Regional Trade Potential of WMSMEs in South Asia: The case of India
Outline

- Introduction
- MSMEs in India
- Female labour force participation in India
- WMSMEs in India
- Trade between India and SAARC
- Project strategy
- Recommendations
- Final thoughts
Introduction

- MSMEs: Major source of employment and poverty alleviation, especially for women
  - employ one-third of working population
- 100 million formal MSMEs in globally emerging markets
  - constitute more than 90 per cent of total enterprises, outside of agriculture
- India has the second largest number of MSMEs in the world (after China)
  - 47 million
- MSME Output in India:
  - 45% of manufacturing
  - 40% of exports
MSMEs in India: Categorisation

- MSMEs in India are categorised by level of investment
MSMEs in India: An Overview

- 47 million MSMEs
- Employ over 100 million people
- 8% of GDP
- Divided into organised and unorganised sectors
  - 90% in unorganised sector
  - Small, unregistered & unincorporated
  - Tax and regulation avoidance

Source: Final Report of the 4th All India Census of MSME, 2006-07: Registered Sector, released in April 2011
What are WMSMEs?

- No internationally accepted definition
- Various definitions on the basis of ownership, management or percentage of women employed
- Generally a women enterprise may be understood to mean an MSME that is owned and/or managed by women
- In India, WMSMEs are defined in various government documents as:

  ‘a Small Scale Industry or a Small Scale Service Business Enterprise managed by one or more women entrepreneurs, or in which she or they individually or jointly had a share capital of not less than 51 per cent as either a partner, shareholder, director of a private limited company, or member of Co-op Society’
Female Labour Force Participation in India

- Declining proportion of economically active female population aged 15 and older
- 2012 Global average: 55.4%
- By Female LFPR India is ranked India 120th out of 131 countries
- Women constitute 97% of informal workforce
- Women in Indian economy are more prevalent as workers and artisans than owners and managers

Source: ILO data
WMSMEs in India: Facts and figures

- Of 1.5 million registered MSMEs - only **200 thousand WMSMEs** (13.72%)
- Of 19.8 million unregistered enterprises
  - 0.1 million units owned by women
  - 1.7 million units managed by women
- Women comprise 20.45% MSME workforce in India
- Women comprise 13.02% workforce in unregistered MSME sector
- 47,000 (0.3%) of registered MSME units export their wares

Share of Women Enterprises, Registered (2006-07)

- 13.72%
- 86.28%

Source: Fourth All India Census of Registered MSMEs, Fourth All India Census of Unregistered Enterprises (2006-07) Report released in 2011
WMSMEs in India: Facts and figures

- **Most Indian WMSMEs are microenterprises**
- **Hindrance to export**
- **Reasons:**
  - Lack of high volume production capacity
  - Lack of quality control and standardization
  - Inability to meet strict timelines
  - Lack of awareness regarding export potential

Size Wise Distribution of Registered WMSMEs

- Micro Enterprises (95%)
- Small Enterprises (4.7%)
- Medium Enterprises (0.3%)

Source: MSME Annual Report 2011-12
Top 10 Manufacturing Industries with High Participation of Women

- Tobacco Products
- Wearing Apparel
- Leather and Related Products
- Food Products
- Post Harvest Crop and Seed Processing Activities
- Computer, Electronic and Optical Products
- Manufacture of chemicals/chemical products
- Manufacture of Textiles
- Pharmaceuticals, Medicinal, Chemical and Botanical Products
- Wood and Products of Wood and Cork, except Furniture
State-wise Participation of Women in MSMEs

- Large amount of variation in women’s participation in MSMEs across India
- Highest participation of women in MSMEs in **Tamil Nadu** and **West Bengal**
- **Southern and Eastern India** have higher participation of women than Northern and Western India

<table>
<thead>
<tr>
<th>States with Maximum Number of WMSMEs In India (%)</th>
<th>States with the Highest Female Employment in MSMEs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Bengal</td>
<td>Odisha</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>Andhra Pradesh</td>
</tr>
<tr>
<td>Karnataka</td>
<td>Kerala</td>
</tr>
<tr>
<td>Kerala</td>
<td>West Bengal</td>
</tr>
<tr>
<td></td>
<td>Tamil Nadu</td>
</tr>
</tbody>
</table>

- Source: Fourth All India Census Micro, Small & Medium Enterprises 2006-07: Unregistered Sector
Domestic Constraints faced by WMSMEs

- Unavailability of credit, collateral requirements
- Lack of access to modern technology
- Lack of skilled labour
- Lack of productive resources, opportunities, organization and representation
- Lack of access to knowledge and information
- Social and cultural barriers
## India & SAARC – Existing Trade

### India

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>World</th>
<th>SAARC</th>
<th>USA</th>
<th>EU 28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>336,611,389</td>
<td>16,899,974 (5%)</td>
<td>41,956,732 (12.46%)</td>
<td>56,284,264 (16.7%)</td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>466,045,567</td>
<td>2,156,246 (0.46%)</td>
<td>22,600,341 (4.84%)</td>
<td>49,349,723 (10.5%)</td>
<td></td>
</tr>
</tbody>
</table>

- **India’s exports to SAARC in 2013** amounted to $16.9 million, a mere 5% of its world exports.
- Value of Indian exports to USA and EU is twice and thrice respectively of what it exports to SAARC.
- **India’s imports from SAARC** are only 0.46% of its import from the world at $2.15 million.

Source: Trademap

All figures in US$
## India & SAARC – Existing Trade

### SAARC

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>World</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>404,628,054</td>
<td></td>
<td>2,407,522 (0.59%)</td>
</tr>
<tr>
<td>Imports</td>
<td>576,541,930</td>
<td></td>
<td>15,928,619 (2.7%)</td>
</tr>
</tbody>
</table>

Source: Trademap  
All figures are in US$

- **Exports from SAARC** to India are less than **1% of its total export**
- **SAARC imports less than 3%** of its imports from India
## Volume of Trade between India and other SAARC Countries for Select Commodities

<table>
<thead>
<tr>
<th>Country</th>
<th>2012-2013</th>
<th>%Growth</th>
<th>2012-2013</th>
<th>%Growth</th>
<th>2012-2013</th>
<th>%Growth</th>
<th>2012-2013</th>
<th>%Growth</th>
<th>2012-2013</th>
<th>%Growth</th>
<th>2012-2013</th>
<th>%Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFGANISTAN</td>
<td>1,018.65</td>
<td>-31.16</td>
<td>258.52</td>
<td>51.46</td>
<td>20,034.50</td>
<td>51.78</td>
<td>19,481.52</td>
<td>-8.19</td>
<td>4.26</td>
<td>-86.27</td>
<td>4.26</td>
<td>-86.27</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>64.85</td>
<td>-5.4</td>
<td>235.04</td>
<td>37.51</td>
<td>0.3</td>
<td>-0.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANGLADESH</td>
<td>25,299.00</td>
<td>-8.31</td>
<td>380.99</td>
<td>155.39</td>
<td>1,800.36</td>
<td>18.6</td>
<td>13,214.50</td>
<td>30.8</td>
<td>511.28</td>
<td>678.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEPAL</td>
<td>14,878.03</td>
<td>-13.64</td>
<td>171.72</td>
<td>14.27</td>
<td>2,033.29</td>
<td>-5.49</td>
<td>1,415.36</td>
<td>18.53</td>
<td>182.35</td>
<td>19.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>45,477.87</td>
<td>-10.39</td>
<td>17.62</td>
<td>792.09</td>
<td>11.52</td>
<td>130.41</td>
<td>851.5</td>
<td>804.16</td>
<td>5.6</td>
<td>-63.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>32,606.08</td>
<td>-26.41</td>
<td>711.83</td>
<td>5.17</td>
<td>7,811.49</td>
<td>56.89</td>
<td>19,894.26</td>
<td>27.8</td>
<td>84.17</td>
<td>-42.24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Volume of Trade in Lakh INR

Source: Department of Commerce, Export and Import Databank
WMSMEs, Regional Trade Potential and Associated Non-Tariff Barriers: The Case of India

- **Expected outcomes**
  - Identification of sectors with highest concentration of WMSMEs
  - List of WMSMEs that operate in selected sectors
  - Identification of gender specific domestic constraints faced by WMSMEs
  - Export potential of selected product categories within SAARC
  - Non Tariff Barriers specific to WMSMEs related to Export in SAARC
WMSMEs, Regional Trade Potential and Associated Non-Tariff Barriers: The Case of India

Challenges faced in identification of sectors:

- High information asymmetries in Indian MSME Sector
- Paucity of data on WMSMEs
  - numbers and area of operation (geographical spread & industry)
- Negligible information on WMSME exports
- No common denominators on nature and volume of production and/or exports
- Resultant overall picture: highly fractured view of exports within select WMSMEs
Project Implementation Methodology

Secondary data research methodologies

- Questionnaire Based Survey
- Focused Group Discussions
- Key Informant Interviews

- Comprehensive literature review
- Selection of product categories
- Cluster selection
- Survey
  - Analysis of results (quantitative and qualitative)
  - Identification of domestic constraints and trade barriers
Project Implementation Methodology

- **Field Survey**
  - Questionnaire-based survey
  - 300 WMSMEs
  - Survey team to administer at least 65% of questionnaires to woman owners/managers
  - At least 20% to be SMEs (rest can be micro enterprises)
  - A buffer of one extra cluster to ensure at least 65% respondents are women
Focused Group Discussions

- Cluster selection based on number of WMSMEs and response of cluster associations
- At least 6 FGDs to gain qualitative information on NTBs
- Participants will include
  - Industry representatives
  - Women traders
  - Exporters
  - Financiers
  - Government officials
Product Category 1: Coir

- India is the largest producer of coir
  - 80% of total production
- 80% of coir workers are women
- 40% of coir and coir products manufactured in India are exported

Reasons for selection:
- Well regulated and conducive policy environment
- Schemes specifically targeting women entrepreneurs
- Less restrictions on the SAARC negative list of imports
Product Category 2: Handloom

- Nearly 78% female workforce
- Dominated by women most in pre/post loom and weaving operations
- Highly diversified product range
- Reasons for selection:
  - Tremendous size of the industry in terms of women engaged
  - High growth rate
  - Sector-specific schemes supporting women entrepreneurship, overall exports
  - Low barriers to entry in South Asian markets (directly on the negative import list of Pakistan only)
Product Category 3: Wearing Apparel

- India is the world's second largest producer of textiles and garments
- Half of total employment (55 million) associated with the export sector, a sizeable proportion being women
- High percentage of units registered owing to urban profile of industry
- Reasons for selection:
  - Tremendous size of the industry in terms of women engaged
  - Size of the export market
  - Significant measurable footprint of WMSMEs
## Final District/Cluster Sample Frame

<table>
<thead>
<tr>
<th>Product</th>
<th>State</th>
<th>WMSMEs as Percentage of MSMEs</th>
<th>Female Employment (%) (Within MSME sector)</th>
<th>District/ Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coir and Coir Products</td>
<td>Kerala</td>
<td>17.9</td>
<td>11.72</td>
<td>Kottayam, Allappuzha, Kollam</td>
</tr>
<tr>
<td></td>
<td>Tamil Nadu</td>
<td>16.6</td>
<td>14.59</td>
<td>Thoothukudi, Theni, Sivagangai</td>
</tr>
<tr>
<td>Handloom</td>
<td>Uttar Pradesh</td>
<td>3.4</td>
<td>5.78</td>
<td>Varanasi, Moradabad, Barabanki</td>
</tr>
<tr>
<td></td>
<td>West Bengal</td>
<td>9.9</td>
<td>14.49</td>
<td>Hoogli, Murshidabad, Nadia</td>
</tr>
<tr>
<td>Wearing Apparel</td>
<td>Delhi NCR</td>
<td>10.9</td>
<td>2.31</td>
<td>Delhi, Faridabad, Noida</td>
</tr>
<tr>
<td></td>
<td>Tamil Nadu</td>
<td>16.6</td>
<td>14.59</td>
<td>Tirupur, Erode, Madurai</td>
</tr>
</tbody>
</table>

*This is for entire state and not specific to the product category*
<table>
<thead>
<tr>
<th>State</th>
<th>District</th>
<th>Total MSMEs</th>
<th>No of WMSMEs</th>
<th>WMSME Percent</th>
<th>No. of Exporting MSMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerala</td>
<td>Kottayam</td>
<td>15809</td>
<td>5175</td>
<td>32.7</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Alappuzha</td>
<td>18555</td>
<td>5691</td>
<td>30.7</td>
<td>194</td>
</tr>
<tr>
<td></td>
<td>Kollam</td>
<td>12442</td>
<td>4679</td>
<td>37.6</td>
<td>30</td>
</tr>
<tr>
<td>Tamil Nadu (Coir)</td>
<td>Thoothukudi</td>
<td>8351</td>
<td>3869</td>
<td>46.3</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Theni</td>
<td>3042</td>
<td>1207</td>
<td>39.7</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Sivagangai</td>
<td>4334</td>
<td>1361</td>
<td>31.4</td>
<td>4</td>
</tr>
<tr>
<td>Tamil Nadu (Apparel)</td>
<td>Tirupur</td>
<td>2896</td>
<td>864</td>
<td>29.8</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Erode</td>
<td>13751</td>
<td>2674</td>
<td>19.4</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Madurai</td>
<td>5931</td>
<td>1067</td>
<td>18.0</td>
<td>5</td>
</tr>
</tbody>
</table>
## District Level Enterprise Data

<table>
<thead>
<tr>
<th>State</th>
<th>District</th>
<th>Total MSMEs</th>
<th>No of WMSMEs</th>
<th>WMSME Percent</th>
<th>No. of Exporting MSMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delhi NCR</td>
<td>Delhi</td>
<td>3202</td>
<td>332</td>
<td>10.4</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Faridabad</td>
<td>3879</td>
<td>174</td>
<td>4.5</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Noida</td>
<td>2760</td>
<td>156</td>
<td>5.7</td>
<td>24</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>Varanasi</td>
<td>3215</td>
<td>242</td>
<td>7.5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Moradabad</td>
<td>3551</td>
<td>216</td>
<td>6.1</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Barabanki</td>
<td>4876</td>
<td>212</td>
<td>4.3</td>
<td>1</td>
</tr>
<tr>
<td>West Bengal</td>
<td>Hoogli</td>
<td>2551</td>
<td>354</td>
<td>13.9</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Murshidabad</td>
<td>1917</td>
<td>181</td>
<td>8.4</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Nadia</td>
<td>1917</td>
<td>83</td>
<td>4.3</td>
<td>3</td>
</tr>
</tbody>
</table>
Recommendations

- Based on our research so far, we propose the following:
  
  - **WMSMEs should be defined in the MSMED Act** to avoid confusion
  - **Data of MSMEs should have gender-specific analysis** beyond pegging the total number of Women Enterprises
  - Overhaul the **registration process** for MSMEs and make it a **single window system** to encourage more women entrepreneurs to register and benefit from government schemes
  - Efforts should be made to **link skill development with entrepreneurship development** to promote well rounded women entrepreneurs
  - **Child care centres** with modern amenities and security should be opened especially **within and near industrial clusters** to help women entrepreneurs find work life balance
  - **SAARC level Women Trade fairs/shows** should be organised in all SAARC countries
Final Thoughts on the Study

- At a basic level, the study will produce first database of WMSMEs in India
- Contribution to literature on Indian WMSMEs:
  - Study will attempt to highlight not just barriers (based on fieldwork) but also the extent to which they hamper trade
  - It will provide targeted suggestions regarding improving policy measures to increase women entrepreneurship in India
- The study hopes to also generate greater awareness on domestic and export-related issues that WMSMEs face
Thank You