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# WORKING PAPER

## ECGC Policy Adoption in Women- Oriented MSMEs: Problems and Prospects

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WPS No. EC-24-69

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## ECGC Policy Adoption in Women-Oriented MSMEs: Problems and Prospects\*

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### **Abstract**

*The main aim of this study is to analyze and understand the problems and prospects of women-oriented MSMEs in their adoption of export credit insurance policies with a view to suggest strategies and policies to ECGC to increase the adoption of these credit insurance covers among these women-oriented MSMEs. The methodology of the present study consists mainly of a primary survey of women-oriented MSMEs comprising of both ECGC policyholders and non-policyholders. A comparison of the views of the policyholders and the non-policyholders on the issues and challenges faced by them provides important clues about how to encourage and enable women-oriented MSMEs to avail ECGC export credit insurance policies. Additionally, this study also includes a comparison of the socio-economic challenges faced by female versus male entrepreneurs and workers, based solely on secondary sources of information obtained from published literature. This comparison too has yielded useful policy lessons for ECGC.*

*From the replies of the respondents in the primary survey and the secondary data analysis, it is evident that the high aspiration level of women-oriented MSMEs for being successful exporters is not fructifying because of the numerous handicaps afflicting these MSMEs. Most of these handicaps could be effectively overcome by enhancing adoption of export credit insurance policies among women-oriented enterprises. Moreover, several other appropriate policies for affirmative action (i.e., positive discrimination) must be introduced to bring them at par with the male*

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*dominated MSMEs and turn them into successful exporters.*

*These policies include the following: encouraging women-oriented MSMEs to adopt the practice of formal risk management by availing ECGC policies as it is the most efficient and reliable method of overcoming the complications in export business; increasing the focus of export credit insurance policy support onto women-oriented sectors; facilitating both monetary and non-monetary assistance to women-oriented MSMEs; offering better pricing, discounts, flexible premium rates and policy terms to them; taking proactive steps to increase the awareness about ECGC's fully functioning digital platform; raising ECGC's outreach to women-oriented MSMEs through personal visits, conferences and seminars, and stalls at fairs and exhibitions; implementing a Customer Relationship Management (CRM) strategy with an emphasis on women-oriented exporting units across the country. Some other generic policy suggestions also follow from the findings of this study: creating a separate category within export activities for women-oriented units in the women-oriented sectors of the Indian economy to give them a safe start in the competitive international market; designing policies to specifically address the challenges faced by them in product development, business promotion and marketing; providing policy incentives to banks and raising credit limits to help more women-oriented MSMEs; introducing some training and capacity development programs for them; removing all discrimination against female employees on account of safety, security, health, hygiene, and other working conditions. Many of these policy initiatives can be easily undertaken by ECGC through their Corporate Social Responsibility (CSR) mechanism.*

**JEL Codes:** F13, F14, F36, G28, G32, H81

**Keywords:** Export Credit Insurance Trade, Exports, Commercial Banks, Indian Economy



## Section 1: Introduction

### 1.1 Introduction

Over the past 50 years, the Micro, Small, and Medium Enterprises (MSME) sector of India has developed into a strong and competitive sector of the Indian economy by producing a diversified range of products and services saleable in both domestic and international markets. MSMEs fuel growth in big businesses too by producing critical inputs for the latter. MSME sector also offers massive employment opportunities at a low cost of capital, second only to agriculture. Most important, a sizable part of this sector comprises of women-oriented MSMEs. The latter are growing rapidly but have the potential to grow faster. It follows that enhancing the contribution of women-oriented enterprises in the MSME sector will significantly advance the national objective of inclusive industrial development in India.

As per the data available with the Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation, the contribution of the MSME sector in India's Gross Value Added (GVA) and Gross Domestic Product (GDP) at current prices from 2014-15 to 2018-19 is as below<sup>3</sup>:

**Table 1.1 Gross Value Added (GVA) of MSME in India (in Rupee's crore)**

Year	MSME GVA (India)	MSME Growth (India) (%)	All India Total GVA	Share of MSME in All India GVA (%)	All India GDP	Share of MSME in All India GDP (%)
2014-15	36,58,196	-	1,15,04,279	31.80	1,24,67,959	29.34
2015-16	40,59,660	10.97	1,25,74,499	32.28	1,37,71,874	29.48
2016-17	45,02,129	10.90	1,39,65,200	32.24	1,53,91,669	29.25
2017-18	50,86,493	12.98	1,55,05,665	32.79	1,70,90,042	29.75
2018-19	57,41,765	12.88	1,71,75,128 <sup>4</sup>	33.50	1,88,99,668	30.27
2019-20	56,06,240	-2.36	1,83,81,117	30.50	2,01,03,593	30.50
2020-21	55,47,577	-1.04	1,81,88,780	30.50	1,98,29,927	30.00
2021-22	57,52,052	-3.68	2,14,38,883	26.83 <sup>5</sup>	2,34,71,012 <sup>6</sup>	26.83 <sup>7</sup>

Source: created by the authors from sourced provided in the footnotes 3 - 7

<sup>3</sup> <https://msme.gov.in/sites/default/files/MSME-ANNUAL-REPORT-ENGLISH%202020-21.pdf>

<sup>4</sup> <https://rbi.org.in/Scripts/PublicationsView.aspx?id=21807>

<sup>5</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1884734>

<sup>6</sup> <https://rbi.org.in/Scripts/PublicationsView.aspx?id=21807>

<sup>7</sup> <https://www.statista.com/statistics/912576/india-msmes-contribution-share-to-gdp/#:~:text=Contribution%20of%20MSMEs%20to%20GDP%20in%20India%20FY%202012%2D2021&text=Micro%2C%20small%2C%20and%20medium%20enterprises,country's%20GDP%20in%20recent%20years.>



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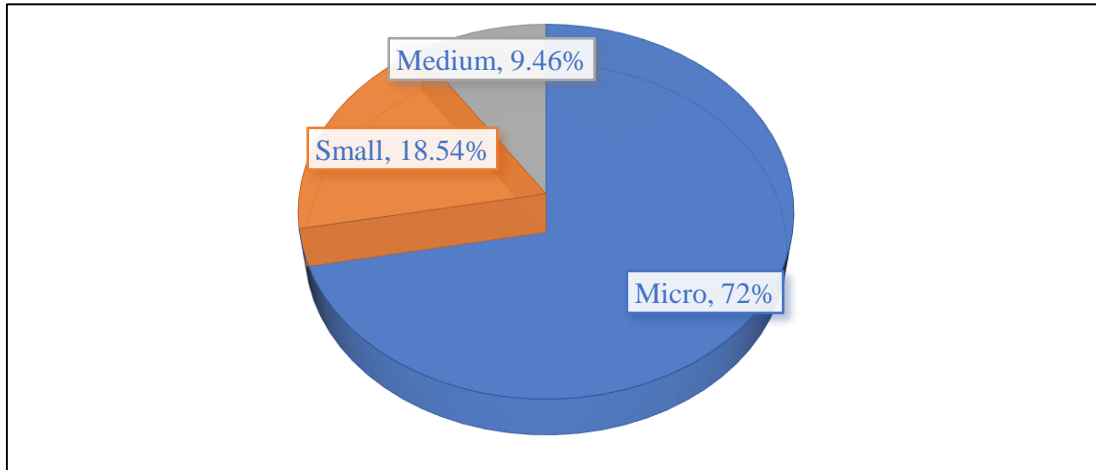
The growing importance of the MSME sector in the Indian economy is shown in the Table 1.1 by the increasing share of gross value added (GVA) of this sector in the All India GVA and GDP. The share of MSME GVA in the All India GVA increases from 31.80% in 2014-15 to 33.50% in 2018-19. Likewise, the share of MSME GVA in the All India GDP increases from 29.34% in 2014-15 to 30.27% in 2018-19. There are over 63 million MSMEs dispersed across the country. They account for approximately 24.63 percent of the GDP from the services sector and 6.11 percent of the country's manufacturing GDP. In other words, the MSMEs form a major component of the manufacturing sector in India. Increasing the manufacturing capacity of MSMEs is therefore essential to rapidly industrialize the Indian economy. Further, experts opine that revival of growth in the Indian economy is most likely going to be led by exports. MSMEs, which contribute about 40% to India's overall exports, can thus play a significant role in reviving India's economic growth as well as redressing its foreign trade imbalance.

Through business innovations, MSMEs have made major contributions to the success of entrepreneurial endeavors in India. However, data on the gender type of ownership of enterprises obtained from NSS 73rd Round Survey (2015-16) on Micro, Small and Medium Enterprises, reveals the dominance of male-owned enterprises (79.63%) over the female-owned ones (20.37%). If the urban and rural areas are taken separately, then in the former 18.42% are female owned enterprises while 81.58% are male owned; in the latter 22.24% are owned by females and the remaining 77.76% have male ownership. In short, numerical dominance of male-owned enterprises prevails in both urban and rural areas. Among the MSMEs owned by female entrepreneurs, most were micro (72%), followed by small (19%) and then by medium (9%) enterprises, as can be seen in the pie-chart below (Figure 1.1).



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Figure 1.1 Percentage distribution of enterprises owned by female entrepreneurs (Category wise)



Source: Ministry of MSME (India); MOSPI; FY 2021; based on figures from NSS round 73

Besides the distribution of MSMEs over ownership by gender and size categories, the distribution of employment over their three sizes also needs to be examined. The 630.52 lakhs micro enterprises provided employment to 1076.19 lakh persons which accounts for 96.96% of total employment in the MSME sector. The 3.31 lakhs small enterprises and 0.05 lakhs medium sized ones provided employment to 31.95 lakh (2.88%) and 1.75 lakh (0.16%) persons respectively.

Further, out of the total 1109.89 lakh employees in the MSME sector, 844.68 lakh (76%) are male employees and remaining 264.92 lakh (24%) are females. However, in the rural areas more female workers were employed as compared to male workers, whereas the opposite is true for the urban areas.

## 1.2 Context

In India, MSMEs are major employment providers. But growth in MSME employment is lagging behind the recent increase in labor force participation. The only way to reduce this employment gap is to enhance the growth in MSMEs. The employment gap specifically for women is even wider, because growth in women's labor force participation is much more than female employment generation. The female owned MSMEs employ only 23.3% of the female labor force (IBEF, 2022). However, there is potential for creating over 30 million women-



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oriented enterprises of which 40% can easily be women-owned. This can generate immense employment in India (around 150–170 million jobs) for men and women (IBEF, 2022)

Women entrepreneurs in India (mostly in micro and small firms) are also severely handicapped because of lack of access of capital as well as inadequacy of entrepreneurial skills possessed by them. Hence, in entrepreneurship women are underperforming for no fault of theirs. Moreover, women-oriented MSMEs are exporting far less than their potential. To achieve the target set for exports in the Indian Economy it is imperative that participation of women in exports improves. This will require a resolution of the various difficulties faced by women entrepreneurs in their endeavors to export more. One key barrier which women entrepreneurs must overcome to become successful exporters is to cover their foreign trade risks. Hence, our focus in this study is specifically on how women-oriented MSMEs can be encouraged and enabled to increase their adoption of export credit insurance policies of ECGC to cover their foreign trade risks to improve the competitiveness of their exports. The study also touches upon the other difficulties faced by women entrepreneurs in exporting in an attempt to develop a comprehensive set of policy recommendations.

Many nations throughout the world have official Export Credit Agencies (ECAs) to support and promote their export industries. The creation of these ECAs is based on the strongly held view that exports are one of the important drivers of a country's economic growth. Several nations have also developed formal Export Credit Insurance Schemes (ECIS) as a crucial policy tool to promote their export industries by mitigating the negative trade effects of international financial volatilities owing to market failures, political uncertainties and other risks associated with foreign trade. In the case of India, there is a government-owned export credit insurance provider, called ECGC Limited. It supports Indian exporters by providing a range of credit risk insurance policies and by covering risks of the banks in furnishing export credit to the exporters, thus enabling the latter to enhance their competitiveness. Not surprisingly, these credit risk insurance covers have become an important factor in stimulating the export performance of MSMEs in India.

But unfortunately, many women-oriented MSMEs in India do not seem to be readily adopting the existing export credit insurance covers offered by ECGC. The reasons for why women-





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oriented enterprises are showing a low adoption of export credit insurance schemes must be analyzed and understood. The main aim of the study therefore is to analyse and understand the problems and prospects faced by women entrepreneurs in availing export credit insurance schemes with a view to suggest strategies and policies to ECGC to increase the adoption of these insurance schemes among women-oriented MSMEs. These export credit insurance schemes, as will be discussed in detail later, need to be fine-tuned and constantly upgraded to facilitate adoption by women-oriented enterprises. With their foreign trade risks covered in this way, women entrepreneurs in India are bound to become successful exporters. Further, making women entrepreneurs also successful as exporters will reduce gender inequality in foreign trade, which in turn must be seen as the fulfillment of an important aspect of the national goal of promoting an inclusive growth strategy. In investigating the crucial linkage between the adoption of export credit insurance policies by women oriented MSMEs and their success in exporting, this study is the first of its kind.

The present study in its uniqueness attempts to develop an understanding of the reasons why there is low adoption of export credit insurance policies in women-oriented MSMEs, and what can be done to improve their policy adoption. The methodology of the present study consists mainly of a primary survey of women-oriented MSMEs comprising of both ECGC policyholders and non-policyholders. A comparison of the views of the policyholders and the non-policyholders on the issues and challenges faced by them provides important clues on how to encourage and enable all women-oriented MSMEs to avail ECGC export credit insurance policies. Additionally, this study includes a comparison between the socio-economic barriers faced by female *versus* male entrepreneurs and workers, based solely on secondary sources of information found in already published literature. This comparison too has yielded useful policy lessons for ECGC.

### 1.3 Highlights

The cornerstone of this study is a primary survey conducted with two separate sets of questionnaires for ECGC policyholders and non-policyholders among women-oriented MSMEs. Conducting this primary survey was a formidable task. Daunting challenges were



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faced in obtaining an authentic, properly organized, and updated database of women-oriented export units as no agency – public or private - in India is maintaining such a database. With great difficulty, a list of only 80 women-oriented enterprises could be prepared. Interviews with these 80 respondents – policyholders and non-policyholders - were conducted in various modes. Various modes of communicating with the respondents included meeting them face to face, telephonic interviews, and online survey of women-oriented enterprises in major Export Processing Zones which employ majority of women workers in textile, food, agro products, other manufacturing (manufacturers of fashion accessories, home and pet items, paper bags, polyester films, cotton tape and automobile parts) and others (Health products, Pharmaceuticals, Rubber, Handicraft, Jewellery, Chemical). Huge amount of information on opinions, issues, and challenges being faced by ECGC policyholders and non-policyholders was collected. Enormous information collected from varied sources through different modes of communication is liable to varying interpretations which can lead to a confusing set of conclusions. However, every attempt has been made to interpret the findings from the primary survey carefully to yield a set of mutually consistent and realistic policy recommendations. Indeed, the primary survey has enabled an extremely comprehensive comparative analysis of policyholders and non-policyholders among women-oriented MSMEs for this study. This comparison in turn has revealed directions in which ECGC policies can move in future to increase adoption of export credit insurance policies among women-oriented enterprises and make them successful exporters.

The rest of the working paper is organized as follows. Section 2 provides a list of the study's research objectives and explains the corresponding research methodologies used to analyze these research objectives. Finally, it presents a schematic representation of the primary survey analysis, which includes the sampling design, technique, and questionnaire design. Section 3 deals with a comparison between policyholders and non-policyholders among women-oriented MSMEs. This comparison is based mainly on the primary survey conducted for this study. Responses of the policyholders and non-policyholders in the primary survey are utilized to compare the effects of numerous determinants, such as market factors, cost factors, risk factors etc., of the performance of policyholders and non-policyholders among the women-oriented enterprises. Further, responses are also elicited on how beneficial ECGC is as a tool to cover



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the challenges faced by women-oriented MSMEs. These responses are then collated and summarized to derive suggestions for ECGC policies. Moreover, this section also includes a comparison between the socio-economic barriers faced by female *vis-à-vis* male entrepreneurs and workers, using exclusively secondary sources of information from previously published literature. From this comparison too valuable policy lessons follow. Finally, in section 4, we present the conclusions and policy recommendations based on the findings from the previous section. Section 4 ends by recommending a well-designed set of policies to encourage and enable women-oriented firms to adopt export credit insurance policies to cover their foreign trade risks and overcome other hurdles in their way to become successful exporters with the help of ECGC.



## Section 2: Research Design

### 2.1 Research Objectives

As per the focus of this research project mentioned in the sub-section 1.2, the following objectives were identified for this study:

- To ascertain the percentage of women-oriented enterprises that have opted for ECGC export credit insurance policies among all women-oriented MSME units in the various sectors.
- To identify the export challenges of women-oriented MSMEs, and also other socio-economic barriers faced by them in the various sectors based on a primary survey.
- To compare the views of the ECGC export credit insurance policyholders and non-policyholders among the primary survey respondents on the issues and challenges women-oriented MSMEs face in exporting.
- To examine the views of the policyholders on the perceived improvement in export performance of women-oriented MSMEs by availing ECGC export credit insurance.
- To understand the underlying reasons for why some women-oriented enterprises in the various sectors do not opt for ECGC export credit insurance coverage and what factors/policies would influence them to opt for the same.
- To include a comparison between the socio-economic barriers faced by female *versus* male entrepreneurs and workers, based solely on secondary sources of information obtained from published literature on the subject.

It may be noted that while women entrepreneurs and workers in India are now involved in various (almost all) sectors of MSMEs, published literature shows that the maximum presence of women is still to be found only in sectors that are less technical and require low-skilled



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repetitive manual work such as the textile and the food sector. Indeed, according to Raj (2011), the concentration of women entrepreneurs and workers is highest in the textiles and garment sectors (28%), followed by trading and services (16%), and food products (14%). She also argues that these sectors have been prime traditional choices for women workers and entrepreneurs and continue to be so.

### 2.2 Research Methodology

In order to meet the aforementioned objectives, a primary survey of 80 women-oriented MSMEs has been undertaken. Before we detail the objectivewise research methodology, it is important to clearly define as to what we mean by *women-oriented* firms. Firms having a woman owner/entrepreneur and/or where more than 40% of the workforce are women, have been categorized as women-oriented MSMEs. To cover all the objectives of our study, we had to first prepare an overall research framework. To do that we did the following:

- After obtaining a list of exporting MSMEs from the ECGC, we first identified the genuinely women-oriented ones by direct enquiry through phone calls.
- Further, we classified these women-oriented enterprises into two categories: policyholders and non-policyholders. It was based on the second phase of our primary data survey, which included a comprehensive and rigorous screening procedure.
- Subsequently, face to face and telephonic interviews and online survey were carried out in major Export Processing Zones which employ majority of women workers in textiles, food, agro products, manufacturing other than textiles (manufacture of fashion accessories, home and pet items, paper bags, polyester films, cotton tape and automobile parts), health, pharmaceutical, rubber, handicraft, Jewellery, chemical etc. sectors to collect specific information, opinions, issues, and challenges being faced by ECGC policyholders and non-policyholders among the women-oriented enterprises.
- With persistent and arduous effort, the research team achieved responses from 50 policyholders and 30 non-policyholders in India from various sectors like



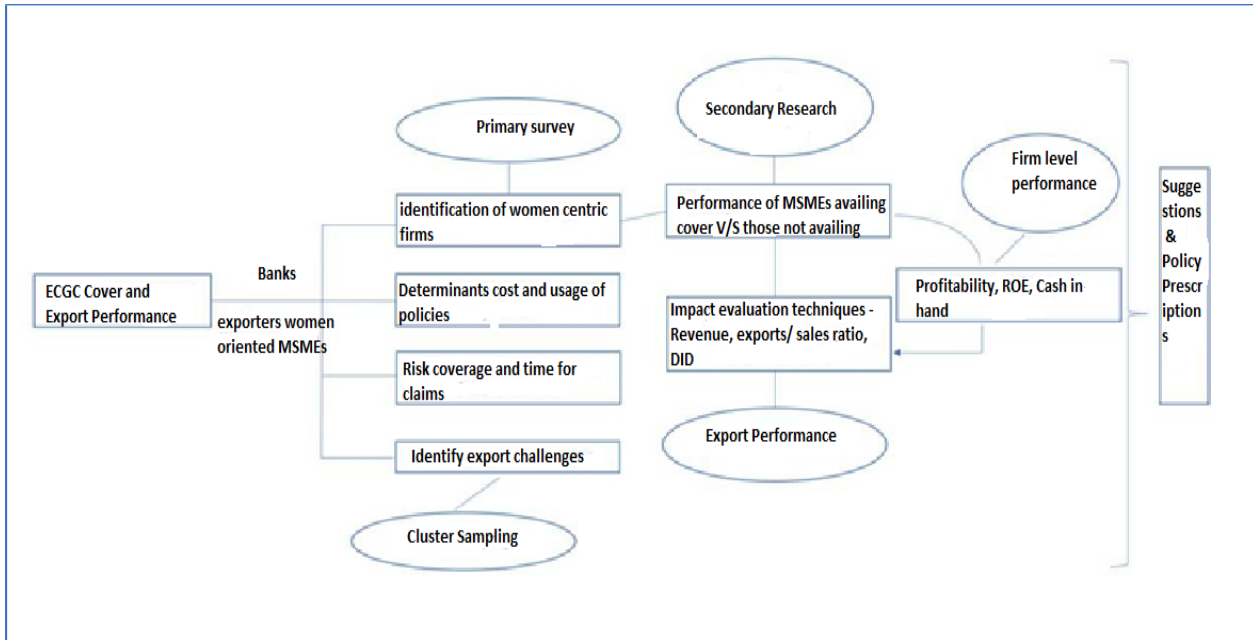
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textile, apparel, clothing, food, food processing, agriculture product, manufacturing's, medical healthcare products and handicrafts.

- To obtain meaningful responses, the questionnaire was prepared very systematically and meticulously with a focus on the following issues: (i) challenges faced by women-oriented exporting units, (ii) difficulties encountered in dealing with ECGC mechanisms, such as, applying for and obtaining ECGC covers, claims and settlements, etc. (iii) personal and socio-economic challenges and their impact on their ability to export.
- The next step was to conduct analyses of the responses from policyholders and non-policyholders to understand why some firms opted for the ECGC credit insurance covers while others did not opt for it and what would influence and motivate the latter to opt for ECGC coverage.
- The extensive data from the analyses was then compiled to offer policy recommendations to ECGC to enhance the export performance of women-oriented enterprises.

An outline of the discussed research methodology has been provided in Figure 2.1 below.

Figure 2.1: Outline of Research methodology



Source: Author's Creation

### 2.3 Identifying constraints for women-oriented MSMEs

As was noted in the review of the literature, in contrast to male-oriented enterprises, the firm and export performance of women-oriented MSMEs depends on a variety of additional factors. This is because formidable socio-economic challenges have to be faced by women-oriented enterprises. The variables for the challenges and issues faced by such women-oriented MSMEs have been from the open-ended questions put forth in our questionnaire.

A snapshot of the challenges faced by women-oriented units identified from the literature has been provided in table 2.1 below.



**Table 2.1 Type of Challenges**

Type of challenge	Major variables	Citation
Economic challenges	1. Limited access to credit	Mahbub(2000), UNIDO(1995b)
	2. Limited right over property	
	3. Financial dependence on male members	
Socio -personal challenges	1. Limited mobility due to family responsibilities	Datta and Gaily(2012)
	2. Gender stereotyping (main role as caregivers)	Tambunan (2009), Women Watch(2011)
	3. Time poverty limiting employment to informal jobs	
	4. Forced entrepreneurs hence only supplementing family incomes	Rao(2002)
	5. Lack of experience, proper business exposure, lack of confidence, conservativeness to risk	
Other challenges	1. Marketing issues	Rao(2002), Reddy(2012), Nayyar et al.(2007)
	2. Occupational segregation(less technical, low skilled jobs for women)	UNDESA DAW(2009), UNCTAD(2010)
	3.Limited access to education and training hence technological upgradation an issue causing defeminisation of labour force	UNDESA DAW(2009), WTO(2020), Tambunan(2009)
	4.Poor infrastructure	Fontana(2009a)
	5.Religious and cultural factors	Tambunan(2009)
	6.Intense competition due to sharing one market segment and thus low prices	Tovo(1991)
Trade related challenges	1.Discriminatory nature of tariffs e.g. high tariffs on garments (pink tariffs)	WTO(2020)
	2.Less unionization & lower bargaining power	ILO(2009, 2009a)
	3. Exploitation of women in export promotion zones as they are free from labour legislations	
	4.NTMs, lengthy port handling and customs	ILO(2009, 2009a), World Bank(2013)
	5. Standards & regulations affecting SMEs and women-owned businesses disproportionately	
	6.Technological upgradation due to trade liberalisation a challenge	Bhavani(2006), UNCTAD(2009), Kohpaiboon(2009)
	7.Pandemic exacerbating risks	WTO(2020), Devnath(2020), Dennis (2020),BoF and McKinsey & Company(2020), UNWTO(2020), Adams-Prassl et al(2020)
	8.Defaults on export payments	The study aims to capture this challenge

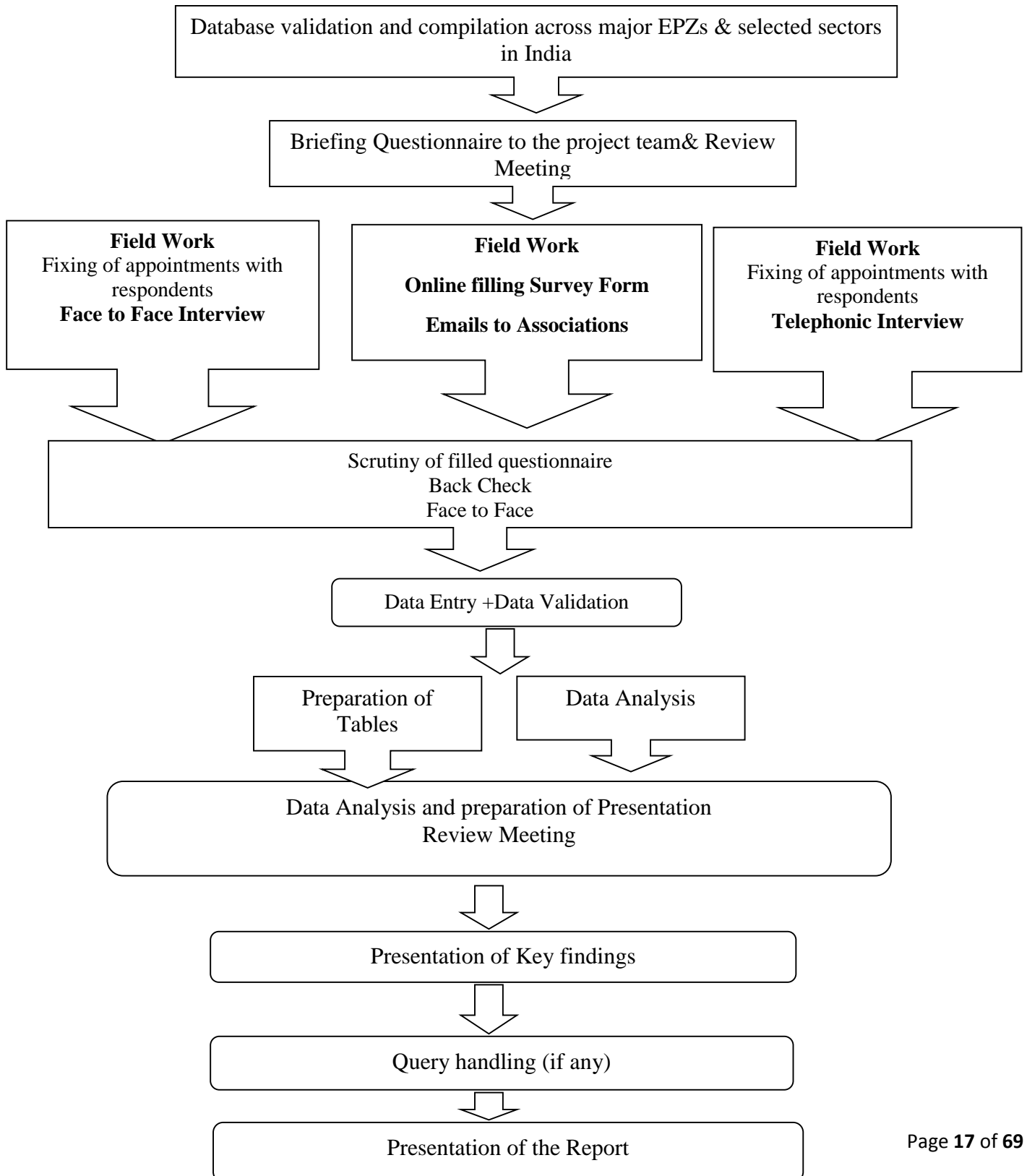
Source: Collected from various sources





## 2.4 Primary Survey

Figure 2.2 Schematic Representation





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The primary survey conducted for the women-oriented MSMEs started with a telephonic survey using the ECGC's database to identify the key women-oriented MSMEs that have taken ECGC coverage and those that have not adopted ECGC credit insurance for exporting. A detailed questionnaire was prepared for the primary survey, after consultation with ECGC officials. The method of choosing the units to be surveyed and the sampling design and technique has been detailed in the following sections.

### 2.4.1 Sampling design and technique

#### *Sample unit*

The *sampling unit* for the study is the woman oriented MSME firm, which has been defined as an MSME firm that is headed by a woman entrepreneur and/or majority ( $\geq 40\%$ ) of the employees being women. From a list of firms given by ECGC, first the women-oriented firms have been identified. The survey first carried out the primary research to identify the women-oriented firms in the various sectors. Care was taken to ensure that any firm which was simply running under a woman's name (in order to avail certain tax and other benefits), was not identified as a woman-oriented firm. This was important to avoid any sort of moral hazard problem.

#### *Sampling technique*

The primary survey adopted a *purposive sampling* technique in order to collect data from our sample unit. Purposive sampling, also known as judgmental sampling, is a form of non-probability sampling technique, in which researchers apply their own judgment while choosing the respondents for the survey. For the present study, we required only those MSME firms that are headed by a female entrepreneur and/or having at least 40% of the employees being women. Since the target respondents were specifically defined, purposive sampling had to be employed. Further, to capture and control any geography related cultural impacts on exports and other firm performance, we include an approximately equal representation of female MSME units from all parts of India- North, South, East, West and Central India. To meet the objective of the study to compare the views and perceptions of policyholder's *vis-à-vis* non-policyholders, data on women-oriented exporting units that have not taken up ECGC coverage was particularly



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required. Hence, both ECGC policyholders and non-policyholders were covered in the survey.

### 2.4.2 Questionnaire Design

A detailed questionnaire was formulated to obtain responses from such firms because achieving the study's objectives required the utilization of both quantitative and qualitative data. It was collected through a primary survey. The questionnaire primarily includes choice-based questions and a few open-ended questions. Wherever possible, the respondent has been asked to assign the importance of various factors using a rating scale (such as 1= least important, 5= extremely important). This makes it easier to capture small differences in perceptions of the respondents. The questionnaire has been divided into two parts-

1. Questions pertaining to ECGC policyholders
2. Questions pertaining to non-policyholders

The interview was conducted for a number of women-oriented firms (either managed by women or having more than 40% of women employees or both) that have availed the ECGC coverage and those that have not availed the coverage. The questionnaire has been discussed in detail in this section. The questionnaire is divided into 5 broad sections:

#### *A. General information about the organization*

In this section, respondents are asked questions regarding the basic information about the firms. The identification particulars focus on the exporting of products, gender, employment details and major destination countries. These questions validate the significance of the firm.

#### *B. Loan behavior, claims from ECGC and firm export performance*

This section deals with the kind of credit risk insurance management practice followed by the firms in general. This gives an idea of the requirement of the modifications in the existing policies as well as of the alternatives policies worth considering for ECGC. Further, the loan behavior provides the information about preferences across the various ECGC policies. This section also provides information on the usefulness of ECGC policies for exporting.



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### *C. Export challenges faced by the firm*

The main export challenges faced by the women-oriented firms have been asked for in this section. These challenges have been classified as internal and external. All possible types of challenges faced by women-oriented MSMEs have been covered in a carefully planned range of questions with an appropriate multiple-choice framework of responses. This section also lists various risks faced by these firms and the extent of their dependence on ECGC policies for dealing with the same.

### *D. Factors affecting the decision to purchase ECGC policies or not*

This section focuses on the factors compelling women-oriented firms to opt for ECGC policies and the reasons for discontinuing with their adoption in cases where that has happened. This provides a clear understanding of the requirements and purposes for which firms buy ECGC policies and what are further expectations from these policies.

### *E. Socio-economic challenges faced by women employers and managers*

This section delves into gender specific challenges while exporting as perceived by the women-oriented MSMEs. There is already an extant literature on the challenges faced by women entrepreneurs and workers. But in this section first-hand information has been elicited from the respondents who actually face these challenges.

## **2.5 Data interpretation**

Data interpretation for the study has been carried out using software such as Stata and Prowess. After garnering data, it was probingly analyzed to provide suggestions to ECGC regarding expanding its coverage to include all aspiring exporters among women-oriented MSMEs. Based on a detailed analysis of the information collected during research, recommendations have been offered for addressing the identified challenges to encourage and enable the women oriented MSMEs to improve their adoption of export credit insurance for boosting their exports. Further, suggestions to make export credit insurance policies of ECGC more attractive for the women-oriented MSMEs have been made.



## Section 3: Results and Discussion

### 3.1 Main tasks of this study

Economic growth across the countries of the world has unfortunately been accompanied by increasing gender inequality. It is now universally acknowledged that both women entrepreneurs and workers have been only marginal beneficiaries of the worldwide economic growth of the past few decades. Despite many advances across the world, women in comparison to men hold fewer jobs, are paid less, and remain subdued and suppressed entrepreneurs. This has not only accentuated gender inequality (which must be mitigated for *ethical* reasons) but also undermined their true potential to contribute to global economic growth. It is therefore in everyone's interest to reduce gender inequality. Policies to minimize the challenges faced by women entrepreneurs and workers have been put in place by policymakers all over the world. But these have had only limited success in reducing gender inequality. Much more needs to be done by way of implementation of the well-intentioned policies to alleviate gender inequality.

Increased globalization was expected to assuage gender inequality because foreign trade has the potential to expand opportunities for everyone, regardless of gender. Foreign trade can expand women's role in the economy and decrease disparities by giving women more and better entrepreneurial and employment opportunities. However, here too there has been disappointment. Indeed, increased foreign trade has led to an exacerbation of gender inequality. This in turn is primarily due to that fact that women-oriented enterprises are lagging in exports. There are of course multiple reasons for this. But one key reason for this in case of women-oriented enterprises in India is that their adoption of export credit insurance is much too low. Ways and means must therefore be found to enhance export credit insurance adoption in the women-oriented MSMEs in India. Once women become successful exporters, a significant step towards alleviating gender inequality will be taken.

This study provides a comparison between ECGC policyholders and non-policyholders among women-oriented MSMEs with a view to enhance their export credit insurance adoption. The primary survey that has been done for this study is the basis for this comparison. It examines



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how various factors affect the performance of both policyholders and non-policyholders in women-oriented MSMEs. Additionally, a comparison between the difficulties faced by female entrepreneur *vis-a-vis* male entrepreneurs based on secondary data sources has also been included in this section.

Based on primary data, this research aims to evaluate the effects of various factors on the performance of policyholders and non-policyholders among the women-oriented MSMEs. The effectiveness of ECGC credit insurance policies as a tool for resolving the challenges faced by women-oriented MSMEs and their expectations from such export-promoting policies is discussed in detail. Moreover, utilizing secondary sources of information obtained from published literature, this chapter examines the challenges faced by female versus male entrepreneurs.

After the present sub-section on the main tasks of this study, this section is further divided into three major sub-sections. Sub-section 3.2 discusses the role of ECGC evaluated through three selected indicators. First indicator considers the level of satisfaction ECGC policyholders obtained after opting ECGC policies. Second indicator talks about the overall improvement in firm's performance after availing claim/s from ECGC. Third indicator considers all the factors mentioned by policyholders and non-policyholders as reasons for not obtaining or discontinuing export credit insurance. A comparison of export credit insurance policyholders and non-policyholders is presented in sub-section 3.3. Sub-section 3.4 provides a comparison of challenges faced by female *vis-a-vis* male entrepreneurs and workers in the international market based on secondary sources of information. Finally, in sub-section 3.5, findings of the study are presented.

### **3.2 Role of ECGC evaluated through three selected indicators**

In this sub-section the role of ECGC is evaluated through three selected indicators.



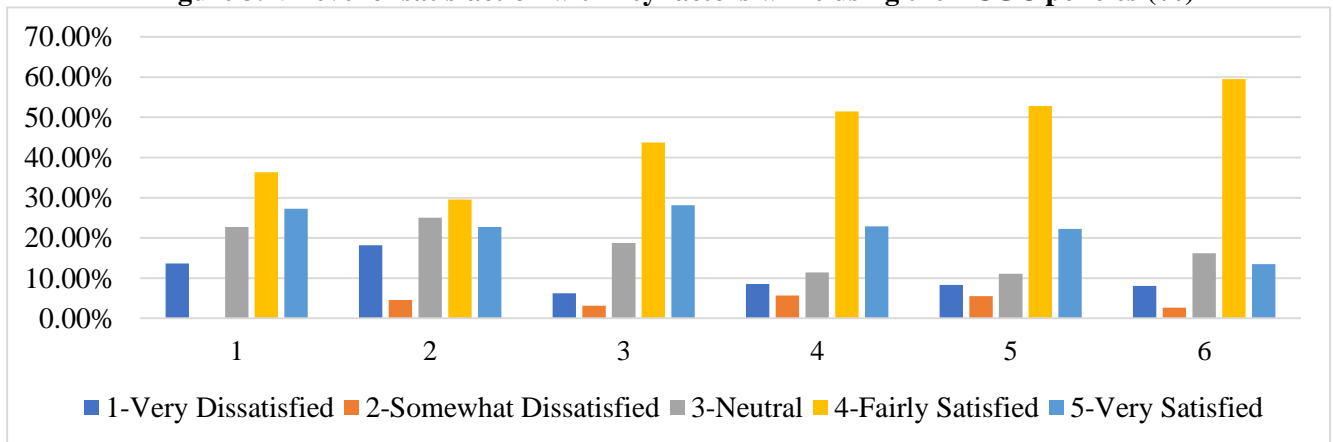
### 3.2.1 Level of satisfaction with key factors while using the ECGC policies

**Table 3.1: Level of satisfaction with key factors while using the ECGC policies**

S.No.	Level of satisfaction with key factors while using the ECGC policies	1-Very Dissatisfied	2-Somewhat Dissatisfied	3-Neutral	4-Fairly Satisfied	5-Very Satisfied
1	Timely availability of insurance covers	13.64%	0.00%	22.73%	36.36%	27.27%
2	Cost of Premium charged by ECGC	18.18%	4.55%	25.00%	29.55%	22.72%
3	Ease of obtaining claims from ECGC	6.25%	3.13%	18.75%	43.74%	28.13%
4	Accessibility of timely information about import sources / export destinations	8.57%	5.71%	11.43%	51.43%	22.86%
5	The extent of risks covered by an ECGC policy	8.33%	5.56%	11.11%	52.78%	22.22%
6	Coverage of risk according to nature of goods exported	8.11%	2.70%	16.22%	59.46%	13.51%

Source: Primary Survey

**Figure 3.1: Level of satisfaction with key factors while using the ECGC policies (%)**



Note: for variables 1-6 refer to variables in the second column of Table 3.1

For “The extent of risks covered by ECGC policies”, 75% respondents were either fairly satisfied or very satisfied. For other factors, percentages of either fairly satisfied or very satisfied are as follows: 74.29% for “Accessibility of timely information about import sources/export destinations”; 72.97% for “Coverage of risks according to nature of goods exported; 71.87% for “Ease of obtaining claims from ECGC; only 58.36% for “Timely availability for insurance covers”; 52.27% for “Cost of premium charged by ECGC”. It follows that there is substantial scope for increasing satisfaction among women exporters through timely availability of insurance covers and by reducing premium charges on them.



### 3.2.2 Overall improvement in firm’s performance after availing ECGC policies

**Table 3.2: Overall improvement in firm’s performance after availing ECGC policies**

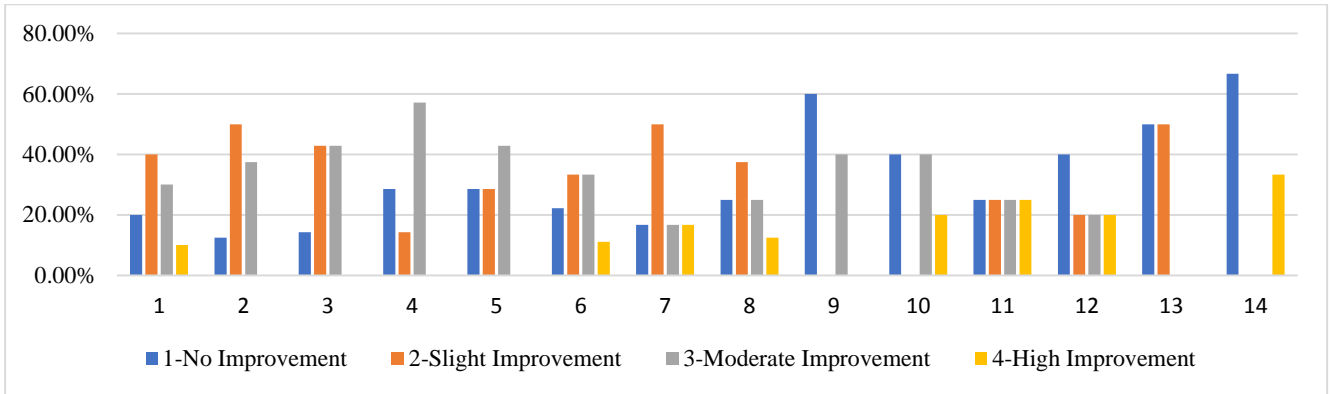
S.No.	Overall improvement in firm’s performance after availing ECGC policies	1-No Improvement	2-Slight Improvement	3-Moderate Improvement	4-High Improvement
1	Value of exports going to existing markets	20.00%	40.00%	30.00%	10.00%
2	Value of exports going to new markets	12.50%	50.00%	37.50%	0.00%
3	Improvement in product exposure in export market (Market Access)	14.29%	42.85%	42.86%	0.00%
4	Improvement in volume of export	28.57%	14.29%	57.14%	0.00%
5	Improvement in Global market share	28.57%	28.57%	42.86%	0.00%
6	Improvement in business turnover	22.23%	33.33%	33.33%	11.11%
7	Improvement in product diversification	16.66%	50.00%	16.67%	16.67%
8	Improvement in the profitability	25.00%	37.50%	25.00%	12.50%
9	Improvement in Cash in hand position	60.00%	0.00%	40.00%	0.00%
10	Expansion of customer base	40.00%	0.00%	40.00%	20.00%
11	Improvement in output per unit of labor (Productivity level)	25.00%	25.00%	25.00%	25.00%
12	Increase in labor requirements (skilled/unskilled)	40.00%	20.00%	20.00%	20.00%
13	Risk Mitigation	50.00%	50.00%	0.00%	0.00%
14	Cost Minimization	66.67%	0.00%	0.00%	33.33%

Source: Primary Survey





**Figure 3.2: Overall improvement in firm’s performance after availing ECGC policies**



Note: for Variables 1-14 refer to the variables in the second column of Table 3.2

The data presented in Table 3.2 and Figure 3.2 show high improvement as perceived and reported by the respondents for the following factors: Cost Minimization (33.33%), Improvement in output per unit of Labour (25%), Increase in skilled/unskilled Labour requirements (20%) and Expansion of customer base (20%) and four others. Moderate improvement was reported for factors such as volume of export (57.14%), market access (42.86%), improvement in global market share (42.86%) etc. Further, slight improvement was mentioned for value of exports going to new markets (50.00%), improvement in product diversification (50.00%), risk mitigation (50%), improvement in market access (42.85%) etc. It follows that some improvement did take place for all the factors as reported by the respondents.

### 3.2.3 Reasons for not availing or discontinuing with export credit insurance

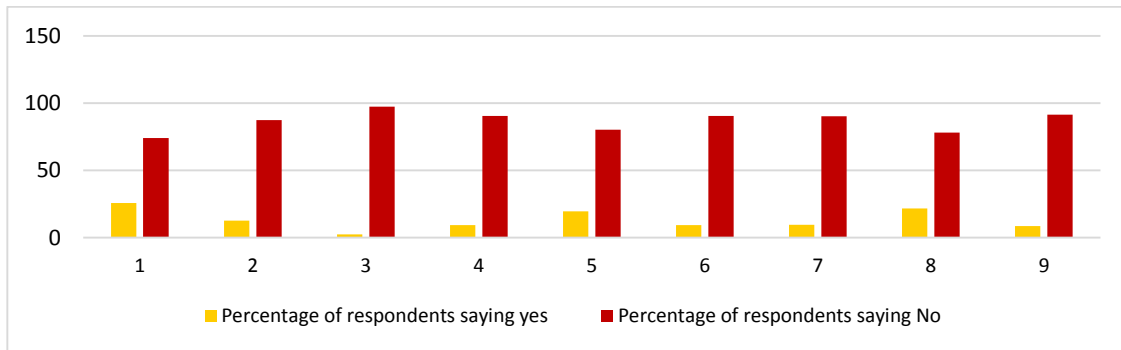
**Table 3.3: Reasons for not availing or discontinuing with export credit insurance (in %)**

S.No.	Reasons for not availing or discontinuing with export credit insurance	Percentage of respondents saying YES	Percentage of respondents saying NO
1	Lack of Funds	26	74
2	Procedural obstacles	13	87
3	Delays in claims settlement	3	98
4	Issues with the types of risks	9	91
5	Issues with premium	20	80
6	Issues with credit limits	9	91
7	Alternative sources	10	90
8	Sound commercial relation perceived with the customer	22	78
9	Less credit risk perceived	9	91

Source: Primary Survey



**Figure 3.3: Reasons for not availing or discontinuing with export credit insurance (%)**



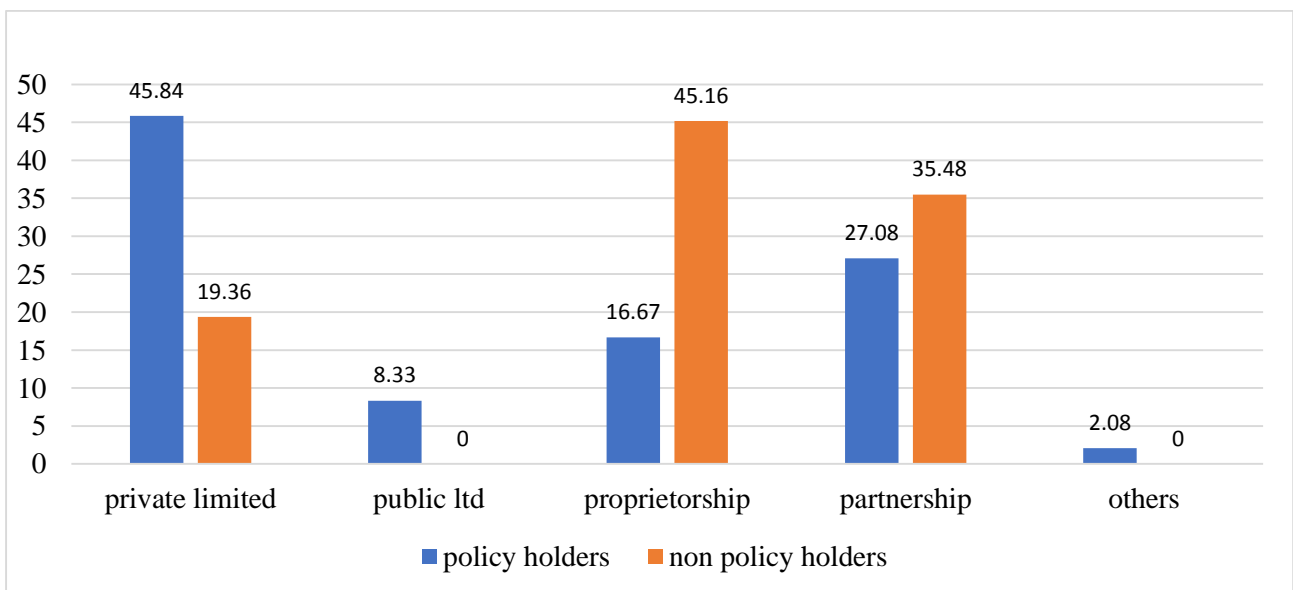
*Note: for Variables 1-9 refer to the variables in the second column of Table 3.3*

Major reasons for not availing ECGC policy cover as reported by the respondents are lack of funds (26%), sound commercial relation perceived with customer (22%), issues with premium (20%), and procedural obstacles (13%). The first, third and fourth constraints faced by women-oriented MSMEs must be eased by appropriate remedial measures taken by ECGC.

### 3.3 Comparative analysis of ECGC policyholders and non-policyholders

#### 3.3.1 Type of Organization

**Figure 3.4: Type of Organization (%)**



*Source: Primary Survey*



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Of the total 80 respondents, 50 were policyholders and the remaining 30 were non-policyholders.

Most of policyholders (45.84%) are private limited firms. The remaining policyholders are partnership firms (27.08%), proprietorships (16.67%), and public limited companies (8.33%). Non-policyholders are mostly proprietorships (45.16%), followed by partnership firms (35.48%) and private limited firms (19.36%). Hence, the primary focus of revisions in ECGC policies to attract non-policyholders among women-oriented MSMEs should be on proprietorships.

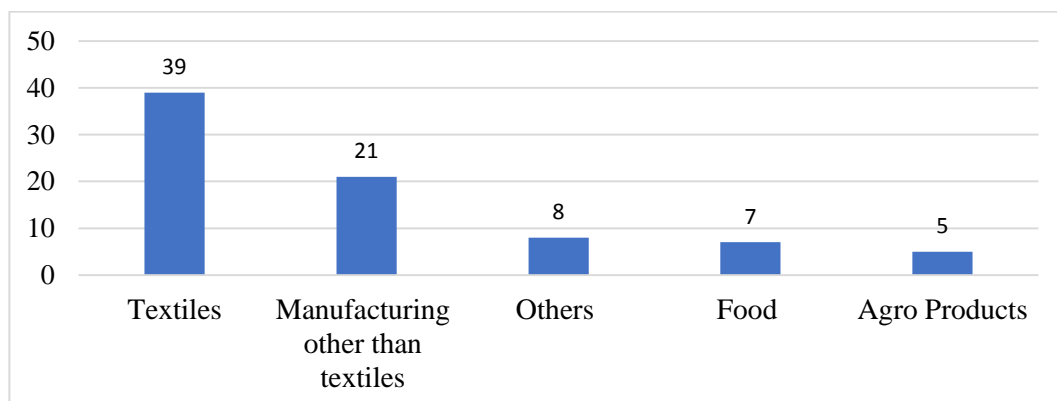
### 3.3.2 Sectors of exports

**Table 3.4: Sectors of exports**

S.no.	Sectors of exports	Policyholders (A)	Non Policyholders (B)	Women-oriented MSMEs (A+B)
1	Textiles	25	14	39
2	Manufacturing other than textiles (manufacture of fashion accessories, home and pet items, paper bags, polyester films, cotton tape and automobile parts)	14	7	21
3	Others (Health, Pharmaceutical, Rubber, Handicraft, Jewellery, Chemical)	5	3	8
4	Food	3	4	7
5	Agro Products	3	2	5
<b>Total</b>		<b>50</b>	<b>30</b>	<b>80</b>

*Source: Primary Survey*

**Figure 3.5: Sectors of exports (in numbers)**

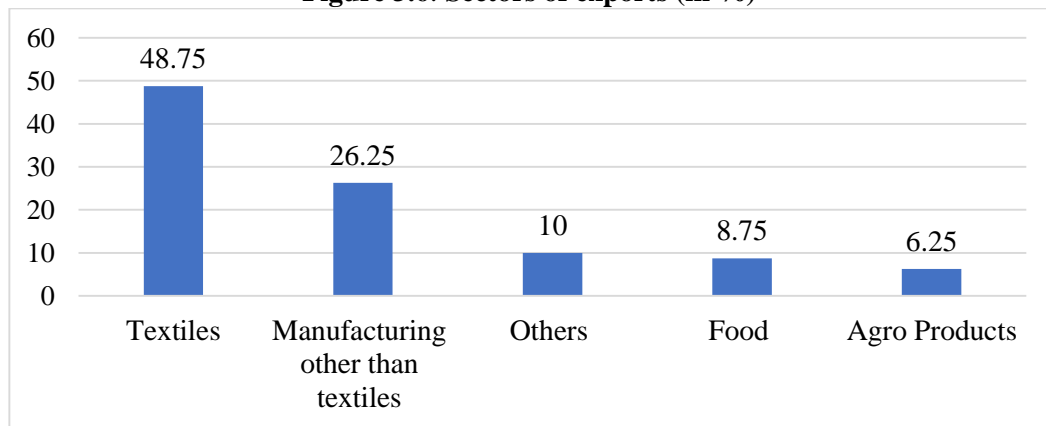


*Source: Primary Survey*



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**Figure 3.6: Sectors of exports (in %)**



Source: Primary Survey

The export sectors among women-oriented MSMEs identified for the purposes of this research based on the primary survey are the following: textile, manufacturing other than textiles (which include fashion accessories, home and pet items, paper bags, polyester films, cotton tape and automobile parts), food, agro products, and others (Health, Pharmaceuticals, Rubber, Handicraft, Jewellery, and Chemical). The majority of women-oriented MSMEs interviewed were in textiles (48.75%) and manufacturing other than textiles (26.25%) followed by food (8.75%), agro products (6.25%), and others (10%). This sectoral distribution of women-oriented MSMEs is dynamic and can change overtime. As of now, policymakers can focus on textiles and manufacturing other than textiles.

### 3.3.3 The nature of exports according to stages of processing

**Figure 3.7: The nature of exports according to stages of processing (%)**



Source: Primary Survey

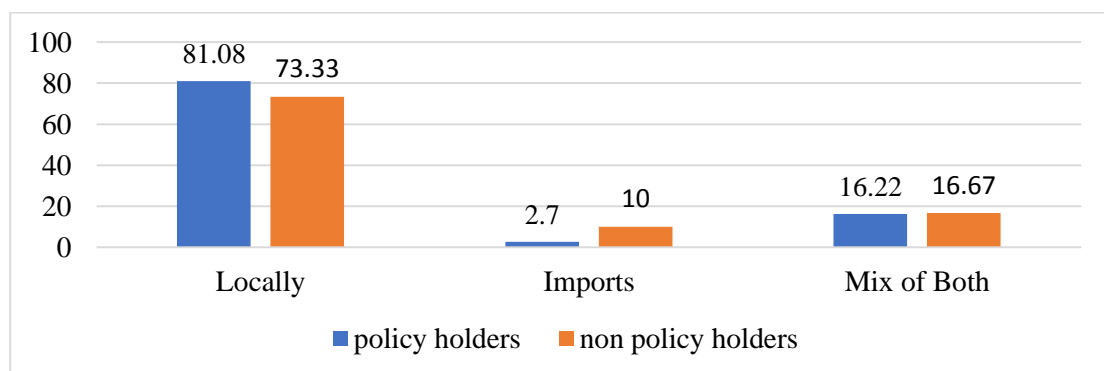


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It was observed that mostly finished goods are exported by policyholders (97.62%) and non-policyholders (93.54%). Just 2% to 3% exporters go further to export raw material and intermediate goods.

### 3.3.4 Source of procuring raw material

Figure 3.8: Source of procuring raw material (%)



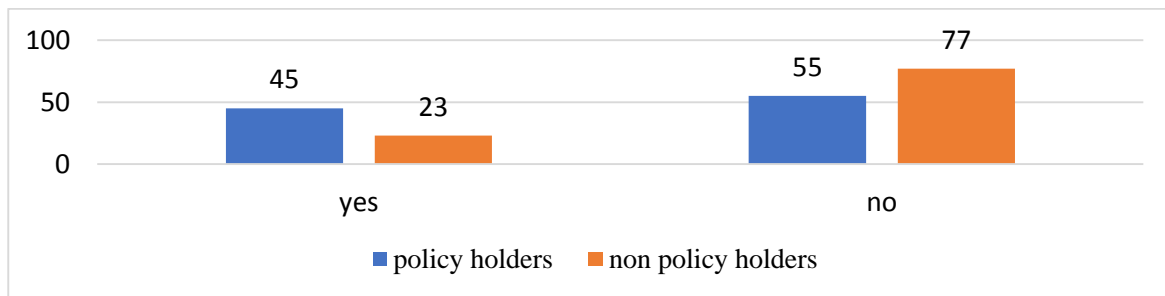
Source: Primary Survey

Among policyholders, majority of the units were using raw material procured from the local markets (81.08%), followed by a mix of both local and imported raw materials (16.22%), while only 2.7% said that some of the inputs in the production process had to be imported. However, in case of non-policyholders, as high as 73.33% of the exporters were using the raw materials sourced locally, while only 10% said that they had to import some of the inputs in the production process. 16.67% of the responding units mentioned mix of both as some part of raw material is sourced locally and some part is imported. Lack of knowledge of markets can be a possible reason for exporting units not being able to choose the best source of procuring raw material. ECGC may act as a provider of information regarding sources of raw materials to women-oriented MSMEs. This will help women entrepreneurs in choosing the most efficient source of procuring raw material.



### 3.3.5 Risk management

Figure 3.9: Risk management (in %)

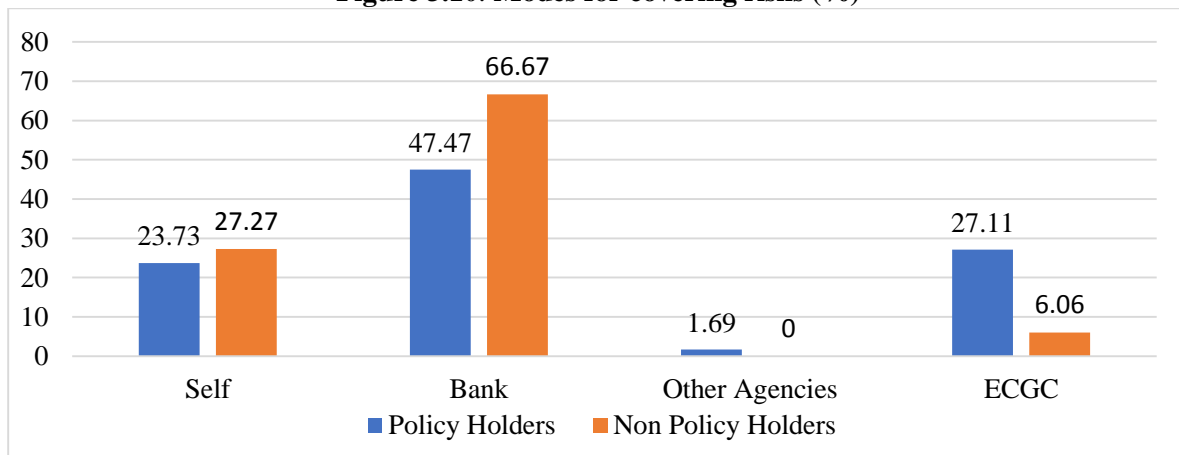


Source: Primary Survey

Explicitly incorporating risk management is nowadays considered to be an integral part of a company’s operations<sup>8</sup>. However, in the responses of the 80 women-oriented firms it is observed that not only non-policyholders but also policyholders have a sense of understanding that managing risk in a formal way is not necessary as they have reliable relationships with their foreign customers, which *per se* is assurance enough for exporters to perceive near-zero risk. This complacent attitude towards risks is not realistic from a long-term point of view. Hence, women-oriented MSMEs need to be made aware of the various risks that complicate the export business and persuaded to opt for ECGC policies to cover them.

### 3.3.6 Modes for covering risks

Figure 3.10: Modes for covering risks (%)



Source: Primary Survey

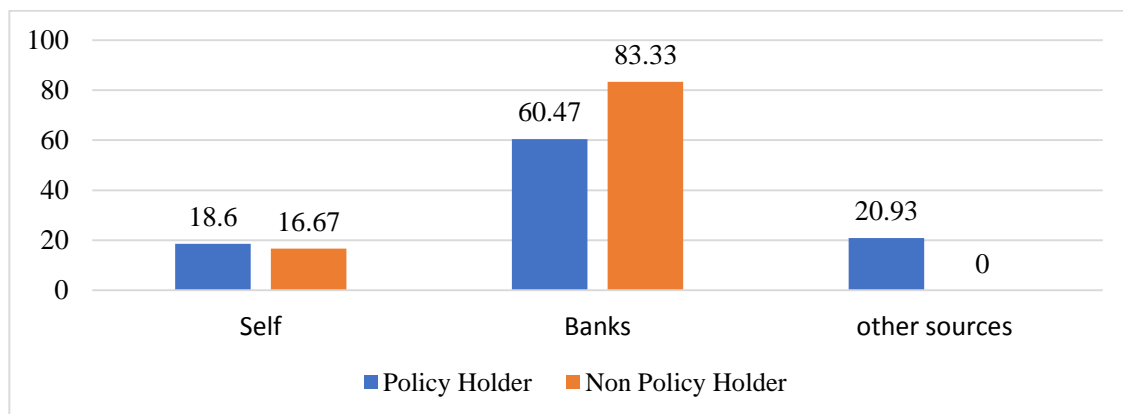
<sup>8</sup> <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/9492.pdf>



On the modes of covering risks, the responses of policyholders and non-policyholders were overall similar, yet there are differences among them. Out of all the methods available for covering various types of risks faced by the women-oriented MSMEs, policyholders opt mostly for banks (47.47%) and self (23.73%) to cover their finance-related risks. Separately, their responses included ECGC (27.11%) and other agencies<sup>9</sup> (1.69%) as modes to mitigate other types of risks including non-payment risks and moral hazards. A few other agencies providing risk covers, apart from ECGC, included New India Assurance Company Limited, Tata AIG General Insurance Company Limited, ICICI Lombard General Insurance Company Limited and Bajaj Allianz General Insurance Company Limited etc. On the other hand, non-policyholders view banks (66.67%) and self (27.27%) as the major risk mitigation sources to cover their finance-related risks. For non-payment risks, they hardly use ECGC (6.06%). Hence, both policyholders and non-policyholders, especially the latter, must be made aware of the better deal that they can possibly get by acquiring policies directly from the ECGC.

### 3.3.7 Sources of finance

Figure 3.11: Sources of finance (%)



Source: Primary Survey

Most of the policyholders (60.47%) and non-policyholders (83.33%) have opted for banks as

<sup>9</sup> [https://www.domain-b.com/companies/companies\\_e/export\\_credit\\_guarantee\\_corporation/20070410\\_competitors.html](https://www.domain-b.com/companies/companies_e/export_credit_guarantee_corporation/20070410_competitors.html)



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their source of finance followed by self<sup>10</sup> and others. As data shows, most of the policyholders and non-policyholders depend on the bank for the financial resources. It indicates that banks are accepted as the most trustworthy source for acquiring finance. However, due to various reasons, it is very difficult for women-oriented MSMEs to obtain finance from the banks. Here ECGC may play a role of export credit facilitator by introducing several ECIB policies that may encourage banks to provide easy finance to women entrepreneur exporters and new entrants in the export business.

**3.3.8 The genesis of internal challenges faced by women exporters**

**Table 3.5: The genesis of internal challenges faced by women exporters**

S.No.	The genesis of export challenges faced (internal challenges)	Responses of Policyholders			Responses of Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Lack of knowledge about destination market	35.90%	56.41%	7.69%	16.67%	73.33%	10.00%
2	Lack of resources to conduct market research on overseas markets	13.16%	76.32%	10.53%	17.24%	72.41%	10.34%
3	Lack of financial resources to finance exports	30.00%	62.50%	7.50%	23.33%	66.67%	10.00%
4	Lack of managerial commitment towards export activities (Human Resource knowledge)	28.21%	64.10%	7.69%	17.86%	71.43%	10.71%
5	Lack of personnel trained and experienced in export related activities such as marketing	19.44%	72.22%	8.33%	20.69%	68.97%	10.34%
6	Poor product quality (in terms of sewing, color, sizing, garment defects/ not meeting food safety standards & regulations) (Quality Challenge)	34.21%	60.53%	5.26%	6.67%	83.33%	10.00%
7	Short product life cycle/fashion sensitivity (for example, saleable for a very short period and these are seasonal) which make it unsuitable for exporting. (Quality Challenge)	21.62%	70.27%	8.11%	11.11%	81.48%	7.41%

*Source: Primary Survey*

<sup>10</sup> Use of own funds either from the promoters or from the deposits of the unit lying with the bank



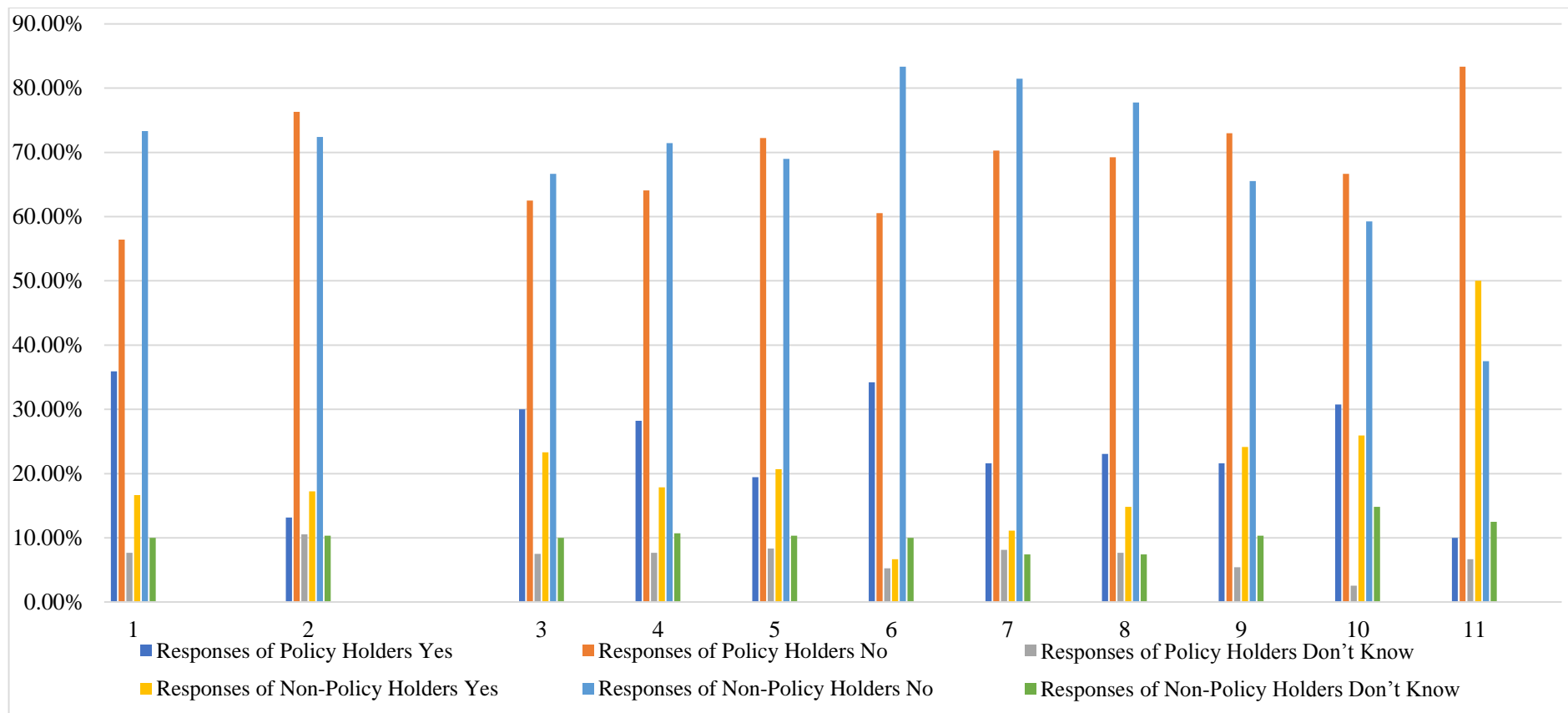


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8	Poor quality control techniques (in terms of measuring quality of products through quality monitoring tools) (Technical adaption challenge)	23.08%	69.23%	7.69%	14.81%	77.78%	7.41%
9	Firm size (lack of resources in the form of capital, personnel, labor & land) inhibit production and growth (Industry Structure)	21.62%	72.97%	5.41%	24.14%	65.52%	10.34%
10	Lack of technology/New technology (Industry Structure)	30.77%	66.67%	2.56%	25.93%	59.26%	14.81%
11	Others	10.00%	83.33%	6.67%	50.00%	37.50%	12.50%



Figure 3.12: The genesis of internal challenges faced by women exporters (%)



Note: for variables 1-11 refer to variables in the second column of Table 3.5



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The Internal Challenges faced by most of the policyholders were lack of knowledge about destination markets (35.90%), poor product quality (34.20%) and lack of technology (30.77%) etc. whereas for non-policyholders, lack of technology (25.93%), lack of resources in the form of capital, personnel, labor and land (24.14%), lack of financial resources to finance exports (23.33%) and lack of trained personnel (20.69%) etc. were the key issues of concern. Having a good export plan along with the availability of polices and assistance programs can help women-oriented units to overcome these internal challenges. ECGC can assist such exporting units in overcoming these internal challenges by sharing useful information on reliable overseas buyers and profitably exportable products and services.

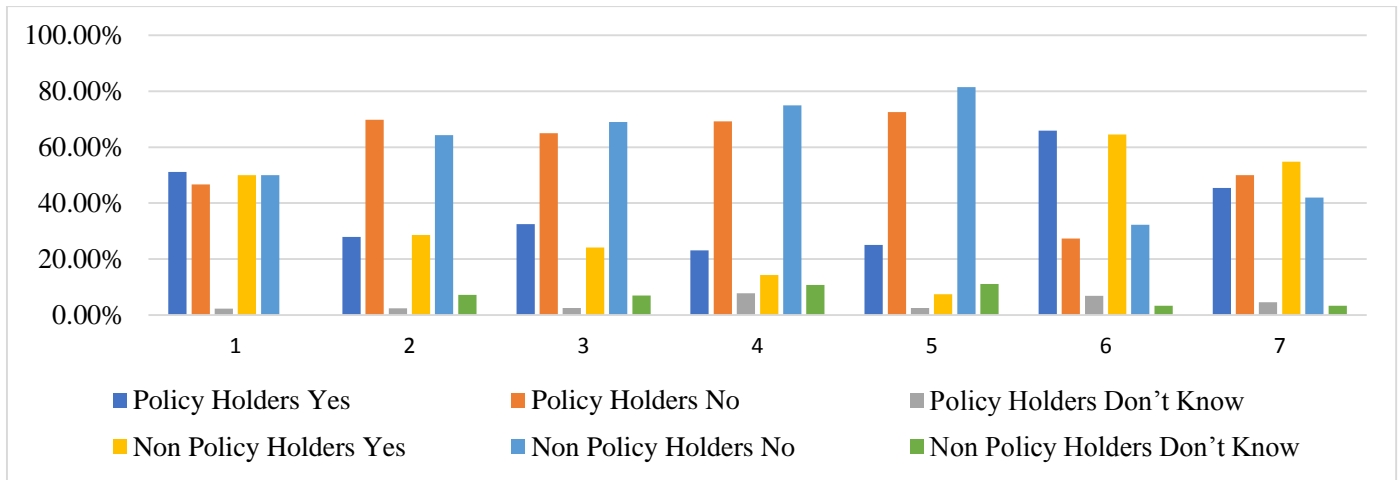
**3.3.9 The genesis of external (supply side) challenges faced by women exporters**

**Table 3.6: The genesis of external (supply side) challenges faced by women exporters**

S. No.	The genesis of export challenges faced external challenges (supply side)	Policyholders			Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Cost of transportation issues (Infrastructural challenges)	51.11%	46.67%	2.22%	50.00%	50.00%	0.00%
2	Cost of infrastructure issues (Infrastructural challenges)	27.91%	69.77%	2.33%	28.57%	64.29%	7.14%
3	Delay in duty drawbacks (Policy Issues)	32.50%	65.00%	2.50%	24.14%	68.97%	6.90%
4	Exchange and interest rate uncertainties (Policy Issues)	23.08%	69.23%	7.69%	14.29%	75.00%	10.71%
5	Existing International agreements	25.00%	72.50%	2.50%	7.41%	81.48%	11.11%
6	Price competition among competitors	65.91%	27.27%	6.82%	64.52%	32.26%	3.23%
7	Aggressive competitors	45.45%	50.00%	4.55%	54.83%	41.94%	3.23%

Source: Primary Survey

**Figure 3.13: The genesis of external (supply side) challenges faced by women exporters**



Note: for variables 1-7 refer to variables in the second column of Table 3.6

Price competition among competitors (65.91%), cost of transportation issues (51.11%), aggressive competitors (45.45%) etc. are the common supply side challenges faced by policyholders. Non-policyholders face price competition (64.52%), aggressive competitors (54.84%) and cost of transportation issues (51.11%). Primary focus of ECGC therefore, should be to formulate policies, which can handle price and competition related challenges faced by women-oriented exporting units.

### 3.3.10 The genesis of external (demand side) challenges faced by women exporters

**Table 3.7: The genesis of external (demand side) challenges faced by women exporters**

S.N o.	the genesis of export challenges faced: external challenges (demand side)	Policyholders			Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Payment delays (Procedural Issues)	30.44%	67.39%	2.17%	46.67%	50.00%	3.33%
2	Possible bad debts arising out of export (Procedural Issues)	26.83%	68.29%	4.88%	23.33%	70.00%	6.67%
3	Complexity of paperwork involved or procedural complexity in exporting (Procedural Issues)	21.43%	73.81%	4.76%	14.82%	74.07%	11.11%
4	Not able to meet Packaging and labelling requirements (e.g., food & nutritional label, phytosanitary or health certificates/eco-friendly, sustainable textile) (Procedural Issues)	17.39%	76.09%	6.52%	10.72%	82.14%	7.14%

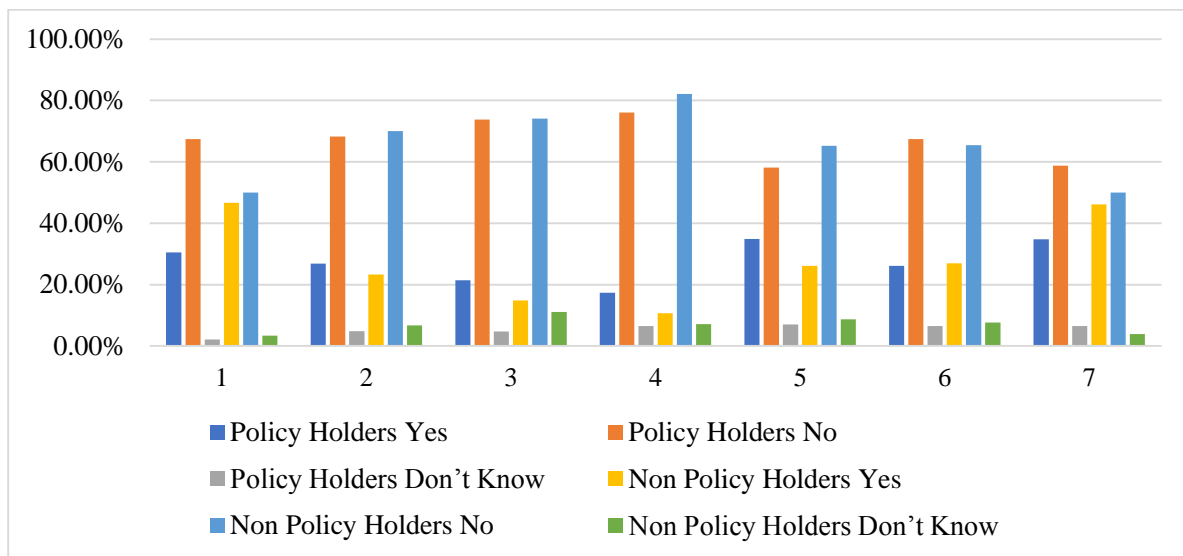


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5	Image of organization’s products in foreign market is not that great. (Direct export challenges)	34.88%	58.14%	6.98%	26.09%	65.21%	8.70%
6	Insufficient foreign demand for organization’s products. (Procedural Issues)	26.09%	67.39%	6.52%	26.93%	65.38%	7.69%
7	Brand familiarity of organization’s product/s is lacking in the foreign market (Direct export challenges)	34.78%	58.70%	6.52%	46.15%	50.00%	3.85%

Source: Primary Survey

**Figure 3.14: The genesis of external (demand side) challenges faced by women exporters (%)**



Note: for variables 1-7 refer to variables in the second column of Table 3.7

Thirty per cent to forty per cent of demand side external challenges faced by both policy and non-policyholders are on account of lack of brand familiarity, poor image of products in foreign markets, payment delays etc. To overcome some of these challenges, ECGC can provide useful information regarding the demand for exportable commodities in suitable destination markets to the policyholders. This informational assistance provided to exporters will be over and above the main function of the coverage under ECGC policies which is to offer protection to them against risks of non-payment from foreign buyers.



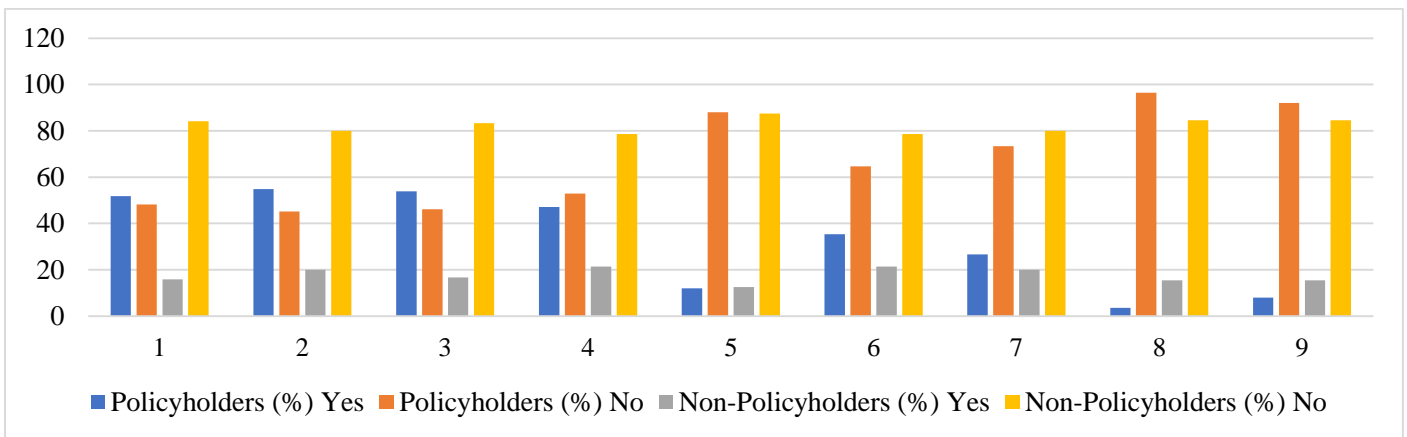
### 3.3.11 Importance of risks identified for deciding on the ECGC policy adoption

Table 3.8: Importance of risks identified for deciding on the ECGC policy adoption

S.No.	Importance of risks identified for deciding on the ECGC policy adoption	Policyholders (%)		Non-Policyholders (%)	
		Yes	No	Yes	No
1	Protracted default of the Buyer (the non-payment at the end of the waiting period by a Buyer that is not Insolvent)	51.85	48.15	15.79	84.21
2	Insolvency of Buyers	54.84	45.16	20	80
3	Repudiation risk (if the buyer refuses to honor the contract and stops making the agreed-upon payments)	53.85	46.15	16.67	83.33
4	Currency Inconvertibility (Inability to convert and transfer out of the host country any funds related to the investment)	47.06	52.94	21.43	78.57
5	Contract Frustration due to war civil war, etc.	12	88	12.5	87.5
6	Import Restriction (Loss of goods during restrictions imposed by the government of that)	35.29	64.71	21.43	78.57
7	Diversion of shipment	26.67	73.33	20	80
8	Non-payment by Letter of Credit opening bank	3.57	96.43	15.38	84.62
9	Insolvency of Letter of Credit Opening bank	8	92	15.38	84.62

Source: Primary Survey

Figure 3.15: Importance of risks identified for deciding on the ECGC policy adoption (%)



Note: for variables 1-9 refer to variables in the second column of Table 3.8

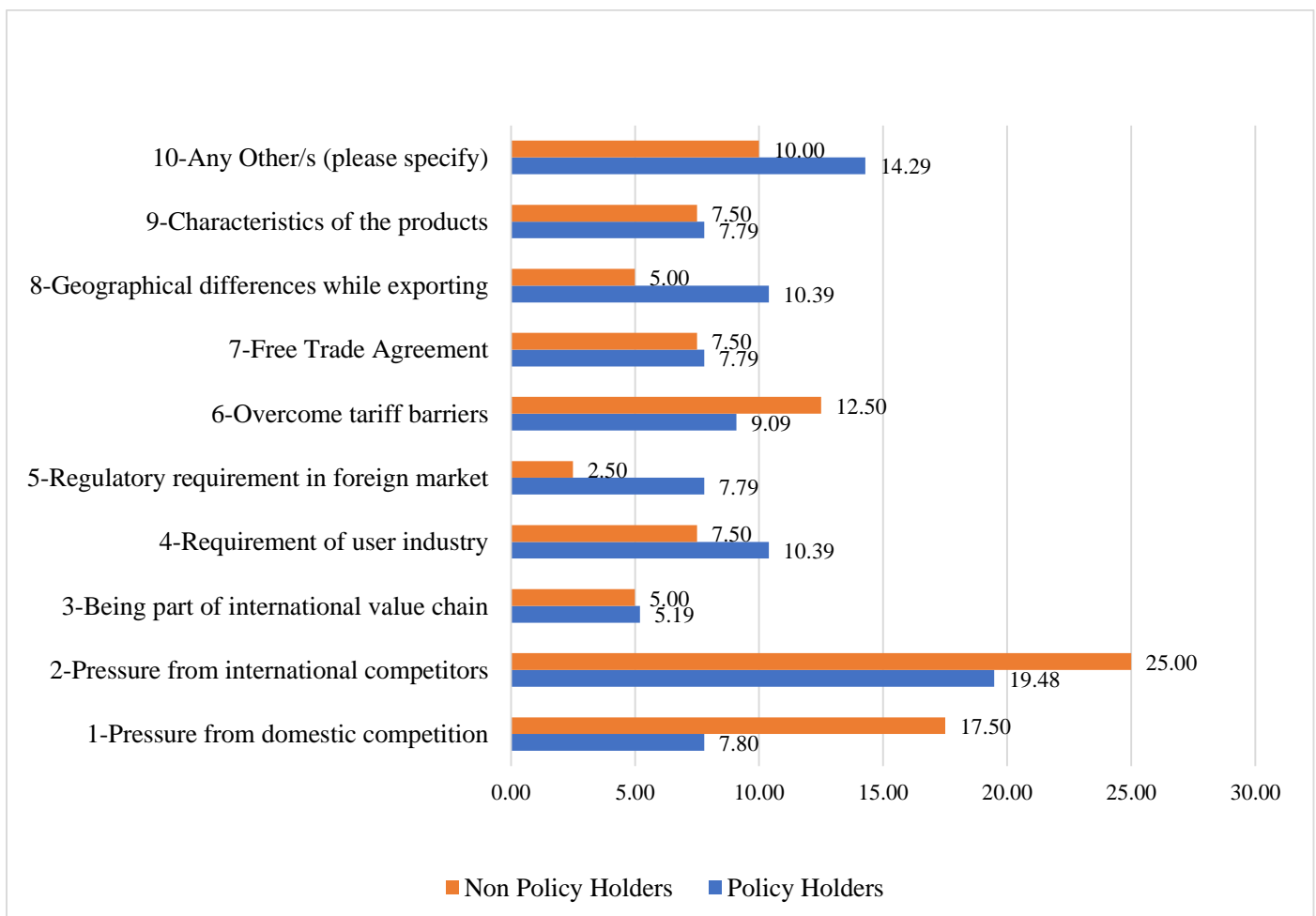
It is observed in Table 3.8 and Figure 3.15 that the factors that are considered as major risks by policyholders are not considered to be major risks by non-policyholders. 51.85% of policyholders considered protracted default by the buyer as major risk but only 15.79% of non-policyholders seem to agree. Similarly, 54.84% of policyholders considered insolvency of the buyer as a major risk but only 20% non-policyholders agreed to it. Further, 53.85% of policyholders considered the



repudiation risk as a significant risk but only 16.67% agreed to that. It implies that non-policyholders are not sensitized towards the risks in exporting while policyholders seem to understand the riskiness of export business much better.

### 3.3.12 Market related factors influencing requirement of export credit insurance policies

Figure 3.16: Market related factors influencing requirement of export credit insurance policies (%)



Source: Primary Survey

Policyholders mentioned that pressure from international competition (19.48%), requirement of user industry (10.39%), overcoming tariff barriers (9.09%) etc. are market related factors that influence the requirement of export credit insurance policies. On the other hand, factors mentioned by non-policyholders are pressure from international competition (25%), pressure from domestic competition (17.50%) and overcoming tariff barriers (12.50%) etc.



**3.3.13 Importance attached to various factors when obtaining policies from ECGC and elsewhere**

**Table 3.9: Importance attached to various factors when obtaining policies from ECGC and elsewhere.**

S.No.	Importance attached to various factors when obtaining from ECGC and elsewhere.	Policyholder			Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Availability of finance within your enterprise (Cost factors)	86.11%	11.11%	2.78%	45.83%	50.00%	4.17%
2	Availability of finance from outside sources (Cost factors)	85.29%	11.76%	2.95%	27.27%	68.18%	4.55%
3	Innovation cost (Cost factors)	78.57%	17.86%	3.57%	45.45%	54.55%	0%
4	Premium charged (Cost factors)	70.27%	27.03%	2.70%	61.90%	38.10%	0%
5	Blocked funds other than ECGC policies (LCs, Loans etc.) (Cost factors)	65.52%	31.03%	3.45%	15.38%	84.62%	0%
6	Time taken to obtain claims. (Time related issues)	63.33%	33.33%	3.34%	50.00%	43.75%	6.25%
7	Time taken to obtain ECGC policy/Credit Limit (Time related issues)	76.67%	20.00%	3.33%	57.14%	35.71%	7.15%
8	Time for ascertainment of loss (Time related issues)	64.00%	32.00%	4.00%	33.33%	50.00%	16.67%
9	Issues with Time for filing claim (Time related issues)	62.96%	33.33%	3.71%	25.00%	58.33%	16.67%
10	Issues with Closure of policy (Time related issues)	61.54%	34.62%	3.84%	26.67%	66.67%	6.66%
11	Market dominated by established players (Market factors)	77.78%	18.52%	3.70%	57.14%	35.71%	7.15%
12	To overcome problems entering new market (Market factors)	80.00%	16.00%	4.00%	62.50%	31.25%	6.25%
13	Government policy constraints (e.g., quotas, ban of certain items) (Market factors)	76.47%	20.59%	2.94%	42.86%	50.00%	7.14%
14	Currency risk (Market factors)	67.86%	25.00%	7.14%	54.55%	45.45%	0%
15	Transportation time and cost (Market factors)	88.57%	8.57%	2.86%	60.87%	39.13%	0%

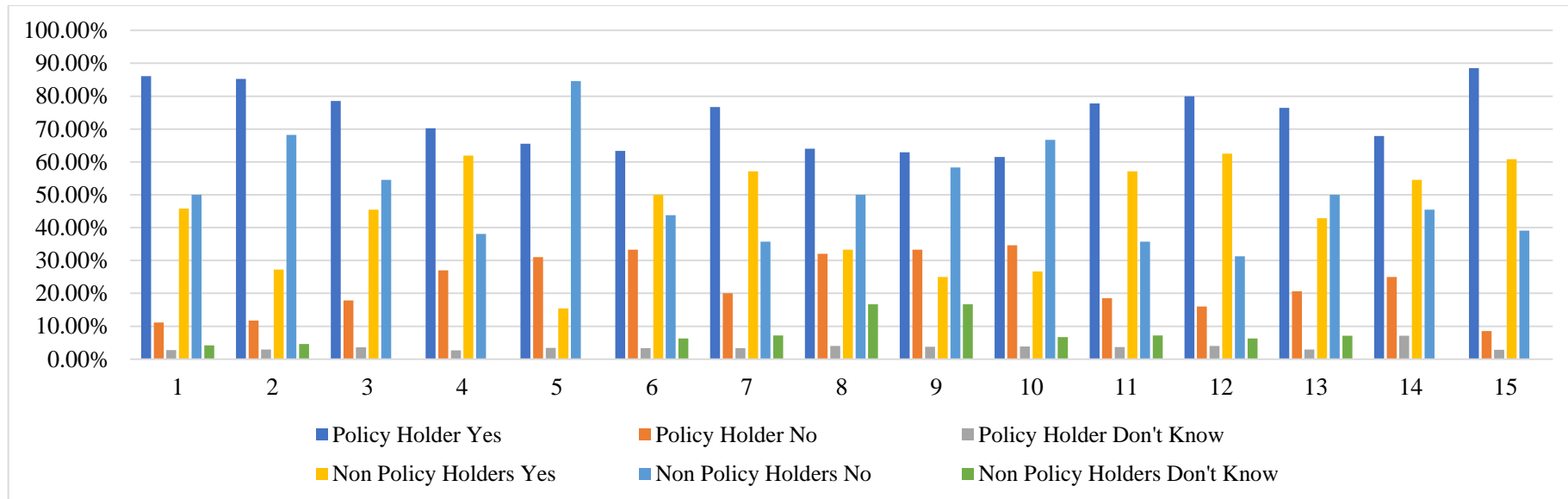
Source: Primary Survey





WPS No. EC-24-69

Figure 4.17: Importance attached to various factors when obtaining policies from ECGC and elsewhere (%)



Note: for variables 1-15 refer to variables in the second column of Table 3.9

Transportation time and cost (88.57%), availability of finance within the enterprise (86.11%) and from outside sources (85.29%), overcoming problems in entering new markets (80.00%) etc. are mentioned by policyholders as important factors considered while obtaining policies from ECGC and elsewhere. On the other hand, factors mentioned by non-policyholders were, overcoming problems in entering new markets (62.50%), premium charged (61.90%), transportation time and cost (60.87%) and credit limit (57.14%) etc. Hence it is recommended that ECGC assists women-oriented MSMEs in overcoming the challenges faced on account of entering new markets, premium charged, and transportation time and cost.

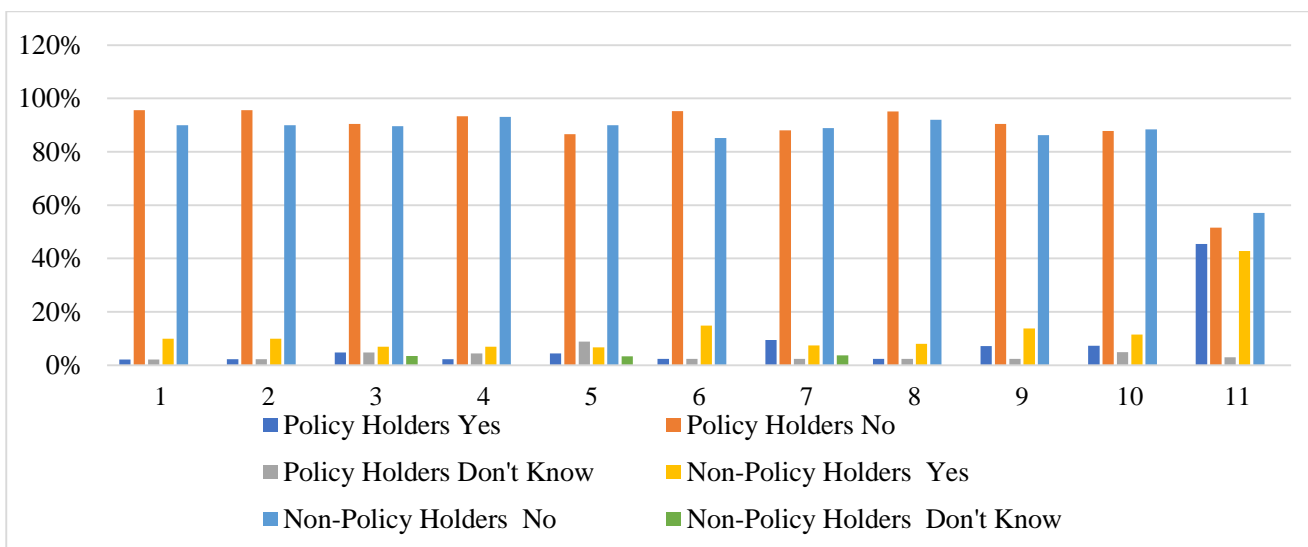
3.3.14 Socio-Economic challenges faced by women owners/employers

Table 3.10: Socio-Economic challenges faced by women owners/employers

S.No.	Socio-Economic challenges faced by women owners/employers	Policyholders			Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Skill deficit among female managers	2.38%	95.24%	2.38%	14.81%	85.19%	0%
2	Skill deficit among female workers.	9.52%	88.10%	2.38%	7.41%	88.89%	3.70%
3	Limited access to productive resources like funds and land.	2.22%	95.56%	2.22%	10.00%	90.00%	0%
4	Lack of financing and cash flow	4.76%	90.48%	4.76%	6.90%	89.66%	3.44%
5	Limited access to networks	2.22%	93.33%	4.45%	6.90%	93.10%	0%
6	Limited access to information (e.g., about export related schemes)	4.44%	86.67%	8.89%	6.67%	90.00%	3.33%
7	Time constraints with female	2.17%	95.65%	2.18%	10.00%	90.00%	0%
8	Women face legal and regulatory barriers	2.44%	95.12%	2.44%	8.00%	92.00%	0%
9	Women are not taken seriously by others in the organization	7.14%	90.48%	2.38%	13.79%	86.21%	0%
10	Women face cultural and interpersonal prejudices	7.32%	87.80%	4.88%	11.54%	88.46%	0%
11	Lack of awareness of women specific policies/schemes provided by government for owners/workers.	45.45%	51.52%	3.03%	42.86%	57.14%	0%

Source: Primary Survey

Figure 3.18 Socio-Economic challenges faced by women owners/employers (in %)



Note: for variables 1-11 refer to variables in the second column of Table 3.10

There were certain socio-economic challenges identified by women-oriented exporting units. Lack of awareness of women specific policies (45.45%), skill deficit among female workers (9.52%),

interpersonal differences (7.32%), women not being taken seriously in the organization (7.14%) and lack of finance (4.76%) etc. were a few challenges mentioned by policyholders. Furthermore, challenges mentioned by non-policyholders were lack of awareness of schemes provided by government (42.86%), skill deficit among female managers (14.81%), women not being taken seriously in the organization (13.79%) etc. To meet these variegated challenges, a nuanced set of policies should be devised by ECGC to help women-oriented MSMEs.

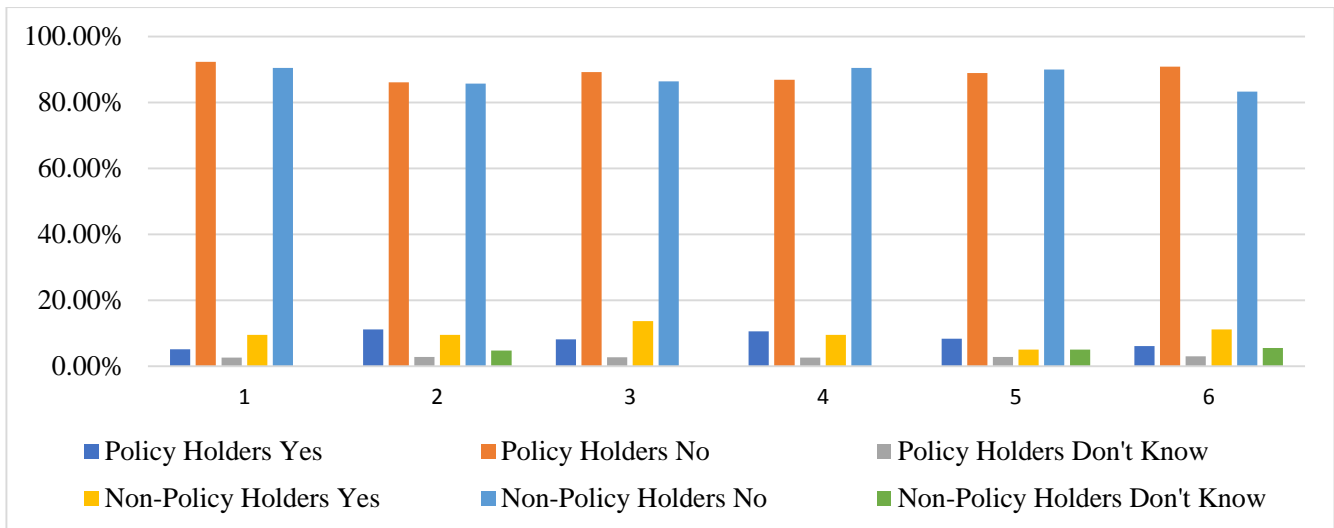
### 3.3.15 Key personal challenges faced by women owners/employers

Table 3.11: Key personal challenges faced by women owners/employers

S.no.	Key personal challenges faced by women owners/employers	Policyholders			Non-Policyholders		
		Yes	No	Don't Know	Yes	No	Don't Know
1	Face the challenge of maintaining balance between demands from home and work.	5.13%	92.31%	2.56%	9.52%	90.48%	0%
2	Feel that the top management lacks export management experience	11.11%	86.11%	2.78%	9.52%	85.71%	4.77%
3	Have export management experience (i.e., I can handle export related packaging/work/documentation etc.)	8.11%	89.19%	2.70%	13.64%	86.36%	0%
4	Face wage discrimination in the organization (there exist differential wages for men and women the doing same or similar work)	10.53%	86.84%	2.63%	9.52%	90.48%	0%
5	Face housing problem in connection with employment (e.g., unable to search and get accommodation in proximity to the organization)	8.33%	88.89%	2.78%	5.00%	90.00%	5%
6	Face transportation problems in connection with employment (e.g., unavailability of transportation services from one's place of living to organization)	6.06%	90.91%	3.03%	11.11%	83.33%	5.56%

Source: Primary Survey

**Figure 3.19: Key personal challenges faced by women owners/employers (%)**

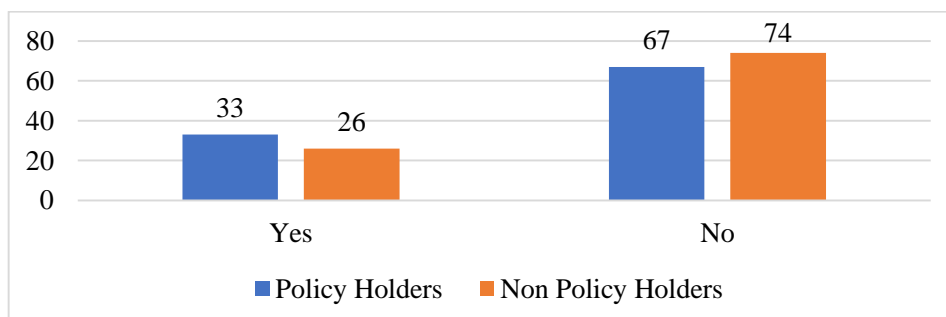


Note: for variables 1-6 refer to variables in the second column of Table 3.11

Top management lacking export experience (11.11%), wage discrimination (10.53%) and facing problems of housing in proximity to the place of employment (8.33%) etc. are key personal challenges faced by women employers/owners among the policyholders. According to non-policyholders, facing transportation problems for commuting to the place of employment (11.11%), top management lacking export experience (9.52%), difficulty in maintaining balance between demands from home and workplace (9.52%), wage discrimination (9.52%) etc. were the key challenges which needed to be overcome. It is observed that both policyholders and non-policyholders gave similar responses.

### 3.3.16 Closure of the unit due to Covid-19

**Figure 3.20: Closure of the unit due to Covid-19 (%)**



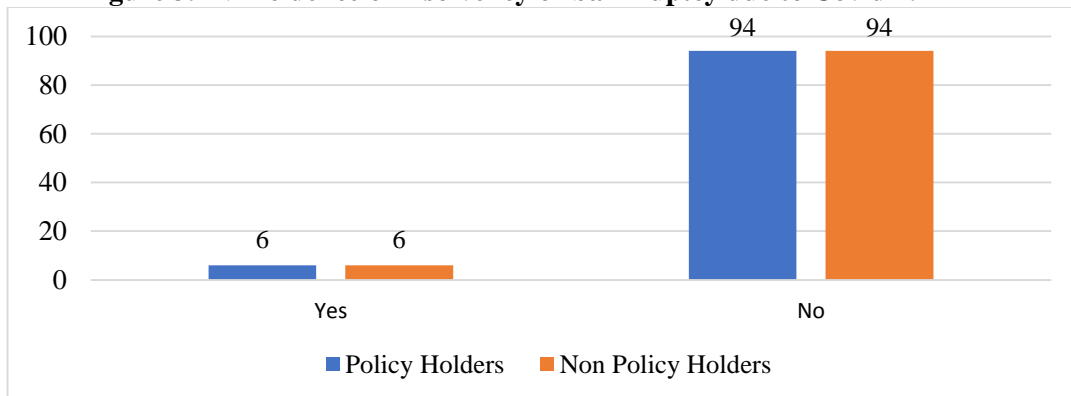
Source: Primary Survey

Data indicates extreme and uncertain situations (for e.g., Covid) has a negative impact on both policyholders and non-policyholders. Data shows that 33% of policyholders and 26% of non-

policyholders faced closure of units due to covid-19. ECGC policies should have the flexibilities to account for contingencies like Covid-19 which may well occur in future and thereby have an adverse impact on the export market.

### 3.3.17 Incidence of insolvency or bankruptcy due to Covid-19

**Figure 3.21: Incidence of insolvency or bankruptcy due to Covid-19**

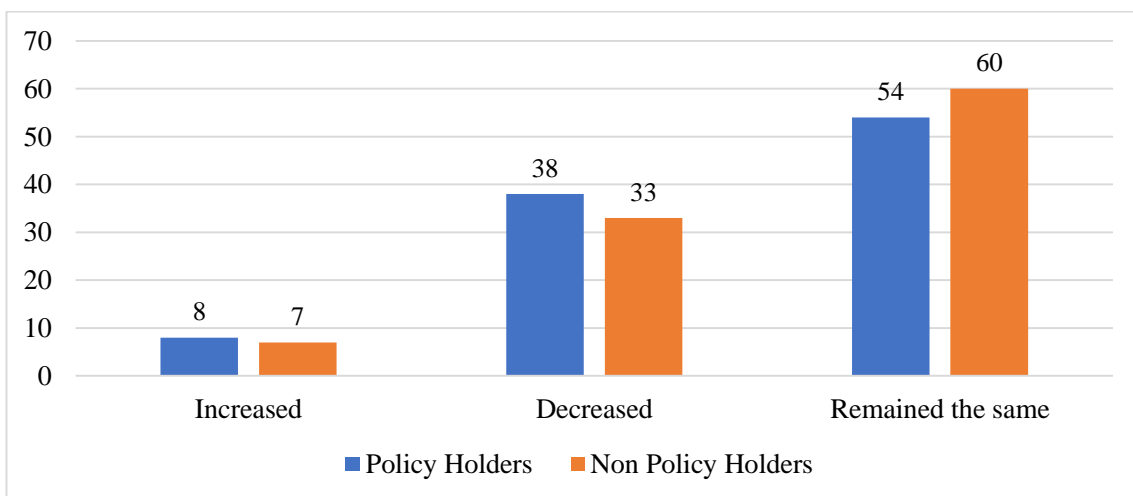


Source: Primary Survey

Only 6% of policyholders and 6% of non-policyholders faced the incidence of bankruptcy due to covid 19. It may seem that the issue of bankruptcy resulting from epidemics may not be a big concern. However, the factors that lead to bankruptcy may emerge as a threat on larger scale in the near future. Accordingly, ECGC should consider such future possibilities in formulating its policies.

### 4.3.18 Changes in the strength of workers during Covid 19

**Figure 3.22: Changes in the strength of workers during Covid 19**

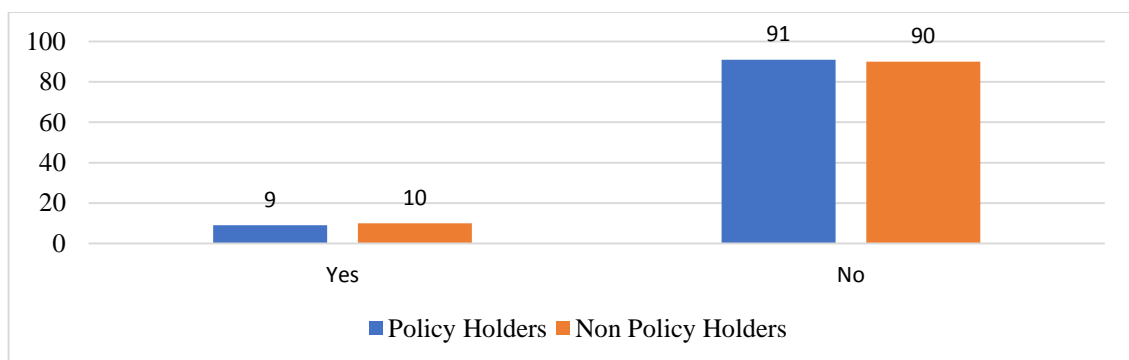


Source: Primary Survey

Decrease in workers’ strength of 38% of policyholders and 33% of non-policyholders during covid was observed. It is obvious that decline in exports during contingencies like Covid-19 pandemic will inevitably translate into a decline in employment in the exporting firms. This underlines the strong need of alleviating policies during times of pandemic to counter the decline in export business.

### 3.3.19 Switchover to online sales during Covid-19

Figure 3.23: Switchover to online sales during Covid-19 (%)

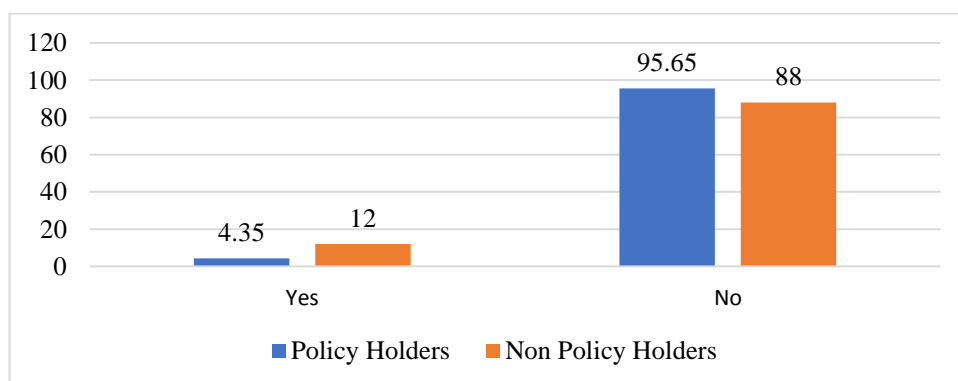


Source: Primary Survey

It is observed that only 9% policyholders and 10% non-policyholders switched to online sales during covid-19. It follows that traditional business with physical premises continues to be the dominant mode of doing business. The assumption that e-commerce is on the verge of surpassing traditional mode of business is not validated by the above data.

### 3.3.20 Changes in export destinations

Figure 3.24: Changes in export destinations (%)

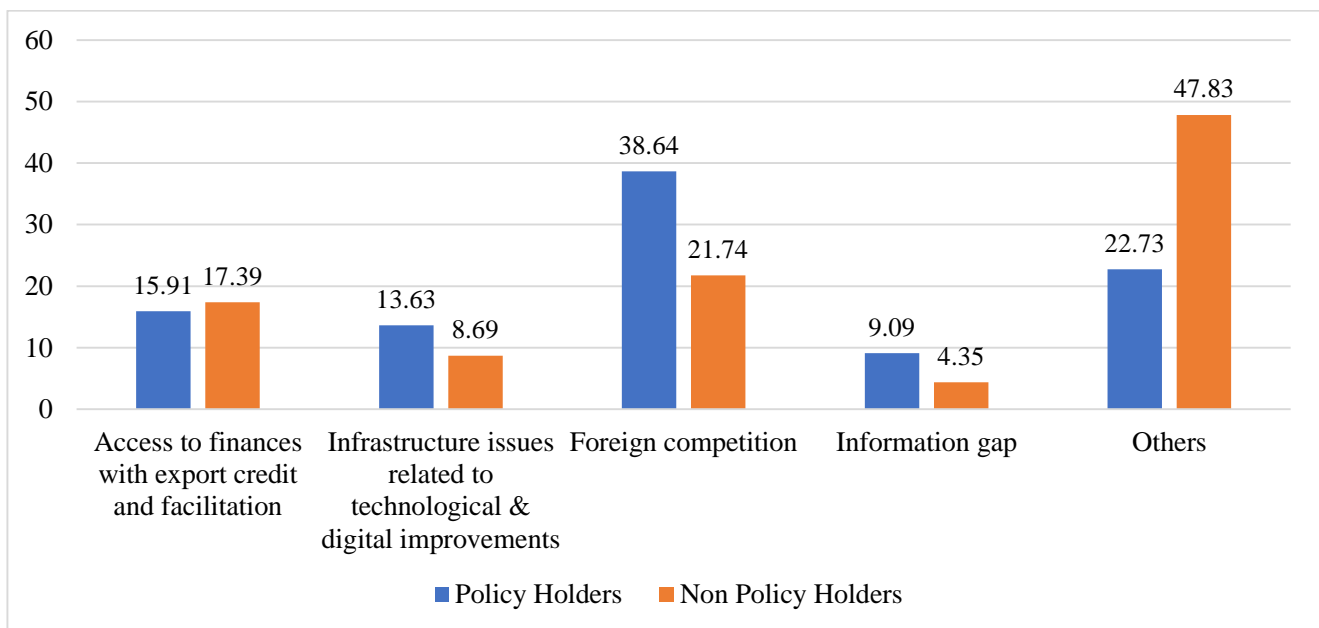


Source: Primary Survey

After Covid-19, only 4.35% of policyholders and 12% of non-policyholders changed their export destinations. It indicates that the pressure of Covid 19 had minimal influence on the export destinations. However, the experiences gained during the covid-19 era has presented several lessons on how ECAs may take uncertainties into account while formulating policies.

### 3.3.21 Type of constraints in the near future

Figure 3.25: Type of constraints in the near future (%)

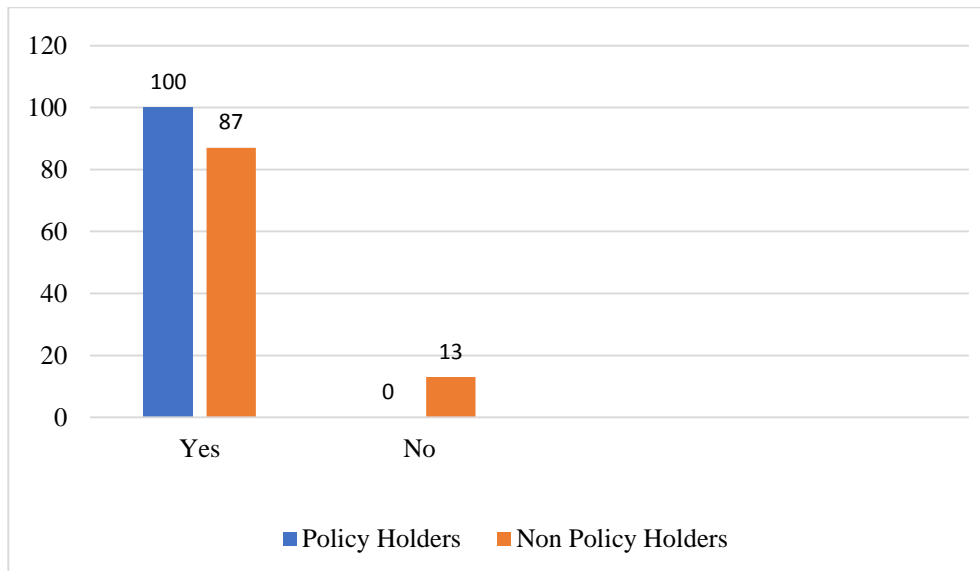


Source: Primary Survey

The future is uncertain. It is essential to be prepared for any challenge which may occur in the times ahead. Policyholders and non-policyholders mentioned the various types of constraints they expect to face in the near future. Policyholders mentioned that foreign competition (38.64%), access to finances with export credit and facilitation (15.91%) and infrastructure issues (13.63%) etc. were important constraint. Likewise, constraints mentioned by non-policyholders were foreign competition (21.74%), access to finances (17.39%), infrastructure issues (8.69%), information gap (4.35%) etc. For safeguarding against any such risks in future, insurance coverage by ECGC is recommended.

### 3.3.22 Awareness on presence of ECGC

Figure 3.26: Awareness on presence of ECGC (%)



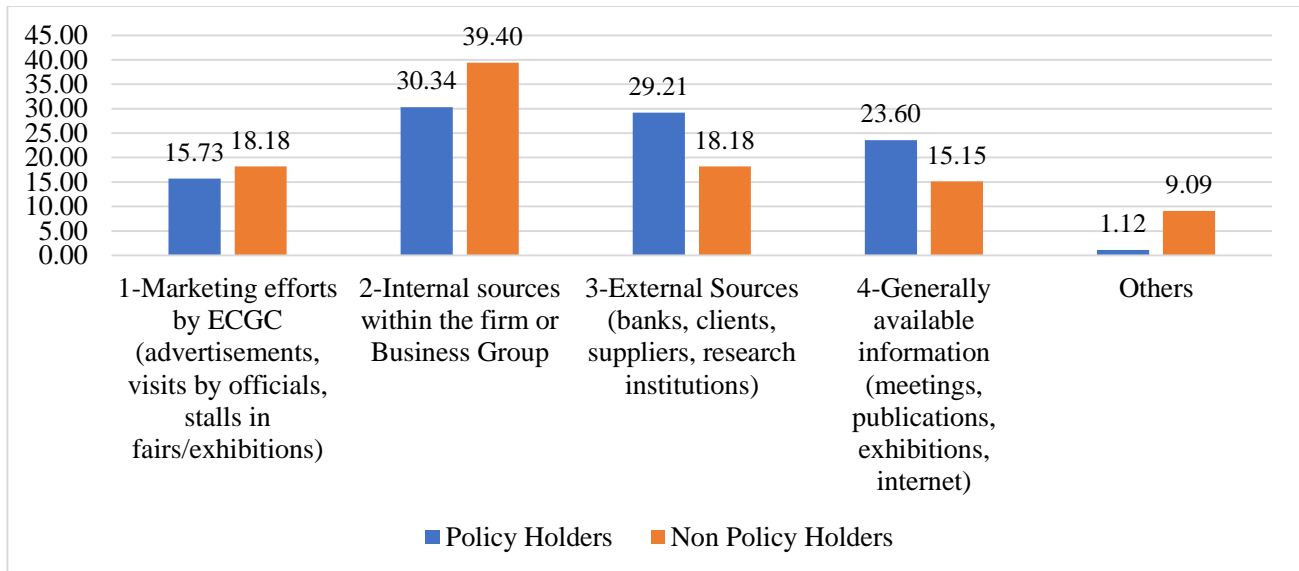
Source: Primary Survey

As per primary survey responses, most of the non-policyholders were aware of the ECGC; there were only 13% who were unaware. It seems that awareness about ECGC is not lacking. Nevertheless, the adoption of ECGC policies is much too inadequate. The reason for this is that the women-oriented exporting units do not have enough knowledge about the range of insurance products of ECGC and how they can help in covering their risks. Making women-oriented exporting units familiar with the wide scope of the policies of ECGC will improve ECGC policy adoption among women-oriented MSMEs. It will also instill confidence in women entrepreneurs about ECGC being one trustworthy name in the business of export credit insurance.



### 3.3.23 Sources of awareness

Figure 3.27: Sources of awareness (%)



Source: Primary Survey

According to policyholders, internal sources within the firm (30.34%), external sources (29.21%), and marketing efforts by ECGC (15.73%) etc. were the key sources of awareness regarding ECGC. Furthermore, for non-policyholders the sources of awareness were internal sources within the firm (39.40%), marketing efforts by ECGC (18.18%) and external sources (18.18%) etc. It appears that there are enough sources for spreading awareness about ECGC. However, there remains a need to make these sources more active and efficient for motivating women-oriented exporting units to opt for ECGC policies.



### **3.4 Comparison of socio-economic challenges faced by female entrepreneurs and workers in comparison to their male counterparts based on secondary sources of information**

A detailed comparison of policyholders and non-policyholders among women-oriented MSMEs with a view to derive policy suggestions based on the primary survey has already been presented above. However, for a fuller assessment of ECGC policy adoption among women-oriented MSMEs, it is important to additionally undertake a comparison of socio-economic challenges faced by female entrepreneurs and workers *vis-a-vis* their male counterparts. This has been done in this section by utilizing relevant information from high quality published literature on gender inequality.

According to the literature on gender inequality, women are clearly at a disadvantage when it comes to participating in trade, whether nationally or internationally. The information collected here indicates that female entrepreneurs/workers face more difficulties and challenges in the international market than their male counterparts. Limited access to assets, finance and training, higher trade barriers and subjected to various forms of discrimination including violence and harassment in the workplace are among the few challenges faced by women-oriented enterprises. Hence, helping women entrepreneurs in overcoming these challenges would allow them to fully participate in foreign trade, and thus contribute more to Indian economic growth. Policies need to be formulated in such a way that they reduce the burden of overcoming foreign trade challenges for women. ECGC policies and its CSR initiatives can contribute significantly in addressing these challenges.

### 3.4.1 Comparative analysis of challenges faced by female entrepreneurs/ workers in foreign trade and male entrepreneurs/workers

**Table 3.12 Comparative analysis of challenges faced by female entrepreneurs/ workers in foreign trade and male entrepreneurs/workers**

	Challenges	Comparative analysis of challenges faced		Implications	How ECGC can address these challenges
		Male Entrepreneurs / Workers	Female Entrepreneurs/ Workers		
1	<b>Access to financial resources</b>	Male Entrepreneurs have easy access to financial resources. They are familiar with the financial system and are able to manage the business They better than females.	Women entrepreneurs struggle hard to access financial resources due to lack of knowledge and awareness about the financial system. Female entrepreneurs are also handicapped because of the banks' biased assumption that the former will be unable to run businesses	If the credit sought by female entrepreneurs is insured, the banks would be more willing to provide credit to them.	ECGC can enable women entrepreneurs to obtain credit by providing the requisite insurance.
Aggarwal, S. (2021), "The gender divide in MSME", <a href="https://blog.ipleaders.in/the-gender-divide-in-msme/">https://blog.ipleaders.in/the-gender-divide-in-msme/</a>					
2	<b>Access to various (non-financial) resources</b>	Being a dominant section of the society, men have an advantage in accessing finance, inputs, assets, training.	Access to inputs, assets, training and finance remains extremely limited for women.	Access to resources is a significant barrier to women's entrepreneurial development when it comes to starting and growing businesses. These disadvantages faced by women entrepreneurs can be removed by providing them equal access to all	The ECGC can play a critical role in ensuring women entrepreneurs have equal access to all the required resources.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					
3	<b>Identification of profitable Sectors</b>	Male ownership and employment are concentrated in more profitable sectors like materials and construction.	Female ownership and employment are concentrated in less profitable and more competitive sectors like food, clothing, and retail.	In comparison to male entrepreneurs, women entrepreneurs work in fewer and less profitable sectors. This is mainly due to lack of awareness among female entrepreneurs about the more profitable sectors.	Workshops and webinars can assist female entrepreneurs in gaining knowledge about profitable sectors.
Aggarwal, S. (2021), "The gender divide in MSME", <a href="https://blog.ipleaders.in/the-gender-divide-in-msme/">https://blog.ipleaders.in/the-gender-divide-in-msme/</a>					
4	<b>Market access and networking</b>	Male entrepreneurs have the essential training and	Expertise, experience, and relationships are required to tap into new	When it comes to market accessibility, male entrepreneurs have	ECGC could provide appropriate market guidance and

		knowledge to develop a strong network in lucrative foreign markets.	foreign markets. Women entrepreneurs lack the knowledge, training and expertise needed to develop a network in foreign markets.	a more extensive network than female entrepreneurs. The resulting unequal market access has undermined the productivity of female-oriented businesses.	information to enable women entrepreneurs to develop strong networks in new foreign markets.
Aggarwal, S. (2021), "The gender divide in MSME", <a href="https://blog.iplayers.in/the-gender-divide-in-msme/">https://blog.iplayers.in/the-gender-divide-in-msme/</a>					
5	<b>Trade barriers</b>	Men entrepreneurs face less difficulty in handling trade barriers. Possession of high level of knowledge and easy access to information are the obvious reasons for the same.	Women entrepreneurs face disproportionately higher trade barriers, such as greater difficulties in complying with regulatory and procedural requirements, poorer access to information and markets, exclusion from male-dominated distribution networks, time and mobility constraints, and higher risk of abuse, including corruption and harassment at the border.	Trade barriers are an issue because women entrepreneurs have a tougher time in overcoming them in comparison to their male entrepreneurs.	Policies that remove the handicaps of the female entrepreneurs and strengthen their confidence in overcoming trade barriers must be implemented.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					
6	<b>Skill gap</b>	It is believed that men have better education, vocational and technical abilities, and experience required to promote the growth of highly productive firms.	It is assumed that women frequently lack the educational, vocational and technical abilities, and experience required to manage productive firms.	Women entrepreneurs have fewer skills than male entrepreneurs. Lack of skills is impeding the growth of female entrepreneurs.	The ECGC can initiate training programs to assist female entrepreneurs in developing necessary entrepreneurial skills and abilities.
Aggarwal, S. (2021), "The gender divide in MSME", <a href="https://blog.iplayers.in/the-gender-divide-in-msme/">https://blog.iplayers.in/the-gender-divide-in-msme/</a>					
7	<b>Business registration</b>	Men are more likely to register businesses. They are found to be willing and confident for registering businesses. The reasons include higher confidence and skills, fewer safety concerns, family support for pursuing full-time business, and so on.	Female entrepreneurs are less inclined than male entrepreneurs to register their businesses. Hence, the former tends to avoid significant (full-time) businesses, which require registration.	Difficulty in registering businesses constrains women entrepreneurs to indulge only in small businesses that do not require any registration.	Women entrepreneurs should be motivated, educated and trained to make them equally willing and capable to go beyond small businesses and register their substantial businesses.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					



8	<b>Working conditions</b>	Working conditions are quite conducive for male workers. They have more opportunities for full-time employment. Working conditions are favourable for male entrepreneurs too.	Working conditions are much less conducive for female workers. Women workers are only half as likely as men to have a full-time employment. They are more likely to work in informal, unpaid, or seasonal jobs. Female entrepreneurs face not only unfavourable working conditions, but also have fewer opportunities	Recognizing and accepting the glaring inequalities in the working conditions between male and female workers and entrepreneurs is critical.	Women's specific policies can be developed to improve working conditions for both female workers and entrepreneurs.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					
9	<b>Unequal labor force participation</b>	Male labor force participation remains high. They have a better grasp on market opportunities and costs and benefits of businesses. It makes it easier for them to choose the appropriate business at a point of time and expand their reach over time	Female labor force participation remains low, at about 50 percent over the past two decades. Their lack of knowledge about market opportunities and costs and benefits of business limits their participation.	Male entrepreneurs far outnumber female entrepreneurs. Women entrepreneurs are handicapped due to lack of knowledge. Initiatives are needed to increase the knowledge of all the economic opportunities available to women entrepreneurs.	Participation in the labor force is linked to knowledge acquisition. The greater the market knowledge, the greater the labor participation. ECGC can assist women in acquiring the necessary knowledge. It will enhance their participation.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					
10	<b>Gender based wage disparities</b>	Male workers typically work in more productive and lucrative businesses. Even within the same business, men are paid more than women. Male entrepreneurs also earn more than female entrepreneurs.	Women earn up to a third less than men and are mostly clustered in less-paying, lower productivity sectors.	Occupational segregation and gender salary gaps persist. Female entrepreneurs too, due to their lower skill levels, are confined to less-productive and less-paying enterprises.	Women's skill development programs must proliferate. Increased skill acquisition leads to higher wages.
Gonzalez, A. (2017), "What's challenging women as they seek to trade and compete in the global economy", <a href="https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy">https://blogs.worldbank.org/trade/what-s-challenging-women-they-seek-trade-and-compete-global-economy</a>					



### 3.4.2 Findings of the comparison between female and male entrepreneurs/workers

Based on secondary sources of information gathered from published literature, a comparison of challenges faced by female *versus* male entrepreneurs and workers in foreign trade has been undertaken. It was found that women entrepreneurs in comparison to their male counterparts face acute difficulties in accessing finance for their businesses. Access to other resources (inputs, assets etc.) required for a business also poses a challenge for female entrepreneurs. Women tend to concentrate in more competitive and less profitable sectors like food, clothing and retail. They also have to face comparatively tougher trade barriers in pursuing their business. Women frequently lack the educational, vocational and technical skills, and experience required to manage significantly productive firms. As a consequence, women entrepreneurs do not have adequate knowledge, training and expertise needed to develop a strong network in foreign markets. Difficulty in registering businesses constrains women entrepreneurs to indulge only in small businesses that do not require any registration. Female entrepreneurs not only remain confined to fewer opportunities but also face unfavorable working conditions. Female workers face tougher working conditions, and work mostly in informal, unpaid, or seasonal jobs. Female Labour force participation *vis-à-vis* that of male Labour force is much lower. Women earn much less than men and are mostly clustered in low-productivity and less-paying sectors. Even within the same business, women are paid less than men.

These are formidable challenges faced by female entrepreneurs/workers as compared to their male counterparts that make it difficult for the former to sustain and grow in the international market. ECGC can play a vital role in assisting women-oriented MSMEs in overcoming their handicaps and bring them at par with male-dominated MSMEs.

### 3.5 Findings of the Study

The findings of this study can be summarized as follows:

#### *Findings on Organisation Types and Sectors for Exports*

- According to the response of policyholders, the majority of their units were private limited companies, followed by partnerships and sole proprietorships. There were only a few public limited/public sector ventures.
- According to the response of non-policyholders, the majority of their units were sole proprietorships followed by partnerships and private limited companies. There were only a few public limited/public sector ventures.
- The export sectors among women-oriented MSMEs for the purposes of this research are identified as textile, manufacturing other than textile (which include fashion accessories, home and pet items, paper bags, polyester films, cotton tape and automobile parts), food, agro products and others (health, pharmaceutical, rubber, handicraft, Jewellery, and chemical).

#### *Findings on Issues and Challenges*

- The major internal challenges experienced in exporting were identified as lack of technology/new technology, lack of resources in the form of capital, personnel, labor & land, lack of financial resources to finance exports and lack of trained personal and experience.
- Among the supply side external challenges, the most frequently mentioned one were price competition among competitors, cost of transportation issues, aggressive competitors.
- Among the demand side external challenges, the most frequently mentioned were lack of brand familiarity, poor image of products in foreign markets, payment delays etc.
- Various socio-economic challenges faced by women-oriented MSMEs were:
  - i. Lack of awareness of women specific policies provided by government
  - ii. Skill deficit among female workers
  - iii. Women face cultural and interpersonal prejudices



- iv. Women not being taken seriously in the organization and lack of finance etc.
- Key personal challenges faced by women-oriented MSMEs:
    - i. Top management lacking export experience
    - ii. Wage discrimination
    - iii. Women face problems of finding a suitable residence and that of commuting from there to their place of employment.

### ***Findings on risks faced by women-oriented MSMEs in exporting***

- Not only non-policyholders but also policyholders believe that managing risk in a formal way is not necessary as long as they have reliable relationships with their foreign customers. This complacent attitude towards risks is not realistic from a long-term point of view. Hence, women-oriented MSMEs need to be made aware of the various risks that complicate the export business and persuaded to opt for ECGC policies.
- Out of all the methods available for covering various types of risks faced by the women-oriented MSMEs, both policyholders and non-policyholders rely mostly on banks and, to a lesser extent, on self to cover their finance risks.
- To mitigate other types of risks including non-payment risks and moral hazards, policyholders resort almost completely to ECGC, but non-policyholders hardly view that as an option.
- Both policyholders and non-policyholders, especially the latter, must be encouraged to opt for ECGC policies to cover non-payment risks inherent in the exporting business.
- Factors that are considered as major risks by policyholders – protracted default by the buyer, insolvency of the buyer, repudiation risk - are not considered to be major risks by non-policyholders. Hence, non-policyholders need to be especially sensitized towards the risks in the exporting business.



### ***Findings on adoption and non-adoption of ECI by women-oriented MSMEs***

- Major reasons for not availing ECGC policy cover as reported by the respondents are lack of funds, sound commercial relation perceived with the customer, issues with (high) premium and procedural obstacles.
- The most important factors considered by policyholders while adopting ECI were transportation time and cost, availability of finance within the enterprise and from outside sources, and overcoming problems when entering new markets, premium charged, time taken to obtain ECGC policy/credit limit and market dominated by established players.
- For non-policyholders, the most important factors considered while adopting ECI were overcoming problems when entering new markets, premium charged, transportation time and cost, and credit limit.
- ECGC should assist women-oriented MSMEs in overcoming the challenges faced on account of entering new markets, premium charged, transportation time and cost.
- There is high level of satisfaction with the usage of ECGC policies on account of the extent of risks covered by them, accessibility of timely information about import sources/export destinations, coverage of risks according to nature of goods exported, ease of obtaining claims from ECGC.
- Satisfaction is much less on account of timely availability for insurance covers and cost of premium charged by ECGC.
- There is scope for increasing satisfaction among women exporters through timely availability of insurance covers and by reducing premium charges on them.

### ***Findings on performance of exporters after availing export credit risk insurance***

- After covering the risk with ECGC export credit insurance high improvement as perceived and reported by the respondents was mentioned for the following factors: Cost Minimization, Improvement in output per labor, Increase in labor requirements (skilled/unskilled) and Expansion of customer base.
- Moderate improvement was reported for factors such as volume of export, market access, improvement in global market share etc.



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- Further, slight improvement was mentioned for value of exports going to new markets, improvement in product diversification, risk mitigation, improvement in market access etc.
- Some progress was made in all the factors as reported by respondents. Despite this, the following factors require significant improvement: cost minimization, improvement in cash in hand position, risk mitigation and expansion of customer base.

### *Findings on awareness of ECGC*

- Awareness about ECGC is not lacking, as most of the non-policyholders were aware of the ECGC.
- However, both policyholders and non-policyholders do not have enough knowledge about the range of insurance products of ECGC and how they can help in covering their risks.
- Making women-oriented exporting units familiar with the wide scope of the policies of ECGC will improve ECGC policy adoption among women-oriented MSMEs. This can be done with the existing sources for spreading awareness about ECGC, which are enough. However, there remains a need to make these sources more active and efficient for motivating women-oriented exporting units to opt for ECGC policies.

### *Findings on female versus male entrepreneurs and workers based on secondary sources of information*

- Women entrepreneurs in comparison to their male counterparts face acute difficulties in accessing finance for their businesses.
- Access to other resources (inputs, assets etc.) required for a business also poses a challenge for female entrepreneurs.
- Women also have to face comparatively tougher trade barriers in pursuing their business.
- Women frequently lack the educational, vocational and technical skills, and experience required to manage significantly productive firms.



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- As a consequence, women entrepreneurs do not have adequate knowledge, training and expertise needed to develop a strong network in foreign markets.
- Difficulty in registering businesses constrains women entrepreneurs to indulge only in small businesses that do not require any registration.
- Women tend to concentrate in more competitive and less profitable sectors like food, clothing and retail.
- Female entrepreneurs not only remain confined to fewer opportunities but also face unfavorable working conditions wherever they have a presence.
- Female workers too face tougher working conditions, and work mostly in informal, unpaid, or seasonal jobs.
- Female labor force participation *vis-à-vis* that of male labor force is much lower.
- Women earn much less than men and are mostly clustered in low-productivity and less-paying sectors. Even within the same business, women are paid less than men.
- Policy initiatives are needed to enlarge the economic opportunities available to women entrepreneurs. This can be done by providing them with the necessary education and training to raise their skill levels and motivate them to invest in larger businesses.
- ECGC can play a vital role in assisting women-oriented MSMEs in overcoming their handicaps and bring them at par with male-dominated MSMEs.

## Section 4: Policy Implications and Conclusions

### 4.1 Background and Scope of this Study

That gender inequality in foreign trade in the Indian economy is increasing is well known. One important reason for this is that women-oriented MSMEs are lagging in export performance in comparison to the male dominated ones. Women-oriented MSMEs have had very limited success in their aspirations to be also export oriented. While there are multiple reasons for this, one key reason is that they are not able to cover foreign trade related risks to the extent the gender neutral MSMEs do by adopting ECGC export credit insurance policies. A solution to the problem of low adoption of export credit insurance policies by women-oriented enterprises must be found if they are to be transformed into successful exporters.

This study makes an assessment of the problems and prospects in the adoption of the export credit insurance policies by the women-oriented MSMEs in India with the view to improve their export credit insurance adoption so that they may become successful as exporters. The study also touches upon the other difficulties faced by women entrepreneurs in exporting in an attempt to develop a comprehensive set of policy recommendations.

The methodology of the present study consists mainly of a primary survey of women-oriented MSMEs comprising of both ECGC policyholders and non-policyholders. A comparison of the views of the policyholders and the non-policyholders on the issues and challenges faced by them provides important clues on how to encourage and enable all women-oriented MSMEs to avail ECGC export credit insurance policies. Additionally, this study also includes a comparison between the socio-economic barriers faced by female *versus* male entrepreneurs and workers, based solely on secondary sources of information obtained from published literature. This comparison too has yielded useful policy lessons for ECGC.

The key findings of the study are presented in the next sub-section, which is sub-section 4.2. Sub-section 4.3 discusses the policy implications for ECGC based on the findings. Finally, sub-section 5.4 concludes.

### 4.2 Key findings of the study

This study compares the responses of policyholders and non-policyholders in a primary survey to understand the factors that contribute to the low adoption of export credit insurance policies in women-oriented MSMEs. The survey shows that majority of units among the policyholders



were private limited companies followed by partnerships and sole proprietorships. For the non-policyholders, majority of the units were sole proprietorships followed by partnerships and private limited companies. The examination of the responses shows that most of the respondents have faced several challenges in foreign trade which includes lack of knowledge about destination markets, non-acceptance of their products in international markets due to perceived product quality, lack of appropriate technology, insufficient awareness about the various facilities that exist to resolve their financial constraints, and difficulty in hiring adequately skilled Labour etc. In addition to these, socio economic and personal challenges such as lack of awareness of women-specific policies/schemes, skills deficit of female workers, limited access to networks, top management lacking export experience and wage discrimination etc. faced by women entrepreneurs are also critical issues.

As per the primary survey conducted, policyholders mentioned that they experienced improvement after availing ECGC policies such as decline in the uncertainties, improvement in volume of exports, improvement in product diversification, cost minimization, improvement in output, expansion in customer base etc. However, there remains a lot of scope for further increasing the level of satisfaction through adoption of ECI policies. Further, reasons for availing/discontinuing/non-availing ECGC policies were also examined. It was observed that factors like lack of funds, sound commercial relation perceived with customers, issues with premium and procedural obstacles etc. were the important ones among the challenges responsible for discontinuing/non-availing the policies by both the policyholders and non-policyholders. Explicitly incorporating risk management practices which are nowadays considered to be an integral part of a company's operations are followed by a little less than half of the policyholders. For non-policyholders, this practice is followed by less than a quarter of them. Not surprisingly, the adoption of ECI is low among women-oriented MSMEs.

Based only on secondary data gathered from published literature, a comparison of challenges faced by female *versus* male entrepreneurs and workers in the international market has been developed. Women entrepreneurs in comparison to their male counterparts face acute difficulties in accessing finance for their businesses. Access to other resources (inputs, assets etc.) required for a business also poses a challenge for female entrepreneurs. Women also have to face comparatively tougher trade barriers in pursuing their business. Women frequently lack the educational, vocational and technical skills, and experience required to manage significantly

productive firms. As a consequence, women entrepreneurs do not have adequate knowledge, training and expertise needed to develop a strong network in foreign markets. Difficulty in registering businesses constrains women entrepreneurs to indulge only in small businesses that do not require any registration. Hence, women tend to concentrate in more competitive and less profitable sectors like food, clothing and retail. Female entrepreneurs not only remain confined to fewer opportunities but also face unfavorable working conditions wherever they have a presence. Female workers too face tougher working conditions, and work mostly in informal, unpaid, or seasonal jobs. Female Labour force participation *vis-à-vis* that of male Labour force is much lower. Women earn much less than men and are mostly clustered in low-productivity and less-paying sectors. Even within the same business, women are paid less than men.

### 4.3 Policy Implications

The findings reported in the previous section offer clear clues about policy initiatives that can be undertaken by ECGC for increasing the adoption of export credit insurance among women-oriented MSMEs. The recommended policy initiatives are given below.

- **Practice of formal risk management should be encouraged in women-oriented MSMEs:** First and foremost, women-oriented MSMEs need to be encouraged to practice formal risk management. The complacent attitude that both policyholders and non-policyholders have towards formal risk management has to change. This can be done by making women-oriented exporting units aware of various risks that complicate the export business and persuading them to opt for ECGC policies to overcome these risks.
- **Identifying women-oriented sectors for formulation of sector specific policies:** According to the data gathered in the primary survey following sectors have been identified as women-oriented sectors; food processing, spices, tea processing, clothing, apparel, handicraft, handloom. ECGC should formulate special schemes to augment its support in such women-oriented sectors, and also be willing to diversify its support as women-oriented MSMEs start extending their area of operation to newer sectors.
- **Monetary and non-monetary assistance:** The women's exporting units require monetary and non-monetary assistance for an all-round improvement in their



performance. ECGC can play a critical role in facilitating both monetary and non-monetary assistance to the women exporters' segment. It can design a set of policies that may incentivize banks to increase monetary help to women entrepreneurs. It can also provide non-monetary help through various mechanisms such as training, capacity development programs and guidance regarding the adoption of export credit insurance products and services to support their performance on the export front.

- **Special policies for women-oriented MSMEs:** Another key finding of the study is that the exporting activity of MSMEs is almost entirely dominated by men. As a result, a separate category within export activities should be established exclusively for women-oriented units in the women-oriented sectors of the Indian economy to give them a safe start in the competitive international market.

Exported goods and services are subject to customs control, through the manufacturing process to the time of sale/export. In this separate category women exporters may be allowed to export without payment of duty. As a measure of positive discrimination, women-oriented MSMEs may be provided a few special facilities such as free trade conditions, streamlined government support, one-stop facilities, tax concession and assistance based on their export market challenges. Further, policies to specifically address the challenges in marketing, promotion, business development faced by women-oriented MSMEs may also be considered. ECGC may offer better pricing, discounts, flexible premium rates and policy terms to these units. By providing policy incentives to banks, credit limits could be raised to help more women-oriented MSMEs.

- **Digitized Platform:** According to the primary survey, women-oriented MSMEs account for a very small percentage of total exports. The awareness regarding ECGC's online services, and its recently launched app is very low, especially among women-oriented exporting units. Proactive steps focused on increasing the awareness among this exporter segment about its fully functional digital platform is the need of the hour.
- **Improving ECGC Outreach:** In addition to the approach involving digital means, ECGC can also raise its outreach to women-oriented MSMEs through personal visits,



conferences and seminars, and stalls at fairs and exhibitions by focusing on the women-oriented sectors.

- **Provision of Well-Organized Data:** There are several Export Promotion Associations in India, such as FIEO, Handloom Export Promotion Association, Tiruppur Export Processing Association APEDA, FICCI, and MAVIM, but none of them have well-organized and reliable data on women-oriented exporting units. It is therefore crucial for ECGC to act as a facilitator to develop a sound database for women-oriented exporting MSMEs for their usage with an aim to increase the business performance of such women-oriented MSMEs.
- **Other general recommendations:** Several female respondents have stated that their safety, security, health, hygiene, and other working conditions, are significantly lower than those offered to male employees. Such discrimination against female employees must be removed. There must be equal treatment meted out to all employees across genders. This will significantly raise the productivity of the female employees.

#### 4.4 Conclusions

It is evident from the findings of this study that the aspiration level of women-oriented MSMEs for being successful exporters is quite high. But this aspiration is not fructifying because of the numerous handicaps afflicting these MSMEs. Indeed, despite the high aspirations of the women-oriented MSMEs, their actual export performance is dismal. One key reason for this is the low adoption of export credit insurance policies among these enterprises. According to the findings of this study, this gap between the aspiration and the actual performance in exporting by the women-oriented MSMEs can be bridged by the ECGC by developing a clear focus as well as a strong emphasis in its policies on women-oriented MSMEs to encourage and enable them to enhance their adoption of export credit insurance policies.

In light of the above, affirmative action (i.e., positive discrimination) through appropriate policies must be exercised to bring them at par with the male dominated MSMEs and turn them into successful exporters. Several such policy suggestions emanate from the findings of this study. These include the following: encouraging women-oriented MSMEs to adopt the practice of formal risk management by availing ECGC policies as it is the most efficient and reliable





method of overcoming the complications in export business; increasing the focus of export credit insurance policies onto women-oriented sectors; facilitating both monetary and non-monetary assistance to women-oriented MSMEs; offering better pricing, discounts, flexible premium rates and policy terms to them; taking proactive steps to increase the awareness about ECGC's fully functioning digital platform; raising ECGC's outreach to women-oriented MSMEs through personal visits, conferences and seminars, and stalls at fairs and exhibitions; implementing a Customer Relationship Management (CRM) strategy with an emphasis on women-oriented exporting units across the country;

Some other generic policy suggestions which also follow from the findings of this study are the following: creating a separate category within export activities for women-oriented units in the women-oriented sectors of the Indian economy to give them a safe start in the competitive international market; designing policies to specifically to address the challenges in marketing, promotion, business development faced by them; providing policy incentives to banks and raising credit limits to help more women-oriented MSMEs; introducing some training and capacity development programs for them; removing all discrimination against female employees on account of safety, security, health, hygiene, and other working conditions. Many of these policy initiatives can be easily undertaken by ECGC through their Corporate Social Responsibility (CSR) mechanism.

Once these policy initiatives are undertaken, the confidence level of women entrepreneurs will rise significantly, and they will make bolder attempts to enhance their exports. This is bound to lead to rise in the adoption of export credit insurance by the women-oriented MSMEs, which in turn will transform them into successful exporters. More exports from them will stimulate the economy too. Higher export credit insurance policy adoption would also increase ECGC's business. A virtuous circle of enhanced export credit insurance policies adoption by women-oriented MSMEs leading to more exports, more business for ECGC and more of economic growth for the country is likely to result.



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