



# #Graam Shakti

Virtual Roundtable Discussion 2: Emerging Dimensions of Rural Women Entrepreneurship

## Roundtable Discussion & Strategic Recommendations

### 9 December 2021



Speakers:

Session moderator:

**Osama Manzar**  
(Founder Director, Digital Empowerment Foundation)

**Ms Geetika Dayal**  
(Executive Director, TIE Delhi-NCR)  
**Ms Sanchita Mitra**  
(National Coordinator, SEWA Bharat)



# About Graam Shakti Series

Meta in partnership with Digital Empowerment Foundation (DEF) hosted a series of brown bag sessions and round table discussions, through the formats of interactive conversations and dialogue with the thought leaders from business, government, civil society and academia. The aim is to dissect every link in the value chain, right from the policymakers to the empowered entrepreneurs to develop result-driven strategies focused on achieving desired sustainable outcomes. The discussions focus on topics of national and regional importance under four pillars:

- Agriculture
- Handicrafts
- Tourism
- Retail

The sessions are organized to mainstream the public-private dialogue and collaboration at the national and regional level through consortia and advisory councils that would deliberate on the following themes:

- Shaping the Future of Digital Economy and Rural Communities
- Shaping the Future of Economic Growth and Social-Technology inclusion
- Shaping the future of Rural Infrastructure and Development
- Shaping the future of Technology and Local Enterprises and Entrepreneurship

# Emerging Dimensions of Rural Women Entrepreneurship

## Context

According to the Ministry of Micro Small and Medium Enterprise (MSME), an enterprise is classified as micro when the investment in plant and machinery or equipment does not exceed one crore rupees, and the turnover does not exceed five crore rupees. A small enterprise is where the investment in plant and machinery or equipment does not exceed ten crore rupees, and the turnover does not exceed fifty crore rupees. Further, they are classified as a medium enterprise when the investment in plant and machinery or equipment does not exceed fifty crore rupees, and the turnover does not exceed two hundred and fifty crore rupees<sup>1</sup>. In India, almost 95% of the businesses in the MSME sector are micro-enterprises; nearly 93% of enterprises in the sector are unregistered, and about 84% of the jobs are in such places<sup>2</sup>.

Analysis based on the sixth economic survey shows that most of the women-owned enterprises fall under the category of micro-enterprises, and 78% of the women-owned enterprises are home-based. A 2019 report by International Finance Corporation (IFC) shows that 98% of the women-owned enterprises are micro-enterprises<sup>3</sup>. A report based on the analysis of the sixth economic survey also states that even though only 20% of all the

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<sup>1</sup>[https://msme.gov.in/sites/default/files/MSME\\_gazette\\_of\\_india.pdf](https://msme.gov.in/sites/default/files/MSME_gazette_of_india.pdf)

<sup>2</sup><https://openknowledge.worldbank.org/bitstream/handle/10986/28531/119304-WP-IN-TF013641-Gender-in-MSME-Aug-2014-PUBLIC.pdf?sequence=1&isAllowed=y>

<sup>3</sup>[http://microsave.net/files/pdf/Improving\\_Access\\_to\\_Finance\\_for\\_Women\\_owned\\_Businesses\\_in\\_India\\_IFC.pdf](http://microsave.net/files/pdf/Improving_Access_to_Finance_for_Women_owned_Businesses_in_India_IFC.pdf)

enterprises were women-owned, industries such as tobacco, paper and paper products, chemicals, apparel, textiles, plastics, beverages, education, miscellaneous manufacturing, and wood products had more than average share of women entrepreneurs. However, their share is much lower in key industries such as food (14.9 percent), retail (10.5 percent), and health (9 percent). The total number of workers employed by women-owned enterprises in 2013-14 was 13.4 million, of which 77 percent were female, exhibiting a high tendency for women to work with other women. The gender gap is starker when it comes to a firm's performance. In textiles, apparel, food, and education, the assets and productivity of female-owned firms are half or less than that of male-owned firms. Gross value added per firm for female entrepreneurs was only 46 per cent that of male-owned firms, labour productivity 62 per cent and assets owned 40 per cent. The corresponding ratios for rural India are 35 per cent, 44 per cent and 43 per cent.<sup>4</sup>

According to a recent study done among 2,083 non-agricultural enterprises to assess the impact of the pandemic, three out of four states reported over 80% drops in revenues. Findings from the same survey show that despite women reporting a decrease in time spent on their own entrepreneurial efforts, most women felt that the time they spent on taking care of family members, running a household, or time spent on assisting their spouse's business had in no way changed, and in fact, it had stayed the same. Others felt that the time spent on household work (43%) and unpaid work (38%) had only increased during the pandemic.<sup>5</sup>

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<sup>4</sup>[https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/10/GAME\\_APU\\_Microenterprises\\_In\\_India\\_Report\\_Oct\\_2019.pdf](https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/10/GAME_APU_Microenterprises_In_India_Report_Oct_2019.pdf)

<sup>5</sup><https://www.epw.in/engage/article/how-did-indias-women-enterprises-fare-during-covid>

# Key challenges and opportunities

**Problems with the definitions:** Ms Sanchita Mitra pointed out that the definitions laid out by the ministry of MSME does not differentiate between nano and micro entrepreneurs. They both come under the definition of micro-enterprises. However, the requirements and challenges of micro and nano enterprises are different as the class categorisation is wide. It is important to define nano entrepreneurs separately and develop key policies specifically for them, as most of the vulnerable rural women fall under this category.

**Exclusion from accessing digital devices and digital skills:** Most of the rural women only have quasi access to digital devices due to what is popularly known as the gendered digital divide. The exclusion from digital devices and subsequent access to mobile phones has two impacts. First, access to information is hindered. Second, they are deprived of access to digital skills. Third, it limits their opportunities to expand their business through online platforms. Both Ms Sanchita Mitra and Ms Geetika Dayal acknowledged the potential of digital technologies in altering the social and economical relations rooted in feudal gender norms.

**Unpaid domestic work and *time poverty*<sup>6</sup>:** While it is generally accepted that women perform unpaid domestic duties, two specific components- child care and cattle care- are identified as the prominent activities that take away the time of women entrepreneurs. While the law mandates the provision of child care institutions to factory workers and other organised sector workers, no such provisions are in place for women entrepreneurs. Angan Wadi Centres (AWCs) are the only institutions available for child care in rural India. However, they have been shut

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<sup>6</sup><https://theprint.in/pageturner/excerpt/time-poverty-is-making-indian-women-lose-more-money-than-ever/515811/>

due to the pandemic. Cattle care is another less discussed aspect. The majority of the rural households have cattle, and the responsibility of the cattle falls on women. The responsibility doubles up when they fall sick as the cattle are also a means of access to income.

**Government schemes for women entrepreneurs:**

Recently, the government of India has come up with several policies, programmes and schemes to support women entrepreneurs. Bharatiya Mahila Bank is a bank run exclusively by women for lending exclusively to women. Mudra Yojna scheme gives up to ten lakhs in loans to women. Pradhan Mantri Rozgar Protsahan Yojna is a general scheme, but it is mandated that 30% of the beneficiaries shall be women. Mahila Udyam Nidhi scheme launched by the Small Industrial Development Bank of India is another scheme that is given to women entrepreneurs with an operational business history of two years. While these schemes open up new opportunities to women, most of these need documents that prove their operational history, tax returns, proof of registration etc. Since the majority of the women's enterprises are informal and unregistered, they are excluded from availing these benefits.

**Exclusion from institutional finance:** According to the IFC report, the total finance requirement of women-owned MSMEs in 2012 was around Indian rupees 8.68 trillion. The total supply of formal finance to women-owned MSMEs in 2012 was around Indian rupees 2.31 trillion.<sup>7</sup> The main reasons for the financial exclusion of women are the following.

Absence of collateral: Women rarely own property, and the businesses owned by women are informal and small, which comes under the high-risk sub-segment. Banks also often find lending to unmarried women risky as there are chances of them changing their residence after marriage.

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<sup>7</sup>[http://microsave.net/files/pdf/Improving\\_Access\\_to\\_Finance\\_for\\_Women\\_owned\\_Businesses\\_in\\_India\\_IFC.pdf](http://microsave.net/files/pdf/Improving_Access_to_Finance_for_Women_owned_Businesses_in_India_IFC.pdf)

Limited understanding and awareness of financial services and products: Women lack knowledge about the risks, benefits, advantages and options of different financial services and products.

Lack of customised financial products for the low-income women entrepreneurs: Women often lack proper financial documents that are required to avail banking services. Banks do not have tailored products for this sub-segment. Women also lack enough information on keeping the required documents in the required format, making them less attracted to financial institutions.

Lack of women relationship officers: Women perceive banks to be unfriendly and intimidating. The number of women relational officers is fewer in number compared to men. Banks also do not make any efforts in advising their women customers on the requirements and availability of financial loans.

**Absence of mentors:** The lives of entrepreneurs are culturally embedded in normative gender expectations and patriarchy. The roadblocks and challenges are often understood as individual challenges, even though they are shared by several women.

The cooperatives run by SEWA Bharat and the mentorship programs by TiE are best practices in this regard which is building up solidarities and mentorship among rural women. Ms Geetika Dayal also pointed out that TiE is gearing up for a national level mentorship program.

**Lack of support after scaling up:** While there are initiatives from the government and NGOs to help women start a business and on the basics of financial literacy, there isn't enough information or guidance available to them once they scale up.

# Strategic recommendations to Meta

In this context, some critical questions are emerging:

- How do we address the underrepresentation of women in industries with their low participation rate?
- How do we raise levels of assets and productivity in those industries in which women tend to be concentrated?
- Once the nano enterprises are established, what kind of interventions can help them scale up?
- In what ways can digital means and resources help to address these questions?

To address these questions, following strategies are recommended:

**Creating an entrepreneurial mentorship programme for women:** DEF and Meta's collaborative program on digital mentorship and literacy, Going Online As Leaders (GOAL), was a critical model that was later taken over by the government. The programme focussed on the indigenous population and disabled youth. It is crucial to create a similar programme focusing on entrepreneurs. However, an understanding of local contexts is important to understand the particular problems faced by rural women. In this context, the mentors should be women from the same communities or contexts.

**Creating community spaces for digital access:** While individual access to digital devices varies depending on the resource availability, digital community centres can facilitate meaningful access to the internet through

community access. These centres can further double up as spaces to organise training around financial literacy.

**Developing curriculum on financial literacy and disseminating information on different schemes**

**available to them:** The training modules on financial literacy should have two components—one on basic financial literacy and the second on advanced financial literacy. The contents on advanced financial literacy should include details such as account keeping, filing income tax, the process of applying for different loans etc. Recorded videos can also be part of the syllabus, where contents on each financial scheme are created in different Indian languages.

**Online training on gender sensitivity among relational**

**officers in banks:** The absence of gender sensitivity among bank officers can sometimes intimidate women entrepreneurs who are seeking their services. While the urban branches might incorporate gender sensitivity training as part of the orientation programmes, it does not reach the rural branches. Digital training can bridge this gap.

**Facilitating E-health consultations on veterinary care:**

Since the pandemic, consultations with physicians have gone online. Cattle are an important contributor to income in rural India. The majority of the care work on cattle is done by rural women. Their involvement in other income-generating activities pauses when the cattle fall sick. E-health consultations should be expanded to veterinary care. Further, online training programs can also be organised to create women community vets.

Promoting entrepreneurship in child care institutions and community kitchens: Since unpaid domestic labour and child care responsibilities are making rural women time-poor, it is important to innovatively invest in sustainable

business ideas that can substitute these individual responsibilities. Cooperative community kitchens can provide cheap nutritional food to the community and provide employment to community women. Similarly, community child care institutions can allow rural women to invest more time in their business while providing affordable and responsible child care services.





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