

# Towards a gender-responsive and inclusive economic recovery for India in the COVID-19 context

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## **ABOUT THIS PAPER**

This paper is based on secondary research and analysis undertaken by The Quantum Hub (TQH) and the Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) at LEAD, to identify solutions and recommendations for a gender-responsive, inclusive and just economic recovery for India in the COVID-19 context. The recommendations presented in this paper have been informed by a series of expert consultations and roundtable discussions on various topics that were facilitated by Sattva Consulting. Between August and September 2021, three roundtable consultations and a few key informant interviews were held with experts from academia, enterprises, donor organisations, philanthropies, non-profit organisations, think tanks, public sector organisations, civil society groups, and independent experts.

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## **ABOUT IWWAGE**

Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) aims to build on existing research and generate new evidence to inform and facilitate the agenda of women's economic empowerment. IWWAGE is an initiative of LEAD, an action-oriented research centre of IFMR Society (a not-for-profit society registered under the Societies Act). LEAD has strategic oversight and brand support from Krea University (sponsored by IFMR Society) to enable synergies between academia and the research centre. IWWAGE is supported by the Bill & Melinda Gates Foundation. The findings and conclusions in this report are those of the authors and do not necessarily represent the views of the Bill & Melinda Gates Foundation.

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# 1. Introduction

The severe and disproportionate impact of the COVID-19 pandemic and the subsequent lockdowns that halted economic activities on the most vulnerable and marginalised groups, which includes girls and women, in India has been discussed in much detail.<sup>1</sup> Women have not only faced massive job and income losses with slow revival, but also witnessed an increase in unpaid care work, and have been forced to exit the labour force in large numbers.<sup>2</sup>

As per government estimates, the female labour force participation rate was about 16 per cent in the months of April-June 2020 right after the pandemic induced lockdown was imposed in India. This implies that less than 1 in 5 women aged 15 or older had a job or were looking for jobs. Further, the *State of Working India Report 2021* suggests that about 47 per cent of working women suffered a permanent job loss till December 2020, while the corresponding figure for men was only 7 per cent.<sup>3</sup>

The impact of the pandemic on women-owned and women-led micro-enterprises was also severe, with an average drop of about 73 per cent in incomes during the early months of the lockdown, and over 10 per cent of enterprises closing permanently by May 2020.<sup>4</sup>

While the Government of India and the state governments announced a slew of measures to address the health and socio-economic impacts of the lockdown, several of these measures did not reach their intended beneficiaries, particularly the most marginalised and vulnerable women and girls. As India continues to gain momentum in its economic recovery and resumes business activities, particularly after the impact of the second wave, a just and equitable economic recovery plan is needed—one that is also gender-responsive.

Governments and organisations across the globe are rethinking existing systems and ways of working in order to build forward better by adopting sustainable and transformative policies that are gender-just. These measures include prioritising investments in the care economy; generating equitable jobs and livelihoods; and accelerating systemic changes to reduce environmental degradation and catalyse a gender-equitable recovery.<sup>5</sup> This requires reimagining economic models and focusing on a care-focused, climate just and equitable recovery that is based on a rights-based model.<sup>6</sup> At the same time, it is also important to mobilise resources and diversify funding mechanisms to address the long-term “scarring” that developing economies are currently facing due to a loss in productive human capital, in order to avoid plummeting into a poverty trap.<sup>7</sup>

This paper lays out suggestions for a macroeconomic recovery for India in a COVID and post-COVID context with a specific focus on putting women and girls at the centre of the economic recovery. The paper includes short-, medium- and long-term measures in the areas of monetary and fiscal policy, with a section on innovative financing options to address the challenge of limited fiscal space to achieve gender-equitable outcomes.

<sup>1</sup> *How did India's Women Enterprises Fare during the COVID-19 Lockdown?* Bargotra et al., 2021, <https://tinyurl.com/4ejk7zsj>.

<sup>2</sup> It is time to address COVID-19's disproportionate impact on India's women, Nikore et al, Asian Development Blog, 2021, <https://tinyurl.com/25uaj378>.

<sup>3</sup> *State of Working India Report 2021*, Azim Premji University, May 2021, <https://tinyurl.com/p6me5sn7>.

<sup>4</sup> Nilanjana Bargotra et al, *How did India's Women Enterprises fare during Lockdown?* Economic and Political Weekly, 8 May 2021, at <https://tinyurl.com/2k7nn53y>.

<sup>5</sup> *Beyond COVID-19: A feminist plan for sustainability and social justice*, UN Women 2021.

<sup>6</sup> *Feminist Future: caring for people, caring for justice and rights*, Oxfam Discussion Papers, 2021.

<sup>7</sup> *Opportunity and equitable Economic Recovery: White Paper*, Bill & Melinda Gates Foundation, 2021.

## 1.1 India's Budgetary Spending: A Gender Lens

Beyond the health crisis that significantly affected public health systems, India was faced with a crisis of unemployment and livelihood opportunities for women. This resulted in widespread economic shocks, food and nutrition insecurity, rise in unpaid care work, as well as a sharp rise in violence against women and girls during the lockdown. The Gender Budget for 2021-22 BE, at Rs. 1.53 lakh crore was 4.4 per cent of the total expenditure. This is slightly lower than the allocated Gender Budget for 2020-21 BE, which was 4.7 per cent of total expenditure.<sup>8</sup>

Our analysis suggests that allocations in Part A of the Gender Budget for 100 per cent women-specific programmes showed a decline of almost 12 per cent between the two budget estimates. Notably, about 47 per cent of the allocation under Part A in the Revised Estimates for 2020-21 were towards the direct benefit transfers to women-owned Pradhan Mantri Jan Dhan Yojana bank accounts. This measure has been scrapped in 2021, which explains the disparity between 2020-21 RE and 2021-22 BE in Part A.

Likewise, allocations to the Ministry of Women and Child Development have also shown a decline of 18.5 per cent, while those towards crucial programmes focused on improving nutrition, creches, and women's safety have remained the same, if not reduced.<sup>9</sup>

**Table 1:** Budgetary Allocations 2021-22 (all figures in Rs. Crore)

		2019-20 Actuals	2020-21 BE	2020-21 RE	2021-22 BE	Per cent change in 20-21 BE and 21-22 BE
Gender Budget	<b>Part A: 100 per cent Women-Specific Programmes</b>	26731	28568	66014	25261	-11.6
	<b>Part B: 30 per cent Women- Specific Programmes</b>	125282	143462	207261	153326	6.9
	<b>Ministry of Women and Child Development</b>	23165	30007	21008	24435	-18.5

More generally, allocations towards the Gender Budget have remained below 5 per cent of the total expenditure since India adopted the practice of gender budgeting in 2005. While it did touch 6 per cent in the revised estimates of 2020-21, India still spends a small fraction of its budget on programmes targeting nearly half its population.

<sup>8</sup> *Analysis of Union Budget 2021-22: What it holds for India's women and girls*, IWWAGE, February 2021, <https://tinyurl.com/2ctmwmpk>.

<sup>9</sup> *Budgeting for women*, Mitra, Chaudhary, The Indian Express, 2021, <https://tinyurl.com/c6b75s2x>.

## COVID-19 relief measures in India

Since March 2020, the Government of India has announced a slew of measures to deal with the impact of the COVID-19 pandemic. The PM Garib Kalyan Yojana was introduced on 26 March 2020, as part of the first phase of the Atmanirbhar Bharat package. This includes provisions wholly and partly targeted at women, such as the distribution of free ration for three months (later extended to November 2020), transfer of Rs. 500 to approximately 20 crore women-owned Jan Dhan Yojana account holders for three months, and an increase in daily wages under MGNREGA, among other measures.

In June 2020, the *Atmanirbhar Bharat Rozgar Abhiyaan* was introduced to create employment opportunities for returnee migrant rural workers in 6 states for a period of 125 days. This created 50.9 crore person-days of employment at an expense of Rs. 39,293 crore. However, gender-disaggregated data is unavailable for this.<sup>10</sup> These measures were followed by Atmanirbhar Bharat 2.0 and 3.0, in October 2020 and November 2020, respectively. Under the latter announcement, the government has implemented the Atmanirbhar Bharat Rozgar Yojana, whereby it incentivises firms to hire new employees by providing a subsidy for two years in lieu of the employer and employee's provident fund contributions.<sup>11</sup> While official data suggests that 36.3 lakh employees have been newly employed through this scheme, gender-disaggregated data is unavailable on this account as well.<sup>12</sup>

In the Union Budget 2021-22, announced in February 2021, the Union Finance Minister announced an outlay of Rs. 2.23 lakh crore for 'health and well-being', up from Rs. 94,452 during BE 2020-21. This figure has clubbed expenditure on various ministries including Health and Family Welfare, AYUSH, Women and Child Development, Department of Drinking Water and Sanitation, provisions for COVID-19 vaccination, and the Finance Commission Grants for Water, Sanitation and Health. Of this, Rs. 215 crore, or 0.1 per cent of the budget for 'health and well-being', is dedicated to 100 per cent women-specific programmes under Part A' of the Gender Budget. Likewise, Rs. 46,000 crore, or 20.5 per cent of the outlay, is dedicated to Part B of the Gender Budget, for 30 per cent women-specific programmes. However, commentators point out how despite an apparent overall increase of 137 per cent, the budgets for individual ministries such as Health and Family Welfare, and Women and Child Development, have indeed been slashed compared to the previous year's estimates.<sup>13</sup>

<sup>10</sup> Lok Sabha Question, Ministry of Rural Development, 27 July 2021, <https://tinyurl.com/4jy849zm>.

<sup>11</sup> Ministry of Finance, Atmanirbhar Package 3.0, PIB, 12 Nov 2020, at <https://tinyurl.com/96576ea>.

<sup>12</sup> Ministry of Labour & Employment, Atmanirbhar Bharat Rozgar Yojana, 22 Oct 2021, at <https://tinyurl.com/2chd4p9j>.

<sup>13</sup> Banot Kaur, Union Budget 2021-22: How good is the hike in allocation for health?, Down to Earth, 1 Feb 2021, at <https://tinyurl.com/yr3mbmv>; Reetika Khera, The Wages of Low Public Spending on Child Nutrition Programmes, The India Forum, 2 April 2021, at <https://tinyurl.com/28s6jn3x>.

## 2. Monetary Policy

Monetary policy uses monetary instruments under the Reserve Bank of India's (RBI) control to regulate interest rates, money supply and availability of credit in the economy.<sup>14</sup> For instance, as of June 2021, the RBI has kept the policy repo rate unchanged at 4.0 percent, maintained so since May 2020,<sup>15</sup> in a bid to 'revive and sustain growth on a durable basis', on the heels of the second wave of the pandemic.<sup>16</sup> It seeks to infuse liquidity in the economy, which may improve credit availability for borrowers, even as it may be accompanied by higher inflation. We suggest below a few additional measures under the ambit of India's monetary policy, which if targeted at women, can aid in a gender-responsive recovery.<sup>17</sup>

### Short-term measures

- Incentivise commercial banks to undertake **Priority Sector Lending (PSL) to women under the 'weaker sections' classification.**<sup>18</sup> The PSL targets for banks and the weightage of such lending in the Adjusted Net Bank Credit (ANBC) may be revised for lending specifically to women. PSL criteria were first introduced in the late 1960s, and play a substantial role in issuing small-ticket loans to women borrowers. Seeing the uptick in borrowing by women, the RBI revised the upper limit for lending to women under the PSL category from Rs. 50,000 to Rs. 1,00,000 in 2015.<sup>19</sup> Today, about 41 per cent of the total outstanding microfinance loans of Rs. 2.27 lakh crore are issued through commercial banks which follow the PSL mandate.<sup>20</sup> Revising the PSL criteria may lead to innovations by commercial banks in catering credit products to women,<sup>21</sup> who have an incentive to respond to the growing demand for credit by women borrowers.<sup>22</sup> A more dominant role for the banking sector in microfinance may also help the RBI tackle the scourge of unregulated lending by other microfinance institutions, which leads to issues such as over-indebtedness, multiple lending, irregular pricing of loans, etc.<sup>23</sup>
- To address the stress of the pandemic on women self-help groups, the Government of India may consider assisting in the **repayment of outstanding loans for weaker SHG members.** It may also launch a scheme to bear the interest on the loans secured by SHG women, which will reduce the cost of credit for these women debtors, similar to the Zero Interest Scheme in Andhra Pradesh.<sup>24</sup>

<sup>14</sup> Monetary policy, RBI, <https://tinyurl.com/j5mvf4sv>.

<sup>15</sup> RBI Monetary Policy: Repo rate unchanged at 4 per cent, accommodative stance as long as necessary, The Indian Express, June 2021, <https://tinyurl.com/3rvtb26h>.

<sup>16</sup> Monetary Policy Statement, 2021-22 Resolution of the Monetary Policy Committee (MPC) June 2-4, 2021, RBI, June 2021, <https://tinyurl.com/ttx9rrbu>.

<sup>17</sup> Retail inflation jumps to 6-month high of 6.3 per cent on higher food, fuel prices, Nandi, Business Standard, June 2021, <https://tinyurl.com/3texv8h6>.

<sup>18</sup> Reserve Bank of India, Master Directions – Priority Sector Lending (PSL) – Targets and Classification, June 2021, <https://tinyurl.com/2rrxxm28>.

<sup>19</sup> Reserve Bank of India, Master Directions – Priority Sector Lending (PSL) – Targets and Classification, June 2021, <https://tinyurl.com/2rrxxm28>.

<sup>20</sup> Reserve Bank of India, Consultative Document on Regulation of Microfinance, June 2021, <https://tinyurl.com/r2f42nrd>.

<sup>21</sup> Sharmistha Das Barua, Women's Financial Inclusion Case Study, The Commonwealth, 2015, <https://tinyurl.com/f4xfcb74>.

<sup>22</sup> 28 per cent of retail borrowers are women: indebtedness growing at 21 per cent since 2014, Deccan Herald, March 2021, <https://tinyurl.com/py92w276>.

<sup>23</sup> Reserve Bank of India, Consultative Document on Regulation of Microfinance, June 2021, <https://tinyurl.com/r2f42nrd>.

<sup>24</sup> Andhra Pradesh: How YS Jaganmohan Reddy is casting his net wide, India Today, June 2021, <https://tinyurl.com/54wzj4zk>.

- The RBI and the Government of India may extend a credit guarantee to banks specifically for lending to poor women on the lines of the scheme extended to MSMEs in the country. In FY20, about 1.25 lakh loan accounts of women entrepreneurs were guaranteed by the Credit Guarantee Fund Trust for Micro and Small Enterprises, amounting to Rs. 5,367 crores. Similarly, as per data available from December 2020, about 67,000 loan accounts of women entrepreneurs have benefitted from the Emergency Credit Line Guarantee Scheme of the Government of India. In extending such a guarantee, the Government should account for the size and scale of women-owned and led businesses, and the attitudes of lending institutions towards them. It may likewise initiate a Fund of Funds to support stressed units run by women. This is vital as even with low interest rates, women may not be seen as trustworthy debtors by banks.<sup>25</sup>

## Medium-term and long-term measures

- Currently, the 6,000 odd **Bank Sakhis** make up less than 10 percent of total Banking Correspondents (BC).<sup>26</sup> The Government of India may consider scaling up the network of Bank Sakhis.<sup>27</sup> Introduced by the Reserve Bank of India in 2006, the BC model has allowed third-parties hired by banks to provide banking services even without a traditional brick-and-mortar setup. This model proved to be instrumental in disbursing the Rs. 500 direct benefit transfer to women Jan Dhan account holders during the initial lockdown.<sup>28</sup> A stronger BC network with higher participation of women is likely to ensure easier access to credit for women and last-mile banking of the under-banked and unbanked, especially in rural areas with strong SHG networks.<sup>29</sup>
- The RBI and the Government of India may suggest alternative models for assessing the creditworthiness of women, as assets are not generally in their name. For instance, even without access to a debtor's credit history, a behavioural model which focusses on transaction-level behaviour, account balance parameters and delinquent behaviour has been found to help lenders make renewal decisions.<sup>30</sup>

<sup>25</sup> A Faulty Response to the COVID-19-induced Crisis, Chandrasekhar, Dec 2020, <https://tinyurl.com/u3fwunbe>.

<sup>26</sup> Women Business Correspondents: Agents of change in India's financial inclusion, Chowdhary et al., Mar 2021, <https://tinyurl.com/4fme89ub>.

<sup>27</sup> Monetary and Fiscal Policy Responses to the Pandemic and the State of Gender Inequality, Mehta et al., Feb 2021, <https://tinyurl.com/pjhshb4u>.

<sup>28</sup> Ministry of Rural Development, Bank Sakhis play a vital role in disbursement of first tranche, PIB, April 2020, <https://tinyurl.com/vpw3bwa3>.

<sup>29</sup> Alreena Pinto & Amit Arora, "Bank Sakhis" take crucial G2P support the last mile during COVID-19, Center for Financial Inclusion, June 2020, <https://tinyurl.com/p2e2wkje>.

<sup>30</sup> Alternative Credit Scoring for MSMEs, IFMR Lead, <https://tinyurl.com/u7dvjz4>.

## 3. Fiscal policy

Fiscal policies that can promote gender equality—like investing in female education and health—lead to more opportunities for women, increase their income and reduce gender inequality. As per evidence published by the IMF in 2020, public spending on childcare, rural transport infrastructure and education is seen to be positively correlated with female labour force participation in advanced economies and emerging economies, respectively. Additionally, in advanced economies, a higher tax rate on the second earning member of a household is seen to be negatively correlated with female labour force participation.<sup>31</sup>

Further, while it might be difficult to implement these policies in a fiscally constrained environment, it is pertinent to note that most of these measures result in increased income for women and higher economic activity and growth in the country, which could most likely generate additional tax revenue for the country in the medium to long term. For example, according to one estimate, the introduction of policies that raise the female labour force participation rate (FLFPR) to country-specific male levels would increase the net GDP of India by 27 per cent, Japan by 9 per cent, UAE by 12 per cent, and Egypt by as much as 34 per cent.<sup>32</sup> Some of the suggestions related to fiscal policy measures are discussed in the sections below.

### 3.1 Employment and Skilling

In the pandemic year of 2020, it was observed that women were more likely to lose employment and not return to work.<sup>33</sup> The reasons for this include the fact that the majority of working women are concentrated in the informal sector occupied in lower-skilled work. While only 23 per cent of those employed in the informal sector are women, up to 91 per cent of Indian women in paid jobs work in the informal sector.<sup>34</sup> Further, they lack fall back options, such as self-employment, and had to face the increased burden of domestic work during the lockdown.<sup>35</sup> Women are also overrepresented in sectors, such as health, education and beauty, taking up jobs that are at the lower end of the ladder. Nearly 84 per cent of all employed women are in low or medium-skilled jobs.<sup>36</sup> Their employment is affected not only by the pandemic as described earlier, but also by structural shifts and the digitalisation of sectors women are engaged in. Thus, appropriate measures are needed to equip women to leverage available opportunities.

While an increasing number of girls are finishing school and choosing to pursue higher education, there has not been a corresponding increase in the number of jobs for women. Mere literacy does not translate into relevant skills for employment.<sup>37</sup> This skill-mismatch has been well documented by scholars, and also finds mention in the National Skill Development Policy of 2009.<sup>38</sup> The related phenomenon of the quality skill gap, where the skill level does not meet the employer's expectations, must also be addressed.<sup>39</sup> This is especially so as we approach the fourth industrial

<sup>31</sup> *Women in the Labour Force: The Role of Fiscal Policies*, IMF Staff Discussion Note, February 2020 <https://tinyurl.com/z9m5466n>.

<sup>32</sup> *Empowering the Third Billion. Women and the World of Work in 2012*, Aguirre et al. 2012, <https://tinyurl.com/exn3e68>.

<sup>33</sup> *State of working India: One year of Covid-19*, Azim Premji University, 2021, <https://tinyurl.com/e5nkd48c>.

<sup>34</sup> *Women in the Indian Informal Economy*, IWWAGE, Feb 2021, <https://tinyurl.com/y6j54uxf>.

<sup>35</sup> *State of working India: One year of Covid-19*, Azim Premji University, 2021, <https://tinyurl.com/e5nkd48c>.

<sup>36</sup> *Working or Not: What Determines Women's Labour Force Participation in India?* IWWAGE, April 2021, <https://tinyurl.com/xunjduz2>.

<sup>37</sup> *Skilling And Employment Of Women: A Priority For India's Progress*, Adeeb, Outlook Magazine, March 2021, <https://tinyurl.com/5csypkfn>.

<sup>38</sup> *Working or Not: What Determines Women's Labour Force Participation in India?* IWWAGE, April 2021, <https://tinyurl.com/xunjduz2>.

<sup>39</sup> *Working or Not: What Determines Women's Labour Force Participation in India?* IWWAGE, April 2021, <https://tinyurl.com/xunjduz2>.

revolution. We need gender-agnostic courses that seek to promote a balance in the labour force participation in tune with the aspirations of a Digital India. Even as India is touted as the world's second fastest digitising economy,<sup>40</sup> inadequate labour skilling policies mean that nearly 12 million women could lose their jobs to automation by 2030, as per one estimate.<sup>41</sup>

## Short-term measures

- Given the dire situation of urban women in the labour force and those in the working age generally, the central and/or state governments could consider **introducing urban employment schemes**, with one-third or half the jobs reserved for women.<sup>42</sup> Such schemes currently exist only in Tamil Nadu, Odisha, Jharkhand, Kerala, West Bengal, and Himachal Pradesh. Such schemes typically seek to improve livelihood security for the urban poor, and divert their energies towards the creation and maintenance of public assets. These schemes could also include a skilling component, as has been done in Himachal Pradesh by linking beneficiaries to the DAY-National Urban Livelihoods Mission (DAY-NULM) to ensure their upward mobility and advancing the types of jobs they can undertake.
- **Filling vacancies and investing in areas of health and education** for Anganwadi workers, ASHA workers, etc., may potentially create up to 3 million jobs, and improve female labour force participation. This is also important as India has one of the lowest health/education workers to population ratio in the world. Hence, filling up these vacancies will universalise the public provision of these services, which arguably will improve the likelihood of girls and women accessing health and education.<sup>43</sup> Creating these jobs is likely to entail increasing the health budget from the current 1 per cent to 3 per cent of GDP, and the education budget from 4 per cent to 6 per cent of GDP.<sup>44</sup>
- An increase in the allocations for the **National Apprenticeship Promotion Scheme (NAPS)** with specific incentives for employers to take on female apprentices will raise their probability of staying on in the job. Likewise, stipend amounts may be increased to improve the attractiveness of the scheme, which has been allocated Rs. 120 crore in 2021-22 BE, up from Rs. 73 crore in the previous budget estimates. In essence, NAPS promotes on-the-job training which makes the transition to employment easier, and where training can be updated as per industry requirements.<sup>45</sup> Unlike typical skilling programmes where trainers seek to meet targets, the incentives of the employer and the apprentice are better aligned under this scheme. Research also suggests that on the job training raises the probability of women remaining in the labour force.<sup>46</sup>
- The **DDU-Grameen Kaushalya Yojana** needs to be pursued with renewed vigour to address issues, such as drop-outs from training, low placement rates and low retention rates after placement.<sup>47</sup> Researchers have suggested that providing information about post-training jobs

<sup>40</sup> India's the second fastest digitising economy in the world: McKinsey, The Times of India, March 2019, <https://tinyurl.com/yyst56r3r>.

<sup>41</sup> Up to 12 mn Indian women may lose their jobs to automation by 2030: study, Tandon, Live Mint, <https://tinyurl.com/turf3rvv>.

<sup>42</sup> Making a gender responsive urban employment guarantee scheme, IWWAGE, December 2020, <https://tinyurl.com/tasc24tp>.

<sup>43</sup> Generating Female Employment through Public Employment: A Scoping Paper, IWWAGE, February 2020, <https://tinyurl.com/2nuc8sph>.

<sup>44</sup> Rosa Abraham et al, State of Working India 2019: Creating Good Jobs through a Universal Basic Services Programme, Azim Premji University, 2019, <https://tinyurl.com/phwus2e4>.

<sup>45</sup> Rohit Kumar et al, Women's Economic Empowerment in India: A Policy Landscape Study, Dec 2020, <https://tinyurl.com/fv2wd2kn>.

<sup>46</sup> Female labour force participation in India and beyond, Ruchika Chaudhary & Sher Verick, October 2014, <https://tinyurl.com/4u4kn8uc>.

<sup>47</sup> Clement Imbert et al, Informing youth about job opportunities to make training programmes more effective, Ideas for India, May 2021, <https://tinyurl.com/yfz7bwe>.

through classroom sessions may align both the trainees' and the institute's expectations, and improve the likelihood of the trainee's retention in the job.<sup>48</sup> Separately, vocational institutes and skilling centres which faced considerable financial stress due to the pandemic will require support from the National Skill Development Corporation and other entities in the skilling ecosystem.<sup>49</sup> Infrastructure gaps in connecting women to employment exchanges and placement agencies must be filled, as women do not have as many networks to connect them to jobs as men do.

- There is a gender gap of 20 per cent in the ownership of mobile phones, and an even wider gap of 50 per cent in internet usage.<sup>50</sup> This puts women at a considerable disadvantage against men in accessing **opportunities in the digital economy** whether for livelihood opportunities or for improving skills. Urgent efforts are therefore required on two fronts—one, for the provision of digital devices and stable internet connections and two, to conduct IEC campaigns to tackle pervasive social norms and individual beliefs that restrict women from using the internet.<sup>51</sup> An example is the Chhattisgarh Government's Sanchar Kranti Yojana, through which they distributed 5 million smartphones charged to the state exchequer.<sup>52</sup> Preliminary findings from a recent study funded by IWWAGE on self-help groups in the state of Chhattisgarh suggest that while deep-rooted gender norms continue to shape access to mobile technologies and their use by women in India, greater access leads to liberalisation of norms.<sup>53</sup>

## Medium-term and long-term measures

- **Women-specific centres for upskilling and reskilling** should be set up with adequate funding. The role of these centres would be to provide skills relevant to the market, and to nudge women to adopt skills and vocations relevant for the future of work and the ongoing fourth industrial revolution.<sup>54</sup> There is a need to build a stronger ecosystem and institutional frameworks for an enabling environment. Existing Gender Resource Centres under NRLM and NULM can be upgraded for this purpose. Investments should be made towards providing business skills, digital skills, and soft skills to women who own businesses.<sup>55</sup>
- Increasing mechanisation of farm labour often pushes women out of agriculture. Researchers have found that a 1 per cent increase in mechanisation decreased female labour used by 0.7 per cent per hectare.<sup>56</sup> The corresponding figure for men is insignificant, at 0.1 per cent. As per estimates, a 32 per cent increase in mechanisation between 1999-2011 led to an overall reduction of more than 22 per cent in women's labour use in agriculture. To address increasing mechanisation in the agriculture sector, it is critical to train women agricultural workers on utilising agricultural technology, whereby they can make productive use of their labour for farm work. This could be done through the network of **Jan Shikshan Sansthan**s set up by the Government of India in rural areas.

<sup>48</sup> Clement Imbert et al, *Can information about jobs improve the effectiveness of vocational training? Experimental evidence from India*, Institute of Labour Economics, May 2021, <https://tinyurl.com/3ud4ybhv>.

<sup>49</sup> *India's skilling firms have entered the ICU*, Das, Livemint, Oct 2020, <https://tinyurl.com/76m97phs>.

<sup>50</sup> *Connected Women: The Mobile Gender Gap Report 2020*, GSMA, 2020, <https://tinyurl.com/47xyh9ds>.

<sup>51</sup> *Wide Gender Gap In Mobile Phone Access Is Hurting India's Women*, Sanghera, India Spend, Nov 2018, <https://tinyurl.com/ss8768mx>.

<sup>52</sup> *Sanchar Kranti Yojana*, Government of Chhattisgarh, <https://tinyurl.com/5dmvytsf>.

<sup>53</sup> *Does access liberalise gender norms around phone use for rural women? Ideas for India*, October, 2021 <https://tinyurl.com/s4cmz75e>.

<sup>54</sup> *Skilling And Employment Of Women: A Priority For India's Progress*, Adeeb, Outlook Magazine, March 2021, <https://tinyurl.com/5csypkfn>.

<sup>55</sup> *Women entrepreneurs in India: What is holding them back?* Korreck, 2019, <https://tinyurl.com/yppcu92hf>.

<sup>56</sup> Kanika Mahajan et al, *Gendering Technological Change: Evidence from Agricultural Mechanisation*, IZA Discussion Paper 13712, Sept 2020, <https://tinyurl.com/kxcbfujt>.

- When there is a decline in farming jobs and parallel job opportunities do not emerge in the **non-farm sector or agri-allied activities**, women are pushed out of the labour force.<sup>57</sup> Along with increased allocations for MGNREGA, these opportunities could take varied forms, such as through the promotion of horticulture, sericulture, dairying, nutri-gardens through SHGs, production of coir-based products, etc. The government needs to facilitate the creation of non-farm, private, formal sector jobs with appropriate policy support.<sup>58</sup> It is vital that such interventions be based on a region-specific job-demand and opportunity analysis.
- Women can be skilled for newly created jobs as part of the **green economy**, which promises to become more relevant as the economy moves away from fossil fuel-based energy. They can be trained in jobs pertaining to off-grid and grid-interactive renewable energy sources, and in other greening initiatives.

## 3.2 Procurement from women's enterprises

As per a 2019 report, India has 13.5-15.7 million women-owned enterprises.<sup>59</sup> These women-led enterprises turned out to be significantly more vulnerable to the shocks caused by Covid-19 pandemic than the ones led by men. As per a survey conducted in 2020, 72 per cent of women-led businesses reported a lack of cash reserves compared to 53 per cent of male owned enterprises.<sup>60</sup> Similarly, owing to reduced cash flows from their enterprises, 69 per cent of women entrepreneurs reported postponing loan repayments compared to 50 per cent of their male counterparts.<sup>61</sup>

In the absence of an appropriate and effective government response to this shock, it is possible that the representation of women is further reduced in the entrepreneurial ecosystem of the country, which is heavily skewed in favour of men-owned enterprises.<sup>62</sup> The sections below suggest some short-, medium- and long-term measures that could be adopted by the government in order to provide the much-needed impetus to women entrepreneurs and ensure a speedy recovery to their businesses.

### Short-term measures

- The Ministry of Micro, Small and Medium Enterprises Public Procurement Policy (2018) mandates that every Central Ministry/Department/PSUs target 25 per cent of their procurement from the Micro and Small Enterprises (MSEs) sector, of which 3 per cent must be from the women owned MSEs.<sup>63</sup> However, given the severity of the shock caused by the COVID-19 pandemic to the women entrepreneurs, the government may revise the policy recommendation of 3 per cent procurement from women MSEs to a higher percentage. Additionally, it must be ensured that this requirement is strictly enforced across ministries and departments. At the same time, for women to take advantage of this scheme, it is important that women-led MSEs are registered with the relevant government agency and their licenses/registrations are regularly renewed. This will further aid in linking women-owned enterprises to supply chains and extending various schemes and benefits to women entrepreneurs.

<sup>57</sup> *Working or Not: What Determines Women's Labour Force Participation in India?* IWWAGE, April 2021, <https://tinyurl.com/xunjduz2>.

<sup>58</sup> *How to be a wealthy nation: Covid reminds us that national strength needs massive, non-farm, formal job creation*, Sabharwal, The Times of India, 2021 <https://tinyurl.com/j2x4phjh>.

<sup>59</sup> *Powering the economy with her—Women entrepreneurship in India*, Google and Bain & Company, 2019, <https://tinyurl.com/94mbx8u8>.

<sup>60</sup> *Covid-19: Assessing vulnerabilities faced by micro-enterprises*, Buteau and Chandrasekhar, 2020, <https://tinyurl.com/w6euz6e6>.

<sup>61</sup> *How did India's Women Enterprises Fare during the COVID-19 Lockdown?* Bargotra et al., 2021, <https://tinyurl.com/4ejk7zsj>.

<sup>62</sup> Only 20 per cent of the total enterprises in the country are owned by women.

<sup>63</sup> *Public procurement policy*, Ministry of Micro, Small and Medium Enterprises, 2018, <https://tinyurl.com/4n3sxyx>.

- The public sector procurement process should be streamlined keeping in mind the barriers that it poses for women entrepreneurs. For example, working capital requirements and digital literacy requirements could pose significant hurdles for women-led enterprises to submit their bids in the procurement process.<sup>64</sup>
- The government should also incentivise the private sector to procure from women-owned businesses through tax breaks and subsidies. In addition, through enabling corporate social responsibility norms, private enterprises should be encouraged to integrate women-led enterprises into the corporate value chain.<sup>65</sup>

## Medium-term and long-term measures

- Women's platforms like **Self Help Groups (SHGs)** should be nurtured and empowered by making more investments in them. These platforms, representing a micro-ecosystem for women, have played an important role during the pandemic.<sup>66</sup> As per a survey of women enterprises, it was found that loans from SHGs was the most favoured form of financial support sought by women entrepreneurs during the pandemic.<sup>67</sup> Additionally, given that SHGs operate as information networks, investing in building their capacity will also help to disseminate information regarding various government schemes thereby bridging the knowledge gap.
- While several financial measures were announced by the government to ease the pain inflicted by the pandemic, it was also observed that these measures were only beneficial for enterprises with a certain size and scale.<sup>68</sup> Therefore, robust and effective financial inclusion measures need to be implemented for the women-led micro-enterprises.
- Women cooperatives are less than 2 per cent of the total co-operatives in the country. There are several areas that need strengthening to boost the women co-operatives in the country. These include training and skill development, mentoring and incubating high-growth potential enterprises, enabling a regulatory environment and easy access to funds.<sup>69</sup> The newly established Ministry of Cooperation, which intends to create a separate administrative, legal and policy framework for strengthening the cooperative movement in the country, can provide the necessary impetus to women cooperatives.

## 3.3 Social security for women

A vast majority of women in India work in the informal sector with poor social security and livelihood protection. The COVID-19 pandemic and the ensuing economic shock spotlighted the precarious nature of their jobs, as many women lost their jobs and struggled to be re-employed, and many eventually dropping out of the labour force as well.<sup>70</sup> Right after the first lockdown imposed in March 2020, the Government of India responded to the immediate crisis of daily sustenance—by announcing cash transfers of Rs. 1500 for each Jan Dhan Yojana account holder in three instalments. Barring this limited support, numerous casual wage workers stared at imminent poverty, with an

<sup>64</sup> Evidence Review of COVID-19 and Women's Informal Employment: A Call to Support the Most Vulnerable First in the Economic Recovery, Ratan et al., Bill & Melinda Gates Foundation, May 2021, <https://tinyurl.com/pn8y9rj5>.

<sup>65</sup> Powering the economy with her—Women entrepreneurship in India, Google and Bain & Company, 2019, <https://tinyurl.com/94mbx8u8>.

<sup>66</sup> Covid-19: In times of crisis, women self-help groups lead the way, Kejrewal, 2020, <https://tinyurl.com/decxfur>.

<sup>67</sup> How did India's Women Enterprises Fare during the COVID-19 Lockdown? Bargotra et al., 2021, <https://tinyurl.com/4ejk7zsj>.

<sup>68</sup> Why India's MSME Sector Needs More Than a Leg-Up, The Wire, July 2020, <https://tinyurl.com/2snumn99>.

<sup>69</sup> National Women's Cooperative Workshop, Gujarat SEWA Federation of Cooperatives, 2019, <https://tinyurl.com/4v276xcc>.

<sup>70</sup> State of working India: One year of Covid-19, Azim Premji Institute, 2021, <https://tinyurl.com/e5nkd48c>.

estimated 230 million Indians falling below the poverty line due to the pandemic.<sup>71</sup> In this context, social security is a safety net for women to protect them from the perils of poverty, and enable decent human development even in times of shock.

## Short-term measures

- **Emergency Cash Transfers**, targeted at marginalised and vulnerable groups, can provide the much needed support to women who have been forced to drop out of the labour force for lack of jobs and/or increase in domestic work.<sup>72</sup> The list of beneficiaries for such an intervention must include even those who do not have Jan Dhan accounts— for instance, by creating a composite list of beneficiaries from MGNREGA lists, ration cards, etc. The size of the cash transfer should factor in the necessities of the affected groups, and should receive adequate and sustained allocations. Providing for this utmost priority may even require reallocation of existing budgets.<sup>73</sup>
- **The PM-KISAN scheme**, through which transfers worth Rs. 6,000 are made annually to accounts of landholding farmers in three instalments, must be expanded to increase coverage to women agricultural workers. While the majority of rural women are engaged in agriculture, only about 12 per cent of them own land. It is vital that the scheme extends benefits to sharecroppers, with a focus on women.
- An increase in allocations for the **PM Ujjwala Scheme** to provide subsidised LPG cylinders will be beneficial to crores of women. In Budget 2021-22, the Government of India decided to expand the scheme to provide the subsidy to an additional 1 crore women beyond the 8 crores already targeted. While the move is welcome, the scheme must address issues of refilling,<sup>74</sup> and consider allowing access to more than 1 cylinder for women who run home-based businesses.<sup>75</sup>

## Medium-term and long-term measures

- Schemes under the **Social Security Code, 2020** have not been notified yet. The Code aims to universalise social security in India and envisages social security, such as life and disability cover, insurance cover, creches, etc., for unorganised sector workers. Even as the government has started the collection of Aadhar details of unorganised sector workers, there is yet no timeline for notification of the Rules and other schemes under the Code.<sup>76</sup> Further, issues such as overlapping authority of the Central and State Governments,<sup>77</sup> and extent of contributions expected from the workers themselves<sup>78</sup> must be resolved at the earliest. In the meanwhile, extant funds, such as those under various state-level social security welfare boards, e.g., the Building and Other Construction Workers Fund, should be utilised optimally. Additionally, with social security measures being announced for platform economy and gig workers, emphasis must be placed on expanding social security benefits available to unorganised sector workers, particularly women, to female gig workers as well.

<sup>71</sup> *Additional 230 Million Indians Fell Below Poverty Line Due to the Pandemic: Study*, The Wire, May 2021, <https://tinyurl.com/r8zx3m6>.

<sup>72</sup> *The invisible women in India's labour market*, Chaudhary, Hindustan Times, June 2021, <https://tinyurl.com/ppp3ukrw>.

<sup>73</sup> *Advancing gender equality in a post COVID context*, IWWAGE, August 2020, <https://tinyurl.com/ftaut42x>.

<sup>74</sup> *The PMUY's cooking gas refill issue*, Alexander et al., Live Mint, January 2020, <https://tinyurl.com/yywd3x2v>.

<sup>75</sup> *Modi's LPG reform was different. It helped the poor immediately, no trickle-down timeline*, Bijapurkar, The Print, July 2021, <https://tinyurl.com/8uc5th3p>.

<sup>76</sup> *Labour Ministry to collect Aadhaar details of informal workers for social security schemes*, Nath, The Hindu, May 2021, <https://tinyurl.com/3x7239yw>.

<sup>77</sup> *Rework social security code for informal workers*, Sarkar et al., BusinessLine, May 2021, <https://tinyurl.com/4nh7eyjx>.

<sup>78</sup> *India's informal workers need more than Modi govt's labour code to get social security*, Singh, The Print, November 2020, <https://tinyurl.com/43edbt8y>.

- In the past few years, the majority of work-days under the **MGNREGA** have been availed by women.<sup>79</sup> Even as a substantial number of male migrants availed work under the scheme in the past year,<sup>80</sup> the scheme remains highly relevant for rural women who look to do non-farm work. In the absence of prospects for job creation in villages, it will be worthwhile to consider increasing the number of work-days that can be availed with a consequent increase in allocations for the scheme.

### 3.4 Investment in care-led recovery

During the pandemic women have been particularly affected and have dropped out of the labour market primarily due to their increased unpaid care responsibilities. Without proactive interventions, the negative impacts for women and their families will likely persist for years. To avoid a significant regression in gender equality caused by the pandemic, India needs to direct its fiscal response and other stimulus packages to support women who continue to struggle with their care responsibilities. In this context, increased investment in care-focussed<sup>81</sup> recovery will be crucial along with other measures. There are short-term and longer-term perspectives on the relevance of investment in care for the post-pandemic macroeconomic recovery process.

#### Short-term measures

- Childcare services are essential for child development and women's labour market participation. Therefore, we must develop adequate short-term solutions, such as subsidies that will enable care and take actions to facilitate the opening or reopening of education institutions as fast as possible (for example: vaccination of children).
- Care providers should be included in all programmes to safeguard employment and in all financial support schemes and social security measures to protect care workers.
- Any new recovery packages and budget reallocations in response to the COVID crisis should prioritise the needs of the care economy. For instance, the Union Finance Minister, Nirmala Sitharaman, announced a Rs. 6.28 lakh crore stimulus in June 2021, to offer relief measures for certain pandemic hit sectors in the economy.<sup>82</sup> Among other things, Rs 23,220 crore has been set aside for the expansion of medical infrastructure with a special emphasis on child and paediatric care.

#### Medium-term and long-term measures

- It is vital to expand the current levels of care financing to address pre-existing and new care gaps simultaneously. The government can ensure that care services are adequately financed, regulated and well implemented.<sup>83</sup> In addition, the government should strengthen public-private partnerships and include CSOs in the provision of care services.

<sup>79</sup> Does NREGA work for women? Nandy et al., February 2020, <https://tinyurl.com/k32cuu2>.

<sup>80</sup> <https://tinyurl.com/yeym4rbc>.

<sup>81</sup> Addressing the care crisis in the recovery response would be important to achieve economic and societal benefits.

<sup>82</sup> Finance Minister Sitharaman's Rs 6.28 lakh crore Covid stimulus package | 8 announcements, Shrivastava, June 2021, <https://tinyurl.com/64n9apd3>.

<sup>83</sup> ICDS is one of the country's oldest schemes and acquires a substantial share of India's budget; however, the portion committed to developing crèches is negligible. The budgetary allocation for the crèche scheme has been reduced to INR 50 crores in 2019-20. As a result, the number of functional crèches dropped to 7,930 in June, 2019. There is an urgent need to expand the coverage of crèches across India. See: <https://tinyurl.com/er2vn8tw>.

- The care economy has a credible potential for generating employment opportunities, especially for women.<sup>84</sup> However, care workers face multiple challenges, including precarious employment situations, low paid and poor working conditions. Therefore, a post-pandemic recovery plan must ensure productive employment, decent working conditions, training and skill upgradation, career progression and adequate remuneration for the care workforce. Besides, all-inclusive social protection must be extended to all care workers.<sup>85</sup> Additionally, care services can also be included in the Urban Employment Programmes proposed by some states, like Tamil Nadu.
- Indian women spend a disproportionately high amount of time doing unpaid work (352 minutes a day) compared to men (51.8 minutes a day).<sup>86</sup> Some of these tasks include the collection of free firewood and fetching drinking water.<sup>87</sup> The government should invest in the provision of basic infrastructure necessities like energy, drinking water and roads in order to reduce the unpaid drudgery for women.
- It is critical to address the uneven distribution of unpaid care work—the government could consider launching awareness and advocacy campaigns to address gender norms regarding women’s roles and changing stereotypes. It is equally important to improve the data collection on unpaid work.
- India’s corporate tax rate is among the lowest in the world. In 2019, the Ministry of Finance lowered the base corporate tax rate to 22 per cent from 30 per cent, and to 15 per cent from 25 per cent for new manufacturing companies. It is estimated to cost the exchequer<sup>88</sup> Rs 1.45 lakh crore annually. To enable a gender-responsive economic recovery and in order to increase investments in the care economy, the government can consider incentivising the private sector. Corporations can be offered tax holidays or other incentives if they have undertaken measures to ensure gender-equitable workplace policies, such as provision of onsite childcare, flexible work schedules, etc. For example, when Vietnam cut the corporate income tax rate from 25 per cent to 20 per cent, a special rate was provided to businesses that satisfied gender equality conditions.<sup>89</sup>

<sup>84</sup> The ILO estimates that India could add 11 million new jobs by investing in the care economy (ILO, 2018)..

<sup>85</sup> India’s 2.5 million women community health workers—Anganwadi workers, ASHA workers and auxiliary nurse midwives—have low status and unsatisfactory working conditions. Moreover, there has been no substantial progress in formalising the country’s 2.6 million women domestic workers’ working conditions. Affording due recognition to these workers by providing decent pay and social security could be a critical policy initiative for improving quality of care services.

<sup>86</sup> *India will now count household chores as part of economy-boosting work*, India Today, 2018, <https://tinyurl.com/4uf6bvmt>.

<sup>87</sup> *Unfolding unpaid domestic work in India: women’s constraints, choices, and career*, Singh, Pattnaik, 2020, <https://www.nature.com/articles/s41599-020-0488-2>.

<sup>88</sup> *India’s corporate tax rate is now among the lowest globally* | Hindu Business Line, September 2019 <https://tinyurl.com/2u9y6a57>.

<sup>89</sup> *Gender Equality and Taxation in Vietnam*, UN Women <https://tinyurl.com/2n8nf99h>.

## 4. Investment in gender-disaggregated data systems

Gender disaggregated data is pivotal in identifying and measuring the existing issues faced by women and correcting them. It is also necessary for the design and implementation of targeted policy interventions for women empowerment and their sustained development. Finally, gender-disaggregated data is needed to assess the differential impact of government schemes on females. However, there is a severe lack of sex-disaggregated data in the Indian Government official data sources.<sup>90</sup>

In this section, certain short-, medium- and long-term measures are identified to be implemented by the government to regularise the collection of sex-disaggregated data to assess, not just the impact of COVID-19, but that of policies meant to benefit women.

### Short-term measures

- Given the immediacy and urgency of the pandemic, the government can consider developing and supporting statistical infrastructure, capabilities and processes to consistently collect and disseminate sex-disaggregated COVID-19 related data in the country.<sup>91</sup>
- Access to and utilisation of existing gender data should be enabled. It should be incorporated in the policy design, implementation and evaluation.

### Medium-term and long-term measures

- The government could consider mandating that government departments, PSUs and ministries need to include and collect gender-disaggregated statistics wherever data is being collected by them.
- It is vital that regular evaluations of centrally sponsored and state-level schemes be conducted to assess their impact on women, at scale. These should ideally inform any necessary modifications in the scheme, while also encouraging other states to replicate the successes of existing schemes.
- Gender data collection should be agnostic of the domain; and the requirement of sex-disaggregated data collection, standardisation and dissemination should cross-cut across domains, whether it is health, financial inclusion or crime and violence, etc.

<sup>90</sup> India's official data sources fall short in addressing critical issues of women and girls, Raman, Dec 2020, <https://tinyurl.com/34tdbfdn>.

<sup>91</sup> Strengthening gender measures and data in the COVID-19 era: An urgent need for change, UN Women, Data2X and others, 2021, <https://tinyurl.com/2w3k3en8>.

## 5. Structural and other supply-side policies

Apart from the above-mentioned monetary and fiscal policy tools, advancing a gender-responsive economic recovery also necessitates addressing structural barriers faced by women, so that overall productivity and efficiency is increased.

### Employment and Skilling

- At the school level, introducing demand-driven short-term courses and technical and vocational training programs will bolster employability skills and provide exposure to a wider set of economic opportunities for female students.
- Industry associations and employers must carry out needs assessments to ascertain in-demand hard and soft skills in the job market. Such assessments will help facilitate targeted skill upgradation and training programmes that are in line with market demand.
- Leveraging digital platforms to build small collectives of farmer producers, integrating them with input suppliers and reaching market players will strengthen market linkages in the agriculture value chain.

### Procurement

- A survey found that several women entrepreneurs failed to avail the benefits of the government schemes announced in response to the pandemic. It was revealed that while 96.3 per cent of women were aware of the schemes, only 35.3 per cent actually applied for or availed the benefits.<sup>92</sup> Therefore, the government needs to make coordinated efforts to ensure that the hurdles in the uptake of women-oriented schemes are recognised and addressed.
- Issuing industry certifications to products from women-led enterprises will help these enterprises gain legitimacy and traction in the market and establish a customer base. Multiple stakeholders, including the government, industry associations and other forums must be included in supporting this process.
- In the context of growing Environmental, Social and Governance (ESG) consciousness, discussions with industry associations can facilitate the alignment on specific goals around procuring from women-owned and women-led enterprises.

### Social Security

- The central government can work with state governments to set up **Gender Resource Centres**—community places where women and their collectives can access all relevant information about their rights and entitlements. The purpose of these centres, such as those piloted in Madhya Pradesh, Chhattisgarh, Odisha, etc., will be to link women's groups with each other, and with state and market players for securing social, economic and political rights, to offer convergence across schemes, provide women with legal counsel, build their skills and educate them on gender discrimination, atrocities and violence.
- Interventions to prevent **gender-based violence (GBV)** and to provide timely redressal must be scaled up. Various scholars have documented how the incidence of GBV tends to correspond with

<sup>92</sup> *How did India's Women Enterprises Fare during the COVID-19 Lockdown?*, Bargoitra et al., 2021, <https://tinyurl.com/4ejk7zsj>.

periods of crisis, isolation and confinement.<sup>93</sup> As India remains at threat from the next wave of the pandemic with possibilities of further lockdowns, urgent measures are needed to protect women from GBV.

- There is a need for regulation and compliance with social security codes mandating workplace safety and ensuring access to social security benefits. This will help to mitigate the impacts of occupational hazards in various sectors, including construction and manufacturing, as well other types of work in the unorganised sector.
- Governments, along with private sector players and insurance companies, must come together to create an unemployment fund to protect women workers from income losses during an economic shock, such as the COVID-19 pandemic. Such a fund will help women maintain their consumption levels without affecting their savings, thereby having a stabilising effect on the economy as a whole.

## Care-led Recovery

- Enhanced collaboration is needed between governments at the local level, employers, trade unions, private sector and non-profit care providers to ensure accessible and affordable care services, including safe childcare and long-term care.
- Adequate support for parents and all workers with care responsibilities needs to be included in response measures (especially during the closure of care services). Efforts to support care include the provision of parental leave and paid family leave, entitlements to work from home, shorter or flexible working time arrangements.

<sup>93</sup> *Supporting women throughout the Coronavirus (COVID-19) emergency response and economic recovery*, Gender Innovation Lab, October 2020, <https://tinyurl.com/nmu6s79d>.

## 6. Innovative Financing

Economists have predicted that a decline in the GDP in the previous and current fiscal years will be accompanied by a decline in revenue for the government.<sup>94</sup> Many argue that this will leave less fiscal space for the Government of India to adopt the measures mentioned in the previous sections. While some advocate the raising of revenue through taxation,<sup>95</sup> these calls are met by allegations of a predatory and interventionist state. We move away from that discussion and instead suggest some other innovative financing options available to the government.

### 6.1 Gender bonds

Gender bonds can be broadly defined as bonds that promote the empowerment of women and gender equality by financing initiatives that support these objectives.<sup>96</sup> While these are not bonds as typically understood in the market securities context, investors stand to gain from payments made by third-party payers interested in achieving gender equality outcomes. Such activities can be varied and can impact different groups of women.

Since the majority of women-led enterprises are subsistence businesses, they find it difficult to attract capital from investors and banks. These may operate in the textile, handicrafts, food processing and the beauty and wellness sectors, and are usually micro- and/or small-scale businesses.

- Along the lines of Social Impact Bonds, the government can also incentivise private investors to channel debt to women-centric sectors by agreeing to make payments to investors on the achievement of positive gender outcomes. It could complement this by providing tax incentives or offering deductions in the taxable income of investors. Examples include supporting women-led enterprises and those that employ a large number of women, investing in the development of products and services that benefit women, etc.
- Gender bonds may also be relevant in supporting organisations involved in improving infrastructure for women, such as creches, working women's hostels, etc. Such bonds have seen success in areas, such as education.<sup>97</sup> The government can build capacity to achieve the objectives of the bond by deploying an adequate number of personnel, providing adequate training for implementation and monitoring, etc., along with appropriate policy support to the implementing organisations.
- Since the market for gender bonds in India is fairly nascent, the government could kickstart the issuance of such bonds in collaboration with private investors (like banks). As the market develops through government efforts, it is possible that other actors in the development finance ecosystem like philanthropic donors, public sector agencies, etc., also actively engage in the issuance of gender bonds.

Some prominent gender bonds issued in the ASEAN region are described in the Annexure.

<sup>94</sup> India's fiscal deficit at 9.3 per cent of GDP in 2020-21: government data, Business Standard, May 2021, <https://tinyurl.com/ut2j85zh>.

<sup>95</sup> Raise the corporate tax rate; big firms will gain share from MSMEs in recovery, should pitch in with welfare, Subramanian, April 2021, <https://tinyurl.com/snhu44uz>.

<sup>96</sup> Gender bonds guidelines, Moroccan Capital Market Authority, 2021, <https://tinyurl.com/wumtmv7x>.

<sup>97</sup> How impact investors are helping to educate girls in India, Basu, Reuters, 2017, <https://tinyurl.com/34cpu967>.

## 6.2 Public-Private Partnerships

The Government of India's think-tank, the NITI Aayog, notes that Public-Private Partnerships (PPPs) are the preferred mode for implementation of infrastructure projects.<sup>98</sup> However, such projects must be designed to ensure gender parity. Examples of these are projects to provide skills to women, build creches, provide public transport (e.g., buses) and related infrastructure (e.g., bus stops), etc.

- The Government of India can consider a PPP policy that focusses on social sector projects that enhance women's welfare and enable them to participate in economic activity. The draft PPP Policy circulated in 2011<sup>99</sup> will help bring certainty to the government's outlook and encourage private investors. In June 2021, the Union Finance Minister announced a new process for speedy clearances of PPP projects as part of the relief measures.<sup>100</sup> It is imperative that this policy is strictly enforced in order to build private sector confidence and ensure its active participation in PPP projects in the country.
- Priority areas, such as bringing women back to the labour force, reducing the burden on unpaid domestic work, ensuring mobility and safety for women, providing on-the-job skills to female apprentices, etc., should be identified. The Government of India can incentivise private players to undertake these projects by committing to a certain proportion of expenditure, for instance through the Viability Gap Funding Scheme as announced in December 2020.<sup>101</sup>

## 6.3 Blended Finance

Blended finance instruments strategically utilise development finance for the mobilisation of additional resources towards sustainable development in developing countries.<sup>102</sup> Over the past few years, blended finance transactions targeting India have substantially increased. As per one estimate, since 2010 around 13 per cent of all blended finance transactions targeted India.<sup>103</sup> While these transactions have primarily been in the energy, financial services and agriculture sectors, a few of them are also in the areas of health and education.

Drawing from the experience so far, the use of blended finance mechanisms, i.e., the use of catalytic capital from public or philanthropic sources to increase private sector investment in women-led enterprises, is another innovative financing mechanism that can be considered. Such funds will improve financial resilience of women-led enterprises and improve their access to markets. For example, the REVIVE Alliance is a multi-stakeholder blended finance platform that aims to support 100,000 informal workers and microentrepreneurs with access to affordable capital.<sup>104</sup> So far, the alliance has provided returnable capital to around 40,000 informal workers and entrepreneurs.<sup>105</sup>

<sup>98</sup> *Public-Private Partnerships*, NITI Aayog, <https://tinyurl.com/bn2fvm8v>.

<sup>99</sup> *National Public Private Partnership Policy - Draft for consultation*, Department of Economic Affairs, Government of India, 2011, <https://tinyurl.com/xd5b8nfe>.

<sup>100</sup> *Finance Minister Sitharaman's Rs 6.28 lakh crore Covid stimulus package / 8 announcements*, Shrivastava, June 2021, <https://tinyurl.com/64n9apd3>.

<sup>101</sup> *Viability gap funding scheme*, Department of Economic Affairs, Government of India, <https://tinyurl.com/kpeh85j4>.

<sup>102</sup> *Blended Finance*, OECD, <https://www.oecd.org/dac/financing-sustainable-development/blended-finance-principles/>.

<sup>103</sup> *How blended finance can support India's COVID-19 recovery* <https://www.convergence.finance/news-and-events/news/7rj5FQPcHS8F2LIIdapZztd/view>.

<sup>104</sup> *Revive Alliance*, <https://www.revivealliance.com/>.

<sup>105</sup> *Revive Alliance-Factsheet*, <https://www.revivealliance.com/factsheet>.

# Annexure: Gender Bonds

Some Gender Bonds issued in the ASEAN Region<sup>106</sup>

Issuer	Description	Issuance Date	Size	Key Performance Indicators and Metrics
ADB Gender Bond	To finance projects that promote gender equality and women's empowerment, such as ADB's support for financial inclusion for women	November 2017	USD 90 million	Not specific. Part of ADB's wider operations and support of ADB's Strategy 2030 which includes accelerating progress in gender equality
Bank of Ayudhya's Krungsri Women SME Bond	This offering aims to boost lending to women-led small and medium-sized enterprises in Thailand.	October 2019	USD 220 million	Outstanding loans to women-led small and medium-sized enterprises in Thailand
OCBC NISP Gender Program in Indonesia	Enables banks to increase lending to women entrepreneurs and women-owned small and medium enterprises.	March 2020	IDR 2.75 trillion (≈USD 200 million)	Not disclosed
IIX Women's Livelihood Series	Goal is to create sustainable livelihoods for 250,000+ underserved women in the Asia-Pacific region,	December 2020 (third bond)	USD 150 million	<ul style="list-style-type: none"> <li>» Social Return on Investment, which tabulates the total net impact generated (monetised) per dollar of investment across the life of the bond.</li> <li>» Number and percentage of female beneficiaries</li> <li>» Number of households positively impacted.</li> </ul>

<sup>106</sup> *Furthering Gender Equality Through Gender Bonds*, Matthew Gouett IISD, 2021 URL: <https://tinyurl.com/ru9wkrzr>.

# IWWAGE

INITIATIVE FOR WHAT WORKS TO ADVANCE WOMEN AND GIRLS IN THE ECONOMY

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