Towards recovery: Women entrepreneurs coping with the pandemic

DIKSHYA SINGH, SENIOR RESEARCH OFFICER
SAWTEE
MARCH 4, 2021
Background

- **Gender Dimensions of Trade Facilitation: Evidence from Bangladesh, Bhutan, India, Nepal**

- Since 2018; led by CUTS International (India) with Bangladesh Women Chamber of Commerce and Industry (Bangladesh) and Bhutan Media and Communication Institute (Bhutan)

- To identify existing barriers that inhibit women entrepreneurs’ participation in international trade and trade-related activities, and provide policy recommendations

- Later addition: survey of the COVID-19 pandemic on women entrepreneurs
About this survey

- Examine the impact of the COVID-19 pandemic on the women entrepreneurs’ ability to do business
- Surveyed 25 entrepreneurs (from Kathmandu and Surkhet; done in October-November 2020)

Limitations
- Small sample size
- No control group for comparison
- Only registered businesses surveyed
- Does not include services sector
Impact on the economy

- Economic growth estimates for FY19/20 downgraded to 0.6% (NPC, 2021) against the projected 8.5%; April 2020 estimate was 2.28% (CBS, 2020)

- Nepal Rastra Bank’s survey: 61% businesses were not operating (July 2020), 9% not operating (November 2020); businesses able to maintain 29% of productive capacity (July 2020), 50.5% of productive capacity (November 2020); the most impacted sectors are mining and quarrying, real estate activities, accommodation services, wholesale and retail trade, education and manufacturing.

- MoICS Survey: 10.8% enterprises not operating (3/4th of these are micro enterprises; 54% of the surveyed firms reported productivity decline as much as 50%
Women entrepreneurship in Nepal

- Firms owned by women: 26.8% (247,880)
- Firms managed by women: 29.6% (273,436)

<table>
<thead>
<tr>
<th>Major sectors*</th>
<th>Share of the sectors among women-owned enterprises*</th>
<th>Productive capacity utilization compared to before COVID-19 (%)**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2020</td>
<td>Nov 2020</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>64.4</td>
<td>31.49</td>
</tr>
<tr>
<td>Accommodation and food</td>
<td>20.4</td>
<td>7.13</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.5</td>
<td>41.19</td>
</tr>
</tbody>
</table>
Major findings

Respondents’ profile

- Average age: **51.7** (distributed across 24 to 72 years);
- Handicrafts, food products and agri-processing;
- Half were cottage and micro enterprises: 50%, small: 37.5% and medium enterprises: 12.5%
- Respondents tend to hire more female workers (average no. of female workers: 27 and average no. of male workers: 5)

Impact on businesses

- **61.5%** Severe
- **26.9%** Moderate
- **7.7%** Somewhat
- **6.9%** Little

How was your business impacted by the COVID-19?
Major findings...

- Decline in sales/revenue
- 44% reported decline in demand; 8% have received no order
- 57% have taken loans to cope with the pandemic; among them 66% have borrowed from formal channels

![Pie chart showing distribution of decline in sales/revenue]
Major findings...

- Top coping mechanisms reported were **reducing employment temporarily or permanently**, **borrowing money**, **rescheduling lending**, putting more efforts in **marketing products**, and **look for alternatives** to sustain the business.

- Businesses ranked ‘**unfavourable macro environment for business**’ as the biggest challenge followed by **lack of knowledge** about available facilities.

- **92% not aware of the available support packages** offered by the government. Lack of information regarding government support policies including subsidized loans, refinancing services, technical grants (offered by local and provincial governments).
Emerging coping pattern

- Relatively large and export-oriented businesses expected to bounce back quickly than others; but they also fear about the resilience of their buyers.

- Biggest concern is regarding managing cash flow as they do not have enough reserves to pay rent, wage and vendor repayment.

- Non-availability of raw material due to restricted transport was also another concern and many feared non-availability of reliable workers and inability to pay back loans.
Emerging coping pattern

- 68% respondent cited **increased care burden** at home for not being able to devote more time to business
- 28% respondent sought **alternative business to ride out the pandemic** such as, expanding product portfolio (frozen food, manufacturing and exporting masks, etc.) and engaging in agriculture
- More entrepreneurs have **opened up to digital commerce** as 56% responded that they sought e-commerce platforms for sales during the period
Takeaways

- Limited access to information
- Access to finance strained
- Capacity building required in the areas beyond skill-training
Way forward

- Government policies
  - Relook existing lending mechanism
  - Launch a special purpose financing vehicle—can provide equity investment
  - Policies to promote procurement from women-owned businesses
- Capacity building
  - Business chambers and association can provide structured trainings on managing businesses, improving product quality, digital trade-preparedness
- Enhance access to information
  - Govt., business chambers and civil society organization can come together to disseminate relevant information