



# Making It in India

Women  
struggle to  
break down  
barriers to  
starting a  
business

Ashlin Mathew

Rupali Shinde was able to expand her family's business, thanks to a loan from the Mann Deshi Foundation.



Radhika Baburao Shinde was all of 12 years old when she was married off to a man who was 10 years older. She was sent away to live with her new husband, a truck driver, and his family in remote, drought-prone Satara district, 330 kilometers southwest of Mumbai. She left school and went to work as a laborer on her husband's family farm.

When Shinde had children of her own—a daughter and two sons—she wanted them to have a better life. In villages across India, where an estimated 833 million people live on less than \$3.20 a day, it usually falls to women like Shinde to take care of their children and ensure they have enough to eat.

PHOTO: MANN DESHI FOUNDATION

A chance encounter in 2014 helped her break the cycle of poverty. Employees of the Mann Deshi Foundation, which teaches business skills and lends money to rural women, arrived in her village offering training in various trades for a nominal fee. Shinde completed a 120-hour course in tailoring and acquired the skills she needed to start a small business catering to her neighbors, in addition to her farm work. This helped her earn the equivalent of \$5 a month to spend on her children—a considerable sum for an area where the median household income was less than \$70.

Her in-laws weren't pleased. They didn't want her new business to distract her from farming.

"There were many fights, and eventually they consented," she recalls.

### Labor force participation

The women-run Mann Deshi Foundation, established in the 1990s, is among a handful of organizations seeking to break down social, legal, and economic barriers to women's entrepreneurship in India. Despite rapid growth, wide gender disparities in the economic sphere have been stubbornly persistent. The result has been a tragic waste of human potential that has hampered efforts to reduce poverty in the world's second most populous country.

Perhaps one of the starkest signs of Indian women's plight is their labor force participation rate, which was just 27 percent in 2017, about one-third that of men. By that measure, India ranks 120th among 131 countries, according to data from the World Bank. Women entrepreneurs do no better. Only about 14 percent of Indian women own or run businesses, according to the Sixth Economic Census, conducted in 2014. More than 90 percent of companies run by women are microenterprises, and about 79 percent are self-financed.

Women account for just 17 percent of GDP in India, less than half the global average, Annette Dixon, the World Bank's vice president for South Asia, said in a speech in March of last year. If even half of Indian women were in the labor force, the annual pace of economic growth would rise by 1.5 percentage points to about 9 percent, she estimated.

The World Economic Forum's *Global Gender Gap Report 2018* ranks 149 countries on four measures: economic participation and opportunity, educational attainment, health and survival, and political empowerment (see Picture This, in this issue of *F&D*). India ranks 108th overall, with particularly low scores on two metrics: health and survival and economic participation.

Small wonder, then, that the country also fares poorly in indexes of entrepreneurship. India ranked 52 among 57 countries in the 2018 Mastercard Index of Women Entrepreneurs, ahead of Iran and behind Tunisia. The index looks at things like financial access, advancement outcomes, and ease of doing business.

“Many times, there are pressures and opposition from within the family due to societal stereotypes that force women to just take care of the house as her key responsibility,” says Aparna Saraogi, cofounder of the Women Entrepreneurship and Empowerment (WEE) Foundation. “Also, the lack of child-care support systems holds women back.”

### **Lack of collateral**

There are other hurdles. Women in India rarely own property that could serve as collateral for start-up loans. They have less education than men, on average. When they do work, they receive lower wages than their male counterparts and generally occupy low-skill jobs in agriculture and services, often in the informal economy.

Unequal access to finance is a major barrier for aspiring entrepreneurs, who need capital to start a business, however small. Providing equal access to finance while promoting female entrepreneurship would raise GDP and reduce unemployment, according to a 2018 IMF study, “Closing Gender Gaps in India: Does Increasing Women’s Access to Finance Help?” The potential benefits would be greatest—amounting to a 6.8 percent increase in GDP—if India also simplified its notoriously complex labor market regulations and improved women’s skills, the study found.

“If our economy is to grow by 9 to 10 percent consistently in the next three decades, we have to create ecosystems that support every kind of woman entrepreneur,” says Sairee Chahal, founder of SHEROES, a community platform that allows women to reach out to counselors by telephone or via an app.

The organization has helped victims of domestic violence like Sathiya Sundari, who lives in the southern state of Tamil Nadu. When she left an abusive relationship, she found herself with no means of support. She turned to SHEROES, which helped her start a beauty parlor.

“I didn’t know what it would take to run a business,” she recalls. “SHEROES sent mentors to

train and guide me and also set up a crowdfunding campaign to help me begin my business,” Sundari says. The campaign raised the money she needed in just six days in 2017. Her beauty parlor now earns her about 8,000 rupees (\$113) a month, a figure that rises to 15,000 rupees during the December–March wedding season. That’s better than the median monthly household income of 7,269 rupees in rural areas of Tamil Nadu.

Unequal education is another major barrier. The literacy rate for Indian women is 64 percent, compared with 82 percent for men. It’s no coincidence that states with higher literacy rates also have more women entrepreneurs. The region comprising India’s four southernmost states plus Maharashtra, where literacy is higher than the national average, is home to more than half of all women-led small-scale industrial units in the country, according to the Sixth Economic Census.

Yet even among India’s educated urban elite, women entrepreneurs face discrimination. Meghna Saraogi, who lives in New Delhi, is one of them. She runs a fashion app called StyleDotMe, whose users upload photos of themselves trying on various outfits and get feedback from other users in real time. She recalls her experience seeking start-up capital in the mostly male world of technology.

“There were many who asked what would happen to the business when I got married and had a child,” she says. “Then there were others who were not sure if a business with a woman at the helm would find any investors at all.”

In the end, she got two rounds of funding totaling the equivalent of \$322,000 in 2016 and 2017 through the Indian Angel Network (IAN). Last year, StyleDotMe launched an interactive augmented reality platform for jewelry called mirrAR.

Meghna Saraogi’s success story should be the norm, but it isn’t. Padmaja Ruparel, cofounder and president of IAN, says only about a quarter of the fund’s portfolio of more than 130 start-ups are led by women. Of the 10,000 deals they review each year, fewer than a third are brought by women, Ruparel says.

“It is not policy or regulatory changes that women are looking for, but better representation and a change in mind-set,” says Debjani Ghosh, president of the National Association of Software and Services Companies. “India has to grow up and realize that there is no need to fear having an equal number of women in the room.”

Still, there are signs of progress in the technology sphere. IAN, for example, has seen the proportion of pitches from women rise from 10 percent four years ago to 30 percent today. Says Ghosh: “Investors have slowly woken up to the fact that there is a need to look at the merit of ideas rather than the gender of the founder.”

Low female participation in public life may help explain the persistence of formal and informal barriers. Women accounted for just 19 percent of ministerial positions in India and 12 percent of members of Parliament as of January 2017, putting it in 148th place among 193 jurisdictions tracked by the Inter-Parliamentary Union.

“There has to be a mechanism to have an effective legal structure which is supportive of women’s empowerment,” says Aparna Saraogi, of the WEE Foundation. “It should effectively address the gaps between what the law prescribes and what actually occurs.”

Women often lack the knowledge and skills to tap opportunities, says Chetna Sinha, founder of the Mann Deshi Foundation. To help fill that gap, the foundation runs a help line for women entrepreneurs and organizes mentorship programs.

a month—enough to enroll her daughter in an engineering course.

The WEE Foundation provides a six-month entrepreneurship mentorship program to both tech and nontech start-ups free of charge based on applications from around the country, says Aparna Saraogi. The program is funded by India’s Department of Science and Technology.

“We have mentored more than 500 women-led start-ups since 2016 and enabled more than 5,000 women with skills to ensure that they can earn a living,” she says.

Some vocational programs in India still favor men. Skill India, a government-sponsored program, teaches young men trades such as plumbing, masonry, and welding. But courses for women focus on beauty, wellness, and cooking, and none aim to develop entrepreneurs.

Women like Radhika Baburao Shinde have seen their careers take unexpected turns. She expanded her modest tailoring business with help from the Mann Deshi Foundation, adding a cloth shop. Then, she took a free, six-day course in animal husbandry at a local agricultural research institute

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It also runs mobile business schools, a women’s bank, and a community radio station.

“Our program highlights access and control of finances,” Sinha says. “We identify and train women according to their needs.”

Among the foundation’s trainees is Rupali Shinde. At age 14, she married into a family that owned a small leather-crafting business that earned them a monthly income of \$56, barely enough to send their two children to school. Seeking to expand the business, she took out a loan of \$1,405 from the Mann Deshi Bank, but she lacked the know-how to make a go of it. Counselors at the bank encouraged her to take a one-year business course.

“I became financially and digitally literate, and they helped me with practical solutions,” she says. She now has five women working for her, and her family’s income has risen to \$281

after Mann Deshi counselors told her that it would help her improve her income.

“Once I came back, I started going to nearby homes to check their goats and to tell them about artificial insemination, sonograms. I inseminated 100 goats free of cost, and when these goats gave birth to healthy kids, people started trusting me. I started to get calls from nearby villages too.” Now she earns about 8,000 rupees a month—and hopes to save enough to send her 16-year-old daughter to college.

Entrepreneurs like Shinde are blazing a path for the next generation of women. Not only are they making sure their own daughters get the education they need to start businesses of their own, but they are serving as role models for the wider community, offering Indian women hope for a brighter future. **FD**

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