GENDER ISSUES IN THE MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR IN INDIA

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ABBREVIATIONS

APEDA	Agricultural and Processed Food Products Export Development Authority
ATIRA	Ahmedabad Textile Industry's Research Association
AWAKE	Association of Women Entrepreneurs of Karnataka
BD	Business Development
BDS	Business Development Service
BWW	Business Women's Wing
CDP	Cluster Development Program
CII	Confederation of India Industries
CLIK	Consortium of Electronic Industries of Karnataka
CTTC	Central Tool Room and Training Center, Bhubaneswar
DIC	District Industries Center
EDP	Entrepreneurship Development Program
EMC	Electronic Manufacturing Cluster
eMerg	Engineering Manufacturer Entrepreneurs Resource Group
ESDM	Electronic System Design Manufacture
ESIC	Employee's State Insurance Corporation
FFDC	Fragrance and Flavor Development Center, Kannauj
FICCI	Federation of Indian Chambers of Commerce and Industry
FKCCI	Federation of Karnataka Chambers of Commerce
FPI	Food Processing Industry
FTA	Foreign Trade Agreement
FVP	Fruit and Vegetable Processing
GCCI	Gujarat Chamber of Commerce and Industry
GDP	Gross Domestic Product
GEC	Gender Empowerment Cell
GEM	Global Entrepreneurship Monitor
GGMA	Gujarat Garment Manufacturers Association
GIDC	Gujarat Industrial Development Corporation
GM	General Manager
ICECD	International Center for Entrepreneurship and Career Development
IDI	In-depth Interview
IFC	International Finance Corporation
IGTR	Indo-German Tool Room, Ahmedabad
IT	Information Technology
ITHEM	IT Hardware and Electronics manufacturing
KASSIA	Karnataka Small Scale Industries Association
KEONICS	Karnataka State Electronics Development Corporation
KII	Key Informant Interview
LMC	Lean Manufacturing Competitiveness Scheme
MAIT	Manufactures Association of IT
MCCIA	Maratha Chamber of Commerce, Industry and Agriculture
MoFPI	Ministry of Food Processing Industries
MSME	Micro, Small, Medium Enterprises
MSME DI	Micro, Small, Medium Enterprises Development Institute
MWCD	Ministry of Women and Child Development
NABARD	National Bank for Agriculture and Rural Development

NAFARI	National Agriculture & Food Analysis & Research Institute
NCAER	National Council of Applied Economic Research
NGO	Non-government organization
NIESBUD	National Institute of Entrepreneurship and Small Business Development
NIFT	National Institute of Fashion Technology
NSDC	National Skill Development Corporation
PF	Provident Fund
PMEGP	Prime Minister's Employment Guarantee Program
RMG	Readymade Garments
SHG	Self-help Group
SIDBI	Small Industries Development Bank of India
SME	Small and Medium Enterprises
SSI	Small Scale Industries
STEP	Support to Training and Employment Program
T&C	Textile & Clothing Industry
TC	Tool Center
TREAD	Trade Related Entrepreneurship Assistance and Development
UNIDO	United National Industrial Development Organisation
WB	World Bank

EXECUTIVE SUMMARY

Micro, small and medium manufacturing and service enterprises (MSMEs) are an important instrument of India's economic development, contributing to upwards of 9 percent of such growth in 2012. Almost 95 percent of businesses in this sector are micro-enterprises, with manufacturing serving as a dominant industry followed by service-related enterprises and those engaged in repairs and maintenance. And it is a largely informal landscape: Nearly 93 percent of enterprises in the MSME sector are unregistered and about 84 percent of the jobs are in such places.

Although MSMEs are considered to be pro-poor, inclusive and labour intensive models for economic growth, women's employment and participation in the sector is low: Women constitute a fifth of the sector's total workforce, with female-owned businesses comprising nearly 14 percent of registered and 9 percent of unregistered MSMEs. Such enterprises are mostly home-based and smaller, employing fewer workers on average than businesses owned by men. The largest percentage of women-owned MSMEs is in the ready-made garment industry, followed by food products and beverages and the textile industries.

Despite women's modest participation in the MSME sector, women's entrepreneurship is increasingly acknowledged as an important yet untapped source of economic growth. Indeed, the Government of India has made significant legislative and structural developments in the MSME sector, including launching schemes to support women. Donor agencies and civil society organizations have also offered initiatives to promote women in the workforce. Recognizing women's potential, it is therefore critical to understand how to enhance their role not only in MSMEs, but in the economy as a whole, to ensure that India's economic progress is inclusive and equitable. To date however, there has been no systematic study of gender issues in the sector.

The World Bank commissioned the International Center for Research on Women (ICRW) to address this gap in knowledge. Specifically, ICRW researchers conducted a qualitative study to assess the nature of women's participation as entrepreneurs and employees in India's MSME sector, identify challenges to their advancement in relation to existing gender norms, and gauge potential opportunities for women's economic growth. ICRW's findings are expected to inform government policy for strengthening gender equality and women's economic empowerment in the MSME sector.

ICRW found that women entrepreneurs' decision to enter the sector and their growth trajectory are affected by their access to professional networks and associations, capital and information, their visibility through registration as well as gender issues around women's multiple commitments at home and perceived disadvantages in marketing. Similarly, the parameters that affect women's growth as workers include the gender differentiated jobs and wages women secure, terms of employment that include softer contracts, working conditions, and benefits and lack of opportunities for enhancing their skills and advancing their careers.

We hypothesized that the number of factors that influence the number of women who participate in MSMEs and the quality of their experience, has an impact on women's potential for growth in the sector. Optimal growth can be defined as entrepreneurs moving their businesses from a micro to a medium endeavour of higher value; and workers advancing their careers through promotions, higher wages and benefits.

For the study, ICRW collected data through key informant interviews and field visits to three MSME industries and three Technology Centres throughout India. The industries were selected based on the level of women's participation in the cluster, its growth potential and its location. The clusters included the ready-made garment group in Ahmedabad, fruit and vegetable processing in Pune and the information technology hardware and electronics manufacturing cluster in Bangalore. Technology Centres were selected for their presence in the study clusters or as examples of best practice because of their strategic overlap with the World Bank's Technology Center Systems Project (TCSP), an effort at strengthening and developing financially sustainable Technology Centres (TCs) in order to enhance the productivity of MSMEs through improved access to technology, business advisory services as well as skilled workers.

What follows is a highlight of the key findings that emerged from our study of women entrepreneurs and workers in the MSME sector, as well as from our examination of the role Technology Centres play in promoting women's participation in the sector.

Women Entrepreneurs

Women entrepreneurs are less visible: Women entrepreneurs lack visibility in the sector because many women-owned MSME businesses are in the micro segment, home-based and less likely to be registered. Unregistered enterprises are unable to benefit from government schemes, making women-owned enterprises particularly susceptible to missing out on available government support.

Entrepreneurship Development Programs are underused: Entrepreneurship Development Programs are offered to promote growth of small and micro entrepreneurs. Overall, these programs are sought by and have helped women who had no experience working in businesses of any kind or who lacked business exposure in their chosen industry. However, there is a paucity of capacity building programs for small entrepreneurs to grow and expand their enterprises through training in the areas of leadership and human resource management.

Women's ability to take risk depends on external support: We found that women who start on their own take fewer risks and prefer to begin their businesses with low financial investments. Women entrepreneurs tend to prefer freedom from debt and perceive it as a positive indicator of business stability. This affects their ability to take risks. Alternatively, women are willing to take higher risks when they have strong support from their families or male business partners.

Securing start-up finance is difficult: Across India, women entrepreneurs have lower access to finance than male entrepreneurs. While start-up capital was difficult for both women and men entrepreneurs, prevailing gender realities and gender-biased attitudes of financial institutions make it more difficult for women to access loans.

Business marketing is a challenge: MSMEs in India, irrespective of ownership, are characterized by weak marketing. Women entrepreneurs are further handicapped by resistance from vendors, lack of market knowledge and marketing skills, restricted mobility and their initial hesitation to engage in spaces traditionally dominated by men.

Uptake of government schemes is not optimal: In our sample, all women entrepreneurs had availed of some government scheme. However, the lack of awareness and poor access to networks are big factors in the gap between the presence of schemes and their uptake, especially for new entrepreneurs. Another major limitation is the tedious paper work involved in taking advantage of schemes. Although these issues are faced equally by men and women, existing gender norms, roles and socialization of women make the challenges they face more pronounced.

Women-owned enterprises that have male support in marketing and finance are more likely to expand in scale: Women business owners who have a supportive spouse or male family member are able to grow their enterprise more than those solely owned and run by women. In such businesses there is a clear gender division of roles with men being primarily responsible for marketing and accessing finances.

Women have poor access to business networks and associations: For women, poor access to information can be both the cause and effect of their limited access to networks. While all micro-entrepreneurs find it difficult to make time to participate in networks, there are gender specific constraints that disadvantage women more than men. Typically, associations are male dominated spaces; further, women's ability to network is handicapped by their restricted mobility and constraints on time due to handling the dual responsibilities of business and home. Women also self-censor and thus tend to be less assertive in reaching out or promoting themselves.

Women Employees

Women workers are mostly in low and unskilled jobs: In all the clusters visited, there are gender-marked roles for all tasks along the value chain of production. How workers' abilities are categorized vary across industries, but we found that jobs requiring a lower skill set were largely performed by women and those requiring a higher skill set by men. This high presence of women in low-skilled jobs is due to poor education and skills training among newcomers to the workforce; gender stereotyping of tasks by factory owners and the workers themselves and the time restrictions of women workers. Women are constrained for time both because of their dual responsibility and the unwillingness of factory owners to allow women to do late shifts.

Women have little presence in managerial and technical positions: There are very few women in supervisory positions, which typically entail more responsibility, longer hours and the ability to manage workers. Women are often reluctant to take on this level of responsibility as they lack confidence and feel additional responsibilities at work will conflict with their responsibilities at home. Also, women tend to have shorter work tenures at work due to marriage and children, and companies prefer to hire men who are more likely to stay longer.

Jobs are stereotyped by gender: Gender-stereotyping of work inhibits women's growth potential. Many higher skilled jobs are those that require higher physical effort and dexterity. Women are known for their dexterity as well yet few women enter these jobs, which are in traditionally male arenas, largely because the higher skills are associated with more strenuous work. Excluding women from these skilled jobs also has strategic advantage for businesses as male workers are able to work longer and more flexible hours.

Type of recruitments: The pattern of recruitment of workers varies across micro, small and medium enterprises. In the micro and small units, workers are recruited through informal networks and there were no differences reported in the recruitment patterns of men or women. A large proportion of workers in the RMG and FVP clusters were casual workers with limited or no benefits. The IT Hardware and Electronics Manufacturing units were all registered enterprises and had formal terms of employment for all employees in the units.

Most unskilled workers are categorized as “casual labour”: Women, comprising the bulk of the unskilled labour, tend to be employed under non-contractual arrangements and do not enjoy worker benefits. Labour laws have induced inflexibility in the clothing industry, which has led to smaller businesses circumventing these laws. However, some progressive employers provide benefits informally, which tends to create allegiance among women workers for those employers.

Wage differences between men and women exist among workers as well as employees: Wage discrimination is one of the key challenges faced by women workers. We found that women workers and employees earned less than their male counterparts for similar jobs. While in some cases differential wages were paid for the same work, in others women earned less because they were unable to work late shifts and therefore tended to earn less than their male counterparts.

Proximity, safety and working conditions are important job considerations for women: Women were more likely to stay in a job where the enterprise owner was female who took extra care to ensure the women workers' safety, where there was constant work and a fair and safe commute. Men were reported to easily change jobs prioritizing income over other concerns. All units visited across clusters had fair working conditions for women, but lacked crèche facilities.

Women's options for upward mobility are limited: Male and female factory floor workers either come with previous work experience or learn their skills on the job. Even

after many years of experience in a particular task a worker is unlikely to move up the production chain unless she is proactive about learning new skills. Men tend to be more ambitious and aspire for more skilled tasks.

Dual responsibilities constrain women's potential for income growth: Women's care responsibilities are one of the major impediments to women's participation in the workforce in India. Dual responsibilities and the constraints they place on women's personal time often restrict their income growth potential. Constraints on time also are perhaps one of the primary reasons why women are viewed as less aspirational.

Safety issues may limit women's potential for growth: While women may have time constraints that prevent them from staying longer hours, this is coupled with the reluctance of owners to take the responsibility of keeping women for evening or night hours due to security concerns. Entrepreneurs acknowledge that women have the potential to complete any tasks if they have the aspiration and the will power. However, structural factors of safety and gender expectations make the concerns more complex beyond personal aspirations.

Technology Centres

For our study, we assessed three Technology Centres (TCs) with an eye to gender-related challenges and opportunities in an effort to understand the differential constraints women face in the training and job placements offered through TCs, as well as the policy implications of these. These centres were set up to make the Indian small enterprises sector competitive by providing services and trainings. Also known as tool rooms, TCs offer a few institutionalized long-term courses and various short-term courses in response to demand from the government, industry or students. Overall, TCs aim to:

- Supply skilled labour to industry through training courses
- Provide consultancy services for MSMEs to improve product quality and productivity
- Create tools, dies and moulds for MSMEs

The three centres included in our study were The Central Tool Room and Training Center (CTTC) in Bhubaneswar, Orissa; the Indo-German Tool Room (IGTR) in Ahmedabad, Gujarat; and the Flavours and Fragrance Development Center (FFDC) in Kannauj, Uttar Pradesh. At each centre, we examined gender participation in trainings by focusing on the measures in place to ensure women's participation, the status of women's participation, the gendered preferences for courses, and the gender-responsive provisions of the TCs.

Incentives to ensure women's participation are limited: TCs take no specific measures to attract women candidates for long-term courses, and the CTTC and IGTR do not offer any scholarships for women students. Incentives for women candidates are available only through a few national and state-level government programs.

Women's participation in the training program is less than optimal: Women's overall participation in TCs remains low, mostly due to gender stereotyping of jobs and training courses, the lack of specific marketing to women and the sometimes remote location of TCs. This low participation is also due in part to a preference by women to enter the hospitality and retail sectors, which require less training and are perceived as being more suitable work places for women.

Gendered preference of training courses exists: In engineering-focused TCs there is gendered preference in course selection. Women are more concentrated in courses such as engineering design and electronics and less in manufacturing and mechanical courses. There were no female trainees in machine maintenance courses. The gendered preference of courses is also due to the fact that jobs are marked by gender stereotypes as well as women's unwillingness to take up courses that involve the use of heavy machinery and physical strength.

Entrepreneurship development is not provided through TCs: TCs by design do not provide entrepreneurship development training linked to the technical trainings they offer. This is perhaps one of the reasons why very few trainees launch their own enterprises. In FFDC for instance, the absence of enterprise development inputs is particularly conspicuous, since the sponsored programs for technical training are aimed at entrepreneurship development.

Life skills and gender sensitization training are non-existent: Life skills training and gender sensitization are not offered through TCs. Such educational opportunities are especially important for young women who often lack the communication skills necessary to successfully navigate the workplace and who feel less confident about taking jobs far from their hometowns.

Location and infrastructure of TCs can be a barrier: Institutes like FFDC that are located in remote geographical locations and have limited facilities like safe transport, accessible markets, schooling for children and recreational activities within the campus can be restrictive for women. Women are less likely to enrol in such centres.

Few women faculty members: The presence of women administrative staff and faculty was low to minimal at all three TCs we visited. Fewer women faculty was explained by gender-specific reasons, such as a shortage of qualified women candidates and the shorter tenures of women staff due to marriage and related reasons. The remote location of the FFDC serves as a further disincentive for women staff and faculty.

Limited job placement for women trainees is affected by gender specific factors: In all three TCs, job placements were offered only for the long-term courses and placement rates for women in engineering-focused centres were low. Women were considered unsuitable for manufacturing jobs due to the physicality of the jobs and the multiple shifts required of staff members. The perception amongst the TC faculty and women trainees was that women were better suited to design jobs where they have limited interaction with male staff and work at a desk instead of on a shop floor. Also, we found that companies prefer women for these jobs as they feel women are more

patient, can sit for long hours and can do more intricate work. On the supply side, women trainees are hesitant to take up placement offers in distant places.

TCs are not required to place trainees in MSMEs: The TCs do not have a mandate for placing their trainees in the MSMEs and students prefer placements in large companies. In addition to salary considerations, larger companies are able to provide better working conditions for women employees compared to small firms.

Recommendations

ICRW's study highlights that gender norms and stereotypes cut across many of the challenges women entrepreneurs and women workers face in the MSME sector in India. These concerns underscore the critical need to integrate gender training with entrepreneurial training and provide gender sensitization of facilitation institutions and membership to associations at all levels. In addition, institutions that promote women's entrepreneurship – and women themselves – must be challenged to negotiate new boundaries in terms of women's roles, expectations from them, their leadership and management styles and the way they can access credit, schemes and links with markets and business networks.

Based on our findings, we discuss below several recommendations that can accelerate women's presence and progress in the MSME sector; foster a more accessible, equitable labour force; and ultimately, contribute significantly to India's economic development.

Women Entrepreneurs

- **Mechanisms need to be put in place to enable more systematic collection of gender-disaggregated data** on the critical parameters informing the growth and development of the MSME sector. Currently the paucity of this data prevents any comprehensive analysis of gender issues in this sector. MSME census can provide a more detailed segment for women entrepreneurs and workers as a separate component.
- **Create incentives to encourage the registration of micro and small enterprises, as well as map ownership by gender for both registered and non-registered enterprises.** This will aid in increasing the visibility and credibility of women-owned enterprises.
- **Enhance the outreach, monitor the uptake and redesign the underutilized schemes** to foster the growth among micro- and home-based businesses, which in turn will enhance women's participation in MSMEs.
- **Provide gender trainings relevant to the MSME for men and women** in Entrepreneurship Development Institutes of the Government and Technology Centres. All trainings should focus on gender biases that pervade the market

place and its implications for entrepreneurship development and employment among women

- **Provide Entrepreneurship Development alongside technical trainings, especially for women**, with an emphasis on equipping them with leadership, market and finance skills.
- **Set up portals that provide information** about various business development service providers as women lack professional networks to access such information.
- **Sensitize financial institutions to government policies for credit for women and to the barriers women face in MSME sector in accessing finance.** This will ease women's access to credit through the existing provision of the government.
- **Design financial products to reach out to the smallest and least visible businesses.** Such products also should be amenable to women's limited resources and their scale of operation.
- **Increase women's participation in professional networks through setting up MSME-focused associations,** especially where micro and unregistered businesses are the norm
- **Establish more women-only entrepreneur associations** and encourage existing industry associations to enhance membership of, and services to, women entrepreneurs in the constituencies they serve.
- **Expand district level associations to make them more women inclusive.** This will be useful especially given the high proportion of rural entrepreneurs.
- **Design Cluster Development Programs** in a way that clusters and their services cater to the context specific needs of the women entrepreneurs in the area. Flexibility in approach and conceptualisation of clusters will be required to better meet the needs of women entrepreneurs. Cluster Development Programs can be effective in enhancing the market linkage and providing business relevant services to women entrepreneurs.

Workers

- **Create opportunities locally and nationally that build the basic job skills for women workers who come with little education.** Acquiring minimal skill prior to them securing employment will enhance their earning potential

- **Industries in the MSME sector need to monitor the effectiveness of workplace policies and benefits for women.** This will help improve the terms of employment for women workers, especially those who are considered unskilled
- **Provide life skills training on the job or through skills training institutes to women workers and employees** to build their self-efficacy, negotiate gender constraints, improve their communication and comprehension to follow complex tasks and manage their time and problems effectively. This will impact their work productivity and help them advance in their jobs.
- **Create regulatory mechanisms and incentive-based frameworks for unregistered enterprises** to ensure that women are provided with benefits and basic amenities.
- **Incentivize businesses to enhance women's presence in jobs that require diverse skills.** The enactment of the Companies Act and available Corporate Social Responsibility mandate are opportunities that can be creatively used to enhance women's participation in the workforce.

Technology Centres (TC)

- **Provide financial incentives for women to enrol in long-term training courses provided by TCs.** This will not only challenge the gender norms related to skills and jobs, but also will spur a more effective supply of technically trained women.
- **Improve infrastructure and amenities** to be more attractive to women in residential courses, and to boost women's enrolment.
- **In order to enhance participation, target women candidates through linkages with institutions** of higher learning, the National Skill Development Council, and civil society organizations working with young girls and women.
- **Locate TCs in relevant industry clusters** to enhance the availability of well-suited jobs for locally trained women.
- **Provide post-placement support** to encourage more women to accept work in distant places.
- **Provide comprehensive gender sensitive and other trainings** to men, women, students and faculty to challenge existing gender-based stereotypes that restrict women's job opportunities and growth. This should include life skills programs to build women's abilities to negotiate the gender boundaries they face.

- **Provide entrepreneurship development training alongside technical training** to encourage entrepreneurship development among women locally.

CHAPTER 1

INTRODUCTION

MSMEs¹ are an important instrument of growth for India's economy. The contribution of the MSME sector to India's GDP was estimated to be around 8-9 per cent in 2012 after agriculture; MSMEs have emerged as the second largest source of employment in India. Although MSMEs are considered to be pro-poor, inclusive and labour intensive models for economic growth, women's employment and participation in the MSMEs continues to remain low. Women's entrepreneurship on the other hand has been increasingly acknowledged as an important yet untapped source of economic growth.² However under-represented, women entrepreneurs contribute to the economy as they create new jobs for themselves as also for others, as well as contribute to the economic well-being of the family, poverty reduction and women's empowerment³. For growth to be inclusive and equitable, it is critical to understand how to enhance the role of women in the economy and in particular in the MSME sector. Although the MSME sector in India has been researched and evaluated from a financial point of view, there has been no systematic study of gender issues in this sector.

In order to fill this gap, the World Bank has commissioned International Centre for Research on Women (ICRW), Asia Regional Office, New Delhi to conduct a short, field based assessment of **'Gender Issues in MSMEs in India.'** The study involved field-based assessment of gender related issues in select MSME clusters to identify challenges and opportunities for inclusion of women in higher numbers and at higher levels of growth in the MSME sector. The study findings will ultimately be operationalized into a Bank-supported MSME project in India and help inform Government of India policy on more inclusive growth of the MSME sector, especially towards strengthening gender equality and economic empowerment of women in the sector.

Objective of study

The study on Gender Issues in MSMEs in India will produce an overview and analysis of the key gender issues in the MSME sector, with a focus on selected MSME clusters. It will identify key issues related to women's ownership of and employment in MSMEs, female labour force participation, wages and working conditions, employability and skill building, enterprise development and access to credit, and markets.

¹MSMEs are classified into micro, small and medium manufacturing and service enterprises based on size of investment in plant and machinery. The Micro, Small and Medium Enterprises Development Act, passed in 2006 in India, identifies a micro enterprise as one "where the investment in plant and machinery does not exceed twenty five lakh rupees"; a small enterprise as one "where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees"; and a medium enterprise as one "where the investment in plant and machinery is more than five crore rupees but does not exceed ten " (The Micro, Small and Medium Enterprises Development Act, 2006, found at http://www.and.nic.in/C_charter/indust/msmeact2006.pdf).

² *Women's Entrepreneurship: Issues and Policies*. Paper presented at 2nd OECD Conference of Ministers Responsible for Small and Medium-sized Enterprises (SMEs), Turkey, Istanbul. Istanbul: OECD, 2004.

³ Bist-Joshi, S., Das Joshi, M., & Dasgupta, S. (2012). A Gendered Perspective on Micro, Small and Medium Enterprises: Key Policy Challenges and Options. *UNWOMEN*.

The specific objectives are:

- Identification and assessment of key gender issues in labour force participation, employment and employability, entrepreneurship development and women's economic empowerment, as well as constraints and priorities in the context of MSMEs and Technology Centres in India through a review of secondary literature and national policies
- Mapping of relevant public policies, institutional mandates, and government schemes promoting women's employment and entrepreneurship in MSMEs and Technology Centres, and identification of areas that need strengthening.
- Stocktaking of gender dimensions of strategies and programs of donor agencies such as UNIDO, UNDP, DFID, ADB, GIZ etc. in the MSME and Technology Centres. To review about half a dozen of such interventions to profile and highlight salient features of the intervention.
- Highlight perceived successful examples and innovations by NGOs, private sector and MSME industry associations promoting better gender outcomes in MSMEs.
- Assessment of women's employment and entrepreneurship issues and constraints (e.g., employment, entrepreneurship, credit, vocational skills and entrepreneurship training, gender sensitive HR practices and welfare services, personal security, etc.) in select MSME clusters and Technology Centres.
- Identification of potential opportunities and specific interventions and for improving gender outcomes in MSMEs and Technology Centres in India.

Research Questions and Framework

Given that this is an exploratory study we have kept the scope of the study small and manageable with an emphasis on addressing the gaps we find in existing evidence. The objective of the study is to understand the status of women's participation in the MSME sector and the potential opportunities for their growth. Our understanding is that women may be in particular industries owing to demand and supply side factors that determine and regulate their employment and entrepreneurship in the sector. This study will try to understand these factors and how they influence women's participation and growth in the MSME sector. The study aims to answer the following three research questions:

1. *What is the status of women's employment and entrepreneurship in the MSME sector (i.e. what proportion of workers or owners are women and what are the patterns of work or entrepreneurship vis-à-vis men)?*
2. *What is the growth potential for women in this sector (i.e. are there distinct pathways for advancement and what are the enabling factors)?*
3. *What are the challenges that women face in their advancement as employees or entrepreneurs, and how do these challenges operate and interact with existing gender norms?*

Overall Methodology

The study is a qualitative research study involving the collection of both primary and secondary data. The data collection for the study was done through a review of literature and secondary data, key informant interviews and field visits to three MSME clusters and Technology Centres. More specifically the study entailed the following:

- **Literature review:** Review of relevant literature on women's participation in MSME sector, government policies and programs, and donor and civil society initiatives for women in the MSME sector; and analysis of secondary data where available.
- **Key informant interviews:** The ICRW research team interviewed relevant government and non-government stakeholders and experts at the national level as well as from states where the field visits were conducted to better understand the initiatives and approaches to promote women's participation in the MSME sector in India. For this see Appendix A.
- **Field-based assessment:** We made field visits to three clusters and three technology centres to understand first-hand the opportunities and constraints pertaining to women's participation in the MSME sector both as entrepreneurs and employees. The visit entailed a study of three to four women-owned enterprises and one to two men-owned enterprises. We conducted in-depth interviews with entrepreneurs and employees as well as a few interviews and focused group discussions with workers. A transect walk was conducted through each unit to better understand their facilities and working conditions. We also interviewed all stakeholders related to the clusters and technology centres. The process of selection of the clusters is detailed in the following sub-section.

Selection of clusters

The selection of clusters was a multi-step process (see Figure 1). Given that it was a small study and sample, we adopted a few key criteria to focus on clusters that would adequately represent the issues identified above.

Selection of enterprise by size: We decided to focus on **micro** and **small** enterprises as they constitute the larger segments of the MSME sector of the 15.64 lakhs registered MSMEs 99.83 percent are Micro (70.19 %) and Small (25.17 %) enterprises employing 95.36 percent of workers.

Selection of sub-sector: We chose to keep the focus on the manufacturing and service sectors based on their share in the MSME sector. Manufacturing comprises 67.1 percent of the MSMEs and the service sector comprises 16.78 percent of the MSMEs, repair and maintenance constitute 16.13 percent of the MSMEs.

The selection of industry/cluster: The selection of industries and in turn clusters is based on two main criteria outlined below. Based on these criteria as well as availability of information and ease of access to the cluster, the selected industries and clusters mentioned below have been identified.

1. *Industries that have the highest percentage presence of women entrepreneurs and workers. Based on the MSME census these are :*
 - a. **Textile and wearing apparel** (Ahmedabad Readymade Garment Cluster). 48.02 percent of women-owned enterprises are in textile and wearing apparel.⁴
 - b. **Food processing** (Pune Food Processing Cluster). 9.8 percent of the women- owned MSMEs are in this industry.
2. *A non-traditional, skill-intensive and high growth industry and has potential for increased participation of women workers and entrepreneurs*
 - a. **Information Technology Hardware and Electronics** (Bengaluru)

Technology Centres

As part of the study we also visited three technology centres. The centres were chosen either as examples of best practice, because of their strategic overlap with the World Bank's TCSP for internal learning and application or their presence in our study clusters. These centres are:

1. Central Technology and Training Center, Bhubaneswar, Orissa
2. Indo-German Tool Room, Ahmedabad, Gujarat
3. Flavours and Fragrance Development Centre, Kannauj, Uttar Pradesh

⁴ Deshpande, A. (2013). Entrepreneurship or Survival? Caste and Gender of Small Business in India. *Economic and Political Weekly*, *Xlviii*(80), 38-49.

Figure 1: Selection of Industry Clusters for Field-based Assessment

Framework for Analysis

The cluster and industry overview provides an indication that MSMEs are significant in their presence and have a high potential for women's participation both as entrepreneurs and employees. The objective of this study is to explore and understand the status of women as entrepreneurs and workers in the MSME sector and the constraints and opportunities for their growth.

Based on a review of literature, we have conceptually hypothesized that growth is a longer term impact outcome that is affected by a range of intermediary factors. Coad and Tamwada document that small enterprises managed by women have lower expected growth rates because of conservative social attitudes towards women in traditionally male dominated arenas, and/or because female entrepreneurs are expected to be less ambitious in terms of growth targets and more concerned with earning just enough to provide for their families⁵. Additional evidence suggests that women entrepreneurs in India do face several societal and systemic barriers that affect their entry and growth into sectors. The barriers include limited access to finance, information, productive resources, technology, education and relevant technical and managerial skills⁶. Societal constraints and household responsibilities make them more risk averse and affect their self-confidence.⁷

Access to formal finance is a key barrier to the growth of women-owned businesses, leading to over 90 percent of finance requirements being met through informal sources.⁸ Although the financing needs for women-owned enterprises are not radically different from the needs of male-owned enterprises, the level of financial exclusion is higher due to a combination of factors. The social status of women and prevalent social norms influence perceptions of financial institutions about women's ability to repay loans and run successful growth-oriented businesses. Moreover, most women entrepreneurs are not aware of government schemes and programs, funding agencies, grants, loans and certification procedures⁹.

Women entrepreneurs also lack both formal and informal networks to access key information about credit, products and markets. Women entrepreneurs' networks act as important sources of information and as a very valuable mechanism for business promotion and information exchange.¹⁰ Shah also suggests that for setting up an enterprise most women receive financial and other kinds of support from informal sources, in particular husbands, while a very small proportion access government schemes and programs.

For women as entrepreneurs, the decision to enter the sector and then the subsequent pathways to growth are thus affected by

⁵ Coad A and Tamwada JP (2012) Firm Growth and Barriers to Growth among Small Firms in India, *Small Business Economics*, Vol 39(2): 383-400.

⁶ IFMR, Background Note on the Micro, Small and Medium Enterprise Development Act 2006. Date accessed: 10 January 2014.

⁷ UNIDO (2007) Better access to growth: Mainstreaming gender in cluster development, Working Paper No. 16

⁸ IFC (2014) MSME Finance, Improving Access to Finance for Women Owned Businesses in India: A Research Report on the Challenges, Opportunities and the Way Forward, New Delhi

⁹ Shah, H. (2013). Creating an Enabling Environment for Women's Entrepreneurship in India. *UN ESCAP Development Papers*, 1304.

¹⁰ *ibid*.

- **Access to networks/associations:** This is important because critical information about the business and markets is shared through associations and also through informal networks of business people.
- **Access to capital:** Many small or micro sized enterprises remain that size or do not aspire to grow because of the problems with easy access to capital as well as the fear to undertake loans that require a lot of administrative work.
- **Access to information:** Information about markets, product innovations and schemes are shared through networks and associations which women lack.
- **Visibility through registration:** Many women's enterprises are survival and distress driven and thus remain micro or small in size, largely unregistered and thus invisible for policy outreach.

Likewise the study also focuses on women as workers, i.e. their participation and growth in the labour force. Similarly, their decision to enter the workforce and their subsequent advancement in their work is affected by a range of factors. These include women's care responsibilities, and macro level gender inequality measured as wage discrimination and barriers to entry into preferred jobs.¹¹ Gender typecasting of jobs appropriate for women also impacts the levels where women enter the labour force and their subsequent advancement. Lack of adequate skills is one of the major impediments affecting women's participation in the workforce, particularly in the secondary and tertiary sectors, perpetuating their concentration in low paid and unorganized sectors.¹² Furthermore, women workers in the unorganized sector particularly are faced with low wages by doing piece work; inappropriate working conditions; an absence of social security, maternity benefits and sexual harassment provisions; decline in the number of work days available; and conversion to casual and temporary status¹³.

Thus, the parameters that affect women's growth as workers in the labour force can be conceptually categorized as

- **Type of work and wages:** Gender stereotyping about the roles appropriate for women and the fact that women often enter work with low skills suggests that most of the women workers are in low skilled jobs with lower wages, and higher skill jobs are deemed more appropriate for men. This sustains the gender wage differentials and also affects the ability of women to advance from low skilled to higher skilled jobs.
- **Terms of employment:** Women are often found in larger numbers in informal employment as casual and non-contractual labour.
- **Working conditions and benefits:** Women workers, particularly informally employed, often face adverse conditions at work in terms of long working hours, inadequate leave and maternity benefits, absence of crèche services, and no medical insurance or provident fund.
- **Opportunities for skill up-gradation and advancement:** Gender stereotyping of women's roles in the value chain, low level of skills of women at entry into workforce, combined with the adverse conditions of work limit their own ability to advance their skills and the employer's desire to offer opportunities for skill up-gradation. This affects women advancement at the workplace.

¹¹ Kabeer, N. (2010) Women's economic empowerment and inclusive growth: Labour markets and enterprise development, School of Oriental and African Studies, United Kingdom

¹² MWCD. (2012) XII Five Year Plan Report of the Working Group on Women's Agency and Empowerment, GOI

¹³ Bist-Joshi, S., Das Joshi, M., & Dasgupta, S. (2012). A Gendered Perspective on Micro, Small and Medium Enterprises: Key Policy Challenges and Options. *UNWOMEN*.

Our hypothesis is that if women's participation not in sheer numbers alone but also in its qualitative aspects, is optimized, then the potential for growth would be optimized. For both women entrepreneurs and workers there are some growth parameters that need to be impacted in order to trigger a pathway to optimal growth. Optimal growth is defined specifically for women entrepreneurs, in terms of higher value business and a move from micro to medium, and for women workers in terms of skills for advancement, promotions, higher wages and benefits (see Figure 2).

In Figure 2 below, the conceptual framework also identifies a gender bubble, above the two boxes on factors that affect both women workers and entrepreneurs and their growth in the MSME sector. The gender bubble or lens identifies factors that differentially affect women's growth both as workers and as entrepreneurs. The MSME specific parameters that affect growth may be as such gender neutral, but in interaction with the gender lens they amplify and differentiate the effects on women entrepreneurs and workers compared with men entrepreneurs and workers. While we have not studied male entrepreneurs and workers due to the small scale of the study, unless we met them opportunistically, we have assessed the quantitative and qualitative aspects of growth from a gender lens, that is, whether these issues uniquely affect women, differentially affect women and/or are gender neutral.

Figure 2: Conceptual Framework: Gender Analysis of Women's Entrepreneurship and Employment in MSMEs

CHAPTER 2

OVERVIEW OF THE MSME SECTOR

Micro, Small and Medium Enterprises (MSMEs) have emerged as an important instrument of India's economic growth over the last five decades.¹⁴ The sector contributed eight percent of the country's GDP in 2007-2008¹⁵. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. MSMEs are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. The highly innovative and high growth MSME sectors are textiles and garments, leather and leather products, auto components, drugs and pharmaceuticals, food processing, IT hardware and electronics, paper, chemicals and petrochemicals, telecom equipment, etc. MSMEs are also complementary to large industries as ancillary units.¹⁶

Table 1: Definition of MSMEs based on MSME Act (2006)

Type	Manufacturing (investment in plant and machinery) Indian rupees million (\$ thousand)	Service (investment in equipment) Indian rupees million (\$ thousand)
Micro	Up to 2.5 (Up to 45.5)	Up to 1.0 (Up to 18.2)
Small	2.5 – 50.0 (45.5- 909.1)	1.0 – 20.0 (18.2 – 363.6)
Medium	50.0 – 100.0 (909.1 -1,818.2)	20.0 – 50.0 (363.6- 909.1)

Source: Fourth MSME Census 2006-2007¹⁷

Of the 214.38 lacs MSMEs in India, only 15.64 lacs (7.29%) are in the registered segment and the rest (92.7%) are in the unregistered segment.¹⁸ In keeping with its largely informal nature, 84.14 percent of MSME sector jobs are in unregistered enterprises, which account for 72 percent of all manufacturing jobs and a huge 95.4 percent of all MSME service sector jobs.

Most enterprises in the MSME sector are micro enterprises. According to the Fourth All India Census of registered MSMEs (2006-07)¹⁹, 94.9 percent enterprises are micro enterprises, 4.9 percent are small and 0.2 medium enterprises. Employment across MSMEs has a similar distribution by size with 70.2 percent of total employment in MSMEs in micro enterprises, followed by 25.2 percent in small and 4.6 percent in medium enterprises. Industry-wise distribution of MSMEs shows that 67.10 percent of

¹⁴ Ministry of Micro, Small and Medium Enterprises. (2012a) Annual report 2011-2012, New Delhi

¹⁵ Government of India (GoI) (2010) Report of the Prime Minister's Task Force on MSMEs, , New Delhi

¹⁶ MSMED Act 2006, New Delhi

¹⁷ Author's calculation based on data from the Fourth MSME Census 2006-2007

¹⁸ The NCEUS defines an enterprise in the unorganized sector as enterprise employing less than 10 workers (GoI 2010). These enterprises are typically established through own funds or funds obtained through non-institutional sources, they lack managerial bandwidth, do not have established channels for marketing and are centered on a single traditional technology.

¹⁹ Throughout this section when we say MSMEs we are referring to registered MSMEs, unless otherwise specified.

MSMEs are manufacturing enterprises, 16.78 percent are service enterprises and 16.13 percent are repair and maintenance enterprises.

A little less than half of all registered MSMEs operate in rural areas (45.23 %). Almost all enterprises (96.81 %) are found to be operating perennially whereas the share of enterprises running seasonally and casually is 3.19 percent. The state-wise distribution of MSMEs show that more than 55 percent of these enterprises are in the six states of Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka.

Where participation of different social groups is concerned, as per the Fourth Census 2006-07, 7.60 percent of the enterprises are owned by Scheduled Caste (SC) entrepreneurs, 2.87 percent by Scheduled Tribe (ST) entrepreneurs and 38.28 percent by entrepreneurs from Other Backward Classes (OBCs). Thus, 48.75 percent of the registered working MSMEs are owned by socially backward classes. However, gender distribution in the MSME sector does not demonstrate such an inclusive picture.

Women in the MSME sector

Women participate in the MSME sector as entrepreneurs, managers and workers. In this section we discuss the nature of women's participation at these three levels.

Women Entrepreneurs

Women-owned enterprises constitute a small proportion of enterprises in the MSME sector. According to the Fourth MSME Census 2006-2007, 13.7 percent of registered MSMEs and 9.1 percent of unregistered MSMEs are owned by women²⁰. Incidentally 13.7 percent of registered MSMEs and 9.1 percent of unregistered MSMEs are also actually managed by women. Gender disaggregated data by size of enterprise shows that women's ownership is the highest in the case of micro enterprises, followed by small and then medium enterprises (Table 2).

Table 2: Women's Ownership by Size of Enterprise

Source: Fourth MSME Census 2006-2007²¹

²⁰ An enterprise (manufacturing or services) managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51 as partners/shareholders/directors of a private limited company/members of a co-operative society is called a 'woman enterprise'.

²¹ Author's calculation based on data from the Fourth MSME Census 2006-2007

Female-owned and female-managed enterprises tend to be significantly smaller in terms of average number of employees than their male-owned and male-managed counterparts.²² Most female owned enterprises are home-based. Owner-operated enterprises have no hired workers and are run by self with or without the help of unpaid family members. The proportion of owner-operated enterprises among women is much higher compared to their male counterparts²³ (Table 3).

Table 3: Average Number of Employees by Gender (%)

Source: Fourth MSME Census 2006-2007 in Deshpande and Sharma 2013

²² Deshpande A and Sharma S (2013) Entrepreneurship or Survival?: Caste and Gender of Small Businesses in India, Economic and Political Weekly, Vol 38 (28): 38-49

²³ *ibid.*

Table 4: Owner-operated Enterprises by Gender (%)

Source: Fourth MSME Census 2006-2007 in Deshpande and Sharma 2013

Gender disaggregated data across different sectors reveals that the share of women owned MSMEs is the largest in the services sector followed by manufacturing and then repair and maintenance (Table 5).

Table 5: Women-owned Enterprises Across Sectors (%)

Source: Fourth MSME Census 2006-2007²⁴

The industries with the largest percentage of women-owned enterprises are Ready Made Garments (48 %), Food Products and Beverages (13.3 %) and Textiles (10.4 %)²⁵. On the other hand, Furniture (8.7 %) and Fabricated Metal Products (12.3 %) are much more

²⁴ Author's calculation based on data from the Fourth MSME Census 2006-2007

²⁵ Deshpande A and Sharma S. (2013) Entrepreneurship or Survival?: Caste and Gender of Small Businesses in India, Economic and Political Weekly, Vol 38 (28): 38-49.

important for male firms. These differences confirm Das' (2003)²⁶ finding that women continue to operate trades traditionally considered to be the domain of women. As illustrated in Table 6 both female-management and female-ownership of enterprises are found to be higher in rural than in urban areas.²⁷

Table 6: Rural-urban female ownership and management (%)

Source: Fourth MSME Census 2006-2007 in Deshpande and Sharma 2013

The states with the highest percentage of women owned MSMEs are Manipur, Mizoram, Karnataka, Kerala and Tamil Nadu in rural areas, and in urban areas Jammu and Kashmir, Mizoram and Meghalaya (Table 7). These high proportions in North Eastern states and Kerala are perhaps a reflection of the more egalitarian traditions in ownership of property due to matrilineal traditions of these regions.²⁸

²⁶ Das MB. (2003) 'The Other Side of Self-Employment: Household Enterprises in India', World Bank Social Protection Discussion Paper No 318, World Bank, Washington DC.

²⁷ Deshpande A and Sharma S (2013) 'Entrepreneurship or Survival?: Caste and Gender of Small Businesses in India', Economic and Political Weekly, Vol 38 (28): 38-49

²⁸ *ibid.*

Table 7: States with the highest % of women-owned MSMEs

Source: Fourth MSME Census 2006-2007

The gender-caste overlap indicates that the share of female-owned and female-managed enterprises is significantly greater among SC-ST-owned enterprises than those owned by others, and especially by Hindu upper-castes (Table 8). This may reflect historical taboos on upper-caste women, which were absent for lower-caste women, on entry into public arenas of economic production.²⁹

Table 8: Gender-caste overlap in ownership and management

Source: Fourth MSME Census 2006-2007 in Deshpande and Sharma 2013

²⁹ Deshpande A and Sharma S (2013) Entrepreneurship or Survival?: Caste and Gender of Small Businesses in India, Economic and Political Weekly, Vol 38 (28): 38-49

Women Workers

Women constitute a fifth of the total workforce in the MSME sector. According to the Fourth MSME Census 2006-07, the rate of women's employment in registered MSMEs is 20.45 percent and that in unregistered enterprises is 13.02 percent³⁰. Gender disaggregated data across MSMEs shows that women's employment like ownership is the highest in the case of micro enterprises, followed by small and then medium enterprises (Table 9).

Table 9: Women's Employment by Size of Enterprise

Source: Fourth MSME Census 2006-2007³¹

Gender disaggregated data across different sectors reveals that the rate of female employment is the highest in manufacturing MSMEs, followed by MSMEs in the services sector and then those in repair and maintenance (Table 10).

Table 10: Women's Employment Rate Across Sectors (%)

Source: Fourth MSME Census 2006-2007³²

³⁰ Author's calculation based on data from the Fourth MSME Census 2006-2007

³¹ Author's calculation based on data from the Fourth MSME Census 2006-2007

Women's labour force participation in the services sector is increasing and Chatterjee³³ recommends that we capitalize on the growth of this sector to be able to address the gender gap in labour force participation.

The states with the highest proportion of female workers are Manipur, Mizoram, Karnataka, Kerala and Tamil Nadu in rural areas, and in urban areas Sikkim, Meghalaya, Gujarat, Orissa, Karnataka, Kerala and Tamil Nadu (Table 11).

Table 11: States with the highest female employment rates (%)

Source: Fourth MSME Census 2006-2007

Profiles of National Policies and Schemes for Women in MSME's in India

In the last decade there have been significant legislative and structural developments in the MSME sector in recognition of the economic potential of the sector especially in terms of its contribution to manufacturing, employment generation and GDP. The MSMED Act was established in 2006³⁴ which not only introduced the definition of medium enterprise but significantly broadened the definitions and coverage of the micro and small enterprises industry to include both the manufacturing and services sector. Subsequent to the enactment MSMED Act 2006, the Ministry of Agro and Rural Industries and Ministry of Small Scale Industries were merged into the Ministry of Micro, Small and Medium Enterprises (MSMEs).

The increased importance of the sector was also marked by the setting up of the Prime Minister's Task Force in 2009, to identify issues inhibiting growth of the sector³⁵. In 2011, the Planning Commission constituted a Working Group on MSMEs Growth for the 12th Five Year Plan (2012-17). The terms of reference of the Group were to carry forward recommendations of the Prime Minister's Task Force and to suggest a specific action plan and milestones to be achieved within the 12th Plan period. Further, the terms of reference also mandated suggestions to address

³² Author's calculation based on data from the Fourth MSME Census 2006-2007

³³ Chatterjee, M (forthcoming) India: Women, Work and Employment, The World Bank, New Delhi

³⁴ MSMED Act 2006, New Delhi

³⁵ Ministry of Micro, Small and Medium Enterprises. (2012b) Report of the Working Group on MSMEs growth for 12th Five Year Plan (2012-2017), New Delhi.

problems of the unorganized sector and proposals for devising programmes/schemes to facilitate overall growth of the MSME sector.

These structural and legislative developments have been accompanied by significant policy shifts aimed at largely strengthening the growth potential of the sector and making it more inclusive. The primary responsibility of promotion and development of MSMEs lies with the state governments. However, the Government of India supplements the efforts of the state governments through various initiatives. The role of the Ministry of MSME and its organizations is to assist the state governments in their efforts to encourage entrepreneurship, employment and livelihood opportunities, as well as to enhance the competitiveness of MSMEs in the changed economic scenario. The MSME ministry is charged with assisting MSMEs to scale up, design policies and facilitate the implementation and monitoring of schemes and programs. In addition to the MSME ministry, most industry-specific ministries also have schemes and policies to support the MSME units in their sector.

These larger changes and accompanying policy shifts acknowledge the contribution of women in the sector and recognize the need to strengthen the participation of women. The extent to which the recognition of the potential of women entrepreneurs and workers has resulted in effective measures is yet to be assessed. In our review we find that the Government of India schemes across ministries fall into two broad categories- 'women-specific' and 'women-inclusive'. The first category includes only those schemes that are exclusively meant for women. We find that women specific schemes are highly limited in number and have their origin in the policies meant for the erstwhile small scale industries and not in the recent policies of the MSME sector.

There are only two women specific schemes from the MSME ministry both of which are carrying –over from the Small Scale Industries era. See Box 1.

Box 1: Women – Specific Schemes of the MSME Ministry

1. **Mahila Coir Yojana:** The Mahila Coir Yojana is a self-employment scheme in place since 1994. The main objective of the scheme is **to provide self-employment to rural artisans**, enable them to get better returns and reduce the drudgery involved in traditional spinning methods. The scheme provides motorized ratts/ motorized traditional ratts to women artisans at 75% **subsidized rate** after providing them the necessary skill in its operation through field level **training**.
2. **Trade Related Entrepreneurship Assistance and Development (TREAD):** The TREAD programme launched in 1998, aims at the economic empowerment of women through the development of their entrepreneurial skills in **non-farm activities**. The Government **grants** up to 30% of the total project cost with the remaining 70% of the project cost being financed through a loan. In addition, the government grants up to Rs.1 lakh per programme to **training** institutions/NGOs for imparting training to the women entrepreneurs.

The women-inclusive schemes of the MSME ministry follow from the new policy directives of the MSME Ministry and include schemes where women (along with other vulnerable groups like SC, STs and persons with disabilities) are provided higher benefits/concessions/ assistance than 'general' beneficiaries. The more noteworthy women-inclusive schemes mainly provide support and assistance in three broad areas-credit, handholding and marketing (See Box 2).

Besides women inclusive schemes, one of the MSME Ministry's main areas of emphasis in strengthening women's participation has been on providing long and short term Entrepreneurship Development Programs for first generation women entrepreneurs. Women participants are given financial incentives such as fee waiver and/or stipends for attending the trainings. The Indian Institute of Entrepreneurship (IIE) in Guwahati, the National Institute for Entrepreneurship and Small Business Development (NIESBUD) in NOIDA, National Institute for MSME (NI-MSME) in Hyderabad and the National Small Industries Corporations serve as the nodal agencies for providing these trainings and programs. For 2012-2013 a total of 45,371 women had been trained by these institutes. The EDPs include trainings of various kinds including entrepreneurial skills, management, trade specific and technical skills. In order to avail of credit and technical support schemes of the ministry, it is mandatory for a first time woman entrepreneur to undertake one or the other programs offered by these institutes.

Besides MoMSME, scheme-based provisions for women-owned MSMEs are also available through other government bodies and ministries. For example in the RMG cluster in Ahmedabad and the FPI cluster in Pune, the Khadi and Village Industries Commission (KVIC) support women entrepreneurs in MSMEs to market their products in national fairs. In the IT and ESDM cluster in Bengaluru, Visvesvaraya Trade Promotion Center, a body of the Government of Karnataka (VTPC) focused on developing the export market for the industries in Karnataka provides special concessions for women-owned enterprises when they choose to participate in international trade fairs.

Women-inclusive provisions may be available from industry-specific ministries. For instance the working group on FPI for the 12th Five Year Plan recommended ensuring and enhancing the existing coverage of food processing schemes for Women and SHGs as measures of/inclusive growth. Most schemes of the Food Processing Industry are now implemented under the National Mission for Food Processing. In the capacity building and training components there are concessionary provisions for women participants.

Box 2: Women Inclusive Schemes of the Ministry of MSME³⁶

Credit Assistance

Prime Minister's Employment Generation Programme: The objective of the scheme is to generate employment opportunities in rural and urban areas by setting up new **micro enterprises** and increasing the **wage earning** capacity of artisans. Relaxation is provided to women beneficiaries under the scheme in the following manner. i) The margin money subsidy is provided at the rate of 25 % of the project cost for women in urban areas and at 35 per cent for women in rural areas. For the general category it is 15 % and 25% respectively; ii) In case of women entrepreneurs, the beneficiary's contribution is 5 per cent of the project cost while in the case of others it is 10 %; iii) Bank finance in the form of loans is 95 % of the project cost in case of women and other weaker section borrowers and 90 % of the project cost in case of others.

Credit Linked Capital Subsidy Scheme (CLCSS): The scheme aims at facilitating technology up gradation by providing 15 % upfront capital subsidy. In the scheme priority shall be given to women entrepreneurs.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGFTMSE): Set up by Government of India and Small Industries Development Bank of India (SIDBI), the trust fund is meant to facilitate the availability of credit without collateral and third party guarantee up to a maximum of Rs.100 lakh for Micro and Small enterprises. In case the borrower fails to pay back the lending institution, CGFT will pay back to the lending institution up to 75% of the borrowed amount for general beneficiaries and 80% for women entrepreneurs.

Handholding Support

Rajiv Gandhi Udyami Mitra Yojana (RGUMY): The objective of the scheme is to provide handholding support and assistance to the potential first generation entrepreneurs. Both through lead organisations known as 'Udyami Mitras' and 'Udyami Helpline' (a Call Centre for MSMEs), first time entrepreneurs are supported with legal, technical and procedural matters, including guidance and information on the establishment and management of the new enterprises. Under this scheme urban and rural women are provided margin money subsidy at the rate of 25% and 35% respectively; the rate for general beneficiaries is 15% and 25% respectively. In addition while the beneficiary contribution is 10% for general candidates its 5% for women candidates.

Marketing and Technology Assistance

International Cooperation Development Scheme: The important objectives of the scheme are technology infusion and/ or up gradation of Indian Micro, Small and Medium Enterprises (MSMEs), modernization and promotion of their exports. Under the scheme, many MSMEs are facilitated to participate in international exhibitions, trade fairs and buyer-seller meets abroad. Women entrepreneurs are encouraged to participate in these fairs and 90-95% of their costs for space and travel are borne by the Ministry through this scheme.

Market Assistance Scheme: The scheme provides marketing support to Micro, Small & Medium Enterprises through National Small Industries Corporation (NSIC) to enhance competitiveness and marketability of their products by organizing International Technology Exhibitions in foreign countries and promote participation in International Exhibitions/Trade Fairs among other things. For women entrepreneurs 95% of the costs are borne by the Ministry of MSME as against 75% to 85% of the costs for general category participants.

³⁶ The information has been compiled from the various websites of the ministries and presentation made by NISEBUD at the UN WOMEN's National Consultation on Creating an Enabling Environment for Women's Entrepreneurship in India, 2010

The Ministry of Women and Child Development also has a few schemes that are more focused on self-employment and income generation but can also indirectly promote entrepreneurship. However most of the measures of the MWCD are administered through support organisations, are low in scale and promotes SHG-based collective entrepreneurships.

The most noteworthy programme of MWCD is the Support to Training and Employment Programme for Women (STEP). Launched in 1986, it aims to increase the self-reliance and autonomy of women by enhancing their productivity and enabling them to take up income-generating activities. It provides training for skill up gradation to poor and asset-less women in the traditional sector viz. agriculture, animal husbandry, dairying, fisheries, handlooms, handicrafts, khadi and village industries, sericulture, social forestry and wasteland development. It aims to promote both wage and self-employment. The sequence of activities envisaged is one of mobilizing women into viable groups, improving their skills, arranging for productive assets/ access to wage employment, creating backward and forward linkages, improving/arranging for support services, providing access to credit, generating awareness on gender issues and nutrition; the scheme also aims to sensitize project functionaries.¹

What is less explored and bears the potential of providing the needed fillip to promoting women's employment and entrepreneurship is the new strategy of the National Mission for Empowerment of Women for enhancing their economic empowerment. Included among its strategies are i) the strengthening of women's access to easy credit in rural sector; ii) revamping Rashtriya Mahila Kosh and giving it the status of a non-banking financial institution and increasing its corpus; iii) evolving long term strategy to provide skills and capacity building of women to provide them security against global meltdowns and equip them to seek out employment opportunities in the era of globalization; iv) providing support for enhancing women's rights to land ownership and providing infrastructure support for women farmers and iv) to bring women under financial inclusion.

The extent to which the measures of the MoMSME Ministry and other government bodies address the needs of women and strengthens their participation is not fully known. A more recent assessment suggests that provision of schemes for women in the MSME sector has been found to be inadequate, including an inadequacy in the gender budget of the Ministry of MSME, which for 2012-2103 comprised 15% of the total plan outlay of the ministry.³⁷ As our analysis suggests, while the availability of schemes and programs for women may be inadequate, it's the processes and procedures involved in accessing and availing them that face the greatest barriers. The barriers are largely hinged on gender-based roles and expectations that impose limits on women and their ability to take advantage of available opportunities. In the absence of gender assessment and analysis of the available schemes and their reach to women, one is unable to conclude whether the schemes recognize the specific barriers and address them procedurally. For instance in our assessment we find that the uptake of scheme is less than optimal mainly owing to the lack of information and poor networking among women entrepreneurs. In addition we found that the outreach efforts by the MSME departments and institutes at the state level remain poor.

Additionally what needs to be explored is how the different ministerial policies and programs can converge with a specific focus on enhancing the participation of women in the MSME sector. Currently the efforts are compartmentalised and piecemeal. Perhaps there is a need for more strategic planning and long-term goal setting that needs to be informed by the evaluation what the current measures actually achieve and where the key gap areas are.

³⁷ Bist-Joshi, S., Das Joshi, M., & Dasgupta, S. (2012). A Gendered Perspective on Micro, Small and Medium Enterprises: Key Policy Challenges and Options. *UNWOMEN*.

Profiles of Innovations in MSME Sector with respect to Women

Promotion of women's participation in the MSME sector does not seem to have received much focused attention. Thus we find that innovative initiatives in this regard have been few in the Indian context. In the initial review we find that other than CSOs that have been invested in women's economic empowerment, government and donor initiatives on women in the MSME sector have been more experimental and a small part of the larger agenda to promote the MSME sector has a whole. The few innovations we have profiled include those of UNIDO, SIDBI, SEWA and Udyogini. The details of the profile are found in Appendix B.

Profiles of Donor Initiatives

The main developmental strategy being followed by donor agencies is that of cluster development. The strategy was pioneered by UNIDO in the early 1980s after international experiences of the same. The core understanding that drives this strategy is the realization of external economies and joint actions i.e. collective efficiency. To provide cluster entrepreneurs with competitive advantages in ways such as using complementary machinery, possibility to access specialised business development services, innovations achieved through the exchange of ideas supported by institutional mechanisms and possibly collective marketing mechanisms. This strategy allows local stakeholders to gain from collective efficiency.

UNIDO and GIZ have followed the cluster development approach in their MSME sector interventions. Their activities consist of awareness-raising events, study tours and exposure visits, facilitating the development of business linkages and providing capacity-building and training. Further donor agency interventions can be found in Appendix C.

CHAPTER 3

FIELD-BASED ASSESSMENT OF MSME CLUSTERS FOR A GENDERED ANALYSIS

Introduction

This section presents the findings of the field visit to three clusters, the Readymade Garment (RMG) in Ahmedabad city, Fruits and Vegetables Processing (FVP), a part of the larger Food-Processing cluster in Pune and the Information Technology Hardware and Electronics Manufacturing cluster in Bengaluru. In each cluster we met with stakeholder organizations both governmental and non-governmental, and women-owned enterprises. In Ahmedabad and Bengaluru we also visited a male-owned enterprise to get a comparative perspective. Our visits to each enterprise comprised of interviews with entrepreneurs and factory floor workers. Where possible we also met with a few supervisory and technical employees. Where available, we also collected secondary level data for the cluster. In terms of the stakeholder organizations, we mainly visited local level industry associations, training institutes and business development service providers.

Based on our findings from secondary literature and expert interviews, we identified some key parameters that affect growth for entrepreneurs and workers in the MSME sector and their gender dimensions. The objective was to understand if and how these parameters affected women and whether they posed specific disadvantages to women vis-a-vis men. In this section we provide an analysis of the findings, the key challenges and the policy implications for strengthening the participation of women in MSME both for entrepreneurs as well as workers.

This section has four distinct subsections. In the first two sub-sections we provide a brief overview of the three industries we have selected and the clusters we have visited for the study. Sub-section 3 provides a gender analysis of women's entrepreneurship in MSMEs. Sub-section 4 similarly provides an analysis of gender issues for women workers and employees in MSMEs. In these sub-sections we also outline the main challenges to women's participation and the policy implications for strengthening it.

Industry Overview

We begin by describing briefly the three industries in terms of a few key parameters of growth, significance and overlap with the MSME sector.

Food Processing Industry

The Food Processing Industry (FPI) in India is the fifth largest sector in the Indian economy. It contributes more than 14% of the manufacturing GDP and over 6 % of

the country's overall GDP.³⁸ The food processing industry in India is divided between the organized and unorganized sectors³⁹, with the unorganized sector accounting for more than 70% of the production in terms of volume and 50% in terms of value.⁴⁰

In 2011, 1.6 million people were employed in the registered FPI and about 4.7 million were employed in the unorganized FPIs. As per the Ministry of Food Processing industries employment in the registered food processing industries have been increasing steadily over the years till 2011. Since 2011 there has been acceleration of employment in the registered FPI⁴¹.

The Food Processing Industry in India is a sunrise sector with a high growth potential. This is evident as the contribution of the Food Processing sector to GDP has been growing faster than that of the agriculture sector⁴². India is the second major producer of fruit and vegetable after China, accounting for 10.9% of the global fruit production and 8.4% of the global vegetable production. It is estimated that only 2% of this total produce is processed and about 25% is wasted suggesting a huge potential for growth and efficiency.⁴³ It is expected that Fruits and Vegetable Processing (FVP) will increase from the current 2% to 25% by 2025.⁴⁴

In the MSME sector, of all the registered enterprises 14.2% are in the food processing and beverage sector, underscoring its significance. The Food Processing Industry, after Readymade Garments, also registers the second highest participation of women in the MSME sector, both in terms of entrepreneurship and employment. Around 13.3% of the FPI enterprises in the MSME sector are owned by women. Exact data on the percentage of women employed in the FPI MSME sector is not available.

Challenges faced by the FPI sector include inadequate access to technology, credit, and lack of access to best practices in manufacturing, packaging, branding and marketing. In addition, there is a shortage of skilled human resources and low involvement of the state governments in developing clusters⁴⁵.

Ready Made Garment (RMG)⁴⁶ Industry

Textile and Clothing (T&C) Industry constitutes 4% of India's GDP, 12% of Industrial Production and 10.5% of total exports of goods. A large part of the garment industry is

³⁸ "India's FTAs and MSMEs: Case Study of Food Processing". (2011) Third World Network.

³⁹ Definitional clarity of organized and unorganized

⁴⁰ Ministry of Food Processing Industries, Government of India. (2011). First Annual Report: National Institute of Food Technology, Entrepreneurship and Management.

⁴¹ Ministry of Food Processing Industries. (n.d.). Retrieved November 11, 2013, from http://www.mofpi.nic.in/H_D

⁴² Ministry of Food Processing Industries. (n.d.). Retrieved November 11, 2013, from http://www.mofpi.nic.in/H_D

⁴³ Skill Gap in Food Processing Industry. (2012). National Skill Development Corporation.

⁴⁴ "A Brief Report on Food Processing Sector in India". (2012). Corporate Catalyst India.

⁴⁵ Key informant Interviews

⁴⁶ We are using wearing apparel and readymade garment interchangeably

in the informal home-based sector,⁴⁷ with 94% of the units and 70% of the employment being in the informal sector.⁴⁸ Ready Made Garments is a highly labour-intensive, low-technology product although now there is a growth in high technology processes in the readymade garment sector as well⁴⁹. It is estimated that a total of 1.28 million persons worked in the commercial apparel industry in 2005-06, of which half worked in the small, medium and large enterprises using power. Most of the units were found to be working on job-work basis (ibid.). Like in the FP industry, there is a massive gap in the availability of skilled labour in the garment sector as well.

The RMG industry occupies 15.67% of all registered manufacturing MSMEs and approximately 9.9% of all employment in the registered MSME sector. There is a high presence of female entrepreneurs in the sector. About 48% of all women-owned registered MSMEs fall in the RMG industry, which makes it the industry with highest percentage of women owned enterprises in the MSME sector.

In terms of its growth potential, the removal of the Small Scale Industry (SSI) reservation for woven apparel in 2000 and for knitted apparel in 2005 is expected to contribute to higher exports and employment generation underscoring the significance of this industry.

One of the main challenges facing the garment sector in India is that it is highly diverse and fragmented and comprises small scale, non-integrated weaving, finishing and apparel making enterprises. Further, the industry is afflicted by slow and uneven modernization in several segments including garment manufacturing⁵⁰. The garment sector is undergoing significant expansion and modernization in recent years due to the de-reservation.

IT Hardware and Electronics Manufacturing Sector

The IT and Electronics Manufacturing Industry is costing India more than it is contributing to the country in terms of GDP etc. It is said that the export bill of electronics will soon exceed that of the country's oil bill. The demand for electronics hardware is projected to increase from 45 billion USD in 2009 to 400 billion USD by 2020. Recent policies like the National Electronics Policy of 2012 are meant to convert this situation into an opportunity for manufacturing in India. The government is promoting the Electronic System and Design Manufacturing (ESDM) industry through various endeavours including cluster development and skill-building to create trained manpower.

⁴⁷ Unorganized sector in India manufacturing is comprised of establishments with fewer than 10 employees (or fewer than 20 if the establishment does not use electricity).

⁴⁸ Unni, Jemol. (2009). "Garment Workers in Small Factories in Ahmedabad". Gujarat Institute of Development Research. Working Paper.

⁴⁹ Kabeer, N. and Mahmud, S. (2004). "Rags, riches and women workers: Export-oriented garment manufacturing in Bangladesh". In Carr, M., editor, *Chains of fortune: Linking women producers and workers with global markets*. Commonwealth Secretariat, 133–62.

⁵⁰ NCAER. (2009). "Assessing the Prospects of India's textile and clothing sector".

The Indian Electronics and IT Hardware sector has six key segments, namely Consumer Electronics, Industrial Electronics, IT Hardware, Telecommunication Equipment, Electronic Components, and Strategic Electronics. Consumer Electronics and Telecom Equipment are the largest segments with about 27% share each in total production⁵¹.

In terms of product, the Managing Director of KENOICS (Karnataka State Electronics Development Corporation) explained that India does more assembly work than manufacturing, basic elements of the industry like electronic chips are exported from other countries. Indian companies are adept at system integration manufacturing.

The sister industry of Information Technology (IT)/Information Technology enabled services (ITeS) had added more to the country in terms of GDP, exports etc. with India hosting the world's second largest technology cluster in the world (Karnataka). The bifurcation of IT and electronics as software and hardware oriented industries is becoming less definite; a combination of software programming and electronic assembly is required for the production of more and more goods. This makes the need to support and augment the IT hardware and Electronics Sector all the more relevant.

Nationally, the industry employed about 4.4 million persons in 2009; this was expected to be 16.1 million in 2014 and 27.8 million in 2020⁵². The opportunity for growth is to the tune of India becoming an innovative leader in the ESDM cluster, to contribute to 10% of the 400 billion USD opportunity, and to create 20% exports from India by 2020.⁵³

Enterprises in the IT hardware and electronics manufacturing sector all appear to be registered enterprises. The nature of this activity precludes it from being home-based. Manufacturing units are usually registered under the Factories Act and service and sales enterprises under the Shops and Establishments Act.

There is some evidence that there are very few women entrepreneurs in electronics manufacturing in this industry cluster. Since the sector is being promoted it does not figure on the major datasets for MSMEs- e.g. the MSME Census of Registered Enterprises.

IT Hardware and Electronics Manufacturing MSMEs face problems of being unable to capture market opportunities which require large production facilities therefore not being able to achieve economies of scale, homogenous standards and regular supply. Access to consulting services, new technology and highly skilled labor is a major constraint for the MSMEs in this industry. MSMEs always looking at their bottom line, with narrow profit margins, remain myopic in their research & development, making innovative improvements to their product and processes rendering them unfit to capture new markets.

⁵¹ *IT Hardware and Electronics Manufacturing*. (2012). National Skill Development Corporation. Web. <www.nsdindia.org/pdf/Electronics-IT-Hardware.pdf>.p 8

⁵² Report of Task Force to suggest measures to stimulate the growth of IT, ITES and Electronics Hardware manufacturing Industry in India". (2009). Knowledge Partner Ernst and Young.

⁵³ Naidu, B. V. "Former Chairman, Software Technology Parks of India." (2014). Proc. of Changing Paradigm of Cluster Development: Learning from Global Experiences, Foundation for MSME Clusters. New Delhi: n.p.

Cluster Overview

While the industry overview provides broad data about the significance of that industry for the MSME sector and particularly for women's participation, the cluster overview describes the cluster selected for each industry for the study from an on the ground perspective.

Food Vegetable Processing (FVP) Cluster Pune

The Pune FPV cluster, which is a part of the Food Processing Industry, has evolved over time owing to Maharashtra's favorable climatic conditions for the production of fruit and vegetables. In 2007 it got a tranche of resources through the DFID funded cluster development project titled "Implementing BDS for SMEs in Pune Fruit and Vegetable processes" undertaken between 2007 and 2012. The four year project aimed at linking FVP enterprises with business development service providers. The objective was to improve the productivity and competitiveness of FVP enterprises in the cluster. The diagnostic study conducted as a part of this intervention helped both develop and map the stakeholder organizations within the cluster (See Figure 3).

Evident in Figure 3, the cluster map of stakeholders, the MSMEs in the Pune Food Processing Cluster are well served by a comprehensive set of business development service providers such as CITFI and APEDA, industry associations like MCCIA and financial institutions such as NABARD and SIDBI. In the absence of gender disaggregated data, it is difficult to state what the uptakes of these services are by women-owned MSMEs.

The FPI cluster in Pune city is relatively small with a total of 1023 registered MSME units with 550 units specializing in fruits and vegetable processing (DIC Pune).

Figure 3: Cluster Mapping of Fruit and Vegetable Clusters in Pune

According to a cluster development program report carried out by Apex Cluster Development Services (for SIDBI) the total turnover of the cluster in 2007 was around Rs.850 crores with employment of 13000 persons. The cluster mainly catered to the low income market segment which was approximately 75% of its total market. The exports were quite small as compared to the domestic sales and there were hardly 25-30 firms involved in direct exports.⁵⁴ There is no recent data (after 2007) that provides whether the situation has changed over time. From our field-based interactions however there seems to be an increasing shift towards an export oriented market with more awareness of branding and packaging.

Readymade Garments Cluster Ahmedabad

The Ahmedabad city is considered an RMG cluster due to multiple concentrations of garment-manufacturing units across the city. The entire city of Ahmedabad is considered a cluster. There have been no interventions made in the RMG cluster in Ahmedabad from governments or donor agencies that we were able to find out about. Consequently unlike the FPV cluster in Pune, the understanding of this cluster and availability of data on the cluster is limited and fragmented.

According to available data provided by the District Industries Center (DIC) for Ahmedabad city, there are a total of almost 10,000 registered units in the ready-made garments industry. The largest concentrations of garment units are in Sarangpur, Gheekanta and Panchkuwa, each neighbourhood having between eight to nine hundred registered MSME units. The DIC's database indicates that RMG manufacturing takes place in forty neighbourhoods in Ahmedabad.

⁵⁴ "End of project report: Implementing BDS for MSMEs - Fruit and Vegetable Processing Cluster: The program and business plan" Apex Cluster Development Services. N.d.

Based on knowledge gathered from key informants, neighbourhoods like Gheekanta have a high concentration (800 to 900) of small units, which are unregistered and often 'temporary' appearing and disappearing seasonally. Bapunagar has a high concentration of garment job-worker in their homes. Areas like Narol or Vatwa are considered to be industrial areas on the outskirts of Ahmedabad with larger factory-like units.

The General Manager of the District Industries Center, Ahmedabad reiterated that much of garment manufacturing in the city takes place in the unregistered and informal sector. Small units with up to 10 employees that are engaged in job-work are unlikely to register with the DIC. Those with an investment of over 5 lakh find it necessary to register their enterprises.

The government in the recent past has set up special economic zones for the ready-made garment industry in Gujarat. One such Apparel Park has been set up in Khokra on the outskirts of Ahmedabad for example. The GIDC Apparel Park is meant to host export-oriented firms only.

IT Hardware and Electronics Manufacturing in Bengaluru

Bengaluru has been recognized as the 4th largest technology cluster in the world and the city has a long history of facilitative factors that allowed it to take on this persona. The industry has enjoyed encouragement from policies, tax exemptions, and creation of common facility centres, research and training institutes, highly skilled and knowledgeable manpower making it an internationally competitive hub.

The electronics manufacturing industry in Bengaluru is less developed but equally important to support the IT sector and decrease the import bill as mentioned in the earlier section. Bengaluru's enterprises in this industry broadly focus on the production of semiconductors, Electronics and PCB, embedded solutions, computers and peripherals.⁵⁵ Towards this manufacturing the city hosts some notable industrial clusters within the Bengaluru cluster are Electronic City and Peenya Industrial Estate.⁵⁶ The CEO of the Electronics City noted that there are about 180 enterprises (including supporting enterprises – testing labs, etc.) of which 70 are MSMEs.

It is estimated that Bengaluru's Electronic System Design Manufacturing (ESDM)⁵⁷ industry today accounts for 2.8 billion USD and directly employs 30,000 persons⁵⁸. It is projected that the ESDM industry in Bengaluru can increase its revenues to 15 billion USD, employing 240,000 persons by the year 2020 and further to 27 billion USD employing 380,000 persons by 2025. These projects have been made by the Karnataka

⁵⁵ *GIM Expo*. N.p., n.d. Web. 12 Apr. 2014. <<http://www.gimexpo.in/ICT.php>>.

⁵⁶ "Brief Industrial Profile of Bengaluru Urban District" MSME-DI, Govt of India

⁵⁷ The terms ESDM, IT hardware and Electronics Manufacturing are used interchangeably in this report. The latter category is an older formulation used widely in academic and industry literature. The term ESDM has started to be used by the Government of India in the past few years.

⁵⁸ Naidu, B. V. "Former Chairman, Software Technology Parks of India." (2014) Proc. of Changing Paradigm of Cluster Development: Learning from Global Experiences, Foundation for MSME Clusters. New Delhi: n.p.,

Information Communication Technology Group⁵⁹.

There is potential to develop the ESDM sector to meet domestic demand as well as to use the capabilities created to successfully export ESDM products from the country. The National Policy on Electronics aims to address the issue with the explicit goal of transforming India into a premier ESDM hub. Electronic Manufacturing Cluster (EMC) Scheme supports creation of world-class infrastructure for attracting investments in the ESDM sector. This has been initiated by the Department of Electronics and IT, Government of India.

Though data from the DIC, Bengaluru is available and available on the website of the MSME DI, the categorization of the data does not easily lend itself to identifying the number of units that would fall in the IT Hardware and Electronics Manufacturing sector. There is some evidence that there are very few women entrepreneurs in electronics manufacturing in this industry cluster. Since the sector is being promoted it does not figure on the major datasets for MSMEs- e.g. the MSME Census of Registered Enterprises.

⁵⁹Naidu, B. V. "Former Chairman, Software Technology Parks of India." (2014) Proc. of Changing Paradigm of Cluster Development: Learning from Global Experiences, Foundation for MSME Clusters. New Delhi: n.p.

CHAPTER 4

GENDER ANALYSIS OF WOMEN ENTREPRENEURS

Low visibility of women entrepreneurs

Overall the MSME sector is characterized by low presence of women's entrepreneurship across clusters. According to the Fourth MSME Census 2006-2007, 13.72 percent of MSMEs in India are owned by women.⁶⁰ Interestingly, a similar percent of MSME enterprises are also managed by women⁶¹. The industries in the MSME space with the largest percentage of women-owned enterprises are wearing apparel (48%), food products and beverages (13.3 %) and textiles (10.4 %).⁶²

The literature in the sector indicates that registration is a complicated process requiring documentation that the majority of enterprises in the MSME sector cannot provide. This may be one reason for the lower registration of women's enterprises and consequently their lower visibility. Unfortunately schemes associated with entrepreneurship stimulation from the Government of India are accessible only to registered units. Women's enterprises that are home-based or unregistered are unable to benefit from these schemes.

Key informants shared with us that few women like to locate themselves in the industrial locations for in RMGs and food processing. Most women entrepreneurs doing garments chose to start 'boutiques' rather than set up garment manufacturing units. Similarly, the majority of women in food processing prefer to set up home-based operations, which they can easily combine with their other domestic and family responsibilities. Such enterprises are unlikely to register or tap government schemes.

The data from this study shows that woman-owned enterprises in the clusters range between 8-18 percent (see Table 12). Ascertaining women's presence at the cluster level for readymade garments for example was difficult as there was no gender disaggregated data available with DIC. A crude analysis of the data on registered RMG enterprises in the MSME sector from the DIC indicates that approximately 829 of the 10,000 firms that are registered are under women's names. Since women's ownership in RMG sector is around 10%⁶³ and the percentage of registered women owned business is much less than 10% we could explain this difference by the fact that most women entrepreneurs in the readymade garment industry are commonly found running small home-based businesses, which operate as stand-alone businesses.

⁶⁰ Ministry of Micro, Small and Medium Enterprises. (2011). 4th Annual Census for Registered Enterprises 2006-2007

⁶¹ An enterprise (manufacturing or services) managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51 as partners/shareholders/directors of a private limited company/members of a co-operative society is called a 'woman owned enterprise'.

⁶² Deshpande A and Sharma S (2013) Entrepreneurship or Survival?: Caste and Gender of Small Businesses in India, Economic and Political Weekly, Vol. 38 (28): 38-49

⁶³ As per our field data

The Pune DIC has developed customized software to capture gender-disaggregated data for all the FPI units.⁶⁴ From this data we learn that of the total of 1023 enterprises for Food Processing, 184 are owned by women, which is approximately 18% of women's ownership in the registered cluster specific enterprises. The Pune DIC data does not subcategorize the industries within food processing. From another source it is learned that there are about 550 FVP units within the larger FPI cluster in Pune.⁶⁵ This data source on FVP however does not provide gender disaggregated data on ownership of the units.

Table 12: Presence of Women Entrepreneurs in Clusters

*Commensurate data for the Bengaluru cluster is not available

In our sample all the units were registered with the DIC. However, in the RMG and FVP cluster, only four of the nine women-owned enterprises were registered under the Factories Act. The other five either had small operations or had a large number of casual workers. In Bengaluru all the units were registered with the DIC and further registered either under the Factories Act or the Shops and Establishment Act (See Box 3).

It is important to note (reiterated by many of the stakeholders interviewed) that registration in a woman's name may not imply that she runs the enterprise. Women entrepreneurs are eligible for special incentives and concessions under various government schemes and policies. In order to avail of the advantages available to women entrepreneurs, men sometimes opt to register the units in the names of their wives while remaining the de-facto owners of the units. The other reason registration data may be misleading is because many women-owned enterprises are home-based or within the unorganized, unregistered sector. This is particularly so in the RMG and FVP sectors, where the traditional skills of sewing and cooking are associated with women and the costs of starting a business are low.

The implication of running smaller-sized enterprises is that it becomes less desirable to register them. A micro entrepreneur may not be as resourceful or have enough time or the desire to comply with a lot of government regulations that registration entails.

⁶⁴ The data was sourced from the Pune DIC in March 2014.

⁶⁵ End of project report "Implementing BDS for MSMEs: Fruit & Vegetable Processing Cluster, Pune" Apex Cluster Development Services (no date)

Although experts in the field note that registration processes have been simplified, the overall impression is that the process is cumbersome and tends to deter registration.

In order to track the progress of enhanced numbers of women as entrepreneurs in these clusters it is important to have data available on a consistent indicator that measures ownership. But there is inconsistency in the availability of data not just for this indicator but for a range of indicators which is discussed under a different section in the recommendations of this report.

Box 3: Registration

According to the 4th MSME Census (of registered and unregistered enterprises) 93% of the MSMEs in India are unregistered. Precisely only 7% of enterprises in the sector are registered. The registration of units may fall under different provisions and procedures.

While enterprises can come under the ambit of the state under a variety of acts and laws, enterprises unregistered with the Ministry of MSME (via DICs) are not eligible for MSME Ministry schemes and policies. The MSME Act 2006 has prioritized registration (though making it voluntary) under the MSME ministry as the via media to access schemes from the ministry. From the perspective of the Ministry of MSME an enterprise falls under its purview through the modalities of EM1 and EM2 registrations.

In addition to the registration with DIC an enterprise with more than a stipulated number of workers has to be registered under the Factories Act. Non-manufacturing MSMEs are registered under the Shops and Establishment Act rather than the Factories Act.

In addition to registration with DIC and under Factories Act, enterprises need additional registrations with certain authorities such as registration for VAT- if they are exporting they need an export license.

Role of education and training in creating entrepreneurs is helpful but not definitive

Professional training and experience can be considered an important indicator of women's motivation to become an entrepreneur. With prior experience an entrepreneur has confidence to achieve higher levels of growth perhaps with a higher ability to take risk as well. Kantor's⁶⁶ study of women home-based micro-entrepreneurs in the garment sector in Ahmedabad found that, more than formal education, it was garments-related training and years of experience that added value to the enterprise.

Based on our sample we observed that a history of prior engagement with the sector either as professionals, employees or exposure through a family business often served as

⁶⁶ Kantor, P. (2005) Determinants of women's microenterprise success in Ahmedabad, India: empowerment and economics, *Feminist Economics* Vol 11 (3): 63-83

a key factor in starting an enterprise. Very few came with only a diploma or a graduation degree straight into the business. We identified different pathways of transitions that women have made from working in the industry to starting up their own enterprises.

For example, a micro entrepreneur moved from operating Self-Help Group-based livelihood activity in the food processing sector to setting up her own micro-unit. Other pathways of transition include moving from working in the family business to setting up their own small and medium enterprises. A third pathway is where women have worked in the sector, e.g. RMG, before they set up their own enterprise in the. In this instance, most of these women also had some specialized training in designing and manufacturing. According to the women entrepreneurs interviewed, the knowledge gained through their exposure to the industry gave them the confidence to start up their own enterprises. Prior work experience also helps women transition to entrepreneurship even where they may not have industry-specific expertise. For example, an entrepreneur with fifteen years' experience in the IT industry was able to set up a micro enterprise in the food-processing industry of which she knew little at the outset.

Prior engagement with and exposure to the industry helps women understand and learn the skills of the trade and helps them make more accurate assessments of financial investments needed, threats and risks to the business, the operational processes and the potential commercial viability of the products or services. Partly confidence comes from the knowledge and networks of human resources they become familiar with and are able to draw on more easily when setting up their own enterprise

The role of higher education in entrepreneurship development is difficult to ascertain in our sample. All the entrepreneurs in our sample (except one) had either a graduation or post-graduation degree, hence it is difficult to state with certainty the value higher education may have had to their enterprise compared to an entrepreneur who does not have higher education. It does seem that formal education of women does not always determine or restrict the type of industry or sector in which women choose to start their businesses. For example, only two of the five women entrepreneurs in the Bengaluru cluster engaged in electronics manufacturing had a technical background.

Women who are more educated are overall more confident. We were also told by the MSME DI in Bengaluru that education helps a woman because she is able to have better networks. Education sometimes also overlaps with a higher socio-economic class, which brings advantages lacking in poorer and less educated women. Poorer women are less likely to have the networks they can leverage for their business. It is not uncommon, therefore, for less well-off women to use the SHG route to entrepreneurship.

There are a few kinds of women entrepreneurs. There are those who are educated. These are the women of Clik, AWAKE [Bangalore Industry and Entrepreneurship Associations]. They have good financial support and family backing. Then there are women who fall under the SHG model who do not have much education. These women develop skills of entrepreneurship as a group. They use different strengths to produce and sell their goods. – Director, MSME DI, Bangalore-Urban

Limited use of Entrepreneurship Development Programs

Entrepreneurship Development Programs (EDPs) have been prioritized for women by the MSME sector⁶⁷. In India, the Micro, Small & Medium Enterprises Development Institutes, various State Small Industries Development Corporations, the nationalized banks and even NGOs, are conducting various EDP programs to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills. The Office of DC (MSME) has also opened a Women's Cell to provide coordination and assistance to women entrepreneurs facing specific problems⁶⁸.

The EDPs may be short or long-term programs. The short-term EDPs range from one to eight weeks and focus the training on the principles of planning and implementing an economic activity, on how to develop successful businesses and how to increase entrepreneurial opportunities in their regions. A few long-term programs integrate entrepreneurship development with technical training in a specific industry - this was seen particularly in the case of the food processing industry.

In our sample we did not find a very high uptake of the EDPs. Of the thirteen women entrepreneurs only six had participated in any Entrepreneurship Development Programs. Of them, only two had taken a government-run EDP program and four had taken EDPs run by NGOs or private organizations. Of the six, only three had sought the program on their own initiative and saw it as a useful step towards building their enterprise. Of the other three, one had to take the government-run EDP as a requirement for availing a MSME loan under the Prime Minister's Employment Guarantee Program and two other had been nominated through the Goldman Sachs initiated program on developing women entrepreneurship. One of the respondents who went through the Goldman Sachs 10,000 Women Initiative program, an entrepreneurship development program, (detailed in Box 5) found it extremely helpful.

After the ISB program my way of looking at business changed. I learned valuable skills in negotiation and marketing.

Overall, EDPs were sought by and helped the women who had no prior experience working in businesses of any kind or lacked business exposure in their chosen industry. Entrepreneurs who had prior business experience did not see the need to undertake EDP training. In fact what these respondents suggested was that more than training, prior business and professional experience helps them get the necessary training required to start up an enterprise.

Women, who did not use the EDPs, had undertaken short management and leadership training programs in the process of expanding their businesses. However, leadership and human resource management training is not always a part of EDPs. Our respondents suggested that there is a perceived need for skill-capacity building for these areas; especially human resource management is important where women entrepreneurs have to manage male employees and workers. These skills are lacking in some women

⁶⁷ Ministry of Micro, Small and Medium Enterprises. (2012) Ministry of MSME Annual report 2011-2012, New Delhi.

⁶⁸ Initiatives for Women Entrepreneurs. (n.d.). Retrieved August 10, 2014, from <http://www.dcmsme.gov.in/schemes/wenterpre.htm>

entrepreneurs in the smaller and medium units, and we found that the owners preferred that male employees handle the day-to-day operations and floor management.

The available EDPs were not perceived as relevant for women who had existing enterprises and needed skills to cope with growth and expansion.

Box 4: Handholding

A private entrepreneurship and skill training institute in Pune has re-adopted a model that allows for behind-the-scenes handholding for fresh entrepreneurs.

The institute offers technical EDPs such as Food Processing EDP, which combine the skills required to create food-based products with the skills to run a successful enterprise. The institute has been running for several decades and has been able to adapt its resources to aid new entrepreneurs.

A Senior Trainer explained that recently-graduated trainees are put in touch with sector-specific, established entrepreneurs who have previously taken EDPs at the institute. These entrepreneurs have the required licenses for food production and hygienic production spaces. New entrepreneurs make use of these production spaces and run a second shift to run their own production. This allows for less investment on part of the new entrepreneur who can invest the saved money in building their brand. This model lessens failure rates for fresh entrepreneurs.

Box 5: Goldman Sachs' 10,000 Women Initiative

10,000 Women is a global initiative that fosters economic growth by providing women entrepreneurs around the world with business and management education, mentoring and networking, and access to capital. To date, the initiative has reached over 10,000 women from across 43 countries through a network of 90 academic and non-profit partners.

The *10,000 Women* initiative was launched in 2008 by the Goldman Sachs Foundation. *10,000 Women* has supported women from countries as diverse as Liberia, Egypt, Brazil, India and China through a network of 90 academic and non-profit partners. More than 30 of the world's leading business schools have participated in the program. The initiative is founded on research conducted by Goldman Sachs – Womenomics and Women Hold up Half the Sky – the World Bank and others, which suggests that such an investment can have a significant impact on GDP growth.

Program participants, referred to as “scholars,” are taught practical skills by instructors from some of the most well-regarded business schools in the world. Scholars also are offered mentoring, business support services and networking opportunities with partner institutions, local businesses and Goldman Sachs staff.

In India, the Indian School of Business (ISB) implements *10,000 Women* in several major cities. Working with classes of 30 women in each cohort, the program includes 150 hours of training in entrepreneurship and business management, including business planning, marketing, finance, accounting and human resource management. ISB faculty presents lectures and engages scholars in analysing local case studies, as well as in panel discussions. Successful entrepreneurs (including *10,000 Women* alumni) participate as guest speakers. Each scholar develops a business plan under the guidance of faculty members. Scholars study on-site at ISB for one week per month for three months. In addition, the program provides scholars with mentoring and networking opportunities with partner institutions.

10,000 Women graduates report immediate and sustained business growth. Thirty months after completing the program, 82% of surveyed graduates have increased their revenue and 71% have added new jobs. On average, graduates doubled the size of their workforces and revenues increased nearly fivefold. An independent assessment by the International Center for Research on Women found that graduates attributed changes in their businesses performance and increased confidence to the business and management education and support they received through the program. Nine out of ten participants pay it forward by mentoring and teaching business skills to other women.

Women opt for low financial risks and micro- level operations

According to the Fourth MSME census 2006-2007, women's ownership is highest in the case of micro enterprises, followed by small and then medium enterprises. Deshpande and Sharma (2013) also find that female-owned and female-managed enterprises tend to be significantly smaller in terms of average number of employees compared to their male-owned and male-managed counterparts. Moreover, the proportion of owner-operated enterprises among women is much higher compared to their male counterparts.⁶⁹

⁶⁹Owner-operated enterprises have no hired workers and are run by self with or without the help of unpaid family members (GoI 2010). These can be reasonably seen as representing survival activities, possibly distress-driven.

Secondary literature also reinforces the finding that women are lower risk takers than their male counterparts. A multi-country study on women entrepreneurs found that poor business education and a lack of work experience makes women risk averse and deters entrepreneurship development among them⁷⁰. A GEM⁷¹ study also found that regardless of country, educational attainment, or work status and income, women entrepreneurs tend to be less confident and more pessimistic as compared to their male counterparts. A respondent from a professional network in Bengaluru noted:

Women get very comfortable once they reach a certain size, they don't want to take risks. Women entrepreneurs often have to be told and explained that they should take a quantum leap. They don't always understand that increasing production can reduce many costs. – Senior Management, AWAKE

Our interviews with women entrepreneurs across the three clusters suggest that women who start on their own are less risk-taking and prefer to begin at a micro-scale, with low financial investments. Two factors affect their decision for investment and in turn their scale of operation. First as discussed later in the report, getting start-up capital from external sources is difficult. Second, women are under-confident about the commercial success of their enterprise, therefore prefer to test the waters before they expand their businesses and thus not likely to take a loan as they start up. A woman entrepreneur in the electronics manufacturing industry told us that with pride that she was a debt free company and preferred to operate in that way. Other women who have taken loans also do so reluctantly, especially if they have low assets to offer as collateral, and want to repay their debts as soon as possible.

We found that the food processing industry is seen to be an easy industry for women to enter due to the low financial risk in manufacturing, small quantities of processed fruit and vegetable products and the pre-existing skill in cooking and food preparation among women. Two women entrepreneurs from FPI cluster in Pune with micro enterprises noted that they used their personal resources to start small operations from their home as they were unsure of their commercial success. They expanded their operations, a year or two after starting out, when the appreciation and demand for their products were established among family, friends and local markets.

⁷⁰ McKinsey and IFC (2011). Closing the Credit Gap for Micro, Small, Medium Enterprises.

⁷¹ Allen, E., Elam, A., Langowitz, N., & Dean, M. (2008). 2007 Report on Women's Entrepreneurship. *Global Entrepreneurship Monitor*.

Male support is often a strategy for risk reduction and growth

Interestingly women's ability and confidence to take risks seems to be dependent on having family support for their businesses. Women are willing to take slightly higher risks when they have strong support from families and in some cases male business partners. The presence of a male family member provides confidence to navigate the more challenging areas of marketing and finances. In Pune, Ahmedabad and Bengaluru we find that women who had slightly larger businesses, i.e. small and medium enterprises, had family-based investment or, at the very least had the involvement of their spouses or male relatives who were supporting the enterprises with accessing finance and in marketing of products. At times the spouse joined the woman's business after it had grown.

There were various examples of how male/family support was significant for a woman-owned enterprise. In the Pune cluster, one of the medium-enterprise owners had helped set up and had worked in her husband's business in manufacturing of engineering products before she started her own enterprise. Her husband currently serves as a director in her company and is chiefly responsible for overseeing finance marketing. The second entrepreneur started out with a small investment and grew exponentially. Eventually her business merged with the company of businesses owned by her brother-in-law, who had provided her financial and technical support for her business initially. She is currently a director in the merged company. In the RMG cluster, an entrepreneur who had grown from an micro to small enterprise within a span of 12 years and registered almost 15-20% growth annually, started the business on her own. Once she decided to expand her micro-business to a small-scale enterprise, she changed her company from a female proprietorship to a private limited company with her husband as a 40% shareholder in the company. The husband now looks after the export division. In Bengaluru, a woman entrepreneur started out as a 'small' unit with investment of Rs. 25 lakhs in 1997. The investment was extremely high for this entrepreneur but she had the strong moral support from her father and her mother-in-law. The latter even mortgaged her property to enable the entrepreneur to get a working capital loan. And now she is planning to expand her business by partnering with her male cousin.

The growth of women-owned enterprises is also affected by gendered factors such as the perception of clients or issues of mobility and safety. The two quotes below illustrate this point. One woman entrepreneur in Bengaluru noted,

Clients don't trust women with larger orders. They feel you will not be able to deliver. They keep giving you incremental orders and try out with small quantities. This is my feeling. Men are able to bag a bigger order without being able to show their authenticity about it. We have to keep proving ourselves and our capabilities.

Another entrepreneur, also in Bengaluru pointed out that business from the African continent was emerging as an opportunity for Indian businesses.

However, it is not easy for a woman to just take off and go to Africa. A man can easily travel to Zimbabwe or Sudan; a woman has to make sure there is adequate safety and security.

Irrespective of how the men get involved or support women owned enterprises, it is clear that women did use these options and relied on them as strategies for access to finance and marketing.

Getting start up finance is difficult for women and men – but more so for women

According to the most recent study by IFC⁷² across India, women entrepreneurs have lower access to finance than male entrepreneurs and are unable to meet their own finance needs fully. The total finance requirement of women-owned MSMEs in 2012 was around Indian rupees 8.68 trillion (\$158 billion) and the total supply of formal finance to women-owned MSMEs was around Indian rupees 2.31 trillion (\$42 billion). This resulted in a finance gap of Indian rupees 6.37 trillion (\$116 billion), or 73 percent of total demand. The review of literature also highlights that women entrepreneurs are more likely to face higher interest rates, be required to collateralize a higher share of the loan, and get shorter-term loans. Based on the fact that women's access to finance at the start-up stage is more challenging than men, because they either have no assets or less assets compared to men, the Government has provided schemes that require less collateral from women.

Experts in the sector reiterate that access to finance is one of the key constraints both men and women face equally in the MSME sector in India, especially at the start-up stage⁷³. Seven of the thirteen women entrepreneurs had used their personal savings or taken a personal loan to start their businesses and three had access to MSME loan (received through nationalized banks) in addition to private savings, and only one woman entrepreneur took a commercial loan from a private bank as the government bank asked for higher collaterals (See Figure 4). The two male entrepreneurs in Bengaluru and Ahmedabad that we interviewed had also used their own funds to start their businesses.

⁷² IFC. (2014) MSME Finance, Improving Access to Finance for Women Owned Businesses in India: A Research Report on the Challenges, Opportunities and the Way Forward, New Delhi

⁷³ Key informant interview with CII New Delhi, Director, MSME, MD Apex Development Cluster Pvt Ltd., Senior Program Officer, MSME Umbrella Programme, GIZ India.

Figure 4: Source of Initial Investment for Women Entrepreneurs

There are several difficulties in getting a loan for start-ups. On the demand side, entrepreneurs felt that it was too time consuming to put together the paperwork for loans and they also felt that they would likely to be unsuccessful due to the attitudes of the bankers. Often, entrepreneurs are not even aware of the various loans based government schemes they are eligible for. On the supply side, bankers are very cautious and reluctant to give loans to new businesses, which lack a track record for the fear of accumulating non-performing assets. An official of the MSME department also noted that sometimes bank managers were not fully versed in government schemes, especially in smaller branches.

Notwithstanding the fact that access to finance is equally difficult for male and female entrepreneurs, we found that prevailing gender realities and gender biased attitudes of financial institutions make it more difficult for women to access loans. Typically first time women entrepreneurs inspire less confidence in a loaning institution. As reported by some of the entrepreneurs in our sample, bankers tend to assume that women's enterprises are more prone to sickness and failure. Bankers' assumptions it seems are based on beliefs that the women will devote less time to their businesses than men.

We found that even though some of the MSME loan schemes do not require collaterals, in practice, banks do ask for them. The real disconnect is that while Government has issued guidance for interest free loans, bankers are actually obliged to ensure full loan recovery by their institutions. They do not create the space for a certain amount of loans to default for new businesses even though the schemes allow default. Despite the efforts by the governments to provide loans without collaterals and credit guarantee to women start-up MSMEs, the reality is quite different and this discourages women to access loans.

First-time women entrepreneurs, dealing directly with banking institutions, may face inordinate delays in receiving the funds and often fall back on support from male counterparts or spouses to ease the process of accessing finance (See Box 4).

Box 6: Loan Difficulties – An Example

The entrepreneur (E1) accessed the PMEGP after learning about the loan scheme from the Development Officer of the KVIB whom she had maintained a good working relationship with. The procedure for getting the loan was “not at all easy” and was “not entrepreneur-friendly”. As part of the scheme, if she took a loan of Rs. 25 lakh the government would give her a subsidy of 25% on the loan. “Many of the concerned authorities indicated that they wanted bribes. It took over 6 months to get the loan passed after which even the bank officials wanted bribes. I never paid a bribe so the whole process kept getting delayed. Once the loan was passed, the bank asked me for collateral. I had FD investments of 8 lakh that had to be kept as a bond. Imagine, I had to give an 8 lakh bond for a 16 lakh loan. The bankers were not forthcoming in giving me details of the scheme – I could have paid an extra 1% interest rate and got the loan without collateral. But they never told me any of this, I found out only a few years later. Not only were the 8 lakh FD investments mortgaged but so were the sewing machines. They would not let me take a loan without making my husband sign as a guarantor because he had an “assured income” despite all the mortgages.

I repaid the loan over 2.5 years instead of 5 years. They did not free my collateral despite the fact that I repaid the loan and paid it before time. Even to free my collateral they wanted bribes. So many times I had to threaten the bank saying that I’ll shut my account and move to another bank.”

Accessing finance and dealing with financial institutions is considered a challenge even by educated and well-connected women.

“My husband and CA were there to help me when I had to take a bank loan. I am sure I could have done it on my own but because I knew less about the procedures than they did, it would have taken me three years compared to the two years that it took them.” -Women Entrepreneur, Ahmedabad cluster

Additionally, it is also a challenge to get finance to make an investment to grow the business. For example, after a business is running, the entrepreneur may need on-going loans either for a working capital or to expand the scale. What we find is that in negotiating these loans, much depends on the relationship that the entrepreneur is able to establish with the bank she is dealing with. In some cases, the women entrepreneur respondents noted, that once their business was established, and the bank had become their partner, they were able to get on-going access to finance as and when needed. However, before that stage is reached, business growth for both women and men in MSME sector is adversely affected by lack of finance. Women entrepreneurs in Bengaluru told us that they are caught in a chicken and egg bind. To get a loan from the bank they need a purchase order from a company; however, they are unable to get a purchase order till they can demonstrate their increased production capacity. A bank loan would enable them to invest in increased production capacity and thereby get larger purchase orders. While this issue is not gender specific, it gets layered by the fact that there is a gendered unequal access to networks and relationship management, which can result in differential access to finance for men and women.

Limited marketing skills and gender stereotypes make market engagement a challenge for women

MSMEs in India, irrespective of ownership, are characterized by weak marketing. Most MSMEs do not have money to invest in market research, advertisement, and packaging and are unable to carry out design and technical improvements to keep up with market demands.⁷⁴ As has been observed in the literature, women entrepreneurs may face these challenges in marketing their products because they lack market knowledge and marketing skills.⁷⁵

The typical MSME, which operates at the micro level and has a small turnover, is constrained in the resources it can devote to expanding its market share. As one entrepreneur in Pune explained -

I would like to have on-line sales for my product. However, to pay for a payment gateway I would have to invest an amount almost equal to my current turnover. I am willing to pay transaction fees, and would find it really useful to have a shared portal where I could market my products.

In our sample, marketing and distribution was mentioned as a major challenge, by both micro and small entrepreneurs. More specifically women respondents noted that establishing marketing linkages and expanding the markets for their products is particularly challenging. This may also be due to their restricted mobility and their initial hesitation to engage with the market spaces that are traditionally associated with and dominated by men. Additionally, an interesting insight on why this might be the case, was provided by a key informant in Pune, who noted that women tend to prioritize quality of products over market outreach.

At the initial stages of the business, engaging with the markets, for both sale and procurement of raw materials and machinery, women face resistance. This may be because market vendors tend to associate this aspect of the business with men and not women. One of the women managers in Pune, in charge of operations of her medium-sized family owned company, faced stiff resistance from vendors when negotiating for the procurement of machinery. The vendors in this case insisted on meeting with male counterpart in the company.

Once women prove themselves in the business, they are less likely to face these attitudes from vendors. As one of the entrepreneurs from the Ahmedabad cluster noted-

When I first started the business, people would treat me with kid-gloves. I went to meet someone regarding some fabric I needed. He asked 'are you sure you will be able to do this business? Why don't you run a boutique like so many other women are

⁷⁴ Small Industries Development Bank of India. (2010 a) Report on Micro, Small and Medium Enterprises, Lucknow

⁷⁵ Shah, H. (2013). Creating an Enabling Environment for Women's Entrepreneurship in India. *UN ESCAP Development Papers*, 1304.

doing? When I would go to buy supplies, they would not even show me things properly. They would think I was buying for my home - they could not believe I ran a commercial operation. Now that I have succeeded, the men are all very respectful towards me.

It is important to note that although the women in our sample had overcome the barriers to marketing, the more established small and medium enterprises had all-male teams handling the marketing and sales divisions. Also, where entrepreneurs had spousal or family support, the marketing and sales was handled mainly by their male counterparts.

Uptake of government schemes is not optimal

There are multiple government schemes for women entrepreneurs but the uptake of these schemes is reported to be low. According to a recent study no women entrepreneurs found it 'very easy' and only 23% of women entrepreneurs found it 'easy' to access government schemes. The others reported varying levels of difficulty.⁷⁶

As discussed earlier in the report the MSME sector in general and women in the sector in particular are served by schemes from a range of ministries and organizations both at the state and national level. However there is no gender disaggregated data available on the uptake of the schemes. Scheme uptake data is also not available in DICs. The only gender-disaggregated data available is by the MSME ministry for trainings availed of by women under government schemes. Officials in the government and in banks like SIDBI indicated that the uptake of the available government schemes by women entrepreneurs is not optimal. In the absence of data the actual scheme uptake by women is difficult to ascertain.

In our sample all thirteen women entrepreneurs had availed of at least one government scheme, with most schemes being related to either credit or participation in business exhibitions and fairs. A minority had availed of schemes for technology up gradation in their factories. There was limited awareness of the other schemes related to training and infrastructure development. They had learnt of the loan-related schemes primarily through chance encounters with individuals or from male counterparts in their families. The exception was Bengaluru, where four of the five women entrepreneurs were well networked and had become aware of the schemes through industry associations and informal networks.

Sometimes there is incomplete understanding about a scheme, or the officials concerned are not able to clarify the benefits of the scheme and thus an entrepreneur is unable to benefit from it. As one entrepreneur in Bengaluru told us,

I did a course on Prime Minister's Employment Generation Programme (PMEGP) and the permissible loan limit under the scheme is 25 lakhs. However the banker told me that I would get only Rs. 5 lakhs as loan without collateral. I was also given to understand that if I availed of this subsidized loan, I would not be able to avail of any

⁷⁶ Shah, H. (2013). Creating an Enabling Environment for Women's Entrepreneurship in India. *UN ESCAP Development Papers*, 1304.

other government subsidy. That is what I understood at that time (in 2010). So I decided not to take the loan.

Another major disincentive for availing of government schemes is the tedious paper work and regulatory processes involved in availing of schemes. Although these problems are faced equally by men and women, existing gender norms, roles, and socialization of women makes the challenges they face more gendered. Lack of time owing to dual responsibilities of work and home, gender attitudes of the officials, and women's own hesitation to deal with public office affect the ease of accessing schemes. It is not uncommon for women who go to apply for a scheme to come back with a male family member in order to avail schemes and respondents indicated possible rent-seeking as a reason.

The schemes are not always well implemented. Thus even when there is a scheme on paper it may not work well to benefit women entrepreneurs. One RMG entrepreneur reported,

The KVIC tried to get me to participate in their exhibitions by offering me stall concessions. They are very unorganized and they don't give one any time to prepare. I would get a phone call at 7 pm saying there is an exhibition tomorrow morning. I couldn't plan, make products for sale or organize my staff, so I hardly took up their offers. These are shallow schemes - it's a very superficial way of helping people.

Lack of awareness and poor access to networks are big factors in the gap between presence of schemes and their uptake. First time entrepreneurs find it especially difficult to create the time to find out about possible schemes that can help their business.

Growth rate of women-owned enterprises is considered to be lower than men

Globally, women entrepreneurs are not only underrepresented in the MSME sector but the average growth rate of women's enterprises is significantly lower than the average for men's enterprises⁷⁷. The growth of women run enterprises are affected by several gender specific factors. Societal constraints and household responsibilities increase women's risk averseness and affect their self-confidence both of which affect the growth of their businesses. A study⁷⁸ found that the desire for flexibility, job satisfaction and quality of life are significant in the entrepreneurial decisions made by women, and sometimes adversely affect enterprise growth.

In our sample we found that the growth of the enterprise varied by ownership patterns. Women-owned enterprises that have the support of a spouse or male family member registered better growth than those that were solely owned and run by women. In Ahmedabad the only enterprise that had grown by 20% in terms turnover (from its inception 12 years ago) was one where the unit, although successfully established by the

⁷⁷ McKinsey and IFC (2011). Closing the Credit Gap for Micro, Small and Medium Enterprises.

⁷⁸ Shabbir, A., & Di Gregorio, S. (1996). An examination of the relationship between women's personal goals and structural factors influencing their decision to start a business: The case of Pakistan. *Journal of Business Venturing*, 11(6).

women, was run jointly with the entrepreneur's husband at the time of expansion. One female entrepreneur, who does not have a male family support and whose business had been operational for 3 years claimed 15% growth in its client base but not in turnover. A male owned enterprise on the other hand had shown consistent growth in terms of turnover since the inception of the unit 12 years and currently claimed to have a 100% growth rate. In Pune both enterprise that had either family-based ownership or spousal support showed over 100% growth rates. Of the two women owned and women run enterprises one showed no growth while one showed less than 50% growth. While the growth in Bengaluru's electronic enterprises had been uneven for both women and men owned enterprises, male owned enterprises had seen bigger growth leaps than those owned by women.

Growth sometimes requires moving to larger premises that are usually available only in locations that are further away. Reluctance to move to a distant location can limit the growth of a home-based business. A FVP entrepreneur in Pune who has set up a production unit on the terrace of her home noted,

They are talking of giving land for a factory in an area far away. But how can I go there? I have to look after my household. For a man it is easy – he can just shift to the far away location. But how can a woman do that? Also it is not safe for her to stay on her own in a new place. A man has no such handicap.

Dual responsibilities especially when they have young children make it difficult for women entrepreneurs to devote the time and effort required to expand their businesses. In the face of their family responsibility women are less likely to prioritize their business expansion or work over their domestic work and more likely to feel guilty about neglecting household roles as women. A woman entrepreneur in Bengaluru told us:

My daughter does not want me to be just a housewife – she likes the fact that I have a business. At the same time, she wants me to be at home when she comes back from school.

Where the families are supportive (mothers and mothers-in-law) and share the domestic responsibilities women can focus more on their businesses.

In Ahmedabad, in the unit that was jointly owned by a husband and wife, the wife routinely had to take leave of absence during her children's exam or other family responsibilities. For the same reason the micro-entrepreneur in Pune preferred to be home-based even though she had already leased a property to shift her business. She had been only recently been linked to the local markets and was poised for growth but chose to delay it because of her responsibilities at home.

Women entrepreneurs in Bengaluru told us that they deliberately chose to grow modestly with stable growth and retention of workers because they wanted to do other things in addition to their business which include balancing household responsibilities and volunteering time for mentoring budding entrepreneurs.

Uncertainty about the future of the enterprise is another factor that affects the growth of women-owned enterprises. Women entrepreneurs in Bengaluru told us that while they were passionate about their enterprises, they were not sure if their children would want to continue in their businesses. This sometimes affected their motivation for growth. While men may face similar succession issues these did not affect their growth plans in the same way.

An interesting finding was the different ways in which the women entrepreneurs assessed their own growth. While turnover is a standard indicator of growth some entrepreneurs in our sample felt that growth of the enterprise can be defined in other ways as well. For instance, a couple of entrepreneurs felt that the fact that their client base had increased in number and that they were manufacturing a bigger range of items were also indicators of business growth.

CHAPTER 5

GENDER ANALYSIS OF ASSOCIATIONS

Introduction

In each cluster we identified various industry associations both sector-specific and associations that spanned all industries. Both FPI cluster in Pune and the RMG cluster in Ahmedabad have the state-level industry associations located in the respective cities. In Pune, the Maratha Chamber of Commerce, Industries and Agriculture (MCCIA) serves as the primary multi-industry association. The Gujarat Chambers of Commerce and Industries (GCCCI) and Gujarat Garment Manufacturer's Association are the two main associations in Ahmedabad associated with RMG. Bengaluru has several multi-industry associations and industry-specific ones. The oldest multi-specific association, viz. the Federation of Karnataka Chambers of Commerce and Industry (FKCCI) was formed in the 1930s. The Karnataka Association of Small Scale Industry Association (KASSIA) was formed to focus on small scale industries. Around the same time associations specific to the electronics industry were formed, viz. Consortium of Electronic Industries of Karnataka (CLIK; formed in 1982). Bengaluru also has a branch of the national association Manufacturers' Association of Information Technology (MAIT) which was formed in the 1990s.

The Bengaluru cluster was unique in that it was served by several women entrepreneurs associations. AWAKE, the Association for Women Entrepreneurs of Karnataka, was established in 1983 and perhaps is the oldest multi-industry association of women entrepreneurs. eMerg, Engineering Manufacturer Entrepreneurs Resource Group, was set up in 2006 by seven women entrepreneurs in the electronics manufacturing industry to address issues specific to women-owned enterprises. eMerg now includes women entrepreneurs in engineering, technology and services. A recent entrant to this category is Confederation of Women Entrepreneurs or COWE. This last association started its Bengaluru chapter recently and so far does not have any entrepreneurs in the electronics or IT industries.

In this section we look at the relevance of associations to enhancing women entrepreneurship development and their ability to access them. We find that while associations are beneficial and at times critical to enterprise development, women overall have poor access to these associations and networks for a range of reasons that include the scale of operations, women inherent hesitation to network, their lack of time and the poor outreach of associations.

Associations are valuable venues for information exchange for women-owned MSMEs

Entrepreneurs' networks and associations across industries are important sources of information and are considered as very valuable mechanisms for business promotion.

Outside of Associations, less formal entrepreneurs' networks are also important sources for business promotion⁷⁹.

The ex-President of the Business Women's Wing (BWW) at the Gujarat Chamber of Commerce and Industry (GCCI) felt that start-ups could benefit greatly from the information and government linkages available through associations; the association is actively helping women entrepreneurs' members grow their businesses. The government finds it convenient to liaise with firms through industry associations and both the BWW at GCCI and the Gujarat Garment Manufacturer's Association engage regularly with the government for issues like firm registration and dissemination on information about government policies. Several entrepreneurs in Bengaluru told us that they had made important business linkages through the B2B (Business 2 Business) meets organized by the industry associations, especially the ones organized by the women's associations. Associations also step in occasionally to facilitate operational and regulatory aspects of specific units (See Box 6)

Box 7: Associations Support to MSME Units

GGMA helps firm with government regulations

"A firm in a Special Economic Zone was unable to sell its products to the buyer because the goods were damaged. They thought of selling the goods in the local market at reduced prices. However, to bring the goods out of the SEZ, the firm was required to pay full taxes on the goods, even though they were damaged. GGMA intervened on the firm's behalf and they were allowed to bring the goods out without paying the required tax."

-Secretary GGMA

The women entrepreneurs we met in Bengaluru are well networked and belong to several of the multi industry, industry-specific and women-only associations. Almost all of them underscored that membership in the associations was an important source for getting information and accessing government schemes. In the IT Hardware and Electronics Manufacturing sector, changes in technology and products change dynamically and frequently. Entrepreneurs particularly valued industry associations' role of holding seminars on the technology and product changes at pace with changes in the market.

SIDBI, in their UNIDO partnered interventions on cluster development, identified the lack of relevant information to be of particular disadvantage to women entrepreneurs, often an underlying cause of the other systemic barriers they tend to face in enterprise development. We found that for women, poor access to information can be both the cause and effect of their poor access to networks.

The importance of association membership and networks can be discerned from the fact that in Ahmedabad cluster the most successful women entrepreneur, running a small sized enterprise, was part of several formal and informal networks, including serving as a onetime president of the women wing of GCCI (E3; Figure 5). She was emphatic that

⁷⁹ Shah, H. (2013). Creating an Enabling Environment for Women's Entrepreneurship in India. *UN ESCAP Development Papers*, 1304.

business networks are essential for business development and growth and that she had actively sought and maintained her networks.

Figure 5: Networks and Association Membership of Entrepreneurs in Ahmedabad cluster

Genders-specific concerns affect networking for women

We found that limited time to access networks or information by entrepreneurs can be a function of the size of the enterprise and affects both men and women equally. Entrepreneurs of micro enterprises have limited financial resources and tend to handle multiple responsibilities in their businesses, leaving them with little time to join networks and industry membership associations. In two of the three clusters in our sample most entrepreneurs with micro-enterprises had few formal or informal networks. Women who owned micro-enterprises and were solely responsible for the management, with no support either by family or business partners, had fewer networks compared to women that had some form of family support. In comparison women who owned medium and small enterprises had more networks as these units have a relatively larger workforce and the activities were more decentralized.

However there are gender specific constraints that women face in joining networks or fostering informal networks. This may be due to social and cultural reasons because the networks are male dominated spaces. Additionally, because of the low presence of women in the manufacturing sector overall and in the business world in general, there is an absence of informal business networks of women that women can leverage.

Further, as some of the entrepreneurs and experts in the field observed, women's ability to network is constrained by their restricted mobility and constraints of time on account of handling dual responsibilities of business and family. As the Vice-chairperson of the Women's Business Wing of GCCI observed:

Women spend little time [on networks]...women have to generate business networks since their time is so limited due to the dual responsibility of taking care of their households along with their businesses.

Also as pointed out to us by some of the key informants in the field, women also self-censor and thus tend to be less assertive in reaching out or promoting themselves. As the entrepreneur from E3 mentioned above pointed out:

When I started as a women's wing's chairperson, I had read an article in the Times of India and I still have the clipping -about Womaniya networks. 'Women are weak in networking', it said. The writer gave an example that I really liked. If you are going into for an interview as a 20 year old if you go to a lady telling her this she will advise you to 'be prepared, know your answers, be honest' but if you go to a man he will call up two people and say this boy/girl is coming for an interview please take care of him/her. That kind of networking, women do not have! Now that you ask me this, yes, its true, its absolutely a must. We have started a business clinic the very base is that amidst women we should have a strong network. I am not weak at it, I believe in making contacts and making a network, I make sure I have people around me who I can look up to in times of problem but women don't believe in that. They live in some cocooned space. And I think it'll be hard to survive on women only networks.

Entrepreneurs in the Bengaluru clusters were the exception because they were all well networked with others in the industry and with government departments.⁸⁰ Most of the women-owned enterprises were older enterprises (ranging from 15 – 25 years old).

Low Membership of Women in Associations and their Executive bodies

The presence of women in the executive bodies of the male dominated industry associations such as GGMA and CLIK or multi-industry associations such as MCCIA, FKCCI and GCCI is low (see Table 13). The associations primarily serve the interests of large and medium sized industries that are mainly male-owned. Even in an industry association for MSMEs such as KASSIA in Bengaluru there are only three women in the 45 member executive committee.

There are few women members in Pune's primary industry association, viz. the Maratha Chamber of Commerce, Industries and Agriculture (MCCIA). MCCIA has approximately 200 women members out of a total of 3200 members. The executive committee of the MCCIA is all male. Respondents note that these multi-industry associations are naturally dominated by the interests of the majority membership that is male.

Women thus get few opportunities to be part of the mainstream governance of these bodies. All multi-industry associations visited such as MCCIA, GCCI and FKCCI have a women's wing or Women Entrepreneurs Committee (WEC) and all women members automatically become members of this wing. The objective of the WEC is to assist potential and existing women entrepreneurs to grow their businesses. It is not that they choose this wing over the general chamber. However, the women's wing can serve the

⁸⁰ Our access to the women entrepreneurs in Bengaluru was through an association of women entrepreneurs.

interests of women entrepreneurs only if they have an active leadership as is seen in the case of the GCCI.

Table 13: Presence of Women in Industry Associations in RMG and FPI

Association	Ever Headed By a Woman	Total Membership Of Exec Comm.	Women	% of Total	Women Wing
MCCIA	X	9	0	0	√
GCCI	X	95	4	4	√
GGMA	X	18	0	0	X

Membership in Associations is affected by costs and limited outreach

Access to formal networks and association can be limited because of relatively high costs of membership fee as well as the inability of associations to proactively reach out to smaller and start-up businesses. Smaller enterprises often lack the information about these associations and their benefits especially if they are first-time entrepreneurs. Further, being heads of small enterprises and multi-tasking for various business operations they have little time to find out about and participate in association activities.

Women entrepreneurs associations can be more enabling

Bengaluru cluster has an unusually high presence of active associations of women entrepreneurs. Founding members of these associations shared their motivation to set up their respective association was to enable a unique focus on women-owned enterprises that is often not prioritized by the larger industry associations that are dominated by men. In fact the founder member of one of the women entrepreneur's association, who also has been the president of the WEC at FKCCI, decided to promote a women-entrepreneur's association as she was frustrated at the lack of interest of a multi-industry association to promote events addressing issues specific to women entrepreneurs

More experienced women entrepreneurs are active members of the industry associations but recognize their marginal representation and limited ability to serve the interest of women from within the industry associations. A woman entrepreneur explained how she recently started a woman-specific entrepreneurship association in spite of the fact that she was heading the Women's Entrepreneurship Committee at the Federation of Karnataka Chambers of Commerce and Industry. She explained that the programs and measures that were proposed by the women's wing were not taken seriously by the Executive Committee of the FKCCI.

Cluster Development Approach can enhance linkages with Associations

As demonstrated in Pune, CDPs can be facilitative in enhancing the networking of women entrepreneur and in turn promoting small businesses by proactively reaching out to women entrepreneurs. The Pune Fruit and Vegetable CDP was routed through the MCCIA. The two women entrepreneurs in our sample had both been associated with the Pune CDP and benefitted from this association. The CDP made them aware of licensing requirements, packaging and food safety features, and also helped them make linkages for product development, packaging and marketing. Associations partnering in the CDP had also helped the two enterprises get government subsidies for machinery and bar code registration.

CHAPTER 6

GENDER ANALYSIS OF WOMEN' AS WORKERS IN MSMEs

Women constitute a fifth of the total workforce in the MSME sector. According to the Fourth MSME Census 2006-07, the rate of women's employment in registered MSMEs is 20.45 percent and that in unregistered enterprises is 13.02 percent⁸¹. Gender disaggregated data across MSMEs shows that women's employment like ownership is the highest in the case of micro enterprises followed by small and then medium enterprises (Table 14).

Table 14: Women's employment by size of enterprise

*Source: Fourth MSME Census 2006-2007*⁸²

Type of work

Women workers are mostly in low and unskilled jobs

The employment pattern of workers in the sample varied across the industries and clusters. The presence of women in the workforce was defined largely by the nature of the work required and in that what was considered appropriate for women. In all clusters there were gender-marked roles for the work along the value chain of production. The latter was particularly relevant for the RMG units in Ahmedabad where women workers are less than twenty percent of the total workforce except in the case of the smallest firm.

In contrast, in Pune, the smallest unit had hundred percent women workers and in the remaining units the female workers comprised sixty to eighty five percent of the total workforce. In the FPI units, all processing is done on-site because the product is perishable and there are surrounding concerns around hygiene and quality. The FPI units have a large volume of several low-end, low-skill processing and packaging work like cleaning of bottles, sorting of fruits and vegetable and packaging that has to be done by hand for which the industry preference is for women workers. Women are considered

⁸¹ Author's calculation based on data from the Fourth MSME Census 2006-2007

⁸² Author's calculation based on data from the Fourth MSME Census 2006-2007

suitable for these jobs as these are low skill jobs that require patience and dexterity, characteristics associated with women and not men. Further, owing to the prevailing gendered understanding of skills in the industry, women are considered to have a better understanding of preparation of recipes and cooking. Thus in smaller units that have minimal mechanization, the workforce tends to be dominated by women.

The categorization of skilled and unskilled workers varies across the industries. For example in the RMG industry all machine-based tasks are considered skilled. In the FPI, production-floor workers, even if they operate machines, are considered unskilled; only lab-technician and managerial positions are considered as skilled categories. The Bengaluru cluster requires a high level of skill and education in its workforce for design and research of electronic goods. However, workers even in Bengaluru cluster, are considered semi-skilled and need to be trained to the needs of the specific firm they join. In our sample only 13% of the skilled sections of employees were women; women made up a majority of the production workforce (71%) which requires less skill and less educational qualifications (see Table 15 and 16). While RMG and FPI are largely labour-intensive industries, IT and ESDM require higher skill levels. Thus in the latter all workforce was in the skilled category.

Amongst the skilled jobs too there is a gender segregation where the lower skill jobs like machine operators in the RMG cluster are done by women and higher skill jobs like pattern setting and cutting are done by men. In the FPI industry, other than a few lab technicians and administrative staff, majority of the women comprised of unskilled workers. With a few exceptions, most of the unskilled women workers were engaged in non-mechanized, manual work of sorting and cleaning of bottles, fruits and vegetables and in manual packaging of some ready mixes i.e. work at the lowest end of the value chain.

Table 15: Skilled and Unskilled Worker Profile RMG Cluster

Table 16: Skilled and Unskilled Worker Profile FPI Cluster

This high presence of women in mostly low and unskilled jobs is explained by a host of reasons. First, women at the worker level come from poor socio-economic backgrounds and mostly lack the education and skills training and therefore tend to join the workforce at the lowest end of the value chain. Second, there is a gender stereotyping of tasks and jobs at the factory floor where women are considered unsuitable for mechanical and

technical work (discussed in detail in a later section). Hence with the exception of one unit in the FPI cluster in Pune, women in the factory floor were not considered for skill up-gradation. Third, women themselves, internalize the prevailing gender norms of appropriate roles and hesitate from undertaking activities or skill training in areas that are traditionally associated with men. This was particularly true for the FPI industry where mechanization of processes is increasing. One of the enterprises in the FPI unit in Pune has been endeavouring to promote gender-equal and gender-responsive employment opportunities. They are trying to train women in machine operation and electrical maintenance, tasks that are traditionally done by men. A women manager in the enterprise shared:

Women are very hesitant to take on activities traditionally associated with men. It took us almost three years to get five women trained on the machine. They were very hesitant to do the work. They feel under-confident and also shy of what others might say to them for taking on men's work.

Fourth, owing to lack of mobility, restriction on timing of work as well as dual responsibility of women, women are unwilling to take higher-skilled tasks as those jobs often require workers to take an additional work, stay longer at work or do night shifts. As suggested by both workers and owners of the RMG cluster, women opt for “regularity of work” rather than “career growth”.

The low presence of women in managerial and technical positions

There is poor presence of women in technical, managerial or strategy-related jobs – this is attributed to their low mobility and lack of adequate skills^{83, 84}. Women's presence in the workforce of the units visited across clusters is largely found in the category of worker as opposed to mid-level management. Their presence in the mechanical, technical or supervisory positions was either nil or less than 30%.

One of the reasons is that in small-sized units after the position of an owner and a few managers there are not many supervisory roles. In all the 4 units visited in the RMG cluster the main supervisory positions were held by men. In one of the relatively larger units there was one woman supervisor working under the main supervisor.

Supervisor positions typically entail much more responsibility and longer hours of work. Women, we were told, are disinclined to take on these roles owing to their dual responsibilities issues of safety and lack of confidence of managing workers. As one of the senior checkers in one of the units in pointed out:

I am counted as a senior but one of the difficulties I face (in my work) is that I am not able to be strict enough. I cannot scold people easily. I like to stay peacefully. I need

⁸³ Chatterjee, M. (forthcoming) India: Women, Work and Employment, The World Bank, New Delhi

⁸⁴ MWCD. (2012) XII Five Year Plan Report of the Working Group on Women's Agency and Empowerment, Government of India.

be stricter but I cannot be strict... Ladies listen more – men also listen but their ego gets hurt. Women are more understanding than men.

In the three small and medium enterprises in the FPI Cluster in Pune, apart from the factory floor, women's presence in the other sections was low. Only one of the units had a woman manager for production who had risen through the ranks. This company had a pro-women policy and had made a conscious effort to bring her to that position, providing her the necessary skill sets on the job.

Another reason cited for the poor presence of women in managerial roles was that women typically have short work tenures due to marriage or family responsibilities and thus companies prefer to hire men; additionally because enterprises invest in the training and specialization of their employees, they prefer to do so with people who are easier to retain. As one of the women finance manager of the family-run, male-owned enterprise explained:

Our company promotes women. We would love to have more women in the lab. But what do we do? We can't change the gender norms in our society. Typically when young unmarried women apply for these positions, within two years of their joining they get married. Once they marry they either have to move to their husband's place of residence or give up working. We invest in them for two years and then we are left high and dry. Even married women prioritize their families. Despite our best efforts to retain her, a senior woman accountant ultimately left her job to look after her ailing son.

The only women managers we met were in two small and medium enterprises which were owned by their families. One woman manager looked after finance and the other managed production and procurement of machines for her company. This, according to her, was an exception and despite being in this position for six years, people still remind her that she is in a 'man's job'. Women were completely absent in the marketing and sales division of these enterprises.

Another reason for the lower presence of women in mechanical positions, even at supervisory levels, is because the worker level staff in such teams are usually men. Having a woman supervisor for a male team is seen as a disadvantage. As one male machine maintenance supervisor in Pune told us,

Maintenance cannot have a woman supervisor because the work has to be done in a team – the supervisor has to substitute specific workers if they are absent. The supervisor should be able to do all the tasks required in the maintenance team. It is not enough to tell the workers what to do – he should be able to do them. What if all the workers go on strike?

In our analysis we find that gender-stereotyping of skills and gender norms equally hamper women's career opportunities, restricting them often to low-skill and low-ranked job profiles.

Gender Stereo-typing of Jobs

The adverse impact of gender stereotyping of work on women's labour force participation in India has been widely acknowledged⁸⁵. In our sample we found that gender-stereotyping of work affects the jobs women get and also inhibits their growth potential.

Not only do employers' gender-stereotype job roles but women workers also internalize these and hesitate from taking on different roles. Other than the social conditioning, factors like physical ability to undertake heavy manual work also plays an important role.

For example, in the units of the RMG cluster there were no men in the 'thread cutting' in any enterprise. Mostly less-educated, older women with less employment opportunities are employed as thread-cutters. An entrepreneur explained that this task is considered exclusively for women,

Thread-cutting is an extremely mindless and unskilled job. Men will get irritated and annoyed because of its repetitive and mindless nature. Women keep chatting and cutting. Older women are more likely to take up this work and have no growth aspiration. Similarly the tedious task of coding cut material to communicate design specifications to stitches is better done by women because their nimble fingers allow them to work faster...

While men are considered to work on denims and heavy fabrics because it requires physical strength; women are considered only for more work on cotton fabrics since it was a lighter cloth to work with. The stereotyping of women as not being able to handle heavier cloth exists despite the presence of women who do work on denims in the same enterprise.

In some cases it is the lack of confidence among the women themselves that worked to their disadvantage in moving to higher skilled jobs. Talking about her women workers, a woman entrepreneur in the RMG industry told us,

Their confidence level is very low; they get shaken up easily. If they feel they can't handle the machine for two days they want to leave, they are disheartened.

and

Women feel they cannot go up from thread cutting. I want to teach them to become operators – boys will come and ask for a chance. An old lady I can understand – I never tell them to learn. But even young girls are not ready. But some say ok if you say just try.

⁸⁵ Chatterjee, M. (forthcoming) India: Women, Work and Employment, The World Bank, New Delhi
Kabeer (2010) Women's economic empowerment and inclusive growth: Labour markets and enterprise development, School of Oriental and African Studies, United Kingdom

Women are also mostly absent in the designing, layering and cutting activities in the enterprises. Layering and cutting are simultaneous tasks wherein tens of layers of cloth are measured; placed continuously and cut in one go either by hand or using a semi-mechanized process. Layering and cutting require strength and physical movement – often the cutting master has to climb up and sit on tables. Enterprise owners and supervisors perceive that women would not be comfortable doing this task because of its physicality.

Women although fully capable of undertaking certain skilled tasks are excluded from those because of continuing perception of men's traditional roles. The most skilled job of a pattern master, mainly done by men, does not rely on physical strength alone but also in dexterity, a characteristic mostly associated with women. We were given to believe that in the entire cluster there may only have been one or two women pattern masters. Historically men have been associated with tailoring as it required them to be in public spaces and dealing with customers that women were restricted from doing. Owing to this tradition there is an instituted norm in the RMG sector that men and not women are more suitable to be pattern masters. Excluding women from this skilled job also has strategic advantage for the units. Pattern masters, cutters etc. are often required to put in longer hours of work and late shifts as they have to get the material ready for sewing in the morning shifts. Since women are unable to do these shifts owners prefer to have men for these positions.

Similarly, women in the FPI are less likely to be hired for jobs requiring machine operations as these are seen more suitable for men. Consequently, as units become larger and more mechanized there is likely to be a reduction in the proportion of women in the workforce.

The machine operators also need to know some machine maintenance. That is why the persons working on the bigger machines are mostly men. We train them in the basics of machine maintenance so that if something goes wrong sometimes they can fix it themselves. It is not that women operators cannot learn this but so far no women have shown any initiative to learn machine maintenance. In my previous job there was one woman operator who had learned basic machine maintenance.

Essentialist ideas of women and their abilities often impair their prospects for better employment opportunities. Women workers are perceived as being more conscientious and less wasteful of work time, they are considered to be nimble, dexterous and patient hence they are often given low-end, laborious manual jobs that men tend to be insincere with and unwilling to do. Women's restriction on mobility, time and the need to take on dual responsibilities also influence decisions employers make on hiring for higher level positions. These would be positions in sales and marketing where women are expected to travel.

As discussed earlier in the context of the FPI units, the inevitability of marriage, the possibility of women dropping out of the job market after marriage and the anticipated

long leaves on account of child bearing and providing care at home serve as disincentives to employers.

Terms of Employment

Types of recruitment vary across type of skills

The pattern of recruitment of workers may vary across micro, small and medium enterprises. In the micro and small units, workers are recruited directly through an informal process. Two RMG units in the sample were set up jointly with an entrepreneur and a production supervisor. These supervisors came with good knowledge of informal labour networks and experience in the industry.

Setting up units within physical clusters is advantageous to both entrepreneurs and workers. In Ahmedabad, the concentration of a large number of garment units makes for favourable employment for workers in that they have options to move between jobs. An entrepreneur in Ahmedabad told us that she chose to open her enterprise in Narol because it was close to residential areas for workers. The long association of Gujarat with cloth production, milling, and spinning has contributed to the ease with which women's labour has moved into garment manufacturing. One entrepreneur explained to us that

It is in the culture of the place, there are a lot of garmenting units here, there are a lot of industrial set ups. Once you set up your unit people will come asking you if you need workers.

In the FPI and electronics manufacturing clusters recruitment was also done directly in the micro and small units. Recruitment was mostly through word of mouth, through informal networks and when workers come seeking employment. Occasionally, the employers may do a background check through known sources. Workers were recruited mostly through informal procedures and there were no differences reported in the recruitment patterns of men or women.

Most of the labour supply in the small and medium units in the Ahmedabad and Pune cluster was locally recruited. Contract labour was present only in one unit which was medium-sized in the Pune cluster. The unit had expanded its operations exponentially in a short span and met its labour supply indirectly through labour contractors.

Indirect recruitment of labour through contractors has implications on the kinds of benefits and wages workers receive. They are referred to as contract labour and it is the category of unskilled workers where owners do not have to provide any discretionary benefits. Contract labour is cheaper and seasonal allowing employers to hire as per their requirement with no obligation to retain them or regularize their contacts.⁸⁶ Also as is

⁸⁶ Labour Bureau (2009). Report on Leather Industry Including Footwear and Other Art Works in India. <http://labourbureau.nic.in/Leather%20Report%20Final.pdf>

well noted women contract labour are often are underpaid, vulnerable to sexual exploitation and are subject to inhumane living conditions.⁸⁷

Women comprising the bulk of the unskilled labour are categorized as ‘casual labour’

In a UN Women Policy Brief on Gender Issues in MSMEs⁸⁸ it is observed that typically piece-rate workers are faced with low wages, inappropriate working conditions, an absence of social security, maternity benefits and sexual harassment provisions, decline in the number of work days available and conversion to casual and temporary status. These were not evidenced in our sample of enterprises although the literature does point to the adverse consequences of non-contract based employment.

Whether recruited directly or indirectly unskilled workers in the units across the clusters we sampled have no contractual arrangement for employment. In fact the official registration of an employee does not require a contract. Most workers on the shop floor do not have contracts even if their employment is formalized in a registered enterprise. Their becoming formal means that their names are entered into the factory register which is proof of their employment. This is the register that compliance inspectors would see to know the number of employees in an enterprise. If the name is not in the register the worker is treated as a casual worker. Both types of workers can be paid on daily wages which may be given weekly, monthly or fortnightly. Thus for those whose names are not on the registers, despite having long tenures in the units where they work they still get categorized as ‘wage’ or ‘casual’ labour.

In the RMG cluster, since most work done by women is on a piece-rate basis enterprises do not count these workers as ‘permanent’. The skilled labour does not have contractual arrangements. Their names are entered into a ‘register’ maintained by the units. Once their names are entered into a register, they are considered ‘permanent’ or salaried employees and are entitled to certain benefits of the company. A similar arrangement is followed for the workers in the FPI units. Only the managerial and technical staff in the FPI units are employed through formal processes and have contract-based employment.

Women, comprising the bulk of the unskilled labour and along with their low presence in the managerial and technical staff, tend to be employed under non-contractual arrangements. Labelled as ‘casual labour’ these workers enjoy no benefits from the companies.

⁸⁷ *ibid.*

⁸⁸ Bist-Joshi, S., Das Joshi, M., & Dasgupta, S. (2012). A Gendered Perspective on Micro, Small and Medium Enterprises: Key Policy Challenges and Options. *UNWOMEN*.

Bengaluru was the exception where workers are provided contracts as permanent employees of the unit. IT Hardware and Electronics Manufacturing represents a skill-oriented and organized industry which translates into a wider safety net for its employees as well. In our sample, employees either benefited from state employee insurance schemes or their company provided medical insurance. Provisions for leave, bonuses, and provident funds were also available for all employees.

Wage differential between men and women exists both among workers as well as employees.

Wage discrimination is one of the key challenges faced by women workers.⁸⁹ In the case of the RMG industry for example, where piece rate payment is the norm, the wages per piece paid to women and men making similar products is not different. However, wage differential between men and women arises due to a mismatch of hours of factory work and piece rate system in tailoring. Women workers cannot maximize their earnings in the piece rate system because they cannot earn after usual work hours due to various socio-cultural and legal constraints. Women's safety is a concern both at the factory site and in the commute from the workplace to their homes. Hence, women are mostly disallowed from staying past 5:30-6:30 pm.⁹⁰ This is a legally binding condition of work for women - Section 66 of the Factory's Act, 1948 prevents women from working in factories between 7 pm and 6 am. The Convention does not apply to women holding positions of a managerial or technical character or to women employed in health and welfare services who are not ordinarily engaged in manual work. The amendment to the Factory's Act in 2005 modifies these clauses but relaxes them only to an extent.⁹¹

In our sample across clusters we found that women workers and employees earned less than their male counterparts for similar jobs. While in some cases differential wages were paid for the same work, in others because women were largely employed in unskilled and low skilled work and were unable to do extra shifts or late shifts, they tended to earn less than their male counterparts.

Table 17 gives an overview of wages in the sample enterprises reported by workers and employees in our sample enterprises across the three clusters. These wages have not been disaggregated skill-wise because we were asked by several enterprise owners not to collect this information from the workers. The range of salaries for women and men is thus across various skill levels. Similarly, this range encompasses persons with different conditions of work: wages for persons paid on a daily-wage basis, contract labour, and salaried employees.

⁸⁹ Kabeer (2010) Women's economic empowerment and inclusive growth: Labour markets and enterprise development, School of Oriental and African Studies, United Kingdom

Chatterjee M (forthcoming) India: Women, Work and Employment, The World Bank, New Delhi

⁹⁰ Chakravarty, D. (2004). Expansion of Markets and Women Workers: Case Study of Garment Manufacturing in India. *Economic and Political Weekly*, 4910-4916.

⁹¹ Press Information Bureau of India. (2007). *Amendment of Section 66 of the Factories Act, 1948 to Provide Flexibility in the Matter of Employment of Women during Night*. N.p., <<http://pib.nic.in/newsite/erelease.aspx?relid=30701>>

Table 17: Range of Wages Across Sample Enterprises

Cluster	Women	Men
RMG	Rs. 3,500 - 20,000	* - 26,000
FVP	Rs. 2,400 - 13, 000	*
ESDM	Rs. 7000 - 17,000	Rs. 7,000 - 62, 500
*could not collect this data.		

Table 17's calculations have the same limitations of the data in Table 18 but nonetheless is indicative of what we have noted elsewhere – the RMG sector employs skilled women even though the classification and modes of skilling may be informal; the FVP cluster in Pune the sample consisted of a majority of minimally skilled women; the ESDM cluster had more educated women in general (senior secondary school) but they still comprised the lower skilled production jobs.

Table 18: Average Salary across Sample Enterprises

Cluster	Women	Men
RMG	Rs. 11, 740	-
FVP	Rs. 7,700	-
ESDM	Rs. 11, 644	Rs. 1, 24, 815

In the FPI units since we met very few workers and employees were comfortable discussing wages, the understanding of wage differences between men and women workers were largely drawn from the owners. According to the owners, women are employed in the unskilled and low skilled jobs they therefore tend to earn less than men. Male workers even though categorized as unskilled are employed in tasks that require much more physical exertion like machine operators and lifters and tend to be paid more. For instance in a women-owned medium enterprise, the unskilled women workers were paid Rs. 180/day and the men unskilled workers were paid Rs. 280/day. According to the owner she paid men workers more not only because they did the “heavy work” but also because men *“need to be paid more”*. She explained that: *“in our culture it is only appropriate that men be made more than women as they are the main providers of their household”*. This view was echoed by two other entrepreneurs in the cluster as well as by some of the other stakeholders in the cluster. As noted by one women entrepreneur, *“Men think they are worth more and women always have household problems”*.

Terms of Employment and Working Conditions

Employed mostly as ‘casual labour’, women workers are not entitled to benefits

Across clusters the workers’ benefits were dependent on the terms of employment. The technical and managerial staff enjoyed the maximum benefits and the casual labourers the least. The ‘permanent’ workers were entitled to ESIC and Provident Fund. Women comprising the bulk of the ‘casual labour’ in these units were not entitled to benefits; if they did receive benefits it was at the discretion of the employers.

In the RMG industry, while casual labour received no benefits, owners on their part seemed reluctant to provide the entitled benefits to ‘permanent workers’ as well. All enterprises that are registered under the Factory’s Act, 1947 are mandated under the Act to provide provident fund, social security and health insurance to their employees. They are also mandated to provide at least three month maternity leave to women employees. Labour laws however have induced inflexibility in the clothing industry and led to smaller units to circumvent these laws.⁹² In our sample of RMG units, owners were reluctant to register their units under the Factory’s Act. They stated that since most of their workers were paid on a piece-rate basis, they were considered not as employees and thus were not entitled to any benefits. Only one entrepreneur had instituted provident fund for workers and had to convince the workers to contribute their share of the fund, as they were reluctant to contribute from their income.

Three of the five FPI units visited were registered under the Factory’s Act but where contractors were used to recruit labour owners were not mandated to provide them benefits. Only the skilled workers and the managerial and technical staff were given health insurance, maternity leave and provident fund.

Some progressive employers, like a unit in Pune that has a policy of promoting women’s employment, provides most benefits informally. According to the owner, women are allowed to take two or three month maternity leave with assurance of getting back their jobs when they are ready to join. The enterprise also supports the women workers with securing school admission for their children and health emergencies in the family. The workers are also given three vegetables from the enterprise every day. Workers interviewed in this unit also confirmed these benefits. The enterprise has recently started a health insurance policy for their casual workers. All these benefits however are not part of an entitlement since casual labour often is not covered by regulations. However it is part of benefits that the company provides at its own discretion because of its pro-women policy. This model illustrates how women workers can be retained through means other than the usual worker safety nets of ESIC, PF.

Similarly, a garment entrepreneur in Ahmedabad underlines the importance of social security benefits for workers.

⁹² Chakravarty, D. (2004). Expansion of Markets and Women Workers: Case Study of Garment Manufacturing in India. *Economic and Political Weekly*, 4910-4916.

We have always followed the PF rule. I would have done that even if no one had told me because I believe in worker benefits. Now no one refuses the deductions for their benefits like PF and ESI. My workers don't have a choice. Anyone who works here has to be part of it.

Other entrepreneurs, however, keep such deductions voluntary and leave it to the workers' preference. In this kind of situation some workers prefer to take the entire wage rather than have some deducted towards social security benefits.

Directly recruited casual labour in the FPI and RMG units may enjoy some concessionary benefits from the employers, contract labour do not have the guarantee of receiving their wages as they are paid directly to the contractors. As we learnt from one of the medium to large enterprise that engages 400 contract labourers (50% or more of which are women) the company does not deal with the labour directly on issues of wages and benefits having no obligations to the workers.

Proximity, safety and working conditions are important considerations for women in seeking and retaining jobs

It became apparent that women were more likely to stay in a job where the enterprise owner was female, a comfortable social group (family members, husbands, friends), constant work and a fair and safe commute. A worker in an RMG unit told us,

In other enterprises you find more men working there. It is nice to work with other women – there is a safety in working here. If there are few women, men say things. There are men-women issues in other enterprises but here madam keeps an eye.

Men on the other hand were reported to easily change jobs prioritizing income and salary over other concerns. The several workers we spoke to in the various units corroborated these insights. Enterprise owners across clusters too reported that women were easier to retain if they were given good working conditions, steady supply of work and hence opportunity to earn.

Proximity to workplace is an important factor for women in the recruitment and retention of women workers. Issues of safety and ease of getting home early to take care of household chores is a priority for women making them prefer working close to home.

All units visited across clusters in Pune and Ahmedabad had fair working conditions for women. All units with male and female staff had separate toilets for women, the work spaces well ventilated and fairly spacious though ever they all lacked crèche facilities. The Bengaluru enterprises had fair working conditions for women as well. Some enterprises which were oriented towards more skill-based work (software programming with hardware manufacture – as was the case in two of our sample enterprises) working conditions were good. The Electronics City in Bengaluru, where one of our sample enterprises was located, was the only clustering of industries to have a crèche facility (in fact, it has more than one). In the industries without crèche facilities women workers

noted that family support (by way of extended families) was necessary to manage childcare and wage work.

Most women-owned small and medium enterprises in the FPI cluster in Pune had a sexual harassment policy in place. Women owners took extra caution to ensure the safety of women. In the enterprise that endeavours to provide a women-friendly work environment in Pune, they always did a background check before recruiting any worker, whether man or woman to ensure that either the male workers or husbands of the female workers did not have a reputation of being trouble makers.

Women workers preferred women-owned units as women owners tend to be more empathetic towards their gendered needs at the workplace. In the RMG cluster in particular the owners considered women workers to be more loyal as many of the women workers had been long-time workers in their unit. Women workers in response are willing to make extra efforts to retain their jobs in the enterprises. For example, even though an RMG unit had recently relocated to an area at the outskirts of the Ahmedabad city, a women worker who had been working there for 12 years, continued to commute long distance in order to be able to be with this enterprise.

It takes me 35-40 minutes to come here. If I miss the bus I come in a shuttle and have to pay more. Travelling here is a problem but we have worked here for many years and have good relationship with madam. Madam pays for my bus pass. So I do not need to find work elsewhere. There are many offers I get from nearby; it is not difficult to find work closer to home. But for years we have worked here. I will get more money there...(but) madam has kept us for so many years – no complains working here.

Additionally, we found that in women-owned micro and small units - because of their size and scale of operation - are amenable to being more women-friendly and are willing to provide working conditions that suit women. In the more medium and large operations the management is dispersed and decentralized and women owners are typically are unable to maintain either a close vigil or empathetic bonds with their women workers. A sentiment that was echoed across units especially in the RMG and some units in the Pune cluster, women workers preferred working in women-owned enterprises as they found them more understanding of their needs and also with more beneficence. Additionally, they felt safer in these units.

Skills are mostly are acquired on the job; options for upward mobility is limited

Factory floor workers, both men and women, across the two clusters either come with previous work experience or learn their skills on the job. Formal skill training for the worker category was not mandated nor institutionalized in the RMG and FPI clusters. For the low and semi-skilled jobs, units across the two clusters preferred to train them on the specific processes and operations of their units and therefore do not give much weightage to their previous trainings.

While in the RMG clusters, the only training workers come with may be on the sewing machine, in the FPI units we were given to believe that there is no formal training available as every unit has their own distinct process of preparing the product and that any previous training in any other unit does not count- be it hand work or machine work. Thus a worker category is always considered as ‘unskilled’ notwithstanding the fact that he or she may have several years of pervious work experience. Years of experience in a particular task does not usually enable a person to move up within the production chain or tasks of an enterprise. Only proactive workers with an aim to learn new skills may be able to do so.

The impression we got from workers and owners especially in the RMG cluster is that while women largely tend to remain in unskilled and semi-skilled jobs, men aspire and acquire the required skill sets and move up the ranks to skilled jobs. The workers with the highest skill (design master, sample master) in the RMG cluster we interviewed had gained skills on the job as helpers and have over the years moved from being semi-skilled to skilled. There were also instances of women helpers who had risen to the ranks of sewing operators by learning the skills in their lunch hours. The skill up-gradation in this case requires a worker to use his or her own time either after working hours or during breaks in work time (like the lunch hour). In the IT Hardware and Electronics Manufacturing cluster in Bengaluru the women we encountered were in the less skilled jobs. While a small set wanted to change their job role with increased responsibility they said they were constrained by their low educational qualifications.

Consequently, there are limited opportunities for technical work advancement for women and they remain as low skilled workers. Due to social conditions and gender-based constraints they are also not aspirational or ambitious to acquire these skills as it might be with men. This implies that there is a dual disadvantage forcing women low-skilled workers to remain in a low-level equilibrium trap of having a job and retaining it.

Box 8: Gap Inc.’s Personal Advancement and Career Enhancement (P.A.C.E.) program for women garment factory workers

Globally the garment industry is one of the largest employers of low-skilled female workers. Despite their large numbers in the workforce, relatively few female line workers advance to positions of supervisors and managers, as they have few opportunities to enhance their managerial and life skills that would enable their professional and personal growth.

In response to this need, Gap Inc. initiated the Gap Inc. P.A.C.E. (Personal Advancement & Career Enhancement) life learning program. Research, design and development began in late 2005 and a pilot program was launched in 2007 in two garment factories in India. The program has since expanded to Bangladesh, Cambodia, China, Indonesia, Sri Lanka and Vietnam.

The Personal Advancement and Career Enhancement (P.A.C.E.) Program aims to empower and build educational and workplace skills of young women in Gap Inc.-contracted manufacturing facilities around the world. As a factory-based program, the main focus of the Gap Inc. P.A.C.E. program is to positively impact female garment workers (FGWs) by providing them with foundational skills and support that will help them advance in the workplace and in their personal lives, through life skills education and technical training. By creating a sustainable and scalable program Gap Inc. thus seeks to achieve both social and business goals – improve the lives of FGWs in a meaningful and measurable way and have a bottom line impact on the vendors’ operations.

Gen The education and training focus on nine modules: communication, problem solving and decision-making, time and stress management, general and reproduction health, legal literacy and social entitlements, gender roles, functional literacy, financial literacy and finally learning to apply new skills in the workplace through execution excellence. The topic of Gender is integrated across

Dual responsibilities constrain women's potential for income growth

Women's care responsibilities have been recognized as one of the major impediments affecting women's participation in the workforce in India. This was clearly borne out for the sampled workers. The fact that women have dual responsibilities and are constrained for time, underlies several of the limitations or disadvantages that women face in advancing at the work place, including those that are self-imposed.

Dual responsibilities and the constraints it places on women's personal time often stymies their growth potential. In the RMG units, for example, women workers are unable to rise to the levels of pattern masters and cutting masters, the higher skilled workers, as they are unable to give the extended time required to acquire the necessary skills to become masters. Additionally these tasks entail more responsibility and longer hours at work. Master cutters are required for longer hours when a firm has to deliver a large order. Women workers, due to their household responsibilities, are unable to meet these additional work time requirements. Even though women entrepreneurs appreciate and acknowledge the fact that women are better *karigars*, more responsible and hardworking, they are unable to depend on them entirely for key responsibilities in the units. As one of the entrepreneurs stated,

It's hard to run a unit just with women workers, the unit owner will not be in a good position. Women are not career-oriented because they have so many other responsibilities like housework. Women work as income generators.

The constraints on time are perhaps one of the primary reason why women are seen to be less aspirational. Among the RMG unit workers, women workers were split between wanting to maintain a status quo in terms of their position, skills, income and wanting to gain higher skills. Age is a determining factor in this regard. But there were more men than women that wanted to increase their working speed to increase their income. While men saw themselves as primary providers for the household; women perceived their incomes as supplementary. They desired higher incomes and they seem to have 'income aspirations' not 'career aspirations'.

Safety and Security issue may limit women's potential for growth

While women may have time constraints that prevent them from staying longer hours, it is coupled with the reluctance of owners to keep women for evening or night hours due to security concerns.

Women workers are willing to stay back late if I stay back too. Their family members feel safe about their working late if they know that madam is also going to be there. This is not always possible for me. - Woman entrepreneur

Given the frequent need to stay back beyond regular hours to complete large or sudden orders, workers who are able to give those extra hours are able to take on more

responsibilities. Clearly the woman entrepreneurs are affected by the same gender socialization and constraints as the workers. The entrepreneurs acknowledge that women had the potential to do any of the tasks if they had the aspiration and will power. But structural factors of safety and gender expectations make the concerns more complex beyond personal aspirations. Concerns around safety in public spaces were also aired by women workers. Their choice of workplace was often decided on ease of access and safety. Women workers in our sample stated that they mostly travelled in groups and ensured that they did not have to stay late hours at work.

CHAPTER 7

GENDER ANALYSIS OF TECHNOLOGY CENTRES

Introduction

The Central Tool Room and Training Center (CTTC), Bhubnaeswar, the Indo-German Tool Room (IGTR), Ahmedabad and the Flavours and Fragrance Development Center (FFDC), Kannauj were conceptualized in the late 80s and set up with donor funding in 1991, with all three becoming operational in the period of 1993-4. The tool rooms were set up with the aim to make the Indian small enterprises sector competitive for global markets as the sector had a history of being protected from global economic forces through subsidies. As the General Manager of the IGTR explained the tool rooms were set up to modernize the Indian small enterprise sector through mechanization, tooling and technology.

Table 19: Snapshot of Technology Centres

General TC Characteristics	CTTC, Bhubhaneswar	IGTR, Ahmedabad	FFDC, Kannauj
Year of Starting	1991	1991	1991
Mandate	<ul style="list-style-type: none"> • Training • Consultancy • Production 	<ul style="list-style-type: none"> • Training • Consultancy • Production 	<ul style="list-style-type: none"> • Training • Consultancy • Incubation • Research & Development
Relevant Industry	Engineering	Engineering	Flavors and Fragrances
Proximity to Industrial Cluster	✗	✓	
Nature of Engagement with Value Chain of Industry	Part	Part	Full

The CTTC and IGTR have similar objectives, programs and functioning since they are engaged with engineering industries; the FFDC caters to a different market segment and hence has certain sector-specific objectives. The tool rooms have three aims: (i) to supply skilled manpower to industry through training courses; (ii) to provide consultancy services for MSMEs to improve product quality and productivity; (iii) to create tools, dyes and moulds for MSMEs. The last objective is common to the CTTC and IGTR. The FFDC provides training, consultancy services and product development assistance for the entire value chain of the flavors and fragrance industry.

In this study we have also assessed the Technology Centres for MSMEs from a gender lens to understand the differential constraints women face in the training and placements offered and the policy implications of these.

TC and MSME linkage for employment and support locally is weak

Initially funded jointly by the Government of India and donor agencies (e.g. DANIDA), in early 2000 all three technology centres (TC) became self-sustaining, autonomous bodies registered under the Society's Act. For technology centres, strategic decisions and the management of affairs rests with a governing body which is headed by the Development Commissioner (MSME), Govt of India. The TCs are mandated to act as common facility centers for local micro, small and medium enterprises. Effectively, this depends on the nature of industrial development of the area and state.

The CTTC, Bhubaneswar is not a common facility centre while the IGTR, Ahmedabad is. The reason for this is based on the MSME scenario of the state of Odisha, which had also posed as a threat to the financial viability and sustainability of the TC. Odisha mostly has mineral processing industries and other than this there are some fabrication units for plastics, non-metal casting, toy making, wood carving (home-based micro enterprises). The GM of the CTTC explained that there were no industries to avail the resources of the CTTC when it first began. Odisha had no engineering industries that required the TC's assistance. The CTTC had to reach out to industries like ISRO in Bangalore to remain self-sustaining.

Small-scale enterprises approach the IGTR, Ahmedabad for creating moulds and tools. The Head of Production explained that first-time entrepreneurs who have an idea of what they want to create will ask for the TC's consultancy services to produce an economical product.

Kannauj hosts two clusters related to the FFDC – an *itra* and incense cluster – with the latter being under the Ministry of MSME. The TC holds monthly meetings with enterprise owners of the *itra* clusters and helps them with quality assessments and product development. Since there is no local industry on flavours and fragrance in Kannauj, FFDC is unable to provide any local support on this.

All three TCs however are mandated to assist MSMEs and report on MSME units assisted annually. Forty percent of entrepreneurs that visit FFDC do so to seek technical support and solutions related to fragrance, flavors and aroma therapy while twenty percent visit for product development. The table below briefly indicates the performance of TCs with MSME units and other units. It is important to note that there is no reporting on units (MSME or otherwise) being present in local economy.

Table 20: Technology Centers and MSME Linkage

Year 2012-13	CCTC, Bhubhaneshwar	IGTR, Ahmedabad	FFDC, Kannauj
No. of MSMEs assisted	554	1,822	2819
No. of Other units assisted	558	1,898	736
*as reported in Annual Reports of TCs respectively for 2012-13			

TCs role and Entrepreneurship Development is not optimal

The TCs by design are not mandated to promote entrepreneurship development as linked to their technical trainings. Consequently none of their institutionalized long-term and short-term courses have modules focused on entrepreneurial skills development. CTTC offers no Entrepreneurial Development Program; IGTR offered a one-time EDP training. The long-term courses at FFDC also don't include any component on entrepreneurial skills. As per the faculty at FFDC, the centre has included EDP in the 3 months course on flavors and fragrance that they instituted this academic year. The students however suggested that more than entrepreneurial skills, the course included components on management and life-skills required for job-seeking.

Perhaps for the lack of focus on entrepreneurial skills not many trainees set up their own enterprises. In CTTC, of female trainees met there, only three had thought about starting their own enterprises. One trainee said she had proposed this idea to her father who readily accepted, suggesting that she start a press tool making enterprise. Another trainee expressed the difficulties involved in starting one's own enterprise - not having enough funds. Another said she felt underequipped to start her own business because she did not know how to do marketing and take care of administrative issues.

CTTC Female Student: Yes, I also want to start but it is difficult. We are young right now so we do not have any money. I am still a student and I don't have money. We also don't know how to do marketing and administration.

None of the girls in IGTR that we spoke to expressed any desire to start their own enterprises. They want to work in large companies and have no hesitation working with men on the shop floor.

In FFDC the absence of enterprise development skills or information is particularly conspicuous for the sponsored program like that of NIESBUD or DRDA as they are aimed at entrepreneurship development.

While the TCs do report on the number of short-term EDPs that take place during the year, there is no reporting nor follow up on whether these programs lead to the development of new enterprises. FFDC does provide informal, adhoc handholding and information on the processes of setting up an enterprise to participants as and when they seek it. It seems only one of the women trainees of the NIESBUD-supported training had set up her own enterprise. The officials at the CTTC also provided similar impressionistic information indicating that three of their trainees started their own enterprises.

Training

In all three TCs training is one of the main products and primary source of revenue generation. The mandate for TCs is to be a self-sustaining model and training is an important strategy for this. Each tool room offers its own combination of courses of varying durations. TCs have a few institutionalized and standardised long-term courses. The short-term courses of varying duration have evolved over the years and are mostly demand-driven by industry and students.

In the CTTC, the courses range in duration from one month to four years. The CTTC offers popular four-year courses, one in tool and dye making and the second in mechatronics. The four year courses take in students straight after high school offering three years of classroom training and one year practical training in-house or in a company of the student's choice. The long-term courses can take in students after high school or after graduation (See Table 21).

FFDC offers two long-term courses of one year each. The long-term courses were introduced only four years ago in affiliation with Forest Research Institute (FRI) in Dehradun and Mewar University in Rajasthan. The older training courses vary from six months to three days and are customized as per needs of their clients which include the government, non-government organisations, industry partners and MSME enterprises. Trainings are held both on and off-site.

The strength of training offered by TCs comes from its orientation to teaching practical skills that can immediately be put to use on the shop-floor. Hands-on training on traditional and state of the art machinery is a strong factor in attracting students. In all TCs the production activities of the trainings complement each other where the tool room's batch-production orders are fulfilled by supervisory staff and the student body. In engineering-focused centres of Ahmedabad and Bhubaneswar students are exposed to the working conditions on shop floors and the systems of standardization and certification (ISO). The GM of the CTTC, Bhubaneswar explained that the tool room's production unit had three shifts comparable to any other working factory to ready students for real life working conditions— including long working hours and the laborious and strenuous nature of factory floor work.

Table 21: Women's Participation in Training across TCs

2012-13	CTTC, Bhubhaneshwar	IGTR, Ahmedabad	FFDC, Kannauj
Trainees*			
Enrolled in Long-term Courses	3007	349	-
Enrolled in Short-term Courses			
	18,297	8389	1327
Total	21,304	8747	1327
Number of Women Trainees	3,325	570	445
% of women trainees in total trainings	15.60%	6.51%	33.53%
*Data from Annual Reports of TCs 2012-13			

In the following sections the analysis of gender outcomes of various trainings is presented focusing on a few key areas- measures in place to ensure the participation of women, the status of women's participation, the existence of gendered preference of courses and the gender-responsive provisions and infrastructure of the TCs.

Incentives to ensure women's participation are available only from government sponsored programs

In all TCs visited there are no specific measures taken or incentives provided to attract women candidates for long-term courses. All TCs advertise their standardized long-term courses in local and national newspapers. Most trainees spoken to had applied for the course through the newspaper advertisement, through word of mouth or former students. CTTC and FFDC are well known in their fields and thus tend to have more candidates soliciting information directly. Their shorter-term courses are largely customized for the need of the clients, who sponsor their candidates in which case the students come pre-selected for the courses. Neither the CTTC nor the IGTR have their own scholarships for women students for any courses offered.

Provisions and incentives for women candidates, as a part of their larger policy on social inclusion, are available through national and state-level government programs only. For example in CTTC students from the North-East Region receive full concessions on fees, costs of lodging and food from the Development Office of the North-East Region. In

IGTR government reimburses the fees and lodging cost for women trainees only if the trainee gets placed in a job and is retained in a company for one year.

In FFDC no government sponsorship is available for their one year courses. In the recent past FFDC has undertaken special government sponsored short-term trainings targeting women. In 2013 District Rural Development Authority (DRDA) funded FFDC to train several local women SHG groups on *dhoop* and *agarbati* making. In 2013-2014 NIESBUD funded FFDC to train 100 candidates (both men and women) on essential oils and cosmetic making of which half were women participants. For government-sponsored training programmes the TCs may recruit candidates locally or nationally based on the criteria set by the government. In such training programs, as was the case in the NIESBUD sponsored program, the 45 day training course was advertised in the local colleges.

Women's Participation in the training program is less than optimal

The TCs have seen different trends in the presence and participation of women; in all three cases however the participation of women remains low.

Given that CTTC is much bigger and more robust than IGTR, the total number of trainees in any given year is much higher compared to IGTR. In the year 2012-2013, 18,297 people were trained at CCTC of which it is estimated only 17% were women (see Table 22). According to the GM, while the overall participation of women remains low, there are certain courses where there is a higher concentration of women. For example, in current batch (2013-14) for Structural Designing Software and Analysis course, out of a total 150 trainees 60 are women. Although the participation of female trainee continues to be low as compared to male trainees according to the CTTC Annual Report it been increasingly incrementally and had gone up from 11% in 2008-9 to 18% in 2013.

Table 22: CTTC Women Trainees 2008-13

	2008-09	2009-10	2010-11	2011-12	2012-13
Women trainees	637	1099	1571	2996	3225
% women	11.3	14.0	16.4	19.7	17.6
Total	5641	7823	9570	15222	18297

Source: Annual Report 2012-2013

IGTR maintains gender disaggregated data. As evident in Table 23, the participation of women in the IGTR training courses has remained consistently low. It was expected that numbers of female trainees would increase over the years since there has been an increase in the numbers of girls opting for engineering colleges nationally but as the GM of IGTR explained, women find it easier to get into the hospitality and retailing sectors that require less training and are perceived as more attractive work places.

Table 23 Women Trainees at IGTR

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Total Trainees	2790	3253	3543	3753	5950
Women Trainees	103	30	148	138	219
% of women trainees	4	1	4	4	4

In FFDC the overall participation of women has shown an upward trend since 2008-9 (Table 24). They have only convened four batches for their Post-Graduate Diploma in Aroma Technology held in-collaboration with FRI, Dehradun University. From among 10-12 students each year women's participation has varied from 10-40%. While in the last batch of twelve trainees there were four women, in the current batch of nine there is only one woman. The bulk of women's participation is made up of trainings provided to farmers and some of the short-term sponsored courses on *dhoop* and *agrabati* mainly aimed at women. In the estimates of the faculty at FFDC, in trainings other than those targeted specifically at women, the participation ratio tends to be 19:81, including in the off-site, customised trainings they conduct for their various clients.

Table 24: Women Trainees at FFDC

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Total Trainees	1877	2007	1065	1142	1327
No of Women Trainees	155	272	198	263	445
% of Women Trainees	8	13.5	18.5	23	32

Source: Annual Report FFDC 2012-2013

Most government sponsored training courses are aimed at people from SCs and STs. Participant data maintained by TCs is not gender-disaggregated. It is safe to assume that much of the women participants in the government sponsored programs fall in the socially marginal categories of SCs and STs. For example FFDC holds a number of training program on producing low-grade herbal and aromatic cosmetic products and *dhooop* and *agarbati* making for Below Poverty Line (BPL) groups which have a fair participation of women. And as we know from national level enumeration, sizeable component of the BPL group is comprised of SCs and STs.

Participation of women in the TCs is influenced by the gender-stereotyping of jobs and the implications it has on employment opportunities, issues discussed later in the text. Also the lack of targeting and disadvantageous location like in the case of FFDC may deter women's participation.

Gendered preference of training courses

In the engineering-focused TCs there seems to be a gendered preference for courses trainees opt for. According to the faculty both in IGTR and CTTC, design-based courses were most popular amongst female trainees. At CTTC Bhubaneswar, of the 35 long and medium term courses (currently running) there is a presence of women in 16 courses in varying numbers. Women are more concentrated in courses like, engineering design and electronics and less in manufacturing and mechanical courses. There were no female trainees in the courses on machine maintenance. As per the female trainees interviewed, since machine maintenance requires physical strength and usually involves unclean

working conditions neither women prefer to taking this course nor the maintenance department encourages women to take this course.

The gendered preferences of courses in engineering-focused TCs are also an outcome of the gender-stereotyping of jobs that influences the prospects of placements. As we learn later in the text, manufacturing firms (involving engineering products and processes) prefer to hire men and not women. Women are preferred for lab-based or design jobs. In FFDC too we find that women's participation in the 3-6 months courses is inhibited by the prevailing gender-based norms and beliefs. As explained by the GM,

These courses are aimed at those who may want to set up their own production units. Women hesitate from setting up their own units as they are not confident about dealing with the market environment on their own. They feel the need for male support for marketing, accessing raw material etc. These men also get trained at FFDC. Therefore, the ratio changes automatically.

In FFDC there is some gendered preference for the short-term courses. According to the GM, the most popular courses among women are three-day courses in essential oils, perfumery, cosmetics and cream, and aroma therapy. Locally, the farmers training are very popular with women. While the participation of women in their long-term courses varies, the uptake of the 3-6 months courses on production of favours and fragrance is also low among women.

Life skills training and gender sensitization are absent in training courses

Currently the IGTR does not have life-skills component in any of the courses it offers. CITTC integrates various life-skill lessons as part of their teaching strategy e.g. encouraging and teaching students how to speak with confidence, how to communicate and interact with team members. FFDC provides some training on body language, preparedness for interviews and resume writing for jobs in the course on Flavors and Fragrance offered to foreigners. The trainees in the TCs however felt that training in life-skills would be very valuable as many of the trainees come from small towns and cities across the country and have little exposure.

This is especially important for women trainees who because of limited exposure and opportunities often have poor communication skills making them feel under-confident about taking up employment far from their hometowns. At FFDC a female student doing an MPhil in Biotechnology from Kanpur University was at the TC for her project work. She was extremely shy and mostly remained confined to her room after class. In her interview with us it became apparent that she felt extremely under-confident about interacting with other students and had declined several lucrative offers of employment in Bengaluru.

Location and infrastructure may serve as an disincentive for women's participation

Institutes like FFDC that are located in remote geographical locations and have limited facilities can be restrictive for women and serve as a disincentive for them to enrol. There were two women trainees at the institute, both had been advised to dress conservatively and had restricted mobility. In Kannauj it is not considered appropriate for women to move around in the market unaccompanied. Hence even on the weekends the women trainees remained confined to the campus. They often requested their male colleagues to shop for them in the local markets. Also there were no recreational activities for women in the campus while the male trainees often played football. As the women suggested if it was not for the fact that FFDC was a specialized institute in their area of interest, they would never opt to study there due to other gendered considerations.

PD sir [Principle Director] has told me to be careful about living here, he has told me to be careful about what I wear and about going out alone. He told me it isn't like Dehradun where I'm from. I don't go out for evening walks or to play. The roads and fields are not very safe to walk along because people look at girls very strangely.—
Female Trainee, FFDC

Low representation of women in the faculty

In all three TCs the presence of women administrative staff and faculty was low to minimal. FFDC has only one woman, a junior technical staff in the total staff strength of 12, including technical and non-technical staff. FFDC at any point in time has not had more than two women staff. In CTTC all 20 of the permanent staff were men. Of the 80 contract-based staff, 20 were women. In IGTR too there was only one women faculty member.

The low presence of women faculty was explained by fairly gender-specific reasons. Given that women opting for engineering courses are a more recent phenomenon, there is less supply of qualified women candidates for recruitment. Also, when recruited women staff tend to have shorter tenures. Unmarried women usually drop out of their jobs after marriage as they tend to move where their marital homes are. Married women may drop out if their husbands are transferred or in pursuit of better medical and educational opportunities for their children. As one of the woman staff member shared that she too now does not prefer recruiting unmarried women candidates as they leave after marriage and the institutes' investments on her tends to be wasted. In FFDC the remoteness of the centre also serves as a disadvantage for women.

The few women faculty members interviewed at the TCs offered their perspective on why women faculty in TCs tends to be low. According to one, the TCs especially in remote locations tend to be dominated by men who also occupy most of the senior

positions in the faculty. Typically men in superior positions prefer male colleagues and juniors as they can be more informal and can ask them for personal favours etc. which they cannot ask of women colleagues and juniors. Also women are hesitant to undertake field-based assignments which particularly relevant for some TCs like FFDC where the staff is often required to take on ex-situ assignments. Women also don't like to stay after work for any additional or pending tasks as they have care responsibilities at home.

Placements

Placement of women trainees is limited

In all three TCs, job placements are offered only for long-term courses. The TCs do not have the mandate for placing students enrolled in their short-term courses. The placement rates of women trainees in the engineering-focused centres are low.

The IGTR data on recruitment and placement of trainees shows a significant difference in the number of women trainees admitted in a year and the number of women being placed (See Table 25). In CTTC the placement data was not available.

In FFDC there has been 100% placement of the trainees in the long-term courses but some of the women candidates do not take up their placement offers for reasons discussed in the later section.

Table 25: Placement Rates at IGTR, Ahmedabad

Year	2008-09	2009-10	2010-11	2011-12	2012-13
No of Women Trainees	103	30	148	138	219
% Women trainees	4	1	4	4	4
No of women Placed	15	13	50	39	12
% of Women trainees	5	28	34	43	15
No of Women Continuing	58	-	-	-	-

Placement of women is affected by gender specific factors both on the demand and supply side

The placement of women trainees by the TCs is influenced by gender-based factors that operate at the level of the employers and at the level of the women trainees.

The gender-stereotyping of jobs in the engineering sector stymie the prospects of placement of women trainees. First, as mentioned earlier, given the physicality involved in the job, women are considered unsuitable for all manufacturing jobs. Second, manufacturing companies require at least two to three shifts to optimize the productivity of their machines. Since women employees are not expected to stay longer, they prefer to hire men for most of their manufacturing divisions.

The Heads of Placement at both the CTTC and IGTR said that women are better suited for designing work and less for factory-floor or machine-based work. They felt that designing work can take place in an isolated or segregated room where they do not have to deal with many male staff. Most companies prefer women for design work as they feel women are more patient, can sit for long hours and can do more intricate work. Men on the other hand are unable to show as much patience in designing work. Explaining the job preference of women trainees, the head of placement at IGTR stated the following,

Girls find it hard to work on the shop-floor and to work on machines. They are better at making production schedules, planning work. This allows them to sit in a room with glass windows overlooking the shop floor to get an aerial view of how work is progressing. They aren't required to go down to the shop floor.

This gender stereotyping was re-iterated by the Head of Placement, CTTC, Bhubhaneshwar who said:

Women are best placed to be designers in software/hardware. Designing work can take place in an isolated or segregated room where they do not have to deal with many male staff. Most companies prefer women for this job as they feel women are more patient, can sit for long hours, can do more intricate work. Men on the other hand have too much, too much adrenaline for designing work.

Not all women trainees however agree with this stereotyping. Many of female students in the civil engineering department at CTTC complained that women are not given important responsibilities in their jobs; they are offered only design jobs and not on-site work in spite of graduating from civil engineering courses. As one of the trainee pointed out,

Companies say that they don't want female students. They feel that girls don't do hard work. None of the manufacturing companies prefer girls - if they have a choice they will take men.

On the supply side, women trainees are hesitant to take up placement offers in distant places. The TCs are not required to place their students in the same state as the centre.

Odisha does not have a market for trained engineers in the manufacturing sector. Consequently the trainees from CTTC are placed mostly outside of the state. The lack of local placement serves as a disincentive for women trainees as their families are averse to sending them away from home. The management of IGTR and CTTC pointed out that while there are a few cases of out-of-state placement of women trainees they are more the exception than rule.

Students always prefer to stay in Orissa but they don't get to exercise that choice. Mr Raut then gave us an example of a female trainee who was initially placed in CEAT tyres with a salary of 13,000 in Gujarat. Her parents called her back and to remain in Orissa she was ready to take a job at a smaller firm in Cuttack paying her only 7,000. Her father called [me] to help her get placed again at a better firm. –Head of Placement, CTTC, Bhubhaneshwar

In FFDC although the placement of the students in the long-term course is hundred percent, several women candidate have declined the placement because it required them to be placed outside of their home state, Uttarakhand. This was also the impression given to us by the two women student we spoke to at the Centre.

Post-placement support to trainees is minimal

There is no institutional mandate for providing post-placement support to placed students. While IGTR and CTTC offered no post-placement support, in FFDC the support was provided informally. The students remain in direct touch with the staff and use their support to problem-solve at the workplace. For example, students may call their teachers to understand a new process or formulation they have been assigned to develop in their companies.

TCs do not have a mandate to place trainees in MSME

The TCs do not have a mandate for placing their trainees in MSMEs. In fact, both CTTC and IGTR management expressed that students would rather be placed in large companies. Female students at both the CTTC and the IGTR also expressed the same.

According to the management of all three TCs, majority of students from their respective TCs get placed in large companies. Larger companies also offer higher salaries e.g. Ashok Leyland will pay a student with a diploma from CTTC Rs. 16,000 whereas smaller companies would pay them Rs. 6,000. In the case of FFDC there are only few industries that specialize in flavours and fragrance and currently most of their students prefer to be placed in the three large multinationals present in India.

Women trainees have better options of employment in larger companies rather than smaller companies. As the head of placement in CTTC explained, companies that recruit women have to provide certain amenities like separate toilets, safe transport etc. for them. While large enterprises are most likely to already have these provisions, smaller enterprises, being financially unstable, requiring more effort to remain commercially

viable, are not able to provide these amenities at the outset and therefore prefer not to recruit female staff.

Smaller companies most likely have to make special provisions to take on female staff such as creating toilets for women, taking extra precautions for travel of their female employees, dealing with potential conflicts or harassment between male and female staff. Since small companies are quite financially unstable and are purely commercial driven it does make economic sense take on female staff. – Head of Placement, CTTC, Bhubhaneshwar

CHAPTER 8

CHALLENGES AND RECOMMENDATIONS

Gender Concerns

Our analysis highlights that gender issues forefront all the other challenges faced by women entrepreneurs and women workers in the MSME sector. Gender norms and stereotypes cut across many of the challenges that women entrepreneurs face, in starting up and expanding their businesses. Multiple observations around gender concerns prevail amongst women entrepreneurs, including: their own limitations in dealing with markets, perception that men are better at interacting with markets, assumptions of vendors and facilitating banking institutions that women are risk-averse and other assumptions like women need to balance family roles and thus may not devote time to their businesses. Even the growth rates of women's enterprises are considered to be lower. All of these concerns underscore the critical need to integrate gender training with entrepreneurial training as well as gender sensitization of facilitation institutions and industry associations at all levels.

The obvious policy implication is around gender mainstreaming but this also carries the risk of trivializing gender i.e. through occasional trainings and gender friendly offices. Instead, the need is to challenge all institutions (that promote women's entrepreneurship) including women themselves, to negotiate new boundaries in terms of women's roles, expectation from them, their leadership and management styles and the way they can access credit, schemes and links with markets and business networks. This would allow women to create their own mechanisms of transaction and negotiation that would be different from male entrepreneurs and would be regarded as business savvy and noteworthy as well. As a women entrepreneur put it:

Don't create a category of women entrepreneurs – let there be an entrepreneur who is a woman. When you continuously use the term 'women entrepreneur' – the men treat you very nicely, but they don't take you seriously.

Women workers face multiple disadvantages both in the options open to them, the terms of work at entry as well opportunities for their advancement. At each point along this continuum, from options to opportunities, they are conditioned by gender roles and expectations from families, employers and their peers. Women's work is valued and critical to the value-chain, but relegated to positions at low levels of skill and physicality. Women do not have the wherewithal to challenge these systems as they are job-dependent, especially because these jobs offer reasonable hours and convenient locations to work from. Women still traverse risk in physical spaces to come to work and therefore accept lower paying jobs closer to home which may give minimal scope for advancement. Employers also do not create growth trajectories for job advancement from low to high skill jobs, as these jobs are gender differentiated at the outset. Challenging norms of what are gender appropriate tasks and why skills get downgraded

for certain tasks are concerns that women are not able to voice, often due to lack of collective action and strength as well as inability to negotiate for themselves.

Challenges / Opportunities for Women Entrepreneurs

Low registration and Low visibility

We find that very low proportion of women entrepreneurs in the micro as well the small and medium units register with any authority. There are several constraints that affect women's decisions to register their enterprises. First and foremost the size of the enterprise itself is a barrier because of the resources and time requirements that registration entails. Small-sized enterprises may also not be equipped or ready to comply with the requirements mandated of registered enterprises. Entrepreneurs may also not register in order to avoid tax and labour-related liabilities mandated for registered units. The larger perception is that registration may involve unnecessary interference and restrictions. Registration is also a complicated process and officials involved may demand bribes, which women entrepreneurs are not comfortable with. Most of these enterprises that choose not to register are distress-driven or survival activities where growth may not be an immediate concern; registration becomes necessary for growth of an enterprise; especially in terms of forging partnerships and availing government schemes and resources.

Therefore, a majority of women-owned enterprises are stuck in the micro and home-based units and for them the liabilities of registration outweigh the benefits. They are likely to remain invisible from policy outreach and network connectedness.

Unregistered units by definition are not eligible for any government schemes and policies. Since DICs also do not maintain any database of unregistered units, they remain outside the purview of any donor-led interventions.

Registration of MSMEs have now been made voluntary. From the MSME census data we know that very few enterprises choose to register. The reasons for not registering are not entirely clear either in the literature or from the primary data. Speculatively, some of the issues that seem to deter registration may include the scale of the operation, the hesitation to deal with governments and the unwillingness to deal with compliances entailed in registration especially at the start-up stage.

RECOMMENDATIONS

- **Incentivize registration with minimal compliances for micro and small enterprises**
- **Map gender disaggregated data on both registered and non-registered units**

Physical clustering in the Cluster Development Approach (CDA)

There seems to be a policy imperative to develop clusters that target women for incentivizing and promoting their enterprises. But respondents note that CDAs have limitations because of a range of reasons- In Gujarat an expert noted that it because it was not the right revenue model since women preferred to be home-based. Many experts in field too argue women do not like to be relocated in physical clusters especially when they are micro and small sized due to their preference for working from home. Yet in Pune FP cluster, the CDA which reached out to a few women conferred clear benefits to several women-owned micro units such as marketing linkages and branding.

It is difficult to discern in one stroke whether CDAs are effective or not as the definitions and geographical boundaries of clusters change. While there are different types of clustering such as physical, virtual, mini etc., that the government recognizes, the interventions around cluster-based approaches need to be context specific. Therefore CDAs need to be specified for diverse types and scale of clusters.

RECOMMENDATIONS

- **Cluster creation and approaches needs to be made context specific. While physical cluster may not be the best approach, virtual cluster for market linkages and need-specific training could be beneficial for women. The government's increased flexibility in defining cluster in non-conventional ways is in the right direction.**
- **Cluster oversight and management would also need to be anchored in discrete institutions that would be visible and accountable through its monitoring, outreach and collection of gender disaggregated data.**
- **Mini-clusters, clusters for home-based units may enhance the outreach to women.**
- **Cluster specific needs of women enterprises should be informed by need to gender disaggregated database.**

Low uptake of schemes

Although there are a plethora of schemes women entrepreneurs can avail of they seem to have availed of only a few. Women are typically targeted for concessions within these schemes; the schemes mostly focus on start-up capital and training. There is no explicit targeting for women who are undergoing growth and expansion for their capital requirements. Schemes inadvertently have a misplaced focus on medium-sized

enterprises as the provisions and concessions offered may not be utilized by a micro-sized unit. Since a majority of women entrepreneurs are micro and home-based there is a need for more relevant schemes for women entrepreneurs who are poised for growth and lacking skills. Information about schemes is minimal and ad hoc and mostly is accessed through linkages forged opportunistically. Low levels of membership in associations' compounds the problem of lack of awareness further.

RECOMMENDATIONS

- **Assess scheme outreach to women through analysis of disaggregated data on uptake of schemes.**
- **Based on assessment, re- design improvements in underutilized schemes.**
- **Monitor scheme use by at least registered women-owned MSMEs**
- **Introduce new schemes that incentivize growth and expansion of micro and home-based units.**
- **Create mechanisms for enabling better awareness among and outreach to women of schemes**
- **CDPs with a specific focus on women can help to enhance awareness and outreach of MSME sector schemes to women.**

Lack of gender disaggregated data

It is difficult to assess the situation of women entrepreneurs in the absence of gender-disaggregated data at most levels- national, state and district. The MSME census provides aggregate data on women that does not help to assess the local situation. The DICs too are not consistent in the way data on women is maintained. Programs and interventions for women need to be informed by situational analysis and appropriate data in order to make them more effective and context-specific. CDP approaches too could be more gender responsive if the data was available to assess the situation adequately.

RECOMMENDATIONS

- Create mechanisms to enable more systematic collection of gender-disaggregated data on the critical parameters informing the growth and development of the MSME sector.
- DIC, Pune has developed special software to collect gender-disaggregated data. This could be improved and replicated across states.
- The Ministry of MSME could benefit from using this data to monitor a data-based situational analysis of women's entrepreneurship in the sector.
- Maintain gender-budget statements across the sector at regular intervals and put out short, data-based status of women's entrepreneurship.
- Gender budget statements across ministries that serve the MSME sector would be a useful tool to estimate the overall status of women entrepreneur in the sector.
- MSME census could provide a more detailed segment for women entrepreneurs and workers as a separate component.

Low uptake of training (entrepreneurship development programs) and need for diversification

There is low uptake of training programs amongst women entrepreneurs. This is partly because of lack of information amongst women about these courses, how to use them and partly related to the content of the EDP. The mismatch in content results from the fact that at the start-up phase an EDP may be relevant but many women may not have the time or resources at this stage to take EDP training. They would consider taking these types of training when they are beyond the start-up and in more of a growth phase. At this stage the relevant training is managerial, leadership and marketing skills, which EDPs do not typically include. The EDPs are also diverse and of varying tenure and women entrepreneurs do not have the wherewithal or information of what is relevant for them to access.

RECOMMENDATIONS

- **Gender trainings relevant to the sector must be included in all courses for male and female participants.**
- **Gender sensitization training of stakeholder institutions is recommended.**
- **EDPs could take the inputs of Associations in designing appropriate training as Associations have a key role in what kinds of training are offered and what is helpful to women..**
- **EDP should be offered along with technical training.**
- **EDPS should include leadership, market and finance relevant skills for women.**
- **Information portal can be set up—to even know who local BDS providers are.**
- **Providing periodic need-based sessions through micro associations can be useful. Need to assess whether such opportunities available through the BDS.**

Membership of Associations and other Networks

There are few large industry associations with limited outreach to micro and small enterprises. The fee bias and social exclusivity implies that women entrepreneurs may not become members. Associations thus have medium and large-scale enterprises as its membership and the kind of benefits it confers would cater to this size and leave out the smaller units. There is typically a women's wing that suffers from a similar neglect because the association are dominated by male membership and cater to their enterprises, which are larger in size.

There are immense benefits of associations as they do provide their members access to information on loans, schemes, training, market linkages and new policies.

RECOMMENDATIONS

- **Associations need to cater to MSMEs where micro and unregistered units are the norm.**
- **District-level associations and not just industry-based associations need to be expanded to make their membership more women-inclusive.**
- **Smaller size associations are required at the local level.**
- **Incentivize industry associations to enhance membership of and services to women entrepreneurs.**
- **Encourage women entrepreneurs associations.**

Easing Loan Access

The access to finance for women entrepreneurs is shaped by a perception that women-run enterprises do not grow in size. As documented in secondary literature, banking institutions tend to ask women entrepreneurs for collateral even when there are government schemes that provide exemptions. Women entrepreneurs are unable to take bigger loans (beyond the start-up phase) be it for diversification, innovation, market research, because they often do not have assets for collateral. As one of the officials at KASSIA, Bengaluru noted, bankers often act as gatekeepers and create their own system of barriers which do not exist in policy. According to him “there is a mismatch between how industrial policy is formed and how bankers see themselves as funders. Banks should be partners in enterprise development.” The other problem is that women may need different sized loans for different purposes for which they may not have the established markets such as in the case of innovation or product diversification. The lack of existence of differential financial product to meet the needs of women-owned micro enterprises that are in the growth phase is also an additional concern.

RECOMMENDATIONS

- **Provide sensitization training on gender and credit related to financial institutions and staff to ease women’s access to finance through available government provisions.**
- **Cater loans to micro units, design the financial products to reach out to the smallest and least visible units be it through women’s banks or otherwise.**
- **Financial products need to be amenable to women’s limited resources and their scale of operation. Design loans for easy repayment cycle considering the limitations women with micro units will face. Some learning could be had from the Women’s Bank run by SEWA in Gujarat and Mandeshi in Maharashtra.**
- **There is need for more synergy between policies of the government and banks. The managers and other bank officials will need to be made aware of the policy provisions of the government for loans for the MSME sector.**

Marketing Lacunae

A challenge identified explicitly by women entrepreneurs and other experts is that women lack effective market knowledge and skills for marketing their products and services. Additionally, as discussed, gender norms and gender-biased attitudes limit women's interface with the markets. While gender norms can only be transformed in the longer terms there are certain facilitative steps that need to be undertaken to attenuate women's inhibitions and enhance their skills in marketing.

RECOMMENDATIONS

- Undertake mapping of resources and stakeholders that can facilitate market linkages.
- Provide incentives to big private retail stores to also procure from small scale businesses.
- Marketing training and helping women get over their gendered barriers to deal with markets is essential.
- CDP should be mandated to proactively facilitate this process of women's links with markets through well calibrated training, effective linkage and provision of information

Challenges / Opportunities for Women Workers

Type of work

Majority of women workers in the MSME sector enter jobs as first-time wage earners without any prior skills or education. Women's employment in this sector is shaped by gender norms around appropriate work for women, the expectations from women in terms of their family responsibilities, restrictions around their mobility, workplace biases about women's abilities and concerns about their safety. As a result, women seem to be typecast in certain roles in the workplace and not surprisingly these are often the lower skill and lower paid jobs. Higher skills job are often done by men and these are jobs are deemed to be more physically demanding and require longer hours at work. Gender biases permeate the human resource policies deeply as women and men in the same skilled jobs have differential wages that are justified by beliefs that men are primary earners and need to be paid more.

Terms of recruitment

Women workers are largely hired as casual labour. As casual or non-contract workers, women get limited or no benefits. On the employer end, most of the jobs for women in

this sector in unregistered enterprises that are not bound by any regulations around contracts or benefits for its worker base.

Work conditions and benefits

Progressive women focused companies have a larger beneficence towards their employees and create discretionary benefits. Workers in turn, commit loyalty to these jobs, which interestingly may lower their ability to negotiate for higher wages. Women who want to move to new roles or work may not be able to walk away with any documents that testify the kinds of benefits they had been getting previously. This is compounded by the fact that women also lack self-confidence and communication skills to negotiate for more demanding work and higher wages. These factors serve to limit women's opportunities to advance and create boundaries around the options they can explore.

Opportunities for Advancement

Women remain as low-skill workers due to the gender and structural factors that limit their ability and opportunities to advance their skills and positions in their work. Irrespective of the industry, the norm is to justify that men are in higher skilled jobs and therefore are paid more. However, due to cultural and gender biases women are not able to move easily into those jobs relegating them to lower paid jobs.

Advancement of low skill workers are not prioritized either by employers or even through schemes that the government offers for on the job skill up-gradation for different clusters.

RECOMMENDATIONS

- **Create pre-job skilling opportunity for minimal-skill jobs at the local and national level**
- **Provide life skills training to build their self-efficacy, negotiate gender constraints, improve their communication and comprehension to follow complex tasks and manage their time and problems effectively. This will both impact their work productivity and help them advance in their jobs.**
- **Incentivize businesses to enhance employment of women in diverse skilled jobs and provide basic amenities and benefits.**
- **Create regulatory and incentive-based frameworks for unregistered enterprises to enable them to provide benefits and basic amenities to workers. Once an enterprise has attained a certain level of growth, create motivating structures to register these enterprises.**
- **Introduce gender modules in all technical training and skilling for workers.**
- **Undertake gender audits and monitoring of workplace policies and benefits for workers across a range of industries in the MSME sector.**

Challenges and Policy Implications for Technology Centres

Gender norms and biases tend to forefront most of the constraints women face in participating in the MSME sector be it as employees, entrepreneurs or as workers. Women either face gender-bias and stereotyping at the workplace or internalize prevailing norms, and make consequent choices that reinforce these biases. To strengthen gender outcomes structurally, certain measures have to be taken at the institutional level, particularly TCs that essentially facilitate the competency and training of human resources and can be considered as a foundation for skill enhancement for the MSME sector.

In order to address these issues there need to be three areas of interventions: 1. greater incentives to motivate women to come to TCs 2. additional and more comprehensive trainings offered and 3. gender transformative placements that create a better supply of jobs for women.

Incentives to motivate women to enrol in Technology Centres

1. **Role of scholarships for long terms courses at the TC is an important area for consideration:** Currently the scholarships are linked to government-sponsored programs and participants. Many of the women who are coming to the TCs for courses in longer-term technical courses which tend to be more expensive like engineering are not eligible for these scholarships. In order to challenge gender norms of jobs and skills, incentives could be created for these technical courses for women as this would also influence the kinds of jobs women undertake later as well as challenge industry norms around appropriate jobs for women. Creating a more effective supply of technically trained women workforce will tend to push for changes in the recruitment and placement practices, which are currently also gender-biased.
2. **More gender responsive programs and infrastructure:** Infrastructure and amenities from women need to be improved to enhance the participation of women in the residential courses especially the long-term ones.
3. **More specific and attractive advertisements of the courses for women need to be developed and targeted to many institutions of higher learning in different states of the country.** Enrolment strategies could be linked with National Skill Development Council, universities, local colleges and civil society organizations working with young girls education and employability.

Comprehensive and Gender Sensitive Trainings

1. *Life and Gender Skills Training:* It is important that trainees, both men and women, at the TC are trained and encouraged to challenge the existing gender-based boundaries and limits regarding work and workplaces. While women trainees may learn technical skills, they may lack in the knowledge and negotiation skills that are required for them to engage with the markets and institutions where they may face competition, unfamiliar cultures, gender biases and discrimination. This is similar to the findings coming from women entrepreneurs in this study. Life-skills training for job-preparedness will build women's skills to compete with men for equal skilled jobs, negotiate gender boundaries at home and at work, and learn to seek rewards for their performance. Gender training should be mandatory in all centers to sensitize students. In addition, faculty as well need to be sensitized and therefore undergo gender sensitive training as they tend to reinforce biases and norms and it is not sufficient to only sensitize women participants in the TCs. In addition to having standalone gender modules, aspects of gender sensitization should be integrated into technical courses. This is critical because gender stereotyping and discrimination can occur in the more non-traditional skills training for women.
2. *Need for EDPs alongside technical training:* Currently the TCs do not generally provide any EDPs. This is not part of their strategy and we found one instance where it was offered. Many young women seek training for jobs and accept gender biased placement but do not consider entrepreneurship as an option for themselves. The provision of EDPs alongside technical trainings could promote greater avenues for work for women trainees including entrepreneurship. It will also build leadership skills for jobs and for growth into higher roles. This would be especially beneficial for women trainees who will not be able to consider out-of-state placements and face shortages for effective jobs in their own states.

Gender Transformative Placement in MSMEs

1. *Incentivize companies for placement of women / create demand for women employees.* Women trainees from TCs seem to be disadvantaged in terms of their job placement due to the reluctance of firms to hire women employees for certain positions. Companies are averse to employing women for several reasons. Due to gender stereotypes, women are considered unsuitable for certain jobs, coupled with the requirements of creating specific facilities like separate toilets for women workers as well the fear of losing them to marriage and motherhood. Incentives can be created to motivate firms to hire competitive women candidates in certain roles. The enactment of the Companies Act and available CSR mandate can be seen as opportunities that can be creatively used to enhance the participation of women in the workforce.

2. *Locate TC or mini –TCs in clusters to enhance the availability of better-matched jobs for locally trained women:* The TCs in CTTC and Kannauj do not have local industrial clusters. The absence of local industrial clusters to absorb skilled workforce being developed by TC is one of the reasons women do not begin to work after their training is completed. Women are reluctant or are not encouraged by their families to take up placements outside of their home states. Linking TCs with local clusters that have the absorption capacity for skilled trained workers is an important strategy for more effective placement of women.
3. *Post-placement support for women:* Currently the TCs do not offer any post-placement support. Women trainees are disinclined to take out-of-state placements. As is known from the literature, a part of the reason for women unwilling to take up jobs in new places is their lack of exposure and fear of adjusting to new settings and work culture. Post-placement support to ensure that women placed in their new jobs adjust to their jobs and living conditions would encourage women to take up placement offers in distant places.

APPENDIX A

LIST OF KEY INFORMANTS INTERVIEWED AT THE NATIONAL AND STATE LEVEL INTERVIEWS CONDUCTED IN NEW DELHI

PERSONS	ORGANIZATION
Amit Kumar	GIZ , New Delhi
Ashwini Deshpande	Delhi School of Economics
Rita Sengupta	National Institution for Entrepreneurship & Small Business Development
Sangeeta Agasthy	Foundation of MSME Clusters
Sai Krishna	National Skill Foundation of India
Archana Garodia Gupta	FICCI Ladies Organization: New Delhi
Hina Shah	International Center for Entrepreneurship and Career Development
Navanita Sinha	UNWOMEN, New Delhi
R.K. Singh	Small Industries Development Bank of India
Vanita Vishvanathan	Udyogini
Dinesh Awasthy	Entrepreneurship Development Institute, Ahmadabad
Salochna Vasudevan	National Mission for Empowerment of Women
Rajveer Singh	Apex Cluster Development Private Limited
Shashi Singh	Consortium of Women Entrepreneurs of India

INTERVIEWS CONDUCTED IN AHMEDABAD RMG CLUSTER:

PERSONS	ORGANIZATION
Mirai Chatterjee	SEWA
A.K. Sharma	Director, ATIRA
K.K. Mishra	CEO, ATIRA
Vinesh Swadia	General Manager, IGTR
V. C. Trivedi	Secy General, GCCI
Students and Trainers	IGTR students
Head Placements, Marketing and Training IGTR	Officers, IGTR
Veena Parekh	Chairperson, Women's Business Wing, GCCI
	Proprietor and Designer, Cotton Route
H. D. Shrimali	Additional Industries Commissioner
Dinesh Amin	District Industries Commissioner, Ahmedabad
P.N. Solanki	Director, MSMI – DI, Ahmedabad

INTERVIEWS CONDUCTED IN PUNE FVP CLUSTER:

PERSONS	ORGANIZATION
Vasudha Keskar, Marc Labs	Marc Labs Pvt Ltf.
Shubhudha Shintre	National Agriculture and Food Analysis and Research Institute (NAFARI)

Medha Kulkarni,	Women's Economic Committee, Maharashtra Chamber of Commerce and Industries
Mr. Venkataraman,	former consultant on Pune Cluster Development Program
Mr. Malgaonkar	Small Industries Development Bank of India
Ms. Violet Dsouza	National Bank for Agricultural and Rural Development
Mr. Survase	DIC - Pune
Mr. Bhonsle	MITCOM
Mr. Awate	Maharashtra Center for Entrepreneurship Development
Suchitra Pendse	MITCOM
Vinay Oswal	Head, NAFARI
Mrs. Bora	Food consultant

KIIS IN BANGALORE ESDM CLUSTER:

KEY INFORMANTS	ORGANIZATION
Ms. Dhanvanti Jain	Chairperson, Association of Women Entrepreneurs of Karnataka (AWAKE)
Mr. Malkhede	Karnataka State Electronics Development Corporation Ltd
Mr. Nakul	KBITS – Department of Biotechnology, Information Technology, Karnataka
Ms. Uma Reddy Ms. Rajalakshmi	Founder members, eMerg
Mr. Rangaprasad	MSME-Development Institute, Bengaluru
Mr. Krishnan	Karnataka Small Scale Industries Association
Mr. Rahul Gupta	Manufactures of IT Association
Ms. Srilakshmi	Chairperson, Women's Committee, Federation of Karnataka Chamber of Commerce
Ms. Rama	CEO, Electronics City Industries Association
Mr. Narayanswamy	Viswesvaria Trade Center
Ms. Nandini	Bengaluru, District Industries Center

APPENDIX B

CIVIL SOCIETY INNOVATIONS FOR INCREASING WOMEN'S PARTICIPATION IN MSMEs IN INDIA

Interventions and innovations to increase women's participation in MSMEs fall into two broad categories. In the first category are interventions that have been made in MSME clusters through the efforts of various Cluster Development Programs of UNIDO and related organizations. The second set of innovations has been made by civil society organizations to promote women's participation in livelihood activities.

Innovations through cluster development programs have aimed to increase women's participation in the production process by up-grading skills of existing workers and reaching out to more women to enter the workforce. Some of these efforts have consciously aimed to empower women by organizing them into self-help groups so that

they begin to engage in savings and lending activities and by offering inputs on gender sensitization to both women and men.

Innovations by civil society organizations (CSO) have aimed to promote women's economic enterprises both as individual home-based producers and as collectives of women workers. Through these interventions women are offered a range of business development services such as skill enhancement, business planning, costing, market linkages etc. In some cases the CSO have gone a step further and promoted woman-owned and managed enterprises.

The cluster development interventions have focused primarily on women workers in the enterprises located in the cluster. The CSO interventions have mostly been outside MSME clusters and have been at the level of the micro-entrepreneur and worker in micro and small enterprises.

All the examples in this note indicate that the vision of the development intervention is critical in shaping it. Where the vision is one of reducing poverty and empowering women, interventions go beyond the economic objective and try to effect a change in the position of women in the product's value chain.

In Part A we describe a few innovations made in MSME clusters with a focus on increasing women's participation in MSME clusters and empowering them in the process. In Part B we describe innovations aimed at promoting women's enterprise in a variety of settings outside of MSME clusters.

Part A

1. Chanderi Cluster, Madhya Pradesh

The intervention in this cluster occurred around 2000. A diagnostic study of the cluster by UNIDO found two intertwined problems of poverty and limited competitiveness. Women, contract workers and ethnic minorities were particularly affected by poverty. Women were also affected by 'powerlessness and disempowerment', little exposure to the outside world and poor health and education. '...an imbalance of power was tangible within the cluster between master weavers and waged workers, while inequality affected the population along gender and ethnic lines.' UNIDO adopted an equity-based development strategy, to enhance not only the cluster's competitiveness but also social imbalances.

Twenty per cent of the weavers had their own working capital but depended on the master weavers for marketing. About 50% depended upon the master weavers for both working capital and marketing. The remaining 30% were daily wage workers. Problems included mediocre product quality, competition from power looms, lack of credit access and poor trade related infrastructure.

Three strategies were adopted, viz. creation of weaver's organizations, creation of groups of other stakeholders and empowerment.

As a first step, weavers were organized into self-help groups to enhance their financial situation by promoting savings and credit activities. Women's participation in SHGs was actively sought. The SHGs were given technical, design and business development inputs and given exposure to various marketing avenues. Seven of the 40 SHGs promoted federated into a new organization called the Bunkar Vikas Sansthan (BVS), and started production and marketing of high end Chanderi products. Currently BVS has 13 SHGs. The need for professional functioning also led to setting up of rules and regulations for common raw material procurement, production, transparent quality management systems, and costing, pricing and timely delivery of orders. Linkages were established with various organizations for design inputs, marketing and credit such as National Institute of Fashion Technology, National Institute of Design and Fab India. They were assisted in this process by organizations like the National Minorities Development Corporation.

There was a conscious effort to address issues around women's empowerment. For example, women weavers were provided specialized leadership training through the Self-employed Women's Association (SEWA), a leading women's. About 80 women enrolled in literacy classes and about 150 women constituted a forum, named 'Hamari Duniya' (our world), under the aegis of BVS. This is expected to serve as the platform for women's common issues. Men's sensitization to gender issues was seen as critical and joint workshops of women and men weavers were organized to discuss gender issues.

2. Ludhiana Knitwear Cluster

The knitwear industry in Ludhiana contributes 95% of the country's woolen knitwear. In the late 1990's the cluster activity began to slow down due to a variety of reasons including poor quality human resources. UNIDO's intervention aimed at enhancing the technical knowledge of workers and supervisors and also increasing the share of women workers. The project-supported Apparel Exporters Association of Ludhiana (APPEAL) created a core group of 3 manufacturer-exporters who, along with one shop floor manager, listed the typical mistakes made by workers that led to productivity losses or product rejection. Based on these inputs, five training modules were identified jointly by the entrepreneurs. These included industrial stitching and tailoring, linking, cutting and pattern making, designing and merchandising and overall supervisory skills. This process of self-monitoring was supported by the project through visits to international (China) and national (Tirupur) producers, with a special emphasis on involving women workers at the shop floor.

To provide this demand-based training required space and a suitable environment that would not discourage trainees, especially young women, who were not used to formal training. For these reasons, the APPEAL team in collaboration with the project Cluster Development Agent(CDA) contacted a local women's college – Government Polytechnic for Women (GPW).

Further, the CDA contacted local NGOs already operating in the field of gender mainstreaming and sought their support in the identification of potential trainees.

In the absence of seed money for these new programmes, various types of innovative fundraising efforts were made by the CDA. Discussions held with the Department of Technical Education, Government of Punjab led to the provision of space for the programme at no cost. The Department of Science & Technology provided financial support for the women's training programmes. At the same time, the private sector agreed to cover 50 per cent of the cost incurred, sensing the likelihood of rapidly acquiring much needed skilled workers. Capital investment was supported by the industry: a Japanese machinery manufacturer of stitching equipment agreed to provide 13 machines for a value of 22,000 USD and another 20 machines were provided by the local entrepreneurs.

The training programme was constantly monitored and changes were made in the course content as well as in its duration: for example, the programme for women was initially thought of a one-month duration, but it later had to be stretched to three months so that the trainees did not have to come to class every day (thus having more time for their household activities) but also to increase the syllabus. After 3 runs of such programme were held, a cluster firm requested re-training of all its 65 workers. This resulted in a further revision of the course methodology.

The success of the women's training programme led to three more initiatives in related technical fields (linking, cutting and pattern making, designing and

merchandising). Furthermore, re-training of supervisors was entrusted with the Government Institute of Textile Chemistry and Knitting Technology. Here again, all the training course material was finalized in consultation with APPEAL. After the first run of such course, and in order to accommodate the needs of the supervisors, the venue of the programme was shifted to an industrial unit itself. The number of participants doubled as a result.

The women's training programme, which was introduced in the last quarter of 1999, has so far trained around 350 women, 90% of whom obtained paid employment after the end of the course. Besides breaking a long-established prejudice against women workers in the cluster, this training also had a positive impact on poverty reduction as many of the trained women came from poor backgrounds. Moreover, over 80 supervisors improved their level of technical knowledge and 75 firms benefited through these training programmes.

3. Empowerment of women weavers in Barpalli, Odisha

In the handloom cluster of Barpalli, India, women were confined to their houses and had no control over household income despite their substantial participation in pre-loom activities. In order to promote the participation of women in the economic life of the cluster and help them gain recognition vis-à-vis their male partners, the UNIDO project promoted the establishment of a federation of women. As a first step in building their self-confidence and overcoming the reluctance of men to allow women step out of the houses, UNIDO promoted the organization of social activities such as sanitation and literacy camps. Once their confidence increased, UNIDO facilitated their engagement in economic activities. On the one hand, the members of the federation have started saving and inter-lending activities to help members in financial distress and prevent borrowing from informal moneylenders. Additionally, the federation organized capacity-building inputs for its members especially in the areas of self-management, leadership development and financial management. At a later stage, the women started jointly to undertake weaving activities while the federation provided them with support services such as joint training in design, market exposure and assistance for new product development.

4. Sindhudurg Cluster Development Project

In the cluster of Sindhudurg, Maharashtra, the Cluster Development Project decided to work with fruit processing SHGs that were concentrated in three localities (namely the Talawade village, Kirlos and Mangaon) which counted on already operating NGOs. The cashew and fruit processing cluster of Sindhudurg was chosen because over 90% of the workers and Self-help group representatives were women. Three already existing NGOs, the Talawade Primary Agricultural Cooperative Society (TPACS), the Krishi Vigyan Kendra (KVK), and the Hegdewar Smriti Sewa Prakalp (HSSP), were provided with training in order to increase their gender awareness. Various gender sensitization programmes were organized, and interaction with gender specialists and access to gender related information provided. The gender component was integrated into the Cluster

Development Program as a conscious decision as the vision for cluster development included women's empowerment.

5. Initiatives by SIDBI

Along with UNIDO, other institutions have also been involved in cluster development programs, including the Small Industries Development Bank of India (SIDBI). Based on our conversations with a senior official at SIDBI, we learned about some of the cluster development initiatives which we briefly describe here.

SIDBI's intervention in the leather cluster in Kanpur was successful in raising the marketability and income of women who made products with leather scrap. Prior to the intervention, women would gather scraps and make whips which had a very limited market. Interventions through the industry association resulted in producers being more careful about the shape of the waste product, which was then used to make goods with higher marketing potential. The women were trained to make gift items with uniform pieces of waste leather, leading to a significant increase in their income from Rs. 20 a day to Rs. 100.

Another intervention in the coir yarn making industry reduced the drudgery of women yarn makers. The trick was to introduce the technological change in a phased manner so that it became acceptable to the workers, despite initial resistance.

SIDBI also found that enterprises needed business development services to improve their productivity, particularly inputs for marketing and skill development. Their initiatives therefore focused on creating a pool of business development service providers to support enterprises in the MSME sector.

Part B

In this section we briefly describe four cases of innovations that have promoted women's participation in micro and small enterprises.

1. Promoting Women's Enterprises

The JEEVIKA project has been successful in forming the state's first women-owned, women-operated chili processing unit. The objective of this project was to position women in Sawai Madhopur engaged in Chili cultivation to own and manage microenterprises around value-added post-harvest processes. The women-owned and operated post-harvest processing plants ensure better returns to the women through more value addition to the farm produce. During one year more than 500 women were organized into 32 Self Help Groups (SHGs) and one SHG federation. The Ranthambhore Mahila AajivikaSangh (RMAS) was set-up to link the women's groups directly to the markets. It is hoped that the Chili processing plant will be developed as a spice hub in future years. (This initiative was supported by the Hilary Clinton Women's Empowerment Initiative)

2. Udyogini

Udyogini decided to leverage the traditional embroidery skill of women in Western Rajasthan and provided interventions at two levels – one at the level of the job worker and the second for to promote entrepreneurship among the women in the area. The intervention aimed at women who were doing embroidery aimed improving efficiencies for the existing market through improved quality, productivity, benchmarking and systems for the existing range of products and designs to enable greater standardization.

Along with skill training, Udyogini organized an intervention aimed at promoting entrepreneurship among women. Udyogini organized Grassroots Management Trainings (GMTs) for select women who were identified based on their risk-taking abilities. These trainings helped women understand the product manufacturing process as well as costing and pricing. These women provided business development services such as helping to link producers to markets. They gradually started working on a commission basis and became proficient in expanding their reach of markets. Each of these entrepreneurs gradually became in-charge of a cluster of villages where production was occurring.

3. Self-employed Women's Association (SEWA)

SEWA has been a pioneering institution in the promotion of women's livelihoods, and has a unique strategy for promoting women as workers and entrepreneurs. The first step in all SEWA's interventions for enterprise promotion has been organizing the women workers and producers to build collective strength and bargaining power. Inputs such as credit, skill up-gradation, market linkages etc. are provided to enhance the earning potential of women workers. Social security like insurance and pension, and human development services in the areas of health, nutrition and education are also provided. SEWA believes that only if women are provided with this composite package can they engage in productive and sustainable income generation activities.

One of the many initiatives at SEWA has been the setting up of the SEWA Trade Facilitation Center (STFC) in 2003, in response to the demand for creating sustainable livelihood strategies for poor women producers. The vision of STFC is to ensure that craftswomen in the informal sector have socio-economic security and full employment, by building a grassroots' business enterprise of artisans. STFC achieves this by providing skill training and design input to women workers and linking these to mainstream national and global markets. Currently STFC has 3500 artisan shareholders in 80 villages across 3 Districts in Gujarat. The product range produced by shareholders of STFC and marketed by STFC includes apparel, home furnishing and accessories.

A second example of SEWA's intervention has been the promotion of Rudi Multi Trading Company Limited. The objective is to provide a sustained market to small farmers by collectivizing and developing a distribution network. Farm producers in each district are organized into rural producer groups. Farm produce is purchased from each small producer and processed at the district processing center where grading, processing

and packaging of commodities is done. The packaged products are sold both in the villages and in urban retail outlets by saleswomen. This model thus provides employment to farmers and creates entrepreneurs by selling through saleswomen from the community.

4. Pradan

Pradan carried out this intervention in the state of Jharkhand. The area where the intervention was introduced has limited employment opportunities for women and the majority there are landless and marginal farmers. One of the steps in the production of tasar silk is the spinning of tasar yarn, the bulk of which is imported into India. Pradan trained the women to become yarn producers, thus adding a new set of actors in the tasar value chain.

The intervention started with promotion of women's self-help groups for initiating savings and credit activities. While not all the women opted to become yarn producers, those who did were organized into a yarn producers' organization at the village level which was registered as a mutual benefit trust. A group of these trusts together formed the Masuta Producers' Company. The company is owned by 2,037 women yarn producers.

Women who become members of the company have to progress through five stages – viz. acquisition of technical skills, development of individual business sense, development of primary business groups, leadership of the primary group and finally leadership for the company.

The company is owned by the women members and governed by their representatives and a small number of professionals.

APPENDIX C

DONOR INITIATIVES TO PROMOTE WOMEN'S PARTICIPATION IN MSMEs

ILO – International Labor Organization

Main activities of Donor Agency	A UN agency dealing with labor issues particularly international labor standards and decent work for all.
Main MSME activities	<p>ILO's strategic framework for 'sustainable enterprises' which are productive and create decent work is to build around three crucial and mutually reinforcing elements: creating the right conditions for sustainable enterprises to thrive and create jobs; stimulating entrepreneurs to fulfill their ambitions to build businesses; and nurturing sustainable and responsible workplaces that combine increased productivity and a smaller environmental footprint with improved working conditions and industrial relations.</p> <p>In 2013, ILO spent approximately \$1.1 million on MSME development. Till 2017, ILO will invest approximately \$2.3 million on improving SMEs productivity and competitiveness alone through SCORE. 'Start and Improve Your Business' (SIYB) programme has been started to fill the skill gap</p>
Gender focus of MSME activities	<p>While their intervention is limited in India, at the global level ILO has been among the pioneering agency promoting initiatives on women's economic empowerment both in terms of enhancing women's employment and entrepreneurship. They are particularly known for their work in African countries. The ILO's Women's Entrepreneurship Development programme (ILO-WED) is part of the Small Enterprise Development Programme (SEED).</p> <p>ILO-WED works on enhancing economic opportunities for women by carrying out affirmative actions in support of women starting, formalizing and growing their enterprises, and by mainstreaming gender equality issues into the ILO's work in enterprise development. This approach to WED is highlighted in the ILO WED Strategy that was adopted by the Governing Body in March, 2008 (ILO website)</p>

UNIDO – United Nations Industrial Development Organization

Main activities of Donor Agency	UNIDO is a specialized agency in the United Nation System. The organization's primary objective is the promotion and acceleration of industrial development in developing countries and countries with economies in transition as well as the promotion of international industrial cooperation.
Main MSME activities	<p>Fostered the cluster development approach in India part of the organization's mandate to reduce poverty through productive activity i.e. with a focus on MDG 1:eradicate extreme poverty and hunger</p> <p>The aim of the UNIDO Cluster Development Programme (CDP) in India is to contribute to the overall performance and collective efficiency of the small and medium enterprise clusters for sustainable development by assisting selected local communities of firms and associated institutions in the clusters with assistance to central and local institutions in their programmes of cluster modernization and restructuring.</p> <p>At the policy level, the primary purpose of UNIDO's intervention is to customize its methodology to the Indian settings so that it can be shared with the partner institutions for replication. UNIDO strives to act as a catalyst bringing about the necessary qualitative changes at the cluster level.</p>
Gender focus of MSME activities	<p>A gender responsive need to cluster development was pioneered in 2002 through the launch of an action-research project whose pilot activities were undertaken in two clusters in India - of Chanderi and the fruit-processing cluster of Sindhudurg.</p> <p>The activities implemented in India revealed that a rethinking of the cluster development methodology is necessary in order to ensure the effectiveness of a gender aware cluster development initiative. The integration of a gender sensitive focus starts from the selection of the cluster and spans over all the stages of the project from the diagnostic study, through action planning to monitoring and evaluation. It calls for, or at least also involves, the targeting and tuning of cluster development activities to the specific needs and circumstances experienced by women, in order to counter the discrimination they often suffer. A variety of steps can be taken to facilitate women integration in the cluster life. Among them this paper explores Self Help Group formation, micro finance schemes, exposure visits and skill development.</p>

IFC – International Finance Cooperation

Main activities of Donor Agency	The IFC is an international financial institution which offers investment, advisory, and asset management services to encourage private sector development in developing countries. IFC is a member of the World Bank group. It works to advance economic development by investing in strictly for-profit and commercial projects which reduce poverty and promote development.
Main MSME activities	MSME Financing, Banking sector reforms, investment and advisory services
Gender focus of MSME activities	<p>Facilitate financial institutions to recognize and seize the untapped and profitable opportunities that women entrepreneurs represent.</p> <p>Support financing needs to effectively target women entrepreneurs.</p> <p>Raise awareness of best practices and build capacity of partner FIs committed to offering financial services to women entrepreneurs.</p>

GIZ –Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Main activities of Donor Agency	GIZ is a German entity that assists the German Government in meeting their objectives in the field of international cooperation. GIZ provides technical cooperation or facilitating and promoting sustainable development across the globe. It has been operating in India for the last 60 years.
Main MSME activities	<p>MSME Umbrella Program (2010-2014)</p> <p>Provide knowledge -GIZ is sharing information on international best practice in small business promotion and development and bringing in German small business experts.</p> <p>Advise policy makers –Working with Ministry of MSME and SIDBI on evaluating and improving programmes ('schemes' as they are known in government) to increase their reach and impact</p> <p>Support capacity development - A central feature of GIZ's approach to MSME development in India is to build a market of private service providers that provide support for MSME, for example in marketing, market access, technology and skill transfer or other business advice. GIZ aims to strengthen private providers of these Business Development Services (BDS) in their capacities to deliver essential services to MSME.</p> <p>Develop solutions - Energy Efficiency through developing innovative financial products that make energy efficient machinery and equipment affordable for MSMEs.</p>

	<p>Support business model development - GIZ strengthens the capacities of Business Membership Organizations (BMO) such as district and cluster level associations and chambers to enable them to become service providers and leverage public support programmes for the benefit of their member MSME.</p> <p>Delivering Financial Services - With SIDBI, it is working on delivering financial and non-financial services to small firms.</p> <p>Economic Policy Forum- Promotes exchange and cooperation among think tanks (of developed and developing countries)</p> <p>Indo – German Tool Room</p>
Gender focus of MSME activities	Doing some work with women entrepreneurs in the Bangalore/IT area in collaboration with other organizations.

DANIDA – Denmark’s Development Cooperation under Ministry of Foreign Affairs, Denmark

Main activities of Donor Agency	Denmark’s development policy aims to combat fighting poverty through promotion of human rights and economic growth.
Main MSME activities	Set up tool room in Jamshedpur. http://www.idtrjamshedpur.com/profile.php
Gender focus of MSME activities	None