

# The potential of digitization in rural India – A case for women entrepreneurship amidst COVID-19



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Assistance to hone the entrepreneurial spirit of women, facilitation of a level playing field, and access to the internet can pave the way for the creation of successful, financially independent, and resilient women entrepreneurs.



The COVID-19 pandemic has severely impacted the economy, affecting both male and female-owned enterprises. According to the Sixth Economic Census, only 13.8 percent of Indian establishments are owned by women, a majority of which are micro-enterprises.

Micro-enterprises are self-financed firms that predominantly function in sectors such as handicrafts, tourism, and the beauty industry.

These sectors have been severely affected by the pandemic, thereby devastating and affecting women-led enterprises disproportionately. Male employment has fallen by 30 percent versus its pre-lockdown level, while female employment witnessed a decline by 43 percent.

The condition of women-led enterprises has further deteriorated due to the lack of awareness around government support schemes, benefits, and financial knowledge such as loans, concessions in interest moratorium, etc.

COVID-19 has exacerbated the struggle for women-owned establishments, and they continue to struggle to identify ways to recover losses and sustain themselves.

Deeply rooted socio-cultural norms that are an integral part of the societal fabric, act as barriers in the setting up of enterprises by women entrepreneurs in India.

The pandemic has further threatened the growth and survival of women-led businesses with the disruption of supply chains, closure of markets, and diminishing avenues for revenue generation.

Access to finance, always a challenge for women, has become even more inaccessible in the face of the pandemic, with cash inflow tapering down.

According to the United Nations Industrial Development Organization, in spite of women having to pay higher loan repayment rates, they still face greater difficulties in obtaining credit, often due to discriminatory attitudes of lending bodies. Financial institutions in the country are structurally designed to facilitate the aspirations of men.

In India, where land and finances are mostly in the name of male members of the household, access to credit is a big challenge for women who have no collateral in their names that can be used to avail of institutional loans.

Additionally, women-led micro and small businesses are viewed as high-risk ventures, as they include smaller companies working in lower-margin markets, and hence are more prone to facing instability than micro-businesses led by men.

Women entrepreneurs are thus faced with structural and systemic constraints, in addition to cultural norms and restrictions that greatly reduces their ability to take risks.

According to the Landscape Study on Women Entrepreneurship by EdelGive Foundation, based on a sample size of 1200 women across 13 states, arranging finances turns out to be the single largest challenge faced by most women. It is followed by balancing business and home responsibilities, hinting at limited financial support from their families.

Unpaid work across the globe is gendered in nature, with the burden of such activities being disproportionately borne by women. In India, women spend an average of 351.9 minutes per day on unpaid work, as compared to an average of 51.8 minutes per day by men.

The pandemic further catalyzes these challenges, through increased responsibilities for women at home in the absence of other family members who are venturing out to school or work, thus adding to their workload and hours of unpaid labour. To overcome these deeply embedded socio-economic and financial challenges that women face, tailor-made schemes and government benefits such as lower interest rates, customised lending and self-help- groups, have made it possible for women entrepreneurs to start and sustain their enterprises.

Furthermore, COVID-19 has also shed light on the importance of digitization of businesses that has been proving to be a cost-effective opportunity for women-led enterprises to work digitally, instead of investing in land and resources.

With the increasing need for businesses to depend on virtual solutions to flourish and sustain economic growth, the need for women-owned enterprises to quickly digitize all processes to safeguard their workplace from disruptions and shocks has also emerged as prudent.

The smartphone is recognised as the most useful tool of digital technology, with rural India witnessing an increase in smartphone penetration rising from 9 percent in 2015, to 25 percent in 2018.



The increase in rural internet users has seen a year-on-year growth of 35 percent in 2018, as opposed to 7 percent growth in urban India during the same period. It alludes to the increased dependence on smartphones being used as a tool to further knowledge sharing, social media, and even leverage businesses where applicable.

The use of digital technology in rural and semi-rural India has seen a rise in the face of COVID-19, with women leveraging digital tools to market, network and sell their products.

Many stakeholders across the ecosystem have in fact made digital upskilling projects available to women, with organisations like Maan Deshi Foundation and SEWA leading the way.

While the response to these upskilling initiatives has been positive with many women availing of them, there have also been instances where women – of their own volition – have engaged on social platforms to upskill themselves.

In fact, during the survey conducted as part of our UdyamStree campaign, we came across 23-year-old Titli, a resident of a small village in West Bengal, who proactively chose to upskill herself using the sole digital tool that she had access to – a smartphone.

When COVID-19 cost both Titli and her husband their livelihoods, she decided that setting up an individual enterprise would be the most prudent way to ensure income generation for her household.

Quickly identifying sanitization as the need of the hour, Titli went on to access YouTube to educate herself on the process of manufacturing hygiene/sanitization solutions.

After availing of the help of her uncle who had prior knowledge of the manufacturing processes for the same, she then sought assistance from a self-help group in the area to raise an initial capital of Rs. 5,000, which was given to her as a loan for setting up the business. Today, Titli successfully runs a black phenyl business that has ensured avenues of income for the entire household.

Many women across semi-rural and rural India have in their efforts to sustain their families, gone on to set up enterprises by availing of help from micro-lending groups and SHGs. They have quickly realised that business models that leverage digital mediums are the way forward, for both the success and survival of their enterprises.

However, the mere identification of the opportunities that digital platforms provide is not enough, support and assistance across the ecosystem are needed for them to succeed.

Assistance to hone the entrepreneurial spirit of women, facilitation of a level playing field, and access to the internet can pave the way for the creation of successful, financially independent, and resilient women entrepreneurs. It is only through the creation of an enabling environment that women entrepreneurs can succeed.

*–Vidya Shah is the Executive Chairperson at EdelGive Foundation. Views are personal.*