

# GENDER DIMENSIONS OF TRADE FACILITATION

Evidence from Bangladesh, Bhutan, India, Nepal





## **Gender Dimensions of Trade Facilitation**

*Evidence from Bangladesh, Bhutan, India,  
Nepal*

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# Contents

Acknowledgement .....	5
Abbreviations .....	6
Contributors .....	11
Preface .....	14
Executive Summary .....	16

## Bangladesh

<b>Facilitating Trade for Economic Empowerment of Women Entrepreneurs in Bangladesh: <i>Barriers and Opportunities</i></b> Ruba Rummana, Associate Professor, Department of Arts and Science, Ahsanulla University of Science & Technology .....	21
<b>Trade Associations, Women's Entrepreneurship Associations and Support to Women Entrepreneurs</b> Maheen Sultan, Visiting Fellow & Head, Gender Studies Cluster, BRAC University, Dhaka .....	35
<b>Trade-Related Legal Instruments and their Implications on Women Traders: A Case Study of Bangladesh</b> Nasreen Begum, Member (Law), Bangladesh Competition Commission .....	47

## Bhutan

<b>Economic Empowerment of Women: <i>Employment in Bhutan</i></b> Kunzang Lhamu, Director, National Commission for Women and Children, Royal Government of Bhutan .....	59
<b>Women's Economic Empowerment from Bhutan's Perspective: Role of MSMEs</b> Manju Giri, Gender & Social Development Expert, Thimphu .....	70
<b>Women Entrepreneurs of Bhutan: A Yin-Yang Scenario in Women's Economic Empowerment &amp; Liberty</b> Binai Lama, UN World Food Programme, Thimphu .....	80

## India

### **Gender Inequality Dimensions of Trade Facilitation**

Bibek Ray Choudhuri, *Associate Professor,*  
*Indian Institute of Foreign Trade, Kolkata* ..... 95

### **Women Entrepreneurship in India and their Economic Empowerment**

Vikas Deep, *Assistant Professor, Punjabi University, Patiala* ..... 109

### **Women in Informal Trade along North-eastern Borders of India**

Hasina Kharbhih, *Founder Impulse NGO Network, Shillong* ..... 115

## Nepal

### **Gender Responsive Trade Policies in Nepal**

Biswo Poudel, *Associate Professor, Kathmandu University* ..... 129

### **Women's Empowerment and Development Outcomes: Policy Implications for Enhancing Women's Participation in Business and Trade in Nepal**

Bina Pradhan, *Gender Expert & Social Economist, Sanepa, Kathmandu* ..... 139

### **What Drives Nepalese Women Venturing into Informal Entrepreneurial Sector?**

Kamala Gurung, *Gender and Natural Resource Management Specialist,*  
*International Centre for Integrated Mountain Development (ICIMOD)* ..... 153

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This project aims to study the gender dimensions of trade facilitation by collecting evidence from women-led/managed/owned Micro, Small and Medium Enterprises (MSMEs) in BBIN. Over two years, the project undertook several activities which included field-based research, policy advocacy, awareness generation and capacity building through targeted training programmes for women entrepreneurs.

The project team would like to acknowledge all the support availed during the study from various individuals and organisations. First of all, we offer our sincere thanks to the FCDO of the United Kingdom for their funding support and continuous guidance.

Special thanks to Duncan Overfield, Deputy Development Director Asia Regional; Mohit Sippy, Senior Programme and Policy Manager; and Anu Sareen, Programme Manager of FCDO for their support throughout the entire project duration. Their constructive comments on the earlier drafts of these papers have helped in improving their quality.

The project team would also like to thank all the contributors of this compendium who have written excellent research papers on this very important but neglected subject. We are also highly grateful for their role as a member of the Project Advisory Committee.

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## Project Team

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE)

## Abbreviations

ADB	Asian Development Bank
BAOWE	Bhutan Association of Women Entrepreneurs
BAPA	Bangladesh Agro-Processors Association
BASIS	Bangladesh Association for Software and Information Services
BBIN	Bangladesh, Bhutan, India, Nepal
BBS	Bangladesh Bureau of Statistics
BCSR	Bhutan Civil Services Rules and Regulations
BDBL	Bhutan Development Bank Limited
BDFC	Bhutan Development Finance Corporation
BDT	Bangladesh Taka
BEPZA	Bangladesh Export Processing Zones Authority
BFWE	Bangladesh Federation of Women Entrepreneurs
BGEDSS	Bhutan Gender Equality Diagnostic of Selected Sectors
BITM	BASIS Institute of Technology and Management
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BMCI	Bhutan Media and Communications Institute
BMEA	Bangladesh Garment Manufacturers and Exporters Association
BOPMA	Bangladesh Organic Products Manufacturers Association
BPFA	Beijing Declaration and Platform for Action
BPO	Business Process Outsourcing
BRAC	Bangladesh Rehabilitation Assistance Committee
BSCIC	Bangladesh Small & Cottage Industry Corporation
BTN	Bhutanese Ngultrum
BWCCI	Bangladesh Women Chamber of Commerce and Industry
BWF	BASIS Women's Forum
CBS	Central Bureau of Statistics
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
COEL	Centre of Excellence for Leather
CSF	Cost-Sharing Facility
CSIDB	Cottage and Small Industries Development Board
CSMI	Cottage, Small and Medium Industries
CSOs	Civil Society Organisations
CSR	Corporate Social Responsibility

CUTS	Consumer Unity & Trust Society
CWCCI	Chittagong Women Chamber of Commerce & Industry
DCSI	Department of Cottage and Small Industries
DTIS	Diagnostic Trade Integration Studies
EBL	Eastern Bank Limited
ECA	Ecological Critical Area
ECTS	Electronic Cargo Tracking System
EDI	Electronic Data Interchange
EDP	Economic Development Policy
EESE	Enabling Environment for Sustainable Enterprises
EIF	Enhanced Integrated Framework
EPB	Export Promotion Bureau
FAO	Food and Agriculture Organisation
FBCCI	Federation of Bangladesh Chambers of Commerce & Industries
FCDO	Foreign, Commonwealth and Development Office
FDI	Foreign Direct Investment
FHAN	Federation of Handicraft Association Nepal
FLFP	Female Labour Force Participation
FTA	Free Trade Agreement
FWEAN	Female Women Entrepreneurs Association Nepal
FYP	Five Year Plan
GDP	Gross Domestic Product
GDTF	Gender Dimensions of Trade Facilitation
GEM	Gender Empowerment Measure
GII	Gender Inequality Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNHC	Gross National Happiness Commission
GoB	Government of Bangladesh
GoN	Government of Nepal
GRB	Gender Responsive Budget
GSP	Generalised System of Preferences
HDI	Human Development Index
HDR	Human Development Reports
HDRO	Human Development Report Office
HIV	Human Immunodeficiency Virus
HKH	Hindu Kush Himalaya
HMC	Haat Management Committee
HPI	Human Poverty Index
IAI	Ibero American Institute
IANWGE	Inter-Agency Network on Women and Gender Equality
ICA	Investment Climate Assessment
ICD	Inland Container Depot



ICIMOD	International Centre for Integrated Mountain Development
ICP	Integrated Check Post
ICT	Information and Communications Technology
IDE	Institute of Development Economics
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
IGO	Intergovernmental Organisation
IIFT	Indian Institute of Foreign Trade
ILO	International Labor Organisation
INGO	International Non-Governmental Organisation
INR	Indian National Rupee
IOM	International Organisation for Migration
IPA	Interpretative Phenomenological Analysis
IPRs	Intellectual Property Rights
ISBN	International Standard Book Number
ISSN	International Standard Serial Number
ISST	Institute of Social Studies Trust
ITC	Input Tax Credit
ITES	Information Technology Enabled Services
JCCI	Jessore Chamber of Commerce and Industry
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicator
LDCs	Least Developed Countries
LEP	Loden Entrepreneurship Programme
LFMEAB	Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh
LFPR	Labour Force Participation Rate
LGED	Local Government Engineering Department
LPI	Logistics Performance Index
MAP	Medicinal and Aromatic Plants
MCCI	Metropolitan Chamber of Commerce and Industry
MCH	Mother and Child Health
MFP	Micro Finance Project
MOC	Ministry of Commerce
MOI	Ministry of Industries
MOIT	Ministry of Information & Technology
MOWCA	Ministry of Women & Children Affairs
MS	Mean Sum of Squares
MSEs	Medium and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
NAFTA	North American Free Trade Agreement
NASIB	National Association of Small & Cottage Industries of Bangladesh

NBER	National Bureau of Economic Research
NCEUS	National Council for Enterprises in the Unorganised Sector
NCWC	National Commission for Women and Children
NER	North East Region
NGO	Non-Governmental Organisation
NHSS	National Health Security Strategy
NKRA	National Key Result Area
NLSS	Nepal Living Standard Survey
NPAG	National Plan of Action on Gender
NPC	National Productivity Council
NPR	Nepalese Rupee
NSB	National Statistics Bureau
NSS	National Sample Survey
NSW	Networked Single Windows
NTBs	Non-Tariff Barriers
NTIS	Nepal Trade Integration Strategy
OECD	Organisation for Economic Cooperation and Development
PDB	Power Development Board
PEP	Partnership for Economic Policy
PFA	Platform for Action
PHCB	Population & Housing Census of Bhutan
PMMY	Pradhan Mantri MUDRA Yojana
PTAs	Preferential Trade Agreements
RBI	Reserve Bank of India
RCSC	Royal Civil Service Commission
REDCL	Rural Enterprise Development Corporation
RENEW	Respect, Educate, Nurture, Empower Women
RG	Royal Government of Bhutan
RIA	Regulatory Impact Assessment
RMG	Readymade Garment
RNR	Renewable Natural Resources
RTA	Regional Trade Agreement
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SAIS	School of Advanced International Studies
SANEM	South Asian Network on Economic Modelling
SAWTEE	South Asia Watch on Trade, Economics & Environment
SDGs	Sustainable Development Goals
S&DT	Special and Differential Treatment
SEIP	Skills for Employment Investment Programme
SES	Socioeconomic Status
SHGs	Self Help Groups

SID	Society for International Development
SIDA	Swedish International Development Cooperation Agency
SKRAS	Sector Key Result Areas
SMEs	Small and Medium Enterprises
SMEF	Small & Medium Enterprise Foundation
SPS	Sanitary and Phyto-sanitary
SSRN	Social Science Research Network
SSRP	Social Sciences Research Platform
SWADF	South Asian Women Development Forum
SYB	Statistical Year Book
TCB	Trading Corporation of Bangladesh
TFA	Trade Facilitation Agreement
TIP	Trafficking in Persons
TMSS	Thengamara Mohila Sabhuj Sangha
TTFA	Trade and Transport Facilitation Assessment
UC	University of California
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNU	United Nations University
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
WB	World Bank
WBDC	Women's Business Development Centre
WEA	Women Entrepreneurs' Association
WEAB	Women Entrepreneurs' Association of Bangladesh
WEF	World Economic Forum
WIDER	World Institute for Development Economics Research
WITS	World Integrated Trade Solution
WLN	Work and Learning Network
WMSME	Women-owned/led Micro, Small and Medium Enterprises
WNBA	Women National Business Agenda
WTO	World Trade Organisation
WTR	World Trademark Review

## Contributors



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# Preface



**Bipul Chatterjee**

Executive Director  
CUTS International

Despite a growing number of women entrepreneurs in Bangladesh, Bhutan, India and Nepal (BBIN), their participation in international trade is limited. While social factors primarily determine women's engagement in economic activities irrespective of the region, high costs of doing business, financial hurdles and limited access to information and markets restrict their participation in trade.

It is well known that increase in trade operations contribute to a nation's economy which has positive implications on women's welfare. The trade policies mostly deal with tariff and non-tariff measures, investments in infrastructure, energy, education and skill development influencing women's participation in trade.

In order to steer trade liberalisation and to achieve expected trade targets, it is very pertinent that women are made part of trade policy and procedures.

The BBIN countries have a low ranking in gender indices. In these countries, women are primarily working in the informal sector and ownership of productive assets are disproportionately in the hands of men. Social expectations, traditions and patriarchal mindset put women at

the back foot and restrain their access to resources which results in lower participation in trade and related activities.

It is in this context that CUTS International undertook a project titled "Gender Dimensions of Trade Facilitation: Evidence from Bangladesh, Bhutan, India, and Nepal", supported by the Foreign, Commonwealth and Development Office (FCDO) of the United Kingdom.

Under this project, we have done extensive field work in the BBIN countries to generate evidence with regard to challenges faced by women entrepreneurs while entering into the trade.

This compendium is an output of this project and aims to create a better informed policy discourse on various factors affecting women's economic empowerment in BBIN countries. It builds on the premise that due to existing gender-biased socio-economic gender inequalities, trade policy related instruments and mechanisms do not result in expected outcomes that are gender neutral.

The World Bank has also highlighted in its World Development Report 2012 that “gender equality is smart economics as it can enhance economic efficiency and improve other development outcomes”.

I extend my gratitude to the UK’s FCDO for their generous support for this timely project. It has also benefitted from overall guidance, inputs and suggestions by Mohit Sippy, Senior Programme and Policy Manager as well as Anu Sareen, Programme Manager of the Asia Regional Trade and Connectivity Programme of FCDO, the UK.

My sincere thanks go to all the authors who have also acted as members of the Project Advisory Committee for this project. I thank our partners: Bangladesh Women

Chamber of Commerce and Industry, Bhutan Media and Communications Institute and South Asia Watch on Trade, Economics & Environment, Nepal for their support and engaging the authors at various levels and capacities.

I hope that this compendium will contribute to an informed discourse on good practices and requisites for women’s engagement in trade. A discourse of such a kind generates food for thought and also creates pathways that will not only enable understanding problems faced by women but will also contribute to better informed policy decisions.

The pathway need not be perfect but one where it can aim at taking lessons from the past.

## Executive Summary

Over the past few years and particularly after the adoption of Trade Facilitation Agreement (TFA) by the World Trade Organisation (WTO), a renewed emphasis has been paid on how trade may impact gender and how gender inclusive trade policies can be formulated.

In the long term, this may help the governments in setting the priorities in negotiating trade agreements, formulating domestic policies or reforming the sectors where women entrepreneurs are represented disproportionately.

With regard to BBIN, women tend to concentrate on micro, small and medium enterprises (MSMEs) which are often broken out from major trade, finance and industrial policy discussions. This is despite the fact that MSMEs in BBIN face specific barriers in the participation of regional or international trade. These can be benefitted by reducing trade costs by introducing a number of trade facilitation measures.

CUTS field work in BBIN countries have highlighted that many women owned/led/managed MSMEs are participating in international trade directly and indirectly as they

supply goods or services to other firms/agents in the local market followed by exports to a supply chain firm overseas.

Trade-related interventions that consider gender implications have not only proven to boost economic competitiveness but also bring about several positive outcomes.

The research papers in this compendium aims to explore why gender matters for trade facilitation and how gender dimensions can be incorporated through several small but focused initiatives, particularly in the BBIN sub-region.

This compendium is an attempt to generate a knowledge base to help integrate a gender perspective for pivoting from informal to formal trade and to initiate a policy dialogue for the same, particularly in the BBIN sub-region. The papers note that women prefer to trade informally, largely to avoid the costs and challenges of the formal trade.

Thus, there needs to be proper incentivisation mechanisms in the place for women to facilitate their move towards the legal, documented channels once the

formal trade through the land borders is more facilitative and less cumbersome for women.

In addition, informal trade can be diverted by establishing initiatives like border haats or through riverine routes at selected short stretches, as they have proven to channel informal trade to formal trade.

Moreover, efforts have been made to recognise the importance of macroeconomic shifts and the inclusion of the private sector in the initiatives to encourage women participation.

The sub-region could benefit from macroeconomic reforms which would result in high macroeconomic turnover in terms of employment creation and primary income for men and women alike. For instance, focus on non-traditional sectors, such as creative industry would pave better opportunities for women entrepreneurs in terms of enhancing business.

Additionally, it is imperative to develop infrastructure facilities like road and transport which will lead to lower reliance of women on their male counterparts.

However, the private sector in the BBIN sub-region is yet to attract women. Promoting a working environment through adoption and usage of modern production technologies and techniques, attractive social security and welfare schemes, an opportunity for career and professional

development, flexible working hours and decent working conditions will go a long way in making employment in the private sector more attractive to women.

To ensure this, the governments in BBIN sub-region must also support the private sector through training and development, access to infrastructure, market and finance, preferential fiscal and non-fiscal incentives.

Further, there is a need to create a conducive investment climate and the business environment for the private sector.

Papers in this compendium have reported that women participation in economic sectors relies heavily on the women-friendly norms in the business and the banking sector. Ironically, gender-responsive norms in the sector can only be ensured through increased involvement of women.

Addressing issues such as - recruitment, remote location service, maternity leaves and other benefits need to be structured and streamlined.

Women engagement can improve drastically with tax incentives and enough disbursement of loans. Individual taxation and access to welfare benefits for women, insurance and pension schemes need to consider women's needs and working patterns.

Another important area identified in the research papers of this compendium is to achieve gender



parity in education, through special measures to enroll and retain girls in schools and integrate issues of family planning, sexual and reproductive rights into the education curriculum to continue raising awareness in areas that tackle social barriers to girls' education.

There needs to be extensive support to mitigate low education effects for women as low level of education leads to joblessness which hinders the economic well-being of the socially excluded sections of the society, especially women.

Further, it is also suggested that continuing education along with targeted skills development training programmes would help them to reduce their risk of long-term unemployment and prevent from being economically vulnerable resulting in a poverty trap.

A key strategy in the discourse of achieving gender parity in education and employment is to reduce skills mismatch and enhance employability of women job seekers. Therefore, it is of significance that vocational and educational training programmes be reviewed and aligned to the labour market requirements in close collaboration with industries.

Training courses where there is a clear surplus of labour should be replaced with courses that have current and future demand. Social

standing, remunerations and respect for blue-collar jobs should be promoted strategically.

In this compendium the papers discuss that business incubator and entrepreneurial parks for fueling the youth's, particularly women's business imagination would go a long way in nurturing their dreams into reality.

Also, services on business coaching, starting new businesses, subsidised credit support, entrepreneur support network and safety net to mitigate risks should be promoted aggressively.

Additionally, advocating and promoting business associations and groups in order to encourage advocacy and business women's voices; strengthening their participation and promoting a women-friendly business environment; and building women's confidence and identity as entrepreneurs are seemingly the need of the hour.

Thus, it can be summed that gender-sensitive policies and incentives in business, trade and entrepreneurship will go a long way in inculcating interest in business among the females.

These can be initiated in the form of priorities given to women consumers, special provisions for women's employment, entrepreneurship and economic gain and concessions along with financial assistance.

# BANGLADESH





## 1

# Facilitating Trade for Economic Empowerment of Women Entrepreneurs in Bangladesh: Barriers & Opportunities

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*Trade can play an important role in the economic empowerment of women. The World Trade Organization (WTO), therefore, seeks to build an inclusive trading system that will allow more women to participate in trade and reap the economic benefits of global trade. Bangladesh can especially use the provisions under the WTO's Trade Facilitation Agreement (TFA) that aims at expediting the cross-border movement of goods and sets out measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.*

*This Paper depicts why gender matters for trade facilitation and how gender dimensions can be integrated into trade facilitation. It attempts to develop a framework to identify the barriers faced by women in engaging in cross-border trade, with particular emphasis on demonstrating the importance of gender mainstreaming for trade facilitation measures in Bangladesh.*

## Introduction

Trade can facilitate women by providing ways for poverty reduction and lead to women's economic empowerment. Trade facilitation can be an effective and powerful tool for women's empowerment and improving the economic status of women. In this regard, Bangladesh can especially use the provisions under the WTO's Trade Facilitation Agreement (TFA).

Many trade facilitation measures contained in the TFA would also directly contribute to meeting the United Nations Sustainable Development Goals (SDGs) that Bangladesh has ratified and which have a direct positive impact on women (WTO, 2017).

In Bangladesh, a very negligible proportion of total business owners (10 per cent) are women (Economic census, 2013). Although this



**Trade facilitation measures can improve the trading environment by reducing transaction costs and increasing the gains from trade**

situation has gradually improved, gender-specific constraints continue to be a big problem even today. Trade facilitation measures can improve the trading environment by reducing transaction costs and increasing the gains from trade. The largely unexplored aspect is the importance of gender sensitivity.

In Bangladesh, not much attention has been given to understand the gender impact of services involved like customs and border management, logistic services, trade infrastructure and transportation and trade-related policies. These reforms are needed to increase women's mobility and participation in cross-border trade immensely.

Little attempt has been made to purposefully identify and address the needs of women in trade, which has serious implications not just for women's empowerment but also for the productivity and growth potential of the economy.

In this paper, a broader working definition of trade facilitation measures (WTR, 2015) has been adopted to include simplification and rationalisation of customs and trade procedures, reducing impediments related to logistics and transport services, improving trade infrastructure and port efficiency, and assisting exporters/traders in complying with export/import requirements and building their capacity to benefit from cross-border trade.

The paper is based on secondary sources, including published

papers, data and government policies, agreements, regulations, acts and protocols, to bring out information on the extent of women's participation in cross-border trade and the impediments faced by them.

## Challenges Faced by Women Entrepreneurs in Bangladesh

**In General:** As per the Women National Business Agenda (WNBA) developed by Bangladesh Women Chamber of Commerce and Industry (BWCCI) in 2014, the challenges fall under three broad categories:

**Social Barriers:** In a male dominant society where male members think it is a big risk financing the ventures run by women, society does not provide a women-friendly environment for business, most of the family members do not like to see women outside the home and they often face bad comments, eve-teasing, social violence, torture, and harassment leading towards dropout from business, lower position in the social structure and hindering overall progress.

**Capacity Building & Training:**  
**Context:** Business success is linked to capacity. In Bangladesh, women have less access to educational, technical and vocational skills compared to men. They have less education and experience related to starting and managing a business, thus less likely to succeed.





Gender-based preferences of parents and family tend to channelise girls and women into more general and social education rather than more scientific and technical education. It is more difficult for women to gain knowledge and relevant skills because they always have to play double roles, as a homemaker and a business person at the same time. It makes them less able than men to participate in formal and informal training.

**Financial Barriers:** Women entrepreneurs suffer from a lack of capital as banks do not accept women as entrepreneurs. Moreover, financial institutions are not aware of the different schemes of the Central Bank (Bangladesh Bank) targeting women due to a lack of collaboration between financial institutions and women associations (e.g., associations can act as guarantors for women seeking a loan, work as a pressure group to enact new policy formation for effective implementation of existing

policies). Thus, the husband or father has to act as a guarantor for women.

Commercial Banks are only interested in their schemes rather than to take part in schemes of Central Bank. Discriminatory inheritance laws create a hindrance in women securing bank loans due to lack of proper collateral like land, property, etc. lack of start-up capital to become entrepreneurs. The education of most women entrepreneurs is not up to the mark for a bank loan. There are no provisions for a grace period after receiving a loan, a high-interest rate of bank loans, etc.

## Cross-border Trade Hinders Women's Participation

- **Starting a Business Is Difficult:** Women involved in the early stages of setting up a trade business often struggle at the entry-level itself to procure an export-import code number which gives them the license to

export. Even though this system has been made online, it is still very inefficient and combined with poor internet connectivity, which makes it difficult for women to get through the first step.

- **Lack of Awareness Due to Lack of Information:** Women are reluctant to participate in cross-border trading because they do not have information on procedures, rules and regulations related to international trade.
- **Unfavourable Environment:** Women also face considerable difficulties dealing with customs and trade officials, who are usually males. The need to pay bribes to officials is quite prevalent, especially since most women lack knowledge about the rules and their rights; they are forced to make additional payments to the officials for processing their trade-related documents.
- **Difficulties in Accessing Cross-border Markets:** Women face many problems when attempting to sell goods across borders. For instance, women are not able to find ways of marketing their goods across borders, especially because of the difficulty they face in making marketing trips across the border. They also find it difficult to process payments.
- **Complex Trade Procedures:** To avoid the above-stated problems, women traders tend to hire intermediaries, who are

mostly men. Dealing with them adds to the costs as well as the hassles. The additional fee that has to be paid to the intermediaries often cuts into their profits.

- **Less organised:** We also found that business and trader associations around the border areas were largely male-dominated and women entrepreneurs and traders are not organised enough to be able to jointly voice their concerns.

Other challenges comprise weak domestic demand, limited connections to market opportunities abroad, and difficulties in meeting international health, safety, and other product requirements. Women have limited bargaining power that is further aggravated by problems in importing raw materials and the struggle in searching for investors for financing raw materials and machinery. In case of a reduction in tariffs on products that dominate their consumption baskets, women are benefitted.

However, they lose out when their products have to compete with cheap imported products in the domestic markets. Furthermore, women are also victims of sexual harassment which also acts as a barrier to trade. The above scenario stresses the need for the development and implementation of inclusive trade policies that leaves no one behind. Appropriate policies will help to bridge the gender divide in trade and foster women empowerment.



Women are subject to societal restrictions, unequal economic opportunities, and bias in the marketplace. Women need to be provided with access to international markets and financial support in the case of export businesses.

## Women in Trade

Trade across borders from Bangladesh takes place largely by road. For better analysis, classification of cross-border trade into three different categories was followed – formal trade through Land Customs Stations (LCS); formal trade through border haats and informal trade.

The characteristics and key issues related to trade facilitation are discussed to examine the extent of participation of women in different categories. Also, an assessment is done on how gender-responsive are the trade facilitation measures,

followed by a discussion on gender-responsive trade facilitation measures.

## Formal Trade through LCS

Bilateral trade between India and Bangladesh is mainly carried out through land route via 49 Land Customs Stations (LCS) and 2 Integrated Check Posts (ICPs). The LCS at the India-Bangladesh Border provides transit, customs and immigration and cargo handling services for goods and passengers.

The LCS at Benapole and Akhaura have been developed as ICPs. To facilitate the movement of cargo across the border, ICP Benapole has been made operational on a 24x7 basis, seven-days-a-week customs clearance facility basis since August 2017.

In addition to the above two ICPs, there is a proposal to develop ICPs at eight other locations across the



India-Bangladesh border at Hili, Changrabandha, MahadiPur, Fulbari and Ghojadanga in West Bengal, Sutarkandi in Assam, Dawki in Meghalaya and Kawrpuichhuah in Mizoram, which will provide a further boost to the bilateral trade.

### **Participation of Women in Formal Trade through LCS**

The absence of data availability on women engaged in cross-border trade is one of the biggest limitations that has constrained analysts in taking into account the gender dimensions of trade facilitation. There is also no data on women's involvement in providing trade facilitation and logistic services such as transport, warehousing, freight forwarding, and customs clearance.

There are hardly any women involved in providing logistic services such as transport, handling, compliance and clearance. Logistics services at the LCSs are almost exclusively managed by men. Women entrepreneurs find it difficult to deal with male entrepreneurs in the partner countries as they are reluctant to enter into commercial partnerships with women entrepreneurs (UNDP 2016).

### **Formal Trade through Border Haats**

Formal trade also takes place through border haats (markets) set up formally by the Governments of India and Bangladesh. Traders are issued legal permits to trade. However, even though trade is recorded, it is not entered in the

national trade statistics. These are once-a-week makeshift market enterprises at certain specified points on zero lines of the India-Bangladesh border to allow people residing near the border of both the countries to trade without having to pay any customs duties.

Established as per a Memorandum of Understanding (MoU) signed between India and Bangladesh in 2010, four border haats are currently in operation – Kalaichar and Balat at the Meghalaya-Bangladesh border and Kamlasagar and Srinagar at the Tripura-Bangladesh border. In 2016, both the governments have agreed to establish two more border haats in Tripura and four more border haats in Meghalaya on the India-Bangladesh border.

The Haats are set up within 5 km of the international border. Vendors/ vendees shall be residents of the area within a 5 km radius from the location of Border Haats. The number of vendors is limited to be about 50 from each country. Trading is being held once or twice a week. The estimated value of such purchases cannot be more than the respective local currency equivalent of US\$200 for any particular day.

The commodities sold in the Border Haats are exempted from the payment of customs dues. This would make the border villages more prosperous by way of improved market access for their goods while strengthening their economic and cultural status.

***Women's participation is perceptible and, in fact, gradually over time, the interest among the local women to take part in the haats has risen significantly***

### ***Participation of Women in Formal Trade through Border Haats***

Women's participation is perceptible and, in fact, gradually over time, the interest among the local women to take part in the haats has risen significantly.

The following set of hurdles which, if addressed, would enhance the participation of women at the border haats:

- **Infrastructure Deficit:** The physical connectivity to the border haats is extremely poor. The access roads are narrow and in worsening conditions during monsoon, most haats do not have separate toilets for women, further, mobile and internet connectivity are also poor.

Women are less interested to come to the haat as they would not be able to be in touch with family members because of poor network connectivity. The banking facilities are either poor or non-existent which puts the women traders in a vulnerable position and are forced to make use of the informal network for foreign currency transactions essentially controlled by men.

- **Pre-dominance of Male Officials Supervising the Functioning of the Haats:**

There is hardly any women personnel from other government departments (district administration, customs, and banking) at the haat. Rather, the MoU clearly states that security forces personnel will not be allowed to enter in the haat area, except in

case of emergency determined by the District Magistrate, adherence to which is quite flexible at the ground level.

### **Informal Trade**

Informal trade takes place because the transaction costs of trading formally are higher than those incurred in informal trading due to the costly and quite complex trade procedures involved in formal trade. What lies at the core of the functioning of informal trading markets are strong ethnic ties among traders that ensure that payments are made and also reduce risk and transaction costs.

Typically, informal cross-border trade takes place through:

- Informal markets along the border
- Carriers using formal channels, and
- Unguarded points along the long and porous borders.

### ***Participation of Women in Informal Trade***

Informal trading markets are located along the border and unofficial border points to avoid navigating through the bureaucratic processes of the formal channel and to avoid customs duties. Women who carry and transport goods for exporters/importers, travel frequently as passengers on rickshaws and make several daily trips for carrying goods between the two countries.

Often, goods are carried as head loads by women. Small women entrepreneurs engage in "suitcase trade" (women who carry a suitcase load of goods as accompanied





baggage in their vehicles) to participate in exhibitions or to sell their goods to retailers/wholesalers across the border.

Women sell goods in the informal border haats that are situated close or along the borders. Some of which are also situated close to official trading points. Most of the women residing in that area are involved in informal cross-border trade through the haats. Informal traders are likely to shift to formal channels if the impediments of trading formally are reduced.

### **Measures for Gender Responsive Trade Facilitation**

To address the challenges faced by women, it is not only necessary to undertake extensive trade facilitation measures but also to make the measures gender-sensitive. It is vital to ensure that policy measures take into account women's perspectives so that cross-border trading is possible and

profitable for women to enter and be successfully engaged in.

### **The Future Ahead**

Since women prefer to trade informally largely to avoid the costs and challenges of the formal trade, they will be incentivised to move towards the legal, documented channels once the formal trade through the land borders more facilitative and less cumbersome for women. Also, informal trade can be diverted by establishing more border haats, as haats have helped channel informal trade to formal trade.

With the normalisation of cross-border trade between India and Myanmar, there is an urgent need to strengthen and increase the presence of Border Haats at strategic points. Border Haats allow people from both countries to buy each other's products on a fixed day each week, with items traded limited to select locally grown agricultural and manufactured finished products.

Table 1.1: Measures for Gender Responsive Trade Facilitation

Areas in Investigation	Actions	Executing Ministry/Agency
<ul style="list-style-type: none"> <li>Gender Mainstreaming in the implementation of cross border trade – bilateral, multilateral and regional.</li> <li>Gender responsive implementation of TFA</li> </ul>	<ul style="list-style-type: none"> <li>Funds from development partners to be directed towards assisting women to comply with customs and take advantages of PTAs.</li> <li>Include women in consultative process.</li> </ul> <p>More women members in all committees.</p>	<b>Ministry of Women &amp; Children Affairs (MOWCA), Ministry of Commerce (MOC)</b>
<b>Measures to Enhance Participation of Women LCS and ICPS</b> <ul style="list-style-type: none"> <li>Women friendly border crossing points.</li> <li>Awareness building and information dissemination activities targeting women.</li> <li>Marketing and Support Services to Women for Accessing Cross-border Markets.</li> <li>Gender Disaggregated Database</li> </ul>	<ul style="list-style-type: none"> <li>Separate toilets for women, common areas and better roads.</li> <li>Uninterrupted electricity and mobile network.</li> <li>Efficient and helpful banking and foreign exchange facilities.</li> <li>Training and sensitisation of border level agents and officials.</li> <li>Exclusive help and monitoring desks for women.</li> <li>Discounted warehousing and storage facilities for women.</li> <li>Digitisation of processes and introduction of a one stop service centre.</li> <li>Positive and periodic media campaigns.</li> <li>Readily available information booklets and pamphlets.</li> <li>Women help and monitoring desks in relevant government offices.</li> <li>Information dissemination sessions through business chambers and associations.</li> <li>Assistance to women to effectively market their products in the foreign markets.</li> <li>Facilitate women traders to take advantages of scale and avoid market hassles in the cross-border markets.</li> <li>Integrating e-commerce among different executing agencies.</li> <li>Government agencies that collect and compile data on international trade induced to collect gender disaggregated data for different quantitative parameters.</li> </ul>	<b>Ministry of Information &amp; Technology (MOIT), Local Government Engineering Department (LGED), Power Development Board (PDB), Mobile Service Providers</b>  <b>MOF, MOIT, Women Chambers and Associations.</b>  <b>MOIT, Women Chambers and Associations.</b>  <b>Bangladesh Bureau of Statistics (BBS)</b>
<b>Measures to Enhance Participation of Women in Border Haat</b> <ul style="list-style-type: none"> <li>Gender Affirmative Action for Haat Licenses</li> </ul>	Qualitative information regularly collected via consultative dialogues between authorities responsible for trade facilitation and women's business associations and groups	<b>Haat Management Committee (HMC)</b>



Areas in Investigation	Actions	Executing Ministry/Agency
<ul style="list-style-type: none"> <li>Transparent Selection Process</li> <li>Gender Responsive Infrastructure</li> <li>Gender Disaggregated Database</li> </ul>	<ul style="list-style-type: none"> <li>Women's quota in vendor and vendee licenses be approved by the Haat Management Committee for one year only.</li> <li>Gap of one year before the successful applicants can reapply for license.</li> <li>Consideration of innovative measures such as following a rotational entry procedure to enable greater number of participants takes part in the haat.</li> <li>Make information about the application process readily available – using mobile text; bulletin boards at the panchayat offices; leaflets distributed in local markets etc.</li> <li>Abolish discretion in the approval process and make selection transparent like random drawing lots or lottery.</li> <li>Separate toilets for women with regular water supply.</li> <li>Common Facility like sitting area for women.</li> <li>Regular maintenance of access roads.</li> <li>Support desk managed preferably by women officials.</li> <li>Improved communication network.</li> <li>Efficient banking and foreign exchange facilities.</li> <li>Create a computerised and regularly updated gender</li> <li>Disaggregated database on vendors, vendees and transactions conducted at the haat.</li> </ul>	<p><b>HMC</b></p> <p><b>LGED, HMC, PDB</b></p> <p><b>BBS</b></p>
<p><b>Measures to Curb Informal Trade</b></p> <p>Channel Informal</p> <ul style="list-style-type: none"> <li>Trade to Formal Routes.</li> <li>Use the Gender Lens to Conduct New &amp; Systematic Studies on Informal Trade in South Asia.</li> </ul>	<ul style="list-style-type: none"> <li>Make formal trade more facilitative and less difficult.</li> <li>Establish more border haats.</li> <li>Role of women should be specifically examined.</li> <li>Undertake studies at the same point in time (the same years).</li> <li>Collect data on similar parameters.</li> </ul>	<p><b>MOF, MOC, Export Promotion Bureau (EPB)</b></p> <p><b>BBS</b></p>



## Conclusion

A welcoming atmosphere, coupled with the implementation of appropriate policies, will prove to be encouraging for women to effectively engage in trade. Women entrepreneurs can be encouraged through the provision of legal assistance for trade licence and trade documents. Also, they can be offered marketing assistance to use local products, assistance regarding

quality control and adoption of new technology and guidance on human resource management techniques.

Moreover, providing a platform for women to realise their potential and helping women to overcome the obstacles that stand in the way of engaging in entrepreneurship will allow a nation to empower their women and achieve long-term development goals.

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## Annexure 1

### Major Commodities Traded at ICP Benapole

Major Import Commodities	Major Export Commodities
Raw Coon, Coon Fabrics, Chemicals, Machinery, Rice, Onion, Garlic, Potato, Betel Leaf, Flowers, Printed Books, Tyres and Tubes, Cycle Parts, Two Wheeler, Chassis, Motor Car, Tractor, Dry Chilly, Electronic Items, Wrapping Paper, Paperboard, Petrochemical Products, Sulphuric Acid, Sodium Sulphate, Fabrics, Stone Chips	Raw Jute, Jute Bag, Jute Carpet, Packing Cloth, Coon Rag, Cable Wire, Jamdani Saree, Betel Nut, Textile Goods, Soap, Baeries, Metals

Source: <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/ResearchPapers/97file.pdf>

## Annexure 2

### List of Integrated Check Posts (ICPs)

Sl. No.	Name of the ICP in India (Along with the state)	Name of the Corresponding LCS in Bangladesh
1.	Petrapole ICP, West Bengal	Benapole, Bangladesh
2.	Agartala ICP, Tripura	Akhaura, Bangladesh

Source: <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/ResearchPapers/97file.pdf>

## Annexure 3

### List of Land Customs Stations (LCSs)

Sl. No.	Name of the LCS in India (Along with the state)	Name of the Corresponding LCS in Bangladesh
1.	Agartala LCS, Tripura	Akhaura LCS, Bangladesh
2.	Dhalaighat LCS (Agartala Division), Tripura	Kumarghat LCS, Bangladesh
3.	Khowaighat LCS (Agartala Division), Tripura	Balla LCS, Bangladesh
4.	Muhurighat LCS (Agartala Division), Tripura	Belonia LCS, Bangladesh
5.	Srimantapur LCS (Agartala Division), Tripura	Bibirbazar LCS, Bangladesh
6.	Karimganj Steamer & Ferry Ghat, Assam	Zakiganj LCS, Bangladesh
7.	Manu LCS (Karimganj Division), Tripura	Chaapur LCS, Bangladesh
8.	Old Raghonabazar LCS (Karimganj Division), Tripura	Betuli (Fultali) LCS, Bangladesh
9.	Sutarkandi LCS (Karimganj Division), Assam	Sheola LCS, Bangladesh
10.	Mahisasan Railway station (Karimganj Division), Assam	Shabajpur LCS, Bangladesh
11.	Bholaganj LCS, Meghalaya	Bholaganj LCS, Companyganj, Bangladesh
12.	Borsora LCS (Shillong Division), Meghalaya	Borsora LCS, Bangladesh

Sl. No.	Name of the LCS in India (Along with the state)	Name of the Corresponding LCS in Bangladesh
13.	Dawki LCS (Shillong), Meghalaya	Tamabil LCS, Bangladesh
14.	Shellabazar LCS (Shillong Division), Meghalaya	Chhatak, Sunamganj LCS, Bangladesh
15.	Ryngku LCS, (Shillong Division), Meghalaya	Kalibari (Baganbari) LCS, Bangladesh
16.	Baghmara LCS, Meghalaya	Bijoypur LCS, Bangladesh
17.	Dalu LCS, (Dhubri Division), Meghalaya	Nakugaon LCS, Bangladesh
18.	Dhubri Steamer and Ferry Ghat LCS, Assam	Rohumari LCS, Bangladesh
19.	Ghasuapara LCS (Dhubri Division)	Gobrakura & Koroitali LCS, Bangladesh
20.	Golakganj LCS (Dhubri Division), Assam	Sonahat LCS, Bangladesh
21.	Mahendraganj LCS, (Dhubri Division), Meghalaya	Dhanua Kamalpur LCS, Bangladesh
22.	Mankachar LCS, (Dhubri Division), Assam	Rowmari LCS, Bangladesh
23.	GuwahaSteamerghat LCS, Assam	Rohumari LCS, Bangladesh
24.	Silghat LCS, (Guwaha Division), Assam	Rohumari LCS, Bangladesh
25.	Changrabandha LCS, West Bengal	Burimari LCS, Bangladesh
26.	Fulbari LCS, West Bengal	Banglabandha Land Port, Bangladesh
27.	Radhikapur LCS, West Bengal	Birjol LCS, Bangladesh
28.	Gitaldah LCS, West Bengal	Mogul Ha, Bangladesh
29.	Ghojadanga LCS, West Bengal	Bhomra, Bangladesh
30.	Mahadipur LCS, West Bengal	Sinamasjid, Bangladesh
31.	Hilli LCS, West Bengal	Hili, Bangladesh
32.	Hemnagar LCS, West Bengal	Shaikberia, Bangladesh
33.	Gede LCS, West Bengal	Dorsona, Bangladesh
34.	Ranaghat LCS, West Bengal	Dorsona, Bangladesh
35.	Singabad LCS, West Bengal	Rohanpur, Bangladesh
36.	T.T.Shed, Khidderpore LCS, West Bengal	Khulna, Bangladesh
37.	Kawrpuchhuah, Mizoram	Thegamukh, Bangladesh

Source: <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/ResearchPapers/97file.pdf>

## 2

## Trade Associations, Women's Entrepreneurship Associations and Support to Women Entrepreneurs

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*Women's entrepreneurship associations are important sources of support and advice for women entrepreneurs. There is a need for mainstreaming of women's concerns and priorities within the sectoral trade associations, business chambers and associations. Although the district-based chambers of commerce does not have specific objectives to promote women traders and entrepreneurs, some of them have taken initiatives and are open to providing support to women.*

*This Paper argues for strengthening the capacity of women chambers of commerce and associations to represent, advocate for and provide support to women producers and exporters as well as for District chambers of commerce and Industry to be encouraged to play an active role in supporting and promoting women entrepreneurs and exporters. It also recommends establishing business development centers for women entrepreneurs at the district level as well as in border areas.*

### Overview

Registered trade associations have a role to play in the formulation and negotiation of trade policies, especially the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the Dhaka Chamber of Commerce and Industry (DCCI), the Metropolitan Chamber of Commerce and Industry (MCCI) and trade associations for key export industries such as Bangladesh Garment Manufacturers and Exporters

Association (BMEA), Bangladesh Knitwear Manufacturers and Exporters Association, (BKMEA), Bangladesh Agro-processors Association (BAPA) and Bangladesh Association of Software and Information Services (BASIS).

The district-based chambers of commerce does not have specific objectives or activities to promote women traders and entrepreneurs. Some chambers have taken various initiatives. For example, the Chamber in Khulna had taken some

***There is a need for mainstreaming of women's concerns and priorities within the sectoral trade associations, business chambers and associations***

initiatives to promote women entrepreneurs. The Jessore Chamber felt that setting up a help desk for women would be possible.

The Sunamganj Chamber was more interested in carrying out capacity building training for women. To make these chambers of commerce active, they need to gain a better understanding of women's role and the importance of women's contribution. They have to be motivated to support and promote women traders and entrepreneurs in their areas.

Mainstream business associations such as the Bangladesh Agro Processors Association, and Bangladesh Leather Manufacturers Association generally serve as bargaining agents with the government and do not see their role to be as capacity developers of members. However, various development agencies do see them as a means to reach their membership.

For example, the Bangladesh Agro Processors Association has had various projects with the European Union for capacity building of members and has held training and workshops for its members.

The FBCCI and DCCI have set up standing committees on women's entrepreneurship. At the national level, there is an increase in women's representation in the decision-making levels of the chambers and federations – this is an opportunity to be seized.

As the current trade regime requires all importers and exporters to be members of "recognised trade organisations", it is important for chambers and trade bodies to open their membership to small businesses, especially women-led businesses.

As mentioned in the 2006 USAID report, Trade Organisation Rules 1994 recognised that trade organisations have the right to provide the government with advice and recommendations related to trade policy and send their representatives to meetings, workshops and conferences on trade-related issues. (USAID, 2006: 42).

There seems to be an increasing trend for traders and entrepreneurs to join associations. In the Trade Winds of Chain Bangladesh study done by SANEM, it was found that all the 100 women's enterprises surveyed were members of chambers of commerce or sectoral associations (UNDP, 2016: 18).

However, an earlier survey by BWCCI with 130 respondents found that although most of the BWCCI members were also involved in trade associations and business networks, on an average only 58 per cent of women had such membership. Among non-BWCCI members, the figure was 13 per cent. Of those who were not members, some did not know about these bodies and others found the application process to be too complicated. (BWCCI 2008: 33)





## Sectoral Trade Associations

Women are less active in trade associations. For example, the Bangladesh Agro-Processors' Association (BAPA) has more than 500 members but only about five are women. The product associations such as BAPA; Bangladesh Organic Products Manufacturers Association (BOPMA); and Bangladesh Fruits Vegetables and Allied Products Exporters Association have a role in representing the interests of their members to the government, negotiating for privileges.

In the case of BAPA and the Potato Exporters Association they also certify exports and process the export cash back incentives for the members, for which they get a small share.

Each of these associations is also promoting recognition by external markets and the government of the value of their sector/sub-sector. They collect data on exports and destinations and also on their members.

The Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) was established in 2003 to "establish a healthy business environment for a close and beneficial relationship between the local manufacturer and exporters of leather footwear and leather goods and foreign buyers".

Member companies include producers of footwear, leather goods, espadrille and others. Membership is not required for footwear producers but footwear exporters.

***The district-based chambers of commerce do not have specific objectives to promote women traders and entrepreneurs***

It was established to unite all the leather goods and footwear manufacturing companies by encouraging cooperation amongst the members, providing a platform with local and international exposure, creating awareness amongst international buyers and making representations to the government and concerned public bodies on behalf of the members to resolve their regulatory problems.

Membership services include certification of membership; providing information; advising on compliance; certification for capital machinery release; bond licensing; Telegraphic Transfer (TT) certification and Generalised System of Preferences (GSP) endorsement. It even has a gender policy for members and health insurance coverage for workers.

The Association has been able to work closely with the government to advocate for policy and tax incentives. It has been able to establish a Centre of Excellence for Leather (COEL) Skill Bangladesh. It has undertaken several projects and is collaborating with the Skills for Employment Investment Programme (SEIP) of the government and the Asian Development Bank (ADB).

The Bangladesh Association of Software and Information (BASIS) is the key private sector body directly involved with supporting the ITES\_BPO industry in the country. It was set up in 1997 and has more than 1,100 members. Its objectives

are to develop national and international markets, capacity building and member service development and advocacy. It has been involved in market development through trade fairs and business-to-business meetings. In advocacy, it has raised regulatory issues with policymakers, the media and other stakeholders.

In 2012 BASIS had set up the BASIS Institute of Technology and Management (BITM), which seeks to increase the supply of technical and managerial training and resources needed by the industry. The skillset of university IT graduates entering the labour market is insufficient to meet the needs of the industry. The BITM seeks to address this gap.

The BASIS also seeks domestic market development by creating awareness among potential IT users from both private and public sectors, establishing marketplaces for IT solutions and ensuring a level playing field for local software and IT-enabled service industries. It is working on the capacity building of the member companies as well as the industry as a whole through management/entrepreneurship development initiatives, technology training and resource sharing.

Member service development and delivery are provided in different operational and business support areas like financing, tax, export/import, remittance, foreign visit, contract & legal issues and IPR.

**Women's entrepreneurship associations are important sources of support and advice for women entrepreneurs**

BASIS also carried out advocacy activities for its members so that Government policies can be more supportive of soft-ware development and IT related services. The BASIS has undertaken some projects such as SEIP, as has the Leather Association.

Along with a student forum, it also has a BASIS Women's Forum on women in IT, headed and convened by Farhana A Rahman, Vice President, BASIS. Rahman estimated that 3 per cent of technology entrepreneurs are women and 12 per cent of executives are women in the IT sector. The BASIS Women's Forum (BWF) is a membership and networking platform for women in the information and communication technology (ICT) sector.

The Forum seeks to increase awareness in our society of the importance of female empowerment through ICT and to improve and increase women's involvement in the Bangladesh IT ecosystem. The Forum wants to break the stereotypical belief that men are the gatekeepers of technology and rather improve the techno-world with equal involvement of both genders of the society.

### Observations from the Field: Jessore, Jhenaidah

The importance of being in associations and receiving support from them was highlighted in the field visits made by the author two years ago. Meetings were carried

out with members of BWCCI in both locations and also with the Jessore and the Jhenaidah Chambers of Commerce and Industry.

The BWCCI members mentioned the advice and assistance they received from BWCCI to contact and negotiate with banks. A number of them had received various trainings such as entrepreneurship training. Being part of an association also gave them confidence and strength.

A few of the BWCCI members in Jessore were also members of the Jessore Chamber of Commerce and one was a member of the Dhaka Chamber of Commerce. While a few of the Jessore women were entrepreneurs interested in participating in the District Chamber, the Jhenaidah members felt that they would not gain much and did not seek membership and/or attend the Chamber meetings. There are not many women in the Jessore Chamber of Commerce and the women interviewed did not seem interested in becoming members also.

A few of the women did attend the Chamber meetings but not all of them felt that they gained much from this as their issues were not addressed. In Sylhet, there were no women members either in the Sylhet Chamber of Commerce and Industry or the Sylhet Metropolitan Chamber of Commerce and Industry.

The Jessore Chamber members felt that women entrepreneurs need to come out and overcome social

barriers. Women should approach senior members of the Jessore Chamber of Commerce and Industry for advice and mentoring, which most members would be happy to give. They also suggested that the JCCI can set up a women's desk. E.g. Once a week someone can be available to give advice. Or else the JCCI could hire a female trainer/ consultant to work with women entrepreneurs.

In Jhenaidah when the former FBCCI President visited, he gave the Chamber a fund of one million BDT to use as interest-free loans for women entrepreneurs. The Chamber has now utilised the money. This has helped women to establish a "credit rating".

The Jhenaidah Chamber offered to vet loans for women being considered by commercial banks as they know it better, in which women are involved in production and business. This will lower bank loan recovery risks.

### Women Entrepreneurs' Associations

Some women entrepreneurs' associations as well as business associations have been set up since 1990. The Jatiya Mahila Sangstha (National Women's Association) is a government body and is not strictly a business association but supports women entrepreneurs.

The Women Entrepreneurs' Association (WEA) is the oldest body followed by the Women Entrepreneurs' Association of Bangladesh (WEAB); Bangladesh Federation of Women Entrepreneurs (BFWE); the Bangladesh Women's Chamber of Commerce and Industry (BWCCI); and regional associations such as the Chittagong Women Chamber of Commerce & Industry (CWCCI).

These associations have been able to ensure that the needs and priorities of women entrepreneurs are heard, that their memberships have access to training and banks and have also served as lobby and advocacy groups to increase government resources to these groups. However, to date, less emphasis has been given to international trade participation.

Although their numbers of members seem large, the associations only have sporadic interactions with their members. However, the need for such associations and chambers of commerce and industry for women is utmost. Several districts' women's chambers have been formed as this report was being finalised.

They have also served a very useful advocacy and lobby function with the government in gaining greater visibility for women in entrepreneurship and seeking some privileges in terms of finance and training.

Table 2.1: Women Entrepreneurs' and Business Associations

Name	Year established	Membership	Legal status	Contact persons	Core objectives and activities	Export related work
<b>Jatiya Mahila Sangstha (National Women's Association)</b>		Organisations registered with the Department of Women's Affairs	Statutory organisation under MOWCA formed by the Jatiya Mahila Sangstha Act, 1991.	Momtaz .... President, JMS	To promote the implementation of national and international commitments that are part of its mandate. It seeks to increase awareness of women's rights and development, increase their skills, provide resources for socio-economic development, develop skilled workforce, and attain socio political rights. It provides training for women entrepreneurs and marketing support.	None
<b>Women's Entrepreneurs' Association (WEA)</b> <a href="http://bfwe.org/assoc_3.html">http://bfwe.org/assoc_3.html</a>	1994	Membership of women business owners and women business owner organisations throughout Bangladesh.			Identification and evaluation of national measures related to start-ups, information, advice, facilitating access to credit, mentoring and networks concerning the promotion of female entrepreneurship. Counseling is designed for both groups and individuals. Measures supporting enterprise start-ups are focused on sectors that can provide women with an adequate income. Women are supported to move into higher value markets in traditional or new sectors.	



Name	Year established	Membership	Legal status	Contact persons	Core objectives and activities	Export related work
<b>Women Entrepreneurs Association of Bangladesh (WEAB)</b> <a href="http://www.weab.org/activities/index">http://www.weab.org/activities/index</a>	2001	About 6,000 members <sup>1</sup>		Nasreen Awwal Minto WEAB is leading the Bangladesh chapter of the SAARC South Asia Women Development Forum.	Support system for women entrepreneurs to not only improve the quality of their products, to meet the changing market demands, but also to impart training on technical knowhow, design development and to create marketing links for their products. Training programmes are regularly organised for WEAB members in various fields ranging from food processing, textile designing and quality development, production of new and innovative handicrafts to export-import, indenting, even running of petrol pumps. WEAB organises seminars, workshops and symposiums where business women, small, medium and large, meet and benefit through exchange and sharing of ideas and experiences.  WEAB has an MoU with EBL Bank and they provide some assistance to members to get loans.	WEAB facilitates participation in national and international trade fairs and exhibitions where members acquire new and better ideas and gain immensely from the exposure. Since inception, WEAB members have gained market access in the US, UK, Canada, India, Nepal, Malaysia, Arab and other countries.  A few WEAB members were sent to trade fairs abroad through initiatives taken by EPB and Katalyst.
<b>Bangladesh Federation of Women Entrepreneurs (BFWE)</b> <a href="http://bfwe.org/index.html">http://bfwe.org/index.html</a>	2006	Non-profit professional organisation		Rokeya Afzal Rahman, President	BFWE offers a wide range of benefits and networking opportunities. BFWE encourages women to support each other, to enhance recognition of the achievements of women in business and	Encourages, supports, and promotes women business owners and entrepreneurs to participate in national and international

1. Interview with President WEAB.

Name	Year established	Membership	Legal status	Contact persons	Core objectives and activities	Export related work
					the professions, and promotes the growth of women-owned enterprises through research and sharing information. BFWF is pledged to the highest ethical standards and professional practices; recognises local and global environmental and social issues. This includes WEA, TMSS, and Banchte Shekha as members. The mission of BFWF is to serve as a platform that would initiate informal and formal networking; increase capacity through training; support in accessing capital. For further information see <a href="http://bfwe.org/index.html">http://bfwe.org/index.html</a>	trade missions and conferences.
<b>Bangladesh Women's Chamber of Commerce and Industry (BWCCI)</b> <a href="http://www.bwcci-bd.org/">http://www.bwcci-bd.org/</a>	2001	The members of BWCCI are from the entire range of socio-economic spectrum.	Registered under the Ministry of Commerce. Registered with the Joint stock Company of Bangladesh Government. Affiliated as an "A" class chamber with the Federation of the Bangladesh Chambers of Commerce and Industry	Selima Ahmed, President	BWCCI's aim is to encourage and strengthen women's participation in the private sector as entrepreneurs through promoting women-friendly business environment. BWCCI is a strong voice, lobbying for micro to macro women entrepreneurs to assist their growth and to improve their social and economic prospects. As a result of efforts towards promotion of a gender-friendly business environment, private sector development and grassroots women	Encourages, supports and promotes women business owners and entrepreneurs to participate in national and international trade missions and conferences.



Name	Year established	Membership	Legal status	Contact persons	Core objectives and activities	Export related work
					<p>participation in economic sectors, BWCCI has already emerged as an advocacy organisation with increased acceptance among cross-section of people at the national and the international level. It is implementing a number of projects such as Skills for Employment Investment Programme (SEIP), Finance Division, Ministry of Finance, Bangladesh Government; Stress Management Programme for Business Women with IPA; Rural Women Entrepreneurs Skill Development Training Programme (Sub-district level) (with GOB); Leadership skill building training programme for women entrepreneurs 3rd Phase (With IRI and WLN) and Women Entrepreneurs Skill Development Centre And Hostel Facilities Programme (with GOB).</p>	
<b>Chittagong Women Chamber of Commerce &amp; Industry (CWCCI)</b> <a href="http://www.cwcci.org/">http://www.cwcci.org/</a>	2003	Members include individual enterprises, cooperatives, private companies, NGOs, and institutions	(FBCCI), UN consultative status with its Economic and Social Council.		<p>The main aim of CWCCI is to protect, develop, support and promote all measures towards ensuring a favorable environment for the business enterprises owned by women. Working as a common platform for women</p>	

Name	Date established	Membership	Legal status	Contact persons	Core objectives and activities	Export related work
		either owned or operated by women, working for entrepreneurship development amongst women. CWCCI has two types of memberships: general and corporate.			entrepreneurs and business women in Chittagong region. The members of the Chamber includes individual enterprises, co-operatives, private companies, NGOs and institutions either owned or operated by women, working for entrepreneurship development amongst women. The objectives are far reaching and an increasing number of women are being able to transform their latent potentiality into reality. The CWCCI provides to the members overall technological and business solutions for sustainability of women entrepreneurship.	

## Recommendations

**District Chambers of Commerce and Industry to be directed/ encouraged to play an active role in supporting and promoting women entrepreneurs and exporters.** The FBCCI could encourage district-based commerce chambers in the border areas to have a more proactive role in the promotion of women traders and entrepreneurs.

**Selected sectoral associations promoting women producers and exporters in their sector.** The mainstream trade associations could be assisted to undertake

research on the present and potential involvement of women in their sectors/association and undertake promotional measures to support women traders and industrialists' entry into the sector and also penetration into export markets. This could be linked to an incentive system from the government.

**Strengthening the capacity of women chambers of commerce and associations to represent, advocate for and provide support to women producers and exporters.** There are several women chambers and

entrepreneurs' associations, which play a very important role. Their ability to provide capacity development support to women producers, entrepreneurs and exporters should be further enhanced by documenting and sharing their best practices, establishing closer relations between chambers and mainstream sectoral and business associations.

**Consultations between Chambers of Commerce and Industry, Sectoral Associations and Women Entrepreneurs' Associations.**

Meetings should be held with chambers of commerce and industries and women entrepreneurs in border areas to have an idea of the women's expectations of the chambers as well as the understanding that the chambers have of their roles.

The programme could explore what has been done in other countries to make chambers of commerce and industry more responsive. Consultations should be held with sector/product associations in the potential trade sectors (leather, agro-processing, pharmaceuticals) so that their experiences and expectations are addressed. Finally, women chambers and entrepreneurs' associations should be involved.

**Establishing business development centers for women entrepreneurs at the district level as well as in border areas**

to ensure facilitation of linkages with processors and distributors, technical support (For instance, in preparing loan applications, linkages with larger processors and distributors, trade-related informational access, access to ICT and training courses.

## 3

## Trade-Related Legal Instruments and their Implications on Women Traders: A Case Study of Bangladesh

**Nasreen Begum**

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*Women, who consist of a large demographic of Bangladesh are increasingly becoming part of Bangladesh's working population. The concept of women's empowerment and efforts in this area has helped the country attain steady progress in gender equality, which helped Bangladesh to secure the first spot in gender equality (among South Asian countries) for the second consecutive year at the Gender Gap Index of 2017. However, just like other aspects, trade-related policies depict gender differential inequalities as well.*

*This paper aims to highlight some key areas where major trade-related policy deficits lie and propose some guidelines on how to alleviate these gender-related discrepancies.*

### Benefits from Trade

The impact of trade comes through various channels: its effects on economic growth, relative prices, macroeconomic stability and government revenues (Winters, 2002 and Winters et al., 2004).

Another avenue, through which trade can spur economic growth is by increasing the pace of innovation by firms. Trade liberalisation increases the size of the market and the incentives to innovate. This happens to such an extent that technical know-how is

embodied in products enabling trade liberalisation to make possible knowledge spillovers through improved access to imports.

This increase in the degree of openness of an economy usually enhances product market competition. The increase in productivity means more output or income can be obtained by all levels in society.

Bangladesh is the world's second-biggest apparel exporter after China. Garments including knitwear

and hosiery account for 80 per cent of export revenue; others include jute goods, home textile, footwear and frozen shrimps and fish. Due to the US-China trade war, Bangladesh is getting more work orders that shifted from China.

According to the Export Promotion Bureau data, the readymade garment (RMG) sector earned \$34.13 billion in the fiscal year of 2019-20, higher by 11.49 per cent, than the previous fiscal.

## Women & Trade

Trade can impact women through multiple transmission channels, including better economic opportunities, technological upgrading, socio-economic empowerment, and labour reforms. Evidence also suggests that trade openness helps reduce egregious forms of employment, such as forced and child labour, for which women and girls are most vulnerable. In many Asian countries, women have also benefited from this, particularly in export-oriented manufacturing and service industries (Park & Khan, 2019).

International trade has contributed to lifting millions out of poverty, many women fall under that uplifting umbrella. Even though unintentional, economic policies often impact men and women differently, and trade policies are no exception.

Trade policies affect the relative prices of goods and services in the economy and, therefore, the

incentives for economic activities, which can have a far-reaching impact on women's economic empowerment are as follows:

First, a general reduction in trade costs can increase economic opportunities for women by increasing competition. Put simply, when facing global competition, employers cannot afford to discriminate against qualified women. This happened in the US during the 1980s when the gender wage gap decreased more than proportionally in industries that faced higher import competition and in which US firms had previously enjoyed large market power (Seiermann, 2018).

It was economically more feasible to hire females with the appropriate job qualification than import from overseas when the overall level of education increased for women.

Second, trade liberalisation can induce technological upgrading in production, which reduces the importance of the physical strength of workers. In Mexico, following the introduction of the North American Free Trade Agreement (NAFTA), technological upgrading reduced the comparative advantage of men in production. As a result, industries with a larger tariff reductions experienced a larger increase in blue-collar employment of women.

Third, women can benefit if trade policies lead to a reallocation of production towards sectors with high female employment. In the case of Indonesia, trade

***Trade policies affect the relative prices of goods and services in the economy***

***It is important to highlight that economic incentives have a much more profound impact than simply altering women's economic outcomes***

liberalisation in the 1990s was more intensive for sectors with high female employment; consequently, female employment increased more than male employment (Seiermann, 2018).

In Indonesia, female work participation increased (in relative terms) in regions that were more exposed to input tariff reductions, whereas the effects of output tariff changes were much less pronounced. When looking at the potential channels for these effects in Indonesia, the structure of the initial protection was considerably more female-biased than skill-biased and hence reductions in input tariffs have especially benefited sectors with a larger initial concentration of female workers. This has led to a relative expansion of more female intensive sectors as well as to a decrease in gender segregation of occupation, especially among the low skilled.

Having established that trade can be an important determinant of women's labour market participation and wages, it is important to highlight that economic incentives often have a much more profound impact than simply altering women's economic outcomes.

Evidence shows that changes in economic incentives that favour women can also help reduce other aspects of gender inequality. Studying the impact of economic incentives on missing women in rural China shows that increasing returns for tea, which women have a comparative advantage in producing, not only increased

women's incomes, but also the survival of girls in tea-producing regions in the early 1980s (Qian, 2005).

Inherently this was done to find out whether economic conditions affected male-female ratios over time. Due to the absence of prenatal gender revealing methods in many parts of China and the preference for male children, selective abortion, infanticide and/or neglect led to the ultimate death of many girl children. However, when income for women increased there was a far more decrease in this practice.

Amartya Sen (1990, 1992) coined the expression "missing women" to refer to the observed female "deficit" in comparing sex ratios of developing countries with sex ratios of rich countries.

In Bangladesh, the rise of the export-oriented garment industry, which employs a workforce of 80 per cent women, has increased young girls' (aged five to nine) education and reduced the number of teenage girls (aged 12 to 18) getting married. These examples show that the impact of trade policy on women's lives goes far beyond economic benefits.

Trade policy affects not only other targets of the UN Sustainable Development Goals, such as health and education but the very essence of gender inequality: the way women are perceived in society and the opportunities they are given. This profound impact of trade on gender makes it even more important to ensure that trade policies benefit women.



## Scenario in Bangladesh

If we directly delve into the policy scenario that Bangladesh currently has, many provisions can be found addressing practical and strategic needs for women entrepreneurs. Some of these policies incorporate specific

**Table 3.1: A List of Legal Instruments**

S.No	Initiative	Areas of Interventions	Actions
1.	National Digital Commerce Policy, 2018	<ul style="list-style-type: none"> <li>Capacity Building</li> <li>Awareness Generation</li> </ul>	<p>(a) <b>"E-BanijjoKorbo, NijerBabosaGorbo"</b> (Practicing E-commerce will enable women entrepreneurship): This project aims at encouraging women to E-trade and increase the number of women entrepreneurs, making women as skilled entrepreneurs to meet the increasing unemployment problem in the country.</p> <p>(b) Under the <b>"Bangladesh Regional Connectivity Project-1 MOC Component"</b> Under training, for capacity building of women entrepreneurs regarding internal and international trade and WTO are being provided.</p> <p>(c) The project titled <b>"Economic Opportunities and Sexual and Reproductive Health and Rights — A Pathway to Empowering Girls and Women in Bangladesh"</b> has been implemented to provide comprehensive support to operate the business in the domestic and international markets.</p>
2.	Industrial Policy, 2016	<ul style="list-style-type: none"> <li>Poverty Alleviation</li> <li>Employment Generation</li> <li>Mainstreaming women in industrialisation process</li> <li>Financial Assistance and concessions</li> </ul>	Bangladesh Bank aims at supporting women under Small and Medium Enterprise (SME) lending. The policy allows for female entrepreneurs to avail collateral-free loans up to 25 lakh BDT. Additionally, there are special concessions for women entrepreneurs such as lower interest rates on business loans.
3.	SME Policy of Bangladesh Bank	<ul style="list-style-type: none"> <li>Developing women friendly entrepreneur sector in the country</li> </ul>	Women Entrepreneurs' Dedicated Desk in all banks and financial institutes.
4.	National Women Development Policy, 2011	<ul style="list-style-type: none"> <li>Gender development</li> <li>Financial Assistance</li> </ul>	This policy encompasses multiple sectors and focuses on the Government's overall commitment for the development of women and girls via a Gender Responsive Budget allocation
5.	SME Policy of Ministry of Industry	<ul style="list-style-type: none"> <li>Concessions and preferences for women entrepreneurs</li> </ul>	This policy mentions that women entrepreneurs shall be given preference wherever it is deemed appropriate
6.	Taxation Policy	<ul style="list-style-type: none"> <li>Financial Assistance</li> </ul>	Women are entitled to a preferential tax-free limit of BDT 3 lakh instead of 2.5 lakh limit for males. Taxation policy also allows for entitlement of tax holiday opportunity



vulnerable groups of catered women. The paper presents a compiled list of legal instruments that can be subdivided into multiple sub-sections.

## Challenges and Gaps

The challenges are multifaceted given Bangladesh's current scenario. A substantial proportion of the cross-border trade that occurs with women as a party involved, we see that it is informal. Since informal trade is unregulated and mostly undocumented, there is sometimes lesser accountability as well.

Due to this nature, the contribution these informal traders have is also often unnoticed by the government. The same goes for an authoritarian body that could work as a guiding mechanism, however, absent and if problems arise, they go unresolved.

This brings us to the main point that the policies that are being made and implemented lack the true picture of what is and what needs to happen given the informal nature of all this.

The next important challenge is regarding bureaucratic border clearance processes and agencies that impose greater trade barriers. Women having low income and illiteracy, in general, are greater victims of these nuances, which means that women are not always allowed to reap the benefits that border management reform offers.

Typically border agents are men and do not have a way of working in a gender-sensitive manner. Women entrepreneurs, henceforth, feel harassed and are often misguided making it difficult for them to go on about their business transactions.

Transportation infrastructure is another tough challenge faced by rural women. Getting products to markets require the use of frequent and many modes of vehicles.

These modes are dominated by men and not to mention that safety and security also play a pivotal role when women consider, which mode they can avail and not avail. Henceforth, taking trade worthy products to market via public transport is a much greater hassle for women entrepreneurs.

***Women are not always allowed to reap the benefits that border management reform offers***

**Trade policies and reforms in Bangladesh are gradually focusing on female entrepreneurs**

Delving into the demographics of female entrepreneurs, we find that the majority are micro and small-scale traders. Small-scale entrepreneurs do not enjoy economies of scale and pay more for logistical support especially those located in lagging regions of developing countries. Due to lower traffic volume, these women entrepreneurs also face difficulties in trying to compete with larger businesses.

Regarding the policy gaps that exist, given the policy discussion presented above, one of the most profound gaps visible in almost all policies that seem to favour women entrepreneurs is the vagueness of decision making. In many cases, it is presented to the women entrepreneurs to be given 'sufficient' preference in cases.

However, 'sufficient' is a vague term that leaves much to interpretation of the officer in question. Hence if the lending officer of a financial institution finds insufficient collateral for women entrepreneurs, often their loans are rejected, which in turn demotivates female entrepreneurs thus hampering our economy in the process.

Another quite common scenario is the centralisation of loan disbursements that happen in commercial banks. It can be noticed that the majority of the female entrepreneurs that are benefited from any of the government policies are largely segregated in major cities such as Dhaka, Chattogram, or Sylhet.

Female entrepreneurs from grassroots levels are often left out or do not have proper banking facilities in their areas to avail such opportunities. The challenge for policy is to implement trade reforms in a way that increases the likelihood of benefits to reach the extreme poor.

Women trade union is yet another area that seems to merit some focus. Female trade unions often lack proper leadership figures and there seems to be a lack of training and development programmes addressing this problem.

## Conclusion

Trade policies and reforms in Bangladesh are gradually focusing on female entrepreneurs. While addressing issues that plague the economic sector an overall 360-degree focus needs to penetrate all troublesome areas.

Not just specific aspects but also new problems are arising as more and more women are concentrating outside the households and pursuing economically viable options.

Policies need to cater to women in traditionally male-dominated society where it is often hard for women to fight competitively in a man's world. According to the constitution of Bangladesh Article 28 (ii), Women shall have equal rights with men in all spheres of the state and public life and Article 29 (iii) Special provision needs to be made in favour of any backward section.



***Future incentives in trade need to provide special incentives for women entrepreneurs***

In alignment with these Articles, import-export policy, other domestic economic policies and issues related to the cross-border trade need to be amended and new provisions need to be adopted in concerned Act, Ordinance, Legal Instrument such as Notification, Circular, Government Order and Rules and Regulations to comply with our constitutional provisions. Only with equal opportunities for both genders, can Bangladesh strive to achieve prosperity.

### **Recommendations**

Future incentives in trade need to provide special incentives for women entrepreneurs. As a result, women will be interested in business. The following recommendations need to be highlighted in this aspect:

- The National Consumers' Rights Protection Department can take initiative to build a good relationship between the consumers and the sellers. Women consumers may be given priority in this process.
- Women quota for dealerships may be reserved by the Trading Corporation of Bangladesh (TCB) based on experience, efficiency and qualification at all headquarters of 'A' category and at least in the metropolitan cities. Initiatives may be taken to enhance the professional efficiency and managerial capability of women entrepreneurs through management training.
- Projects may be taken to train women entrepreneurs on domestic and international trade. Steps can be taken to make the work environment women-friendly in the garment industry sector.
- Provisions need to be created for women's employment, entrepreneurship and economic gain. To provide women with these facilities women-friendly



- banking services, easier credit facilities, venture capital, working capital and special measure to develop land and finance business support services need to be enhanced as well.
- Nationwide surveys need to be undertaken by the ministry or division concerned for preparing a database on female entrepreneurs. Record-keeping needs to be robust such as maintaining registration records, liaison with Bangladesh Export Processing Zones Authority (BEPZA) and the Bangladesh Small & Cottage Industry Corporation (BSCIC) for different policies.
  - For the banking sector to be more women-friendly, female representation needs to increase. Addressing issues such as — recruitment, remote location service, maternity leaves and other benefits needs to be structured and streamlined.
  - Women deserve tax incentives and enough disbursement of loans. Individual taxation and access to welfare benefits for women, insurance and pension schemes need to consider women's needs and working patterns.
  - Affirmative actions needs to be taken for trade and tariff policies such as reform and removal of discriminatory investment trade policies.
  - Since women-owned enterprises fall largely under the SME criterion, the VAT rate needs to be adjusted and lowered from the current high rate of 15 per cent. VAT also needs to be lowered on essential goods produced and consumed by the female population. The handicraft sector should also face a waiver of VAT for the first few inception years.
  - Women-friendly customs officers preferably female customs officers should be appointed at the port to attend to needs of women entrepreneurs. Women entrepreneurs and importers need to form collaborative and beneficial groups to support each other and look out for the betterment of each other.

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# BHUTAN







## 4

## Economic Empowerment of Women: *Employment in Bhutan*

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*Bhutan is generally considered to be a society where women enjoy relative freedom and equality in many spheres of life compared to their counterparts elsewhere in South Asia. While women enjoy a fair amount of independence in the social, economic and political spheres, the status of women in Bhutan is influenced by socio-cultural perceptions that generally hold women as less confident and less capable than men.*

*This Paper discusses the path that women's economic empowerment has taken in Bhutan with a specific focus on employment. It dwells on issues related to the near absence of women in the formal sector, structural inequalities that exist, women's disproportionate contribution towards unpaid care work and the need to collect information and monitor sex discrimination at the workplace including sexual harassment.*

### Introduction

The year 1975<sup>1</sup> was declared as the International Women's Year by the United Nations General Assembly and it saw women's issues being placed on the global agenda for the first time. In 1979, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)<sup>2</sup> was adopted and entered into force in 1981.

Bhutan ratified the CEDAW in the same year without any reservations. The Convention was the result of more than 30 years of

work by the United Nations Commission on the Status of Women, established in 1946 to monitor the situation of women and to promote women's rights. The Commission's work has been instrumental in bringing to light gaps in equality between women and men.

The Convention takes an important place in bringing the female half of humanity into the focus of human rights concerns. The Convention gives affirmation to the principle of equality by requiring States' parties



to take “all appropriate measures, including legislation, to ensure the full development and advancement of women, for guaranteeing them the exercise and enjoyment of human rights and fundamental freedoms on a basis of equality with men”.<sup>3</sup>

The Beijing Declaration and Platform for Action (BPFA)<sup>4</sup> adopted in August 1995 gave further the impetus to the empowerment and advancement of women – guaranteeing the right to freedom, realising their full potential and shape their lives in accordance with their aspirations.

The Platform for Action covers 12 critical areas of concern that are as relevant today as 20 years ago: poverty; education and training; health; violence; armed conflict; economy; power and decision-making; institutional mechanisms; human rights; media; environment and the girl child.

Nearly 20 years after the adoption of the Platform for Action, no

country has achieved equality for women and girls and significant levels of inequality between women and men persist.

Critical areas of insufficient progress include access to decent work and closing the gender pay gap; rebalancing of the care workload; ending violence against women; reducing maternal mortality and realising sexual and reproductive health and rights; and participation in power and decision-making at all levels.

As we approach the 25<sup>th</sup> anniversary of the adoption of the Beijing Declaration and Platform for Action, there is a new sense of real urgency, a recognition that we are at a turning point for women’s rights, a recognition realising gender equality, the empowerment of women and the human rights of women and girls must be a pressing and central task (Beijing Declaration and Platform for Action, UN 1995).

***There is a need for changes in policy and outlook with a view to address the gender gap***

In Bhutan, the journey has not been an easy one. Being considered as a country where women enjoy relative freedom and equality in many spheres of life a Bhutanese woman is not without her share of problems. While women enjoy a fair amount of independence in the social, economic and political spheres, the status of women in Bhutan is influenced by socio-cultural perceptions that generally hold women as less confident and less capable than men.

The first study<sup>5</sup> on 'gender equality' was conducted in 2001 and with this Bhutan was able to generate information on the social, cultural, economic and political situation of women. Gender disparities were found to exist in women's access to education, employment and public decision-making. These issues continue to persist owing to the increasingly subdued and socio-cultural forms of gender bias.

Women's access to training and technology is limited owing to lower level of education and skills, which render them less employable and also hamper their participation in decision making related to both business opportunities and issues of governance.

Subsequently, due to their lack of time and mobility, women's achievement in these particular areas are fairly poor. Although women in Bhutan seem to enjoy equal opportunities and entitlements, there are problems especially in their inability to access opportunities equitably and the absence of an enabling environment that gives due

consideration to women's differentiated interests and needs. (Gender Pilot Study 2001, GNHC, NSB & UNDP).

The Bhutan Gender Equality Diagnostic of Selected Sectors (BGEDSS)<sup>6</sup> conducted in 2014, while highlighting gender gaps in educational outcomes, employment and decision making it also indicated emerging concerns on the slower movement of women out of agriculture sectors, which is characterised by lower productivity and earnings resulting in increasing workloads of women and a high incidence and tolerance of domestic violence.

The private sector is an important source of employment for women with higher rates of female participation in ownership. As per 2015 Bhutan Enterprise Survey conducted by the World Bank, 43 per cent of firms had at least one female owner.

The Economic Census of Bhutan 2018-19 (ECoB, 2018-19) conducted by the National Statistics Bureau with technical support of the World Bank, indicated that 56 per cent of the single proprietorship and partnership establishments were owned by women.

However, the education levels of female owners were less as compared to males, with 59 per cent having primary education or less and 6 per cent having higher education, whereas the corresponding figures for male owners were 50 per cent and 16 per cent, respectively.

**Political empowerment is an area where women are severely underrepresented**

The ECoB 2018-19 collected information on business obstacles that establishments experienced and the most common obstacle for more than 35 per cent of the establishments were difficulties with access to finance, rent payment, competition from the informal sector and electricity supply. Women entrepreneurs in particular face constraints in relation to socio-cultural factors and gender stereotypical roles that expect women to take charge of the household maintenance and care responsibilities.

There are also entrenched views on women's abilities in leadership and management roles. Working conditions and pay in the private sector remains an issue and there are major wage disparities between women and men, with women earning about 10 per cent less than men (Bhutan Enterprise Survey, World Bank 2010).

Bhutan ranks very low at 131 out of 153 countries with a score of 0.635 in the Global Gender Gap Report<sup>7</sup>2020. The measure uses indicators of political empowerment, health and survival, educational attainment, and economic participation and opportunity, indicating the need to improve performance in all these areas. The Global Gender Gap Score stands at 68.6 per cent, indicating that there still exists a gender gap of 31.4 per cent to be addressed (Global Gender Gap Report 2020, World Economic Forum).

Political empowerment is an area where women are severely underrepresented. Considering the

sum of all parliament seats in the 153 countries, women comprised only 25 per cent of the 35,127 global seats. In 45 of the 153 countries, women occupy less than 20 per cent of the seats. Only 21 per cent of the 3,343 ministers are women and in 32 countries women represent less than 10 per cent of the ministerial seats. 85 of the 153 countries have never had a woman head of state.

The second dimension where the global gender gap is highest is the economic participation and opportunity sub-index. The fact that women are less present in the labour force than men contributes to this index.

On average about 78 per cent of men (15-64 years) are in the labour force as compared to 55 per cent of women. This means that over 30 per cent of the global labour force participation in gender gap needs to be closed. In the financial disparities, a wage gap of 40 per cent and an income gap of 50 per cent remains to be bridged.

Women also find it more difficult to gain access to credit, land and financial products. An underlying factor that contributes to financial disparities is the disproportionate burden of unpaid care work that women bear. Women's economic empowerment has recorded a decline in recent years (Global Gender Gap Report 2020, World Economic Forum).

This paper discusses the path that women's economic empowerment has taken in Bhutan with specific focus on employment. It dwells on



issues related to the near absence of women in the formal sector, structural inequalities that exist, women's disproportionate contribution towards unpaid care work and the need to collect information and monitor sex discrimination at the workplace including sexual harassment.

## Women's Economic Empowerment in Bhutan

Women continue to carry out almost all or a major proportion of the household maintenance and care work and also shoulder the responsibility of earning for the family. As such, there needs to be a greater recognition of women's contribution in the informal segment of the economy. Gender stereotypes dominate the economic domain and influence the types of sectors that men and women are employed in.

With the increase in engagement and contribution of women in the economic sector, this will directly contribute to the development and productivity of the country and lead to achieving the vision of sustainable economic growth. Under this section, the paper will explore women's employment opportunities, their involvement in household and care work and subsequently examine an ideal work environment for the female labour force.

### Women and Employment

According to a 2012 OECD study<sup>8</sup>, an increase in female labour force participation or a reduction in the

gap between female and male labour force participation results in faster economic growth. Increasing the household income controlled by women also changes household spending in ways that benefit children. However, women continue to have lower labour force participation rates as compared to men.

Further, women are more likely to engage in low-productivity activities in the informal sector and be wage workers and unpaid family workers. Socio-cultural stereotypes that view women as economic dependents and better equipped to look after the domestic or private sphere add to the many challenges faced by women.

The unemployment rate in Bhutan is on a declining trend which stood at 3.4 per cent in 2018<sup>9</sup>, with 4.2 per cent female unemployed against 2.7 per cent male. Youth unemployment (15-24 years) rates are a cause for concern at 15.7 per cent, with female youth unemployment at 12.9 per cent and the male youth unemployment at 9.2 per cent.

The country's labour force participation rate (LFPR) is 63.3 per cent. The LFPR for females is lower than that of men at 52.2 per cent and 73.1 per cent respectively as per the PHCB 2017. The LFPR is higher in the rural areas and the female LFPR in rural areas is 60.3 per cent compared to 37.5 per cent in urban areas.

Women have much lower participation in regular paid employment (18.4 per cent as

**Targeted efforts towards enhancing women's economic empowerment leads to poverty reduction and inclusive economic growth**

compared to 33 per cent for men) and casual paid employment (female 4.7 per cent and male 15 per cent) and a more substantial engagement in own account (female 55.8 per cent and male 33.8 per cent) and unpaid family work (female 12.7 per cent and male 6.6 per cent). Similar to other countries in the world, women's unpaid and domestic labour goes largely unrecognised.

The nature of work for the female and male differs where women are more inclined towards underemployment and low earning groups. More women than men work in vulnerable, low-paid, or undervalued jobs. Given the low female participation in the employment sector, it is also vital to change the attitudes and

management practices through awareness programmes.

The agriculture sector is recognised as the major source of income, employment and food security to most Bhutanese; the approach to agriculture has mainly focused on enhanced production and productivity.

As per the PHCB 2017, 43.9 per cent of employed persons are engaged in agricultural activity. There are more females than males engaged in agricultural occupation at 59.3 per cent as against 34.2 per cent of males. In the rural areas, many women depend on small-scale farming for their livelihoods, which are almost always informal and often unpaid.





***Due to their greater engagement in household care, women are unable to participate in economic employment opportunities***

Some of the key objectives, Sector Key Result Areas (SKRAS) and strategies such as enhancing food and nutrition security, improving rural livelihoods, promoting sustainable management and utilisation of resources are adopted by the agriculture sector. However, in many of the strategies there is an emphasis on provision of inputs such as seeds and farm machineries/equipment, but at the level of inputs or activities there are no gender disaggregated targets.

There are programmes, which deal with capacity building, formation of farmers' groups, technology and improved quality of data where there is scope to include gender specific indicators and approaches. Even in programmes where women farmers outnumber men farmers, such as in the formation of farmers' groups, men often play the role of group leaders.

As such, there is a lack of sex-disaggregated data in the agricultural sector, which makes it extremely difficult to identify and address gender issues and concerns. Research needs to be conducted on the extent, to which rural livelihoods have improved for men and women, and also on designing and identifying ergonomic tools for women.

A comprehensive and targeted approach could be adopted to organise women Self Help Groups (SHGs) for marketing in collaboration with Civil Society Organisations (CSOs). In addition, to enable more women to take up empowered roles, the programme

for the formation of groups could strengthen the component to building leadership skills and confidence. Another key area for intervention is improving women's access to microcredit through the adoption of facilitative and equity (special) measures.

### **Unpaid Household and Care Work**

The Beijing Declaration and Platform for Action (BPfA) and the Gender Equality goal of the UN Sustainable Development Goals (SDGs) outline the need to recognise and value the full extent of women's work and all their contributions to national economies including unpaid care and domestic work through provision of services, infrastructure and social protection policies, and promotion of shared responsibilities within the household and the family.

Gender inequalities in time use persist in all countries. Women also bear a disproportionate responsibility for unpaid care work. Studies have found that women devote one to three hours or more a day to housework than men, two to 10 times the amount of time a day to care for children, elderly, and the sick. 25 per cent of women report care and other family and personal responsibilities as the reason for not being in the labour force, versus only three per cent of men. This directly and negatively impacts women's participation in the labour force. In almost every country, men spend more time on leisure while women spend more time on unpaid housework.

***Women's contribution to the economy is immense, whether through businesses, farms, entrepreneurships or as employees, or by doing unpaid care work at home***

Bhutan's Gross National Happiness Survey findings in 2015 indicated that women were less happy than men and working hours were more for women than men with men spending more time on leisure than women. The measure of Gross National Happiness recognises the importance of time use as one of its nine domains and acknowledges care work as an indicator of happiness.

According to the Study on Unpaid Care Work in Bhutan 2018, women performed 71 per cent of the household maintenance and care work, 2.5 times more than men. On the other hand, men spent 2.5 times more time than women on paid work. It was also found that women spent more time on household and care work regardless of income status, age cohort, location, the number of people in the household and employment status. It is clear that women have remained the primary contributors of unpaid household and care work, which has often barred them from availing better opportunities and livelihoods.

The invisibility of unpaid household and care work has led to such work falling on the blind spot of policy makers and society as a whole and has given rise to gender imbalances and power differentials between women and men.

As such, there is a need for changes in policy and outlook with a view to addressing the gender gap through advocacy on a more equal sharing of such work in the household and also in terms of recognising its value and

contribution to overall wellbeing and the economy.

### **An Enabling Environment at the Workplace**

Throughout the earlier plan periods, the country adopted a gender-neutral approach, it was only from the 10<sup>th</sup> Five Year Plan (2008-2013) that a gender mainstreaming approach was implemented through the launch of the National Plan of Action on Gender (NPAG).

The subsequent plan included a separate National Key Result Area (NKRA): "Gender Friendly Environment for Women's Participation." This plan has led to the establishment of 20 crèches as of now, mostly in government organisations. The NKRA of the current 12<sup>th</sup> Five Year Plan (2018-2023): "Gender Equality Promoted and Women and Girls Empowered" also includes targets for creating an enabling environment for women through strengthening the establishment of child care crèches at the workplace and implementing the Internal Framework for Gender Equality.

The establishment of crèches and development and operationalisation of Internal Frameworks were prioritised as mandatory indicators in the Annual Performance Agreements of 2016-17 and 2017-18.

The Internal Framework puts in place a mechanism within different organisations for addressing sexual harassment at the workplace and also provides guidelines for creating a gender-friendly

***The initiatives for creating an enabling environment for women's participation in economic activities need to be consolidated and sustained***

environment through facilities and services, ensuring child care access to employees and flexible timing for breastfeeding mothers, and ensuring equal representation of women in decision making committees.

The quality of care and sustainability of the child care crèches are a concern and it is important to prioritise caregiver support and government cost sharing in these initiatives. Awareness needs to be provided on the long-term gains of having such inclusive support and services in place, both from the perspective of providing effective early childhood care and development and also harnessing the skills and productivity of the female workforce.

Maternity leave was increased from three months to six months and paternity leave from five to 10 days in the civil service from March 2016 and many of the corporations and state-owned enterprises have now operationalised this initiative. However, efforts to increase maternity leave in the private sector and some of the corporations have not been successful.

Employees in the private sector, armed forces and civil society do not have adequate gender-friendly services/policies in place and there is a need to raise awareness of gender equality concerns to ensure women's full participation, employment and retention in these sectors.

An initiative, the Accelerated Mother and Child Health (MCH) is also under discussion to cater to mothers outside the civil service and those not entitled to six months' maternity leave, through direct cash transfers while availing mother and child healthcare services.

## Conclusion

Targeted efforts towards enhancing women's economic empowerment leads to poverty reduction and inclusive economic growth. Women's contribution to the economy is immense, whether through businesses, farms, entrepreneurship or as employees, or by doing unpaid care work at home. However, women also remain disproportionately affected by discrimination, exploitation and lack of an enabling environment.

Women often find themselves in part-time, insecure, low-skilled and low-wage jobs, without access to economic assets such as land and loans. Due to their greater engagement in household care and maintenance work, women are unable to pursue and participate in economic and gainful employment opportunities.

On the other hand, amidst socio-cultural stereotypes and prejudices, the Bhutanese woman is still to rise out of her lack of confidence and self-esteem. With the literacy rate improving slowly and women's awareness and capacities being enhanced, it will be a matter of time before she can participate fully in the economy of the country.

The initiatives for creating an enabling environment for women's participation in economic activities need to be consolidated and sustained. Reducing the triple burden and encouraging six month's maternity leave to working mothers in the private sector and a longer paternity leave for a more equal sharing of household work between men and women must be pursued.

It is important to enhance access to finance and provide capacity and skills development support particularly for socio-economically disadvantaged and vulnerable women and girls. Recognising the value of women's unpaid work and

exploring the allocation of a certain per centage of budget based on the value of unpaid care work for interventions to reduce the burden of unpaid care work.

There is also a need to improve data collection and analyse women's employment and entrepreneurship trends. Women's abilities to secure decent jobs need to be enhanced through an enabling environment created by policies. Women's economic empowerment programmes must result in better access to and control over resources, higher incomes and greater security, including protection from violence.

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- 5 On December 18, 1979, the Convention on the Elimination of All Forms of Discrimination against Women was adopted by the United Nations General Assembly. It entered into force as an international treaty on September 3, 1981 after the 20<sup>th</sup> country had ratified it. By the 10<sup>th</sup> anniversary of the Convention in 1989, almost 100 nations had agreed to be bound by its provisions.
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## 5

## Women's Economic Empowerment from Bhutan's Perspective: Role of MSMEs

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*Bhutan used to be a gender-neutral country with practicing traditional matrilineal inheritance patterns for quite some time. However, gender neutrality does not manifest parallel in most sectors of development including women's participation in MSME.*

*The Paper will explore the role of women in MSME in Bhutan; economic sectors that attract women and any leverage provided to women entrepreneurs by the Royal Government and the impact of women's MSME participation and economic empowerment.*

### Introduction

Women in Bhutan have been equal to men traditionally and the laws protect the rights of Bhutanese women in several ways. Inheritance has been matrilineal in most Bhutanese communities, which allows women to head the household as well as empowers them in decision making.

Despite that, significant inequalities remain, though the gaps have fast been corrected especially in the arena of female school enrolment and a concurrent increase in employment in civil services (European Commission in Bhutan (2007), Bhutan Country Strategy Paper 2007-2013). Simultaneously

women have taken key roles in private sector development especially in the micro, small and medium enterprises.

The MSME is perceived as the backbone of the country's economy, which is foreseen to play a central role in fostering entrepreneurship development, providing employment and reducing poverty.

There were a total of 19,395 micro-enterprises in 2017, which showed a sharp increase of 32 per cent since 2012. Micro enterprises alone make up 70 per cent of the total registered enterprises, 20.05 per cent are small enterprises, 7.84 per

cent medium enterprises and 2.41 per cent large enterprises (SYB, 2017, DSCI) while the number of micro enterprises in the informal economy cannot be accounted for.

Despite being considered as one of the five jewels (priority growth areas) of the economy and accounting for more than 90 per cent of all enterprises in the country (SYB, 2017, DCSI, Dorji, IDE, 2018), the MSMEs had been contributing relatively a small share to GDP (EDP, 2016). The total contribution of micro, small and medium enterprises to the GDP in 2014 was 4.4 per cent (Business Bhutan, 2014).

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The sector accounted for 11.57 per cent of the total employment in 2016 (66,000 out of 570,231 working-age population), which is much lower compared to many developing countries where SMEs constitute about 60 per cent of the total employment in the manufacturing sector (Beck et al. 2007).

While MSME itself is a priority growth area, the involvement of women in MSME is critical because of their wide presence, role as social investors and their vital role in developing enterprises. This is critical for inclusive growth, job creation, strengthening gender equality and enhancing women's economic empowerment.

However, women-friendly regulatory, financial and infrastructural support by the government are some important components behind successful women participation in MSME and private sector development.

## Challenges for Women Participation in MSME

Social and cultural norms that prevent women from participating in economic activities affect their participation in business and MSME as well. The gender gap in education is fast decreasing and while school enrolment up to secondary school level is marginally higher among girls than boys; one notices a lesser number of girl intake for tertiary education both within and outside the country (NSB Yearbook, 2019).

Further, women participation in civil service and government agencies is 34.6 per cent while positions held at executive level is a meagre 10 per cent, specialist professional category is 16.7 per cent, professional & management and supervisory and support category is 32.8 per cent and 39.6 per cent respectively (NSB Yearbook, 2019).

Women occupy lesser civil service positions, while positions held at higher levels are relatively very small.

Bhutan's Labour Force Survey Report 2018 indicates that more women (53 per cent) are occupied in farming and agriculture than men, while 42.7 per cent in private businesses, mostly small scale. Similarly, women are represented lesser in the armed forces (5.7 per cent), public companies (27.7 per cent), private companies (30 per cent), and NGOs/INGOs (43 per cent).

**Economic empowerment combines the concepts of empowerment and economic advancement**

Furthermore, ever since the government began to emphasise on micro and small entrepreneurship, an increasing number of Bhutanese women have started to undertake micro and small businesses, though they still seem to struggle behind men.

The Department of Cottage and Small Industries (DCSI) has reported that in 2016, men-owned and operated 63 per cent of the registered micro, small and medium enterprises while only 35.53 per cent were owned and operated by women.

Though this seems a big achievement, the majority of women-owned/operated businesses are subsistence-based and not transformative (Dorji, IDE, 2018).

While gender gaps in terms of employment and businesses seem to be narrowing, more women representation is seen in lesser appealing jobs and opportunities regardless of the level of human development Bhutan has achieved.

There is no preferential financial support to women startup entrepreneurs; hence they have to compete against each other and with male entrepreneurs. Women have restricted mobility, which disallows them to source raw material from a wide range of supplies. Further, marketing their product to a large clientele base is also a difficulty.

## Women's Economic Empowerment

Economic empowerment is the capacity of women and men to participate in, contribute to and benefit from growth processes in ways that recognise the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of benefits of growth.<sup>1</sup>

Economic empowerment combines the concepts of empowerment and economic advancement. Approaches to economic empowerment include helping women succeed and advance in the marketplace. This encompasses increasing skills and access to productive resources, improving the enabling and institutional environments, assisting women in their ability to make and act upon decisions to benefit from economic growth and development.

With the start of Bhutan's first Five Year Plan (FYP) in 1961, the government enterprises were set up, which grew in number exponentially. Privatisation of public sector undertakings began in the sixth FYP period (1987-1992).

Government agencies were corporatised during the same period and MSME makes up 98 per cent of these enterprises.

Since MSME is the backbone of the country's economy, the SME support programme was initiated

<sup>1</sup><https://www.oecd.org/dac/gender-development/aid-women-economic-empowerment.htm>



with ADB support in Bhutan at the turn of the century for the overall private sector development of the country. The main objectives were to establish a coordinated policy, strategy, and institutional framework for MSME; enhance business laws and regulation, increase access to market-based finance and strengthen business support infrastructure.

Bank Limited (BDBL) to increase market-based finance, and (iv) establishing a cost-sharing facility (CSF) and product standardisation to strengthen business support infrastructure (Bhutan: Micro, Small, and Medium-Sized Enterprise Sector Development Programme, ADB: Progress Report on Tranche Release; November 2012).

***Bhutanese women have been active entrepreneurs who have supported and necessitated their role as household head***

This included policy reform as well as the strengthening of the entire environment for specific areas of women's involvement in MSME in the private sector development. Some policy reforms include (i) developing an MSME policy, (ii) enhancing business laws and regulations through piloting regulatory impact assessment (RIA) and reducing the time required for business formalisation, (iii) supporting the Bhutan Development Finance Corporation (BDFC) now Bhutan Development

While this was an opportunity for the generation of wealth for the Bhutanese entrepreneurs, it was an important break for willing women entrepreneurs to empower themselves and secure their stronghold in society.

With this, the Royal Government formulated the Cottage, Small and Medium Industry Action Plan where arrangements have been laid down for each of the subsequent plans to enhance employment and of women entrepreneurship.



***Bhutan's vision 2020 document identifies cottage and small industries as priority areas and emphasises on the need to put various programmes in place***

## Women in MSME

Cottage (micro) and Small Enterprises (MSEs) was recognised in the early 1990s for bringing about Bhutan's holistic growth and development.

However, despite being recognised as priority growth areas of the economy and accounting for more than 90 per cent of all enterprises in the country (SYB, 2017, DCSI, Dorji, IDE, 2018), the total contribution of MSME to GDP in 2014 was 4.4 per cent (Business Bhutan, 2014) and engaged only 11.57 per cent of the total

employment in 2016 (66,000 out of 570,231 working-age population). MSME constitutes 97.5 per cent of registered enterprises (SYB, 2017, DSCI), while there are several who operate without a licence in the informal sector.

Bhutanese women have been active entrepreneurs who have supported and necessitated their role as household head. This has demanded women of all walks of life to take up entrepreneurship for their personal and family security. Grocery, tailoring shop, restaurant, garment shop, vegetable shop, general shop, pan shop, weaving and beauty parlour are the common economic enterprises that attracted women.

Bhutanese women also produce high-value products out of medicinal plants, organic herbal plants and essential oil recognising potential niche market for such some high-value products will benefit them as women entrepreneurs (Case Study ADB, 2011).

Bhutan has the highest percentage of illiterate women entrepreneurs (37 per cent) while only 5 per cent of women entrepreneurs have tertiary education (Challenges Facing Micro and Small Businesses Owned and Operated by Women in Bhutan, May 2018). With this, the majority of women in MSME have difficulty in book keeping and expanding their business. They are also disadvantaged by their poor negotiating skills and reduced ability to avail minimal support provided by the government.

The Enterprise Survey 2015, revealed significant gender asymmetry in the ownership and participation levels in the Bhutanese Cottage, Small and Medium Industries (CSMI) with only 35.53 per cent of the industries owned and operated by women. The majority of Bhutanese women who take up micro and small businesses do so in absence of opportunity for a formal wage, employment and out of economic necessity as a strategy to make additional earnings to supplement the family income and support children's education.

Women's employment in the CSMI sector overall was at 40.8 per cent with the most dominant presence in the crafts sector, services and agro-processing. Men are generally paid higher than women across CSMI with the wage gap more accentuated in small and medium industries but quite marginal at the cottage industries level.



The World Bank's Bhutan ICA Report (2010), however, while noting a gender disparity in wages, does indicate that business enterprises provided equal non-wage benefits, such as paid leave, training and compensation for premature termination. There is lopsided women ownership as well as women's participation in labour in CSMI. This is relevant at all levels of participation.

About one-half of female entrepreneurs working in the informal sector in Bhutan are involved in textile weaving or wood and bamboo crafts and they operate their businesses from home. A small proportion conducted business through mobile shops, carrying their products and going around to offices and homes to the doorsteps of customers.

The remaining shared space with friends or operated from other places, such as at the community farmer's markets. Many of such female entrepreneurs have not registered their business or

obtained a license. Some of them borrowed licenses from friends or relatives (National Statistics Bureau, 2018).

The women participants of MSME do not have an organised space to conduct their business while at the same time they are vulnerable to regulations that disallow people participating in businesses without a valid license. Their ability to conduct online marketing is limited due to their educational background.

While the share of firms operating from home among registered entrepreneurs were much less, 80 per cent of such women entrepreneurs operated their sales business in a rented space in the main business centres or traditional sheds built by non-governmental organisations (NGOs) (National Statistics Bureau, 2018).

It is observed that registering their business enables them to avail of rented spaces in commercial areas. But it is pertinent that women entrepreneurs in MSME be



encouraged and supported to avail their licence for business so that their vulnerability in doing business is minimised.

While the majority of the women in the MSME were divorced women, their participation in business was necessitated due to their need for self-support and supporting their family. Simultaneously, they have difficulty in mobility and they need to rely on middlemen for raw materials, which were mostly sourced from India.

Further, most products were not exported hence limiting the market size. While divorced women are already disadvantaged, they are further prone to exploitation. Some support systems must be developed to assist such women entrepreneurs in establishing and conducting their businesses.

Allocating a certain per centage of credit lines without collaterals to rural women will contribute to alleviating rural poverty, empowering women as well as reducing rural-urban migration.

Young people and women in Bhutan are mostly under-represented in the ownership and participation in Cottage Small and Medium Industries. This is particularly relevant with the prevailing high unemployment rates among young people (15.7 per cent) and female youths (16.1 per cent) against 15.4 per cent male youths (Labour Force Survey, 2018), which is foreseen to exacerbate in the coming decades due to increasing employable population size and a rapid shift of

labour away from traditional sectors like agriculture and livestock.

## Legal System, Policies and Institutional Agreements to Promote Women in the MSME

The Constitution of Bhutan ensures citizen the right to practice any lawful trade and profession or vocation while it mandates the state to develop and execute policies to minimise inequalities of income, the concentration of wealth and promote equitable distribution of public facilities among individuals and people living in different parts of the Kingdom eligible for the state's policy support in their endeavour to earn income through legitimate process.

"The State shall endeavour to promote those circumstances that would enable the citizens to secure an adequate livelihood." This is relevant for micro and small businesswomen, as most of them run business enterprises to sustain and secure their livelihood. Article 9:17 of the Constitution of Bhutan mandates the State to take measures to eliminate all forms of discrimination against women.

Bhutan's vision 2020 document and several important national endeavours identify cottage and small industries as priority areas and emphasises on the need to put various programmes in place that would enhance small-scale producers' and entrepreneurs'

***There is a need to review legislation and regulations that affect women in business, and make them more women-friendly***

access to technology, credit and markets to enable them to profitably produce goods and services for the domestic market.

Further, the Royal Monetary Authority mandates commercial banks to provide collateral-free and low-interest loans to micro and small businesses. The Rural Enterprise Development Corporation (REDCL) provides low-interest credit without collateral requirements to micro-entrepreneurs.

Further, the Bhutan Development Bank Limited (BDBL) provides credit mainly to women-owned enterprises located in rural areas that allocate a minimum of 10 per cent of all credit to rural women entrepreneurs.

About 36 per cent of BDBL's loan borrowers constitute rural women micro-entrepreneurs while a few NGOs work towards providing spaces for women in micro-business and build their capacity, diversify their products, and networking through the development of women-owned cluster cooperatives; micro-financing; research, branding, packaging and marketing; and promotion of women's niche enterprises. NGOs like Bhutan Association of Women Entrepreneurs (BAOWE), Tarayana Foundation, Loden Foundation, Respect, Educate, Nurture, Empower Women (RENEW) supports agri-business among women by providing business expertise, financial incentives, and technical know-how.

The Loden Entrepreneurship Programme (LEP) offers interest and collateral-free loans (up to Nu. 1.5 million) and mentorship to selected entrepreneurs. Although LEP is not targeted specifically for women, many women entrepreneurs are beneficiaries of the programme. BAOWE supports marginal women entrepreneurs by providing spaces in micro-business to sell their homegrown and homemade products.

Similarly, RENEW has a Micro Finance Project (MFP) targeted at vulnerable women, which consists of microloans, savings opportunities, credit facilities and insurance services. They complement the MFP with the Livelihood Project that provides skills training to women in traditional looming, weaving, tailoring, food production and agricultural techniques.

While the Constitution of Bhutan allows every Bhutanese to practice any lawful trade, it also supports and empowers women in their pursuit of employment and generating a decent living. Simultaneously, financial institutions have allowed certain leverage to women entrepreneurs; it is still minimalistic.

BDBL is still confronting a challenge in providing small and microloans smoothly to rural women because of high administrative cost, low recovery rate, low population density, inadequate infrastructure, poor market linkage and entrepreneurship, low literacy rate, low recycling of the fund and lack

of national microfinance policy (MoFA, 2015).

There are clear intentions to encourage entrepreneurship, especially targeting the women, financial accessibility and support from banks have remained one of the most important impediments for women entrepreneurs.

## Conclusion

Though Bhutan is commended for gender equality, there is gender disparity in several spheres including economic empowerment. Women own and participate in a comparatively smaller number of medium and small enterprises compared to men. The majority of women have undertaken entrepreneurship out of economic necessity: the need to earn a livelihood, sustain a family and educate their children.

Significant number of such women participants are uneducated and divorced. Women entrepreneurs face several challenges and some of which are access to finance, lack of appropriate business premises, growing informal competitions, lack of business knowledge and skills, labour shortage, government regulation and tax rates.

While Bhutanese women in business have a huge potential to contribute to their individual as well as their families' and communities' wellbeing, their endeavour can work towards alleviating poverty, unemployment, imbalanced regional development, gender-related issues, and inclusive socio-economic development at the national level.

Despite sound government policy; "RGoB shall promote women entrepreneurship in CSMI to maximise the economic contribution of both genders"; there are several impediments to women entrepreneurs in performing their businesses like lack of resources for business start-up, operation, growth, and innovation, access to raw materials and market. that obstruct the overall growth and success of their businesses.

The MSME certainly has an important role in the economic empowerment of Bhutanese women. A significant proportion of CSMI are owned by women, also a large workforce in the sector is formed by women. Though disparities exist in wages, other non-cash incentives are the same for women and men workforce.

While there is a clear policy to promote women entrepreneurs in Bhutan, there is certainly room to improve implementation of policy and development of programmes and regulations directed at women in the micro and small business sector so that women could further contribute towards nation-building and alleviating several national issues will help women to work to their full potential.

## Recommendations

Provide training and coaching in finance and business expansion to help new and established businesses grow. Attaining financial literacy and business acumen could help boost women's confidence and counter their risk-averse nature



while increasing their financial accessibility.	coordinated way, avoiding duplicity and confusion among the beneficiaries.
Provide skills training for businesswomen who have a complete lack of or low formal education in a language they are most conversant with.	Advocate and promote business associations and groups to promote advocacy and business women's voices especially among less educated and marginalised groups and to serve as a reliable source of business information, strengthen women's participation and promote a women-friendly business environment and building women's confidence and identity as entrepreneurs.
Promote business women's access to suitable premises for the production and marketing of their products and services. More marketplaces in suitable locations need to be set up especially in the context of the growing number of women getting into the business.	
All NGOs and government organisations provide need-based business support activities in a	Review legislation and regulations that affect women in business, and make them more women-friendly for its implementation.

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## 6

## Women Entrepreneurs of Bhutan: A Yin-Yang Scenario in Women's Economic Empowerment & Liberty

**Binai Lama**

UN World Food Programme, Thimphu

*Over the 25 plus years of my career and journey through the history of the development of Bhutan, I have been deeply associated with various aspects of women empowerment, at a familial, communal and national level. I confess that on many occasions the typically male perspective tends to take over scenarios, sometimes clouding visions of equity and equality. But with practice and meditation on the subject of gender equity and equality, the subject and issues surrounding gender and the cause and effects of these issues become clearer. Such moments are highly enlightening both in terms of understanding the softer invisible context of gender equality and the practical issues of implementing activities on the ground.*

*More recently, through the project "Trade Facilitation Agreement and Women Participation as Entrepreneur: Evidence from Bangladesh, Bhutan, India and Nepal", I have had the opportunity to work more closely with women entrepreneurs and review their work and everyday life in detail. My conclusion is very simple: **"What stops us from seeing that women are at least as good as men, if not superior, in any facet of life and work socially, economically or politically?"***

### The Bhutanese Woman

The Bhutanese woman is a fortunate being. She is born free and lives free in the freedom of a normal and simply happy Bhutanese society. She has no chains or obstacles that plague women of other societies, induced

and asserted by extreme political, religious and social dogmas.

As a mother, wife, daughter, sister and friend, among her peers in the South Asia region, the Bhutanese woman must be the luckiest in terms of her social standing, the status of equality in the family in



society and subjected to an increasing worth and recognition in all aspects of family life, public life and business.

Bhutan has undergone a major socioeconomic change in the last few decades. The Bhutanese woman has been a notable beneficiary in the developments that have changed Bhutanese society and landscape.

The Bhutanese woman has benefitted considerably from policy changes and legal reforms in areas of land and property inheritance, education, healthcare, labour and employment, business and all aspects of public services.

Bhutan is poised to become a middle-income country by 2023, guided by the unique development philosophy of 'Gross National Happiness' and also continues to develop rapidly and become more integrated into the global economy.

Gender equality is a core development agenda, globally as part of the Sustainable Development Goals (SDGs) and nationally in Bhutan's Five-Year Plans and the National Plan of Action for Gender. Besides being a focused development objective, gender equality is also smart economics.

Increasingly, evidence from many countries around the world indicates that gender equality contributes to economic growth. For example, greater gender equality can enhance economic efficiency and improve other development outcomes and reducing barriers to a more efficient allocation of women's skills and talents can generate productivity gains.

Bhutan, as a middle-income country can make further progress on gender equality. Coinciding with its development, Bhutan has also made considerable strides in closing gaps in gender equality. Bhutan also has the potential and ability to make even greater achievements in gender equality and be on par with leading nations of the world.

**However,** the Bhutanese woman is also not free from both the traditional and modern bondages of inequality and subtle forms of suppression and oppression. For instance, the matrilineal inheritance practice offers economic opportunities for Bhutanese women and provides them equal status with men.



However, it also affects her economic choices, particularly those related to education, occupation and the freedom to go away to “the Land of opportunities” as she has to remain in one’s village to look after aging parents and ancestral land.

Despite guarantees of formal equality from a legal standpoint, structural and cultural norms continue to pose barriers to the realisation of gender equality. Bhutan ranks 122 out of 149 countries in the Global Gender Gap Report (2018), which uses indicators of political empowerment, health and survival, educational attainment and economic participation and opportunity to assess the extent of gender parity.

Gender issues in the health sector point to critical areas of need, with a high per centage of teenage pregnancies (30 per cent), girls getting married before the age of 18, the increasing issue of HIV (among the youth), and the feminisation of HIV. The access and quality of health services that cater to women’s specific sexual and reproductive need is not optimum. Women in rural areas often face vulnerabilities and a lack of opportunities to access comprehensive health services.

A National Commission for Women & Children (NCWC) study (2017) revealed the prevalence of violence against women and girls. It revealed that more than half (53.4 per cent) of women agreed that the men are justified in hitting their wives under certain circumstances.

Around 44.6 per cent of women and girls experienced one or more forms of partner violence during their lifetime with 9.3 per cent and 3.7 per cent of them experiencing severe forms of physical and sexual violence respectively. Trafficking in Persons (TIP), particularly, women and children is an emerging issue that threatens to grow with globalisation, increasing movement of people across borders and employment attraction overseas.

### Education

If one visits a normal Bhutanese school, s/he would see more girls than boys in the classrooms, playground and school premises. Good news is that gender parity has been achieved reasonably well in basic education. Over the years, Bhutan has witnessed impressive achievements in terms of girls’ education progress. In a 2017 Government-sponsored study, it revealed that girls made up 50.5 per cent of the total enrolment in the education system.

At the primary level, the Adjusted Net Primary Enrolment Rate of girls was 98.9 per cent as compared to 98.7 per cent for boys and the Gender Parity Ratio was also in favour of girls with 103 girls for every 100 boys at the primary level. The survival rate for girls at the primary level stand at 95.3 per cent exceeding that of boys at 86.5 per cent.

Furthermore, there is an equal representation of girls at the secondary level including in the private schools with a Gross Enrolment ratio of 101.4 per cent girls as compared to 90.2 per cent boys.

***To bring the issues of women who own or manage a business, it is important to give voice to their opinions, backed by empirical evidence from the ground***

**However**, other elements of gender equality in education has received less attention, including the quality of learning and outcomes. Girls have been performing badly in science and mathematics, which pose constraints for a higher level of education options. Poor water and sanitation facilities in schools are also major gender issues that can discourage girls from attending schools during menstruation.

Equal participation of men and women at the tertiary level of education remains a major challenge to this day. In a study conducted in 2011, only 38 per cent of college students under the Royal University of Bhutan was women. Girls composed of only 29 per cent of the scholarship students who had gone outside the country on government scholarships to pursue higher and professional college studies.

University students within the country, particularly young college men seem to doubt Bhutanese women's capacities and potential for leadership. In the general society, the low literacy rate of women and a higher number of school drop-outs at the high school level constrains their participation in a modernising society.

#### **Women in Public Service**

With the successful transition to a constitutional monarchy in 2008, Bhutan has adopted multiple legal and policy frameworks to provide women and men with the right to full and equal participation in political, civil, economic, social and cultural life at all levels.

The Constitution of the Kingdom of Bhutan 2008 provides an overarching framework and foundation, within which gender equality is enshrined. In terms of women's political participation, the Constitution provides the right to vote and to participate in any lawful profession as a fundamental right of every Bhutanese citizen.

The 12<sup>th</sup> Five Year Plan (2018-2023) strives to achieve, "just, harmonious and sustainable society through enhanced decentralisation". The National Key Results Area (NKRA) 10 of the 12<sup>th</sup> five-year plan intends to promote gender equality and empower women and girls.

The national gender equality policy (draft) is also aligned with the Domestic Violence Prevention Act, Labour and Employment Act, Penal Code of Bhutan, Child Care and Protection Act and other relevant legislation.

To improve women's participation in the Civil Service and promote women in leadership positions, the Royal Civil Service Commission (RCSC) in the 12<sup>th</sup> Five-Year Plan incorporated two Key Performance Indicators (KPIs), "**number of interventions to promote women in a leadership position in the civil service**" and "**number of gender interventions in the civil service**".

Furthermore, the Bhutan Civil Service Rules and Regulations (BCSR) 2018 prescribe conditions to enable women's participation in the civil service, which includes support to create a positive

enabling environment for women to enter and remain in the service. For instance, the maternity leave (fully paid) for women has been **increased from three to six months**.

**However**, because of tradition, family pressure and other factors the Bhutanese woman has lesser opportunities to excel than her male counterparts, possessing the same level of education, technical qualification, or career aptitude. In a 2013 study done by NCWC, family problems and marriage were exclusively reported by females being responsible for their general unemployment.

For example, among the females, 6.5 per cent reported being unemployed due to family problems compared to a negligible proportion of males (0.7 per cent). Similarly, marriage is another cause for unemployment; 4.6 per cent of females reported this reason, compared to none among males.

The female voter composition in the general elections have been quite high, but the election results have been less favourable for women. In the 2016 local government elections, only 11 per cent of women candidates were elected as local government leaders.

In the 2018 parliament elections, only 15 per cent of women were sitting in the august hall of the National Assembly, and 16 per cent were elected to the National Council (including two eminent members nominated by His Majesty the King).

In the civil service, women comprised only 36.42 per cent of the total civil servants (2017), and a further disaggregation revealed gaps in higher-level positions for women pointing towards the 'glass ceiling' phenomena seen across many other countries. Women in the executive level civil servants add up to only 11 per cent.

Women Judges in the Royal Court of Justices make up only 14.5 per cent and the State-Owned Enterprises (SoE) comprise only 9.9 per cent of women in their board of directors. All these points to a systemic and systematic flaw that has to be immediately addressed with proper and speedy measures.

### **(Un) Employment**

Of the total labour force (2018), 300,442 persons are employed; 164,792 are males and 135,649 are females, corresponding to 54.8 per cent and 45.2 per cent respectively. The proportion of employed persons in the labour force is 96.6 per cent with the proportion higher amongst males (97.3 per cent) than females (95.8 per cent).

The 2018 National Labour Force Survey revealed that labour force participation rate of women was 55.5 per cent while men stood at 70.1 per cent. The study also showed that 41.3 per cent of women in the economically inactive population cited housework and family duties as their reasons for no income.

The proportion of females working in the agriculture sector (63.2 per cent) is higher than that of males (46.4 per cent) working in the same



sector, which is beset with hard manual labour, lack of farm mechanisation, in steep and unfriendly terrains, facing nature's onslaught and the vagaries of climate change and often with low returns from farm produce.

The youth unemployment rate is 10.6 per cent with 12.9 per cent (female) and 9.2 per cent (male) unemployment rate. Women have much lower participation in regular paid employment (25 per cent as compared to 41.3 per cent for men) and a more substantial engagement in the agricultural sector (59.3 per cent against 34.2 per cent for men). Women's unpaid and domestic labour goes largely unrecognised.

### **Economic Empowerment of Women**

As per the economic census 2018-19, the proportion of females working in human health and social service sector (73.6 per cent) is significantly higher than males (26.4 per cent). Women's employment is also higher than men in sectors like accommodation, food services and arts and entertainment.

There are almost equal shares of men and women engaged in wholesale and retail trade sectors and education, while the male proportion is higher than females in all other sectors. A significant difference is observed in the construction and mining sector, in which the proportion of male employment is six times higher than female employment.

Around 7,200 owners of **single proprietorship and partnership establishments** are women and 5,700 are men. This means that for this establishment type, there are 26 per cent more female than male establishment owners. Of the 74,000 persons employed in various establishments, 47,000 (64 per cent) are males and 26,000 (36 per cent) are females. **Females mostly work in a single person operating establishments**, while the share of males is increasing with the increase in the size of the establishment.

The findings show that the share of male employees consistently increases with employment size and that of female employees decreases. In single-person establishments, around 72.4 per cent of the employees are female and only around 27.6 per cent is male. In a **large employment** size category of 100 employees or more, the distribution is the opposite: males make up 76.5 per cent while females are only at 23.5 per cent.

The study also shows that female business owners have lower educational qualifications than their male counterparts operating similar businesses. This would imply a **constraint for business growth and technical innovation** for women-owned business ventures.

The study also shows that relatively more women are there in the three lowest remuneration categories (below BTN 15,000). The gender-specific distribution of



remuneration is reflected in the difference of their median: **BTN 8,000 for women and BTN 9,700 for men.**

#### Business Environment

Over 90 per cent of business establishments reported that road infrastructure, crime, transport and business licensing, tax administration and customs regulations may affect their specific business operations. Access to finance and interest rates were stated as potential bottlenecks by 60–65 per cent of the establishments and less than half considered labour regulations, access to raw materials and timely clearance or supervision by government authorities as a relevant obstacle.

**Most women entrepreneurs are not able to take full advantage due to digital illiteracy**

On a realistic level, it was discovered that difficulty in access to finance and paying of rent are the two most common problems. Electricity and water supply, competition from the informal sector, taxes, and transport are mentioned by more than 30 per cent of the establishments as actual problems. **Women**, for a variety of reasons, face these challenges more severely than their male counterparts.

As women continue to shoulder the burden of home, care-work and employment, no ecosystem allows for their participation in the formal economy and recognises their **contribution in the informal segment of the economy**. The persistence of gender stereotypes continues to permeate the economic domain.

#### Ground Realities for Women in Business

To bring the issues of women who own or manage a business, it is important to give voice to their opinions, backed by empirical evidence from the ground. The following topics cover some of the explicit constraints that women entrepreneurs face in day-to-day life in Bhutan.

#### Global Indices

The Global Gender Gap Index of the World Economic Forum (2018) stated Bhutan's position at 122 out of 149, which is **very poor**. The UNDP Gender Inequality Index (2018) ranked Bhutan 99 out of 189 countries, which assigns Bhutan as having **only a middle level of human development**.

Bhutan is ranked **89 among 190 economies** in the ease of doing business, according to the latest World Bank annual ratings. The rank of Bhutan **deteriorated to 89 in 2019 from 81 in 2018**. Bhutan scored **4.10 points out of 100** on the 2018 Global Competitiveness Report published by the World Economic Forum.

Despite being a small country, with an excellent system of governance and an impressive track record for high utilisation and transparency of donor funds, Bhutan has witnessed slow growth of the private sector. The unnecessary hindrances in doing business has put a big question mark on its strategies and plan to encourage economic growth, including focused business support to women entrepreneurs.



### ***Challenges in Domestic Business***

Bhutanese local business suffers from stiff competition from imported products, which are better in terms of quality, packaging, shelf life and pricing. Bhutanese products are more expensive due to the high costs of labour, material, transportation and production processes.

Due to inferior technology, Bhutanese products cannot compete with imported items in terms of quality, shelf life, packaging, branding and costing. Lack of logistic support in terms of efficient transport and logistics network, cold chains, value additions are other demerits.

Bhutanese women entrepreneurs also cite overwhelming bureaucratic hurdles and processes even to start a small business. There are no suitable tax incentives or financial packages for local businesses. Most women entrepreneurs have a low level of

literacy, lack relevant skills and knowledge in their business areas. There is also increasing competition internally, a low level of business diversification and no growth in the size of the local market.

### ***Challenges in the Export Business***

Women entrepreneurs are excited at the idea of exporting their products overseas. The dream of their products finding a prominent marketplace in the US, Europe, Australia and Asian countries are very strong motivators for women entrepreneurs.

However, Bhutanese products have their limitations and very few local products can be exported on their purported strength and charisma. The challenges arise when the existing cottage and small-scale enterprises are examined through the lens of the good manufacturing process, quality standards, food safety and

***Bhutan has willingly embraced international and national policies of gender equity and equality***

regulatory standards, sealing and packaging, branding and labelling, and application of other mandatory standards that are pre-requisites to international trading and global markets.

Pricing of local products is high due to many factors, which is a disadvantage in terms of price competition with other countries. Bhutanese products are always losing out to cheaper, better and mass-produced goods from neighbouring countries.

#### ***Financial Challenges***

Women entrepreneurs noted that finance is a critical component in setting up of enterprises and their subsequent scaling up. There are various financing schemes available from the banks. However, women entrepreneurs express that there is a disparity in credit availability for women entrepreneurs for various reasons. (e.g. no support from husbands, risk-taking inability, physical movement and labour issues).

While women are hard-working and diligent their lack of capacity and information stands as a hurdle in availing loans. They said often loans are also rejected on certain business categories due to bad historical precedents, which affect new players coming into the market.

Challenges are also found in managing financial aspects of the business in terms of proper book-keeping tasks, owing to lack of formal training and often lack of higher level of education. Capacity building in terms of financial

management, book-keeping, accounting and profit loss calculations would add value to the women-owned enterprises.

#### ***Digital Inclusion Challenges***

While the positive aspects of digital inclusion are numerous, most women entrepreneurs are not able to take full advantage due to digital illiteracy, owing to which the use of digital platforms and social media is not harnessed to its maximum. Entrepreneurs are not able to utilise the digital means effectively to further promote their businesses.

E-commerce, online business platforms and modalities in Bhutan are not well designed and set-up to support business promotion. Even for a simple act of payment transactions using digital means, the system has many flaws and is risky, costly and cumbersome. There are regular banking issues (for example, credit card incompatibility) for entrepreneurs and foreign customers.

#### ***Challenges related to Self-employment***

Just like in other South Asian neighbouring countries, Bhutanese women also find themselves in the middle of their family lives – as housekeeper, cook, cleaner, care-giver and care-taker of all sorts of household work. They also look after their farms, poultry, dairy and family business simultaneously.

Most of the women engaged in the cottage and small businesses are also a full-time homemaker and she has to split time between her business and her family

***Bhutan has made legal and political reforms and has been championing the cause of women's rights and advancements***

obligations. Often, the business takes a second seat, in comparison.

Discounting the large industries and businesses where women owners may be well placed to hire and engage scores of employees to look at all levels of business, the small enterprises demand continuous and regular time of the women entrepreneurs. This becomes more difficult because finding domestic help in Bhutan is next to impossible and bringing in Indian maids or servants from across the border is illegal.

One possible consolation to this issue is that a few entrepreneurs are living in large or extended families, where other family members lend a helping hand to manage the household affairs. However, with urbanisation and more families becoming smaller and nuclear, this extended social/family support is rapidly disappearing. Therefore, there is an increasing intensity of the pressure of unpaid home demands on women entrepreneurs.

### **Policy Challenges**

Policy experts agree that although there are very good legislation and policies encouraging small businesses, there is no mention of explicit preference for women-led/managed entrepreneurs or traders. Most of the policies, including the ones on business and private sector development are gender blind.

Increasingly more women are aware of these policies, especially among educated and younger

women. Among new start-ups, women entrepreneurs come forward to avail preferences to establish their businesses in government incubation centres. The incubation centres assist them to link up with services such as finance, marketing, production process, capacity building, branding, packaging and networking.

Implementation challenges are mainly from lack of support in a consolidated way from various stakeholders — a high tax on raw materials, high transportation costs, no compensation for damages during transport, lack of standardisation/ certification for quality assurance are some of the deterrents. Other factors are lack of proper market information, lack of solid support on capacity building and technical training.

Businesswomen often cite changes in rules and regulations by government agencies without sufficient consultation with them as a major constraint. This becomes counterproductive for business promotion and enhancement of trade.

### **Way Forward**

The best part of positivity about the future comes from the fact that Bhutan has willingly embraced international and national policies of gender equity and equality, made legal and political reforms and has been championing the cause of women's rights and advancements.



**Enabling Policy Changes**

Bhutan is a signatory and strong advocate of the Sustainable Development Goals. SDG 5 highlights the achievement of gender equality and the empowerment of all women and girls. To fulfill the SDG 5 target and to achieve the national goals of Gender equality, the draft Gender Equality Policy of Bhutan explores gender equality through the lens of three domains — **political, social and the economic**.

Another important area is to **achieve gender parity in education**, through special measures to enroll and retain girls in schools and integrate issues of family planning, sexual and reproductive rights into the education curriculum to continue awareness-raising in areas that tackle social barriers to girls' education.

**Macroeconomic Reforms**

Bhutan invests huge resources in hydropower, which has high macroeconomy turnover but in terms of employment creation and primary income of working men and women, it is not very significant. A focus on other sectors such as tourism, hospitality, agriculture, arts and crafts, food processing and textiles would pave better opportunities for women entrepreneurs in terms of enhancing business and creating additional jobs on the ground.

**Support to Mitigate Low Education Effects**

Low level of education and joblessness leads to economic vulnerability and social exclusion in

most cases. There should be special schemes designed to support youth/ women who were forced to leave school from a lower level. Continuing education along with targeted skills development training programmes would help them to reduce their risk of long-term unemployment and prevent them from being economically vulnerable and resulting in poverty trap.

**Promote Entrepreneurial Skills**

Entrepreneurial skills are the most important asset of the new economy as the economy gradually transforms from subsistence agriculture to the business and service sector. There should be some business incubators and entrepreneurial parks all over the country to fire up the youths' (including women's) business imagination and to nurture those dreams to reality.

Services on business coaching, starting new businesses, subsidised credit support, entrepreneur support network and a safety net to mitigate risks should be promoted aggressively.

**Matching Technical and Vocational Education to Market Demands**

This is an important strategy to reduce skills mismatch and enhance the employability of job seekers particularly among the youth. There is also low esteem and satisfaction derived from their occupations.

Therefore, vocational and educational training programmes must be reviewed and aligned to



the labour market requirements in close collaboration with industries. Training courses where there is a clear surplus of labour should be replaced with courses that have current and future demand. Social standing, remunerations and respect for blue-collar jobs should be promoted strategically.

### ***Diversification of Farm Business***

The agriculture sector employs over 54 per cent of the population but contributes only about 11 per cent to the GDP. As agriculture is the main source of income, both farm and off-farm activities — the two components of the rural economy must be transformed and diversified to bring positive changes in production, employment, income and living standards.

Mechanisation, modernisation and intensification of farming would help to enhance agriculture productivity, which in turn would

lead to commercialisation of the farm economy. Off-farm activities have the potential to supplement the rural family income.

Therefore, the thrust should be on agro-processing, snack and food making, retail, tailoring, weaving, paper making and arts and crafts to generate additional income. By investing in off-farm income, it could also support expenses on agriculture inputs and contribute to higher farm production.

### ***Making Private Sector Employment Attractive***

The Bhutanese private sector still fails to attract qualified youths or good quality human resources. It is still perceived as being not attractive for youths because of various obvious reasons.

Promoting working environment through adoption and usage of modern production technologies and techniques, attractive social



security and welfare schemes, an opportunity for career and professional development, flexible working hours and decent working conditions will go a long way in making employment in the private sector more attractive.

To ensure this the government must also support the private sector through training and development, access to infrastructure, market and finance,

preferential fiscal and non-fiscal incentives. Further, there is a need to create a conducive investment climate and business environment for the private sector.

“Walk the talk”: The punch line used by most Governments *“Private sector is the engine of growth”* should be implemented seriously through a swift range of fitting policies and actions.

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# INDIA







## 7

## Gender Inequality Dimensions of Trade Facilitation

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*Gender equality in trade interventions across the world, in addition to fuelling growth in the economy, bring about several positive outcomes. While looking at gender inequality and India's bilateral trade, it was found that trade is significantly lower with countries having higher inequality. Further, countries with higher gender inequality are found to have higher trade facilitation costs. A causality test showed that lack of trade facilitation causes gender inequality for the sample countries.*

*In this background, the Paper aims to understand the various dimensions of trade facilitation measures and their effectiveness. To understand the impact of trade facilitation on trade a gravity model involving India's total trade with its partners was estimated. The paper thus shows that there is a lot to gain in terms of higher trade by reducing trade facilitation costs. Making trade facilitation more gender-sensitive, additionally, may help in reducing gender inequality.*

### Introduction

Cross-border movement of goods and services go through different stages of scrutiny. The major reason for such close watch has to do with determination of values of the goods and services that are crossing the lines. Governments need to impose a variety of taxes to boost their revenues.

Further, they need to ascertain whether any restricted goods are being traded. The post-world war situation forced the countries to

enter into Multilateral Agreements to end the protectionist era and embark on a new path of shared growth. This brought in obligations to reduce trade barriers, mostly tariffs. Further, technological breakthroughs caused transportation and communication costs to reduce significantly. Trade thus flourished with the involvement of most of the countries.

Even though theoretically trade increased efficiency, it was not without qualification. Trade may

\* Research assistance by Vaibhav Bajpai is gratefully acknowledged.



**Trade facilitation aims to transform the ecosystem of cross-border clearance through efficient, transparent, risk-based, coordinated, digital, seamless and technology-driven procedures**

cause misery, especially for developing and less-developed countries with weak and less-productive production structures. Once their markets are flooded with goods from advanced countries, their manufacturing and agricultural sector found it difficult to compete with the firms supplying goods from developed countries.

This led to the closing down of firms and loss of employment. The situation was more precarious in the agriculture sector where livelihoods were lost. Such countries were protected through clauses like 'Special and Differential Treatment (SDT)' under the aegis of WTO.

As the years progressed and the going got tough in WTO, given the increase in the bargaining power of the developing countries, trade progressed through the RTA and FTA route, Intra-Agreement trade between developed groups being much higher than developing ones. As tariffs came down substantially due to WTO and such Plurilateral Agreements, major play shifted to Non-Tariff Barriers (NTBs).

A series of very covert requirements were increasingly being used, especially by developed countries, to restrict trade from developing and less-developed countries. The need for 'Trade Facilitation' which was felt a long time ago assumed a lot of significance due to the shifts in barriers that happened over time.

Trade facilitation aims to transform the ecosystem of cross-border

clearance through efficient, transparent, risk-based, coordinated, digital, seamless and technology-driven procedures that are supported by state-of-the-art maritime ports, airports, land border crossings, rail, road and other logistics infrastructures.

Trade facilitation also focuses on bringing down the overall cargo release time. For imports, the overall cargo release time for sea cargo is within 3 days, for Air Cargo & Inland Container Depots (ICD) the same is within 2 days, and for Land Customs Stations within the same day. Similarly, for exports- For Sea Cargo within 2 days and for Air Cargo, Inland Container Depots & Land Customs Stations on the same day

India has taken a significant step towards strengthening trade facilitation by streamlining its customs and border procedures with the ratification of the World Trade Organization's Trade Facilitation Agreement (TFA). India's ratification of the WTO Trade Facilitation Agreement has helped to improve its border procedures and boosted economic growth by cutting trade costs and improving trade flows.

## **Trade Facilitation Measures and their Effectiveness**

Trade facilitation measures aimed at improving the trading environment by reducing transaction costs and thereby increasing the gains from trade. The use of trade facilitation



measures in technology augmentation and infrastructure has gained traction in recent times especially in South Asian countries like India, Nepal. etc. for tackling trade bottlenecks. The facilitation of legitimate trade is a core objective of such measures.

The crux of Trade Facilitation measures are based on the foundation of the mentioned four pillars:

- **Transparency:** focus on improved access to accurate and complete information.
- **Technology:** development and use of digital and detection technologies to ease out trade bottlenecks and improve efficiency.
- **Simplification of Procedures and Risk-based Assessments:** simplified, uniform and harmonised procedures with increased adoption of a risk-based management approach.

- **Infrastructure Augmentation:** enhancement of infrastructure, particularly the road and rail infrastructure leading to ports and the infrastructure within ports, airports, ICDs, Land Customs Stations is a major enabler for growth in trade that cuts across all stakeholders.

The efficiency of such measures is benchmarked by some diagnostic tools that help in identifying trade facilitation and logistics bottlenecks in global supply chains.

- The World Bank has developed the **Trade and Transport Facilitation Assessment (TTFA)** tool to identify factors that contribute to the transaction costs based on which trade facilitation measures are suggested. Similarly, corridor diagnostic studies and border audits have been conducted to cover areas such as corridor transit and transport cost, physical

**India has taken a significant step towards strengthening trade facilitation with the ratification of the WTO's Trade Facilitation Agreement**

impediments, process constraints and institutional and regulatory constraints.

- The **Diagnostic Trade Integration Studies (DTIS) designed under the Enhanced Integrated Framework (EIF)** is used when assessing trade facilitation supply chains in terms of infrastructure support, non-infrastructure support and transport policies.
- **OECD** has devised the following indicators to assess trade facilitation policies, areas for action and impact of reforms:
  - i. Information Availability:** Publication of trade information, including on the internet; inquiry points.
  - ii. Involvement of the Trade Community:** Consultation with traders.
  - iii. Advance Rulings:** Prior statements by the administration to request traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements.
  - iv. Appeal Procedures:** The possibility and modalities to appeal administrative decisions by border agencies.
  - v. Fees and Charges:** Discipline on the fees and charges imposed on imports and exports.
  - vi. Formalities-Documents:** Simplification of trade documents; harmonisation in accordance with international standards; acceptance of copies.
  - vii. Formalities-Automation:** Electronic exchange of data; automated border procedures; use of risk management.
  - viii. Formalities-Procedures:** Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; authorised economic operators.
  - ix. Internal Cooperation:** Co-operation between various border agencies of the country; control delegation to Customs authorities.
  - x. External Co-operation:** Cooperation with neighbouring and third countries.
  - xi. Governance and Impartiality:** Customs structures and functions; accountability; ethics policy.
- **Logistics Performance Index (LPI):** Developed by World Bank, LPI evaluates the performance of countries on trade logistics on 6 key dimensions:
  - i.** Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including Customs.
  - ii.** Quality of trade and transport-related infrastructure (e.g., ports, railroads, roads, information technology).
  - iii.** Ease of arranging competitively priced shipments.
  - iv.** Competence and quality of logistics services (e.g., transport operators, customs brokers).
  - v.** Ability to track and trace consignments.
  - vi.** Timeliness of shipments in reaching destinations within the scheduled or expected delivery time.



- **Ease of Doing Business Index:**

This tool helps analyse how conducive is the external environment for setting up an enterprise.

## Trade Facilitation in SAARC

Trade facilitation in SAARC is centered around the following operational priorities:

- Simplifying trade documentation increased automation, and expedite border clearance procedures to facilitate the movement of goods and vehicles.
- Promote automation in border agencies and facilitate the development of Networked Single Windows (NSWs) by maximising their links with all border agencies.
- Facilitate the strengthening of national conformance bodies and the development of infrastructure and facilities in SPS-related and other border

agencies to help standardise testing and certification, enable the establishment of NSWs, and explore mutual recognition agreements.

- Develop and implement through-transport motor vehicle agreements to reduce the levels of border transshipment.
- Develop trade-related infrastructure in SAARC ports, land border crossings including “last mile” approaches and ICDs and bonded logistics facilities adjacent to land borders and in major centres of trade.
- Build capacity to support the use of modern techniques and international best practices and enhance regional cooperation and coordination mechanisms among stakeholders involved in trade facilitation.

In the same spirit, India and most of the SAARC have rolled out a slew of measures with the aforementioned priorities as it is



germane for its vision of trade facilitation.

- India and most SAARC countries have ratified **SAFTA, WTO Trade Facilitation Agreement, WCO, etc.**, to create binding commitments to expedite movement, release and clearance of goods, to improve communication and coordination on customs matters which will help landlocked countries in the region to meet the commitments, particularly through capacity building initiatives.
- **Improvement in Ease of Doing Business Rankings through Reduction in the Transaction Cost and Time:** This is a key objective of the various governments in the region. In context to India, they aim to enhance India's Ease of Doing Business rankings to the top 50 brackets in the next 3-5 years. This will also correlate with the Make in India programme which aims at increasing the contribution of the manufacturing sector to 25 per cent of the Gross Domestic Product (GDP) by the year 2020 from its current 16 per cent. The cost of trade in India is quite high compared to many SAARC countries.

Reduction in transaction costs for export and import has been a constant endeavour for the government. Task Forces set up for this purpose have holistically given recommendations. High transaction costs are a serious impediment to the growth of trade. Variation in lead times of containers shows that unreliable

and unorganised transport services are giving rise to hidden costs. The reduction of cost by even 10 per cent will lead to growth in exports.

- **Reduction in Cargo Release Time:** The objective is to reduce the dwell time of cargo as follows: for imports – within 3 days for Sea Cargo, within 2 days for Air Cargo and Inland Container Depots and on the same day for Land Customs Stations and exports – below 2 days for Sea Cargo and on the same day for Air Cargo, Inland Container Depots and Land Customs Stations. An immediate 40 per cent increase in the Direct Port Delivery consignments is also aimed at for this purpose.
- **Paperless Regulatory Environment:** Digital India is the government's flagship programme for enhancing the use of automation in all processes. The aim of digitizing our processes and reducing paper is a key element in the plan. It will meet the other goals of improving efficiency, creating a professional work ethos and reducing costs in the long run. It will also provide a platform for integrating regulatory agencies through an online environment.

Indian customs introduced e-seals that have enabled them to reduce the risk of fraud and security threats. In a major push for improving the system of transit, Bhutan and Nepal have introduced the **Electronic Cargo Tracking System (ECTS)**; however, it is applicable only for the transit portion.



ECTS has also simplified the transit procedure for the seamless movement of cargo vehicles.

In the next phase, ECTS shall be introduced for tracking the export or import cargoes from origin to destination. ECTS shall also be introduced for road movement of containers. With the successful operation of ECTS, India and Nepal and other landlocked SAARC countries may agree for the interoperability of Custom Single Windows or Custom Electronic Data Interchange (EDI).

- **Transparent and Predictable Legal Regime:** Easy access to information, updating of information, value enhancement by information and infusing mobility to information availability are the various dimensions on which we can enhance our transparency quotient.

There is also a need to develop a legally binding mechanism for prior consultation with the trade about the

proposed new rules or amendments. The objective is to reach the maximum score of 6 from the current 3.4 in the Global indicators of regulatory governance—a World Bank project, which explores regulatory practices in three core areas:

- Publication of proposed regulations
- Consultation around their content
- The use of regulatory impact assessment
- **Improved Investment Climate through Better Infrastructure:** According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2016, India acquired 10<sup>th</sup> slot in the top-10 countries attracting the highest FDI inflows globally in 2015. The report also mentioned that, among the investment promotion agencies, India has moved up by one rank to become the sixth most preferred investment destination and the highest in SAARC.

**Table: 7.1: Ease of Doing Business and Trading Across Border Rankings for SAARC**

Global Rank	Ease of Doing Business		Trading Across Borders	
Economy	2018	2019	2018	2019
Bangladesh	177	176	173	176
Bhutan	75	81	17	28
India	100	77	119	80
Maldives	136	139	152	155
Myanmar	171	139	163	155
Nepal	105	110	76	82
Sri Lanka	111	100	86	93

Source: Doing Business, accessed December 2018

Figure 7.1: LPI and Its Various Components for SAARC

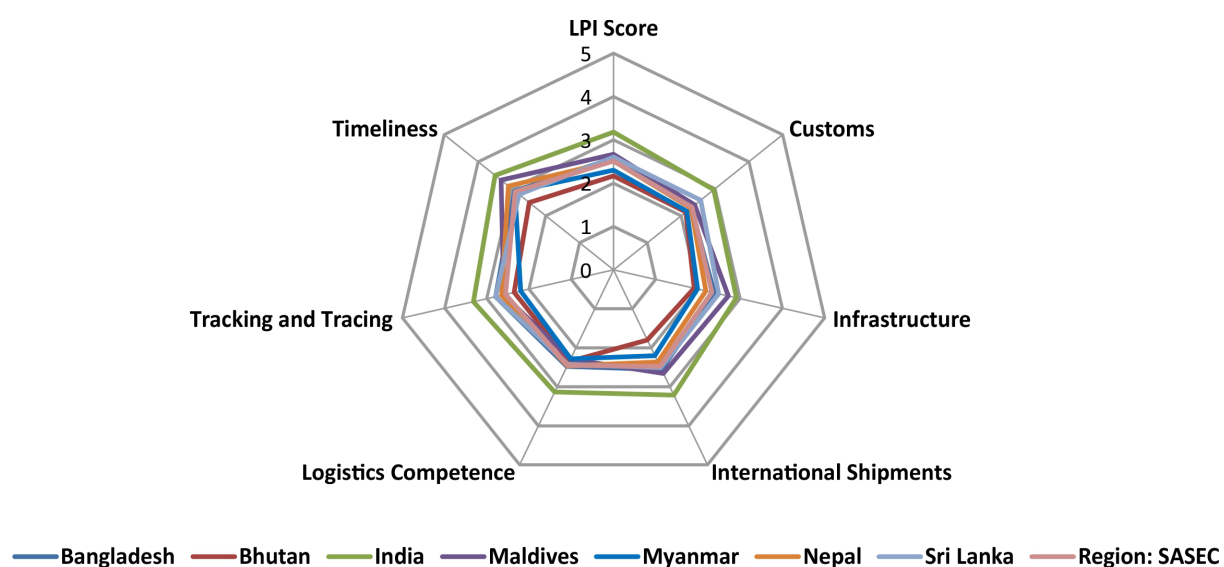


Table 7.2: LPI Rank and Score for SAARC

Country	Year	LPI Rank	LPI Score
Bangladesh	2018	100	2.58
Bhutan	2018	149	2.17
India	2018	44	3.18
Maldives	2018	86	2.67
Myanmar	2018	137	2.30
Nepal	2018	114	2.51
Sri Lanka	2018	94	2.60

Table 7.3: Various Components of LPI for SAARC

Country	Year	Customs	Infrastructure	International Shipments	Logistics Competence	Tracking and Tracing	Timeliness
Bangladesh	2018	2.30	2.39	2.56	2.48	2.79	2.92
Bhutan	2018	2.14	1.91	1.80	2.35	2.35	2.49
India	2018	2.96	2.91	3.21	3.13	3.32	3.50
Maldives	2018	2.40	2.72	2.66	2.29	2.60	3.32
Myanmar	2018	2.17	1.99	2.20	2.28	2.20	2.91
Nepal	2018	2.29	2.19	2.36	2.46	2.65	3.10
Sri Lanka	2018	2.58	2.49	2.51	2.42	2.79	2.79

Source: World Bank LPI (accessed November 2018)

Given below are the various SAARC countries ranked as per some of the benchmarks of the trade facilitation measures:

From Tables 7.1-7.3 and Figure 7.1, it is evident that India has substantially improved in terms of trade facilitation and the country is a leader to the SAARC countries. But, given the country's rank, it has a long way to go when compared to the global best practices.

A pertinent question to ask at this juncture is, does improvement in trade facilitation contributes to enhanced trade. If countries take steps to improve in this aspect will they achieve a higher level of cross-border trade. To answer this question for India we performed an empirical analysis of how the country's trade with its partners is impacted by trade barriers. The Gravity Model has been used to estimate this relationship. The basic equation is as follows:

$$Trade_{ijt} = \alpha + \beta_1 GDP_{it} + \beta_2 GDP_{jt} + \beta_3 t_{ijt} + \beta_4 ntb_{ijt} + \varepsilon_{ijt} \dots (1)$$

$Trade_{ijt}$  = Total trade between India (i) and partner (j) at time (t)

$GDP_{it}$  = Gross Domestic Product at 2010 constant Dollar terms for India (i) in time (t)

$GDP_{jt}$  = Gross Domestic Product at 2010 constant Dollar terms for Partner (j) in time (t)

$t_{ijt}$  = is the tariff cost estimated by Arvis et. al. (2011) for India (i) with a partner (j) at a time (t). Here we have taken the geometric mean version which is  $= \sqrt{(1 + t_{ij})(1 + t_{ji})}$ .

$t_{ij}$  is the simple average tariff imposed by country i on country j.  $ntb_{ijt}$  = following Anderson and van Wincoop (2004) which includes all trade costs other than tariff from the comprehensive trade costs. It includes all costs other than tariff which are incurred while country i trades with country j compared to if they had traded domestically. Thus, this can be thought of as a comprehensive measure of lack of trade facilitation including matters in logistics.

Data for trade has been accessed from WITS (<https://wits.worldbank.org>), data on GDP at constant 2010 dollar terms have been obtained from World Development Indicators (<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD>) and that for the tariff costs and trade facilitation costs from UNESCAP transactions cost database (<https://www.unescap.org/resources/escap-world-bank-trade-cost-database>). We have considered data from 2006 to 2017 for 147 partner countries trading with India. The choice is guided by the availability of data.

Since the model (Gravity Model) is a multiplicative one while linearising we have used the logarithm of the variables specified in the above model. Hence the coefficients on the independent variables can be interpreted as

Table 7.4: Results of Pooled Regression

	Source	SS	df	MS	Number of observations =1705	
					F(4, 1700)	=2263.83
	Model	7680.389	4	1920.09736	Prob> F	=0.000
	Residual	1441.877	1,700	0.848162849	R-squared	=0.8419
	Total	9122.266	1,704	5.35344265	Adj R-squared	=0.8416
					Root MSE	=0.92096
Variables	Coefficient	Standard Error	t-ratio	Prob>t	[95% Conf.Interval]	
Log(Trade)						
Log( $t_{ij}$ )	-2.212*	0.680212	-3.25	0.001	-3.54652	-0.878241
Log( $ntb_{ij}$ )	-2.636**	0.067683	-38.95	0.000	-2.76882	-2.503316
Log( $GDP_j$ )	0.531**	0.015167	35.01	0.000	0.501205	0.5606985
Log( $GDP_i$ )	0.737**	0.104542	7.05	0.000	0.53164	0.941729
Constant	-7.226*	3.098521	-2.33	0.020	-13.3034	-1.148759

\*\* implies significant at the 1% level and \* implies significant at 5% level.

corresponding elasticities. The results of the pooled regression are presented in Table 7.4.

The simple pooled regression confirms the basic hypotheses. Total trade is positively related to the GDPs and is negatively related to the tariff cost and trade facilitation cost variables. All the coefficients are statistically significant and have large magnitudes. Especially our variable of interest, the lack of trade facilitation ( $ntb_{ij}$ ) has a significantly negative impact on the total trade of India and its partners.

Specifically, the value of elasticity is -2.636. This implies that if the trade facilitation costs across the partners and over time increases by 1 per cent total trade between India and its partners reduce by 2.636 per cent. Thus, there is a lot to gain from adopting trade facilitation measures.

Gender and trade are very important topic especially given the development dimension of international trade. International trade by expanding production opportunities can increase demand for the female workforce.

In India, sectors like food processing, leather, textiles and others employ a sizable number of female workers. Though the reasons may not be very encouraging it leads to higher employment and a reduction in gender disparity in the workforce.

Firstly, female workers are paid less than their male counterparts having similar skills. Given the requirement to be competitive in the international market, trade can lead to higher female employment.

Further, demand for such work may be seasonal or uncertain in



which case female workers seeking jobs for supplementary income may be preferred to male workers. Rajuet. al. (2016), while looking at the impact of trade liberalisation on workers' gender-mix, found that higher trade leads to an increase in female employment in India.

More interesting was the finding that when trade growth came down post-Global Financial Crisis, gender-disparity in the workforce was reduced due to female employment coming down by less than that of male employment.

In terms of trade facilitation, the gender dimension majorly looks at whether there are additional barriers while females engage in any part of the trade value chain. Are there gender-sensitive policies to facilitate female participation in international trade?

These aspects have not been researched much and there is a lack of appropriate secondary data to exactly look at the issues at hand and how they are enabling or inhibiting female participation in international trade. In the absence of such data, we have attempted to do two things.

First, we make use of appropriate data on gender inequality and look at its impact with other trade facilitation variables on India's bilateral trade described by Equation 1. We have used the Gender Inequality Index (GII) published by UNDP.<sup>1</sup>

This index is a composite gender-based disadvantage index-based on three dimensions reproductive health, women empowerment and labour

**Table 7.5: Trade and Gender Inequality**

	Source	SS	df	MS	Number of observations = 988	
					F(3, 984)	= 877.64
	Model	3508.999	3	1169.666	Prob> F	= 0.000
	Residual	1311.415	984	1.332739	R-squared	= 0.7279
					Adj R-squared	= 0.7271
Variables	Total	4820.413	987	4.883904	Root MSE	= 1.1544
Log(Trade)	Coefficient	Standard Error	t-ratio	Prob>t	[95% Conf.Interval]	
Log(t <sub>ij</sub> )	-4.722**	1.131	-4.18	0.000	-6.94	-2.503
Log(ntb <sub>ij</sub> )	-4.136**	0.086	-47.84	0.000	-4.305	-3.966
Log <sub>ij</sub>	-0.153*	0.057	-2.7	0.007	-0.265	-0.042
Constant	34.468**	0.469	73.48	0.000	33.547	35.388

\*\* implies significant at the 1% level and \* implies significant at 5% level

1.<http://hdr.undp.org/en/data#>

force participation. For our analysis, we have used data from 2010 to 2017 for 134 countries. The following equation was estimated using a pooled-regression model.

$$Trade_{ijt} = \alpha + \beta_1 t_{ijt} + \beta_2 ntbt_{ijt} + \varepsilon_{ijt} + \beta_3 GII_{jt} + \varepsilon_{ijt} \dots (2)$$

$GII_{jt}$  = Gender Inequality Index for India's partner (j) at a time (t)

Table 7.5 presents the results. All the variables have the expected signs and are statistically significant. We are more interested in the relationship between gender inequality and India's trade with its partners. Results show that with countries having higher gender inequality total trade is lower for India. One reason for this may be that gender inequality is also reflected in trade facilitation, or lack of it, though this will require much more detailed data to conclusively say something. We have run a further regression to see if trade facilitation is impacted by gender inequality for India's trade partners. If it does, then this can be the starting point towards a further investigation into the nature of gender disparities in trade facilitation.

The empirical equation we estimate is as follows.

$$ntbt_{jt} = \alpha + \beta_1 GII_{jt} + \varepsilon_{jt} \dots (3)$$

The results are presented in Table 7.6.

**Table 7.6: Trade Facilitation and Gender Inequality**

	Source	SS	df	MS	Number of observations = 988	
					F(1, 986)	= 72.9
	Model	13.055	1	13.055	Prob> F	= 0.000
	Residual	178.568	986	0.181	R-squared	= 0.0681
					Adj R-squared	= 0.0672
Variables	Total	191.623	987	0.194	Root MSE	= 0.42556
Log(ntb <sub>ij</sub> )	Coefficient	Standard Error	t-ratio	Prob>t	[95% Conf.Interval]	
Log <sub>ij</sub>	0.160**	0.019	8.49	0.000	0.1232706	0.197384
Constant	5.222**	0.027	195.81	0.000	5.169407	5.274068

\*\* implies significant at the 1% level and \* implies significant at 5% level

There is a significant positive relationship between lack of trade facilitation and gender inequality. Countries with higher gender inequality also have higher trade facilitation costs. Though many other variables should have been included to get a robust relationship between the two, the results do point out a lack of trade facilitation measures in countries with higher gender inequality. Chances of trade facilitation being gender-sensitive are thus less for such countries compared to the others.

Table 7.7: Pairwise Panel Granger Causality Tests

Sample: 1/01/2010 1/01/2017			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
NTB does not Granger Cause GII <sub>j</sub>	804	4.58525	0.0105
GII <sub>j</sub> does not Granger Cause NTB		0.03060	0.9699

GIZ (2014) looks at such relationships. Prevailing gender inequalities can lead to trade facilitation measures being gender-biased. The regression results in Table 7.6 points in that direction. But, it is not a test of causality. Further, reverse causality may also be present, as acknowledged by GIZ (2014).

Trade facilitation can have an impact on gender inequality through provisions that impede the participation of females in trade value chains worsening their condition *vis-à-vis* male counterparts. Females are normally located at the lower part of the value chains where time constraints, limited access to inputs, lack of skill formation due to low literacy levels and limited business development services may worsen their wellbeing. This may increase gender inequality.

A causality test is performed to see whether lack of trade facilitation measures cause gender inequality or is the reverse causality true? Here the stacked causality tests following Granger (1969) have been used. It treats the panel data set as a single large stacked data set and assumes coefficients are the same across cross-sections (common coefficient).

The more common approach following Dumitrescu and Hurlin (2012) which allows for differing coefficients across cross-sections could not be used due to lack of an appropriate number of periods in our sample.

Results in Table 7.7 show that the causality flows from NTB to GII<sub>j</sub>. This is for the countries that trade with India. It can be viewed as a fairly general result as it involves 134 countries of all shapes and sizes. Thus, the lack of trade facilitation has an impact on gender inequality for the sample set of countries.

This calls for higher efforts towards trade facilitation and to make it more gender-sensitive. Given the problems faced in general by women, it seems that the impact is more negative for them leading to higher gender inequality.

## Conclusion

In this paper, an attempt has been made to understand the various dimensions of trade facilitation measures and their measurements. It has been found that though India is in a better position on these dimensions among the SAARC countries, the country has a long way to go when we compare

her to the developed countries and some other emerging markets.

Further, to understand the impact of trade facilitation on the trade itself, we have empirically estimated the relation between total trade for India with its trading partners and trade facilitation variables. Results show that the lack of trade facilitation has a significant negative impact on India's bilateral trade.

Moreover, we have also looked at the gender-dimension of the problem. When we look at the relationship between gender inequality and India's bilateral trade, we find that trade is significantly lower with countries having higher inequality. To understand the reasons for this, we further regress the trade facilitation cost variable on gender inequality.

There is a significant positive relationship between the two.

Hence, countries with higher gender inequality also have a higher trade facilitation costs with India. It may thus be concluded that the chances of trade facilitation to be gender-sensitive is lower for such countries. A causality test has been further attempted to find out whether a lack of trade facilitation impacts gender inequality or the latter causes the former.

Results show that lack of trade facilitation causes gender inequality for the sample countries. The paper thus shows that there is a lot to gain in terms of higher trade by reducing trade facilitation costs. By making it more gender-sensitive, additionally, it may help in reducing gender inequality.

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## 8

## Women Entrepreneurship in India and their Economic Empowerment

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*In modern times, it is believed that providing education and social status to women brought happiness to many. Encouraging women to participate in economic activities can be beneficial for a country in many ways. On one side, it provides employment opportunities, generates income, and on the other hand, it creates wealth for the economy. In India, under the agenda of promoting MSME sector, the focus is also on women economic empowerment through their role as an entrepreneur and come up with many related schemes. It is observed that the situation is still not satisfactory because of a lack of awareness and education, which is a matter of concern.*

*This Paper highlights the present status of women entrepreneurship in India, their role in the economy, and the policy measures adopted by the Government of India to improve the existing situation.*

### Women as an Entrepreneur

The time has come to diversify the role of women in the Indian economy. Previously, it is concentrated only under the four walls of the home but with the advancement of education and modernisation, women are diversifying their activity portfolio and taking part in income-generating activities. They are involved in many such activities ranging from agriculture to the manufacturing and services sector.

Under the agenda of promoting MSMEs (Micro, Small and Medium Enterprises) sector in India, Government is emphasising on the enhanced role of women in entrepreneurial activities for generating more income and employment. This will provide them an opportunity to empower economically and socially. In India, the distribution of women-owned MSMEs is more skewed towards males.

As per the data given in Table 8.1, males dominate the ownership of



Table 8.1: Ownership Structure of MSMEs in India (in per cent)

Area	Male	Female
Rural	77.76	22.24
Urban	81.58	18.42
<b>Total</b>	<b>79.63</b>	<b>20.37</b>
Micro	79.56	20.44
Small	94.74	5.26
Medium	97.33	2.67
<b>Total</b>	<b>79.63</b>	<b>20.37</b>

Source: Annual Report 2017-18, Ministry of MSME, Government of India

MSMEs in comparison to females. It may be observed from Table 8.1 that 95 per cent of small and medium enterprises are owned by males whereas their percentage is relatively lower in the case of micro-enterprises. The share of male-owned micro-enterprises is 80 per cent whereas 20 per cent are owned by women.

Further, the state-wise pattern of women-owned MSMEs shows that

some states are doing well relative to other states. As per the NSS 73<sup>rd</sup> round of the survey, there are total of 12,390,523 women-owned proprietary MSMEs in India, which is 20 per cent of total owned proprietary MSMEs in India. Table 8.2 shows the top 10 states as per their share in women-owned MSMEs. The shares of leftover states are less than 1 per cent and in some cases it is negligible.

Table 8.2: State-wise Share of Women Owned MSMEs in Total Women Owned MSMEs (1,23,90,523)

Rank	State	Share	Rank	State	Share
1	West Bengal	23.42	9	Kerala	4.00
2	Tamil Nadu	10.37	10	Rajasthan	3.07
3	Telangana	7.85	11	Madhya Pradesh	2.99
4	Karnataka	7.56	12	Jharkhand	2.51
5	Uttar Pradesh	6.96	13	Odisha	2.38
6	Andhra Pradesh	6.76	14	Punjab	1.81
7	Gujarat	6.67	15	Bihar	1.36
8	Maharashtra	6.47	<b>Total</b>		<b>94.18</b>

Source: Annual Report 2017-18, Ministry of MSME, Government of India

***The Government of India is emphasising on the enhanced role of women in entrepreneurial activities for generating more income and employment to promote MSMEs***

Looking at the skewed distribution of MSMEs ownership towards males, there is a need to develop such policies, which promote female participation in entrepreneurial activities for their social and economic empowerment.

### **Women Economic Empowerment and Local Development**

Empowering women economically is associated with several benefits to the local economy in particular and the entire country in general. The first and foremost benefit is the generation of income and employment.

Any new business has the capability of enhancing income and employment but it has been observed that women-owned businesses provide more benefits to the local economy by employing local people, especially local women, which will further enhance their local status and generate overall income.

Hence, the strategy of developing women-led enterprises can be a good policy for local development. Moreover, empowering women may enhance the level of literacy through the enrollment of their children in better schools with their extra income. Many health problems related to poverty can be solved through their empowerment.

Many women came out from their families to raise money for their family's standard of living. Finally, their participation in economic

activities increase the amount of the effective labour force in the country and contributes towards a strong resource base.

### **Initiatives to Promote Women Entrepreneurs**

To promote the role of women from the housewife to an entrepreneur, the Government of India has taken many initiatives. Some of such notable initiatives are Annapurna Scheme, Stree Shakti Package for Women Entrepreneurs, Bharatiya Mahila Bank Business Loan, Dena Shakti Scheme, Udyogini Scheme, Cent Kalyani Scheme, Mahila Udyam Nidhi Scheme, Mudra Yojana Scheme for Women (PMMY), Orient Mahila Vikas Yojana Scheme, Promotion of Self-Help Groups (SHGs), Standup India Scheme and Trade-Related Entrepreneurship Assistance and Development (TREAD) Scheme, among others.

The following sub-sections highlight the details of two such schemes benefitting especially to women entrepreneurs by fulfilling their financial and skill-related requirements.

**Pradhan Mantri MUDRA Yojana (PMMY):** To fund the unfunded small/micro-enterprise sector (excluding corporate and farm sector) and to finance the income-generating activities through small businesses, the Government of India has launched PMMY along with the launch of Micro Units Development & Refinance Agency (MUDRA) in April 2015. In this scheme, all banks have been asked to support the income-generating

***Women-owned businesses provide more benefits to the local economy, which will further enhance their local status and generate overall income***



small enterprises by fulfilling their fund's requirements.

The type of loan is divided into three categories based on the stage of business operation. Those categories are: Shishu (containing loan amount up to ₹50,000), Kishore (containing loan amount more than ₹50,001 up to 5 lakh) and Tarun (containing loan amount above ₹5 lakh up to 10 lakh).

As already mentioned, all financial institutions are instructed to give loans under this scheme. As per the data, main beneficiary under this scheme are women. As per the annual report of PMMY (2018)<sup>1</sup>, in the first three years of the scheme, ₹5.71 lakh crore worth of loans has been sanctioned in total, which gave benefits to 12.27 crore loan accounts.

**Trade-Related Entrepreneurship Assistance and Development (TREAD):** Another scheme focusing particularly on women entrepreneurs in non-farm

activities, this scheme has focused on women empowerment through the development of their entrepreneurial skills. This scheme has included the Non-Government Organisations (NGOs) to promote entrepreneurial activities among women.

The NGOs gather women, guide them in all project activities and help them to set-up their business. The government is providing a 30 per cent grant of the total project cost to the lending institution who is providing the remaining 70 per cent assistance.

In this scheme, the government has included entrepreneurship development institutes to develop the skills of women entrepreneurs and made the provision of partially contributing to the total cost of their skill development.

As per the Ministry of MSME records, since the year 2004-05 to 2015-16, in total 56,471 women have been benefitted under this

1. <https://www.mudra.org.in/PMMYReport>

**The Government of India has taken many initiatives to promote the role of women from the housewife to an entrepreneur**

scheme with a government spending of ₹1,456.48 lakh. The benefits are in terms of their skill development and their engagement in entrepreneurial activities related to non-farm activities.

As per the Government of India press release on August 02, 2017, non-farm activities under this scheme include tailoring, handicrafts, embroidery, toy making, readymade garments, candle making, agarbatti making, paper cup and plate making, masala powder making, saree weaving, coir mat making, pickles making, readymade garments, basketry and brooms making, jute bag making, among others.

The main idea of this scheme is to promote self-employment and income-generating activities mostly from Self-Help Groups (SHGs).

### Few Success Stories from India

Success stories in recent years are highlighting the benefits of being an entrepreneur. Economically lower sections of the society in many states are the main beneficiaries and this is helping them to improve their economic and social status. Some of the success stories from the ground are given as follows (Mudra True Stories @ [mudra.org.in](http://mudra.org.in))<sup>2</sup>:

- A lady from Madurai, Tamil Nadu has taken a loan under the Mudra scheme of ₹10 lakh

to open her business of stationery and flask trading. She is now supplying the stationery items to various government offices under government e-marketing service. She is doing well in her business and employed four more people. In the future, she wants to open her manufacturing unit and want to employ 40 people.

- In another such story from the same place, a lady has availed a loan of ₹4 lakh and started her business of making Areca leaf plates. She has opened one manufacturing plant and started supplying to the exporters for overseas markets. She has a plan to open the second unit specifically as an export unit and want to become an exporter.
- A woman from Alappuzha, Kerala has taken a loan of ₹80,000 for buying cows for her cattle farming and animal husbandry business. She started with raising cows and from the further income, she expanded to fish farming, goat farming and livestock.
- Lady from Bathinda, Punjab has availed a loan of ₹30,000 for setting up a flour mill. She claimed that it is very easy to get many benefits such as low-interest rates. Her business is going well and she is happy to earn more money.
- Lady from Amritsar, Punjab has also availed a loan of ₹50,000 for starting her beauty parlour and she is now successfully running her business and

2. <https://www.mudra.org.in/mudra-kahaniyaan-v2/index.html>



providing employment further to two females.

- A woman from Navi Mumbai, Maharashtra has availed the facility of Mudra loan of ₹3 lakh to start a factory of making copper-coated paper plates and established her factory. She is doing good and now happy to earn profits.

### Challenges Faced by Women as an Entrepreneur

All the challenges faced by women entrepreneurs in India that are hindering them to become a successful entrepreneur has been clubbed under a few important categories:

- Persistence of gender inequality, particularly in exercising their rights
- Limited access to basic services, particularly in rural areas. The limited access is further dependent upon their male-counterparts
- Lack of awareness related to business activities (including financial matters)
- Lack of focused training activities
- Sub-optimal credit delivery system

### Suggestions to Improve Women Participation

A focused approach is required to promote their participation in economic activities because women are very tightly woven into the mesh of the orthodox social system. It defines their limited role in economic activities.

Policies should be framed in such a way that it directly targets that mesh and help women to emerge as an independent identity. Following are a few suggestions, through which participation of women can be improved in economic activities:

- Develop infrastructure facilities (including road and transport infrastructure) in the nearby areas to reduce the dependency of women on their male counterparts.
- Open special help desk (at nearby places such as at panchayat level) particularly for women for solving their day-to-day queries related to their participation in economic activities.
- Promote gender equality through the provision of focused education for women, particularly for rural women.

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## 9

## Women in Informal Trade along Northeastern Borders of India

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*The Paper focuses, firstly, on the various problems plaguing women and their participation in the Indian economy. It utilises statistics borrowed from various studies and surveys to focus on how the economic development in India in the last three decades has not been as beneficial to women as one might think. It also focuses on the gender pay gap and the decline in female labour force participation rates.*

*Secondly, the paper focuses exclusively on the unorganised sector of the Indian economy and provides a bird's eye view of both the participation by women and the challenges they face in the informal sector. Thirdly and finally, it provides a brief case study of informal trade between India and two of its neighbouring nations – Bangladesh and Myanmar.*

### Introduction

India has invested over US\$3bn over the past 15 years to support state governments to empower poor rural women through self-help groups. These projects have supported 45 million poor women access skills, markets and business development services. Some of them have become successful entrepreneurs and inspiration for others.<sup>1</sup>

As a result, the evidence shows that these women experience greater food security, better access to finance and higher income that benefit their families and communities.

An impressive 133 million Indians rose out of poverty between 1994 and 2012, an achievement that India and the world can be proud of. While worthy of celebration, the success could have been even more dramatic if a greater number of women could contribute to the work force.<sup>2</sup>

In 2012, only 27 per cent of adult Indian women had a job or were actively looking for one, compared to 79 per cent of men. Almost 20 million women had dropped out of the workforce between 2005 and 2012.<sup>3</sup>

**India's rapid urbanisation has not yet encouraged more women to join the labour force**

Worryingly, India's rapid urbanisation has not yet encouraged more women to join the labour force. Rural jobs have been decreasing and not enough rural women have been able to make the transition to working in urban areas. India ranks 120 among 131 countries in female labour force participation rates<sup>4</sup> and it's hard to develop inclusively and sustainably when half of the population is not fully participating in the economy.

At 17 per cent of GDP,<sup>5</sup> the economic contribution of Indian women is less than half the global average and compares unfavourably to even all our neighbouring countries, let alone western economies.

An analysis of Female Labour Force Participation (FLFP) rates for South Asia shows varied trends across countries, but overall this region is the only region in the world where it has declined in the last decade. Bhutan and Nepal have high rates of female participation, while India and Pakistan have the lowest levels. India's trends are marked by a steep decline since 2005 that is mainly driven by lower participation rates amongst rural women.<sup>6</sup>

The FLFP fell to a historic low of 23.3 per cent in 2017-2018, meaning that over three out of four women over the age of 15 in India are neither working nor seeking work. (The age of 15 is the cut-off used for global comparisons by the International Labour Organization.) Amongst the states in India, when compared to

values from 2004-2005, Karnataka has shown the highest decrease in gender gap (16 per cent) followed by Gujarat, Madhya Pradesh and Haryana (15 per cent each).<sup>7</sup>

Several reasons inhibit women to gain formal employment that includes lack of skill-based education, occupational segregation bias and socio-economic barriers. As a result, women engage in unpaid or low paid work or do not participate in income-generating activities.

In most cases, they are only able to take on employment in the informal markets that do not fall under the scanner of government regulations and offer exploitative working conditions. Also, the availability of work is subject to seasonal activities around agriculture and does not offer reliable year-long engagement.

## Informal/Unorganised Sector

Different authors have introduced many different definitions for the unorganised sector. An ILO report uses the term 'informal sector' to describe a "...range of economic units in urban areas, which are largely owned and operated by single individuals with little capital and labour, and which produce and distribute goods and services with a view to generating income and employment to the persons concerned."<sup>8</sup>

Termed as unorganised workers, the participating women are devoid of institutional representation of any kind and do



not receive sufficient attention from trade unions. In rural India, there is evidence of stratification based on caste and community considerations.

In 2013-2014, the National Commission for Enterprises in the Unorganised Sector (NCEUS) estimated that across the country, a higher per centage of women (95.9 per cent) are employed as unorganised workers as against males (90.7 per cent).<sup>9</sup>

Social and cultural norms have also been found to contribute towards this trend. To illustrate, only one-third of the respondents in the World Values Survey from India and Pakistan (2010-2014) opined that having a job was the best way for a woman to be independent.<sup>10</sup>

Evidence suggests that household support is crucial for the sustained participation of women in economic activities.

The biggest problem with the informal sector in India is that there is no precise information about the total number of workers, leave apart women engaged in this sector and also their respective ratios in various diversified occupations.

The Report of the National Commission on for Enterprises in the Unorganised Sector highlights the existence and qualification of unorganised or informal workers, defined as those who do not have employed security, work security and social security.<sup>11</sup>

This universe of informal workers now constitutes 92 per cent of the total workforce. According to another estimate, almost 90 per cent of the total women work force is engaged in the informal sector in India.<sup>12</sup>

Informal wage employment is comprised of employees of informal enterprises as well as

**Several reasons inhibit women to gain formal employment that includes lack of skill-based education, occupational segregation bias and socio-economic barriers**

***Given their vulnerable status at home and work, income generation alone may not improve the socio-economic status of women attached to the informal sector***

various types of informal wage workers who work for formal enterprises, households, or who have no fixed employer. These include casual day labourers, domestic workers, industrial outworkers (notably home workers), undeclared workers and part-time or temporary workers without secure contracts, workers' benefits or social protection.

Low-income women workers, especially in the informal sector form one of the most vulnerable groups in the Indian economy. The reasons for their vulnerability are — (a) irregular work, (b) low economic status, (c) little or no bargaining power, (d) lack of control over earnings, (e) need to balance paid work with care for children and homework, (f) little or no access to institutional credit, training and information, and (g) lack of assets.<sup>13</sup>

Unequal gender relations play a very important role in defining their insecurities. Given their vulnerable status at home and work, income generation alone may not improve the socio-economic status of women attached to the informal sector.

Organising women workers in the informal economy could have beneficial impacts on their work and their life if such organisation combines representation along with access to resources such as credit and information.

The Report of the National Commission for Enterprises in the Unorganised Sector highlights the existence and qualification of

unorganised or informal workers, defined as those who do not have employment security, work security and social security.<sup>14</sup>

Informal wage employment is comprised of employees of informal enterprises as well as various types of informal wage workers who work for formal enterprises, households, or who have no fixed employer.

The women workers in the informal sector work as piece-rate workers, self-employed workers, paid workers in informal enterprises, unpaid workers in the family business, casual workers without fixed employers, sub-contract workers limited to formal enterprises.

Home-based workers and street vendors are two of the largest sub-groups of the informal workforce: home-based workers are numerous but street vendors are more visible of the two. Taken together they represent an estimated 10-25 per cent of the non-agricultural workforce in developing countries and over 5 per cent of the total workforce in developed countries.<sup>15</sup>

In India, out of the total women workers who are engaged in the informal sector, about 20 per cent work in the urban centres.<sup>16</sup>

The majority of women workers in the informal sector come from those sections of the society, which need an income at any cost. Nearly 50 per cent of these women workers are sole supporters of their families. Another startling fact is that out of all women workers a



mere 7.5 per cent are availing the membership of authentic registered trade unions.

Yet another fact to cause concern is that women have to work, unpaid, even outside home, for some five to eight hours, to help their other family members. Various studies clearly and emphatically show another amazing fact that, the urban labour market discriminates against women much more than the rural labour market. This discrimination results in a decline in the participation of women in economic activities.

A look at the role played by women entrepreneurs in border areas of India's Northeast who trade with Myanmar and Bangladesh shows that state and NGO support for women (such as by setting up of border Haats) can empower women.

The informal trade figures are huge and men remain primarily in control of the gains made in such trade. Women workers have limited opportunities. In the absence of external support, women workers remain exploited.

### Indo-Myanmar Informal Trade

Informal trade along the Indo-Myanmar border is a huge business. It is not only difficult to estimate the volumes of such a trade but also difficult to understand it in its totality. Estimation varies from one study to another. In recent years, the Indian Institute of Foreign Trade, New Delhi tried to estimate the annual volume of trade in the NERMyanmar border. It is estimated to be close to 4,500 crore during 2015.<sup>17</sup>





But this calculation has been described as simplistic and suffering from overestimation. However, even if for argument's sake the estimates of IIFT are taken into consideration, the gap between the formal and informal trade seems to be enormous, about 44 times compared to the formal trade.

In another exercise, the Indian Institute of Entrepreneurship, Guwahati estimated the volume of informal trade based on custom seizure data and the value of informal trade was 674.90 crore, during 2015-16, where close to 90 per cent was routed through Manipur. The rest occurred through Mizoram.<sup>18</sup>

If we take the value of trade as calculated by IIED, then estimates for informal trade is 10 times more than the formal trade in the Manipur sector. In a separate estimation, also based on custom seizure data, Thus, although there are huge variations in the estimation of the value of informal trade, it is very clear that formal trade represents only a small portion of the total trade between NER and Myanmar and the bulk of trading takes place through informal channels.

India and Myanmar signed an agreement on border trade in 1994. In 2015, the RBI abolished barter trade that was allowed as a sub set of border trade. India's exports to Myanmar include primarily finished products like machinery, instrument or drugs, while Myanmar exports wood products, pulses and spices. It is

estimated that the unofficial or illegal trade volume between the two countries lie around 1,500 crore a year.<sup>19</sup>

India's border trade with Myanmar takes place mostly through Moreh, in Manipur's Chandel district. While women are primarily the loaders (who bring the goods from one side of the border), traders who control the border trade are men who belong to the major ethnic community in Moreh.<sup>20</sup>

In 2011, Bangladesh and India set up "Border Haats" (local markets) along the border that stretches for 4,100 kilometres. The total trade at each haat as estimated by the state governments is at \$600,000 (4 crore or 40 million) a year.<sup>21</sup>

The visibility of women in cross-border trade is challenging the status quo of traditionally male dominated trade and the border Haats have played a role in fostering women's entrepreneurship.<sup>22</sup>

## Route and Composition of Informal Trade

Myanmar has borders with four Indian north-eastern states but informal trade mainly takes place through Manipur and partly through Mizoram. In other areas, strict border vigilance to curb insurgency as well as the poor economic condition of the people on either side of the border resulting in little demand for imported consumer goods are some of the reasons for the absence of informal trade. It is a group functioning activity through

wide ranging networks from the local agents at the border to those at the marketing centres.

Although geographically they are divided through political boundaries of the nation state they continue to enjoy a shared ethnic boundary (with varying degrees) and so what appears to be international trade for New Delhi is nothing but traditional trade for these people. In fact, political boundaries have severed their normal economic ties leading to shortages and higher prices.

Secondly, the demarcation between the formal and informal trade becomes thin because of widespread involvement of people from different walks of life, such as politicians, bureaucrats, security personnel, enforcement agencies as well as other people from civil society. Thirdly, trade with Myanmar is more often a transit trade of goods and commodities produced in other countries, which creates conditions for informal trade.<sup>23</sup>

Commodities and items entering from Myanmar vary widely. Among them agricultural and forest products such as agar woods, pulses, groundnuts, betel-nuts, gems, precious stones originate from Myanmar, while other goods ranging from electrical and electronics, textiles and footwear, cosmetics and toiletry as well as high value metals and other stationaries are from other South East Asian nations.

Moreover, drugs, narcotics as well as arms comprise an important

(which is yet to be properly estimated) component of informal trade through these borders. On the other hand, informal exports to Myanmar include manufactured items such as motorcycles, bicycles, agricultural implements, paints, baby food, medicines and fuel. Chemicals used as inputs for producing narcotics also comprise an important item of informal exports from the northeast.<sup>24</sup>

During 2013-14, the composition of imports from Myanmar comprised about 60 per cent electronics and electrical equipment. Textiles and footwear were the second-biggest items of imports, at over 21 per cent.<sup>25</sup>

There were various other categories of items that were imported from Myanmar but their share was much less compared to these two categories. In this regard, it is interesting to note that there was a difference in the import profile of the two states of Manipur and Mizoram, through which the informal items entered from Myanmar.

In Manipur, electronics & electrical items comprised the largest component of imports, along with generator sets, inverters and inverter batteries mainly to meet the local requirements in the state where power shortage is a severe menace.

## Indo-Bangladesh Informal Trade

There are several probable reasons for the growth of informal trade between NER and Bangladesh. The



unmanned, unprotected and less than properly demarcated borders create ideal conditions, which are exploited for informal trade.

Secondly, the linguistic and cultural homogeneity of the people residing on either side of the border sometimes creates conditions where law enforcing agencies find it difficult to locate people involved in informal trade.

Thirdly, the depreciation of the Indian Rupee in 1991 resulted in a spurt to informal trade as Indian goods particularly food grains became cheaper and, therefore, exported to Bangladesh.<sup>26</sup>

Similar was the case with fish, where particular varieties from Andhra Pradesh were exported informally through NER to Bangladesh.

Various studies have identified sugar as the single most important commodity of informal trade followed by printed saris along the Karimganj sector in Assam. In other

districts of Assam and Tripura, wood and timber-based products were the major commodities informally exported to Bangladesh.

In terms of the group of commodities, food and live animals comprised 40 per cent from Assam, while in Tripura, forest products comprised more than 52 per cent of all the commodities exported informally.<sup>27</sup>

Notwithstanding the variety of estimates provided by scholars about the quantum, direction and composition of informal trade is easily understood that there exists a huge network of informal trade between Bangladesh and the NER.

## **Route and Composition of Informal Trade**

Scope for informal trade in areas where the functional Land Customs Stations (LCSs) are located is limited because of the

presence of vigilance and enforcement authorities. But there is a lot of scope for informal trade in the adjacent areas of functional LCSs and nonfunctional LCSs due to the operation of various syndicates on both sides of the border.

It is sometimes puzzling to find that the items included under formal trade are also found in informal trade. This may be because of quota and restriction on the quantum of items to be traded.

There are thus limitations in case of formal trade but as the market for such items is bigger, there is, therefore, a lot of scope for informal trade. Moreover, it is also possible that the items, which are traded informally are those, which have escaped the vigil of the enforcement authorities as well.

The number of seizures of informally traded goods and commodities can be used as an indicative maintaining the quantum of informal trade. They provide some insight regarding informal trade.

According to the Commissioner of Customs, Shillong, from 2009-10 to 2014-15 there were 36,983 cases of seizure in NER where the total value involved was 3,785.35 lakh.<sup>28</sup> The value of seizure per case works out to 10,235, which indicates that there is trade of valuable items in the region.

### Border Haats

There can be a perceptual hiatus related to the border between the nationstate and its people. In a

terrain, which is inhabited by people of similar sociocultural traits, the border haat is a marker of spatial categories for the nationstates where two nations are separated, but for the people who find themselves separated, it is a line where they can meet their ethnic counterparts.

Here, trading activities for the nationstate will be a case for border trade embedded in the paradigm of international trade but for the people, it will be a traditional practice where they share their surplus goods and commodities.

This scenario is common among many borders around the world and is more so among the foothills in various places in northeast India. This has also been an age-old practice through various haats between the hills of Meghalaya and the plains of Bangladesh.<sup>29</sup>

But redrawing of political boundaries in 1947 changed the situation. Trade was restricted if not stopped. However, in order to survive and meet the basic requirements of life, people in these areas tried to maintain barter trade in a limited way through the border haats of the Meghalaya-Bangladesh border.

### Conclusion

The women workers do not have a choice to work, or not to work, due to dire need of income. The limited opportunities available to women are mostly low paid, low status jobs in the informal sector; jobs which do not have any possibilities of





betterment, the advancement of efficiency or training, to enable them to enter better jobs at a later stage.

In the overall state of unemployment and lack of opportunities, women hold a secondary place to men in the race of employment. It has been observed that women find it difficult to enter the structured system of organised sector.

It is also found that there is no economic reason for paying lower wages or giving only a particular type of work to women workers. When they work for themselves, their wages and work is quite comparable with those of male workers.

There is discrimination in wages, nature of work, availability of work, on the basis of sex. Bargaining power is mostly with the employers, so exploitation is naturally the fate of these poor workers. They come from that section of the society, which must

work to earn their livelihood and which is socially, economically and traditionally backward and least privileged.

There is diversity in the nature of work. Some of them are construction workers, some are domestic servants, and some others are garment workers while few are petty traders in miscellany of goods. But there is little or no variation in terms of job like wage discrimination, job insecurity, leave holidays and other benefits. The society has to meet this challenge. It is difficult but it has to be done.

A ray of hope has emerged in the form of SHG, some of which are working in this area as well. Work has to be done at the grass root level with a proper feedback system in place to ensure that policies of equal treatment for equal work are giving results. We must remember that by ignoring these women workers we are ignoring important contributors to national income of the country.



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# NEPAL





## 10

## Gender Responsive Trade Policies in Nepal

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*Nepal's recent struggle with formulating gender responsive trade policies is chronicled and the causes and consequences of this are discussed. It is argued that there have been no attempts to make trade policies gender responsive. Recent trade policy (2015), formulated after issues related to gender inequality have been widely acknowledged, also treats gender issue as a minor issue. This is unfortunate as Nepal's export relies on SMEs, and women entrepreneurs are also concentrated on SMEs.*

*This Paper provides a brief review of trade policies in Nepal and analyse their gender sensitivities or lack thereof. It argues that making them women-friendly should be beneficial to the overall economy.*

## Introduction

In the last two decades, Nepal's trade policies have mainly tried to contain the ballooning budget deficit. The discussions on trade have been dominated by the concern regarding the impact of budget deficit on subjects such as foreign currency reserve, sustainability of the economy and industrialisation.

Gender rarely appears in these discussions. Issues faced by women entrepreneurs have not been given any serious attention while formulating these policies. While empowerment of women is a topic generally discussed by

policymakers, this issue is yet to make any inroad in trade policy discussions. This is unfortunate for many reasons.

Women now are increasingly becoming part of labour force. They are also leaving villages in a large number and congregating in cities (see Table 10.1). Out of 10.5 million internal migrants in Nepal, 7.34 million (70 per cent) are women, and while 6.8 million people moved from rural to urban areas, 4.4 million of those (or about two third) were women.

According to a recently published census of economic establishments in Nepal, 30 per cent of a total of



900 thousand establishments in Nepal are managed by women whereas 16 per cent of these establishments are exclusively owned by women.<sup>1</sup>

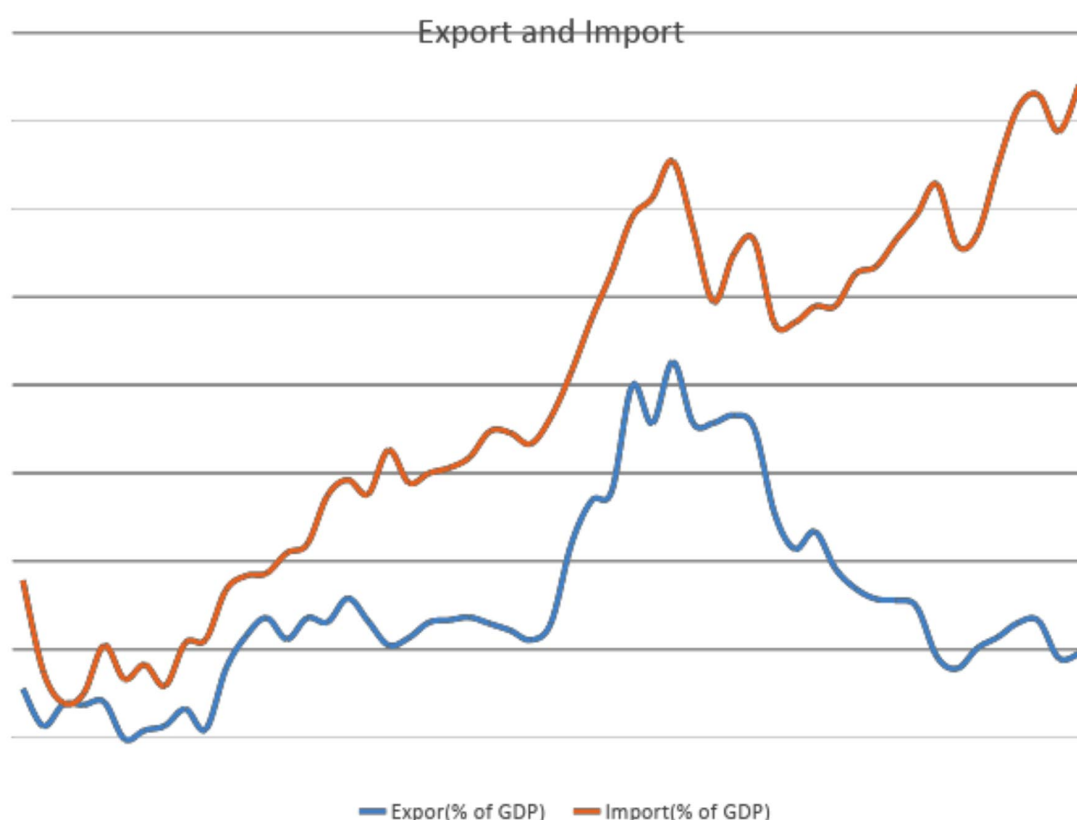
Many of these women own SMEs and handicraft industries, which contribute significantly to Nepal's export. However, it appears that they own these small firms not necessarily by choice, but due to economic and social circumstances.

It is not easy for women entrepreneurs to find initial funding, and in a recent survey, women entrepreneurs cited getting customers and access to finance as their two major obstacles<sup>2</sup>. Social taboos still create barriers for

women entrepreneurs and their growth is still stifled by these taboos. Policy-led equalisers are still necessary to provide a level playing field for women entrepreneurs.

As we will see below, this is not the case. The policies are insensitive to the gender needs, and are not designed to elicit maximum contribution from women entrepreneurs. Trade, the size of which is more than 40 per cent of Nepal's GDP, is not an exception. The preponderance of the policy focus has been on reducing trade deficit and unfortunately, this goal has also failed miserably in the last few decades, as indicated in Graph 10.1 .

**Graph 10.1: Nepal's trade deficit**



Source: World Bank<sup>3</sup>

Table 10.1: Gender-wise Migration within Nepal

Origin of migration	Urban ('000)	Rural ('000)	Total('000)
<b>Total</b>	7,785	2,725	10,510
From Urban	371	84	455
From Rural	6,842	2,365	9,207
Other Country	572	276	848
<b>Male</b>	2,705	457	3,163
From Urban	163	20	183
From Rural	2,386	378	2,763
OC	157	60	217
<b>Female</b>	5,079	2,268	7,347
Urban	208	64	272
Rural	4,456	1,988	6,443
OC	416	216	632

Source: Nepal Labor Force Survey 2017/18<sup>4</sup>

## Counterproductive Ignorance

Take the example of the first trade policy of 1983, it emphasised export, with its main theme being “export for development”. It was largely a failure, though it indeed oriented Nepal towards external trade. In 1980, Nepal was extremely backward, and had few roads within the country. There were little that Nepal exported.

Historically, Nepal exported raw agricultural and wildlife products or rerouted the imported goods from Tibet (such as Yak tail, musk, borax and gold dust) whereas it purchased essential clothes, salt and sugar from India and China. This was the extent of the trade and punctuated by occasional imports from Arabian countries or in recent times, Europe, United States and Japan.

However, the trade policy in 1983 was also independent of women’s role. Trade was considered a masculine area and hence gender sensitivity was ignored at the time. Promoting women entrepreneurs, increasing women’s participation in trade and production, increasing access to finance for women entrepreneurs and actively encouraging them to be a part of the business community were topics largely prominent by their absence in that policy.

It was also clear that women’s trade associations (such as Female Women Entrepreneur’s Association Nepal (FWEAN) did not exist then. The FWEAN was established in 1989. Women were not even part of focus groups consulted prior to the drafting of the trade policy in 1983.

***While many Nepalese women were micro-entrepreneurs even then, they were considered insignificant and incapable of decision making***

While many Nepalese women were micro-entrepreneurs even then, they were considered insignificant and incapable of decision making.

The strategy to look at trade as a monolithic final product without looking at the detailed composition of it continued as Nepal Trade Integration Strategy (NTIS) formulated in the first two decades of 21<sup>st</sup> Century.<sup>5</sup> The NTIS strategies looked at the products that could be promoted to reduce the trade deficit.

The NTIS (2010) identified 12 goods and seven services that could be competitively promoted. Similarly, NTIS (2016), successor of NTIS (2010), cites the need to enhance trade negotiations, improve sanitary and phytosanitary standards to enhance export performance, but has no suggestions regarding gender-based production and trade promotion strategies. The NTIS (2016) identifies 12 sectors for the export promotion.

Increasing gap between import and export and the lackluster performance of export sector led to the need to further amend the trade policy in 2015. There were many other factors behind this. The NTIS (2010) priorities were not aligned with the existing trade policy and trade deficit was ballooning yet again. Supply side capacity needed to be enhanced to promote export. Other sectoral policies were being drafted within the country and harmonisation with them was necessary.

Furthermore, the Bali Package, from ninth Ministerial Conference

of the World Trade Organization in 2013 also needed to be implemented. The Bali package included issues such as preferential rules of origin and duty-free and quota-free market access for least developed countries. But the stated aims of trade policy (2015) did not have gender-sensitive objectives in the official documents.

The related Industrial Policy (1993) and Industrial Enterprises Act (1993) fair no better. These policies were important in creating business-friendly environment in Nepal but they were motivated by an integrated goal (increasing production) rather than disaggregated goal (increasing production while ensuring that different sub-population groups were benefitting from these policies equitably).

The revised Industrial Policy (2011) also does not have anything related to gender participation in its stated goal. These policies were indifferent to the need of attracting women to the business and trade and promoting their participation<sup>6</sup>.

## Path Ahead

Nepal has adopted many integrated strategies trying to address its lackluster performance in manufacturing as well as export. They are all generally not performing well. In agricultural sector, it has devised Agriculture Development Strategy (ADS) (2014), in the health sector, it has Nepal Health Sector Strategy (NHSS) and in the education sector it has School Sector Reform Programme (SSRP).

***Gender sensitive policies should also identify the sectors that have high women participation rate and promote them***

The common thing is, they still ignore the different status of women in the country and treat the topic as if it is not important. This gender-neutral approach is continued in trade policies as well.

However, small changes are also visible. The Policy 10.6 of Trade Policy (2015) has called for a programme to be launched to promote industries run by marginalised communities and women and link them to the export.

Earlier, in 1995, Women Entrepreneur Development Unit was set up inside Cottage and Small Industries Development Board (CSIDB) after 34 years of its existence. The mention of women in Trade Policy and the setting up women unit within CSIDB are small, nevertheless important steps.

However, more women-specific measures are needed as the current measure still lumps all the

marginalised communities together and does not provide the necessary focus on women entrepreneur related issues. Like Enabling Environment for Sustainable Enterprises (ESEE) survey showed issues faced by women in promoting their business are likely to be completely different from the issues faced by other marginalised communities. The policies must be more nuanced, better targeted to the problems faced by the marginalised sub-populations and carefully crafted.

Official documents of trade policies often mention the following ways ahead for improvement: better infrastructure development, promotion through trade fairs, rationalisation of public spending and trade mainstreaming on sectoral policies.<sup>7</sup>

Infrastructure development must also be women-focussed. Evidence indicates that women and men have different perspectives of





***Gender sensitive policies are also becoming important in the context of new structure of family in Nepal***

urgent infrastructure.<sup>8</sup> Women may focus on issues related to drinking water, men may focus on roads. Similarly, public spending projects like Prime Minister's Employment Programme must be tailored according to women's need and women entrepreneurs must be ensured equal participation and access to funding in these programmes.

Gender sensitive policies should also identify the sectors that have high women participation rate and promote them. These policies should also help SMEs connect with the bigger firms in foreign countries as a supplier. Early women entrepreneurs have consistently stated that they face disadvantages in many of these areas. Trade and other related policies must try to address their difficulties.

Gender sensitive policies are also becoming important in the context of a new structure of family in Nepal. In the survey of 2011, the fraction of women-led households was 25.7 per cent.<sup>9</sup> In the survey of 2016, this fraction reached 31 per cent.<sup>10</sup> Since almost three out of 10 households are now women led, improving their welfare by providing them with fair opportunity to prosper is important for many reasons. It will ensure equitable growth and long-term stability in the country.

### **Optimal Gender Sensitive Trade Policies**

In the absence of data, many questions on what are optimal gender-sensitive trade policies are

difficult to answer. But some sketches can be drawn.

According to FWEAN, women entrepreneurs converge on micro-enterprises such as handicraft and cloth manufacturing. Data from Federation of Handicraft Association Nepal (FHAN) shows that handicraft accounts for slightly more than 5 per cent of total Nepali exports right now.<sup>11</sup>

Before the Maoist insurgency, data indicated that the number of women owners in handicraft industries were increasing and almost half of the women entrepreneurs in Kathmandu valley were in handicraft industries, according to FWEAN. Hence, any export promotion policy must understand the difficulties faced by women.

Policymakers wrongly think that incorporating a new idea in the trade policies is tantamount to introducing a new constraint and should necessarily lead to less optimal solution. This is wrong. Feminist writers have also allowed this debate.<sup>12</sup>

A focus on women entrepreneurs in Nepal's trade policy context, however, is likely to increase overall production of the country and make it more competitive because: (a) it introduces new groups of entrepreneurs in the mainstream; and (b) by making authorities look at the plights of women entrepreneurs, in particular, it enhances governing capabilities and serves the important groups of entrepreneurs who are otherwise ignored by gender neutral policy.

**Table 10.2: Indicators and Weights for GRB in Nepal**

Indicator	Weight
Women Participation in Formulating Policy and Implementing It	20%
Capacity Enhancement of Women	20%
Ensuring Benefits and Control of Women in Programmes	30%
Increase in the Employment and Income of Women	20%
Qualitative Increase in the use of Time of Women and Reduction of their Workload	10%

*Weights for Gender Responsive Budget (GRB)*

Nepal has experience in mainstreaming gender issues in the past. Gender Responsive Budget (GRB) system, now in practice, is one of them. The GRB was pushed after Beijing Consensus (1995) and announced in the annual budget of 2005-06, though it took another six years for the government to finally come up with something concrete.

In 2012, the Ministry of Finance approved indicators for GRB and Table 10.2 shows those indicators now in force. It is clear that trade policies can take inspiration from this practice and formulate its own gender responsive practice.

#### **Weights for Gender Responsive Budget**

Given below are three suggestive measures to enhance gender sensitivity of trade policies:

- (a) Intervene in the production process: According to the EESE survey carried out by the ILO,<sup>13</sup> two major constraints faced by women entrepreneurs include access to finance and getting customers. Registering a firm is also an important barrier as many government workers tend to be difficult to deal with for

women entrepreneurs.

Nepal's bureaucracy is becoming more gender inclusive but this inclusiveness should also be reflected in the government offices that are the most frequent point of interaction between the government and ordinary people, such as offices providing services related to procuring citizenship certificates, land registration and company registration.

- (b) Provide preferential treatment for women producers including exporters: There can be two different mechanisms to achieve this. One, design of better domestic mechanism. Women entrepreneurs are likely to face more hurdles in finding customers (as mentioned in (a) above already) than men. Issues like these have to be addressed by better policies.

There are other steps before exporting goods abroad: women have to deal with permits related to foreign exchanges, participation in trade fairs abroad and hire freight industries. All these tasks require women to deal with

***Nepal's bureaucracy is becoming more gender inclusive but this inclusiveness should also be reflected in the government offices for interaction between the government and ordinary people***



male dominated institutions and firms. Identifying and removing hurdles associated with these tasks are important.

Programmes such as The Women Entrepreneurs Opportunity Facility (run by Goldman Sachs, IFC and others) targets women entrepreneurs for help. Chicago-based Women's Business Development Centre (WBDC) targets women entrepreneurs in different stages of their businesses. Swedish Make Trade helps Swedish women expand internationally. The state can set up and promote organisations like these in Nepal.

Two, getting preferential treatment for women-owned firms in export market are also desirable. Many countries provide a preference for goods from LDCs. Making such preferences a bit more nuanced by including preferences for

women entrepreneurs could be helpful. This can be a promising new era of activities.

(c) Helping in growth: There are very few studies on how women-led enterprises grow and how their growth trajectory differs from that of men-led enterprises. In Nepali context, in the last 30 years, talking about women-owned enterprises have been synonymous with talking about small handicraft industries. It is rare to find female-owned firms that have successfully graduated and have become big in size and revenue. This, unfortunately, implies that their growth path is difficult.

If there are some gender specific constraints that contribute to differential growth path for enterprises owned by different genders, they should be addressed and removed.

**Nepal's trade policies are largely agnostic and no efforts have been made to encourage women in trade initiatives**

In this context, it can be asserted that trade policies in Nepal hitherto are not designed in tandem with goals (a) and (c) in mind and do nothing regarding (b).

## Conclusion

This paper provides a brief gender-based narrative on the development of trade policies in Nepal in the last two decades. Nepal's trade policies are largely agnostic about the need to integrate women and subsequently no efforts have been made to encourage women in trade initiatives. This is unfortunate given the fact that most of the exports in Nepal are handicraft and SME-based products and women, too, are concentrated in the SMEs.

There is also a risk that while emergence of women's organisations and an overall

increase in awareness regarding women's rights have forced relevant government organisations to consult with women entrepreneurs, this may end up being a token gesture.

There is still no tradition of carefully identifying barriers women face in their path to become an entrepreneur and addressing them. It is likely that they may face different sets of barriers than men and even when they face the same set of barriers, the magnitudes of these barriers are different.

Ideal trade policies should not only be informed by these differentials, but also address them. These issues should be addressed while formulating domestic policies and should also be made part of the trade negotiations, where applicable.

## Endnotes

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- 2 *Enabling Environment for Sustainable Enterprises Survey (2017)*, International Labor Organization (ILO), Kathmandu, Nepal
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- f ). African Development Bank has a gender mainstreaming toolkit that raises and addresses this issue. (<https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Checklist%20for%20Gender%20Mainstreaming%20in%20the%20Infrastructure%20Sector.pdf>)
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- 10 National Demographic and Health Survey (2016), Ministry of Health, Government of Nepal
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## 11

## Women's Empowerment and Development Outcomes: Policy Implications for Enhancing Women's Participation in Business and Trade in Nepal

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*Women's empowerment has been conceptualised and popularised as an effective "tool" for development. A woman is assumed to be empowered if she is endowed with material means of income/employment, education, access to resources, and in a position to influence decisions.*

*Women's choice and their agency as individuals – potential to withstand gendered structures of constraint – is still not an issue in development interventions as the structural/institutional factors, such as social systems, including the economic, legal, political, cultural, that determine the attainment of the socioeconomic factors and entitlements are rarely addressed.*

*This Paper attempts to examine the aspect of women's empowerment, the conventional and agency, that can affect development outcomes drawing on women's experiences in Nepal of the factors that enable them to influence change in development outcomes. The hypothesis is that women's ability to balance their paid and unpaid work at home (care work) and outside performed within the social/family system is expected to be more effective means of achieving development outcomes.*

### Introduction

'Women's empowerment' and 'gender equality' are widely recognised and accepted as critical factor to boost economies and achieve development outcomes (a "smart and right thing to do"). Increasingly "women's economic empowerment" and

gender equality are taken as both a goal and a precondition for achieving sustainable development, economic growth and poverty reduction.<sup>1</sup>

Under UN Secretary General, High-Level Panel on Women's Economic Empowerment was formed in 2016

to “address the specific economic issues that affect women and to support the implementation of the 2030 Agenda for Sustainable Development and its promise to ‘leave no one behind’.

Such initiative and commitments, aim at greater women’s economic participation, their greater access to market and resources/assets and representation in decision-making position, are made under the assumption that improving women’s socioeconomic characteristics will lead to their economic empowerment and gender equality. However, the progress, at best, has been in gender inequality.

Underlying the assumption is a ‘socioeconomic’ perspective that equal distribution of socioeconomic factors, will result in their empowerment and hence the desired development outcome.

Rarely, does the national and international interventions, aimed at enhancement of women’s empowerment, address the structural and exclusionary factors and the processes that result in unequal outcome even while providing equal distribution and opportunities for women.

With this belief/assumption, women’s increased and effective participation in trade has been emphasised for an acceleration of economic growth resulting in women’s economic empowerment and vice versa.

This Paper is concerned with the perception and the underlying assumption with which ‘women’s empowerment’ and ‘gender equality’ are understood and addressed in the development literature and interventions strategies including that of trade.



Women's economic empowerment is underpinned more by materialistic concerns of incorporation of women in labour market, their access to income, education and resources/assets and at best reducing the work burden of women viewing unpaid care work as a constraint in their participation in business and trade.

To promote women in trade and business, the main concern in the development literature is the persistent gender inequality seen as a distributional and facilitation problem rather than unleashing the existing potential (agency) of women, and structural transformation.

Initiatives to integrate gender dimension in trade, mostly has been in trade facilitation and logistical matters. For instance, World Bank seeks to integrate gender dimension by improving customs and border management, trade infrastructure, port efficiency, transport security including logistics and transport services, regional trade corridors and transit and multimodal transport (Higgins, 2012).

Result, after nearly five development decades (1970s-2019s), is persistent gender inequality and continued discrimination against women and girls (both social and economic) based on gender (WEF, 2018).

In this context, this paper attempts to examine from feminist perspective of the appropriateness or the effectiveness of such

conventional approach and measurement variables used as indicators of empowerment in most development intervention programmes.

In doing so, it is expected to provide a conceptual perspective of the aspects of 'empowerment' – socioeconomic and agency, and how women as members of households/families use strategy to maximise individual and family wellbeing, based on which, factors that best represent/reflect women's exercise of agency from their empirical experiences of daily life will be identified.

Using those indicators of empowerment (both conventional and agency), attempt will be made to examine their effects on the development outcomes (measured by HDI and HPI) using statistical techniques of analysis drawing from my research on Gender and Macro Economics using Nepal's labour force survey data. This technique of analysis is expected to provide comparative significance of the measures affecting development outcomes (HDI and HPI).

## Approach and Measures of Empowerment

Influenced by feminist thinking, women's empowerment has been widely recognised, in the development literature, as an important factor in affecting social, economic and demographic changes in bringing about gender equality.



For instance, the 1995 Fourth World Conference on Women in Beijing marked a significant turning point for the global agenda for gender equality.

The Beijing Declaration and the Platform for Action (PFA), is considered the key global policy document on gender equality. It sets strategic objectives and actions for the advancement of women and the achievement of gender equality in 12 critical areas of concern in all the countries.<sup>2</sup>

***While women's participation in labour market is increasing, their participation in trade has been negligible***

Similarly, subsequent to Beijing Declaration and PFA, Gender development indicator (GDI) together with the gender empowerment measure (GEM) introduced in 1995 in the Human Development Report as a composite index to measure the gender gap in the progress of human and social development of countries.

GDI is meant to take into account not only the average or general level of well-being and wealth within a given country, but also on how this wealth and well-being is distributed between different groups within society taking into consideration the gender-gaps in life expectancy, education, and incomes.

GEM, on the other hand, measures women's representation in administrative and public positions as a proxy of their voice in decision making. However, all the database that has been generated on the socioeconomic indicators tells us very little on the built-in structural disparities and exclusionary levers.

Moreover, from corporate perspective women are viewed as potential reservoir for economic growth, community wellbeing and environmental sustainability. Hence, there is an increasing interest towards women empowerment through CSR activities (Woetzel et al, 2015).

## Conceptual Understanding of Women's Empowerment

From the above discussion emerge aspects of empowerment – socioeconomic and agency aspects. Socioeconomic aspect comes from a conventional perspective of incorporation of "empowerment" within the existing framework of economics where socioeconomic refers to society related to economic factors, which in turn relate to and influence each other.

Empowerment, as such, is viewed, like all else as measures of socioeconomic status (SES) in the attainment of income, educational, employment, wealth, health, and political participation. Market mechanism of the distribution of these factors determine individual capacity and SES in the society.

Any disparities in the attainment of these factors are seen as a distributional issue and assumes a linear relationship between the factors and desired variable under consideration within the existing social and economic structures.

Agency aspect, on the other hand, comes from feminist perspective of

human potential of the ability of subordinate groups and individuals (women in our case) to act in a way that resists the sociocultural and economic forces of adversity that expose them to the risks/consequences of deprivation/discrimination and harmful practices (that could take a variety of forms such as health, physical/mental, economic and so on).

Such resistance to oppression or adversities (which manifest in various forms, from open defiance to subtle and mild opposition) may be viewed as deviation from social and cultural norms and practices (Pradhan, 2003).

Therefore, considered from the agency aspect, it helps us to find out how or in what ways women influence decisions and make choices even under conditions of their subordination, as well as delineate analytical and measurable categories that go beyond the conventional measures of women's empowerment.

This implies that mere gender/sex disaggregated data on education, income, employment/labour force participation or even women's representation in public positions is not adequate to capture the qualitative process of change (in attitude, role or the deviation from the norm) in relation or behaviour.

From agency perspective the relationships and behavioural responses of the people are not linear or uniform. It becomes important to look into the circumstance or the factors that makes different people behave and respond in different ways.

By contrast, structures are those factors of influence (such as social class, religion, gender, ethnicity, customs, etc.) that determine or limit agents in exercise of their independent decisions. Depending on the existing limits, individual action and decisions contribute towards resulting outcomes.

Thus, we can conceptualise empowerment as action taking place within the limits of structural and institutional system that allows women to benefit from economic opportunities (employment), their access to resources (assets and financial) and chances of betterment and wellbeing (overcoming poverty conditions).

Acts of agency is seen as deviations from structural and institutional limits (such as gender norms, values, beliefs and behaviours) where women are able to make their own choices in self-actualisation of the drive for the fulfilment of their felt need.

Contextual variables	Aspects of Empowerment	Outcomes
Sociocultural and Economic context determining gender relationships, entitlements & access	a. Socioeconomic b. Agency of the human potential	<ul style="list-style-type: none"> <li>Human development (HDI)</li> <li>Poverty (HPI)</li> <li>Eco. growth</li> </ul>



While socioeconomic indicators of empowerment help us to measure the progress/achievements within the structural/institutional bounds, conforming to the societal and economic norms of behavior, it is much more difficult to measure the agency aspect of empowerment which may take more in forms of qualitative changes rather than quantitative, such as expression of self-confidence or defiance, attitudes, roles (gender roles) and claims on resources.

The most common measurements of agency used in decision-making modules are freedom of movement, and other measures such as control over spending, group affiliation or support. The extent to which individual agency is exercised to overcome the structural constraints maybe enhanced by access to available resources and support that individuals/groups receive.

Our area of interest is whether and how such acts of agency might affect development outcomes. These are some of the research question that needs to be

examined within the experience of women in the context of socioeconomic conditions or the experiences of their living.

We will next attempt to examine effects of women's empowerment – from the consideration of socioeconomic and agency aspects – on their livelihood (poverty index) and human development (GDI) from the lived experiences of Nepalese women as alluded to above.

## **Paid and Unpaid Work: Experiences of Women**

This section will provide an overview of the socioeconomic develop trends in Nepal and women's participation/ contributions to the economy, on the basis of which we will examine the factors that enable women to affect and influence change in development outcomes drawing from their experiences.

Women play a significant role in the household strategy in maximising its income by balancing inside (unpaid) and outside (paid)

work, often times under the conditions of social/gender norms, for the maximisation of household income and welfare of its members. I have used the a national economic database from Nepal Labour Force Survey 2007-08 and 2017-18 supplemented from other sources of data. First, a brief overview of the socioeconomic performance of the country and the contributions of women and men to the economy.

### Socio Economic Performance and Women's Contributions in Nepal

Nepal has gone through some unprecedented social, political and economic changes in the last 20-25 years with a decade of bloody internal war (1996-2006) between the state and Maoists that devastated the economy. Faltering leadership resulting in stagnation of the economy and failure to create employment/economic opportunity driving the country to

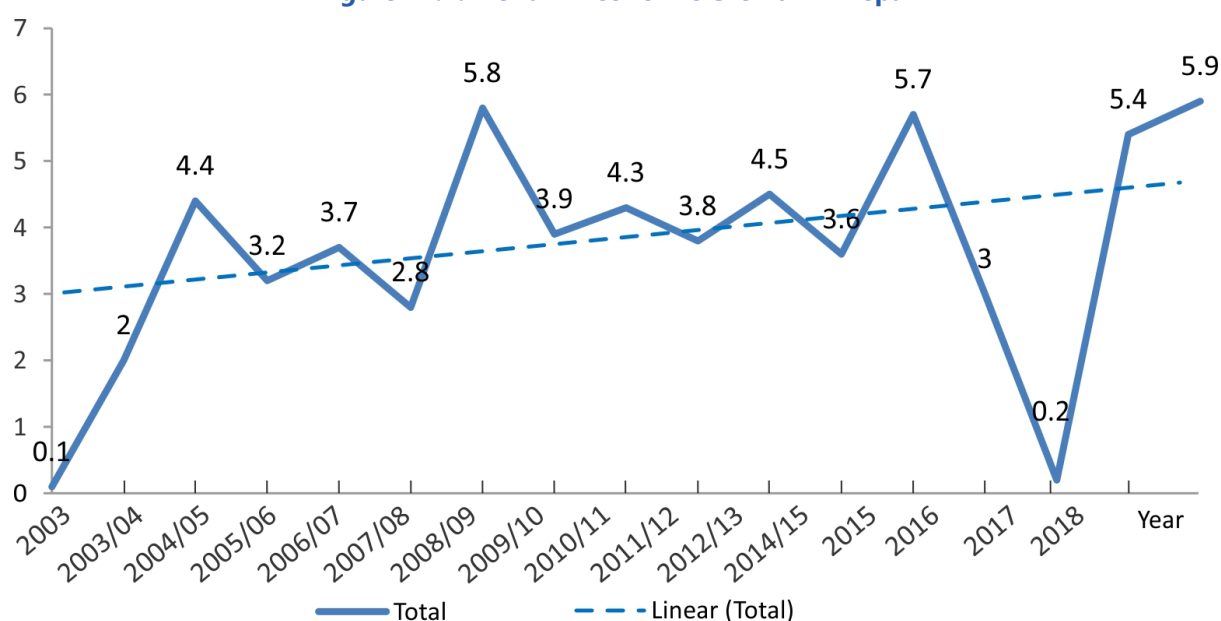
a virtual remittance economy. This is reflected in the low growth of Nepalese economy.

Overall, during the same period of time, average annual growth rate has been 3.4 per cent with wide fluctuation between zero to six per cent growth indicating instability and poor performance of the economy (see Figure 11.1).

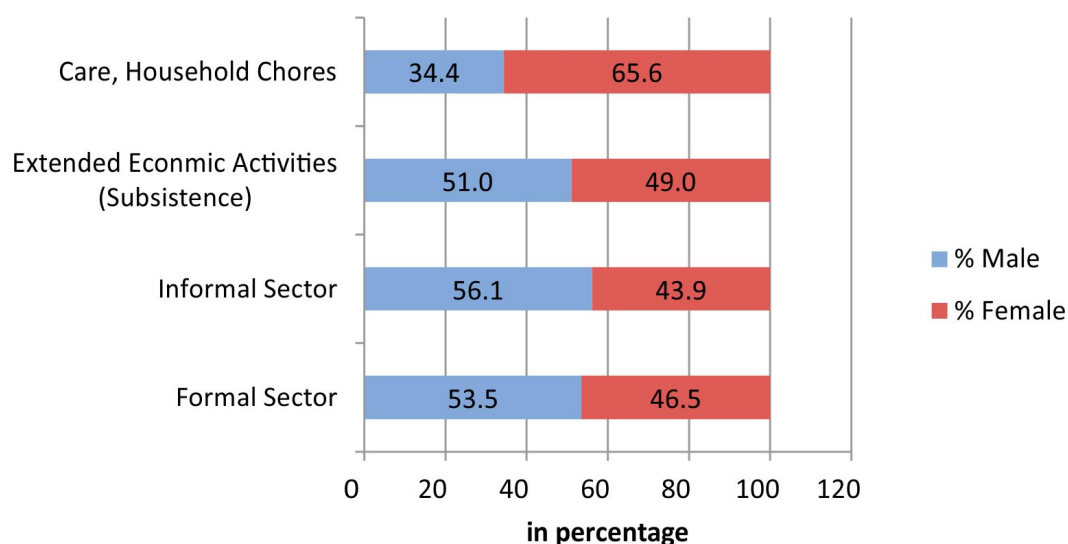
Similarly, industrial and agricultural sectors grew at a mere average annual rate of 2.7 per cent and 2.9 per cent respectively over the past 12 years. Services, including tourism and hospitality, was the only sector that was growing at a steady pace around six per cent per annum.

However, despite poor performance of the economy, socioeconomic indicators of development have made significant progress during the same period of time in Nepal. All

Figure 11.1: Trend in Economic Growth in Nepal





**Figure 11.2: Male/female Participation in different sectors of the economy 2017/18**

indicators of development such as poverty, income, human development, health/nutrition and education have improved significantly.

For instance, poverty has been reduced from 42 per cent in 1996 to 25.2 per cent in 2010/11. Households headed by females increased to 26.6 per cent from 19.6 per cent recorded in the second Nepal Living Standard survey (NLSS).

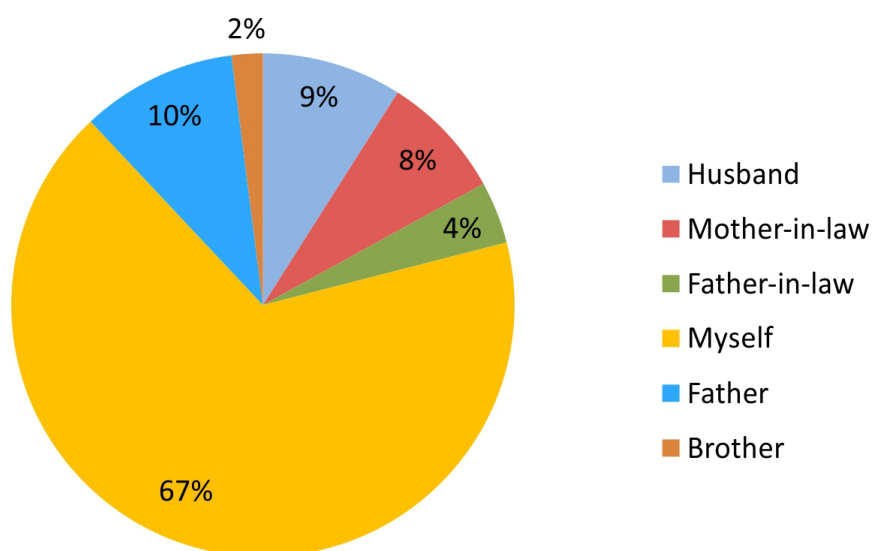
In the midst of poor performance of the economy and massive out migration of young male population, evidences show (during the same period) that women are emerging as a real potential force for revitalisation of Nepalese economy and for boosting trade through their active participation in different sectors of the economy by undertaking both paid and unpaid work, household decisions making, and MSMEs.

Nepal Labour Force Survey (2017-18), show women's active

participation in all the four sectors of the economy measured by their time input compared to men (see Figure 11.2). Women contribute 66 per cent (two thirds compare to men) of their time in the unpaid care work in addition to her significant contributions in the formal and informal sectors as well as subsistence sector of the economy almost in par with men showing unequal burden of work borne by women.

This means that increasing number of women are taking up paid jobs in formal and informal sectors as salary/wage earners, producers, entrepreneurs and migrants. It is estimated that 13 per cent of the absentee population is composed of women in Nepal mostly marketing their care services, which otherwise is unpaid and not recognised as "work" within the households.

Recent trend also shows that with massive out migration of men, women left behind form bulk of the work force in the country. The

**Figure 11.3: Women Control Over Income (in per cent)**

proportion of economically active women in Nepal is high compared to other South Asian countries.

This is in part due to the predominance of subsistence agriculture and male migration from the hills, but it also reflects efforts by the Central Bureau of Statistics (CBS) to ensure that women's work is recognised by including own account work in the estimation of labour force in the country. It has been estimated that 89 per cent of women are engaged in agriculture and forestry compared to 70 per cent by men.

A recent study<sup>3</sup> conducted by SAWTEE (Ghimire, 2015) shows that with the out flow of male migrants, women seem to be more in control of household income and expenditures, as well as other decisions in the household. The study shows that 67 per cent of the decisions in the households on control of income is made by women themselves.

In Nepal, as elsewhere, MSMEs occupy a special place in supporting the economy and is regarded as the backbone of the country. It accounts for 70–80 per cent of the total value of Nepal's industrial production, 80 per cent of the employment, and 70 per cent of the value of all exports (FAO, 2009).

Female participation in micro enterprises is close to the male participation rate at 46 per cent. However, it is low in the small enterprise with the participation rate being 6.4 per cent. Home based workers alone constitute 920,000 persons in Nepal (NLFS, 2008)<sup>4</sup> and majority of them are located in rural areas constituting three-quarters in rural areas compared to only one-quarter in urban. 85 per cent of the total home-based workers are women.<sup>5</sup>

However, while women's participation in labour market as wage/salaried and migrant workers

and their role as MSME are increasing, their participation in trade has been negligible. Lots has been researched, written and debated, at the national, regional and international levels to promote women in trade for gender equality and economic growth (WB).

Some of the underlying causes of negligible participation of women in trade in Nepal attribute to: a) insensitive trade policies/programmes to gender issues that pay no/little attention to reproductive roles/responsibilities of women which is associated with socio-cultural factors that shape their roles, access to resources and entitlements, which in turn set unequal playing field between women and men; b) trade policies do not consider employment/production effect which means looking into the sectors that employ women the most and the sector that is involved in the production of exportable products.

Their involvement is mostly at the lowest level as primary producers with no or minimal use of technology and lack of means of production and productivity and hence do not feature as important actors in the value chain of exportable products.

For instance, in Nepal women are the primary producers of majority of the priority export products identified in the Nepal Trade Integration Strategy (NTIS) 2010 and 2016 but they lack the knowhow and the necessary competence in going to the next level of processing for exportation;

c) most importantly international trade based on free trade results in more competitive pricing and brings cheaper products home to the consumers, this in turn weakens women's competitive capacity to stand against cheaper products from outside; and d) trade operates and concentrate on productive sector and reproductive sector is completely ignored as being noneconomic as women's reproductive role influence and shape their participation in the productive sector.

It is, therefore, important to look into the reproductive sector to make trade a level playing ground for all.

The above empirical evidences of Nepal reveal that household strategy (seeking alternative sources of employment and income), and women's balance between unpaid and paid work are crucial to improving human development and reduction in poverty of the people at the household levels rather than state interventions particularly in the context of three decades of poor growth with deep political and economic instability, and inability of the government in creating employment opportunity as shown by the recent Nepal labour force survey (NLFS, 2017-18).<sup>6</sup>

Nepal has experienced impressive improvement in socioeconomic and human development indicators despite the poor performance of the economy in the last 20 – 25 years.

## Policy Implications for Promotion of Women in Trade

Based on the empirical findings derived from the analysis of national economic data of Nepal, among others, three important gender dimensions of trade stands out that has an important policy/programme implications for integrating and advancing women in trade:

1. First, pre-existing gender imbalance at different levels (macro, meso and micro) and unequal playing field levels between women and men that determine their capability functioning and extent of their participation in trade need to be addressed in any trade policy/programmes. Until recently, trade policy/programmes were erroneously assumed to be gender neutral.
2. Second, it is most important to consider employment/production effect i.e. to look into sectors where women concentrate the most, as well as create opportunities for women to enter into sectors that have high export potential as trade

At the policy level, there is a need: a) for better understanding of the gender issues in trade and development, the differential constraints and impact of trade policies on women and men; b) to create better opportunities for women; c) to integrate women into more technologically advanced and productive sectors of the economy; and c) to facilitate women's empowerment through access to resources, information/technology, increased capacity building and logistical facilities.



- can augment or reduce employment and income opportunities for women depending on whether the sectors where women work, expand or contract as a result of trade liberalisation and import competition.
3. In Nepal NTIS 2016 identified nine products as having “priority export potentials” such as large cardamom, ginger, tea, Medicinal and Aromatic Plants (MAP), all fabrics, textile, yarn and rope, leather, footwear, pashmina, and knotted carpets. Women are the primary producers of these products.
4. Third, reproductive sector emerges as a crucial dimension to be considered in trade for women’s effective participation. So far women’s reproductive role in the care economy has not been considered in planning for trade expansion as unpaid care is not recognised and valued as “economic” work.
- As experiences show women balance their unpaid care work to participate in the paid work in trade and business sectors. This is where women strategise to maximise benefits from paid and unpaid work. Substitution for their care responsibility is not easily found although there has been impelling calls for recognition, reduction and redistribution of unpaid work (Elson 2008; Klugman and Tyson 2016).
- Unpaid care work is still seen as a hindrance to women’s participation in paid work and structurally it is a mechanism that reinforces gender inequality. In order to achieve gender equality and empower all women and girls it is necessary to recognise and value unpaid care and domestic work, adopt supportive social and labour policies that facilitate women to balance between their paid and unpaid work, and provision for social protection policies and compensation for child and health care must be made.

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- 2 The 1995 Beijing Platform for Action identified 12 key areas where urgent action was needed to ensure greater equality and opportunities for women and men, girls and boys. It also laid out concrete ways for countries to bring about change. They are: 1. Women and poverty, 2. Education and training of women, 3. Women and health, 4. Violence against women, 5. Women and armed conflict, 6. Women and the economy, 7. Women in power and decision-making, 8. Human rights of women, 9. Women and the media, 10. Institutional mechanisms, 11. Women and the environment, 12. The girl child,
- 3 [http://sawtee.org/Research\\_Reports/R2015-02.pdf](http://sawtee.org/Research_Reports/R2015-02.pdf)
- 4 [https://www.ilo.org/wcmsp5/groups/public/—asia/—ro-bangkok/—ilo-kathmandu/documents/publication/wcms\\_118294.pdf](https://www.ilo.org/wcmsp5/groups/public/—asia/—ro-bangkok/—ilo-kathmandu/documents/publication/wcms_118294.pdf)
- 5 <https://www.empowerwomen.org/en/community/stories/2015/6/nepali-home-based-workerts-association-helps-women-rebuild>
- 6 Unemployment Rate in Nepal decreased to 3.20 per cent in 2017 from 3.40 per cent in 2016. The unemployment rate for youth aged 15-29 is all time high: 19.2 per cent compared to 2.7 per cent for the whole population: <https://tradingeconomics.com/nepal/unemployment-rate>

## 12

## What Drives Nepalese Women Venturing into Informal Entrepreneurial Sector?

**Kamala Gurung**

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*Nepalese women are increasingly initiating their businesses, yet a large number of women entrepreneurs are involved in informal entrepreneurial either micro or small-scales. This Paper assesses the status and challenges faced by women entrepreneurs in venturing their businesses into the informal sector. Land rights are the foremost push factor for women that influence women's involvement in entrepreneurial activities.*

*On the other hand, low requirement of financial capital and basic knowledge and skills are the main pull factors that attract them to the informal entrepreneurial sector. Financial independence is a factor which is identified as a motivational factor to start a business in the informal sector.*

*Awareness programme on the existing government initiation of land rights and continuum bottom-up actions for women economic empowerment through legal literacy programmes are urgently needed for women entrepreneurs along with the local government agencies.*

### Introduction and Objective

World Economic Forum published the Global Gender Gap Report that states 153 countries' status regarding the closing of gender-based gaps in four key thematic areas. They are: i) economic participation and opportunity, ii) educational attainment, iii) health and survival, and iv) political empowerment (WEF, 2019).

The Global Gender Index provides a comprehensive overview of gender-parity places of 153 South Asian countries as Bangladesh 50, Nepal 101, Sri Lanka 102, India 112, Maldives 123, Bhutan 131 and Pakistan 151 (WEF, 2019).

The global index indicates that the South Asian countries have significantly progressed in educational attainment and health and survival, however additional

***The global index indicates that the South Asian countries have significantly progressed in educational attainment and health and survival***

attention is required on economic participation and political empowerment. Among the above mentioned four thematic areas, economic participation and opportunity were identified as important agenda for achieving women's empowerment and equality.

Women's entrepreneurship promotion is one of the mechanisms of economic empowerment and opportunity. Many developing countries have recognised entrepreneurship as an important approach and drawn a lot of attention as an "untapped source" of economic growth.

Women's entrepreneurship contributes to their social and economic empowerment, which generates social values and benefits to family wellbeing and health and also job creation.

A number of scholars claimed that women entrepreneurs' contribution tends to be higher than that resulting from entrepreneurial activities of men (Gurung et. al., 2018; Tambunan, 2009; Daymard, 2015; UNESCAP, 2005).

In spite of women being actively involved in the entrepreneurial activities, a large number of women entrepreneurs are venturing into informal<sup>1</sup> entrepreneurial sector in the South Asian region.

The ILO has classified the informal entrepreneurial activities broadly into three groups: i) owner-employers of micro-enterprises which employ a few paid workers, with or without experts, ii) own-account workers, who own and operate one-person business and work alone or with the help of unpaid workers, generally family members and experts; and iii) dependent workers, paid or unpaid, including wage-workers in micro-enterprises, unpaid family workers, apprentices, contract labour, home-workers and paid domestic workers (Cited in World Bank, not dated).

The informal ventures tend to be younger, smaller and created with few resources. In the context of Nepal, the selection of enterprise types are still influenced and dominated by the socially prescribed roles. For instance, women usually operate their business from their homes, with low earnings and saturated sectors (e.g., boutiques, beauty parlours and agriculture-based enterprises) and lower inclination to formalisations. Therefore, women have a low registration rate (5.4%) compared to men-owned enterprises (47.1%) in Nepal (ILO, 2005).

Given the fact that the majority of women entrepreneurs in Nepal are involved in informal entrepreneurial ventures, the

1 The informal sector covers two types of activities, which are;  
i) individual or families are engaged in the *labour market activities* as a survival strategy, where other alternative earning opportunities are scarce: For instance, casual jobs, unpaid jobs and, ii) unofficial business/enterprises activities that desire to escape government or institutional regulations (e.g., no registration of the company). This paper focuses on the women's involvement in the business/enterprises. [http://www.gdrc.org/informal/1-is\\_concept.html](http://www.gdrc.org/informal/1-is_concept.html) (Access in April 13, 2020).

discussion is why women tend to be attracted more to the informal sector, though the sector offers fewer incentives than the formal sector, without any other advantages (e.g., access to a loan from the formal banking system, better network connectivity).

Therefore, the aim of this paper is to highlight the various motivational factors that underline women entrepreneurs venturing into the informal sector. This paper is an exploratory-type study based on the existing literature on women entrepreneurship.

Based on the literature, the paper is conceptualised on the factors that motivate women entrepreneurs into informal ventures. There are a number of entrepreneurial motivational factors that determine

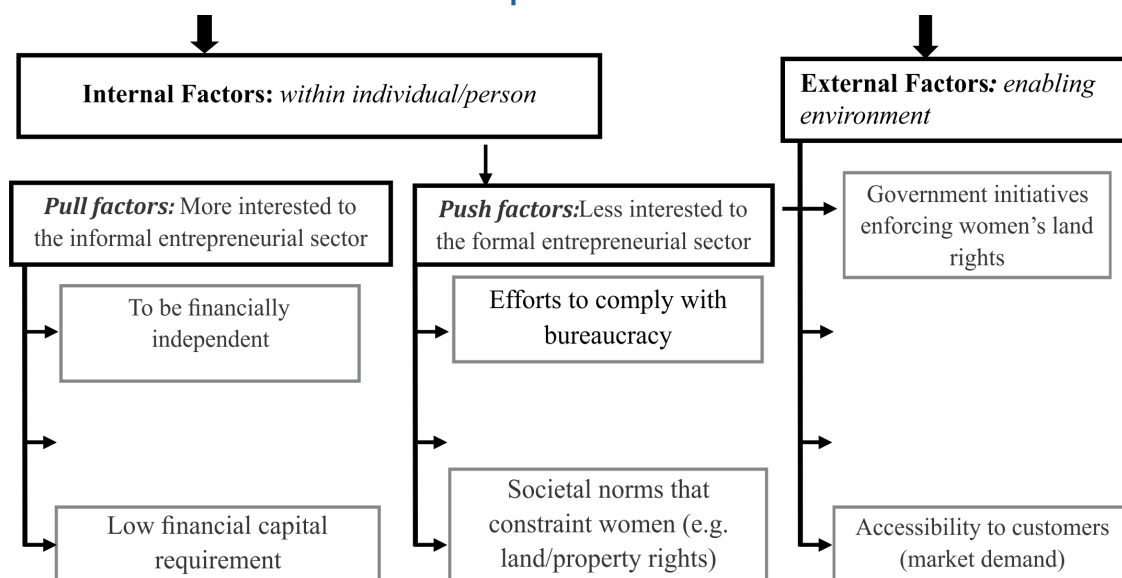
and influence women entrepreneurs into informal entrepreneurial ventures, which are divided into internal (push and pull) and external factors (Figure 12.1).

The entrepreneurship motivation approach is a common tool to use for research on entrepreneurial motivation (Segal et al., 2009). Figure 12.1 further illustrates the driving factors that attracted women entrepreneurs into the informal entrepreneurial ventures.

### Why Women are more Present in the Informal Entrepreneurial Sector?

Figure 12.1 presents the overall discussion on Nepalese women entrepreneurs who are more into the informal entrepreneurial sector,

**Figure 12.1: Motivational Approach: Women Entrepreneurs Involved into Informal Entrepreneurial Sector**



Resource constraints (financial, network)

Only basic knowledge and skills requirement

Availability of skilled labour and infrastructures (e.g., electricity, transportation)

Source: Author prepared based on the literature review, 2020





based on the existing literature review. Importantly, the paper is from the perspective of entrepreneurial motivating factors that are classified into internal and external factors which are described below.

#### **Internal Factors**

The internal factors basically relate to the needs and desires of an individual person. These factors are classified into “push”, also known as a compulsion, and “pull”, known as choice factors.

**Push factors:** In this paper, the push factor is focused on less attraction to the formal entrepreneurial sector. A number of literatures stated that the foremost set of push factors is *inherited societal norms*, which are unfavourable to Nepalese women entrepreneurs to set up business in formal ventures (Gurung et al., 2018; Bushell, 2008; Chen, 2005).

First, a case presented by Bushell (2008) showed that, in spite of the reform of inheritance law that enabled Nepalese women to own land, a woman who wanted to establish a business and approached a bank to take a loan was refused. The bank agent agreed to give a loan only if her husband came to sign the necessary documents.

Second, women are typically involved in home-based businesses and taking care of the family, along with the household chores, and generally do not earn sufficient income to cover the typical overhead administration cost and also the lengthy bureaucracy process that is required for a formal business.

Chen (2002) stated, if the bureaucracy administration process is shortened and made easier, then the rate of entry of women’s ventures into the formal economy might increase.

**The Government of Nepal has taken various initiatives for women's empowerment**

Third, societal norms determine the mobility of women and with whom they communicate. In this situation, women entrepreneurs are at a disadvantage because interaction within social networks is crucial for the success of entrepreneurial ventures. Social networks enable entrepreneurs to build up their market and expand their businesses and open new doors for gaining access to funding.

**Pull factors:** From the perspective of pull factors, this paper tries to identify the reasons why Nepalese women entrepreneurs tend to involve more in the informal entrepreneurial sector. It is interesting to note that "*low requirement of financial capital*" is one of the main pull factors that are responsible for business in the informal sector.

Secondly, the applicability of basic knowledge and skills also "pull" women entrepreneurs into the informal sector. Also, this sector does not require higher education or expertise. It is interesting that '*financial independence*' is a motivational factor that attracts women entrepreneurs to the informal entrepreneurial activities.

The interpretation of independence is to be active and financially independent. In the process, they earn income and also employ other women of their neighbourhood.

**External Factors (Enabling Environment)**

External factors are also equally important as favourable conditions for establishing business. In the

context of informal entrepreneurial activities, government initiatives on women's land rights are one of the key factors. Other external factors, such as the availability of skilled labour, accessibility to customers, availability of infrastructures such as transportation and electricity, are also the key services that are required to establish informal entrepreneurial ventures.

**Enforcing Women's Land Rights: Status and Challenges**

Land is an essential commodity in the South Asian region, including in Nepal, which is associated with social, economic and political status and prosperity. Land is an important source of power in communities and within the households.

Women's right to land not only empowers them to make decisions on land use, but also allows them greater bargaining power and economic opportunities, including access to capital, credit and market opportunities (IFPRI, 2005).

However, the right to land is regulated either by the formal legal system or through customary law (SIDA, 2015). Women's property rights vary across the globe that is significantly influenced by the government and legal frameworks. A number of studies indicate that women's inheritance rights have less equal means, less access to, and control over, property.

Having said this, the formal legal systems in many countries,

including Nepal, have constitutions or land laws that grant gender equality in access to land and, at the same time, laws for marriage, divorce and inheritance that contradict these laws by discriminating against women and daughters.

The Government of Nepal (GON) has taken various initiatives for women's empowerment by favouring women's right to property that includes the abolition of fifty-six discriminatory laws based on sex and creating new legislations for women (Upreti, 2011).

One of the main steps was taken with the 11<sup>th</sup> Amendment of the Country Code (Muluki Ain) that secures women's land and property rights such as equal inheritance right, equal rights on husband's

property and widow rights on property (FAO, not dated).

In addition to this, in the Eleventh Periodic Three Year Plan (2007-10), the Government of Nepal introduced the unique scheme in the form of tax exemption while registering land in women's name and under joint ownership of husband and wife.

The main objective of such a provision was to increase women's access to land. Moreover, the Financial Act 2072 (2015-16) has provided various measures for land registration in the name of women.

For example, the Act provides 25 per cent tax exemption for registration in a woman's name. Secondly, there is a provision of 35 per cent tax exemption for land registration in the name of a single



***The objective of gender and socially-inclusive land reforms is to minimise gender inequalities and aims at women's social and economic empowerment***

woman if the husband has died. The exemption is even increased to 50 per cent for the same in some enlisted remote mountainous districts as well as remote mountain agro-ecological regions.

Moreover, 100 per cent tax exemption is provided to the landless, freed bonded labour (*MuktaKamaiya* and *MuktaHaliya*) if the land is purchased through a bank loan. Likewise, only 0.5 per cent of the total tax will be charged if the ownership is transferred in the name of a daughter or a granddaughter. These provisions have been purposefully designed to encourage women to register land in their name (IOM, 2016).

The Financial Act 2072 elaborated further on the procedure for women to have joint ownership of land with their husbands. If the existing land registered in the name of either husband or wife is transferred in the name of both the spouses, only NPR 100 (approximately USD 0.95) will be charged as registration fee.

This procedure works in favour of joint land ownership and consequently provides equal ownership rights to both husband and wife over such land, avoids male's exclusive rights over land and facilitates joint decision-making in relation to the land. Thus, the initiation of joint land ownership certificates tends to promote women's equal access to land rights.

Although legal provisions have provided rights for women in Nepal in relation to land and

property, there are limitations whereby women have not been able to be fully aware of these rights. For example, married daughters are still not considered as coparceners for their parental property. Despite these encouraging gender and socially-inclusive land reforms policies and laws introduced by the governments of Nepal, women are still insecure about land rights and remain in a dire situation due to lack of proper implementation mechanisms.

## Conclusion and Way Forward

Entrepreneurship can be an effective socio-economic empowerment tool to bring women to the forefront. However, a large number of women entrepreneurs are represented in the informal entrepreneurial activities across the South Asian region, including Nepal. This paper deals with various motivational factors, internal (push and pull factors) and external, which determine women's involvement in the informal entrepreneurial activities.

Figure 1 clearly shows the societal norms, specifically the constraints restricting women's access to the resources such as land and property rights through inheritance, which ultimately enable them to access finance and credit to invest to expand their businesses.

Over the past decades, gender-related land reforms have swept across the South Asian region, including Nepal. In the case of Nepal, the Government of Nepal has incorporated gender and socially-





inclusive approaches to land administration and legal provisions protecting women's land rights.

The gender and socially-inclusive land reforms ultimate objective is to minimise gender inequalities and aims at women's social and economic empowerment through making land and property accessible to women.

Despite these encouraging gender and socially-inclusive land reforms policies and laws introduced by the government of Nepal, women are

still insecure about land rights and remain in a dire situation. The reasons are:

Firstly, lack of proper implementation mechanisms for land reforms policies and laws at the local administration levels. At the local government level, the implementation and enforcement often do not follow or they are not aware of the new laws or other changes. The reasons may be the lack of awareness of the new legal land reforms at the local government level and social practices in customary laws which still favour men.

Secondly, high administration costs associated with formalisation or registration process, lack of transparency and a higher risk of incurring informal costs (e.g., bribes). Such scenarios occur across the South Asian region resulting in formal and informal costs associated with land formalisation.

The lesson moving forward is that effective steps are urgently needed such as sensitisation programmes about existing government laws and enforcement of the women's land rights to benefit women entrepreneurs.



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## About the Project

In Bangladesh, Bhutan, India, Nepal (BBIN), inadequate involvement of women in business and entrepreneurship has been observed due to social expectations, traditional gender norms and little access to resources. Thus, there exists a need to initiate discourse focussing on gender discrimination in matters related to trade and development in the BBIN sub-region and further explore the concept through political, social and economic dimensions.

Given this background, CUTS International together with its partners: Bangladesh Women Chamber of Commerce and Industry, Bhutan Media and Communications Institute and South Asia Watch on Trade, Economics and Environment, with the support from the United Kingdom's Foreign, Commonwealth and Development Office, is implementing a project titled 'Gender Dimensions of Trade Facilitation: Evidence from Bangladesh, Bhutan, India, Nepal' with a vision to prepare cases in favour of gender inclusive trade policies to enhance the participation of women in trade-related activities.

This compendium is a collection of papers written by eminent experts in the sub-region, which critically review the existing trade policies in the member countries from a gender perspective and other enabling/disabling factors that contribute to women's economic empowerment.

They suggest that gender sensitive policies and incentives in business, trade and entrepreneurship will contribute extensively in inculcating interest in business among the females, increasing their participation.

*For more details, please visit:  
<https://cuts-citee.org/home-gdtfa/>*

## CUTS International

Established in 1983, CUTS International (Consumer Unity & Trust Society) is a non-governmental organisation, engaged in consumer sovereignty in the framework of social justice and economic equality and environmental balance, within and across borders. More information about the organisation and its centres can be accessed here: <http://www.cuts-international.org>.



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