support to e-SARAS, including assistance with packaging and logistics for remote deliveries, thus further strengthening its value proposition for SHG sellers.

The Way Ahead

ONDC successfully leveraged e-Saras from a platform for marketing SHG products to an online multi-platform e-commerce system that helped to expand its reach to multiple buyer apps. This meant that products listed on e-SARAS could now be discovered and purchased through various buyer apps connected to the ONDC network, effectively creating a multi-platform experience for consumers.

Partnership with ONDC proved successful for the e-SARAS platform with sales reaching ₹**38 lakh in April 2025.**[i] However, going forward, there were some inherent risks that the Mission needed to consider especially limitations in the digital marketplace and partnership challenges.

Limitations of the Digital Marketplace

Ensuring Supply: *'Going digital is like a double-edged sword,'* said Mr Devvrata Yadav, a seasoned e-commerce professional and the new lead for e-Saras operations in FDRVC who worked with Mr Bihari. Mr Yadav explained, *'The demand for organic, handmade products is growing. Driven by the rising purchasing power of the Indian middle class and their shift from quantity to quality, the opportunity is tremendous. Yet, upscaling through e-commerce posed a risk because viral success could pressure SHGs ability to fulfil large orders within a tight timeframe and compromise product integrity.'*

Constant Exposure: E-market algorithms depend on visibility based on viewer volume and engagement. Without consistent exposure, products risk becoming obscure. *'So, while building a bestseller can take years, the handmade nature of the goods makes it difficult to respond swiftly to demand spikes,'* Mr Devavrata clarified.

Physical Inspection: Another limitation of the digital marketplace is customers inability to physically inspect product. *'There is no option to touch and feel,'* Dr Bihari said. There is thus greater risk of customer rejection and product returns. However, once product quality and supply stabilised, e-commerce offered unlimited sales potential.

Swift Deliveries: Mr Bihari also warned that ultra-fast product deliveries by e-commerce platforms within 10-15 minutes was unrealistic for rural SHG-based supply chains. Competing in this environment posed a major challenge for the e-SARAS business.

Lower Prices: An open network digital market exposed SHG products to direct competition with mass-produced alternatives and large players who sold similar products at lower prices.

Despite these risks, ONDC's reach made it a valuable channel for expanding the visibility of the e-Saras platform and establishing the brand.

Partnership Challenges

The different stages of this journey were not entirely free of challenges. Dr Bihari recalled initial pressure for launching the website without necessary preparations. The Mission and FDRVC had conflicting goals with the Mission focussing on increasing sales of rural products through the e-SARAS portal within a short term while the FDRVC insisted on inclusion of rural artisans in this portal and their empowerment. Dr Bihari felt that these goals were contradictory as in one case, the mandate was to promote rural products, while in the other, maximising sales meant keeping only the successful products – excluding the

unsuccessful artisans. Besides, the Ministry expected immediate profits. *'They did not understand that it takes time, even three years, to break even,'* Dr Bihari elaborated.

The partnership between the Mission and FDRVC also faced challenges due to frequent changes in Mission leadership, leading to delays in important decisions and operational inefficiencies. For instance, a delay in MoU extension resulted in trained team members leaving the company, thus requiring FDRVC to onboard and retrain new personnel. Moreover, discontinuation of the MoU could mean the risk of SHGs withdrawing from e-Saras, as SHG products were listed on the ONDC platform through the e-Saras portal. Any disruption in the link between FDRVC and e-Saras could hinder partner SHGs continued access to the ONDC platform.

With time, consistent efforts and dialogue, these issues were sorted out. The MoRD was eventually convinced that the Mission would achieve the mandate of product promotion even without immediate profit.

There were concerns over the sustainability of the Mission's partnership with ONDC. For instance, initially, ONDC had committed to a zero-fee model, but later introduced a network partnership fee from partners and a 1.5% commission on product value. To move forward, the Mission needed clarity on who will bear this commission—SHGs as the primary sellers or e-SARAS as the network -partner? There were also no existing protections like product insurance for sellers which could create an issue with unfulfilled or damaged orders.

There was also a need for vigilance in partnership with private corporations. For instance, as Mr Singh recalled, *'In a dispute that arose between the Mission and a private e-commerce platform, where the partner denied liability for a damaged delivery, the Mission had to use CCTV footage at the warehouse to win the negotiation and receive compensation from the private player.'*

Nevertheless, as a unique flagship programme, the Mission has successfully gone beyond a simple transfer of benefits to creating capacities and empowering women.

Lessons Learned

- E-commerce overcomes marketing barriers for SHG marketing. However, implementing a centralised model such as e-SARAS, requires time, substantial resources, and stakeholder engagement to yield meaningful impact.
- Decentralising e-commerce and ensuring digital inclusion of SHGs, necessitated support for obtaining statutory licenses, product identification and cataloguing, fair pricing, packaging and advertising to compete effectively in the open market. Consensus among all implementing stakeholders, including the Mission, SRLMs, and FDRVC was essential for delivering this support.
- Clear policy directions from the political leadership significantly accelerated implementation.
- Key enablers of digital marketing included proactive leadership, strong ownership of the project by the Mission and experienced implementation teams.
- E-commerce for SHGs and Artisans was a process of continual learning, immediate problem solving and refinement of the business model to address emerging challenges.

- Marketing rural SHG products required continual engagement and monitoring from the programme leaders. Any disruption like changes in leadership often led to immediate slowdown in the implementation momentum.
- Effective partnerships with private companies for SHG product marketing needed a strong policy push as SHG enterprises were often small scale and vulnerable to competitive pressures in large open markets.
- Sustaining partnerships demanded a consistent and stable business policy for e-commerce and to maintain trust in joint operations.

E-Saras was eventually stabilised as an operational platform and portal. However, its popularity remained limited when compared to the massive success of other physical marketing initiatives of the Mission such as the SARAS Aajeevika Fairs. With the extended MoU with FDRVC nearing its end, the Mission was preparing to publish a new Request for Proposal for e-SARAS. The FDRVC however, is uncertain whether it would fit the revised requirements. The continuation of the partnership with ONDC also depended on the sustained performance of e-Saras. Nonetheless, there is optimism that the open network would help SHGs expand their businesses and potentially access export markets.

EXHIBITS

Exhibit 1: The DAY-NRLM Flagship Programme

The NRLM was launched in 2011 by restructuring the Swarna Gramin Swarojgar Yojana (SGSY) that provided self-employment to the Below Poverty Line (BPL) households through the formation of SHGs (Self Help Groups) with at least one-woman member from each rural poor. The NRLM changed the design of SGSY to adopt a 'community-managed livelihood' approach following recommendations of the Radhakrishna Committee (2009). In 2015, the program was renamed Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) by the government without any change to the program structure but with institutionalising federations such as Village Organizations (Vos) and a gender-focussed architecture forming cadres like Gender Point Persons (GPPs) at community level, Gender Forums and Social Action Committee (SAC) at village level, and Cluster Level Federation (CLF), Gender Justice Centre (GJC) and Gender Resource Centre (GRC) at block level (Indian administrative units above Villages but below Districts). The program renewed focus on livelihood and financial inclusion such as bank linkage and access to credit.

2011-2015 Phase I (NRLM)

Post restructuring of the SGSY, NRLM program focused on community level institution building. The first phase included capacitating SHGs on livelihood creation, accessing credit, information, forging linkages through Community Resource Persons (CRPs), establishment of practices at the SHGs (regular meetings; regular savings; regular inter-loaning; timely repayment; and up-to-date books of accounts) and providing capital to the SHGs that follow these practices (Revolving Funds) and Seed Fund to the next level of federations (Cluster level Community Investment Funds) for administrative expenditures. In April 2013, MoRD introduced *Interest Subversion* (Deshpande et al 2021) to strengthen credit linkage for the SHGs.

2015-2023 Phase II (DAY-NRLM)

The second phase heavily emphasised expansion of the program, federation and capacity building, and establishment of enterprises. DAY-NRLM started a sub-scheme called Start Up Village Entrepreneurship Program (SVEP) in 2016 to provide business support services and capital infusion to the SHGs. In 2018, with additional funding support of World Bank under the National Rural Economic Transformation Project (NRETP), NRLM started focussing on the creation of higher order livelihood activities in farm and non-farm sectors. By the 2023, nearly 100 million women were mobilized into the SHGs making it the world's largest membership-based poverty elimination program. The CRPs delivered regular livelihood and financial inclusion focussed trainings and program components such as Start-up Village Enterprise Program encouraged SHGs to establish non-farm enterprises. This phase also started increasing digital components in the program such as institutional support for digital banking through the *BC Sakhi Initiative* that placed a specific cadre for assisting SHG women with digital banking.

2023-current phase: Lakhpati Didi
The beginning of a distinct third phase may be recognised with the Prime Minister's call for 'Lakhpati Didi' – ensuring that at least one member of the SHG household earns 0.1 Million Rupees per year. The phase consolidated the focus of the DAY-NRLM to increasing women's income. The NRLM had already achieved near saturation of the villages in terms of membership in the SGH groups, rolling out capital to help initiate SHG revolving funds, creation of community cadres and higher federations to increase women's participation in communities. An evaluation by 3iE found that the program had increased women's confidence in the rural areas. The Ministry increased its efforts to create viable higher order economic enterprises that will be owned and led by the women and lead to the path of sustainable economic empowerment.

Exhibit 2: Livelihoods Mission
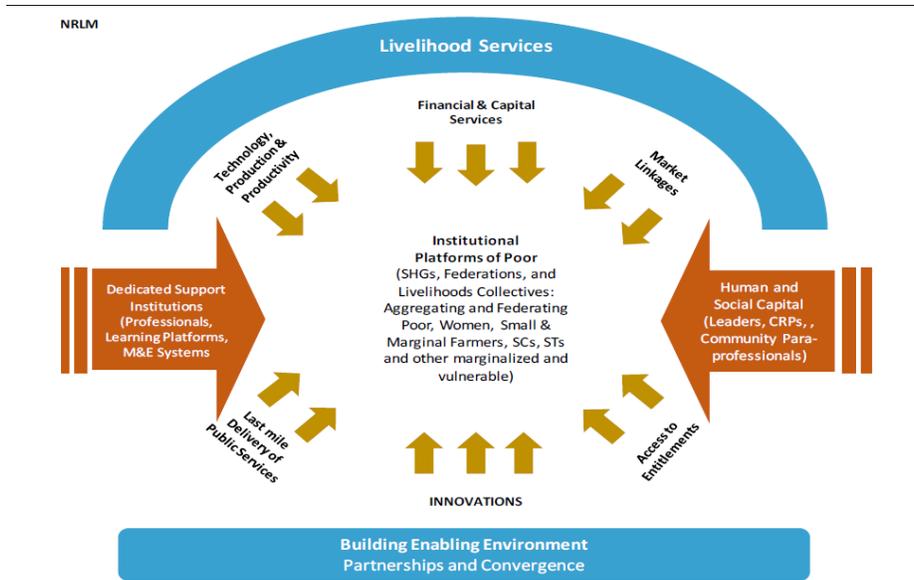
Source: Ministry of Rural Development (MoRD), 2015. National Rural Livelihoods Mission: framework for implementation. Government of India

Exhibit 3: Timeline of e-Saras-ONDC Partnership

2021	2022	2023	2024	2025
Open Network for Digital Commerce (ONDC) set up in 2021. The pilot version was launched in 2022.	E-SARAS (DAY NRLM) portal launched in 2022 – NRLM marketing partner Foundation for Development of Rural Value Chains (FDRVC) managing it vide MoU	E-SARAS App launched, and Fulfilment Centre (Warehouse) opened in Delhi. Outreach was still low. ONDC approached NRLM.	ONDC Network Partnership Agreement (NPA) signed in 2024 with the FDRVC to onboard e-SARAS MoU of NRLM with FDRVC extended	E-SARAS has stabilized. Business increased to 26 states participating as sellers Revenue of 38 Lacs in April 2025

Source: By author

Exhibit 4: First Three Phases Budget Outlay of E-Saras

S.N.	HEAD	RS. IN LAKHS			
		Year 1	Year 2	Year 3	Total
1	Manpower	38.4	42.2	30.5	**111.1**
2	Hosting Charges	15.0	16.5	18.2	**49.7**
3	Customer Support	10.8	18.5	27.6	**56.9**
4	Travel and Training	5.0	5.0	5.0	**15.0**
5	Regular Security Audit	1.0	1.0	1.0	**3.0**
6	Contingency	5.0	5.0	5.0	**15.0**
7	Overhead	6.0	6.0	5.6	**17.6**
TOTAL		**81.2**	**94.2**	**92.8**	**268.2**

Source: Non-farm Livelihoods Compendium of Scheme Guidelines, Advisories and MoUs with TSAs and NROs, Ministry of Rural Development, Government of India (Available at: https://lakhpatididi.gov.in/advisory-guidelines/)

Exhibit 5: About the ONDC

The ONDC was set up by the Government of India as a Section 8 Company in December 2021 under the aegis of the Quality Council of India and Protean e-Gov Technologies Limited. The pilot version was launched in 2022. The ONDC started to onboard more sellers through its Network Partnership Agreements (NPA). The ONDC aims to democratise digital commerce by creating an inclusive ecosystem that empowers small businesses and local retailers and reduces monopoly of few private players in the digital market. The network has potential to enhance interoperability, diversify consumer choices, and foster fair competition. The ONDC leverages existing digital frameworks, such as the Unified Payments Interface (UPI) and the Data Empowerment and Protection Architecture (DEPA), to streamline transactions and maintain data security. Since inception, the ONDC has developed and onboarded key sellers and buyers. But its path has not been free from hurdles. Even with the support from the Union government, the initiative faced several challenges such as technical and operational issues, lack of seller awareness, high adoption costs, and competition from established e-commerce giants.

Source: (Manmadhan et al., 2024; ul Islam et al., 2024)

Exhibit 6: Difference between E-SARAS without and with ONDC
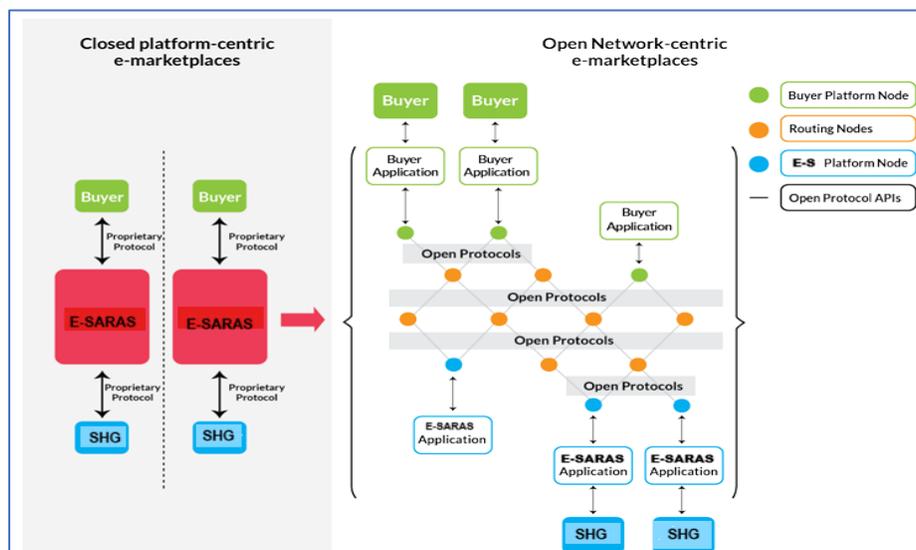
Note: Figure adopted from Platforms to network approach illustrated in ONDC Strategy paper (Source: https://ondc.org/)

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Study Questions

1. Why are digital marketing tools required for SHG-led small businesses?
2. What are purposes and motivators of the public entities to form alliances and partnerships?
3. What types of strategic alliances can public entities form during the process of adopting digital marketing tools?
4. How is digital marketing established through partnerships between a public and private corporate entity?
5. What are the risks associated with different types of strategic alliances? Do these strategic alliances sustain and succeed?