

Gender and Enterprise in India: Key Areas of Concern



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by

ISED Small Enterprise Observatory

jointly with

ISED Centre for Social Development

Institute of Small Enterprises & Development

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PREFACE

The presence of some critical gaps in the subject area of institutional finance, as it relates to women entrepreneurship development in India, is now well recognized and documented. These gaps, however, is often explained in terms of the basic premise that women form part of the weaker sections of society, and hence, they are deprived of access to finance, just like many other deprived sections. Such a simplistic explanation is not likely to lead one to an analysis of the causatives and, hence, to effective counter strategies. The question one has to ask, therefore, is the , aside from social rigidities and constraints that explain the quantity and quality of the flow of finance into enterprises that protect the interests of women as a crucial social category. Such a discussion, implicitly assures a clear understanding of what explains the true interests of women and what not. The purpose of the following discussion is to spell out these gaps and to give broad directions on the way forward.

Gender budgeting is not a 'one-fit-for all' solution in the agenda of woman empowerment. Nor are national level policies and directives, by themselves, helpful in achieving these objectives, as demonstrated by the RBI guidelines and their implementation. Under a regime of cooperative federalism, the initiatives have to come from the sub national and regional levels. In this context, the role of the Central Government, and the Central agencies should be as promoters of knowledge creation and diffusion. At the institutional level, the introduction of a regime of voluntary standards, along with broad regulatory measures, may help to some extent.

Kochi
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Abstract

Gender budgeting is not a 'one-fit-for all' solution in the agenda of woman empowerment. Nor are national level policies and directives, by themselves, helpful in achieving these objectives, as demonstrated by the RBI guidelines and their implementation. Under a regime of cooperative federalism, the initiatives have to come from the sub national and regional levels. In this context, the role of the Central Government, and the Central agencies should be as promoters of knowledge creation and diffusion. At the institutional level, the introduction of a regime of voluntary standards, along with broad regulatory measures, may help to some extent.

Keywords: Gender budgeting, voluntary standards, regulatory measures.

1.0 Introduction

The presence of some critical gaps in the subject area of institutional finance, as it relates to women entrepreneurship development in India, is now well recognized and documented. These gaps, however, is often explained in terms of the basic premise that women form part of the weaker sections of society, and hence, they are deprived of access to finance, just like many other deprived sections. Such a simplistic explanation is not likely to lead to an analysis of the causatives and, hence, to effective counter strategies. The question one has to ask, therefore, is the , aside from social rigidities and constraints that explain the quantity and quality of the flow of finance into enterprises that protect the interests of women as a crucial social category. Such a discussion, implicitly assures a clear understanding of what explains the true interests of women and what not. The purpose of the following discussion is to spell out these gaps and to give broad directions on the way forward.

2.0. Institutional Finance and Women Entrepreneurship: Some Critical Gaps

While India has a large network of public financial institutions that cater to start-up and growth funding, as also several programmes of women enterprise development, the fact remains that the flow of institutional finance to women enterprises, in general, remain much less than what is actually needed. Alternatively speaking, the potential of finance getting used by the women enterprises, is much more than their present absorptive capacity. There are several critical constraints in this context. It is important to discuss these constraints and gaps, as it is likely to help us in the search for alternatives. These may be discussed under the following heads:

2.1. Gender Mainstreaming

Gender mainstreaming is not simply a policy priority. It is a question of practice as well. While the national policy

defines it in terms of equity considerations, there are several constraints for operationalising gender into the development agenda of the country. This operational part is specific to particular sectors and subsectors of the economy. One needs to grapple with their respective complexity, and such understanding should go into the practice of formulating developmental programmes and schemes. For instance, in the MSME sector, a Women Industries Programme was introduced in the 1970's by some State governments (eg: Kerala), which was subsequently abandoned. This was based on the presumption that for equity considerations, a gender based reservation would be ideal. Based on the limitations of such a general programme, it was surmised that a specialized programme would be more realistic. Following broadly the "nimble hands" argument, a Trade-Related Entrepreneurship Development Programme (TREAD) was introduced by the Government of India, which also became dormant over time.

The perception further changed, as a fall-out of the global microfinance movement. The microfinance movement also got into a stage of decline or slow growth over time. The 'collective efficiency' argument got a new twist under the SHG programme. Much less over time, entrepreneurship in relation to gender, formed a new scope in relation to anti-poverty programmes, designed and implemented by the State governments. Kudumbashree in Kerala, Madhya Pradesh Livelihood program in Madhya Pradesh, and similar projects in Rajasthan are examples. While all these programmes could make their own contribution in their respective context, the contribution to the agenda of gender mainstreaming is debatable. The question of leadership and sustainability should form the centre point of such debates and exploration.

2.2. Capacity Building

Besides gender based reservations, effective gender mainstreaming demands capacity building. Capacity

building, in essence, implies a synergy of knowledge, skills and infrastructure. In most of the public programmes of today, any one of these components is likely to be dominant, at the cost of others. Therefore, it is important that, existing programmes and schemes of the government need to be either reshaped, or new ones evolved, in order to bring capacity building into focus. Capacity is a comprehensive term that includes, leadership, access to resources, and absorptive capacity. Capacity building would also imply the synergy of knowledge, skills and infrastructure to the overall benefit of women as a crucial social category.

2.3. Lack of Synergies

In order to ensure effective intervention, vertical and horizontal integration of programmes and schemes is crucial. Programmes and schemes are often not designed on the basis of field level experience. They are often based on public demands. But the field level experience itself changes according to time and space. It is necessary to continuously monitor and document these changes. The vertical and horizontal linkages of policy and practice is a key determinant of programmes and their sustainability.

2.4. Transparent Knowledge Systems

In the actual practice of programme design and implementation, effective knowledge systems have an important role to play. Effective economic governance, demands a continuous flow of knowledge inputs. But such knowledge inputs can flow only from an institutionalized effort. In the actual practice of promotion of women entrepreneurship and implementation of schemes, this critical aspect has often been badly neglected. 'Knowledge for development' rather than sheer maintenance of information base on existing programmes, need to be the thrust.

2.5. Show-casing of Success and Failures

Development programs are designed on the basis of a fixed understanding of the existing situation. However, development experience is dynamic in nature. Therefore, even with the best of schemes and their truly faithful implementation, failure stories are likely to be more. For instance, our field research indicates a significant number of cases where women enterprises are actually run by men. This, however, does not indicate the failure of a particular programme, either in its design or implementation. On the other hand, every economic intervention brings in a story of success or failure, which need to be properly analysed and interpreted for further learning. The key question is, whether such learning take place, and capabilities

are added in the whole process, so that women get benefited either in the short run, or even in the long run.

2.6. Need for Thought Leadership.

Irrespective of gender mainstreaming as a policy, there is a significant disconnect of such mainstreaming initiatives with a thought-leadership in the subject area. In most debates on gender, there has been a focus on rights-based approach, rather than a functional division of labour which is characteristic of the Indian family system. From an operational angle, the focus should be on assimilating the best of leadership role in the Indian family system, and to incorporate new values and capabilities against this background. There is need for a new thought leadership, which articulates and put into the domain of operationality, the role of family in the process of enterprise development at the grass root level.

2.7. Institutional and Organizational Initiatives

While governance is the focal theme of policy debates in India today, it is necessary to evaluate the present role of institutional and organizational structures that play the role of channelizing resources and capabilities. Have the existing structures performed in relation to the objectives of social policy? Such an enquiry should lead to new and innovative structures and policies.

2.8. Institutional Structures

The institutional structures meant for women entrepreneurship development in India show some broad patterns. While the promotional initiatives are undertaken by the nodal departments of the government, and the specialized State Women's Development Corporations, the financial aspects are taken care of by the public sector banks. However, in many cases, the multiplicity of these agencies, and the lack of objective systems and procedures, lead to conflict among the different agencies. For example, in Tamil Nadu, there has been a conflict between the programmes of NABARD and that of the Mahilar Thittam, which is a project of Tamil Nadu Women's Development Corporation. While the NABARD encourages NGOs as a go between women enterprises and the financial institutions, the Mahilar Thittam discourages NGOs and involve themselves directly in such activities. A similar conflict has been observed between the NABARD's role in credit linkage, and inadequate support to such activities by public sector banks. In Kanyakumari district of Tamil Nadu, do not credit off take among women was found to be low because of inadequate cooperation of some of the

public sector banks. While the high NPA and the high risk perception were reported to be the key reasons, it has been alleged that cooperation from some of the public sector banks for correcting these anomalies remain half-hearted.

2.9. Prioritisation of Women's Schemes

Public sector banks in the country have several gender-specific loan schemes. But such bank schemes often have only a populist flavor. What is the end-objective of women empowerment by financial institutions? Do these schemes go along with these core objectives? It is imperative that the RBI initiate a study into this issue from the angle of prioritisation and synergisation.

2.10. Gender Financing Rationale

Our field research shows that the general level of NPAs among women units are relatively low. The question, then arises as to why credit does not flow increasingly into these units. This leads us to the need for a 'gender and enterprise' policy, which is a vital need of the hour.

2.11. Role of SLBC and other Inter-Institutional Structures

While gender budgeting has an important policy agenda in the country, the reflections of such an important agenda are not significantly visible in the high level banking consultative bodies at the state level. For example the SLBC and the inter institutional committees do not often deliberate on the gender aspects of entrepreneurship and enterprise development. It is also important to note that, gender segregated data are not brought out by the SLBCs, as a background for policy discussions. It is important aspect is taken governments so that the SLBCs and the inter institutional committees contribute to qualitative discussions.

2.12. Research and Knowledge Base

The research and knowledge base relating to 'gender and finance' in India is not reasonably strong. While many of the existing studies are much less action-oriented, the financial institutions have a significant role and responsibility to ensure that such knowledge base is in place. However, despite directives by the RBI, public sector banks do not take any significant initiatives in this area. The DFIs also for example,

While there are many studies on women enterprise and entrepreneurship, specific studies that can contribute to policy, especially in relation to finance, are rare.

2.13. Institutional Aspects

Institutions are crucial in shaping the actual implementation of programs and schemes, as also in

shaping outcomes. Institutional structures form two categories: 1). stand alone institutions having some specific mandate: and 2). monitoring and coordination bodies. The State Women's Development Corporations, as specifically mandatory bodies, are meant to act as nodal points of gender-specific activities at the State level. However, the evidences available on them indicate a track record that is much below the expectation. The State level Banker's Committee and the Institutional Committees are expected to act as coordination and monitoring mechanisms relating to credit, which is a focal area. Their role also need to be more focused.

2.14. Gender Budgeting : Policy and Strategies

Gender budget, as a policy, has failed to perform in India in terms of its content. There are a multiplicity of programs and schemes, but there are no methods by which the outcomes can be measured from a gender angle. The task need to be with the line-ministries to evolve gender budgeting strategies appropriate to their context. Stipulation of a national level percentage across the Ministries is not likely to serve any meaningful purpose.

2.15. Capacity Creation

Receptivity of programs and schemes is dependent upon the capabilities of both the beneficiaries and of the implementing agencies. Despite the presence of a large number of gender and enterprise programs, their impact on capacity creation among entrepreneurs remains a dark area. Moreover, the track record of promotional agencies, including the Women's Development Corporations and financial institutions remain far from satisfactory.

2.16. Knowledge Related Issues

Knowledge creation is vital for the agenda of sustainable development. However, in the 'gender and enterprise' agenda of the country, it has not yet received adequate attention so far. While, on the one hand, there is lack of relevant research, there is also gaps relating to improper showcasing and application of research findings. The role of NITI-Aayog, as a think tank, becomes crucial here.

2.17. Policy Related Issues

Despite the practice of gender budgeting guidelines by the Government of India, the practice of prioritization of schemes is a grey area in most States. While in Kerala, the implementation of the policy has led to a significantly to the growth of autonomous women enterprises, the experience is largely not so in Tamil Nadu. This implies that while women's leadership