

Gender-Biased Indian Start-up Ecosystem in India: A Case Study

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Abstract

The total number of women in India is a whopping figure of 526 million. This female population is larger than the combined total populations of Canada, USA and the Russian federation. Unfortunately, a very small percentage of the woman population belonging to the elite, educated and upper-middle class especially in the cities, has been exposed to issues on Women's roles, career options and jobs. This paper deals with the emergence of women on the economic scene as entrepreneurs and how they are biased on the gender preferences on Indian start-up ecosystem.

Keywords

Women, Entrepreneurs, Start-up, Ecosystem.

Introduction

Women are increasingly becoming conscious of their existence, their rights and their work situations. Today women entrepreneurs represent a group of women who have broken away from the beaten track and are exploring new avenues of economic participation. What makes their arrival as well as achievements even more significant and commendable are the struggles they have to put up, frustrations they have to experience and the multiple handicaps they have to overcome to emerge as entrepreneurs at the early stage and subsequently achieving success in business at the stage of managing their enterprises.

Status of women freedom depends on economic conditions even more than political. If a woman is not economically free and self-earning, she will have to depend on her husband or someone else, and dependents are never free. These were the ideas of Pandit Jawaharlal Nehru, the first Prime Minister of India, who vividly highlighted the importance of economic independence of women.¹

Woman enterprise

A woman entrepreneur is an adult who owns and runs an enterprise, especially a commercial one, often at personal financial risk. A recent ILO-Indian study of woman entrepreneurs gave the definition of women's enterprise as a small unit where one or more women entrepreneurs have not less than 50 per cent financial holdings.²

Women Entrepreneurship in India

Around 50 per cent of India's population is women. Yet, business spheres such as trade, commerce and industry, is still considered a male preserve. Entrepreneurial work has also been a predominantly men's world in India. This is based on the fact that only three per cent of the total entrepreneurs in India are women. Indian women are in no way inferior to men in all walks of life and they can be as good entrepreneurs as men in the country. Therefore, it is essential to exploit the potentials of Indian women. Women's participation in trade, industry and commerce, requiring entrepreneurship, is still poor mainly because of the problems associated with their gender roles. Therefore, promotion of entrepreneurship and economic empowerment of women poses a challenge to the government, funding agencies and non-government organisations. It is important for these people to focus on the limitations faced by the women and to plan supporting systems to enhance the women entrepreneurship in India.

According to industry estimates, there are over 300 million women looking to enter workforce across the country. Technology is the equalizer and has played a vital role in enabling women in small towns to gain an equal footing in the Indian workforce. "Now any educated and qualified woman, who was previously constrained by geography, has the ability to become gainfully employed while working from home," says Bagaria. Working from home is catching on in tier two and three cities, and the demand for jobs is higher in northern, western and southern India.³

Women were encouraged to choose 'safer' or 'easier' career options like teaching or working in human resources changing rapidly. Today, the concept of a woman entrepreneur no longer elicits surprise or curiosity in India. Thanks to women who defied convention or broke stereotypes to follow their passion, female entrepreneurs are no longer thought of as "dabbling" with a start-up "just as a hobby" or as a pastime; rather they are being seen as icons and worthy of admiration.⁴

The typical objections to women entrepreneurs from a conservative society have included "Who will take care of the household?", or "How will a woman handle finance?", or "Business requires a lot of travelling and networking." These objections and comments are still heard, but the voices are no longer as shrill or widespread as they used to be. Actions speak louder than words. And women have proved themselves more than capable of handling all aspects of a business.⁵

Facing adversity

There is something about adversity that brings out the best in people, especially women. Eleanor Roosevelt put it rather eloquently when she said, "A woman is like a tea bag. You never know how strong she is until she's in hot water." Closer home, there have been an impressive list of women entrepreneurs who started out with nothing or battled immense personal and professional odds to make their dreams come true. Jyothi Reddy, who was born into an impoverished, agricultural

family and is today the CEO of a \$15 million IT company in the US, and Madhu Singh, who defeated breast cancer and went on to establish a top preschool in Noida are just two examples. They are just two of the many women who have pressed on to set up, scale and succeed despite the body blows they faced every step of the way.⁶

Success vs. the desire to do well

Many women entrepreneurs are driven by a desire to do good work, realise their dreams and prove their detractors wrong, rather than just make money. One such example is that of Aditi Avasthi who founded Embibe, a Mumbai-based ed-tech startup that combines technology and data sciences to help students prepare better for competitive exams. Her own negative experiences while facing competitive exams led her to start a venture that would help young people and guide them through a very crucial period in their lives.⁷

Sia Umesh came from humble beginnings. She could have continued with her corporate job, but she gave that up to set up Karmashya, an online portal selling high-quality religious and *pooja* articles. The venture has an all-woman team to run operations – every single one of them comes from an underprivileged background. It's Sia's way of giving back to society while also running a successful venture.

Resilient spirit

Resilience is the common thread between Saumya Gupta, who failed to get a job after qualifying as a pilot but went on to find an apparel business with an annual turnover of Rs 10 crore, and Arpita Khadria, who quit her plum job because of an unsupportive boss and went on to establish three successful ventures in a couple of years. Everybody takes a fall at some point in life; the only thing that matters is whether or not you get up to face the fight once again.

Passion for work

Plush offices and hefty salaries cannot motivate one to go to work as enthusiastically as a genuine passion for work can. It goes without saying that most women entrepreneurs are extremely passionate about their work and believe they can make a difference to others. Harsha Thachery and Liya Verghese transformed their passion for tasty home cooked food into Masala Box, a foodtech start-up that connects foodies to hundreds of home chefs in Kochi and Bengaluru. Ankita Shroff, founder of SAV Chemicals, speaks for several of her counterparts when she says, "A dream becomes a goal when action is taken towards its achievement. It's my conviction that checkboxes are made so that they can be ticked.

The domino effects

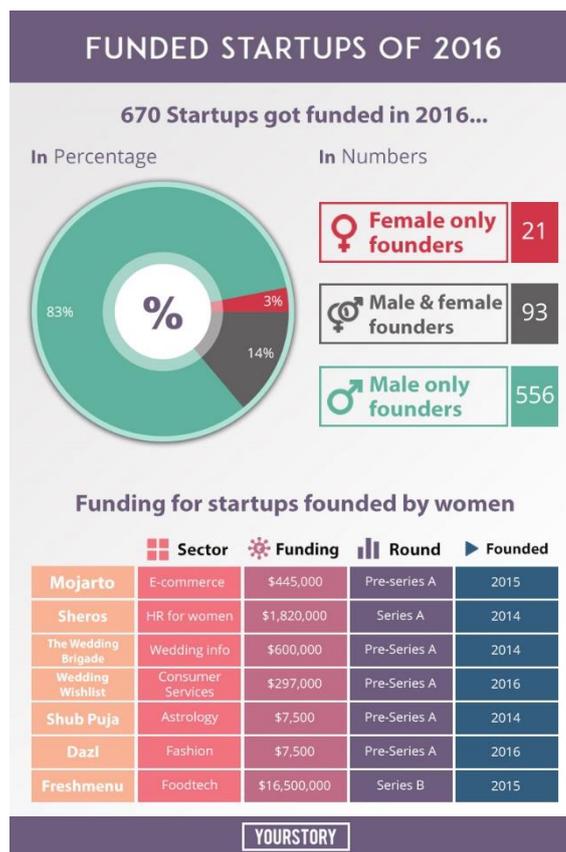
One successful woman often starts off a domino-like chain of other successful women. Sometimes this effect is exponential as in the case of Dr Saundarya Rajesh, who started a successful recruitment firm and went on to start a women-

focussed consulting firm called AVTAR I-WIN that has helped restart the careers of more than 8,000 women who had taken a break after motherhood or other reasons.⁷ The environment in India is very supportive of start-ups right now with the government organising the glamorous Start-up India Initiatives. So, it won't be surprising if we see a higher number of exceptional women start on or accelerate their entrepreneurial journey this year.

Gender-Biased Indian start-up ecosystem

As on 2016, 670 funding deals worth \$2 billion have been closed. Guess what percentages of these deals were bagged by start-ups with women co-founders or a solo woman founder? It is a mere 3 percent. Approximately 14 percent has gone into start-ups with male and female co-founders, while the rest 83 percent went to those founded by men. This disparity may not come as a surprise to many, as women entrepreneurs in India are few compared to male entrepreneurs. But women entrepreneurs say that the country's start-up ecosystem too has not been spared of gender bias.⁸

The diagram of *Yourstory* (given below) finds that women are side-lined to a considerable extent in sectors they have started up in.



Source: *Yourstory*

Beyond fashion and food tech

Women entrepreneurs in India are found more in fashion and food tech sectors, than in tech, automobile, Software as a Service (SaaS) or gaming. But even in those two sectors, 70 percent are men, says Usha Amin, co-founder of SAHA Fund, a Venture Capital firm exclusively for women, except Limeroad, founded by Suchi Mukherjee, all leading online fashion portals are founded by men whether it is Voonik, Wooplr, Roposo, as well as veterans like Myntra and Jabong.⁹

Meena Ganesh, Co-founder, Portea (2016), says, we need more women in finance and technology sectors. A woman not being there discourages investors to trust women's intellectual capabilities. Women have not grabbed the authority over finance yet." However, Nidhi Agarwal (2016), Founder-CEO of women's business wear portal Kaaryah, believes there should be no stereotypes in entrepreneurship. "When she was working with Honeywell, she launched their business in turbo technology. Even in fashion, it is tech-based disruption," she explains. She was Director, Strategy, at Honeywell India, where she helped them develop their Space and Missiles business, enabling component sales for the 'Mangalyaan' mission.

Meghna Saraogi (2016), Founder of Delhi-based fashion start-up Styledotme, points out that women understand fashion better. "She knows the fashion industry very well, she knows how the company will be five years from now and the investors respect it," she says.

Tough choices

Usha (2016) of SAHA Fund admits to the pressure women succumb to. "No matter how educated she is, if things are not going well on the domestic front, 90 percent of time it is the woman who gives up a job. But as an entrepreneur you are married to your work, you can't give it up. Few women exude that confidence to investors that they can face the challenges. In a pitfall situation, I have seen that men somehow manage it but women struggle," she says. That is why having a male co-founder is seen as helpful in winning investors' trust at times.

Rashi Menda (2016), CEO of online luxury goods platform Zapyle, says, "If she has a co-founding team investors believe in if you have a male co-founder. In a way, your abilities are doubted because you are a woman." Meghna of Styledotme, however, chose to prove naysayers wrong. "She has been told that without a tech co-founder, no one will fund them. But she made it without a tech co-founder – passion is what matters, not gender," she explains.

Investors and scalability

Swati Bhargava (2016), Co-founder, CashKaro says that there is a fear among investors that a woman cannot build scalable startups, as priorities purportedly change for her over time. Swati Bhargava, co-founder of cashback platform CashKaro, concedes having to choose between biological clock and career

aspirations, most women dump the start-up. Also, a majority of women start-up in sectors that are not scalable or will evolve into billion-dollar industries.” CashKaro is backed by Ratan Tata and Kalaari Capital. Of course, men build non-scalable start-ups too. Sanjay Nath, Partner, Blume Ventures says, “she won’t generalise that male entrepreneurs build more scalable start-ups. They are just more in number. In fact, if you are a woman entrepreneur you have tremendous advantage as you can position yourself differently.”

Women investors, mentors and role models

There is a call for more role models and mentors for women, to inspire them and help them ease into a male-dominated ecosystem. This is how an informal network of mentoring helps. Meghna (2016) says: “She has had an amazing experience with Indian Angel Network in terms of support, motivation, mentorship. They helped her to connect more people for the next round of funding. Without reference, most high-profile women do not care about young women entrepreneurs.

The skewed gender ratio manifests in investor circles too, with only a few women in the business as Vani Kola of Kalaari Capital and Renuka Ramnath of multiples equity being the prominent ones. More representation would help encourage women to come forward. Rashi says, when she enters an investors’ conference room, she wishes for at least one woman at the table. Once it did happen – and her pitch changed when she saw a woman at the table feels more comfortable.”

Old habits die hard

Some issues are deep-rooted and require a systemic overhaul of thinking. Founders highlight a host of mistakes made while raising girl children due to preconceived notions and societal pressures for conformity. Usha (2016) of SAHA Fund says, “We are still a patriarchal society. But girls should be taught independence during schooling - on how to handle anything and not feel helpless or pressured down.” Rashi Menda (2016), Founder and CEO, Zapyle a major cultural element is at play here. Rashi says: “Women are taught not to take risks; they grow up sheltered and are then married off as young adults. But I was brought up the same way as my brother. You have to give time to family and in-laws. But when you also get to do what you like, it is balanced.”

Many women have good ideas but do not take it forward because there is no support. Usha (2016) says, “We need lot of training, awareness, and bring up the topic of why things are not working for women in the society.” Meena of Portea (2016) agrees that “They need to be told that it’s okay to take risks which are happening now for more than five years ago,” she adds.

Shattering glass ceilings

High-profile, influential women starting up will keep the conversation on women empowerment going and help change mindsets. Rashi of Zapyle says: “Media is changing the attitude; investors’ hesitation is changing. They appreciate you

doing everything by yourself. But it should be acceptable that if a man can work 14 hours a day, a woman can do it too.” Portea's Meena stresses on government's increased commitment to women, via tax deduction and incentives, as well as bank loans with low rate of interests.

Recently three start-ups from empower, an accelerator for women entrepreneurs, received equity-free seed funding from Department of Science and Technology, and Vodafone. The Central government's much acclaimed Start-up India, Stand-up India scheme provides loans between Rs 10 lakh and Rs 1 crore at concessional interest rates for women entrepreneurs. MSME ministry launched schemes for women entrepreneurship development like Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme, which provides trade-related training and counselling.

Government Schemes

While the support of family and friends is the foundation on which a woman can build her start-up, ignorance of funding schemes and financial support is a major setback inhibiting Indian women from venturing out on their own. The main goal of the scheme is to promote entrepreneurship among the SC/ST and women of the country by extending loans ranging between INR 10 lakh and INR 1 crore for setting up their own enterprise.

The women who avail of this scheme can also avail a number of support services for their businesses and be covered under the government's social welfare schemes. Apart from this, nationalized banks have been encouraged to launch a number of loan schemes to benefit the women entrepreneurs. These include the Annapurna Scheme, Dena Shakti Scheme, Udyogini Scheme, Stree Shakti Scheme, and Mahila Udyam Nigam Scheme.

Bharatiya Mahila Bank

To promote financial support for prospective women entrepreneurs in the country and to provide them access to formal banking institutions, the Bharatiya Mahila Bank Limited (BMBL) was set up in 2013. The prime objective of the bank was to wean Indian women away from non-banking financiers and lenders such as pawn brokers and private institutions, which have traditionally been holding the savings of women and lending to them. This made the women susceptible to frauds and/or high interest rates.

A specialized bank focusing on the financial and funding needs of the women came as a great support to budding entrepreneurs. India became the third country in the world to come up with a bank focused on women, and the BMBL is now 100 branches strong. Earlier this month, the SBI board approved the acquisition of Bharatiya Mahila Bank. This means that the BMBL will soon be part of the country's largest public-sector bank and women entrepreneurs will have access to its financial services.

Conclusion

To conclude, the success and career trajectory of someone like Radhika Aggarwal, Co-founder and CBO of online marketplace Shop Clues, perfectly decimates any argument against women's prowess in entrepreneurship. The sole woman in the glamorous start-up unicorn club recently told YourStory, "When we started Shop Clues, each one of the team members owned a domain – and were the only people in that domain. She ran marketing alone for eight months. She didnot know how she did it; now they have a team of 140 people running it." Says Radhika Aggarwal. One day gender will be redundant – but now, women-led organisations will struggle to find the right balance. If society as a whole focus on what women and men can bring individually, it can lead to optimal utilisation of resources.

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