

SPECIAL EDITION

# SWABHIMAAN

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ONE EARTH • ONE FAMILY • ONE FUTURE

THE ULTIMATE GUIDE TO GENDER IN G20

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# COMMENTARY

## THE BIRD-EYE PERSPECTIVE: LOOKING INTO INDIA'S MACROECONOMIC STANDING IN THE G20 COHORT

India has a heterogenous economy where wage inequality exists between groups and within groups. For instance, the wage differential is higher in rural areas as compared to urban areas and wage inequality among regular workers is considerably higher than that among casual workers. This is an example of inequality between groups. Now when one observes the gender wage gap, it is an inequality that exists within groups. Surprisingly, gender wage inequality among regular workers is higher than among casual workers.

A phenomenon termed a "sticky floor" occurs within Regular Salaried Workers where there is a higher wage gap at the lower end of the wage distribution. In India, while individual characteristics such as education, skills or experience may be attributed to the gender wage gap, the overwhelming part of the wage gap is discriminatory on the basis of one's gender and sex. Not only that, studies have shown that the intersection with their social and religious identity further marginalizes women in the workforce. Scheduled Caste women are likely to be concentrated at the lower end of the wage distribution. There are certain reasons for the phenomenon. Firstly, there is statistical discrimination practiced by employers because they find male employees more reliable and stable. There is an inherent assumption that female employees would temporarily or permanently leave work because they have to fulfil their 'responsibility' of getting married and raising children. The ones who have received more education and belong to the urban elite class are usually in a position where they are aware of their rights under Article 39 or the Equal Remuneration Act, 1976 and are able to assert them. The same awareness is not present among those earning wages on a lower scale. Another explanation for the wage gap is that men and women rarely occupy the same positions and occupations in society. There is almost a stereotypical segregation of jobs that are considered "male" jobs and "female" jobs. This reflects in the educational choices too.

Ashwini Deshpande mentions that increasing female labor force participation and increasing women's share in regular wage jobs is necessary to reduce the wage gap. Moreover, women must earn wages that are commensurate with their qualifications. Though India has legislation in place, including the 2017 amendment to the Maternity Benefits Act, it would still take approximately 70 years to close the gap completely. If one analyzes the policies in France, there is a Cope-Zimmermann law that established quotas for the gender balance of company

boards. With the representation of women in managerial and board positions, there can be a decline in the wage rate. France has also aimed at raising awareness and providing training on gender issues for all employees. There cannot be a direct application of policies to India as a vast section of the economy is informal and does not come under the ambit of Regular Salaried Workers. Evidence shows that Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005 benefited rural women workers and helped reduce the gender pay gap, both directly and indirectly. Directly, by raising the pay levels of women workers who participated in the programme, and indirectly, benefits accrued to women involved in agricultural occupations through higher earnings, as MGNREGA contributed to the rapid rise in overall rural and agricultural wages in the country but with the recent budget cuts for the same, there is a need to make distinctions and implement strong policies to reduce the gender wage gaps.

When it comes to statistical indicators, India is the worst performer in the G20 cohort when it comes to both Labour force participation rates, wage gap percentage as well as care-work distribution. India's FLFPR is 19.23% (GGR\*) as of 2022, and the average FLFPR for G20 countries is 49.78%. Additionally, in India, women perform 90.5 per cent of the care and domestic work, which implies that while men spend 31 minutes, women spend 297 minutes on unpaid care work daily (ILO 2018). Whereas the average for G20 countries, when it comes to women's contribution to unpaid care work, is 70.77%.

When it comes to Care Work distribution, countries in Europe (except Italy), the United Kingdom, the United States and Canada are the most favorable performers, averaging around 61% of unpaid care work being performed by women. These countries perform better in this criterion, because their governments are capable of, and choose to invest in social care. Whereas in developing countries, like India, the burden falls heavily on women. This implies that the time that they could be utilising for formal wage-earning labor, they spend on caring for their families, for which they accrue no compensation.

Women are seen as primary caregivers in India. Even when this work is outsourced, and domestic help is hired, women are still responsible for ensuring the quality of care. Additionally, even when households hire domestic labour, women of the household find themselves contributing to another form of unpaid care work, rather than joining the workforce. A study by the International Labour Organisation on India's metropolitan cities of Bengaluru and Chennai found that 40% of households hire domestic work to free up time for care for elders and children and 30% of households hire for alleviating the burden of housework. It was found that in only 8.5% of households in Chennai, and 13.5% of households in Bengaluru, domestic help is hired to free up time for paid employment.

Contrastingly, countries like Germany, have daycare and childcare is seen as a right. This care is a service provided by the State and a majority of parents opt for this service. On the other hand, countries like Canada, France and the USA have a plethora of privately run daycare facilities that parents are willing to and able to pay for. This presence of organizations providing decent child-care services allows parents, but more importantly, mothers, to engage in formal labor.

Furthermore, countries like France and Germany have stipulated paternity leave, alongside maternity leave and both parents are strongly advised to opt for it. However, in the case of India, though there is provision for both, Maternity leave is emphasized more. As per the Indian Maternity Benefit Act 1961 states that, the mother can take 6 months, or 26 weeks, off. With every subsequent child, the mother can avail 3 months, or 12 weeks, off for her maternity leave, which is a paid leave wherein her employer needs to pay her in full. And, fathers, in the public sector, are permitted to take up to 15 days of paid paternity leave. There is a need to evaluate the importance of paternity leave and the need to write it into law. If this is done, the idea that child care is the responsibility of both the mother and the father will become more pronounced.

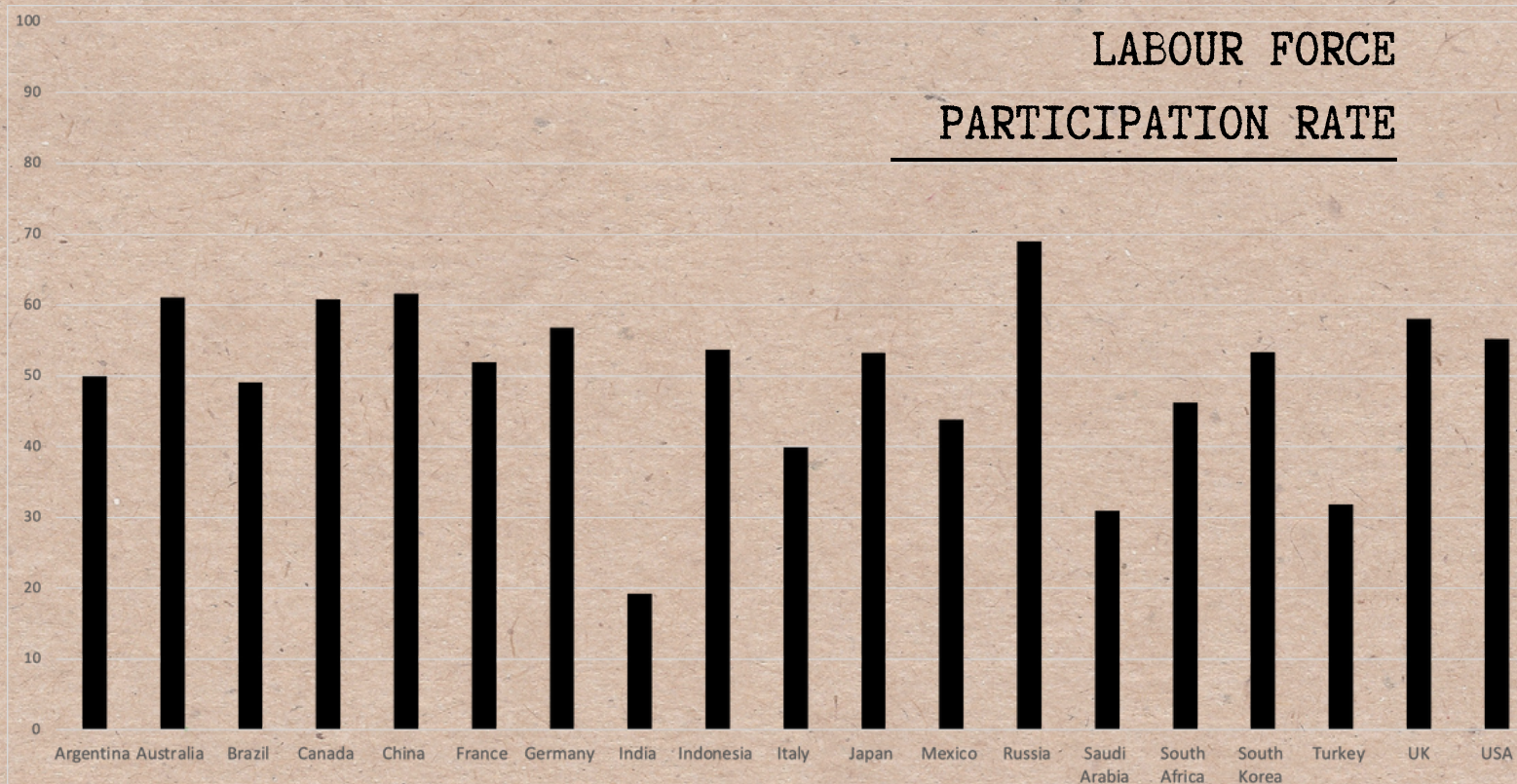
# LABOUR FORCE PARTICIPATION

Labour Force Participation Rate (LFPR) is a measure of how many people are active in the work force of an economy. The LFPR rates is calculated as the labour force divided by the total working-age population. Here, we are accounting for the Female Labour Force Participation Rate (FLFPR) across the G20 countries which serves as an important indicator (and outcome) of economic growth and development.

## SOME IMPORTANT TAKE AWAYS

- In the G20 cohort, Russia has the highest FLFPR at 69% and India has the lowest FLFPR at 19.23%.
- The Average FLFPR for the G20 countries is 49%.
- Lower Outliers in the group are India, Italy, Mexico, Saudi Arabia.
- Upper Outlier in the group are Australia, Canada, China, Russia and the UK.

## LABOUR FORCE PARTICIPATION RATE



source: World Economic Forum. 2022. "Global Gender Gap Report". World Economic Forum

\*The data for Russia is from the Gender Gap Report 2021.

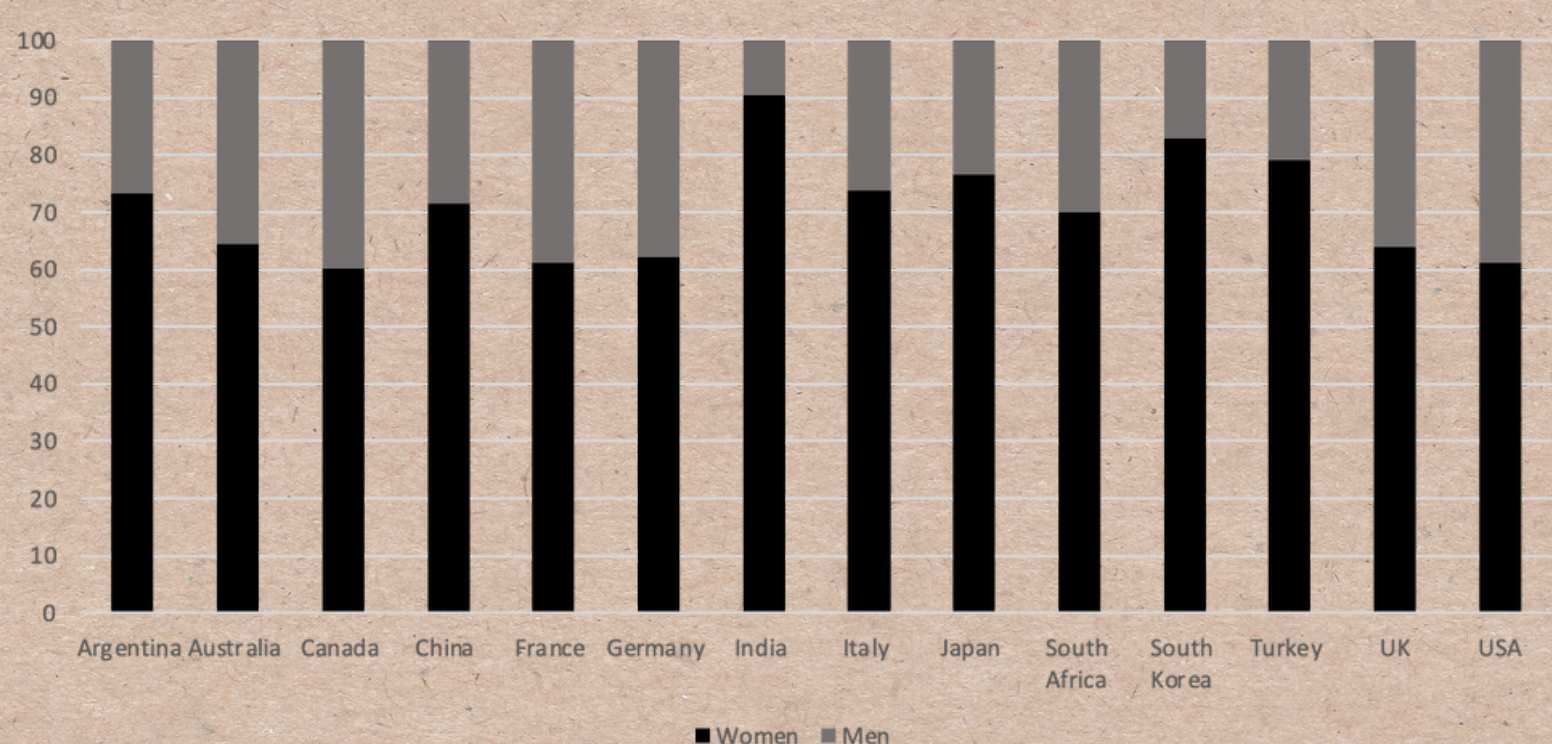
# CARE WORK DISTRIBUTION

An important, yet under documented part of economics is the idea of the Care economy. The care economy consists of the paid and unpaid labour and services that support caregiving in all its forms. The burdens of this labour fall predominantly on women. So, to understand how skewed the workload of women in the G20 economies is, the data below shows the gender-based distribution of care-work in households.

## SOME IMPORTANT TAKE AWAYS

- When it comes to Care work distribution, India is the worst performer, with 90.5% of the workload falling on women. Canada is the best performer, with 60.2% workload falling on women.
- The Average Woman from the G20 countries accounts for 70% of the Care work contribution in households.
- The Lower Outliers in the group are India, Japan, South Korea, and Turkey
- The upper outliers in the group are Canada, France, The US and the UK.

## CARE WORK DISTRIBUTION



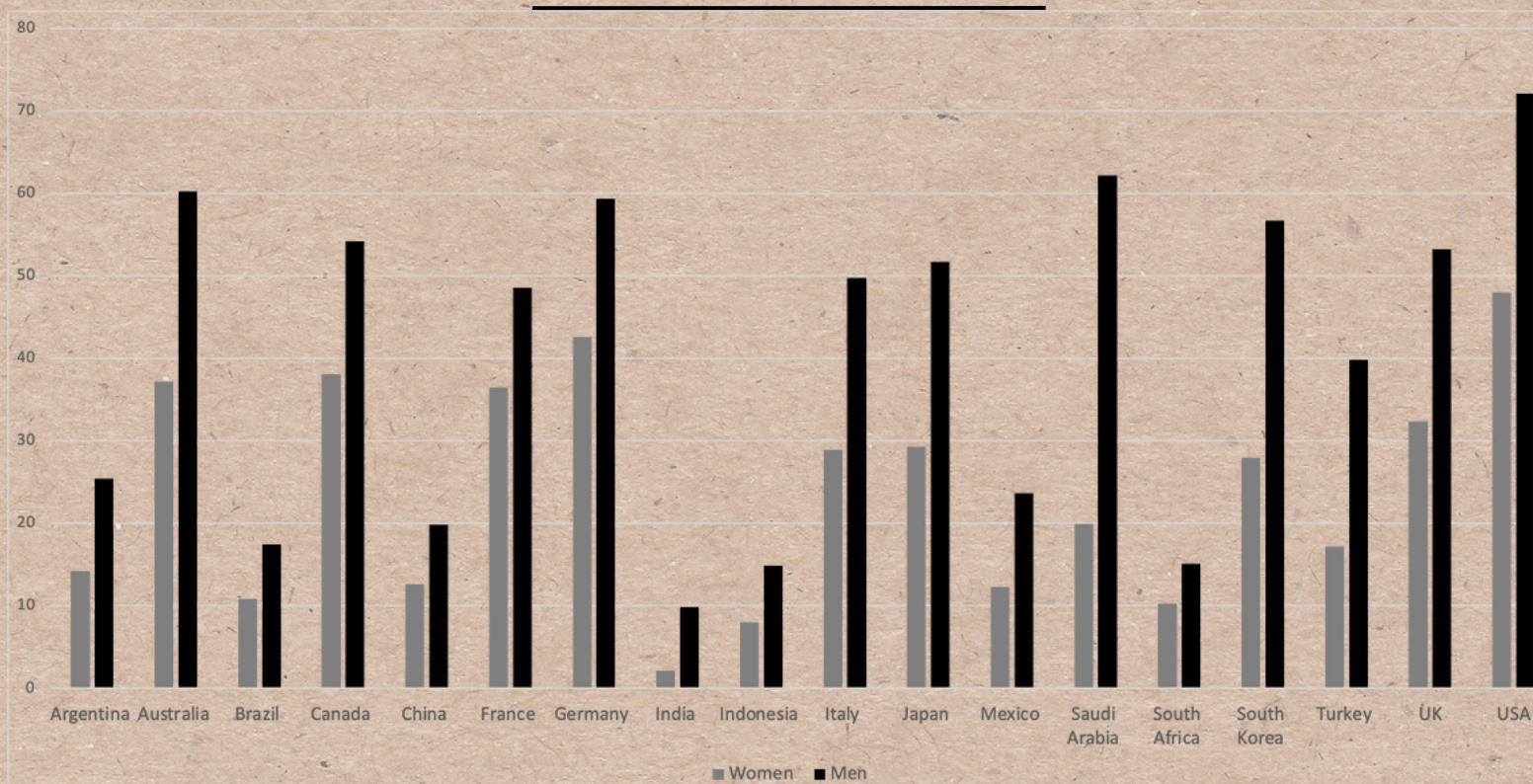
# WAGE GAP

Wage gap or the gender wage gap refers to the difference between the remuneration or wages received by men and women. The gender pay gap in India is among the widest in the world, and is the highest among all the G20 countries. On a closer analysis of the qualitative and quantitative aspects surrounding wage gap reveals the need for strong policy interventions.

## SOME IMPORTANT TAKEAWAYS

- When it comes to Wage Gap, India has the highest wage gap percentage and France has the lowest.
- India, Saudi Arabia, South Korea and Turkey are the upper outliers and Canada, France, Germany and South Africa are the lower outliers of wage gap.
- India has a heterogenous economy where wage inequality exists between groups and within groups. For instance, the wage differential is higher in rural as compared to urban areas.
- Surprisingly, gender wage inequality among regular workers is higher than among casual workers.

## AVERAGE WAGES



source: World Economic Forum. 2022. "[Global Gender Gap Report](#)". World Economic Forum

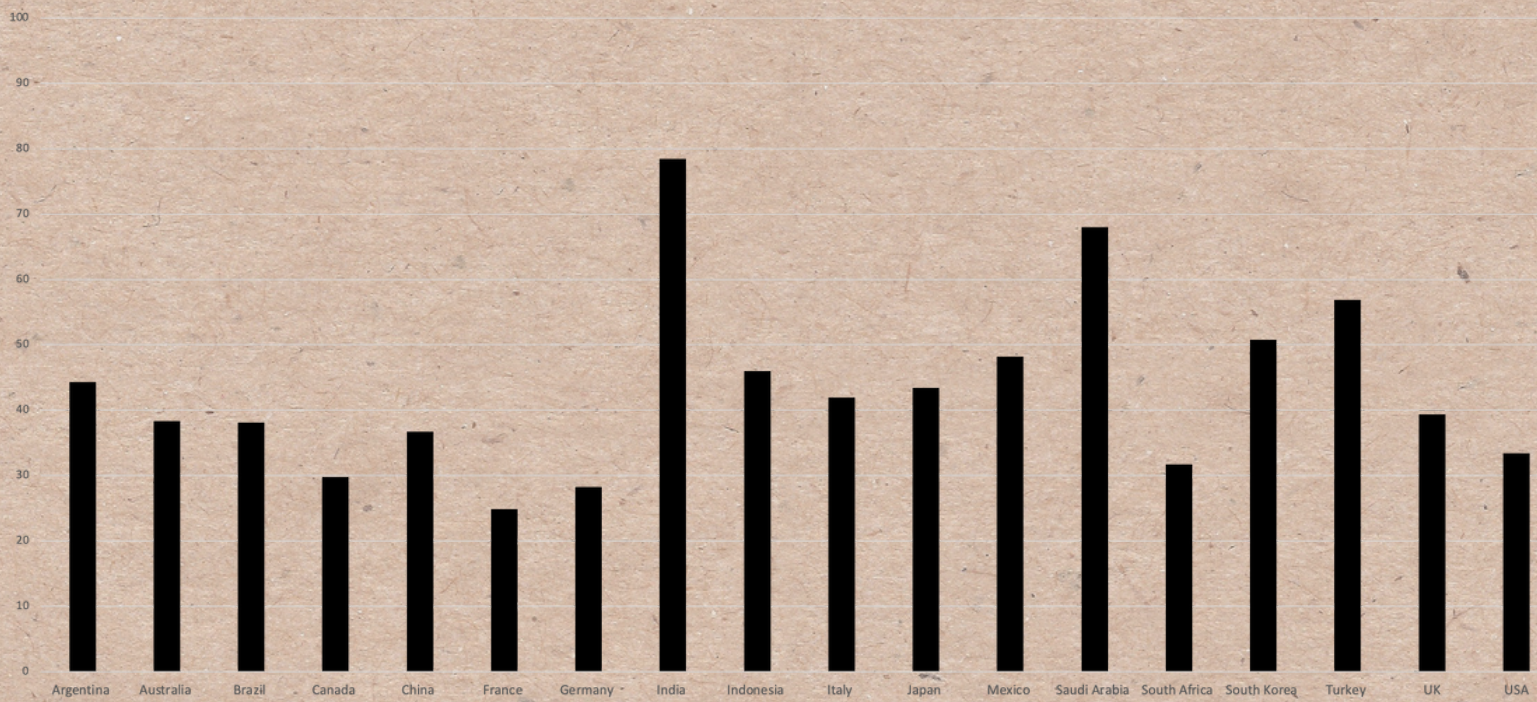
\*The data for Russia is from the Gender Gap Report 2021.



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## PERCENTAGE DIFFERENCE IN WAGES ACCORDING TO GENDER

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# UMEED

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IN CONVERSATION WITH MS. SMRITI LAMECH, FOUNDER,  
THE SMRITSONIAN.

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In developing countries a large section of the women are vulnerable and marginalized due to lack of education, access to resources and employment opportunity. In India, the self-help group (SHG) movement is one of the most effective incubators of female resilience and entrepreneurship in rural regions. It is a great tool for changing the gender social construct in communities. SHGs are a unique model for India, and they also face a distinctive set of problems, including a lack of a formal manufacturing chain, linguistic and technological obstacles, and others.



**" The problem with Self Help Groups is that they own the means of production but they don't really know how to market their product. There is no professionalism in the way they function. It is their choice - they choose to be self employed rather than employed by somebody else... they take extensive periods of time off. While they surely do not have a lot of support at home, the result of this is that they are not being able to pay back their loans. " - Ms. Smriti Lamech**

To have a meaningful conversation in this regard, the team Swabhimaan is in conversation with Ms. Smriti Lamech who's a a journalist, a writer and an entrepreneur. She is also the founder of The Smritsonian which was launched during the pandemic to provide employment/marketing assistance to local women's sewing self-help groups and charitable trusts that were impacted by the Covid19-mandated lockdown.



“ There are a lot of government and NGO schemes where they take initiatives like distributing sewing machines. Now the problem is that they do not know how to sew. They are only given very basic sewing skills like how to thread a needle or to run a straight line of stitching but what are they going to do with it? These are such basic skills that they are not monetizable... It takes years of work and practice to produce expert quality products... And what will women living in a village of 25 families do with these 10 sewing machines? Who is going to give them business? It is a very checklist initiative. ”



**Understanding Female Led SHGs: Conversatio...** ...

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**Understanding Female Led SHGs: Conversation with Smrit...**

In developing countries, a large section of women is vulnerable and marginalized due to a lack of education, access to resources and employment opportunities ...

Apr 12, 2023

22:28

*Listen to the complete podcast here:*

# COMMENTARY

## SELF-HELP GROUPS IN INDIA: THE HIDDEN BACKBONE OF OUR ECONOMY

Economic policies are constructed to cater to two polar perspectives that complement each other to understand the bigger jigsaw puzzle. One is the top-down approach that is commonly associated with the term "macro" or macroeconomics. Macroeconomics is an area of the subject that looks at the largest variables affecting the economy as a whole and is more country-specific. To understand the stance of India from this perspective on gender and employment, we look at factors like care-work distribution, wage gap, labour force participation, and more as mentioned in the commentary above.

However, this does not allow us to judge the situation accurately since half of the perspective is missing. Herein, comes the bottom-up approach which focuses its analysis on specific characteristics and micro attributes of individual aspects of the economy. In order to do so, the study delves into looking at individualistic facets to understand the economy at the grassroots. A significant constituent of studying gender and employment invites the discussion of self-help groups in India.

In context to the recent meeting of "G20 EMPOWER", Agra became the city where the scale of India's women-led "Self Help Group" story and that of the Mahila Sarpanchs and elected women representatives providing leadership at the Panchayat level held centre stage. The edition feels that it is imperative to include this key aspect of gender and employment when discussing the stance of our nation in reference to G20.

A self-help group (commonly abbreviated as SHG) is a financial intermediary committee usually composed of 12 to 25 local women between the ages of 18 and 50. A SHG is usually a group of people who labour on daily wages and form a loose grouping or union. The majority of self-help groups are in India, but they can be found in other nations, particularly in South and Southeast Asia.

Members of these groups also tend to make small regular savings contributions over the span of a few months until there is a substantial amount to begin lending out to the community. Funds then accordingly are lent back to the member. Additionally, in India, many of these SHGs are linked with banks for the delivery of micro-credit.

The Reserve Bank of India regulations mandates that banks offer financial services, including collateral-free loans to these groups, at very low-interest rates. This allows poor women to circumvent the challenges of exclusion from institutional financial services. The system is closely related to that of solidarity lending, widely used by microfinance institutions.

In addition to serving as credit and savings organizations, SHGs give underprivileged women a forum for fostering camaraderie. They enable women to come together and act on problems related to their own lives including health, nutrition, governance and gender justice.

The network of rural SHGs in India has expanded over the years, empowering women to be entrepreneurial, take risks, achieve financial independence, and seek greater participation in decisions made in their homes and villages. In these groups, women from similar socioeconomic backgrounds pool their savings and manage their credit interests with the principles of solidarity and mutual interest. Over 68 million women in India are employed by SHGs, and like most businesses and industries, they are utilising the Covid-19 challenge as a chance.

According to Alka Upadhyay, additional secretary, the Union Ministry of Rural Development, "The government, through the National Rural Livelihood Mission [NRLM], has given them a capitalization support of 10,200 crores, and these SHGs have also earned bank credit of over 2.9 lakh crore." (MoRD). She makes the point that women-led SHGs have low non-performing asset (NPA) rates to highlight how important a role they can play in India's economic recovery. The National Bank for Agriculture and Rural Development (Nabard) estimates that as of March 2020, the total NPA rate for women-led SHGs was approximately 4.9 per cent, which is less than half the rate for NPAs in banks.

It is sensible to encourage SHG women towards higher-order economic activity by making more of the community funds and credit linkages accessible because they have been demonstrating to banks that they are serious customers that can be affiliated to the said banks. Based on how this network performed during Covid-19. Another significant step in this regard, according to Upadhyay, is digitizing the SHG channels.

She is referring to the way women-led SHGs provided the government with the supplies it needed to combat the pandemic. The MoRD reports that since March, women have produced roughly 17 crore masks, 53 lakh pieces of safety gear, and 51 lakh litres of sanitiser (MoRD). These SHGs are now assisting governments in addressing issues faced by migrant workers in their various states by leveraging their skill sets and using technology to connect with each other and deliver in record time during the lockdown.

## CRACKS IN THE FLOOR

Although there has been progress, policies and interventions for SHGs need to better reflect local community needs, according to experts. Additionally, the implementation must be monitored to ensure that it affects the bottom 10% of people, who are among society's most vulnerable groups.

As an illustration, consider one of the statements made by Finance Minister Nirmala Sitharaman in May as part of the economic stimulus package, which increased the amount of collateral-free loans available to women's SHGs from 10 lakhs to 20 lakhs. On paper, the directive covers women's SHGs, but in practice, the average loan these women accept is only about Rs. 1.80 lakh.

"It doesn't actually impact them very much since SHG loans are relatively small. What is likely to happen is that even slightly larger requests from this cohort will not be prioritised [by banks, because it is not part of the directive and nobody is counting the targets on that. So it's an invisible space that these women fall into as a result," says Gayatri Acharya, lead economist at the World Bank, which is co-financing the NRLM.

According to experts, expanding government purchases from SHGs will aid in their expansion. As an illustration, consider how the State Rural Livelihood Mission (SRLM), also known as Kudumbashree, in Kerala collaborated with other government agencies to promote awarding high-value public sector contracts to businesses run by SHG members.

One instance is how the social welfare department in Kerala purchases a dietary supplement called Nutrimix for its Anganwadis, according to the South Asia Agriculture and Rural Growth Discussion Note Series, March 2020, released by the World Bank. (community health centres). Children aged six to 36 months receive it as a take-home meal through the Integrated Child Development Services (ICDS) programme. Currently, 33,000 Anganwadis throughout Kerala is supplied with Nutrimix by 242 Kudumbashree-units, which are owned and run by more than 2,000 women and have a combined yearly turnover of over 100 crores, according to the document.

## GLASS IS HALF-FULL

Necessity is the mother of invention, and even if women lack digital literacy, they will either learn or delegate the task to their offspring, who are more tech-savvy. Their digital literacy will advance over time, much like their money literacy has done with practice.

Small but meaningful measures are being taken by women. For many years, Sangita Devi in Bihar, for instance, was accustomed to traditional paper processes and manual labour. She is now more receptive to online transactions and virtual meetings and training classes. She concentrated particularly on maternal and child health during the pandemic because she thinks that financial security and good health are related.

"The lockdown forced all of us to stay home, so I used to guide people over the phone and through WhatsApp and other communication apps. I learnt how to conduct virtual meetings via Zoom and Google, and in turn, reached over 500 other SHG members," she says.

For women SHGs, the use of technology in agriculture has the potential to alter the game. Steps in the right direction include the rise in the number of women-led agri-tech startups worldwide and in India, as well as changes in social norms that previously prevented women farmers from being formally recognised as farmers or entrepreneurs.

To avoid being exclusive, she adds, such technologies "would need to understand and address the specific requirements for women, and rural women in particular."

She claims that innovations emanating from poorer states like Bihar and Jharkhand give SHGs in other states the chance to imitate them. To resolve problems with banking software, in particular, she says, "it requires investments from the Center and the banks in particular, a sound policy at the state level, champions who will push it through, and. "Investment in that kind of rural digital backbone is required, and it must originate from the relevant sectors and stakeholders."

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