



**Women in Informal Employment
Globalizing and Organizing**

WIEGO Working Paper N° 4

September 2008

Informality in South Asia: A Review

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WIEGO Working Papers

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This paper was prepared for the Swedish International Development Cooperation Agency - Sida.

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Publication date: September 2008
ISBN number: ISBN 978-92-95095-20-5

Published by Women in Informal Employment: Globalizing and Organizing (WIEGO)
A Charitable Company Limited by Guarantee – Company No. 6273538, Registered Charity
No. 1143510

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Cover photograph by: Martha Chen

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Introduction

South Asia and Sub-Saharan Africa (excluding South Africa) are the two regions of the world with the highest average incidence of informal employment: representing over three-quarters – as high as 90 per cent in some countries – of total employment (ILO 2002b). By comparison, informal employment represents around two-thirds of total employment in other developing regions: around 65 per cent in South East and East Asia and 60 per cent in Latin America, the Middle East, and North Africa (Ibid., Perry et al. 2007; see companion reviews for Africa and Latin America). In developed countries, non-standard work – which is mostly informal (i.e., not covered by social protection) – comprises 25-40 per cent of total employment.¹

The term “informal sector” was coined in Africa in the early 1970s, by the British anthropologist Keith Hart and the International Labour Organization (ILO), to refer to the urban self-employed. Although the concept has been debated ever since, it has continued to be used by many policy makers, labour advocates, and researchers because the reality it seeks to capture – the large share of the global workforce that remains outside the world of full-time, stable, and protected employment – continues to be important and has been increasing over time.

The official international statistical definition of the “informal sector” endorsed by the International Conference of Labour Statisticians in 1993 retained a focus on self-employment in informal enterprises. Since the mid-1990s, however, statisticians, researchers, and activists in India, together with the ILO Statistics Bureau, the global action-research-policy network WIEGO, and the International Expert Group on Informal Sector Statistics (called the Delhi Group because it is convened by the Government of India), have developed and promoted an expanded definition or concept that includes all forms of informality. In 2003, the International Conference of Labour Statisticians endorsed statistical guidelines for measuring this broader concept of “informal employment” that includes self-employment in informal enterprises (operating outside formal regulations) and wage employment in informal jobs (without legal or social protection) in both urban and rural areas.

In this review, we seek to explore the diversity and dynamics of the informal economy across five countries in South Asia: Bangladesh, India, Nepal, Pakistan, and Sri Lanka. This review is in six sections. In the first two sections, we present statistical overviews of employment generally and informal employment specifically in South Asia. We then examine the dynamics of informal labour markets and how individuals and households respond to these dynamics in Sections III and IV, respectively. In Section V, we speculate on what causes or drives informal employment in South Asia, focusing on broad structural forces both economic and social. In the concluding section, we present a three-pillar framework for considering policy and other responses to informality with promising examples from South Asia.

I. Overall Employment

The total labour force in South Asia is very large, estimated in the early 2000s at over 560 million or nearly 23 per cent of the world’s labour force, ranking behind East Asia and the Pacific (including China) as the second largest regional labour force (World Bank 2004: table 2). India, the largest country in the region, represents over 70 per cent of the total South Asia labour force, followed by Bangladesh (13%), Pakistan (10%), Nepal (2%), Sri Lanka (1.5%), Bhutan (0.1%), and Maldives (<1%). The South Asian labour force is also growing at a very quick rate, estimated at 2.27 per cent per annum between 2000 and 2002 with around 13 million new entrants into the labour force each year (Ibid.).

¹ Developed countries, including OECD countries, use the concept of non-standard work (not informal employment). The categories of non-standard work for which data are commonly available include self-employment as well as temporary and part-time employment.

Labour markets in South Asia have been characterized as dualistic, with a relatively small, well-protected formal sector and a large unprotected informal sector. Indeed, the formal workforce is very small in all countries in the region representing a privileged labour force. However, labour markets in South Asia are much more complex than simple dualism suggests. To begin with, the public sector, public enterprises, and many large private firms are down-sizing employment or out-sourcing production, leading to new entrants into informal self-employment (as retrenched workers seek alternative employment) and the informalization of once-formal jobs. Second, the informal economy is very heterogeneous consisting of self-employed and wage workers as well as intermediate categories such as industrial outworkers and unpaid contributing family members. Third, the informal economy is often linked to the formal economy through employment and commercial relationships. What follows is a brief overview of employment in South Asia.

Participation Rates

The labour force participation rate in South Asia is relatively low, mainly because of the low labour force participation rate of women in the region (World Bank 2004). Nepal has the highest labour force participation rate in the region (82%) followed by Sri Lanka (60%), Maldives (56%), Pakistan (52%), Bangladesh (49%), and India (40%) (World Bank 2004: Figure 2). One of the reasons that the labour force participation rate in India is so low is that estimates of the participation rate are based on the population age five and above, rather than age 14-15 and above which is more commonly used in other countries. Leaving aside the question of what the labour force participation rate in India would be if it used the more standard demographic base line, it is important to note that the labour force participation rate in India, as currently defined, fell during the 1990s across states and sectors. Two task forces set up in the early 2000s to examine the declining labour force participation in India concluded that the employment elasticity of growth had declined. Several factors are seen as driving this decline: notably, the decline of the public sector, the decline of the agricultural workforce, the capital-intensity of private sector growth, and the casualization or informalization of labour (Task Force under Ahluwalia, and Special Group under S.P. Gupta). The results of the latest round (61st) of the National Sample Survey of India – covering 2004-2005 – indicate that rural labour force participation rates, more so for men than women, have recovered to levels a decade earlier and that urban labour force participation rates, for both men and women, have increased significantly. However, the recovery is mainly due to the increase of self-employment (Chandrasekhar and Ghosh 2006).

The labour force participation rate of women in South Asia is among the lowest in the world, ranging from about 16 per cent in Pakistan, 23 per cent in Bangladesh, 25 per cent in India, 40 per cent in Sri Lanka, to over 78 per cent in Nepal (World Bank 2004: Figure 15). Male participation rates, however, are comparable to levels in other parts of the world: ranging from 69 per cent in India, 73 per cent in Maldives, 74 per cent in Bangladesh, 81 per cent in Sri Lanka, 85 per cent in Pakistan, to over 85 per cent in Nepal (Ibid.). In South Asia, women compared to men are far more likely to work in agriculture and far less likely to work in trade, whereas men and women tend to be equally represented in manufacturing (Ibid.). Also, in all countries with the notable exception of Sri Lanka, a far higher share of women workers than of men workers are engaged in the informal economy.

There are various explanations for the low labour force participation rates of women in South Asia: cultural norms of seclusion and status that restrict women's physical mobility and market work; lack of education and skills among women; and lack of labour market opportunities for educated women compounding the more-universal gender division of labour that assigns to women the primary responsibility for household and care work (Ibid.). There is also a strong likelihood that national labour force statistics under-measure and under-value the work of women – especially since women workers tend to be concentrated in informal employment and, there too, in the most disadvantaged and least visible segments of informal employment.²

² There is a current initiative in India, involving collaboration between the government and informed research and activists, to improve statistics on industrial outworkers or homeworkers. Among other outcomes, the recently-convened committee on home-based worker statistics developed definitions to be jointly applied, and recommended collecting data on home-based work with reference to social security, working conditions, housing, credit, market access, and child labour related to home-based workers (Sapna Joshi, HomeNet South Asia, personal communication 2008).

Employment by Sector

Most of South Asia's workforce works in the agricultural sector. Although all of the countries are experiencing a decline in the relative importance of agriculture, the primary sector still accounts for a very large percentage of the total workforce in most South Asia countries with the exception of the Maldives. Bhutan has the greatest share of its workforce in agriculture (nearly 95%) followed by Nepal (roughly 75%), India (over 66%), Bangladesh (nearly 65%), Pakistan (nearly 50%), Sri Lanka (nearly 45%), and Maldives (just over 16%, largely in fisheries) (World Bank 2004: figure 3).

The percentage of the workforce in manufacturing is relatively small in South Asia. Sri Lanka has the largest share of its workforce in manufacturing (23%) followed by Maldives (nearly 23%), Pakistan (18%), India (nearly 13%), Bangladesh (around 10%), Nepal (around 5%), and Bhutan (just under 1%). Across the region, both workers and units in the manufacturing sector are largely informal. In India, for example, 80 per cent of the manufacturing workforce is informal.

Services employ more workers in the region than manufacturing. Maldives has the largest share of its workforce in services (over 60%) followed by Sri Lanka and Pakistan (both around 34%), Bangladesh (nearly 25%), India (over 20%), Nepal (20%), and Bhutan (5%). The largest share of service employment is in community, social, and personal services (ranging from over 8% in India to nearly 34% in Sri Lanka) followed by trade, hotels, and restaurants (ranging from 2% in Sri Lanka to 17% in Maldives) and, then, transport, storage, and communications (ranging from 0.6% in Nepal to 6.3% in Pakistan). A very small percentage (around 1% or less) is in finance and business except in the Maldives and Sri Lanka (both around 4%) (World Bank 2004: Table 5).

The relative importance of the public sector as a source of employment has been declining in the region. The public sector still accounts for a very large share of total employment in the Maldives (over 30%) and a significant share in both Pakistan (16%) and Sri Lanka (just over 14%). But the government plays a small role in employment in Bangladesh (around 4%) and India (around 3%) (World Bank 2004: Figure 5).

Unemployment and Underemployment

Unemployment rates in South Asia are quite low, at around 5 per cent, with the exception of Bangladesh (11%) and Sri Lanka (over 9%) (World Bank 2004). But youth unemployment, particularly among the educated and women, is significant. South Asia is home to about one quarter of the world's 1 billion or so youth and youth unemployment ranges from just over 10 per cent in Bangladesh to nearly 25 per cent in Sri Lanka (Ibid.). The unemployment rate among educated youth in Sri Lanka has received considerable attention not only because of its magnitude but also because of its perceived links to widespread violence (Rama 2003; World Bank 1999, 2002; Heltberg and Vodopivec 2004). Youth typically account for about half of the unemployment in the region.

In South Asia, as in other developing regions, unemployment is not found among the poorest segments of the society (Vodopivec 2004). Due to the low coverage or general weakness of unemployment insurance schemes, very few individuals, particularly among the poor, can afford to be jobless. An official household survey in the Punjab province of **Pakistan** found that households in which the household head was unemployed were less likely to be poor than households in which the household head was a contract farmer, self-employed outside of agriculture, wage employed, a share cropper, or a livestock rearer (PIHS 2001).

Furthermore, those who have historically been self-employed are less likely than those who have had salaried jobs to report that they are unemployed. Again, a study in **Pakistan** showed that the overall unemployment rate was quite low but that the unemployment rate among former employees was relatively high (Farhad Mehran, ILO Statistics Bureau, personal communication, 2000).

The real problem in most developing regions, including South Asia, is the large share of working poor in the informal economy who are under-employed, at least during parts of the year.

II. Informal Employment

The vast majority of the labour force in South Asia is employed in the informal economy. The rest of this Review seeks to delineate and illustrate, through statistical data and research findings, the commonalities and differences between five South Asian countries – Bangladesh, India, Nepal, Pakistan, and Sri Lanka – in regard to informal employment.

Definitions and Measures

But, first, a major caveat is in order. Making cross-country comparisons is complicated by the lack of systematic harmonized data. As noted earlier, an international definition of “employment in the informal sector” was endorsed at the Conference of Labour Statisticians in 1993. Subsequently, the Statistics Bureau of the International Labour Office (ILO), the International Expert Group on Informal Sector Statistics (the Delhi Group), and the WIEGO network have developed an expanded statistical definition that captures informal employment outside the informal sector – that is, unprotected wage employment for formal firms, households, and no fixed employer – as well as employment in the informal sector. The 17th Conference of Labour Statisticians in 2003 endorsed this broader definition and the guidelines for measuring it (see ILO 2002b for the statistical framework for measuring informal employment). In this review, we will use the term “informal sector” to refer to employment in informal enterprises and the terms “informal employment” or “informal economy” to refer to the wider notion of informality that also includes informal employment outside the informal sector.

When considering informal employment broadly defined, it is important to distinguish whether informal employment is inside or outside the informal sector (i.e., informal enterprises). Informal employment *inside* the informal sector includes both the self-employed (employers, own account operators, and unpaid contributing family workers) and wage employed (employees of informal employers). Informal employment *outside* the informal sector includes unprotected wage workers in formal firms as well as those who work for households (as domestic servants), for no fixed employer (as casual day labourers), or under sub-contracts (as industrial outworkers). However, statisticians tend to classify casual day labourers and industrial outworkers – both anomalous and intermediate categories – as “self-employed” and, therefore, part of the informal sector. In **India**, which classifies workers in this way, 86 per cent of the total workforce is in the informal sector (i.e., informal enterprises) and 6 per cent of the total workforce is in informal (i.e., unprotected) wage work for formal firms (NCEUS 2007: table 1.1).

Moreover, few countries in South Asia measure employment both inside and outside the informal sector; and each country uses a somewhat different definition even for the informal sector.

- Bangladesh focuses on unincorporated enterprises (including “private family based” in the most recent survey but excluding the “private informal” category that appeared in the previous survey).
- India uses type of enterprise, including proprietary and partnership enterprises in the non-agricultural part of the economy, but excluding public and semi-public enterprises, and enterprises run by cooperative societies, trusts, private and public limited companies.
- Nepal uses status of employment, institutional information, and number of employees to determine the informal sector as part of the non-agricultural workforce.
- Pakistan uses household production and size of employment (less than 10 people), excluding agriculture and households engaged entirely in non-market activities.
- Sri Lanka includes workers in private enterprises that are not registered under the employees’ provident fund or Inland Revenue Department, do not maintain formal written accounts, and have less than 15 regular workers (Unni 2007).

This amount of variation – and changes from one labour force survey to the next – makes comparisons across countries or over time very difficult in the South Asian region.

These limitations to the data notwithstanding, we seek in this Review to present what data is available and, in so doing, to distinguish as far as possible between the different categories of informal employment.

Significance and Trends

According to recent national labour force surveys³, informal employment comprised a significant share of *non-agricultural* employment in all countries: accounting for 62 per cent of non-agricultural employment in Bangladesh, 72 per cent in India, 73 per cent in Nepal and Pakistan, and 45 per cent in Sri Lanka (Jhabvala et al. 2007, NCEUS 2007, ILO 2004, Gunatilaka 2008). Since a relatively large share of total employment is in agriculture and employment in agriculture is largely informal, the share of informal employment in total employment is higher still: accounting for 79 per cent of total employment in Bangladesh, 92 per cent in India, over 80 per cent in Nepal, and 66 per cent in Sri Lanka (Ibid.).⁴

Understanding and comparing trends in informal employment is complicated by the fact that some segments of informal employment within the various countries may be growing while others are shrinking. This is because some segments of informal employment tend to expand during economic crises and shrink during economic growth – that is, are counter-cyclical – while others may shrink during economic crises but expand during economic growth – that is, are pro-cyclical. Much of the available trend data raise more questions than they answer.

Consider the case of India. India is a fast-growing economy but employment is not growing as fast as output, deep pockets of poverty persist, and inequality is growing. Employment grew at a rate of less than 2 per cent per annum during the 1990s and at a rate of 2.5 per cent per annum between 1999 and 2005 (Ghosh et al. 2007). Part of the enormous employment challenge in India is to increase the quantity of employment in India. Unemployment is increasing and is very high among urban youth, especially young urban women. There will be an estimated 70 million new entrants into the labour market over the next five years.

A second, and equally important, challenge is to improve the quality of employment in India. Wage employment is on the decline: regular wage employment has been on the decline for some time but casual wage employment is also now on the decline. Real wages have also been falling. There has been a significant increase in self-employment, especially among rural women (mainly as unpaid family workers) but also among urban workers, both men and women. Roughly half of the workforce in India is now self-employed (Ibid.). Around half of all self-employed workers in India do not find their work to be remunerative despite have very low expectations of reasonable returns: 40 per cent of rural workers would be satisfied with earning 1,500 rupees (or less) per month, and 33 per cent of urban workers would be satisfied with earning 2,000 rupees (or less) per month (NSS 2004-2005 Survey cited in Ghosh et al. 2007).

In Bangladesh, self-employment grew from around 53 per cent of non-agricultural employment in the 1980s to 73 per cent on non-agricultural employment in the 1990s (ILO 2002, Annex 2). Between 2000 and 2002/3 in Bangladesh, according to estimates by the South Asian Association for Regional Coordination (SAARC), formal employment in the public sector declined markedly (by 10.68%), formal employment in the private sector grew marginally (by 0.64%), while employment in the informal economy grew significantly (by 9.17%) (SAARC 2005).⁵

³ The national labour force surveys whose data are cited are: Bangladesh 2002-03, Nepal 1998-99, Sri Lanka 2007, India 1999-2000, Pakistan 2001-02.

⁴ In Nepal and Sri Lanka, recent surveys do not include data from certain conflict-prone areas and have made estimates based on available data. Regarding Nepal, GEFONT (2005b) estimates that, using the 1998-99 data, a broad definition of the informal economy would indicate that 90.7% of the total labour force 15 years and above is informally employed, including 95.3% of female workers and 86.2% of male workers. Regarding Sri Lanka, Arunatilake and Jayawardena (2005) and Dissanayaka (2005) also found roughly similar numbers based on 2003 data – i.e., that informal employment accounted for approximately two-thirds of total employment. Regarding Pakistan, the labour force survey only measures the informal sector outside of agriculture.

⁵ The exchange rate in 2004 and 2005 varied between 43.5 and 45 Indian rupees per US dollar.

While trend data are not readily available for Nepal, there is a general perception that the informal economy is growing in that country. The growth is attributed to the lack of sufficient jobs in the formal economy, and the barriers to formalization faced by informal enterprises, notably limited access to credit and regulatory barriers. “It has been argued that ‘due to low capability of creating employment in the formal sector a culture to work in the informal sector in the form of self-employment is slowly developing’, and many educated people have also begun to enter the informal sector” (Upreti 2004, cited in HNSA/ISST 2006: 23). In addition, increasing population growth as well as widespread conflict in rural areas has induced many young people from rural areas to migrate to the cities. Finally, it is noted that “(p)olitical-economic reasons may also be part of the explanation in Nepal, where flexibility and self-employment has been actively promoted by the government and set out as objectives in their Tenth Plan” (HNSA/ISST, 2006: 23).

In Pakistan, between 1996/7 and 2001/2, the formal sector grew at a rate of 1.6 per cent per annum, while the informal sector grew at a rate of 1.8 per cent. Within the informal sector, the average annual growth rate by sector was as follows: business services (2.3%), manufacturing (2.2%), transport and communication (1.9%), wholesale and retail trade (1.7%), personal services (1.6%), construction (1.4%), hotels and restaurants (1.4%). It should be noted that these figures, as is the case with all official figures from Pakistan cited in this report, *exclude* informal employment outside informal enterprises and informal employment in the agriculture sector (Pakistan Labour Force Survey 1996/7 and 2001/2).

Diversity and Heterogeneity

The informal economy is known for its heterogeneity: it is, by definition, a diverse set of economic units, activities, and workers. Three common ways of classifying this diversity is by industrial sector, occupation, and employment status.

Industrial Sector

The most aggregate way to think about the diversity in the informal economy is by industrial sector. This is commonly done by considering either the *percentage distribution* of all informal workers across different industrial sectors or the share of all workers in a given industrial sector that are informal.

In India, in terms of the share of all workers that are informal, more than 95 per cent of workers employed in trade or by private households are informally employed; more than three-quarters of workers employed in other services – construction, hotels and restaurants, transport and storage – are informally employed; and more than 80 per cent of workers in manufacturing are informally employed (NCEUS 2007). In terms of percentage distribution of the informal workforce, 33 per cent of male informal workers are engaged in trade, 23 in manufacturing, 16 per cent in construction, 21 per cent in other services (mainly in transport and storage), and 7 per cent in other sectors. In comparison, 16 per cent of female informal workers are engaged in trade, 48 per cent in manufacturing, 6 per cent in construction, 25 per cent in other services (mainly outside of transport and storage), and 5 per cent in other sectors (NCEUS 2007: figure 2.7).

In Pakistan, the three sectors with the highest shares of informal workers (around 87% each) are hotels-restaurants, construction, and trade. The sector in which the largest percentage of all informal workers are engaged is also trade (34%) followed by manufacturing and personal services (both around 20%). The sector with both the lowest share and the lowest percentage distribution of informal workers is business services; but informal employment in this sector is growing more rapidly than in other sectors (see above) (Pakistan Labour Force Survey 2001/2).

Occupation

Another common way of classifying the diverse informal workforce is by occupation or trade. For typologies of informal employment by occupation or trade in Bangladesh and Nepal, respectively, see boxes 1 and 2. Both of these listings are incomplete (and internally inconsistent) but, together, constitute a representative picture. As in other South Asia countries, which are still largely agricultural, most informal workers are in

agriculture, including fish workers in Bangladesh and forest workers in Nepal. Two other large occupations which are predominantly informal are construction workers and transport workers. Street vendors, hotel/restaurant workers, and domestic workers are three large mainly-informal service occupations. In South Asia, some service occupations are still traditional or hereditary – associated with particular castes or other social groups – such as barbers, cobblers, tailors, blacksmiths, traditional healers, and religious leaders. The handloom weaving and craft sectors are still large in South Asia: each country in the region is known for its distinctive traditional textiles and crafts still largely hand-made by traditional artisans.

Box 1: Informal Occupations in Bangladesh

- **agricultural labourers** (51.3% of total labour force)
- **construction workers** (approximately 2.5 million workers, male and female, according to the Bangladesh Building and Wood Workers Federation, 2004)
- **transport workers** (6.3% of total labour, according to Bangladesh Bureau of Statistics, 2002)
- **domestic workers** (mostly in urban areas – an estimated 44% of households in Dhaka city have domestic workers, mostly migrants from rural areas; mostly women but 36% are child labourers – *Daily Ittefaq*, 7 July 2004)
- **hotel and restaurant workers** (approximately 1 million workers; child labour a problem – from Bangladesh Hotel, Restaurant and Sweetmeat Workers Federation, 2004)
- **handloom weavers** (779,009 workers, according to *Census Report 2003*, Dhaka: NBTMS, 2003)
- **ship breaking workers** (around 30,000 workers, including child labour, according to *BILS Research Report Highlights*, 1998-2002, and YPSA, Chittagong)
- **tobacco workers** (*biri sramik* workers)
- **other categories** (sex workers, rickshaw pullers, rice mill workers, brick-field workers, vendors, manufacturing workers, wood workers, engineering workshop workers, river transport workers, home based workers, and others)

Note: As of 2003, it is said that out of the over 42 million children in Bangladesh, 7.4 million (17.5%) were economically active (*Second National Child Labour Survey*, 2003, Bangladesh Bureau of Statistics). Most child labourers are engaged informally as domestic workers, hotel or restaurant workers, in ship-breaking, in crushing bricks for building roads, and in other occupations and sectors.

Source: Khan 2005

Box 2: Informal Occupations in Nepal

- **farmers and agricultural workers:** small and marginal landholders; tenant farmers/ sharecroppers; landless farm workers; daily wage workers, including exchange labourers, *haliyas* (those who plough the land), and forced or bonded labourers (*kamaiyas*)
- **livestock, fisheries, and forest workers:** workers engaged in livestock rearing, cattle herding (*gothala*), poultry rearing, dairy, fisheries, sericulture, bee farming, and those live off collection and/or processing minor forest products (e.g., firewood, medicinal herbs)
- **street traders:** street vendors, hawkers, small traders
- **craft workers:** workers engaged in making clay, metal, bamboo and wood products
- **construction workers:** daily wage workers engaged in construction, carpentry, road, stone quarrying, brick-kilns and so on
- **transport workers:** porters, cleaners, loaders, rickshaw pullers, *khalasis* (people who collect money in buses), vehicle repair workers and auto-mechanics (*mistris*)
- **traditional service providers:** barbers, cobblers, tailors, blacksmiths, traditional healers (*dhamis*), priests (*purets*)

Note: These workers may be engaged on family farms, on other people's farms, in family enterprises, or in micro-enterprises with less than 10 workers.

Source: General Federation of Nepalese Trade Unions (GEFONT) 2005a

The best-known and largest trade union of informal workers in the world – the Self-Employed Women's Association (SEWA) of India – has over 1 million members, all working poor women, from nearly 100 occupations or trades. For the purposes of its core organizing and advocacy strategies, SEWA categorizes these various trades or occupations into four broad categories, as follows:

- **hawkers and vendors**, who sell a range of products including vegetables, fruit, and services
- **home-based producers**, who stitch garments, make patch-work quilts, roll hand-made cigarettes (*bidi*) or incense sticks (*agarbati*), prepare snack foods, recycle scrap metal, process agricultural products, produce pottery, or make craft items in or around their homes
- **labourers and service providers**, who sell their labour (as cart-pullers, head-loaders, or construction workers), or who sell services such as waste picking, laundry services, or domestic services
- **rural producers:** small farmers, milk producers, shepherds and cattle rearers, salt farmers, or gum collectors used clothing from baskets, push carts, or small shops (SEWA Annual Reports)

Employment Status

Another way of classifying informal workers, which tells us a good deal about their working conditions, is by employment status (see Section III for more details).

In the collection and tabulation of labour force statistics, workers are first and foremost classified by employment status. As used by labour statisticians, employment status refers to two key dimensions of the contractual arrangements under which economically active persons work, namely a) the allocation of authority over the work situation and the outcomes of the work done; and b) the allocation of the economic risks involved (ILO 2002b). Employment status also reflects the relative share of labour and capital inputs by workers. Historically, labour statisticians have classified all economically active persons into five employment statuses, as follows: employers, employees, own account workers, unpaid contributing family workers, and members of cooperatives.

Within any given occupation, there can be significant variation by employment status. For instance, a garment worker might work from her home as a self-employed producer (with her own customers) or as

a sub-contracted worker (for a contractor who serves as an intermediary for one of the suppliers to a lead firm); she might work in a small workshop as an informal employee; or she might work for a large factory as either a formal or an informal employee. Her occupation as a garment worker tells us relatively little about her working conditions unless we also understand her employment status as a garment worker.

In Pakistan, among those employed in the informal sector, only 1 per cent are employers, 12 per cent are unpaid family workers, 43 per cent are wage workers, and 44 per cent are own account operators (PLFS 2001/2 cited in World Bank 2004). Worldwide among the self-employed, not only in Pakistan or South Asia, own account workers outnumber informal employers – and yet the understanding of what it means to be self-employed is often biased towards the entrepreneurial class of employers.

In sum, using employment status as a way to classify informal workers has two distinct advantages. First, labour force and other economic data are more likely to be disaggregated by employment status than by other indicators. As a result, data on employment status is more readily available than data on other classification variables.

Second, employment status tells us quite a bit about the conditions of work: notably, relative share of labour and capital invested in work; degree of control over work and its output; as well as exposure to and responsibility for the economic risks involved.

Characteristics and Consequences

Data on the characteristics – or consequences – of working informally in South Asia, and elsewhere, are less readily available than data on the size and composition of the informal economy. What follows are some estimates on average earnings, poverty risk, underemployment, and multiple activities in mainly India.

Average Earnings

There are two basic ways of considering average earnings in the informal economy: by comparing average earnings in the informal economy with average earnings in the formal economy; or by comparing average earnings across different types of informal employment.

Comparative Earnings between Formal and Informal Employment – On average, earnings in the informal economy are lower than those in the formal economy. For example, in the case of Sri Lanka, “the mean hourly wage of formal employees is substantially higher (by 39 per cent) than that of informal employees. The biggest differential between formal and informal wages is at the highest tercile, where formal employees earn roughly 50 percent more than informal employees” (Gunatilaka 2008). (For comparisons of the earnings of home based workers and workers in small factories in India, see Appendix II.)

Comparative Earnings within Informal Employment – Available data suggest a strikingly common hierarchy of average earnings within the informal economy across different countries of the developing world: with employers earning the most on average, followed by regular informal wage workers, then own account workers, then casual day labourers, and, finally, industrial outworkers or homeworkers (Chen et al. 2005). The data from South Asia confirm this common hierarchy of earnings.

For Bangladesh, data from 2001 indicated that, on average, employers earned about US\$99 per month, wage workers earned about US\$70 per month, and own account operators earned US\$50 per month (Dasgupta and Barbattini 2003).

For India, estimates from 1999/2000 indicate that that own account operators earned, on average, 1.34 times the legal minimum wage while employers earned, on average, 5.4 times the legal minimum wage (personal compilations of national data by Jacques Charmes cited in Chen et al. 2004: table 3).⁶

⁶ In India, the legal minimum wage differs by state and, within states, by sector. While it is not clear which legal minimum wage was used in this estimation, the same legal minimum wage was used for both own account operators and employers: so the relative earnings holds.

In its 2007 report, the National Commission for Enterprises in the Unorganized Sector in India emphasizes that “the category of self-employed, unlike than of casual workers, is not necessarily and uniformly poor... (T)here are those with some significant physical and/or human capital and also those with very little capital” (NCEUS 2007: 50). Leaving aside the professional self-employed, who are not considered informal, small workshop or enterprise owners (particularly those who hire others) may enjoy “incomes that are several times higher than a street vendor, rickshaw puller, or a handloom weaver” (Ibid.). The Commission report includes illustrative lists of low-income and high-income occupations among the self-employed: see box 3.

Box 3: Two Types of Self-Employed in India by Income

Low-Income	High-Income
Handloom Weavers	Independent Professionals (such as doctors or lawyers)
Embroidery Workers	Urban Shop Owners
Street Vendors	Rice Mill Owners
Food Processors	Workshop Owners
Rickshaw Pullers	Waste Pickers
Commission Agents	Real Estate Brokers
Bidi (cigarette) Rollers	Small Hotel/Restaurant Owners
Agarbati (incense stick) Rollers	
Potters	
Bamboo Product Makers	

Source: NCEUS 2007: table 4.2

Poverty Risk

Income and expenditure, and thus poverty, are measured at the household level. A few recent studies have estimated what percentage of informal workers classified by employment statuses come from poor or low-income households: what is called the poverty ratio or poverty risk of workers (see Chen et al. 2005: chapter 3). For India, the National Commission for Enterprises in the Unorganized Sector estimated the percentage distribution of informal workers across expenditure classes: see table 1.

Table 1 Percentage Distribution of Unorganized/Informal Workers in India across Expenditure Classes

	Self-Employed	Regular Wage Workers	Casual Workers	Total
Poor and Vulnerable	75	67	90	79
Higher Income Group	25	33	10	21
Total	100	100	100	100

Source: NSS 61st Round 2004/2005, Employment-Unemployment Survey, computed for and cited in NCEUS 2007 (rounded off to the nearest percentage point)

The same report also estimates the poverty risks of workers by industry and sector. The poverty risk for all informal workers is 20 per cent compared to 5 per cent for formal workers. Although the poverty risk for both formal and informal workers is highest in agriculture, the *difference* in poverty risk between informal and formal workers is higher outside of agriculture (20% compared to 4%) than in agriculture (21% compared to 14%). Among non-agricultural informal workers, the poverty risk is highest for urban casual workers (42%) followed by rural casual workers (23%), urban self-employed (21%), urban “regular” wage workers (20%),

rural self-employed (16%), and rural “regular” wage workers (12%) (NCEUS 2007: table 2.6).

To summarize, in both rural and urban areas of India, casual workers are the most likely to be from poor households and “regular” informal wage workers are the least likely, with the self-employed in the middle. What is striking is that, across categories of workers, the poverty risks are highest in the agricultural sector and lowest in the *rural* non-agricultural sector, with the urban workforce falling in the middle. Finally, there is a strikingly small difference in the poverty risks of informal employees in informal enterprises (21%) and informal employees in formal enterprises (19%) (NCEUS 2007: Table 2.5). What are missing in these estimates are the differences in poverty risk among the self-employed. Judging by the data on average earnings summarized above, it is reasonable to assume that, among the self-employed, those who hire others (employers) would have a lower poverty risk than those who do not hire others (own account workers).⁷

“Under-Employed and Over-Worked”

In regard to income or earnings, it is important to recognize that what a person earns is not just a function of her hourly, daily, or monthly wage but also the number of hours, days, or months that she sustains these earnings. A 2000 survey of 611 workers in urban areas and 625 workers in rural areas of Gujarat State, **India**, suggests that, as might be expected, formal salaried workers enjoy the most days of work per year on average: see table 2. Within the informal workforce, the self-employed enjoy more days of work on average than casual day labourers or industrial outworkers/homeworkers (Unni and Rani 2002):

Casual Workers; 254 days
 Industrial Outworkers: 259 days
 Self-Employed - non-agriculture: 321 days
 Self-Employed – agriculture: 338 days
 Salaried Workers: 354 days

However, these average figures disguise deep pockets of severe unemployment, defined in this study as less than 150 working days per year. Among each of these categories, a sub-set of workers was severely unemployed – with far fewer days of work per year – as follows:

Casual workers: 36.3 % (averaged 137 days)
 Industrial Outworkers: 24.7% (averaged 113 days)
 Self-Employed - non-agriculture: 9.8% (averaged 67 days)
 Self-Employed - agriculture: 7.5 % (averaged 134 days)
 Salaried Workers: 1.4 % (averaged 37 days)

Unni and Rani 2002

What is striking is that severe underemployment appears to be both more pervasive and more intense among the self-employed engaged in non-agricultural activities than among the self-employed engaged in agricultural activities (which are widely recognized to be highly seasonal). This may be explained in part by the fact that the self-employed in agriculture are the most likely to be engaged in multiple market-oriented activities in any given day or across the year (see Section IV for a discussion of multiple activities).

⁷ In other regions of the developing world, informal employers are found to have a lower risk of poverty than own account workers (see Chen et al. 2005: chapter 3)

Table 2 Nature of Work and Income by Employment Status Gujarat State, India⁸

INDICATORS	EMPLOYMENT STATUS				
	Salaried	Self-Emp: Ag	Self-Emp: Non-Ag	Casual	Indust.Out-Work
Days of Work	354	338	321	254	259
Real Unemployment: Percentage	1.4%	8%	10%	36%	28%
Average days	37	134	67	137	113
Irregular Work	0.5%	12%	9%	44%	27%
Multiple Activities:					
Day	20%	40%	15%	26%	6%
Year	22%	51%	27%	42%	18%
No Written Contract	52%	NA	NA	98.4%	100%
Arbitrary Termination	11%	NA	NA	59%	NA
Average Annual Individual Income - rupees	31,824 (\$663)	14,352 (\$299)	16,512 (\$344)	12,000 (\$250)	7,488 (\$156)

Source: Figures for this summary table are from Unni and Rani 2002

Notes: Prevailing exchange rate: US\$1 = 48 Indian rupees (conversion not adjusted for purchasing power parity)

Real Unemployment = <150 days of work per year

Arbitrary Termination = less than 7 days notice

In conclusion, the findings of the 2001 urban-rural survey in both urban and rural areas of Gujarat State, India, illustrate the systematic differences that obtain for workers across different employment statuses and by sex. The data illustrate the precarious nature of casual work and industrial outwork, including the lowest average incomes, highest insecurity and irregularity of work, and significant pockets of severe unemployment. Since the data on the self-employed are not disaggregated by employer and own account worker, we cannot ascertain the relative status of own account workers. But other studies have shown that own account workers fare far less well than the self-employed who hire others (Chen et al. 2005: chapter 3).

Gender Differences

Within informal employment, not just formal employment as is better known, there are significant differences between women and men.

Gender Differences in Participation Rates

To begin with, it is important to note that economically active women are more likely than economically active men to be engaged informally. Sri Lanka appears to be an exception to this general rule. In Sri Lanka in 2006, among the total workforce (both agricultural and non-agricultural), 61 per cent of women workers compared to 69 per cent of male workers were informally employed, either in informal enterprises (around 92 per cent for both women and men) or in formal enterprises (around 8 per cent for both women and men) (Gunatilika 2008). However, an earlier estimate based on 2003 data found the reverse: 69 per cent of women workers were informally employed as opposed to 62 per cent of men workers (Arunatilake and Jayawardene 2005). Within informal enterprises, according to the 2006 data, women were about equally self-employed or unpaid family workers, while men were employed primarily as own account workers, but also as employees with very few listed as “family workers” (Gunatilika 2008).

⁸ Sub-contract workers are subject to arbitrary termination of work orders and/or sub-contracts without severance notice or pay. In some cases, when work orders and/or sub-contracts are arbitrarily terminated, the homeworkers are left with a stock of finished goods for which they have not been paid and/or with outstanding payments for goods previously collected. Since they do not have written contracts, and are not considered employees by the lead firm, how they are treated often depends on their relationship with the contractor.

This being said, it is also important to note that the informal economy is not predominantly female. This is because women's labour force participation rates are lower than men's in the region. In Sri Lanka, where approximately 69 per cent of men workers and 61 per cent of women workers are informally employed, women represent only one third of the total workforce and about the same percentage of all informal workers (Ibid.) In India, where nearly 95 per cent of women workers are informally employed, women represent only 31 per cent of the total workforce and 32 per cent of the informal workforce (Unni and Rani 2003: table 2).

Gender Differences in Unemployment and Under-Employment

As noted earlier, what people earn is a function not just of their level of earnings but also of the period of time over which these earnings are sustained. Findings from India, presented above, suggest, as might be expected, that formal salaried workers enjoy the most days of work per year on average (Unni and Rani 2002). Within the informal workforce, the self-employed enjoy more days of work per year on average than casual day labourers or industrial outworkers/homeworkers: see table 2.

However, these average figures disguise gendered patterns of unemployment and under-employment. Within each of these categories, women reported fewer days of work and more days of unemployment per year than men. Overall, women averaged 124 days of unemployment per year while men averaged only 74 days of unemployment per year. Also, fewer women (83%) than men (92%) reported that their main activity was regular and more women (37%) than men (15%) reported that they carried out two economic activities per day (rather than just one) (Ibid.).

Gender Segmentation by Industrial Sector and Employment Status

There is also significant gender segmentation within the informal economy with women over-represented in certain industrial sectors or employment statuses and men over-represented in others.

Industrial Sector – In Pakistan, the largest percentage of men informal workers are in wholesale and retail trade (37%), while the largest percentages of female informal workers are in manufacturing (58%) and personal services (32%). The biggest gender gaps are in construction and transport: 15 per cent of men informal workers but only 1 per cent of women informal workers are in each of these sectors (PLFS 2001/2). Again, these figures exclude informal employment outside informal enterprises and informal employment in agriculture.

Employment Status – In India, according to a recent estimate, men informal workers are twice as likely as women informal workers to be non-agricultural wage workers and own account workers (both agricultural and non-agricultural) while women informal workers, compared to male informal workers, are far more likely to be agricultural wage workers and three times more likely to be unpaid family workers in agriculture: see table 3.

Table 3 Percentage Distribution of Women's and Men's Informal Employment in India by Employment Status, Non-Agricultural and Agricultural

	Non-Agricultural		Agricultural	
	Women	Men	Women	Men
Employer	0	0	0	0
Own Account	6	19	11	24
Wage Worker	8	16	35	26
Unpaid Family	6	4	34	11

Source: National data compiled by James Heintz, cited in Chen et al. 2005

These national data did not distinguish homeworkers or industrial outworkers as an employment status. However, a recent study of employment in Ahmedabad City in Gujarat state, India which collected information on different types of informal employment found that nearly 25 per cent of women informal workers and less than 10 per cent of men informal workers were homeworkers (Unni 2000: table 5.1).

Not just in India but across South Asia, women are far more likely than men to be unpaid contributing family workers. UN estimates suggest that for the Southern Asia region as a whole (including Iran), 40 per cent of women workers compared to 11 per cent of men workers are unpaid contributing family workers: see Table 4. Within South Asia, the gender gap in unpaid contributing family work varies across countries, with the lowest gap in Nepal and the highest gap in Bangladesh, but is notable in all countries.

Table 4 Percentage of Women and Men who are Unpaid Contributing Family Workers (2005)

Country	Women	Men
Bangladesh	73	10
India	--	--
Nepal	13	6
Pakistan	47	16
Sri Lanka	21	4

Source: United Nations, The World's Women 2005

Gender Segmentation by Place of Work

In most South Asian countries, there is a marked gender pattern to the place of work. This is because women have primary responsibility for household duties, including child care, which often prevents them from working outside their homes or neighbourhoods. This is also because traditional social norms, in some communities, actually prohibit women from going out of their homes to work. In South Asia, this is particularly true for Muslim women but also for upper-caste Hindu women, especially in the geographic belt that cuts across Pakistan, through North India, to Bangladesh.

Again, consider the case of Ahmedabad City in Gujarat state, India. A 2000 survey looked into the place of work of all male and female workers, both formal and informal (see Table 5). Nearly 60 per cent of the male workforce, but less than 25 per cent of the female workforce, works in factories, offices, or shops. Significantly more men (23%) than women (5%) work on the streets; and somewhat more men (5%) than women (3%) work at construction sites. Nearly 70 per cent of the female workforce, but less than 10 per cent of the male workforce, works within homes (their own or that of others) (SEWA–GIDR Survey findings, presented in Unni 2000: table 4.7).

For **Pakistan** as a whole, according to official estimates, a similar picture emerges. Eighty per cent of female informal workers work in their own home or in the home of their employer, compared to 18 per cent of male informal workers. Nearly 60 per cent of male informal workers, but only 16 per cent of female informal workers, work in factories, offices, or shops. Significantly more men (15%) than women (1%) work on the streets; and more men (12%) than women (4%) work at other informal sites (Pakistan Labour Force Survey 2001/2).

Gender Gap in Earnings within the Informal Economy

Gender segmentation within the informal economy, compounded by the relative lack of resources and skills of women in South Asia, contribute to a marked gender gap in earnings within the informal economy. (For the earnings gap by gender among street vendors in India, see Appendix II.)

In Bangladesh, a 2007 survey of formal and informal workers found that male workers on average earn slightly more per day in the informal sector (137 taka) than in the formal sector (130 taka), while female

workers on average earn about the same in the informal sector (91 taka) as in the formal sector (93 taka): that is, women earn 66 and 70 per cent of what men earn in, respectively, the informal and formal sectors (Bangladesh Bureau of Statistics 2007).⁹

In Pakistan, recent official estimates indicate that, in the informal sector, the average earnings of women are just over half (52%) of the average earnings of men. The biggest earnings gap is in manufacturing where women are concentrated but earn just over 40 per cent (41%) of what men earn; the lowest earnings gap is in trade where relatively few women are engaged but where women earn nearly 90 per cent (89%) of what men earn (Pakistan Labour Force Survey 2001/2).

In Sri Lanka as well, there is a marked earnings gap between male and female workers. As noted in an 1997 ESCAP report: “Despite growth in female employment opportunities, available data and information clearly indicate that women workers are general concentrated in low-status, low-skill and low-paid jobs in subsistence and plantation agriculture, in small industries and modern assembly line industries and in petty trade in the informal sector...It is seldom recognized that among low-income groups, females are often primary income earners responsible for the survival and maintenance of their families, and that the poorer the family, the greater is the need for earnings of the female members.” Recent data suggest that the wage gap is higher in the informal economy than in the formal economy. The 2006 Sri Lankan labour force survey found that the mean hourly wage in the formal sector was 50.60 rupees for women and 59.74 rupees for men; while the mean hourly wage in informal employment was 23.57 rupees for women and 34.11 rupees for men (Gunatilaka 2008). That is, women earned 84 per cent of what men earned in the formal sector but only 69 per cent of what men earned in the informal sector.¹⁰

III. Informal Labour Markets

In South Asia, perhaps more so than in other developing regions, a complex mix of traditional, industrial, and global modes of production and exchange co-exist as parallel or linked systems. In much of South Asia, artisanal and agricultural modes of production have not changed significantly over the past century, and industrialization has not expanded as rapidly or as fully as in developed countries. Self-employment remains a large share of total employment and industrial production takes place in micro and small units, in family businesses, or in single person operations. Smaller units tend to hire workers on a casual or semi-permanent basis with limited job security or workers benefits, no job ladders, and few (if any) labour-management negotiations. Even in larger units, employment relationships may be unstable and unprotected by labour legislation or collective bargaining agreements. And, in labour-intensive manufacturing sectors from garments and footwear to electronic and automobile parts, production is often sub-contracted to micro-enterprises or to industrial outworkers who work from their homes.

In South Asia, and other developing regions, globalization has been associated with two modes of production that provide little (if any) job security or legal protection to workers: concentrated production in large factories or workshops in *export-processing zones*; and dispersed production across a long chain of suppliers, contractors, and industrial outworkers in *global supply chains*. To attract foreign investors and increase exports, many developing countries have created industrial enclaves of export-oriented factories called Export Processing Zones (EPZs) or, like Bangladesh, have simply extended EPZ incentives and protections to designated export-oriented firms irrespective of their location. In most cases, the EPZ package of incentives and protections includes exemption from national labour legislation. In global value chains, lead foreign firms negotiate directly with the first-tier of their suppliers, while retaining power and control within the chain and excluding those down the chain from direct negotiations and associated benefits. The first-tier of their suppliers may, in turn, be exempt from or choose to ignore national legislation (Chen et al. 2004).¹¹

⁹ The exchange rate in 2007 was 70.35 Bangladeshi taka per US dollar.

¹⁰ The exchange rate in 2006 was 107.71 Sri Lankan rupees per US dollar.

¹¹ See Gereffi 1994 for a discussion of two basic types of global value chains: buyer-driven chains (e.g., garments) and producer-driven chains (e.g., automobiles).

This section seeks to capture the dynamics of informal labour markets. While the examples will be drawn from South Asia, the analysis is broadly applicable to other developing countries. This section discusses key variables in the structural arrangements of work: employment status, place of work, and sector linkages. It contains a few examples of specific groups of informal workers from mainly India. Three appendices are attached to illustrate the structural arrangements of work in a variety of occupations and settings. Appendix I contains labour profiles from Bangladesh, Nepal, Pakistan, and Sri Lanka. Appendix II contains profiles of nine of the major occupational or trade groups among the membership of the Self-Employed Women's Association (SEWA) of India. Appendix III contains descriptions of three major occupations or trades in the informal economy of Ahmedabad City, India: bidi rolling, garment making, and street vending. Each description includes the market structure, sector linkages, and the regulatory environment of the trade.

Employment Status

As noted earlier, “employment status” is a conceptual framework used by labour statisticians to refer to two key dimensions of the contractual arrangements under which economically active persons are engaged, namely a) the allocation of authority over the work situation and the outcomes of the work done; and b) the allocation of the economic risks involved (ILO 2002). Employment status also reflects the relative share of labour and capital inputs by an individual worker.

To begin with, employment statuses can be divided into two broad groups: self-employment and wage employment. South Asia, as a region, has a very high rate of self-employment (50% of total employment in the 1990s), second only to Sub-Saharan Africa (53% for the same period) (ILO 2002: Annex 2). Within South Asia, there is variation in the rate of self-employment. Bangladesh had the highest rate in both the 1980s and the 1990s (53% and 75%, respectively) while Sri Lanka had the lowest rate, at least in the 1980s (17%). The rate of self-employment in India was 44 per cent in the 1980s, dropped to 37 per cent in the 1990s, but has increased to 50 per cent in the 2000s (ILO 2002, Ghosh et al. 2007).

However, it is often difficult to determine whether a worker is an “employee” – that is, has an employer – as employment relationships are often disguised, ambiguous, or not clearly defined (ILO 2006). Also, there are several intermediary categories of workers who are neither fully independent self-employed or fully dependent wage employed, including:

- casual wage workers – who have no fixed employer
- contractors – who often are dependent on a dominant single customer
- sub-contracted workers, also called industrial outworkers or homeworkers (if they work from their homes)

All three of these categories tend to be classified as self-employed not only by those on whom they depend but also by labour statisticians.

Part of the problem lies in the fact that the current official international classification of employment status includes only five statuses:

- Wage Employed
 - employees
- Self-Employed
 - employers
 - own account workers
 - unpaid contributing family workers
 - members of cooperatives

Casual wage workers, contract workers, and sub-contracted workers are not listed as specific employment statuses. Also, there is only one status of wage employment: the “employee” with a known employer

assumed to have a formal (i.e., legally and socially protected) job. To better reflect the reality of work today, the official status of employment classification system needs to be expanded to include various types of wage employment (formal and informal), both formal and informal employers, and the intermediary categories between self-employment and wage employment noted above.

In South Asia, the following statuses of informal employment are particularly important:

- *employers*: owner operators of informal enterprises who hire others
- *employees*: unprotected employees with a known employer – either an informal enterprise, a formal enterprise, a contracting agency, or a household
- *own account workers*: owner operators of single-person units or family businesses or farms who do not hire others
- *casual day labourers*: wage workers with no fixed employer who sell their labour on a daily or seasonal basis
- *industrial outworkers*: sub-contracted workers who produce from their homes or a small workshop ¹²
- unpaid contributing family workers: family workers who work in family businesses or farms without pay

Despite the limitations of the current classification system, employment status is an important variable for understanding the working arrangements and employment dynamics within labour markets, both formal and informal. For this reason, as the data summarized above indicate, researchers and data analysts are beginning to use more than the five official employment statuses in their estimations and research.

Place of Work

Some informal economic activities are located in so-called “conventional” workplaces such as registered shops, factories, office spaces, hospitals, clinics, or schools. But most informal economic activities are located in so-called “non-conventional” places, including private homes, open spaces, and unregistered shops and workshops: see box 4.

Box 4 Place of Work

- **Private Homes**
 - own home or dwelling
 - client’s or employer’s home
 - attached or adjacent to private homes (e.g., yards and garages)
- **Open Spaces**
 - street adjacent to home
 - street
 - parks
 - open-air market spaces
 - mobile/‘door-to-door’
 - construction sites
 - agricultural areas, including pastures, deserts, and forests
 - open water, including ponds, lakes, rivers, and oceans
- **Unregistered Premises**
 - Workshops
 - Shops

¹² In labour force statistics, there is another category of employment status: *paid contributing members of cooperatives*.

Each place of work is associated with specific risks and, thus, different degrees of security or insecurity for those who work in them. The especially pertinent dimensions of place of work which influence the outcomes of working from a particular place include:

- ownership and security of tenure of the site
- relationships of control at the work site: with fellow workers, with equivalent of an employer, with other vested interest groups, with public authorities, or with family members, depending on the work site
- costs of securing the site (and especially entry costs for poorer women)
- access to infrastructure needed for work, such as electricity (for light and power), water, toilets, garbage removal, storage of goods
- access to customers and suppliers
- potential for upgrading the conditions at the worksite
- ability of informal workers to organize at the site or away from it in order to secure representation of their interests
- different risks and hazards associated with the site

Private Homes

Significant numbers of people work from their own homes, blurring the distinction between “place of residence” and “place of work.” Persons working at home include own account operators, unpaid contributing family members, and industrial outworkers.¹³ Among the benefits of working in one’s own home, one which is often mentioned by women, is the ability to simultaneously do paid work and watch children, care for the elderly, or undertake other household tasks. This multi-tasking, which may be seen as a “benefit” in terms of enabling women to fulfil multiple expectations, also imposes concrete costs in terms of interruptions to work, lowering productivity and hence income. When a home-based worker has to stop her work in order to look after a child, or to cook a meal, both her productivity and her earnings are affected.

Some women also feel that their home is a physically safe place to work. However, home-based work may also increase a woman’s economic vulnerability – as she is less visible and less likely to be legally recognized as a worker. This may decrease her capacity to claim any social protection measures for which, as a worker, she might be eligible. She has little access to avenues for upgrading her skills. She is harder to reach by trade unions or other organizations that are organizing workers and, therefore, not likely to benefit from the solidarity and bargaining power that comes with being organized. Also, those who work at home are less likely than those who work in a workplace outside the home to develop a personal identity and social ties outside the family.

Those who work at home face several business-related disadvantages. Some of the self-employed who work at home are engaged in survival activities or traditional artisan production for local customers. Others try to compete in more distant markets, but with limited market knowledge and access they are often taken advantage of by middlemen who do not tell them what their products are worth, or how to change their products or production process to become more competitive. See Appendix II for problems with contractors and traders in the garment and *bidi* (cigarette) rolling industries.

For home-based workers, the size, condition, and infrastructure of their homes also affect what kind of work they do and how productive they are, including the amount of space that can be used for work and for storage, the overall condition and cleanliness of the home, and whether or not the home has electricity and water supply. In Ahmedabad City, India, poor women who would like to undertake piece-rated garment work at home but who live in dilapidated shelters on the streets report that no one is willing to give them

¹³ This discussion is focused on people who work in their own homes. People who work in the private homes of others include the (mostly female) paid domestic workers and nurse assistants, (mostly male) security guards, as well as the better-paid professionals such as bookkeepers who work for home-based consultants.

this work because of the status of their house. Where would they store the raw material and finished products? In spite of having the sewing skills needed to undertake garment work, they have had to resort to work as casual labourers or as waste pickers (Unni and Rani 2002).

Home-based workers are hit particularly hard by rising costs of production – including electricity and other inputs. Also, given their isolation and dependence on traders or contractors, home-based workers find it particularly hard to gain access to raw materials (which often are diverted to more profitable markets) and to keep up with changing technologies and market demand.

Public Places

Streets, sidewalks, and traffic intersections are the place of work for many fixed-site and mobile traders, who provide goods and services to consumers at all times of day. Other commonly used public places are parks, fairgrounds and municipal markets. The same public spot may be used for different purposes at different times of day: in the mornings and afternoons it might be used to trade consumer goods such as cosmetics, while in the evenings it converts to a snack stand run as a small family enterprise.

The benefits of working from public spaces are evidenced by the demand and competition for them. In the competitive jostle for sites close to transport and commuter nodes, city authorities have different options for action, ranging from outright prohibition of street trade, to regulated and negotiated use of sites. Which route is chosen has different costs for informal traders and their customers. Harassment, confiscation or destruction of goods, imposition of fines, physical assault, and time spent in court – all these costs affect the bottom line for traders. Given these costs of operating informally, some traders may wish to pay site licenses and other levies, but often the costs of regulation in both time and money are too high in relation to the tiny size of their enterprises and incomes.

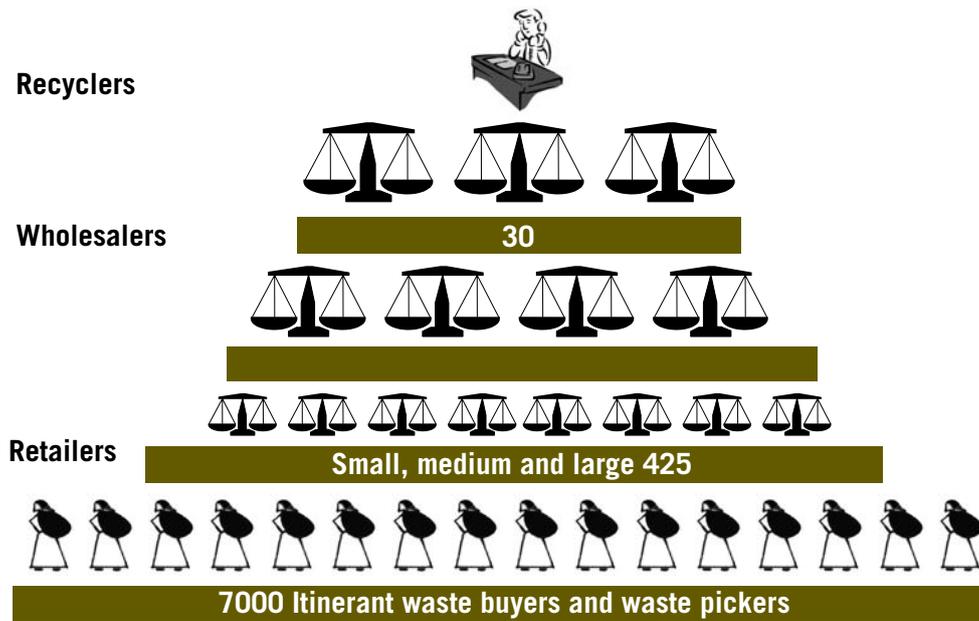
Other Open Spaces

Other significant places of work are agricultural land, including pastures and forests (e.g., for farmers, agricultural labourers, subsistence producers), and fishing areas, including ponds, rivers, and oceans (e.g., for fishing communities and shippers). There are often both class and gender dimensions to the access to and control over these places, and a gendered division of labour in the work itself. Construction sites are the temporary place of work for construction workers, as well as for suppliers and transporters of materials, and these sites may attract other informal providers of goods and services – such as street food vendors – while the site is being developed.

Sector Linkages

The majority of informal workers are self-employed. However, most of the self-employed are not fully independent but operate, often from a dependent or subordinated position, within the hierarchical structure of the sector in which they are engaged. Consider the structure of the waste recycling sector in Pune City, **India**: see figure 1 for a graphic depiction of this structure.

The recycling sector is structured in the form of a pyramid, with the waste-pickers/scrap collectors at the base and the reprocessors perched at the apex. The waste-pickers engage in the 'free' collection of scrap from municipal garbage bins and dumps. Marginally above them are the itinerant buyers who purchase small quantities of scrap from households. In Delhi, some traders also called Thia-walas buy waste paper and electronic waste, typically from commercial establishments. Such traders work out of a fixed, open space where they sit and carry out their operations. Between the scrap collectors and the reprocessors are various levels of traders including retailers, stockists and wholesalers, most of whom are registered under the Shops and Establishments Act. The reprocessors are in a class by themselves in the formal sector. Chikarmane et al. 2001

Figure 1 Structure of the Waste Recycling Sector in Pune, India

Source: Chikarmane et al. 2001

Industrial outwork is another large category of informal employment in South Asia and elsewhere. Industrial outworkers work under sub-contracts for a piece rate through a chain of intermediaries – contractors and suppliers – for a lead firm, which could be a domestic firm, a foreign firm based in their country, or a multi-national firm based in another country. Many of them work from their own homes and are, therefore, called homeworkers. They are neither fully independent self-employed or fully dependent wage employed. Like wage workers, they depend on the lead firm and its intermediaries for work orders and payment but often have less bargaining power over their wages or piece-rates. Like the self-employed, they own or rent their workplace and equipment, pay for utilities and depreciation of their equipment, and buy certain key supplies (such as sewing machine oil and needles if they are garment outworkers). In other words, industrial outworkers pay most of the costs of production other than wages and raw materials but exercise little, if any, control over the timing and volume of work, quantity and quality of raw material quality, or prices. They often do not know the end market for what they produce and, in some cases, do not know what the final product looks like (e.g., if they crochet bits of lace or embroider parts of a garment).

In Ahmedabad City, **India**, production is outsourced from large manufacturing or retail firms to industrial outworkers through three basic systems (Sharma 1987; Jhabvala et al. 1985).

- *direct sub-contracting*: the worker is given the work orders and raw material by the manufacturer or trader who markets the product
- *indirect sub-contracting*: the manufacturer or trader contracts an intermediary, who working on a commission, sub-contracts work out to the workers, providing them with the raw materials, and collecting the finished goods
- *sale-purchase contract*: manufacturers and traders or their contractors “sell” raw materials to the workers and “buy” the finished goods from them

What is at stake here is whether the manufacturers or traders are considered employers. If so, they are subject to labour laws designed to protect the workers. Some manufacturers or traders – notably in the bidi industry – have phased out the *direct sub-contracting* system in favour of the other two systems in order to circumvent labour laws designed to protect industrial outworkers in general and *bidi* workers in particular. The manufacturers and traders who use the *indirect sub-contract* system argue that there is no direct

link between the workers and themselves; while those who use the *sale-purchase* system argue that the workers are self-employed producers, not employees. In reality, few manufacturers and traders actually sell raw materials and purchase finished goods from workers: most operate their businesses through direct or indirect sub-contracts. But many who do so will claim they operate under a sale-purchase system to avoid their obligations as employers. Over the years, the Self-Employed Women's Association (SEWA) of India has fought many legal battles on behalf of the homeworkers among its membership – including bidi rollers, incense-stick rollers, and garment makers – to establish the fact that they are “disguised employees” working under a sub-contract. For more detailed descriptions of sector linkages and hierarchies in the bidi rolling, garment making, and street vending sectors in India, see Appendix III.

What this complex reality suggests is that the poverty outcomes of work are a function not just of working conditions but, more fundamentally, of work arrangements. As used here, “working conditions” is a narrower notion associated with whether the workplace is safe or humanely-run and whether the workers enjoy benefits, legal rights, and social protection; and “work arrangements” is a broader notion that encompasses place of work, employment status, and sector linkages – each of which serves to determine the conditions and outcomes of work. Understanding the link between informality, poverty, and gender inequality requires understanding the costs and benefits associated with different work arrangements against the location of women and men within them.

Mainstream economists argue that those who work informally enjoy various benefits: avoidance of taxes and other costs (such as rent and utilities) which give them a competitive advantage as well as flexibility of work hours and convenience of working from a place of choice. The reality is far more complicated. Many informal self-employed pay taxes, direct and indirect, but do not enjoy the benefits of being a legal enterprise or worker. Many informal wage workers have little choice when or where they work: they experience flexibility as volatility. There are “hidden costs” of working informally, both direct out-of-pocket expenses and the indirect costs of lacking secure work or income, worker benefits and social protection, legal status and voice. For many informal workers, the costs actually outweigh the benefits.

IV. Labour Market Behaviour

This section addresses how individual workers (and their families) are inserted into labour markets – both formal and informal – across different periods of time and across the life-cycle of the individual and household. Many individuals are engaged in two or more market activities in a single day or across the year. Sometimes a single worker may work at the same occupation but in two different employment statuses within a given day: for example, a garment worker might work in an export factory by day and stitch garments for her own customers at night. More commonly, individual workers change employment statuses or occupations across the year: for instance, a small farmer may cultivate his own fields during one season and harvest crops for other farmers or work in a brick field during another season. There is also movement toward self-employment when sub-contracted work disappears, seasonally, periodically, or more permanently in the face of unanticipated competition or a decline in demand. In brief, many informal workers have to “adjust” their economic activities continually: they are engaged in an on-going search process, combining and changing economic activities as needed.

Multiple Activities

Daily

All over South Asia, many individuals, especially those from poor households, have multiple occupations. Earlier in this report, we cited a study carried out in rural and urban Gujarat State, **India**, that looked at the level of unemployment or under-employment of some 1200 workers classified by employment status: see table 2 above. The study found that the self-employed in agriculture are most likely to be engaged in multiple market-oriented activities in any given day or across the year (see below). For many marginal or small farmers, agriculture may not be their main source of livelihood.

Many will work as agricultural labourers in certain seasons or operate a non-agricultural business. Casual day labourers are also quite likely to be engaged in multiple activities in a given day or across the year.

Casual workers: 26% (day) and 42% (year)
 Industrial Outworkers: 6% (day) and 18% (year)
 Self-Employed - non-agriculture: 15% (day) and 27% (year)
 Self-Employed - agriculture: 40% (day) and 51% (year)
 Salaried Workers: 20% (day) and 22% (year)

Unni and Rani 2002

What might seem surprising is that salaried workers are more likely than industrial outworkers to be engaged in multiple market-oriented activities. However, what this suggests in part is that the earnings of salaried workers are not as high as might be expected. Moreover, most industrial outworkers are women and most salaried workers are men. Women are constrained from taking on multiple activities by two gender norms that compound each other: the near-universal gender division of labour that places the primary responsibility for household and care work on women, and the gender norms in many communities in South Asia (especially in the belt from Pakistan, across North India, to Bangladesh) that restrict women from moving outside the home.

Yearly

In rural areas, the main agricultural seasons, associated with specific crops and production conditions, are summer, monsoon, and winter. All crops grown in the summer and most crops grown in the winter require irrigation, while most crops grown in the monsoon are rain-fed (unless, of course, there is a drought). As a general rule, in Gujarat State and elsewhere in **India**, all small and marginal farmers grow rain-fed crops (except some high-yielding varieties which require costly inputs) and many also grow winter crops (especially wheat, which gives high returns) despite the costs of irrigation. Mainly larger farmers, who can afford the cost of irrigation, grow summer crops. While the monsoon rains are essential to agricultural production, they are not conducive to many types of rural non-agricultural activities. The lack of sun and dry spells during the monsoon disrupts many rural non-agricultural occupations, including such activities as brick-making, construction work, food processing, salt making, and gum collection.

While the seasonality of rural occupations is relatively well understood, the seasonality of urban occupations is less widely recognized. In urban Gujarat State, **India**, there are marked seasonal fluctuations in the supply and price of different varieties of fruits, vegetables, and other fresh produce that street vendors purchase and sell. Also, the demand for fruits and vegetables rises in summer, falls during the monsoon and winter months, and peaks during the major festivals and the wedding season. Similarly, the demand for garments typically falls in summer, rises in winter, peaks just before (and drops sharply after) the major annual festivals and the wedding season. For the month or two leading up to the annual kite festival to mark the winter solstice, small shops all over Ahmedabad City and elsewhere in Gujarat make or sell paper kites and reels of glass-covered string. There are no estimates of how much seasonal employment is generated by this festival, but significant numbers of women make kites in their homes and Muslim craftsmen from other states migrate to Gujarat each year to make kites and string. The lack of sun and dry spells during the monsoon disrupts many urban occupations, including: construction work; screen printing, block printing, and cloth dyeing; laundry services; pepper or spice drying; and incense stick rolling. Although few bidi-rollers suspend their work during the monsoon season, many complain that mildew grows on the *tendu* leaves in which the tobacco is rolled (Chen and Snodgrass 2001, Chen 2006; see also Appendix II regarding seasonal problems faced by urban waste pickers).

Whether multiple activities (in a given day or across the year) are a measure of labour market security or insecurity is a matter of interpretation. Those who study labour markets, as aggregate abstractions, tend to consider multiple activities as a measure of labour market security. Those who work with low-income workers tend to see multiple activities as a symptom of – a response to – labour market insecurity. From the perspective of the working poor in the informal economy, increasing work hours, taking on multiple activities, and diversifying sources of income are seen as a means to both *protect* themselves from

financial risk and *generate* sufficient income or earnings. But, while they often intensify or diversify their work out of necessity, the working poor also hope that there may be long-term benefits of doing so (Chen and Snodgrass 2001).

Multiple Locations

It is important to highlight that individuals, especially those from poor households, not only engage in multiple activities but often do so across multiple locations. Temporary migration to find work is common across South Asia.¹⁴ One survey in Udaipur District, Rajasthan State of India found that someone from the family had migrated in search of work for a part of the year in 60 per cent of the poorest households (Banerjee and Dufo 2008). Most of these migrants did not travel very far or for very long. Around 30 per cent of these migrants stayed within the district, another 30 per cent stayed within the state, and around 40 per cent left the state (Ibid.). Most made multiple trips, typically for one month and sometimes (only 10% of the cases) for three months or a season. There is, however, significant temporary migration between states or provinces within India and within other South Asian countries: less prosperous states or provinces tend to be net exporters of migrants while more prosperous states or provinces are net importers of migrants.

Although most of the migration in South Asia is within countries, there is significant migration of workers between countries in the region: such as the thousands of farmers from Nepal who cross over to east and north-east India during planting and harvest seasons (Khadria 2005). Some of the migration is outside the region. Historically, international migrants from South Asia have largely gone to oil-rich countries in the Middle East for all kinds of service jobs, such as house construction, security guarding, or store-keeping. Since the 1990s, increasing numbers of migrants have gone eastwards: to work in the plantations of Malaysia (mainly from Bangladesh), as domestics in Singapore and Hong Kong (mainly from Sri Lanka), or in the construction industry in South Korea (mainly from Nepal) (Ibid.). Most of the international migration from South Asia, except for high-skilled jobs, is temporary or return migration.

Permanent migration for work reasons is relatively uncommon but it likely to increase. Historically, circulation between villages and towns or between villages has allowed migrants to take advantage of employment opportunities without having to shift their permanent residence. As a result, the rate of urbanization in South Asia has been relatively slow and a large percentage of the population is still rural. However, as the population increases in villages or small towns and employment or livelihood opportunities become more scarce or competitive, migration of all forms is likely to increase in the region.

Life Cycle Shifts

Individuals

Across his or her life cycle, a person's relationship to the labour market shifts and adjusts: these shifts are more pronounced for women because of their childbearing and other care responsibilities. Many children in South Asia enter the labour force at a young age, most often to work alongside their mother or father, but also to work for others. Some remain in school, working in the evenings and week-ends, particularly those who work alongside their parents. Whether or not they enter the labour force, many girls start helping their mothers with household tasks and care work at a young age. As parents seek to protect their daughters and prepare them for marriage, adolescent girls are often withdrawn from school and the labour force. Young men and women often face unemployment as they enter the adult labour force, unless they are willing to work alongside their parents in the family or caste occupation. Youth unemployment, especially among women, is on the rise. When women marry and bear children, they are likely to withdraw from the workforce or take up home-based work. Unless they have child

¹⁴ This brief section focuses on the migration of low-skilled workers.

care, women are not likely to work outside the home until their children are grown. Once their children are grown, many women can look for outside jobs. But, in mid-life, many women have to withdraw from the labour force to care for elderly relatives. When they get old, there is no guarantee that someone will look after them. Largely due to the age difference in marriage and cultural norms against remarriage, many older women in South Asia are widows: half of women over 50 years of age in India are widows (Chen 2000). Many elderly widows are not cared for by their extended family (Ibid.). If they do not receive care or maintenance from others, elderly widows may have to re-enter the labour force or continue working.

In sum, many individuals, especially women, may enter and withdraw from the workforce at several points across their life-cycle. What happens to an individual across her life-cycle is determined not only demographically and physically but also culturally. In very real ways, cultural forces determine whether, when, and how individuals, particularly women, enter – or withdraw from – the labour market across their life-cycle.

Households

Households also experience life-cycles. In South Asia, a typical life-cycle for a household is as follows: a newly-married couple lives with in-laws, eventually establishing a separate household; they have children who eventually start working and then marry; some of their married children may live with them for some time; ideally, one married son and his wife will continue to live with and care for them until they die. In terms of earning members, such a household goes from many, to one or two, to many, and (unless a married child continues to live with his/her parents) to one or two, and (in some cases) none. The stage in the life-cycle and the earner-dependent ratio of a household play an important role in determining the income sources – the economic portfolio – of the household and, therefore, whether the household is on an upward or downward trajectory in terms of income and well-being (Deshingkar and Farrington 2008).

Another key related factor in determining the relative well-being of a household is whether or not at least one member of the household has a steady formal job. Comparing data from two rounds of the National Sample Survey (1987/88 and 1993/94) in **India**, Dubey et al. analyzed the probability of urban households being poor according to their main source of income – classified as regular salaried jobs, self-employment and casual wage labour – and by the size of the city or town in which they were located (Dubey et al. 2001). Their analysis shows that, for cities or towns of all sizes and both points in time, households with regular salaried employees (both formal and informal) have the lowest probability of being poor, while those that depend on casual day labour have the highest probability, and households that depend on self-employment falling roughly halfway in between.¹⁵ All employment groups fared better in larger cities. In addition, between the two rounds of the survey, the probability of being poor declined for all groups.

Another analysis of a more recent round of the National Sample Survey (1999-2000) in **India** looked at poverty rates among *urban* households that sustain themselves on informal employment income by broad industrial sector and employment type (Sastry 2004).¹⁶ Households that depend on “regular” informal wage employment have lower poverty rates relative to households that rely on self-employment, and households that depend on casual labour as their primary source of income are the most likely to be poor. This hierarchy of poverty risk – households depending on “regular” informal wage employment having the lowest, self-employment the next highest, and casual wage employment the highest risk – is robust across industrial sectors in urban India.

¹⁵ While the findings of both studies may not be surprising, there are very few empirical analyses linking household poverty and employment in this way.

¹⁶ In this study, households classified as sustaining themselves on informal employment income are households with at least one person employed as an informal worker and no household member employed outside of the informal economy.

V. Causal Theories

Since it was “discovered” in Africa in the early 1970s, there has been an on-going debate about what causes or drives the informal economy. The various causal theories can be broadly classified into two groups: those that “blame” the informal workers themselves and those that “blame” wider structural forces. Our discussion focuses on wider structural forces, both economic and social, in South Asia.

Economic Factors

Some observers blame the persistence of or periodic increases in informal economy on poor economic performance: more specifically, on low rates of economic growth or economic crises. From this perspective, South Asia and Sub-Saharan Africa have the highest incidence of informal employment because they are the regions with the lowest average rates of economic growth. Even if this assumption is correct, it does not answer the question of what is driving what: is low growth driving informality; or is informality driving low growth? What can we learn from the fastest growing country in the region – India? What has been the employment trend in India during the recent period of rapid economic growth? Has economic growth been accompanied by an expansion of formal employment?

India is the fastest growing economy in the region and one of the fastest growing economies in the world. Its recent economic achievements from a macro-economic perspective are quite remarkable, with a growth rate of over 9 per cent in recent years (NCEUS 2007). Economic growth in India has been accompanied by growth in exports and savings, and India has one of the lowest external debt burdens in the developing world (Ibid.). However, the majority of the people in the country were not touched by this economic growth. And, what is notable for our analysis here, the share of informal employment in total employment expanded in India during the last decade of high economic growth (Ibid., Ghosh et al. 2007).

Some observers would argue that labour market rigidities – in the form of employment laws or labour regulations – are also driving informality. South Asia as a region, with the exception of Bangladesh, is ranked “very rigid” according to the World Bank’s Rigidity of Employment Index which measures difficulty of hiring, difficulty of firing, and rigidity of work hours (World Bank “Cost of Doing Business” data base cited in World Bank 2004). But the source of labour rigidity differs across these countries: firing is difficult in India, Nepal, and Sri Lanka, while hiring is difficult in Pakistan.

Even if labour regulations in the region are quite rigid, it is questionable whether a very large informal economy, much of which is age-old, can be fully blamed on labour market rigidities in a historically small formal economy. Economic stagnation and labour market rigidities alone cannot explain the extent of informal employment in South Asia. Other factors are clearly at work.

As described in Section III, countries in South Asia can best be characterized as having *hybrid* economies in which traditional informal activities (both agricultural and non-agricultural) have persisted to a far greater degree than expected, as modern industrial activities have expanded to a lesser degree and in different ways than expected. The result is that a complex mix of traditional, industrial, and global modes of production and exchange co-exist as parallel or linked systems across South Asia.

To begin with, all countries in the region are still predominantly agricultural, and much of the agricultural production is still done using traditional techniques, inputs, and equipment. Also, many traditional service occupations still persist. Second, manufacturing has not taken the form of mass production in large factories as was expected based on the experience of industrialized countries in the 1950s and 1960s. Rather, large modern factories in South Asia tend to be capital-intensive. Most labour-intensive manufacturing takes place in small and micro-firms or at home, and artisan production of textiles and

crafts is still widespread. Third, as discussed in Section III above, globalization has been associated with two modes of production that provide little (if any) job security or legal protection to workers: concentrated production in large factories or workshops in *export-processing zones*, and dispersed production across a long chain of suppliers, contractors, and industrial outworkers in *global supply chains*.

In sum, the traditional, industrial, and global modes of production that co-exist in South Asia today are each associated with high degrees of informal employment, including self-employment, informal wage employment, and industrial outwork.

Social Factors

In South Asia, certain population groups have high rates of informal employment, especially of the marginal kind: notably, women and people from low castes or status groups. The factors driving this segmentation are not purely economic but are also strongly embedded in social norms.

Caste or Status Group

Notably in India, but also in other South Asian countries, a person's caste or social status defines their identity, how they are treated by others, who they may marry, and what they can do. The hierarchical nature of the caste system and the strong association of ritual purity/impurity with specific castes and occupations translate into occupation segregation and wage discrimination between castes in **India** (Das and Dutta 2007). Although the Constitution and Government of India have reserved quotas in government or quasi-government jobs for the most disadvantaged groups in India (the Scheduled Castes and Tribes), caste still helps determine what people do outside the public sector. In very real ways, caste limits labour mobility between occupations, creating what Maitreyi Das and Puja Dutta have called "glass walls" (Ibid.). See Appendix I for cases in which caste and other social divisions play a major role in, for example, Nepal and Bangladesh.

Gender

Within the broad division of labour by caste, gender norms further restrict the work of women. As has been described earlier, the near-universal gender division of labour assigns primary responsibility for household and care work to women and gender norms in some communities restrict women's mobility outside the home. Further, women are associated with ritual impurity (attributed to menstruation, child birth, and widowhood). This translates into women not being allowed to touch the "machines" associated with the traditional occupations of certain caste or status group: the plough, the pottery wheel, the loom. In these caste occupations, women typically carry out ancillary tasks: sowing seed, planting seedlings, and harvesting (not ploughing); preparing the clay, moulding objects, and drying clay products (not making items on the pottery wheel); spinning thread, preparing the warp and weft, embroidering or otherwise embellishing textiles (not weaving on the loom). In the textile industry in India today, both traditional and modern, men dominate as machine operators while women dominate in the preparatory work of spinning yarn and preparing warps (NCEUS 2007: figure 5.1). In sum, in many communities across South Asia, women face not only "glass walls" by reason of their caste or status group but also "mud walls" by reason of their gender. See Appendix II for a discussion of how gender stereotyping in the construction industry confines women to "unskilled" tasks that are the first to be mechanized with technological change spurred by the opening up of the industry to foreign companies.

There are, of course, exceptions to these general social rules; still, it is important to highlight them. In mainstream economics, segmentation within labour markets is attributed to discrimination within otherwise perfectly competitive product and labour markets or to the relative commitment to labour markets across groups (e.g., women's lower commitment compared to men's) (Das and Dutta 2007). The evidence from South Asia strongly suggests that underlying social structures and overarching economic forces, as well as power relationships, contribute to the segmentation of labour markets.

VI. Responses to Informality

The debate on what to do in response to informality is polarized along much the same lines as the debate on what causes or drives informality: between those who argue for regulating informal enterprises and deregulating labour markets; and those who argue for increasing the productivity and earnings of informal workers as well as extending legal and social protections to them. Recently, there has been convergence between these two broad perspectives around the need to extend social protection to informal workers, albeit for different reasons. The first school of thought argues for universal social protection to avoid labour market distortions and to gain economic efficiency, while the second school of thought argues for universal social protection based on principles of equality and solidarity.

Reflecting these debates, there are three broad approaches to informality:

1. Regulation

- regulation (and taxation) of informal enterprises
- de-regulation of labour markets

Many of the observers who advocate regulating and taxing informal enterprises also advocate de-regulating labour markets: in effect, they advocate formalizing informal enterprise but informalizing employment relationships. The long-term impact of these contradictory policies is not clear. In the short-term, at least in South Asia, the informal economy is growing: as jobs are being informalized at a faster rate than enterprises are being formalized.

2. Protection

- legal protection of informal workers and enterprises, including:
 - commercial rights for informal businesses
 - labour rights for informal wage workers
 - property rights for all informal workers
- social protection of all informal workers: through
 - targeted schemes
 - universal schemes
 - some mix thereof

The legal empowerment of the working poor in the informal economy was the specific focus of the international Commission for the Legal Empowerment of the Poor whose report, released in mid-2008, recommends business, labour, and property rights for the working poor (CLEP 2008).

Social protection is back on the policy agenda. The current debate centres on *how* (not whether) to extend social protection: notably, on whether to de-link social protection from the employment relationship. Those who advocate for universal social protection, as noted above, do so for either economic or social reasons.

3. Promotion

- raising productivity of informal enterprises
- increasing employability of informal workers

Increasing the productivity of informal enterprises requires not only access to capital but also sector-specific inputs and business development services as well as sector-specific supportive regulations and policies. Increasing the employability of informal workers requires government oversight, financing, and licensing of training programmes by both the private and non-governmental sectors.

In South Asia, where the informal economy has always been large and is growing and where informality is widely associated with poverty, the policy debates tend to focus on *how* (not whether) to increase the

productivity and earnings of informal workers and to extend legal and social protections to them. A notable example of this approach is that of the National Commission for Enterprises in the Unorganized Sector (NCEUS) in **India**, whose policy recommendations focus on three sets of measures: to extend legal and social protection to all informal workers; to increase the productivity of informal enterprises and small or marginal farms; and to expand employment opportunities and to increase employability of informal workers (NCEUS 2007).

Another notable example of this approach is the commitment of the South Asian Association for Regional Cooperation (SAARC) to home-based workers in the region, both those who are self-employed and those who are industrial outworkers (also called homeworkers). HomeNet South Asia (a regional network of home-based workers) and its national affiliates in Bangladesh, India, Nepal, Pakistan, and Sri Lanka have been officially recognized as representing home-based workers in SAARC meetings and negotiations. Also, SAARC is supporting the establishment of trade facilitation centers in these countries through each of the national HomeNet networks.

South Asia is also home to several world-renowned large-scale initiatives that have promoted the productivity of the working poor in several sectors. The most notable example of a nation-wide sector-specific programme is that of the National Dairy Development Board of India which extended marketing, training, and veterinary support services to small dairy farmers around the country through a network of dairy cooperatives and a grid of village-level milk collection depots linked to urban market outlets through a chain of processing plants: leading to what is commonly referred to as the “white revolution.” In Bangladesh, the world’s largest non-governmental organization, BRAC, has developed large-scale sector-specific programmes in support of poultry, dairy, fish, and silk production by millions of working poor villagers, mainly women.

Finally, and most importantly, South Asia is home to the largest trade union of informal workers anywhere in the world and to a growing movement of informal workers. The Self-Employed Women’s Association (SEWA) of India has over one million members in nine states of India: all of SEWA’s members are working poor women in the informal economy. SEWA has helped organizations of home-based women workers in Bangladesh, India, Nepal, Pakistan, and Sri Lanka form national federations (called HomeNets) and a regional alliance called HomeNet South Asia. SEWA is also a founding member of the National Association of Street Vendors in India (NASVI) and a new national federation of waste pickers. These and other like-minded organizations of informal workers, including formal trade union federations such as the General Federation of Nepalese Trade Unions (GEFONT) in Nepal that have organized informal workers, are working together to raise the voice and visibility of informal workers in South Asia.

As this paper has illustrated, most of the working poor in South Asia are engaged in informal employment. Efforts to combat poverty in South Asia must, therefore, pay attention to the needs, constraints, and risks faced by the working poor, both women and men, in the informal economy. This will require increasing the *visibility* of informal workers in labour force and other economic data to attract the attention of policy makers. It will also require increasing the *voice* of informal workers through organization and representation in policy-making and rule-setting bodies so that informal workers can hold policy makers accountable.

In conclusion, poverty in South Asia and elsewhere cannot be reduced by expecting economic policies to generate employment and social policies to compensate the losers. Economic growth often fails to generate sufficient employment, as recent experience in India has shown, and compensation through social policies is seldom sufficient. Both poverty reduction and economic development in South Asia, and elsewhere, require a major reorientation in economic priorities to focus on employment in general and on informal employment in particular.

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Appendix I: Labour Market Profiles: Bangladesh, Nepal, Pakistan, and Sri Lanka

The labour market profiles in this Appendix are drawn from case studies in Bangladesh, Nepal, Pakistan, and Sri Lanka. These case studies include piece-rate and self-employed workers, men and women (as well as children and whole families), and different marginalized or socially-excluded groups.

Profile 1: Bangladesh

Shell and pearl collectors (a rural, extractive process involving a “traditional backward group,” with the whole family as workers)

Profile 2: Nepal

Tailoring and stitching (caste-based, located in urban, peri-urban and rural areas; tailors/stitchers can be either male or female)

Profile 3: Pakistan

Pottery/utensils (involving predominantly women working as unpaid family labour, who are losing ground even as urban and international markets for pottery are growing rapidly)

Profile 4: Sri Lanka

Coir mat-making (involving women who are organized to some extent and now produce for tourist and export as well as local markets)

These detailed examples are drawn from HomeNet South Asia/Institute of Social Studies Trust (2006), which presents case studies of weavers; garment workers of various types (subcontracted and self-employed); pottery makers; shell and pearl collectors; incense stick rollers; handmade paper; coir mat makers; coir yarn makers; reed and cane product makers; batik workers; and jewellery makers. The full study is available through both HomeNet South Asia and the Institute of Social Studies Trust. Earlier anthropological studies of individual types of informal workers – e.g., rickshaw pullers of Dhaka, Bangladesh – also give detailed information, although in some cases the numbers may be dated.

Labour Market Profile 1: Shell and Pearl Collectors of Bangladesh

Place of work: rural, and in some cases peri-urban; river-based (involves diving from a houseboat which is also the collectors’ residence)

Sector of work: This work centres on the collection of shells, and natural pink pearls when found in shells. It is extractive work done through diving into the river from the collectors’ houseboats (the shells are extracted from the river bottom – this is essentially the river equivalent of the gathering and processing of non-timber forest products in forest areas). The collectors do some initial cleaning and processing and then sell their goods to middlemen, who in turn sell to shell and pearl purchasers.

The shells are used in making lime, an ingredient included when chewing beetle nuts, and also as poultry feed, among other uses; pearls are used for jewellery and other end products in urban markets. It is said that after searching 100-200 shells, one tiny pearl is usually found.

Type of contract, payment and payment methods: The shell and pearl collectors of Bangladesh are among the poorest of the poor. They are self-employed, have no contract, and are paid by middlemen. The collectors are supposed to be paid weekly or fortnightly, but payments are often delayed.

The peak period for shell and pearl collection is only two months (there is some work up to five months, and this can stretch in some form up to 9-11 months, with generally three months of unemployment). The collectors can work an average of 11 hours a day during the short peak period, but only an average of six hours a day during the lean months. The average earnings of those interviewed are, in the peak period, US \$7.54 (in 2005), which is 5 per cent of the per capita income of Bangladesh; in the lean period their earnings average US \$4.04, or 2 per cent of the per capita income of Bangladesh.

Demographic characteristics (individual and household): The shell and pearl collectors come from a “traditional backward community”; the particular community studied is the one known as the *boids*, a Muslim community that is very low in the social hierarchy based on income status. The collectors have very high rates of illiteracy (in sample surveyed, 92 per cent were illiterate, and 8 per cent could only write their names). The entire household is involved in shell and pearl collection, from children through adults, including both men and women (the elderly do not dive, but help out in processing the shells). Children begin this work early and they may also attend school, but dropout rates are high. All of those interviewed reported doing this work from childhood on.

Reasons for doing this specific work: The community has been involved in this work for generations. With problems of very little education, poor health, bad housing, and deep poverty/few assets (they cannot even take loans from Bangladesh’s large number of microfinance institutions), the collectors have very few alternatives and continue doing this work even though some (8%) find their already very low earnings to be decreasing over time (92% say there has been no change in earnings, but no one reports an increase in earnings).

Risks confronted in the labour market: With very little education, poor health, and very few assets, the shell and pearl collectors do not have other skills that are marketable. Those surveyed report that in times of crisis they borrow from neighbours (79%) or employers/middlemen (21%), although again not from the microfinance institutions, who consider them poor risks; alternatively, they sell off implements, or may work as bonded labour. They cannot deal with middlemen effectively, and they are paid very little relative to the market value.

This way of working is dangerous for both those doing the work and for their children, who are constantly exposed to snakes, floods, and other hazards. (As one woman said, “When we go for shell extraction in deep river, keeping our young children unguarded, sometimes they fall into the water and drown” – p. 181.) The collectors’ housing is also precarious (at the time of the survey, the latest storm resulted in 20-30 boats being sunk), which makes their ability to earn a livelihood precarious as well.

Opportunities for improving the labour situation: If they are to stay in this occupation, new skills, technologies and equipment would improve their situation (at present they use no equipment at all). Moreover, this work is hazardous and the collectors are subject to both illness and disasters (e.g., floods and cyclones that destroy boats and livelihoods, and result in large numbers of deaths). Even in the best of times, illness and disease are a constant problem and drain, which they cannot do much about: for example, they have no water tap and drink contaminated water because fresh water is too expensive, and they cannot afford to boil water because fuel would cost money. Fully 100 per cent of those surveyed were said to be suffering from a chronic illness or disability. They are also prone to eye diseases due to the nature of their work and lack of equipment, but they cannot afford the cost of treatment. In addition, the shell and pearl collectors have no toilet facilities or electricity, in spite of there being electricity in the area.

Thus, water, sanitation, electricity and other services, together with health care, education and housing (the latter identified as their top priority) would also give them a better chance to think about alternatives, learn other livelihood skills, and make contacts that would allow them to enter into different occupations. For women, assistance with maternity and child care are also top priorities, as are timely payment and minimum wage allocations from the middlemen.

In fact, becoming organized and bypassing the middlemen, and thus being able to negotiate directly with larger shell and pearl purchasers, would make a significant difference. This would be true particularly in a context of better health, child care, education, and greater access to information. Alternative but related employments (e.g., in other forms of aquaculture) might also be taken up, as happened in the case of certain other castes and communities who were dependent on shell and pearl collection from lakes, ponds, and rivers in the past.

Multiple occupations/shifting occupations: In the lean months, the community tries to engage in other economic activities. Women take orders from nearby tailor shops to do stitching jobs, and men work as day labourers, or do various tasks such as fishing and lock and umbrella repairing – in other words, they try to do whatever they can in order to earn enough to survive. Nonetheless, it is said that this is never enough to give their children food that is nutritious, no matter what work the shell and pearl collectors are able to find.

(From HNSA/ISST 2006, Chapter 7.)

Labour Market Profile 2: Tailoring and Stitching in Nepal

Place of work: urban, peri-urban, rural; in informal “shops” or in homes

Sector of work: Tailoring is carried out in local small informal shops, whereas stitching is often home based (although stitching may also take place in small shops and tailoring may be part of home based work). These activities are done primarily for local clients and local markets, but are often done for garment makers who subcontract work to local stitchers.

Type of contract, payment and payment methods: This work can be done either on a piece rate basis or through self-employment; in fact, the two may be combined if necessary – i.e., workers may have more than one employment status at a time. (It appears that subcontracted garment work may be shrinking in Nepal as exports of garments from the country have been dropping; demand for the products of the self-employed will also fluctuate according to lean and peak periods throughout the year.) Piece rate workers do not have a contract, and are paid by the owner of the garments business; the self-employed may sell directly to customers (in the case of tailors) or through middlemen (in the case of some home based workers). Of those interviewed, 87 per cent of the sample were women, and of those surveyed 63 per cent were piece rate workers and 37 per cent were self-employed.

Many of those surveyed (36%) said their earnings had decreased in the last two years, whereas 30 per cent reported an increase but still noted very low earnings (e.g., Rs. 55 for a *kurta salwar*). According to these garment workers (in tailoring and stitching), the peak period is just over seven months, and the lean period is about four months. The average earnings of those interviewed, in the peak period, are as high as US \$49.49 (in 2005), which is 40 per cent of the per capita income of Nepal; in the lean period, the average is US \$29.59, or 24 per cent of the per capita income of Nepal. In Nepal as in other countries, home based work is paid at much lower rates than the same work done outside of the home (e.g., in factory settings).

Demographic characteristics (individual and household): This is a caste-based activity that both men and women can do (men somewhat more in small shops, women in home based work). The caste is Damai (Periyar), which is a very marginalized community in Nepal. Of those surveyed, 40 per cent were illiterate. This community has a difficult time getting accommodations (e.g., when they try to rent places to live), or taking water from a common tap, and the community faces other difficulties because they are considered “untouchable” (and their profession is not accepted as a “decent” profession by many).

The women garment workers (doing tailoring and stitching) who were interviewed in Nepal did not specifically say this, but garment workers in Bangladesh, India and Pakistan interviewed for the study said that their income is not simply supplemental, but is fundamental to the family’s income since their

husbands are informal workers who do not have regular jobs. (Their husbands work as casual labourers or as vendors, drivers, rickshaw pullers, mechanics, guards, and in other informal occupations; in India the women said that the men had no work, and in Pakistan the women's husbands were reported to be daily waged workers who did not give their families money to run the household.) It is undoubtedly true that the women in Nepal also consider their incomes to be crucial for the well-being of the family, and not just "supplemental" income.

Reasons for doing this specific work: Because this is a caste-based occupation, some individuals learn their skills from their natal families or friends (10% and 20%, respectively, of those surveyed), and others learn these skills from trainings (57% of those surveyed). In the case of Nepal, unrest in the countryside drove many of those surveyed into the Kathmandu area, and for this reason a few took up this occupation even if they were not of the Damai caste. In addition, in conflict-prone areas the caste-based tailors and stitchers were severely restricted in the amount of work they could do, but some tried to continue their work nonetheless. (Disasters – whether natural in the case of floods or man-made as a consequence of riots or ongoing conflicts – take a particularly heavy toll on low-income informal workers.)

Risks confronted in the labour market: This is an occupation that other caste groups are very reluctant to enter; however, this does not give the community a strong bargaining position, as a marginalized group. Problems with middlemen and contractors are foremost, with some workers having to go to meet with them "three or four times losing two to three hours of time" (p. 75), with reports of incomplete payments. (Of those surveyed, 47% reported delayed payments, 22% reported incomplete payments, 17% reported payments that were less than the agreed upon amount, and 14% reported irregular payments.) Problems tied to a lack of sufficient demand are also very important.

In times of financial trouble, those surveyed generally borrow money from relatives, or sell off ornaments or other of their few assets. They do not generally work as bonded labour (as garment workers sometimes have to do in India and Bangladesh, according to this study) or borrow from moneylenders (as reported by garment workers in Pakistan).

Opportunities for improving the labour situation: Those surveyed report that they need more skill training, more work, and payments on time – and of the correct amount. They also mentioned the need for at least the minimum wage, and access to some kind of health care particularly because their eye problems, back pain and other health problems were affecting their ability to work. Because informal workers depend so heavily on their bodies, including eyesight, the tailors and stitchers of Nepal expressed an urgent need for at least the possibility of getting basic health care (a basic "health check-up facility"). This type of work often results in health problems, including problems for women who are pregnant; however, of the garment workers interviewed in Nepal, only 11 per cent reported being members of any social protection scheme. For informal workers, illness and insufficiency of work are key concerns in all cases: without health, one cannot work, and without sufficient work, one cannot afford any form of health care.

In addition to these problems, 67 per cent of those surveyed reported problems due to a serious lack of space for their work (and to store material and goods), and 14 per cent reported difficulties acquiring raw materials. They also are said to need credit to invest in better machines and technologies, together with skill development and direct access to markets. The labour movement in Nepal would also cite the need for these workers to organize in order to be able to deal more effectively with middlemen and contractors, gain access to markets and raw materials, and meet other challenges that they face both as subcontracted labour and as own account workers.

Some of these concerns can certainly be addressed, but the continuing problems associated with their caste status would require more systematic and ongoing efforts. It is true that for many poor informal workers, even simple changes can have results. (For example, according to similar types of stitchers in Bangladesh interviewed for this study, even having the means to afford a simple 100 watt bulb would

increase their earnings by allowing night stitching – one family interviewed for the study could only afford one 40 watt bulb, which was not enough to allow stitching at night.) However, in the case of socially marginalized communities in Nepal, it is likely that more fundamental social and economic changes are required if their employment status is to be improved significantly.

Multiple occupations/shifting occupations: Those surveyed in Nepal noted an average of almost three months without work, and the need for more work was stressed; however, there was no mention of other occupations taken on during these months. (There may in fact be other sources of income to help bring up the low earnings during these months; the women stitchers interviewed in Pakistan, for example, did note that they had to engage in multiple activities to make ends meet – making snacks for their husbands “to sell later in the day in the bazaar, teaching stitching and embroidering to girls and women in the neighbourhood, making bangles, running a tuition centre, mat making, stitching caps for prayers, spinning thread from the wool, making counter with beads, running beauty parlours, and making designs on glass” [p. 77]. It is possible that these types of economic activities are not as available to the tailors and stitchers of Nepal, or that they simply were not mentioned in the survey results.)

The men and women surveyed in Nepal was also noted that there is a certain amount of shifting from subcontracted work to self-employment, or combining of the two, as is true of many types of informal workers who have to continually adapt to ever-changing conditions.

(From HNSA/ISST, 2006, Chapter 4.)

Labour Market Profile 3: Pottery Makers of Pakistan

Place of work: peri-urban, urban and rural home based work, involving households or community networks
Sector of work: The case study involved women workers who are predominantly (61%) unpaid family labour, with the remaining 39 per cent involved in piece-rate work. In some cases all of the family members – both males and females – are engaged in pottery making as an ancestral/family profession. (This occupation is said to go back to 3000 B.C. in Pakistan, but the sector is now seen as a “sunset industry,” with water storage pots, bowls, mud ovens, bowls, and other forms of pottery as their main products.) Men often do the main work of making pots, with women adding designs and patterns; however, women are often involved in making small-scale hand made pottery and utensils. Although high-end (including “niche rustic”) pottery produced for urban or international markets is extremely profitable (e.g., selling to Pottery Barn or other exporting companies), these pottery makers have no access whatsoever to lucrative markets; instead, their skills are dying out because they are facing continually shrinking demand for their products and new competition from aluminium and steel products.

Type of contract, payment and payment methods: “The entire Pakistani sample [of workers] was paid in cash and these payments were usually made on a task basis with 56% being paid after the task was complete. 22% were paid weekly. 11% of the sample complained about their payments being delayed” (p. 145). The fact that unscrupulous middlemen are so common is said to drive families to sell in local markets rather than trust the middlemen to sell in more distant markets for potentially higher returns. Piece-rate workers were dependent on contractors, worked without a contract, and often reported difficulties particularly with getting paid on time.

The peak period for this work is about 6-7 months, when these workers can earn US \$56 a month (in 2005, this represented 31% of the country’s per capita income), and the lean period is 5-6 months when average earnings are US \$22 a month (12% of the country’s per capita income). However, these figures do not reflect the fact that large numbers of women (again, 61% in this survey) work as unpaid family workers, and a significant 33 per cent of those surveyed had no knowledge regarding whether earnings had increased or decreased in recent years, probably due to the fact that as women they had little access to information about the financial side of household production.

Demographic characteristics (individual and household): The study reports 78 per cent illiteracy among the pottery workers surveyed in Pakistan. Women reported being involved in this work since childhood (61%), and their own children were frequently involved in this work as well.

Reasons for doing this specific work: Those interviewed reported that there were no alternative employment opportunities, especially for women. One woman, Bashiran Bibi, reported that she was tired of making pots but “does not know of any other work so she feels compelled to continue this work”; it is said to be good for women in spite of the low earnings because they “don’t have any knowledge in other field except this” (p. 148).

A lack of education is only part of the problem. The study done in Niaz Nagar indicated that only boys were sent to school on a regular basis, whereas very few girls attended school and if they went to school would return home and assist their mothers in pottery work (with exceptional cases of mothers not wanting their daughters to learn pottery-making, but rather to study and become professionals). Both girls and their mothers work predominantly as unpaid family labour, and they are not able to gain market information, market space or experience since they are constrained by social norms from going to such public spaces.

In fact, it was reported that even in the case of educated sons, there were often no good alternatives to remaining pottery workers. However, as Zainab Bibi put it, even though all four of her sons are now making pottery, she did not want to teach her grandchildren the same art (“she felt that there were other professions with more dignity and respect along with a steady income” – p. 149).

Risks confronted in the labour market: One major threat to livelihoods comes during the monsoon and winter season: because the pottery workers do not have the money for storage facilities, the pots left out in the rain will be ruined. There are also significant problems getting access to the raw materials (including good clay) at affordable prices since both transportation and raw materials costs are increasing. In addition, those surveyed cited problems getting access to capital and fuel wood for their kilns.

However, the main threat in the future appears to be that local demand is shrinking due to cheaper aluminium and steel goods. Most of the producers do not have access to urban markets, and face declining demand in rural and peri-urban markets. (Zainab Bibi of Kasur said that the recent trends of using stainless steel or china crockery was “killing the art of making pottery”; in Niaz Nagar potters complained that advertisements were selling more expensive and harmful utensils and storage goods as “modern,” and thus more desirable, than their more effective but more traditional utensils and pots.) Of the 33 per cent who reported having faced a crisis situation, 17 per cent borrowed money (in addition, one worked as a bonded labourer, and others reduced food intake and/or sold off their assets). Moreover, as is true of other categories of informal workers, 44 per cent of those surveyed said they faced frequently recurring health problems, with the majority having to deal with them through “home remedies.”

Opportunities for improving the labour situation: Because of the shrinking demand for the types of pottery the informal workers are able to produce, and in view of the expanding demand for new pottery-related designs and products, the women and their families would benefit from market information, assistance with designs, and technical help. This would be particularly true if they were organized and thus were able to deal more effectively with social constraints. (In this context, organized groups of women are in a much better position to appear in public places, and to negotiate, than would be true of individuals alone.)

The pottery workers also need quality control facilities and good storage facilities, enough funds to develop a good-sized inventory, and affordable transportation to markets, as well as the marketing networks that would allow their work to be seen. The women themselves identified a lack of space, problems in receiving payments, and too many months – on average five – without work as some of their main problems; they identified timely payment, credit and more work as their top priorities, followed by the need for minimum wages, skills training, and health care centres. Again, it would be helpful for the pottery workers to form

their own organizations – perhaps including small neighbourhood workshops, cooperative marketing, and the like – together with government or private initiatives to upgrade these skills and keep the traditional designs from disappearing altogether.

Multiple occupations/shifting occupations: Because of a lack of other employment opportunities, the majority of women interviewed expressed no possibility of doing other occupations even during the lean months, apart from their responsibilities at home. Only 8 per cent said that they were doing other work to sustain themselves and their families – some made kites, crochet-making and rearing livestock, or sewed garments to supplement their earnings; five women also reported resorting to doing construction work in one region. Urban domestic work in cities such as Lahore was cited as a possible alternative to pottery work for some younger women workers, and in one peri-urban area the women in some families would travel to urban areas to work as housemaids for three-four hours, after which they returned home to join their husbands in pottery making (p. 145).

(From HNSA/ISSST, 2006, Chapter 6.)

Labour Market Profile 4: Coir Mat Makers of Sri Lanka

Place of work: peri-urban, rural; home based work

Sector of work: Weaving mats from coir (coconut husk) fibres is an occupation in Sri Lanka that is done mostly by women (96% of those surveyed for a study of this sector were women). The coir mats are made of coir yarn (also produced locally) that is boiled and dyed. The yarn is then woven into a mat and sewn together using coir yarn.

Type of contract, payment and payment methods: The work is done by both piece rate and self-employed workers. Piece rate workers do not have a contract, and are paid by the owner-exporters of coir mats (or the local women's organization, if the women sell collectively). Payments are made after each mat is completed. Of those interviewed, 68 per cent were piece rate workers and 32 per cent were self-employed.

It was reported that in previous years, mats had been sold directly to traders (middlemen) or directly in local markets, and that prices were low due to the workers' weak bargaining position. The women reported that once they started selling collectively through a local women's organization – particularly to tourist and export markets – they received better prices.

Demographic characteristics (individual and household): Literacy rates are high in this group, as is generally true in Sri Lanka. (Of those surveyed, no one was illiterate; 20% reached the primary, 40% the middle, and 40% the secondary level of education; no graduates were reported in the sample surveyed.)

Reasons for doing this specific work: Unemployment was said to be more of a problem for women than for men in Sri Lanka. One person interviewed said that she could not find work in other occupations, and so took this up. The majority of those interviewed (52%) learned their skills through trainings; far fewer learned the skills through their natal (13%) or marital (9%) families, or from friends (13%). (One person interviewed learned the skill from the Small Industries Department, and she in turn trained other women; some also learned the skill from the Siyath Foundation, a women's organization in Sri Lanka.)

The majority started this work in the 16-25 year old range (52%), with 9 per cent reporting that they started this work before the age of 15 (as child labour). It was reported that the coir sector includes many with relatively low levels of education and literacy. In fact, "(f)or those who did not have any formal education, the only possible and easiest way of earning was to join the coir industry" (p. 240), for example producing

coir yarn or coir mats. The coir yarn and coir mat makers are either the main or sole income earners in their families, and their income is seen as crucial for the family's survival.

Risks confronted in the labour market: The majority (60%) reported problems in acquiring raw materials – the coir yarn (made from coir fibres) is often purchased by outside traders and so becomes inaccessible to them and/or results in increases in the price of yarn. Thirty-six per cent noted problems in receiving payments; 23 per cent also reported problems of a lack of space (again, this refers to a home based form of production), and they noted that there was an average of about two-three months a year without much work. Production is said to decrease in April and May, which are festival months, and increase in November and December due to the influx of tourists during those months. The peak period for this occupation is said to be over nine months (almost 9 ½ months), whereas the lean period is up to three months.

Demand for this product thus varies seasonally, and over time. Twelve per cent said that the availability of work had increased over the past two years, while 24 per cent said it had decreased (64% said that it has remained the same). The average earnings of those interviewed, in the peak period, is about US \$27 (in 2005), which is 7 per cent of the per capita income of Sri Lanka; in the lean period the average comes to US \$14, or 4 per cent of the per capita income of Sri Lanka.

In fact, the tsunami had depressed the demand for coir products for quite some time. In addition, many coir workers lost their entire stock, raw materials and implements, and it took up to a full year before their earnings started increasing again. In times of crisis such as this, 67 per cent said that they borrowed money – mostly from moneylenders, with banks coming in a distant second and neighbours much lower than that – and an unusually high (for Sri Lanka) 22 per cent said that they withdrew their children from school.

Even in the best of times, mat makers reported very little ability to save any money since all of the earnings are spent on the family. (“Most is spent on sudden illness, daily expenses and alcohol for the husband. Women said that they were concerned about the lack of money for children’s education” – p. 250.) Some of the workers who sell through the women’s organization asked that some of the earnings be kept back in order to allow for the women to keep some money as savings. They also were interested in insurance after the tsunami, and in other social protection schemes (only 44% were members of any social protection scheme, which is very low for Sri Lankans in general and low even when compared to other Sri Lankan informal workers in such sectors as coir yarn, reed and cane, jewellery and batik work).

Opportunities for improving the labour situation: Those surveyed said that they are most in need of loans (18%); housing (15%, which is important particularly in home based occupations); skill training (14%); credit (13%); and more work (8%), among other changes that would improve the labour situation for these workers. The collective work that many women engage in through the local women’s organization helps them attain higher prices for their product through exports. It also helps in accessing raw materials and other inputs and equipment used in production.

Finally, in the aftermath of the tsunami, those surveyed felt that disaster preparedness and prevention should be integrated into social protection schemes. This can be well understood, since their experiences had been so tragic and the recovery period (to the extent it could take place) so long.

Multiple occupations/shifting occupations: Those surveyed noted the lack of work during the lean period, but additional occupations were not mentioned apart from those who produce coir yarn in addition to making coir mats. This could be due in some cases to a lack of skills or a lack of opportunities, or it may simply not have been mentioned in the course of this study.

(From HNSA/ISST, 2006, Chapter 10.)

Appendix II: Profiles of SEWA Members

The Self-Employed Women's Association (SEWA) of India is a trade union of working poor women in the informal economy. With over 1 million members in nine states of India, SEWA is the largest union in India and the largest union of informal workers in the world. This Appendix contains profiles of nine of the major trade groups among SEWA's membership (taken from Chen 2006). Each profile begins with a description of the key characteristics of the trade illustrated by a case study of a SEWA member in that trade; and ends with a brief summary of SEWA's activities in support of each trade group.

Urban Trade Groups

The urban trade groups featured below, grouped by the main categories of SEWA's urban membership, are:

- hawkers and vendors: *fruit and vegetable vendors*
- home-based producers: *garment makers, bidi rollers*
- labour and service providers: *construction workers, waste pickers*

Fruit and Vegetable Vendors

You cannot work as a vegetable vendor – or deal with the wholesale traders – without having courage ... The police used to harass us a lot. They would take away our vegetables. They would take away our bundles. Since we joined SEWA, they have stopped harassing us. It stopped when we joined SEWA. Raji-ben (SEWA leader and former Executive Committee member) informs SEWA that these people are being harassed. Then, the people stop harassing us. No police or anyone else harasses us now.

Divi-ben, Vegetable Vendor (Chen and Snodgrass 2001)

After I came to the city, I went along to sell with other women, especially my sister-in-law. I watched her do her business. And so I learned too. Then I took my daughter with me when I went out to sell – that's why I never sent her to school. She learned her trade from me.

Chanda-ben, Vegetable Vendor and Founding Member of SEWA Bank

Street vending represents an important share of trade in most cities of India and street vendors are the one of the largest and most visible occupational groups in the informal economy. There are an estimated 80 to 100,000 vendors in Ahmedabad City, representing. A recent random-sample survey in Ahmedabad City found that street vending operations represent nearly one out of five informal enterprises (17%); the net earnings of street vendors average 28,142 rupees (US \$651) per year; and the net value-added per street vending operation averages 41,952 rupees (US \$971) per year (Rani and Unni 2000).¹ In terms of employment, 90 per cent of employment in trade, hotels, and restaurants is informal: of which 43 per cent are street vendors. And street vendors represent nearly 7 per cent of the informal workforce (Ibid.).

Across Ahmedabad City, street vendors sell fruit, vegetables, flowers, fish, clothes, vessels, toys, footwear, edibles, and many other items for daily household use. Many vendors, especially those from the Patni Vagri caste, have been selling in the city's markets for generations. While male sellers generally operate out of small stalls or sell from push-carts and bicycles, most women sell on the pavement spreading their goods on burlap cloth alongside a city street or walking through different neighbourhoods with baskets on their heads. Those who sell from a cloth on the pavement or a basket on their head need few tools or

¹ As noted earlier, where rupee figures in this report are converted to US dollars, appropriate market exchange rates (not adjusted for purchasing power parity) obtained from www.OANDA.com were used.

equipment, except for a scale, a set of weights, a knife and a basket (SEWA 1988). Those who sell from a stall or push-cart or bicycle have to invest a bit more: in 1999, a handcart sold for 1,500 rupees (US \$35) and rented for 10 rupees (23 cents) per day (Chen and Snodgrass 2001). From haggling in the wholesale markets early in the morning, to walking the roads in middle-class residential colonies or sitting in a congested market unprotected from the elements for eight hours a day, street vending is arduous work.

The earnings of street vendors vary greatly, depending on the products they sell, the volume of trade, the terms of trade, and the location of vending. In general, in Ahmedabad City, mobile vendors earn less than stationary ones selling the same goods, those who sell in residential areas earn less than those who sell in congested markets, and those who sell perishable goods like vegetables or fish earn less than those who sell manufactured goods like garment and electronics. Also, women earn less than men do because they tend to be concentrated in less favourable types of vending or, even if they are in the same type of vending, tend to sell less or for fewer hours (due to competing demands on their time).

In 2000, the average daily net earnings of street vendors ranged from 25 rupees (US 55 cents) per day for inexperienced women vendors to 100 rupees (US \$2.22) per day for experienced male vendors: but averaged around 60-80 rupees (US \$1.30-1.77) per day (Chen and Snodgrass 2001). These average net earning figures represent total sales minus costs of goods, including transport costs and the daily interest for purchasing goods on credit. As such, they are somewhat inflated as other costs of doing business were not deducted, such as the regular costs of storage and periodic costs of illegal bribes and legal fees or fines. Average monthly incomes of vendors among SEWA Bank clients, in 2004, varied according to what they sold as follows: just over 2,000 rupees for used clothes vendors, just under 2,000 rupees for fruit and vegetable vendors; and just under 1,000 rupees for other vendors (Mirani and Shinde 2004).

The high cost of doing business as a street vendor is due to several factors, as follows.

Competition for Public Space: Although street vendors can be found alongside many streets and lanes in the city, they concentrate around the main wholesale markets or in special hawker markets. Historically, the Manek Chawk wholesale market was the main vegetable and fruit market in the older historical part of Ahmedabad City and had the greatest concentration of street vendors. Over 500 vendors have, for generations, sold goods around the main market building. Situated along a major thoroughfare to the old walled city, the area now also serves as a parking area for bicycles, scooters, and cars. Always crowded and congested, the competition for space in the Manek Chawk area has only intensified over the years. During the 1980s, Manek Chawk was the centre of SEWA's struggle for the rights of vendors to a space from which to vend.

Insecure Place of Work: As a result of this competition for public space, street vendors typically lack control over the most critical aspect of their work: namely, the place or spot from which they vend. Wholesale and retail traders, the transport lobby, traffic police, municipal authorities, and other street vendors all compete for the limited urban space and, often, collude with each other to control whether and where vendors may vend. Also, street vendors themselves compete against each other for space, for goods, for public recognition.

Capital on Unfair Terms: Most vendors have to borrow from private moneylenders or, more commonly, the wholesale traders from whom they source their goods: often at very high interest rates – around 10 per cent per day on capital advanced (SEWA 1999).

Uncertain Quantity, Quality, and Price of Goods: Powerful wholesale traders dominate the wholesale markets, where street vendors source their goods, especially those that deal in perishable goods like fruits and vegetables. These traders set the prices to benefit themselves, often leaving very small margins for both the growers and the vendors. Furthermore, since the vendors do not have access to institutional finance, they often have to buy goods on credit from the wholesale traders who not only charge high prices and interest rates but also control the quantity and quality of goods supplied. These loans or advances serve effectively to “tie” the vendors to specific traders and, thereby, prevent them from taking advantage of “free” market

prices. In addition, since 1999, the wholesale vegetable markets in Ahmedabad City have charged a 10 per cent market fee to the wholesale traders which they, in turn, pass on to the retail vendors in the form of higher prices.² The vendors complain that they have not been able to pass all of this cost onto their customers.

Lack of Infrastructure: Most vendors operate in the open air leaving both them and their goods exposed to the elements. They seldom have access to water to drink, to wash their goods, or to sprinkle their vegetables and fruit (to help keep them fresh). And they seldom have access to proper toilets. Few street vendors have storage facilities at their place of work, although some rent space to store their equipment and leftover goods from wholesale merchants in the area. Most have to store goods at home, where a leaking roof or lack of solid flooring can result in spoiled goods and, hence, investment losses.

High Costs of Transport: As the case study below illustrates, vendors have to spend quite a bit each day to transport their goods from the wholesale market to the selling market. One reason for this is that vendors are not allowed to travel with their goods on public buses.

Ambiguous Legal Status: All of these factors arise from and are compounded by their ambiguous legal status and their negative public image. Street vendors face constant threats, harassment, and eviction from police and civic authorities. There are no clear official guidelines, policies, regulations, or laws as to how to regulate vendors. However, in 1989 the Supreme Court of India ruled that street vending is a fundamental right and that it is the duty of public authorities to provide the means and the space for vendors to sell. In practice, the public authorities interpret this “duty to provide” as a “right to control.” At best, they provide legal permission to vend to a small percentage of street vendors, leaving the vast majority to operate “illegally.”

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Among the founding members of SEWA, street vendors of various kinds – notably fruit and vegetable vendors – have always comprised an important trade group in the SEWA Union. Despite the rapid expansion of SEWA's rural membership since 1990, as of end-2004, street vendors as a whole (nearly 30,000) still represented about 6 per cent of the *total* membership and 20 per cent of the *urban* membership, while fruit and vegetable vendors in particular (nearly 20,000) represented 4 per cent of the *total* membership and 13 per cent of the *urban* membership. Given their visibility and their numbers, street vendors have played a key leadership role in the SEWA Union. Laxmi-ben Teta, a vendor, was Vice President of SEWA from 1987-1989 and member of the Executive Committee of SEWA for three terms before and after (1981-1983, 1984-86, and 1990-92).

SEWA's struggles with street vendors to secure their right to vend – and, more specifically, their right to a secure vending site – have paved the way for subsequent struggles by other trade groups: by illustrating the power and effectiveness of different strategies ranging from street rallies to resolutions in Parliament to High Court and Supreme Court judgments to a national policy. In 1982, SEWA successfully submitted a petition to the Supreme Court of India against the police and local government in Ahmedabad City. The petition claimed that by denying licenses to the vendors, the local authorities were denying the vendors their fundamental constitutional right to work (in this case, the right to trade). In 1988, Ela Bhatt, the founder of SEWA and (then) Member of the Rajya Sabha (Upper House) of the Parliament of India, moved a resolution in the Parliament calling for the formulation of a national policy on street trade. In 1998, SEWA co-founded the National Association of Street Vendors in India (NASVI). In May 2001, in collaboration with the Urban Development Ministry of the Government of India, SEWA and NASVI convened a national policy dialogue on street trade at which a National Task Force on street trade was formed. This Task Force drafted a national policy on street trade that was officially adopted in early 2004. This national policy calls for a supportive policy environment to promote the livelihoods of street vendors.

² Earlier, the wholesale markets imposed a tax on agricultural products coming into the markets. But the farmers' lobby fought a legal battle for the repeal of this tax. When the farmers won their case, the wholesale market simply passed the tax onto the wholesale traders who, in turn, passed it on to the retail vendors.

Box 1 Leela-ben: Vegetable Vendor and SEWA Leader

Leela-ben is a vegetable vendor, and a SEWA local area leader. She and her husband – Vinod-bhai - have three teenage children: two sons – Kalpesh (19) and Jagdish (16) - and a daughter Sheetal (14). They live in Saraspur, in the walled part of old Ahmedabad. The family lives in what were originally built as mill tenements – rows of attached one- or two-room homes (made out of brick and/or cement) lining alleys called *chawls*: just across the road are the ruins of the old cotton mill. The Patni house comprises two rooms, the inside room and the outside room (enclosed). The inside room contains the primus stove, kitchen equipment, and a single built-in bed. The house has electricity, and a municipal water pipe. The family uses a communal toilet a short distance from their house. Leela-ben and Vinod-bhai pay 500 rupees monthly rental for the house. They had to make a deposit of 25,000 rupees to secure the rental: to be able to make the deposit, they took a high interest loan from a moneylender and, then, a loan from SEWA to repay the debt. Once the SEWA loan is paid, Leela-ben hopes they can buy their own house.

The Patnis work as a family unit to run their vegetable vending business. After rising at 5 a.m. each morning, Leela-ben and Vinod-bhai go together to the Jamalpur Municipal Market to source the vegetables. They spend much of the morning at this huge wholesale market sourcing their vegetables: often starting at Shop # 40 set up by SEWA to create a direct link between SEWA rural producers (who sell their goods to the shop) and SEWA urban vendors (who buy goods from the shop). They spend the rest of the day carting, cleaning and arranging vegetables for the evening market, which takes place between 5 and 8 p.m. Meanwhile, son Kalpesh spends the morning selling yesterday's surplus vegetables in another small market, and meets them at the evening market in the afternoon, to help set up the two *ladis* (handcarts). Kalpesh and Vinod-bhai each manage one *ladi* with Leela-ben helping with both. One *ladi* is stocked with higher-valued vegetables, such as carrots and eggplants; the other with cheaper leafy vegetables. At the busiest times, all three of them are needed, to keep an eye on the goods – to make sure some vegetables do not “disappear” from the *ladis* – and to continue rearranging the vegetable stock to keep them looking attractive.

Daughter Sheetal's work on the domestic front is critical to the vending enterprise. At about midday, Sheetal goes to the evening market with a hot lunch for her parents and brother. When her parents and brother reach home in the evening, usually around 8.30 p.m., she has the evening meal waiting for them. During the day, she completes all the other domestic chores. If her daughter were not doing these domestic chores, Leela-ben's working day, which starts at 5 in the morning and finishes well after 9 in the evening, after the day's takings have been counted, would be even longer. The younger son has opted out of the family trade, and joined a printing press.

The family's daily earnings from vegetable vending vary between 60 and 100 rupees per day, or 3,000 rupees per month. Some days there is a loss overall. The vending business appears to be in decline due to an increase in the number of vendors (as many of the retrenched mill workers have taken up vending) competing for a declining clientele (as Hindus and wealthier Muslims are moving out of the walled city). Among the fixed clientele, there is also a decline in purchasing power (due the 2001 earthquake and the 2002 communal violence). Additionally, there are significant expenses associated with hiring transport to fetch and carry goods – urban transportation is expensive and probably increasing, relative to what they earn. On a typical day, Leela-ben and her husband have to pay someone in the wholesale market to carry the heavy loads to their collection point; pay someone to watch over their accumulating stock of vegetables, just outside the wall of the Jamalpur Municipal Market; and pay an auto rickshaw driver to transport the vegetables to the selling market. Also, after one of their own carts was damaged in the communal violence in early 2002, they have had to rent one *ladi* each day for trading. Fortunately, they do not have to pay for storage, as they get this free from longstanding friends who live near the selling market.

Street markets such as the one Leela-ben and her family trade in exist, with few exceptions, due to an informal arrangement with municipal officers and police. In the case of Leela-ben's selling market,

the understanding is that the vendors' ladies will be lined up only two rows deep into the street. Some afternoons, some vendors – usually new vendors – try to set up a third row. In such cases, the local police often approach Leela-ben, who is recognized as a SEWA leader, to negotiate with her fellow vendors to make room for these other vendors by re-positioning their handcarts. This form of self-regulation, or co-operative regulation, must be of significant economic value to the municipality, in terms of lowering the costs of, and conflict around, regulation of valuable city space.

Source: Adapted from Lund 2004 and Bery 2004

Garment Makers

“There are many women all over the country working at home like me. Surely there should be some law to protect all of us.”

Karima-bibi, Garment Worker (keynote address at 1987 National Workshop on Home-based Piece Rate Workers)

Because of Ahmedabad City's history as a textile centre, it has long been known for a set of allied industries relating to textiles. These include the dyeing, block printing, and screen printing of cloth. Products manufactured from local textiles include garments and a range of bed sheets, bed covers, cushion covers, and napkins. A variety of textile products are embroidered, including gold brocade embroidery (called *zari*), mirror work or ring embroidery, and patchwork. While most tailors or seamstresses specialize in either garments or other textile products, some produce both and some combine embroidery work with stitching. Although it is not one of the major garment manufacturing centres in India, Ahmedabad's share in the domestic and export garment sector is growing. During the 1990s, the garment sector in Ahmedabad grew rapidly: output grew by 18 per cent and retail trade grew by 12 per cent (Singh 1999).

Garment production takes place in large factories geared mainly to the export markets, in small factories or workshops geared to the city and state markets, and in homes for, largely, the local city market, as follows:

- Large factories, including several successful jean-making factories, employ more than 200 workers each, mainly women.
- Small factories employ anywhere from 15 to 50 workers, nearly 85 per cent women.
- Small workshops are typically operated by a single micro-entrepreneur who hires a few others to work in one or two rooms of his home or tailoring shop or by a small group of self-employed garment makers who come together and hire a common space. Some of these groups eventually save enough capital to purchase a few extra machines and hire workers. Those who work in these workshops, anywhere from 5 to 15 workers, are mainly men.
- Home-based operators, nearly 80 per cent of whom are women (Unni and Bali 2001), operate at an even smaller scale than the men in the small workshops.

Recent estimates suggest that around 55,000 people are engaged in or connected with the garment industry in Ahmedabad City (Ibid., Kantor 1999). The composition of this workforce is roughly as follows:

30,000 (55%) – home-based producers/home-workers
 9,000 (16%) – factory workers
 8,700 (16%) – retailers and wholesalers
 3,300 (6%) – contractors
 1,800 (3%) – factory owners
 900 (1.6%) – material and equipment suppliers
 400 (0.7%) – workshop operators
 200 (0.3%) - designers

SEWA organizes and supports home-based garment makers, both those who work on their own account and/or as industrial outworkers, as well as wage workers in garment factories.³

Home-based garment workers may have one or more of a variety of relationships with the market. These vary from a dependent industrial outworker who produces under a sub-contract for a shopkeeper, manufacturer or contractor, to an independent own account operator who sells directly in the market. In real life, many home-based garment makers are neither purely independent nor purely dependent, as below:

- **Industrial outworkers** who get work orders and raw materials (typically pieces of cloth pre-cut to a pattern) from a trader or contractor, stitch the pieces into the required garment, and return it to the trader/contractor to be paid by the piece. These sub-contracted garment makers use their own sewing machines and often buy their own thread as well.
- **Dependent producers** who produce on orders from individuals or firms. Some factories and firms outsource their production to home-based producers. They give orders to the individual producers who then buy the raw materials and produce garment items according to the specification of the firm.
- **Independent producers** who produce on their own with or without the help of other family members and sell their products in the open market. In some households, the whole family is involved in garment making. The family invests its own capital and (generally) the women of the house stitch the garments while the men go to bazaars and fairs to sell the finished garments.
- **Dual-status producers** who get some work from a trader and produce for him on a piece-rate basis but also buy raw materials on their own and produce for others. Sub-contracted and outsourced work is generally rather seasonal. During festival and marriage seasons there is more work and sub-contracted workers keep very busy, indeed are often over-worked. However during the slack season, when they do not get enough work orders, they try to earn some more by buying cloth and producing on their own. They then try to sell these products to the trader from whom they get sub-contract orders, to other vendors, or directly to customers.

Most industrial outworkers and dependent producers are paid per piece or per dozen pieces produced. The rate per piece or per dozen pieces varies by the type of garment. Whatever the item, sub-contracted garment makers earn only a small percentage of the selling price – as low as 2 to 5 per cent – while the employer-trader and his contractor (if any) earn a far higher percentage – as high as 40 per cent (Singh 1999; ILO 1991). In the late 1990s, sub-contracted garment workers typically earned between 20 and 33 rupees per day (US 46 to 76 cents) on those days that they received work orders (Chen and Snodgrass 2001; Unni 1999). However, those who made women's dresses could earn as much as 200 rupees per day (Unni 1999). From these slim earnings, they had to deduct expenses for thread, oil, needles, and electricity; maintenance and repair of sewing machines; and travel/transport to collect raw materials, supply finished goods, and receive payments. A recent SEWA survey found that home-based garment workers earn between 500 and 1,500 rupees per month, while some workers in small factories earn up to 2,000 rupees per month (Unni and Bali 2001)

Irregularity of Work and Payments: What a garment maker earns is not just a function of her wages but also of the number of days she gets work. There are seasonal fluctuations in the garment industry: the peak season is when most festivals and weddings take place (September to February) and the slack season is the other six months of the year (March to August). During the slack season, if they do not get or work orders, some dependent producers shift to other occupations: for instance, rolling bidis or incense sticks. Even during the seasons when they get work, recent estimates suggest that home-based workers in particular but also some small factory workers either do not get – or do not seek – regular work: 20 per cent of home-based workers and 10 per cent of small factory workers work less than 20 days per month; and

³ Among the garment makers in SEWA's membership, 424 (2%) work in garment factories and 20,878 (98%) work from their homes. Those who work at home include both self-employed producers and those who work under a sub-contract for a piece rate (called industrial outworkers or homeworkers).

over 40 per cent of home-based workers work but only 2 per cent of factory workers work less than five hours a day (Unni and Bali 2001).

	Hours per Day	Days per Month
Home-based Workers	9-12 hrs.(10%)	30 days (60%)
	6-9 hrs. (45%)	25 days (20%)
	3-5 hrs. (41%)	20 days (10%)
		<20 days (10%)
Small Factory Workers	15 hrs. (35%)	25-30 days (76%)
	5-10 hrs. (62%)	20-25 days (16%)
	<5 hrs. (2%)	10-20 days (8%)

During the off-season, four out of five home-based workers (80%) work for less than 20 days per month (Ibid.). Compared to home-based workers, the workers in small factories get more steady work throughout the year: although production/work peaks just before large festivals.

Payment of wages may also be irregular. Wages are paid weekly or monthly on the whim of the trader. If a garment is defective or lost or does not meet the satisfaction of the trader, the piece-rate for that item is deducted from the worker's wages (Sharma 1987). The number of garments stitched and the amount of wages earned is supposed to be recorded by the manufacturing or retail firm (or their intermediary) in a notebook that the worker holds onto. However, the lead firms or their contractors often tear out the relevant page from the notebook when they settle each worker's account, leaving no evidence linking the workers to the lead firms or their contractors (Ibid.).

Changing Technology and Skills: Fashion in the garment sector – and thereby demand for different products – changes rapidly. A decade ago, home-based garment workers in Ahmedabad City mainly stitched sari petticoats and children's wear for the local market. Now, the demand is for more sophisticated items in both the local and markets, which they do not know how to cut and stitch. Earlier, cotton was the main fabric used, but now a variety of synthetic materials including satin and velvet are popular. These materials do not stitch well on the older sewing machines owned by the women. Most women have the simplest types of sewing machines, and although many women have fitted these machines with motors, their productivity remains low. Most home-based garment workers would like to graduate to using modern electrical sewing machines, but simply cannot afford to do so. Or they would like to own the special machines or the special gadgets (which they can attach to their sewing machines) for making buttonholes or hemming, which they now do by hand (Jhabvala and Kanbur 2002).

The skills required to keep up with the fashion for new garment products are also changing. New garment products often require greater expertise in cutting, new types of stitches, better quality buttons and other accessories, and better finishing. Most home-based garment makers have few or no opportunities to acquire these skills and know-how. In large factories, the management determines what skills the market will require and provides in-house training to its workers. Apart from in-house training, no public or even private institutions offer training in these new skills to garment makers.

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Garment workers have always played an important role in the SEWA Union, comprising a significant share of the home-based workers among SEWA's urban membership. As of end-2004, home-based garment workers represented 4 per cent of SEWA's total members, 13 per cent of SEWA urban members, and about 23 per cent of all home-based workers among SEWA's membership.

SEWA has a long history of working with garment workers. In organizing garment workers, SEWA has focused primarily on negotiating higher piece-rates and fairer working conditions for garment *industrial outworkers* – many of whom are Muslim. This has involved negotiations with the Labour Commissioner - as well as rallies in front of his office – to demand minimum wage, identify cards, and welfare schemes (childcare, health care, and school scholarships) for sub-contracted garment workers. In 1986, SEWA was able to get a minimum wage for garment stitching (89.60 rupees per day) included in the official Gujarat state Schedule of minimum wages under the Minimum Wages Act.⁴ Over the years, SEWA has also helped own account garment makers to acquire new skills, improved equipment, and market information to try to compete in the fast-changing local garment market. This has included loans for improved sewing machines and related gadgets, training at the National Institute of Fashion Technology (NIFT), and installing electricity in the homes of SEWA members (to avoid the high costs of tapping electricity illegally). In recent years, as export-oriented factory-based garment production has expanded in Ahmedabad City, SEWA has begun to organize waged workers in garment factories as well. After the riots of 1985 and the communal violence in 2002, when Muslim homes were burned and looted, SEWA has helped rehabilitate its Muslim members – many of whom are home-based garment makers.

Box 2 Razia-bibi: Garment Maker

Razia-bibi and her husband, Hameed-bhai, live with their three sons in one room at the back of their provisions store. This one room serves as living room, bedroom, workspace, and kitchen. A storage room – piled high with sacks of grain – that connects their one-room home at the back to the store in the front doubles as a bedroom at night. Hameed-bhai and their eldest son run the provision store; Ayesha and their eldest daughter used to sew garments in the “living” room at the back. Both of their daughters were recently married.

When they were married in 1975, Hameed-bhai was a textile mill worker and Razia-bibi was a garment maker. When Hameed-bhai first lost his job at the textile mill, and when his first attempt at shop-keeping failed, the growing family had to rely on Razia-bibi's earnings. By 2000, Hameed-bhai was running a successful provision store and Razia-bibi was still stitching garments, but only as a source of supplemental income. From their two sources of income, they were doing reasonably well. At that time, Razia-bibi and her daughter stitched salwars (draw-string pants) for 2 rupees per salwar. They received pre-cut salwar pieces from two sub-contractors – a woman and a man – in their neighbourhood. The sub-contractors receive orders and cloth from ready-made garment traders and cut the cloth into salwar pieces. According to Razia-bibi, the piece-rate set by the sub-contractors went up slightly during the 1990s from 75 paise (0.75 rupee) in 1990 to 2 rupees in 1998.

When asked whether she had ever bargained with the sub-contractors to raise the piece-rate, Razia-bibi said “no”. But she acknowledged that she and other workers in the neighbourhood complained to the woman sub-contractor that the increases in the piece-rate had not kept pace with inflation. Not only their cost of living but also their costs of production had gone up: 100 grams of thread, which used to cost 4 rupees in 1990, cost 20 rupees in 2000. In 1998, in response to their complaints, the woman sub-contractor raised the piece-rate from 1.5 to 2 rupees per salwar.

In 2000, Razia-bibi and her elder daughter also worked on their own account: that is, they received orders to sew sari petticoats or salwar-kameez (pant-tunic) sets from individual customers who supplied the cloth and specified the design. Depending on the fabric, they charged 12-15 rupees

⁴ As in other minimum wage negotiations, SEWA seeks to have the minimum wage fixed in a tripartite negotiation with the Labour Commissioner's Office, the employer, and the workers so it will be acceptable to all concerned. Also, SEWA does not expect that the minimum wage will be enforced but uses it as a benchmark or target in on-going negotiations.

for stitching a petticoat and 30-45 rupees for stitching a salwar-kameez set. On occasion, Razia-bibi helped her mother-in-law, who stitched cushion covers under a sub-contract, complete a work order.

In early 2002, during the communal violence, Razia-bibi and her family had to flee their home-cum-shop and take refuge in a near-by cemetery and mausoleum. Their shop was looted: many of the provisions and a ceiling fan were taken, the glass containers and counter were broken. The looters also stole a color TV, a black-and-white TV, new clothing and shoes (purchased as part of their daughters' wedding trousseau), some jewelry, and some pots and pans from their home. Razia-bibi and Hameed-bhai estimate that they lost around 100,000 rupees worth of goods. From their insurance policy with SEWA, they received 6,000 rupees compensation.

Although they had been saving and planning for their daughters' weddings, Razia-bibi and Hameed-bhai ended up holding a simple joint wedding: their two daughters married cousins. By 2003, the provision store was up and running again. With her two daughters married, and living in nearby Rajasthan state, Razia-bibi was not sure whether she would resume tailoring. But the now-smaller family seemed to be doing all right with the profits from the provision store and the earnings of their two younger sons, who work as mechanics.

Source: Chen and Snodgrass 2001

Bidi Workers

When we return the bidis, the contractor accuses us of keeping 200 ourselves. Then he tells us that one or two hundred of the bidis we have brought are improperly rolled, and refuses to pay us for those. After 25 years, I am still rolling improperly!

Godavari-ben, Bidi Roller and Former President of SEWA (Rose 1992)

India is one of the largest producers of tobacco in the world. The related tobacco and *bidi* industries are big business, representing significant shares of the Indian economy and workforce. An estimated one-fifth of Indian tobacco is used to make *bidis* or hand-rolled cigarettes (Jhabvala et al. 1985). Together, the tobacco and bidi industries employ several million people. Another sizeable number of people are engaged in collecting the *tendu* leaves used in bidi production, instead of paper, to wrap the tobacco. Indian tobacco is grown mainly in Gujarat and Maharashtra, while the *tendu* leaf grows in many states of Central India, especially Madhya Pradesh (Ibid.)

Bidi making is a rather simple, labour-intensive process that, except for the final baking and packaging, requires no machinery or infrastructure. This makes it easy for the company owners to shift the location of production or to "put out" production. The first registered bidi manufacturing units, established around 1900, were concentrated in tobacco growing areas. Because it proved more economical to transport the tobacco than the *tendu* leaves, bidi production shifted to areas where *tendu* leaves and cheap labour were readily available (Ibid.). More recently, in an effort to avoid compliance with labour laws, bidi manufacturers have shifted production to areas where labour laws are not strictly enforced or, alternatively, "put out" production from factories to homes.

In the 1960s and 1970s, the Government of India passed two laws intended to guarantee bidi rollers the rights and benefits of formal sector workers:

- The Bidi and Cigar Workers Act (1966) calls for comprehensive worker benefits for bidi and cigar workers, including: identity cards, scholarships, uniforms, maternity benefits, maximum work day, weekly holidays, provisions of drinking water, canteens, toilets, and other benefits; and

- The Bidi Workers Welfare Fund and Cess Act (1976) calls for a levy of up to one rupee per kilogram of tobacco used in the manufacture of bidis to be used in improving health care, housing, and recreational facilities for workers (Sarkar undated).⁵

In the mid–1980s, as a measure to promote the growth of small enterprises, the Government of India imposed a tax on bidi manufacturers who produce more than two million bidis a year. Although the passage of these pieces of legislation was intended as a positive step for bidi workers, the employer–traders have effectively circumvented each piece of legislation designed to protect the right and benefits of bidi rollers (Jhabvala et al. 1985).

In the late 1990s, there were an estimated 150,000 bidi-workers in Gujarat state of which an estimated 10,700 bidi rollers (7%) were in Ahmedabad City. At that time, among the bidi-rollers in Ahmedabad, an estimated 700 worked in registered factories and firms while the other 10,000 worked from their homes: together, they generated an estimated 58 million rupees (US \$1.6 million) (Rani and Unni 2000). Over 95 per cent of home-based bidi-rollers are women (Jhabvala et al. 1985). In Ahmedabad City, five major bidi manufacturer–traders dominate the industry. The largest company is Jivraj Bidi Works, which sub-contracts work to over 3,000 home-based bidi workers. Because some of these companies, including Jivraj Bidi Works, operate in several states of India, they are able to take advantage of the differences across states in minimum wage and other labour legislation. Whereas Gujarat used to be one of the more important bidi producing states, several companies have found it more profitable to expand their operations in other states, notably Madhya Pradesh and Andhra Pradesh. The overall growth of the bidi industry has ensured that the total volume of production in Gujarat has not declined; the industry, therefore, continues to provide a major source of employment for women in Gujarat (Ibid.).

Initially, in Ahmedabad City, the employer–traders gave raw materials directly to the home-based workers who returned finished bidis directly to them to market. Over time, however, most employer–traders phased out *direct sub-contracting* in favour of two other systems in order to circumvent the legislation designed to protect home-based workers. During the 1980s and 1990s, most rollers were employed under *indirect sub-contracts* through a contractor who supplies all of the materials and receives all of the finished bidis on behalf of the firms. However, in 1999, many employer-traders adopted the *sale–purchase system* in order to circumvent labour laws that mandate contributions to a provident fund for industrial outworkers. Under this system, the traders or their sub–contractors allegedly “sell” raw materials to the bidi workers and “buy” the finished bidis back from them. Even though the bidi-rollers remain dependent on the traders or their contractors for supply of raw materials and sale of finished bidis, the traders contend that they are no longer employers and are, therefore, exempt from labour laws (Jhabvala et al. 1985). Under all three systems, the bidi-rollers receive tobacco, thread, and tendu leaves from specific bidi traders or their contractors; roll and bundle the bidis at home; and return the finished bidis to the employers or their contractors. What is allegedly different, and at issue, is the nature of the relationship between the employer–traders and the home-based producers under each system.

Low Wages and Poor Working Conditions: Although bidi-rolling is a rather simple process, the work is tedious, the wages are low, and working conditions are poor. Most bidi-rollers work from their homes, sitting for long hours on the floor hunched over their baskets of leaves and tobacco.⁶ Most of the bidi rollers are the wives of former textile mill workers who live in tenements – rows of single-storied brick and cement residences – built by the mills. The rolling process often spreads tobacco leaves and dust all through their homes (Jhabvala et al. 1985). As a result, two types of health problems are common among bidi rollers: aches and pains in the lower back, neck, hands or fingers; and tuberculosis, bronchitis, or asthma (Sarkar 1999).

Lack of Control and Bargaining Power: The trader and/or his contractor control the volume and timing of work orders; the volume and quality of raw materials; the piece rate to be paid and the timing of payment;

⁵ Since its formation in 1972, SEWA has fought for the implementation of these Acts.

⁶ A recent survey found that all bidi-rolling is done in semi-pucca (semi-permanent) structures while nearly one third of garment making is done in kucca (temporary) structures, reflecting the fact that most bidi rollers are the wives or daughters of former mill workers who were entitled to live in tenements set up the mills or earned enough to build or buy their own semi-permanent homes (Rani and Unni 2000).

and whether goods are accepted or rejected. The raw materials needed for bidi-rolling include leaves, tobacco, string for wrapping bidis into bundles, and brand labels for labelling the bundles. Because bidi-rollers do not control the quality of the raw materials – notably, the leaves – they cannot control the volume or quality of their output. When they are supplied poor quality leaves, bidi-workers complain that they are not able to make the expected number of bidis or that some of the bidis they make are rejected.

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Bidi rollers have always been one of the most important trade groups in the SEWA Union. Reflecting their one-time numerical dominance in the Union, the President of the SEWA Union for three terms – from 1984 to 1992 – was a bidi-roller named Godavari-ben. But their relative share in SEWA's membership has declined as SEWA's rural membership has expanded: as of end-2004, they represented only 3 per cent of SEWA's total members, 11 per cent of SEWA's urban membership, and 18 per cent of SEWA's *home-based* members. But they remain a dominant trade group in the Union in terms of influence, if not numbers. This is because SEWA has been able to organize a majority (over 60 per cent) of all bidi rollers in Ahmedabad City (Chen and Snodgrass 2001). This is also because, among the home-based workers in SEWA's membership, the bidi workers have led the longest and most effective struggle to make existing labour legislation work for them, including legislation relating to minimum wages, welfare benefits, and employer contributions to provident funds (Rose 1992). Since its formation in 1972, SEWA has fought for the implementation of the bidi workers legislation described above. Further, most of the bidi rollers are from weaving communities – both Muslim and Hindu – in which the men worked in the textile mills. Until the decline of the textile mills beginning in the 1970s, these weaving communities played an important role in both the economy and polity of Ahmedabad City.

Box 3 Dipa-ben: Bidi Roller

Dipa-ben, her husband, and their four children – three sons and a daughter – live in what used to be the kitchen of her parent-in-laws' home – a small windowless room. Her elder brother-in-law and his wife live next door in a far larger room with windows and a storage loft: this was the main living area of her parent-in-laws' home but now doubles as a kitchen, living area, and workspace. The two brothers and their families share a separate bathing room and a water tap (also used every day by children in a neighbourhood school) and use a communal toilet down the alley. Each day, Dipa-ben and her sister-in-law work together in her sister-in-law's home, sitting on the floor rolling bidis and making paper bags, respectively.

Dipa-ben's husband gambles away most of what he earns from his embroidery business. She earns only 450-500 rupees per month rolling bidis, hardly enough to feed herself and her children. To help make ends meet, her sons had to start earning from a young age. While they were still in school, they worked at home - making paper bags – before and after school. After dropping out of school having completed class 9 or 10, they began working full time in, respectively, in an advertising firm, an embroidery workshop, and a brokerage firm.

Dipa-ben's parents, originally from Madhya Pradesh, migrated to Ahmedabad City when her father got a job in a textile mill. Like other women in their Koshti caste, Dipa-ben learned to roll *bidis* (hand-made cigarettes) from her mother. Once a week, she takes a bus to get supplies from and deliver finished bidis to a contractor for a large *bidi* firm: the *bidis* are made from flavored tobacco mixes

rolled in *tendu* leaves (instead of paper). In 2000, the going piece-rate for *bidis* was 32 rupees (about 75 cents) per 1,000 bidis. Dipa-ben is able to make around 800 *bidis* per day, on average. To make the *bidis*, Dipa-ben has to cut the leaves to a fixed size (using a metal pattern), peel the

veins off the leaves, soak them, fill the leaves with tobacco mix and roll them up, folding the edges in with a metal tool, tie each one with thread, and then tie each bundle of ten with thread. The finished *bidis* are baked, packaged, and labeled by the trader or merchant. When the contractor supplies low-grade goods – such as moldy or dried out leaves – her earnings drop. As Dipa-ben commented: “A *bidi*-roller cannot bargain effectively on her own. *Bidi*-rollers need to join together to bargain effectively.” Dipa-ben’s back often aches as she sits all day on the floor – bent over – to roll *bidis*.

Source: Chen and Snodgrass 2001

Construction Workers

My husband and I are thirty two and thirty years old. But it feels like we're fifty already! That's because this is back-breaking work. There's not a moment of rest. And there's always the fear of injuries. We always have cuts and blisters on our hands and feet. I bend all day to lift tagaras (baskets) full of materials on my head. My back hurts constantly. I can barely get up for work in the morning.

These days I carry bricks – two dozen of them on a plank balanced on my head. I have to climb several flights of stairs like this. I am always afraid of slipping. Despite our situation, I still hope for a better future for my children – that they may continue their schooling and have other avenues for work. If we get regular work and income in this industry and a law which gives us basic rights and social security, then my dreams may come true!

Usha-ben, Construction Worker

The construction industry is a major employer of workers in India, second only to agriculture for male workers and to agriculture and *bidi* rolling for female workers. In 2000, there were an estimate 30 million construction workers in India of which over half were women (Vankar et al. 2000). Most workers are hired on a contract basis: some for a fixed-term under seasonal contracts, most under daily contracts. For years, across the city of Ahmedabad, construction workers have gathered in the early morning hours at designated street corners – called *kadiya nakas* – to wait to be signed up by the building contractors.

Before the earthquake in January 2001, the construction industry in Ahmedabad city was experiencing a “boom.” There was plenty of work available and rural migrants flocked to the city for this relatively well paid work. However, since the earthquake, the government has imposed stricter laws and zoning regulations on the industry: this is because of the collapse of so many newly-built buildings, resulting in hundreds of deaths during the earthquake, generally attributed to poor quality of construction. The general economic recession following the earthquake has exacerbated this slump in the construction industry.

With the opening up of the Indian economy, and given the global tendering requirements of the World Trade Organization, trans-national companies have begun to compete in the Indian construction industry for both large public-sector infrastructure projects and large private-sector industrial projects. Many leading trans-national construction companies have already staked claims on a number of large construction projects building roads, bridges, and metro rail systems as well as petrochemical plants, factories, and refineries. Equipped with the latest technology, machinery, and construction methods, the entry of these companies is beginning to have far reaching implications for the domestic construction industry as well as construction labour. With particular consequences for the workforce, the entry of trans-national construction companies has accelerated mechanization in the construction industry (Jhabvala and Kanbur 2002).

The bulk of construction workers describe themselves as *chootak majdoori kamdar* – that is, casual manual labourers. What they mean by this term is that they take whatever work they can get by selling their labour,

and that this work is non-permanent, intermittent, and unpredictable in nature. Finding work is a daily struggle. Scores, if not hundreds, of workers gather at each of some 50 *kadiya nakas* scattered around Ahmedabad City for the daily ritual of job matching (Chau 2004). Each day, the assembled workers mill around as the hiring contractors select the workers that they want for that day. On those days that she does not get hired, a construction worker may have to eke out a living by doing odd jobs in a local workshop or carrying head loads in a nearby wholesale market or scavenging for recyclable goods (plastic, paper, or scrap-iron) to sell. During the monsoon season, when construction work tends to slow or close down, she may not find construction work for days or weeks at a time.

On those days that she does find work, the female construction worker will typically end up carrying stacks of bricks (12-16) piled on her head up bamboo scaffolding to the upper level of the building site. For six or so hours of heavy work, she will receive 60-80 rupees (one of the higher daily wages among the SEWA membership). The work is often hazardous leading to chronic aches and pains, injuries of varying severity, and even death. Most construction workers learn their skills “on the job.” However, gender stereotyping prevents women from being assigned to and, therefore, being trained in higher-skilled tasks, such as masonry. From the worker’s perspective, the main problem is that she is not likely to get work every day.

In 1998, when it first began organizing construction workers, the SEWA Academy carried out its first survey of construction workers in Ahmedabad city (Vankar et al. 2000). The key findings of the 1998 survey are summarized below:

Lack of Skills: Over ninety per cent (92%) of the women were engaged in unskilled work, carrying loads of cement, bricks, concrete etc. The rest were engaged in semi-skilled work like plastering or concrete mixing. Although concentrated in the lower-skilled operations, one third of the women said they knew how to do several construction-related operations. In comparison, less than forty per cent (37%) of male workers were engaged in load carrying. The majority were involved in semi-skilled or skilled work, like masonry and tile laying.

Lack of Opportunities for Skills Acquisition: Over ninety per cent of the women (93%) had never had any kind of training in construction work but had learned “on the job.” However, roughly two-thirds of the women (64%) and men (60%) said that they came from families that were “traditionally” employed in construction. Some had become construction workers after migrating to the city from the rural areas. The rest joined this work after losing other employment opportunities.

Low Average Earnings: There were considerable differences between the average daily earnings of men (128 rupees) and women (60 rupees), reflecting gender segmentation of tasks and related skill levels.

Lack of Employment Security: Well over 90 per cent of both women (94%) and men (98%) said they were casual labourers, who were hired by contractors on a daily basis from recruitment street corners (*kadiya nakas*).

Occupational Hazards: Construction work is hazardous if not downright dangerous, leading to frequent accidents and many deaths. A higher percentage of women (51%) than men (13%) said they had suffered accidents in the course of their work. Also, a higher percentage of women (89%) than men (74%) said that they suffered physical problems connected with their work: e.g., 70 per cent of the women reported chronic pain in their limbs or backs.

In addition, 90 per cent of the women reported that they did not get any benefits apart from their daily wages and 55 per cent reported that they did not get any facilities or services – such as toilets or child care – apart from the supply of drinking water. All of them demanded more regular work, better working conditions, and training to upgrade their skills. Most of them recognized the need to organize in order to demand these changes.

Five years later, in 2003, SEWA Academy carried out a repeat survey to assess changes in the construction industry.⁷ One key finding of this second survey was that the number of workers gathering each day for work at the kadiya nakas seemed to have increased. At the two largest kadiya nakas, around 200 workers used to assemble each day in 1998 while anywhere from 500 to 1,000 workers assembled each day in 2003 (Vankar et al. 2004). The other key findings of the 2003 survey are summarized below:

Shift in Caste Composition: In the 1998 survey, 100 per cent of the construction workers were from the Scheduled Castes. In the 2003 survey, only two-thirds (64%) of the construction workers were from the Scheduled Castes, 9 from Scheduled Tribes, one fourth (25%) from Other Backward Castes, and 4 per cent from what are called the Forward or Upper Castes. The construction industry appears to be a last resort for those who lose their jobs in other sectors.

Increased Bias towards Skilled Workers: In the 1998 survey, only one-fourth (24%) of the construction workforce were skilled workers. Five years later, in the 2003 survey, skilled workers represented almost 40 per cent (39%) of the construction workforce.

Shift in Earnings: Between the two surveys, the earnings of skilled workers increased in real terms anywhere from 30 to 50 per cent depending on the type of work they are involved in: masonry, plastering, cementing, carpentry, electrical, tile, plumbing, painting, or stone cutting. However, between the two survey rounds, the earnings of unskilled workers – those who prepare and carry bricks, cement, sand, and other building materials – remained the same or decreased slightly. In 2003, skilled construction workers earned between 100 and 150 rupees per day depending on the type of work they did while all categories of unskilled workers earned around 50 rupees per day.⁸

Increased Irregularity of Work: Construction work is most active during the winter months, slows down during the summer months (when temperatures soar and the water supply shrinks), and comes to a virtual halt during the monsoon rains. In the 2003 survey, about 46 of the respondents reported that they got work only in the winter, another 43 per cent reported getting work in both the winter and summer, and only 11 per cent said they got work throughout the year (Vankar et al. 2004).

Decrease in Employment Opportunities: In the 2003 survey, workers complained that they were getting fewer work opportunities in the construction industry than before. Nearly two-thirds of the surveyed workers (61%) blamed the decline in employment opportunities on the entry of outsiders – migrant workers – into the construction workforce while one-third (34%) blamed the decline on mechanization in the construction industry. Contractors are thought to prefer migrant workers because they stay at the construction site and work for low wages. Over the past several years, the construction industry has been mechanized: digging and lifting machines have displaced unskilled workers who used to lift and carry bricks, cement, sand, and mud or dig foundations and break up old buildings, while other equipment has displaced skilled workers who used to do plastering and related tasks. A small percentage of the workers (6%) blamed the decline in employment opportunities to a decline in the construction sector overall due to price hikes/rising costs, scarcity of water, lack of funds, and the slump in the industry after the 2001 earthquake.

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Although SEWA did not begin organizing construction workers until the late 1990s, construction workers (numbering 11,230) now represent 2 per cent of SEWA's *total* membership and 8 per cent of SEWA's *urban* membership. SEWA's advocacy campaigns, often in solidarity with other unions, have led to several policy changes at the state level in recent years, including: the issuing of ID cards for construction workers and a bill

⁷ In both surveys, two female and one male respondent were picked at random from 50 recruitment corners across Ahmedabad City.

⁸ These 2003 earning figures were deflated to reflect real income changes since 1998, the year of the first survey.

in support of construction workers. In Gujarat, organized construction workers – including SEWA members – have recently pressured the Government of Gujarat to adopt and implement a recent piece of national legislation, the Construction Workers Protection and Welfare Act (1996). Under this Act, there is provision for a cess or tax on the construction industry to create a welfare fund for construction workers. Also, the SEWA Union has been able to join the recently-formed national Construction Industry Development Council (CIDS) to represent the concerns of construction workers. Since 1999, the SEWA Mahila Housing Trust has provided training to women construction workers in masonry, carpentry, tile work, and allied skills. And, in 2002, Bimo SEWA (SEWA Insurance) started a special Accident Insurance Scheme for construction workers.

Box 4 Ratan-ben: Construction Worker

Ratan-ben is a construction worker; her husband – Ishwar-bhai – has a semi-permanent job as a supervisor-cum-printer in a screen printing factory. During the monsoon season, when the screen printing unit closes down, he works as a casual labourer or drives a rented auto rickshaw. When their five children – three daughters and two sons – were young, Ratan-ben gave up construction work to sell vegetables near their home. Once her older children could take care of their younger siblings, she resumed construction work. Although the work is arduous and hazardous, Ratan-ben prefers construction work to vegetable vending: as she can earn more and does not have to face the risk and uncertainties associated with running her own business. Her net earnings from selling vegetables came to about 25-30 rupees per day, while her average wages from construction work come to about 60-80 rupees per day.

However, construction work is not regular. Ratan-ben finds work 20-25 days a month on average. Six days a week, she goes to a recruitment corner – a *kadiya naka* – in a nearby area of Old Ahmedabad City in the early morning. If she is recruited, she proceeds to the assigned worksite: sometimes the contractor pays for her transport, sometimes she has to pay. If she is not recruited, she takes a bus home. She does not work on Sundays or on the new moon day (*Amavasya*). Occasionally, when she is simply too exhausted after a day's work, she takes the next day off. As Ratan-ben explains,

“I can earn 70 rupees per day – less 8 rupees that I spend on transport – as a construction labourer. There would be no problem even at this wage, if the work were permanent. I have been working as a construction worker for 5 years. If work is there, then I work, otherwise not. Five days I get work, four days I have to sit at home. But daily I have to go to the recruitment point (*mandi*) to see whether there is work. I go at 6 in the morning and return by noon if there is no work. I would prefer to be at home than to sit idle at the *mandi*. Construction work is very demanding. I have to lift and carry heavy loads up ladders. My body gets tired as I have had a tubectomy. Also, I have five children to look after. I would like to get a job in a diamond-polishing factory where the work is more secure and less physically demanding.”

Between her long hours and household chores, Ratan-ben finds little time to care for the children. Her day begins at 5:00 a.m. She cleans the dishes from the previous night's dinner and cooks *roti* (flat bread) and vegetables for the children to eat during the day and for her husband and herself to carry to work. Before leaving for work at 8:30 a.m., she also collects water in big cans for use throughout the day, as the local water supply is on for just one hour. Although he fend for himself and the children when she is not around, her husband does not routinely help with the chores.

When she returns from work at 7:00 p.m., she has to clean the house and mop the floors, bathe the children and herself, wash clothes, cook and feed the family before “calling it a day” at midnight.

One of Ratan-ben's persistent concerns is that she has to leave her five children unattended much of the time because of her work hours. When her sons were young, her daughters would look after

their younger brothers until noon when they went to school. On their way to school, her daughters would drop the two boys off at their paternal grandparent's house: on their way home, they would pick up their younger brothers. Once all of her children started going to school, Ratan-ben's worries did not end. She does not like to leave her daughters unsupervised in the neighbourhood, which she considers "unsafe" for adolescent girls. She is also concerned about the quality of her children's education. She and her husband send both of the sons to private schools; and hire a tutor to coach the children after school.

Source: Chen and Snodgrass 2001

Waste Pickers

It is horrible work but we have no other. What are we to do?... Picking paper is a real 'come down' for me. When I worked in the mill we used to look down upon the paper pickers. We would say we are the mill workers, we earn a good salary. These paper pickers they wander around everywhere without shame. They are dirty. Today, I am degraded too. When I first had to start picking paper, I would try to make my ghungat (edge of shawl) long so no one could see my face. I was so ashamed. How low I have fallen.

Former Mill Worker turned Paper Picker

They barely have enough money for food. How can they afford a uniform, books and supplies? And no one is at home to look after the care of the children, to prepare their food and take them to school. They can't go alone. Everyone goes paper picking with the mother – 5 to 25 – everyone goes.

Suki-ben, Paper Picker and SEWA Organizer

I also buy firewood from a wholesale shop and sell it piece by piece in the chawl (neighbourhood alley). During the day, my mother and I go and pick paper in the area around the mill. Some days, I am lucky and make 6 to 7 rupees. Other days, especially, when it is raining, one gets nothing and then our chula (stove) is cold.

Paper Picker

I see small girls who work from 5:00 am till 11:00 am picking the paper. At 2:00 pm they go out again until evening. They spend the night sorting the paper and they pass each day, all day, working in this way.

Umba-ben, Paper Picker and SEWA Leader

Thousands of women, men and children are engaged in picking waste paper and other recyclable goods from the streets and garbage dumps of Ahmedabad city. Given their numbers, they are essential to the entire recycling industry in the city, collecting and recycling not only paper but also plastic bags, polythene sheets, glass bottles and broken glass, wood and scrap-metal and other waste products. No census of waste recyclers in Ahmedabad city has been undertaken, but estimates suggest that at least 50,000 women, men and children are engaged in the recycling industry. Their ranks have swollen as laid-off textile mill workers, underemployed construction workers, and rural migrants have joined this work (Raval 2001; Bentley 1988). These workers pick, sort and recycle several tons of the city's waste products every day. Their day starts well before dawn when they begin to scour the streets and waste dumpsters for recyclables, sometimes walking five to eight kilometres every day. By noon on a good day, women will have collected a large and heavy sack-full of recyclables. They carry their heavy sacks home on their

heads, again walking for several kilometres, often in the hot sun. The women then sort the recyclables by category like paper and cardboard, plastics, glass and other items. If their morning haul was not large or if they have the time and energy, the women will go on a second round of collection in the afternoon. At the end of each day, they deliver and sell the sorted goods to waste contractors who live nearby. Prices per kilogram are fixed by these contractors – or others further up the recycling chain – and often fluctuate. For instance, during 2002, the price for paper waste, which is sorted into four grades according to the size and degree of cleanliness, ranged from 2 to 1.50 rupees and dipped as low as 1 rupee per kilogram (Raval 2001).

Low Average Earnings: In the mid-1990s, waste pickers used to earn less than 15 rupees per day on average (Jhabvala 1999). A recent SEWA study found that for all their hard, and often degrading, work, paper pickers earn barely 500 rupees per month (Raval 2001). In fact, nearly three-quarters (72%) of the paper picker families covered in that study had a combined family income of less than 1000 rupees per month – well below the poverty line (Ibid.)

Harsh Working Conditions and Related Occupational Hazards: Most waste recyclers start work early and work long hours, walking five to eight kilometres a day and working as long as 12 hours a day. The work is arduous as the women have to bend down to pick up the waste materials and then put them into a bag hung over one shoulder. It is also hazardous. Because they sort garbage with their bare hands, the women are prone to cuts, infections, and skin diseases and, even, exposure to acids and other toxic chemicals. Because they have to look for goods wherever they can be found, and because better-quality goods are often found in residential areas or near modern commercial establishments, they are often chased by security guards, chased or bitten by watchdogs, and subjected to abuse or harassment by homeowners, shopkeepers, and others.

Low Social Status: The fact that most of them are from the Dalit community – one of the most disadvantaged and lowest-status communities in India – makes their situation even worse. Most of the paper pickers are from various Dalit castes: the Vankar (weaver), Charmar and Mochi (leather worker) and Bhangi (sweeper) communities. The Vankar community – like other weaving castes – was lured to Ahmedabad by the prospect of employment in the textile industry (Bentley 1988).

Fluctuations in Quality and Price of Waste: During the monsoon season, daily collections are much reduced as soggy and soiled paper is of no value to the recycling industry. During this season, for poorer quality paper and plastic, the women get only 0.5 to 1 rupee per kilogram. To make matters worse, a recent crack-down on the use of plastic and plastic recycled products has resulted in a drop in the price for plastic waste. Earlier they used to get 5 to 6 rupees per kilogram for plastic waste. By late 2002, the price had dropped to 2.50 to 3 rupees per kilogram.

The women are paid in cash or, if they have taken advances or loans from the waste contractors, their payments are adjusted against the balance due. These small-scale contractors then sell to one or more large wholesale traders who, in turn, sell their materials to still larger capitalists, who own pulp mills, the smelters for recycling scrap metal, or the small factories that melt down old plastic and re-mould them into low cost plastic goods like buckets and containers. The paper recycling industry – which is a large-scale and prosperous business – is tightly controlled by a handful of powerful traders-cum-pulp mill owners. They are the ones who determine the prices offered down the recycling chain. Recently, some of the waste contractors have formed their own association.

Lack of Regulation: There is no regulatory framework or regulatory board to control the recycling trade or facilitate linkages between the waste pickers and the recycling industry. Those relationships or linkages that do exist are not formalized by law or written regulations. However, the relationships between the waste pickers and the local contractors are generally of long-standing, often over two or three generations, and have their own unwritten implicit contractual terms. The waste pickers mostly sell to a particular waste

contractor with whom they are in constant contact. The contractor often gives them much-needed credit and acts as a sort of mentor-cum-employer. The women generally look up to these contractors – as a source both of employment and other support – although they are increasingly aware of the exploitative nature of the relationship.

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SEWA first began organizing waste pickers in the mid-1970s. As of end-2004, there were over 20,000 waste pickers in the SEWA membership, representing 4 per cent of the *total* membership, 14 per cent of the *urban* membership, and 7 per cent of the *labour and service providers* among SEWA members. Because they represent one of the poorest and most disadvantaged groups among its members, SEWA has tried to help interested waste pickers find alternative employment opportunities: primarily by organizing them into service cooperatives and negotiating contracts for these cooperatives to provide cleaning services to and/or collect waste from government and private offices or institutions; but also by reviving their traditional skills as weavers (as many waste pickers come from traditional weaving communities that migrated to the city in search of work in the textile mills) or training them in waste-recycling skills (such as making file-boxes from waste paper and cardboard).

An early effort to establish a waste marketing cooperative with its own warehouse (*godown*) failed but SEWA has found other ways to help those who continue in waste picking: helping to develop an appropriate tool (a device with a hook that allows the woman to pick paper or other desired materials without having to touch other waste); providing waste pickers with aprons and bags; and negotiating with the municipality to recognize the contribution of waste recyclers by issuing them ID cards. Most fundamentally, perhaps, SEWA has been able to improve the self-image as well as the public image of the paper pickers, who are primarily from the lowest castes, by promoting the notion that they are “health promoters” (*arogya bhaginis*) of Ahmedabad City.

Box 5 Three Waste Pickers

Mani-ben: “My name is Maniben Parmar. I live in a working class neighbourhood and have been collecting recyclables ever since I was a girl. I loved school but had to leave after the fourth standard to join my mother and grandmother in picking paper from the street. My husband was a textile mill worker. His mill shut down more than fifteen years ago. All his life he worked in the mill. He doesn’t know what else to do. And he drinks a lot.

Our family survives on my earnings. One day a SEWA *aagewan* (leader), named Babuma, came to our neighbourhood and organized a meeting. She spoke about organizing and said that we paper pickers were really promoters of health – of people and our city – as we cleaned the streets and recycled paper and plastic. I liked what she said. It touched me.

Today I no longer go through the garbage for recyclables nor do I walk the streets of Ahmedabad looking for waste paper. Babuma linked me up with the traders in Manek Chowk (a central market in

Old Ahmedabad). They give me paper and plastic every day from their shops. I now earn 25 rupees per day. It is work with dignity at last.”

Jabu-ben: It has been six days since Jabu-ben has been able to walk. During this time her family has had no income. As neither she nor her husband is employed, Jabu-ben usually spends her days picking waste paper off the sides of the road and selling it for the five or six

rupees a day which helps keep her family going. But six days ago, while she was using her foot to pack the scraps more tightly into the bottom of her sack, a shard of broken glass mixed in with the garbage slashed her foot. Now a dirty makeshift bandage covers her foot. She has no money for proper medical treatment and, in fact, with each passing day her family comes closer and closer to not having enough money even to subsist. So Jabu-ben will be back on the streets soon enough, whether or not her foot has healed properly. With no skills and no prospect of receiving any training, Jabu-ben dreams of someday getting the steady work of the contract labourer on a construction site who carries cement on her head 12 hours a day for 14 rupees. But in all likelihood, Jabu-ben will never manage to realize even these meager aspirations and her daughters as well will probably pick paper to survive.

Lakshmi-ben: Lakshmi-ben was first married at the age of twelve to an unemployed man. She managed to pass her school certificate. But this did not matter much as she had no opportunity to use her knowledge and spent all of her time working in the home. Eventually, at the age of 16, she left her husband, disillusioned with the narrow life of cooking, washing and making cow dung cakes for fuel. She returned to her parent's home where she began picking paper to contribute to the family income.

A second marriage followed and Lakshmi-ben had a son. But her luck did not change; in fact, her life only became more unbearable. When her child died Lakshmi-ben was blamed and her husband began beating her. Again, Lakshmi-ben decided on a divorce. It was at this point that she came to SEWA and got involved in the paper cooperatives. Lakshmi-ben has played a central role in the organization of the cooperatives and many paper pickers of her community look to her for advice. Even though traditional society does not accord her much respect as we she is a twice-divorced woman, Lakshmi-ben has influence and commands respect in her work, her family and her community. "Previously I was married," she says, "but I left my husband. I don't intend to marry again – SEWA is my husband now."

Source: Bentley 1988

Rural Trade Groups

The rural trade groups featured below, classified by the three main categories of SEWA's rural membership, are:

- home-based producers: *embroiderers*
- labour and service providers: *tobacco workers*
- rural producers: *salt makers, gum collectors*

Embroiderers

Today the lives of my family hang by the thread that I embroider

Rambha-ben, Embroidery Artisan

Embroidery is the only source of income for me. I earn my living out of the wages I earn from doing embroidery. The training in embroidery has improved the quality and speed of my work, and my income also

Vinju-bai, Embroidery Artisan

The arid districts of Banaskantha, Kutch, and Patan in the northwest corner of Gujarat are known for the hand-embroidered products made by women from natural fabrics, including cotton, wool and silk. Women and girls dressed in their brightly-coloured and densely-embroidered clothing walking bare-footed in search of water – balancing tiers of pots on their heads – provide the only color in this flat landscape of parched earth. There is a rich tradition of embroidery in this region, including embroidery, mirror work, and patchwork. Each community – both Muslim and Hindu – has its own traditional styles of embroidery and garments. In the areas where SEWA works, there are a dozen or more traditions of embroidered goods.

Although the embroidery skills of the region are well-known, the communities remain poor. Historically, most women embroider garments and items for use around the house as part of their own trousseau or that of their daughters. In the past, those who tried to support themselves and their families through embroidery had little (if any) direct access to markets and had to rely on middlemen or traders who offered extremely low prices for their products.⁹ In addition to limited market access, the embroiderers faced limited access to credit and training, contributing to the variability in design, quality and timeliness of their production. But all this is beginning to change, thanks to SEWA and other organizations working in the region that are providing credit, training, and marketing services.¹⁰

A recent widespread tragedy in the region – the 2001 earthquake – has given a boost to the efforts to make embroidery a viable source of livelihood. With homes, wells, and other physical assets destroyed, embroidery was the one economic activity that could be revived without much investment or delay. For many of those affected by the earthquake, embroidery became a lifeline both economically and psychologically.

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Since 1990, when SEWA first started organizing rural embroiderers, they have represented one of the fastest-growing trade groups in the SEWA Union. By 2000, there were some 13,277 embroiders in SEWA's rural membership. During 2001 – the year of the earthquake – an additional 10,000 women embroiderers were recruited. This is because the areas that were worst-hit by the 2001 earthquake were home to traditional embroiderers; among other local employment opportunities, embroidery was the easiest to revive after the devastation; and SEWA recruited and assisted embroiderers as part of its rehabilitation efforts in the area. As of end-2004, embroiderers comprised 6 per cent of SEWA's *total* membership, 9 per cent of its *rural* membership, and 32 per cent of its *home-based* membership.

To help local embroiderers sell their products at good prices to domestic and foreign markets, SEWA has developed an integrated design, production, and marketing programme: including numerous village-level production units; two large centralized production units; a resource center for designs and samples; retail outlets in Ahmedabad city; and an export company. What is distinctive about SEWA's integrated design, production, and marketing programme – what sets it apart from other so-called “alternative marketing” initiatives – is the fact that it is owned, operated, and directed by SEWA members. The SEWA Gram Mahila Haat (the SEWA Rural Women's Market Unit geared towards domestic markets) is a membership-based organization whose members are shareholders; the SEWA Trade Facilitation Centre (a registered for-profit company geared towards export markets) which has 12,000 or more share-holders, all of whom are SEWA members. And SEWA members comprise the majority of members of on the governing body of these organizations.

⁹ In some areas, the middle men used to “trade” plastic and steel utensils (items not readily available in remote areas) for the embroidered goods.

¹⁰ See Crowell 2003 for more details.

Box 6 Dohi-ben: From Migrant Worker to Embroidery Artisan

Jakotra is a tiny, poor, desolate village, on the edge of the rann – the salt deserts of Kutch in Gujarat. The landscape is flat and parched; the vegetation consists of the ubiquitous babul, a shrub-like plant that spreads all the way to the horizon. For the inhabitants of the region, survival has always depended on foraging for water and firewood. But now, there is a pipeline that brings water from several kilometers away; the water is stored in an underground tank for all the villagers to use.

But water remains scarce and is a source of concern and strife. Water is needed for drinking, for cleaning and cooking, for rearing cattle, and for agriculture. When there is adequate rainfall, the villagers can grow cumin and other crops. When there is little or no rainfall, the women collect gum from the babul tree for sale and the men migrate in search of work. Fortunately, there is now another economic opportunity to supplement what people earn from farming, rearing cattle, or collecting gum: namely, embroidery.

Dohi-ben is a widow with five children who looks far older than her years. She and her late husband, Ajai Aahir, had five children. When the youngest child was five months old, her husband died and that is when her travails began. They were always poor but, once her husband – the main breadwinner – was gone, life became a perennial struggle to stave off starvation. She would work long hours, collecting gum from the babul, but the earnings were so small that she feared that they would perish. So she began to travel all over Gujarat in search of work, and often had to be away for several months at a time, leaving the eldest child in charge of the younger ones.

She was saved – literally – by a senior SEWA organizer, who, while working in a nearby village, met Dohi-ben and persuaded her to use her traditional skills in embroidery to earn a livelihood and assured her that SEWA would help market her products in Ahmedabad and elsewhere. Soon Dohi-ben became a member of SEWA. But being a SEWA member meant that she had, at times, to travel to Ahmedabad. Within her community, this caused eyebrows to be raised. The senior male members of her samaj (community) met and decided that such travels could not be condoned and so decided to outcaste her. Dohi-ben was outraged; despite her quiet ways, she is a strong personality. These men, who did not say or do a thing when she traveled all over in search of work just to survive and feed her children, had the audacity to outcaste her when she started doing a bit better for herself and interacting with city women.

The senior SEWA organizers came and spent long sessions with the men, explaining to them the SEWA philosophy, which is rooted in Gandhian principles of non-violence and self-reliance – trying to ease the crisis. Gradually the dust settled, and as more women joined SEWA and more money flowed into the village through the better marketing of the products, the samaj elders came around. In Jakotra, virtually all women are now members of SEWA.

Source: Adapted from Basu 2004 and Unni 2004

Tobacco Workers

The land and factory owners in this area keep the women perpetually intimidated that they will stop their work on the slightest pretext. In 1975, they were paying them as little as 1.25 rupees per day for this work and acting like the women should be grateful for that. Then the government enacted minimum wages for tobacco workers. Based on their contact with a Labour Inspector, some women tried to get the legal wage.

Indira-ben, SEWA Union leader (Rose 1992)

Kheda district is one of the richest districts in Gujarat state. In addition to wealthy cotton farmers and milk producers, the district is home to wealthy tobacco farmers and tobacco factory owners; it produces 80 per cent of the bidi tobacco for the country (Rose 1992). However, there are also great inequities within the district, as the majority of the district's population is comprised of landless labourers and small farmers. The labourers in the tobacco industry are employed, depending on the season, as agricultural or factory workers (Bhowmik and Patel 1996). The agricultural season is from late September through February; the factory season is from March through to the first rains (usually in late June or early July).¹¹

Harsh Working Conditions and Associated Occupational Hazards: Work in the tobacco fields includes sowing, weeding, pruning, and harvesting the crop: each of these tasks involves bending over under the hot sun for hours at a time. When plucking and harvesting the plants, the tobacco field workers have to wear protective clothing as the tobacco sap sticks to their hands, feet, clothing, and hair. But there is no protection against the dizziness caused by the fumes of the tobacco sap. Work in the tobacco factories includes beating the tobacco leaves with a bamboo pole (to pulverize them), feeding the leaves into processing machines, sifting the tobacco through screens, and then packing the tobacco into sacks: these tasks involve lifting heavy loads of tobacco and breathing in a thick pallor of tobacco dust. From working under these harsh conditions, women suffer physical exhaustion and back ache as well as respiratory problems.

Lack of Bargaining Power: The economic security and physical well-being of tobacco workers depend quite literally on their employers. The employers decide how much work is available and who they hire to do the work. They regularly try to reduce the payments they owe to their workers – often quite arbitrarily. When labour inspectors come to inspect, employers pay the minimum daily wage due but often then reclaim what they consider to be the “excess” amount from the workers once the inspectors leave. Since the tobacco workers depend on them for work, and also often for loans, the employers retain a quite strong “upper hand” in the relationship.

Threat of Job Loss, Lack of Alternative Employment Opportunities: Since SEWA began unionizing tobacco workers in Kheda district in 1986, the wages for tobacco work – both field and factory work – have risen. However, the bargaining power of the workers is determined not only by the extent of unionization but also by the level of alternative employment opportunities in the region. Many of the tobacco factories in the district are getting mechanized. While non-mechanized factories hire over 100 workers, mechanized factories hire only 12-15 workers. Also, many local farmers are converting their tobacco fields into sugar cane, banana, or potato fields. These crops do not require the regular weeding – or pruning – that the tobacco crop does. It is not clear how long the benefits of unionization will outweigh the costs of declining employment opportunities.

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Having unionized bidi-rollers in Ahmedabad City, SEWA became interested in organizing the rural women engaged in producing the tobacco that was used in the bidis. One of SEWA's organizers in Ahmedabad City was from Kheda district, where most of the tobacco in Gujarat state is grown. In 1986, she began organizing workers' education classes for tobacco workers in and around her home village. By 1987, SEWA had organized some 2000 tobacco workers in Kheda District. By end-2004, there were 20,395 tobacco workers among SEWA's members (down from a peak of over 32,000 in 2002): representing 4 per cent of SEWA's total membership, 6 per cent of its rural membership, and 7 per cent of the SEWA members who sell their labour or services. By unionizing the tobacco workers, and despite opposition from the factory owners and farmers, SEWA has been able to ensure better wages and improved working conditions for the tobacco workers. In addition, they have provided child care and financial services: through local SEWA child-care cooperatives and savings-and-credit groups.

¹¹ The saplings are prepared from July to September and transplanted in late September; and the tobacco plants are harvested in February. During March, the tobacco plants are dried. April, May, and June are the peak months for tobacco processing (Namrata Bali, personal communication, 2005).

Box 7 Kamla-ben: Tobacco Worker and SEWA Leader

Kamla-ben is from Napad-Wanta village in Kheda district of Gujarat. Born in 1956, her life has been full of dukh (pain). As she notes, “Dukh has been my constant companion. But my dukh has given me strength (hemat) as well as good qualities (gun) – or so people say. In recent years, since I joined SEWA, my life has been filled with sukh (happiness) as well”.

Kamla-ben was the last of 13 children. Her parents were landless labourers from a Harijan community, the Vankars. As was the custom in her caste, she was married when she was only two years old. One of her older sisters carried Kamla-ben on her hip around the ceremonial fire during the wedding ceremony. Her husband was 12 years old when they married. She spent her childhood – until she reached puberty – in her parental home. As the youngest, she was everyone’s favorite – especially her mother’s. She was sent to primary school for two years.

When she was 12, she moved to her husband’s home. His parents – also landless labourers – taught her how to work in the tobacco fields and factories. Since then, Kamla-ben has worked in the tobacco fields (which is back-breaking work) and in the tobacco factories (where the dust clogs her lungs). For the last 10 years, Kamla-ben has always worked with the same gang of seven co-workers – all members of the local SEWA savings-and-credit group. They get along well and try to lighten the load of work by singing, telling stories, teasing each other, and making jokes. The gang includes the husband of one of her co-workers. He prefers working with his wife’s gang – rather than a male gang – because as, he explains, “They have more fun.” Kamla-ben’s gang also includes one Muslim woman – who also enjoys working with Kamla-ben and her friends. Recently, one of their employers (malliks) cheated them of 50 rupees – he claimed that the tobacco field that they had weeded was only 3.5 bighas (not 4 bighas) in size. They have taken a vow not to work for him again – unless and until he returns the 50 rupees. Another employer is more mild-mannered and trusting. He lets them take breaks during the day.

Kamla-ben and her fellow workers pluck tobacco in the fields during the winter months: the outside yellow shoots of tobacco have to be plucked to ensure that the tobacco sap is concentrated in the inner green leaves. They work two shifts a day: one in the early morning, the other in the late afternoon. From March until the monsoon rains come, they work in the tobacco factories – feeding tobacco leaves into machines that chop and sift them; and collecting the chopped leaves and powder into gunny sacks. The field work is back-breaking: as it involves bending over row after row under the hot sun – to pluck off the new unwanted shoots (called peela). The tobacco pluckers have to wear protective clothing as the tobacco resin on the leaves sticks to their hands, feet, and clothing and even their hair (as they bend over). The factory work is bad for their health – as the factories are filled with the soot and dust of the tobacco leaves. The tobacco factory workers have to wear protective masks. At the end of each workday, they should also drink milk to wash down the tobacco dust through their system; but not all employers provide milk. For both kinds of tobacco work, the labourers earn about 35 rupees a day – sometimes 40 rupees a day.

Although the work is arduous, Kamla-ben and her friends need the work. But many of the factories are getting mechanized. While non-mechanized factories hire over 100 workers, mechanized factories hire only 12-15 workers. Also, many local farmers are converting their tobacco fields into sugar cane, banana, or potato fields. These crops do not require the regular weeding – or pruning – that the tobacco crop does. So there is simply less work available. Kamla-ben and her friends worry about their future.

Source: Adapted from Chen 2004

Salt Farmers

We are being continually exploited by traders. Neither the government nor the salt commissioner has extended any help to us.

Panchi-ben, Salt Farmer

In the mid-1990s, Gujarat produced nearly 60 per cent of India's total salt production (Singh and Bhattacharya 1996). Much of Gujarat's salt production takes place in the Little Rann of Kutch, which borders Banaskantha district but lies primarily in the desert district of Kutch (Crowell 2003). It is estimated that around 15,000 people in this area produce salt from sea water trapped under the desert. Over the centuries, salt farmers have developed salt production techniques using the sun to evaporate the water from underground brine, pumped into salt pans, and, thereby, to produce raw salt. This raw salt is sold for both household and industrial uses.

Salt production is a regulated industry in India: the policy for the salt industry is established by the Ministry of Industries and implemented by the Salt Commissioner. However, if producers maintain farms that are smaller than 10 acres, they do not need to obtain a license. In part because of this exemption, but also because of the constraints discussed below, nearly three-quarters of Gujarat's salt producers (known as Agarias) work on informal unregistered salt farms. The salt production cycle lasts for eight months a year, forcing salt producers to seek alternative means of survival in the remaining four months. These economic alternatives typically include rain-fed agriculture or, if there is no rain, migrant agricultural labor and handicraft production.

There are two basic types of salt makers: salt *farmers* who produce salt on their own salt farms; and salt workers who work as hired labourers for others. Small-scale salt farmers face a number of challenges which threaten their livelihoods, including: limited availability of credit, exploitative middlemen, strict government regulations, high transportation costs, limited technical assistance to increase the quantity and quality of the salt they produce.

High Cost of Production and Lack of Access to Credit: Salt production is a highly capital-intensive business. Machinery is needed to dig the brine wells, tools are required to build and maintain the salt pans, diesel pumps are needed to pump the underground brine into the salt pans, diesel pumps require diesel fuel, and ready cash is needed to pay the day labourers. Furthermore, the diesel pumps need to be replaced every 2-3 years because the underground brine is so corrosive. Because the business is capital-intensive, and because they have no access to formal sources of credit, most small salt farmers are forced to turn to traders or moneylenders for capital. The repercussions of this can be devastating: many salt farmers get trapped in a sharecropping-type relationship with their trader-moneylenders who demand large shares of the salt produced to service the outstanding debt. Sometimes the salt farmers are forced to sell their salt to the traders/money lenders at very low prices.

High Transportation Costs: The cheapest way to transport salt within India is via railway. Historically, small salt farmers have been unable to use rail service to transport their salt. This is because of a long-standing government regulation that stipulates that salt farmers need to own a minimum of 90 acres of land to be eligible to book a train wagon. Given the small size of their farms and given the fact that many salt farmers lease land from the government or local landlords, most small salt farmers are not eligible to use rail transport. Because they have to use private transport, they face high transportation costs and, therefore, remain less competitive.

Low Earnings: The average earnings of salt farmers are quite low between 1,500-3,000 per month. And the average earnings of salt workers are lower still averaging 700-800 rupees per month (personal communication, local SEWA office, Surendranagar District).

In addition, both groups of salt makers face harsh working conditions and related occupational hazards, limited alternatives, and limited access to social services and basic infrastructure.

Harsh Working Conditions and Related Occupational Hazards: Salt farming is carried out under very harsh environmental conditions in the remote desert regions of Gujarat. These include highly variable and extreme temperatures, acute lack of water, bright harsh sunlight leading to night blindness. Like the gum collectors, who also work in the harsh desert area, these conditions are among the most challenging faced by any occupational group in rural India.

Harsh Living Conditions: When the salt makers leave their villages to live in the desert for seven months of the year (September to March), they live in small mud huts or underground caves (called koobas) with a small opening at the top which they cover with a plastic sheet or grass to protect them from the desert winds and sand. Each year, the summer winds bury the kooba and salt pans in sand. So when they leave their koobas and salt pans in late March, the salt makers erect flags to mark the site where they lived and worked. When they return in September, the salt makers have to dig out and repair their koobas and salt pans.

Lack of Off-Season Economic Opportunities: During the off-season (four months), many salt producers have limited income-generating opportunities and are often forced to migrate in search of wage work. Migration can undermine the health of family members, social relationships and networks, and the education of children.

Lack of Social Services: Because most salt makers shift their residence to the desert for eight months of the year, they are cut off from any social services available in their home villages. For instance, their children are not able to go to school.

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In 1989, when SEWA began to expand its rural activities to the northwest corner of Gujarat, among the first groups that it organized were salt makers, both wage workers and small farmers. SEWA's interventions on behalf of the salt makers have included the establishment of crèches near the salt farms to take care of their children and provision of protective gear (gloves, glasses, gumboots) against the harsh working conditions. For the salt *farmers*, SEWA has established a revolving fund to provide loans for tools and equipment, helped to upgrade skills (used in monitoring the salt process and testing the salt), and provided marketing services. In these efforts, SEWA has worked closely with the Salt Commission (revolving fund), the Central Salt and Marine Research Institute (technical assistance), and the Gujarat Alkaline and Chemicals Limited (marketing). For the salt *workers*, SEWA's interventions have focused on organizing and advocacy (with the Rural Labour Welfare Board) for better wages and working conditions. As of end-2004, there were 3,227 salt makers among SEWA's membership: representing 0.6 per cent of SEWA's *total* membership, 1 per cent of its rural membership, and 7 per cent of the *rural producers* among SEWA members.

Box 8 Jamu-ben: Salt Worker

For eight months a year, when her children were young, Jamu-ben lived and worked – making salt - in the desert area called the Little Rann of Kutch. Her children's hair became bleached and dry from malnutrition and overexposure to the sun. Her own bare feet were encrusted in salt. Several times a week, after her work was done and the hot sun began to set, Jamu-ben walked 6 kilometers from her mud hut in the desert to the nearest village to buy rice and millet to feed her family. There was a government fair price shop in the village, but there was no guarantee that it would have the basic items she required. If not, she would have to take a bus – and borrow 8 rupees for the round-trip

fare - to the next provisions store. She made 15 rupees a day working in the salt pans – all of which went for food. She simply did not earn enough to stay out of debt.

But today Jamu-ben is the Chairwoman of a SEWA-organized watershed committee in her village. She makes over 700 rupees a month doing embroidery in her home. When she needs extra income, and the conditions are right, she collects gum from the recently-planted babul trees surrounding her village.

Source: Adapted from Crowell 2003

Gum Collectors

We work so hard and end up paying double the amount for food and cooking oil. Droughts force us to migrate in search of food and water. The Shakti Packet (SEWA nutrition packet) provides us food that we can afford, when we want it.

Ranbai, Gum Collector and President of SEWA

Prosopis Juliflora, a type of gum tree commonly known as the *ganda babul*, is one of the few varieties of trees that grow in the saline soil of the arid regions of northwest Gujarat. Because they require very little water and care and are a good source of firewood, *ganda babul* trees were planted extensively by the Government of Gujarat during the 1980s. These trees also secrete a sticky sap which forms into droplets of gum. Historically, inhabitants of the desert areas of northwest Gujarat, especially in Patan District, have collected gum from wild *babul* trees to supplement their other sources of income. Today, given the extensive plantation of the *ganda babul* tree and the interventions of SEWA to facilitate the sale of the gum, collecting gum is a valuable seasonal source of income for the region: about 80-90 per cent of the families in the desert areas of Patan District engage in gum collection.¹²

In India, all forest products – including gum – come under the control of the National and State Forest Departments which means, among other things, that they cannot be traded without a license from the requisite government institution. In Gujarat, all licenses must be obtained from the Gujarat State Forest Development Corporation (GSFDC). Given the problems and transactions costs associated with obtaining licenses, only large rich farmers have licenses. Although there is a thriving open market for gum that includes textile and pharmaceutical companies, even those who obtain a license are supposed to sell the gum they collect to the Forest Development Corporation; to sell in the open market requires a special permit in addition to a license.

Government Monopoly: The fact that gum and other forest products are considered “nationalized” products means that the government controls where the gum is collected and sold (and at what price) and creates legal hurdles to obtaining permits or licenses. Without a government-issued license, gum collectors originally had no alternative but to sell the gum to contractors who have licenses. These contractors, in turn, would sell only some of the gum to the Forest Development Corporation and the rest (illegally) on the open market. The gum collectors receive somewhat less than they would get if they sold gum directly to the Forest Development Corporation and a fraction – one fourth to one half – of what they would get if they sold gum on the open market. Through SEWA’s negotiations, they first earned the right to sell directly to the Forest Department, and then eventually the right to sell gum through SEWA cooperative marketing channels to more distant markets.

¹² While gum collectors are predominantly women and children, whole families – husband, wife, and children – also engage in gum collection. According to a 2003 SEWA survey, only 15 per cent of the women surveyed collected gum on their own, another 33 per cent collected gum with another family member, while over half collected gum with two or three other family members (Dave et al. 2004).

Harsh Working Conditions and Related Occupational Hazards: The branches of the Prosopis Juliflora or ganda babul tree are covered with long, sharp thorns. These thorns frequently puncture the women's skin or clothes as they collect the gum. If not properly treated, the cuts often become badly infected, preventing women from working for up to a month at a time. In addition to the hazard posed by the thorns, women must often walk long distances – anywhere from 5 to 20 kilometers per day – across the hot desert sand to get to the trees, leading to frequent episodes of heatstroke, dehydration and sheer exhaustion. According to a 2003 SEWA survey, about 45 of those surveyed collect gum 6-7 days a week, another 40 per cent collect gum 4-6 days a week, and the rest collect gum for 2-4 days a week. On the days that they collect gum, around 60 per cent spend 6-8 hours per day collecting gum, another 30 per cent spend 4-6 hours per day, and the rest spend 2-3 hours per day (Dave et al. 2004).

Lack of Access to Technology: Better access to information and technology could increase the productivity and earning potential of the gum collection: by increasing gum yields, increasing the speed of gum collection, and developing/improving gum products. Historically, the gum collectors had little or no access to such information and technology.

Seasonality: Gum collecting is not only arduous and hazardous but also seasonal. During the four months of the monsoon season, the trees do not secrete gum. Across the eight-month gum season, the gum turns from white in colour, when it first begins to ooze in October, to red in the winter months, and then black as the temperatures rise in summer. The white gum is consumed locally and used in preparing medicines. The red gum is bitter in taste so is not consumed but used in preparing medicines and in screen printing and painting. The black gum is poorest in quality and cannot be used in preparing medicines but only in screen printing and painting. Therefore, the white gum commands the highest price, followed by the red, and then the black (Dave et al. 2004).

Low Earnings: Gum collection is not only seasonal but also low-paying. A 2003 study by SEWA found that 88 per cent of those sampled earned less than 300 rupees per month from gum collection, 6 per cent earned between 300-400 rupees, and the other 6 per cent earned between 400-500 rupees per month (Ibid.).¹³

Lack of Economic Opportunities: Gum collectors need to have alternative sources of income. According to the 2003 survey, women gum collectors earned less than 550 rupees per month, on average, from both gum collection and other sources; and the families of gum collectors earned just over 1500 rupees per month, on average, from gum collection and other sources (Ibid.).¹⁴ The only alternative economic opportunities locally available are rain-fed farming, agriculture labour, cattle rearing, construction labour, salt making, and (in some communities) hand-embroidery. In this drought-prone area, public relief works are also a significant source of relatively well-paying employment (40 rupees per day). When alternative economic opportunities are not available locally, men – and (less so) whole families – migrate in search of wage employment.

In fact, gum production appears to be in long-term decline in this region, for reasons not well understood – perhaps changing climate/environmental conditions, or a shift in or lowering of the water table. The problem is the decreasing amount of gum produced by the plants themselves, forcing the gum collectors to find alternative sources of livelihood.

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When SEWA extended its activities to Patan District (then part of Banaskantha District) in 1989, one of its first interventions was the organization of gum collectors. Since 1989, SEWA has organized over 3,000 gum collectors. In addition to organizing gum collectors, SEWA has pursued two distinct interventions: appropriate

¹³ The 2003 incomes were deflated to 1995 incomes to be compared with results from an earlier survey in 1995. The 1995 survey found that 80 per cent earned less than 300 rupees per month, 20 per cent earned between 300 and 400 rupees per month, and none earned more than 400 rupees (Parikh 1996).

¹⁴ The 1999-2000 national poverty line for rural areas, adjusted for inflation using the Consumer Price Index for agricultural labourers in Gujarat, was 342 rupees per month per capita or 1,710 rupees per month for a family of five.

technologies to reduce the occupational hazards and increase the productivity of gum collection; and policy advocacy to negotiate better prices and terms-of-trade for the gum collectors. To reduce risk of dehydration and skin abrasions, SEWA has provided water bottles and long-handled sickles (to reach gum without having to climb the thorny trees). To increase productivity, SEWA has trained women to collect, sort, process, and weigh gum and provided them with coloured bags in which to collect the different varieties of gum. To increase prices and improve the terms-of-trade for the gum collectors, SEWA has trained them to bargain with forestry and other government officials, negotiated licenses for them to sell gum directly to the Forest Department and, then, on the open market, and provided marketing services. In addition, SEWA has sought to promote alternative employment opportunities as gum collection is, at best, a seasonal supplemental source of income.

Box 9 Cooperatives of Gum Collectors

In the village of Anternesh, like every other village in the semi-arid region of Patan district, the people work at many different jobs throughout the year in order to make ends meet, including: agricultural labour, salt farming, craftwork, charcoal production, and dairying. But, it is gum collection that is the most common source of income among the women.

Most of the women in Anternesh began collecting gum when they were little girls, accompanying their mothers. There was not enough fieldwork available to employ all of the people of the village and the men were paid more for their labour. So the women turned to gum collection.

It is arduous work. The heat can be overwhelming, the distance punishing and the long thorns unforgiving. The women have to carry water and sometimes even their children, who are either too young or too fatigued to walk themselves.

On a March day in 2000, the women left home at 6 a.m., before the sun rose. In eight hours they managed to collect roughly one kilogram of medium-quality gum each, which they would sell for around 12 rupees to their SEWA cooperative. If there had been able to sell the gum to traders, they would have gotten 20 rupees for each kilogram. But the cooperative was (at that time) legally obliged to sell the gum to the Forestry Department which offers below-market prices.

When asked why they continue to sell gum through their cooperative, despite the low prices, the women listed several concrete benefits that they had gotten through being members of the SEWA cooperative: the underground water tank in their village, the shop where they can buy nutritious food packets, their cattle, the roofs and concrete floors that they acquired through loans from the SEWA Bank. They talked about what it meant to be organized, to be leaders and to have control over their own destiny. “Because of these things, we are SEWA members. It is more than just the gum license (to sell directly to the Forestry Department). We are willing to wait until the gum situation improves because, meanwhile, our lives are improving.”

Source: Adapted from Crowell 2003

Appendix III: Three Trades In Ahmedabad City, India

This appendix contains description of three major occupations or trades in the informal economy of Ahmedabad City, India: bidi rolling, garment making, and street vending. Each description includes the market structure, sector linkages, and the regulatory environment of the trade. These descriptions are taken from an assessment of the impact of the SEWA Bank in Ahmedabad City by Marty Chen and Don Snodgrass (Chen and Snodgrass 2001).

Bidi Rolling¹

Bidi Rolling is Big Business

The related tobacco and bidi industries are big business, representing significant shares of the Indian economy and workforce. India is one of the largest producers of tobacco in the world.² An estimated one fifth of Indian tobacco is used to make bidis (Jhabvala, Dhawan, and Mahajan 1985:3). Together, the tobacco and bidi industries employ several million people. Another sizeable number of people are engaged in collecting the tendu leaves used in bidis, instead of paper, to wrap the tobacco. Indian tobacco is grown mainly in Gujarat and Maharashtra, while the tendu leaf grows in many states of Central India, especially Madhya Pradesh (Ibid.)

Bidi making is a rather simple, labour-intensive process that, except for the final baking and packaging, requires no machinery or infrastructure. This makes it easy for the company owners to shift the location of production or to “put out” production. The first registered bidi manufacturing units, established around 1900, were concentrated in tobacco growing areas. Because it proved more economical to transport tobacco than tendu leaves, bidi production shifted to areas where tendu leaves and cheap labour were readily available (Jhabvala, Dhawan, and Mahajan 1985: 4). More recently, in an effort to avoid compliance with labour laws, bidi manufacturers have shifted production to areas where labour laws are not strictly enforced, “put out” production from factories to homes, and, as noted earlier, changed their transaction relationship with home-based workers.

The Regulatory Environment

In the 1950s, the founding fathers of modern India passed a number of national laws to regulate employer–employee relationships, including:

- **Employees’ Provident Fund Act (1952)**, which stipulates that employers contribute 10 per cent of the amount paid to workers as wages into a provident fund
- **Factories Regulation Act (1948)**, which stipulates that industries with power that hire 10 or more workers and industries without power that hire 20 or more workers provide written contracts, minimum wages, and worker benefits to their workers
- **Minimum Wage Act**, which stipulates that minimum wages for various industries or occupations be fixed and enforced

Although these Acts were formulated to protect formal sector workers, their provisions have been extended in some instances to cover informal sector workers in selected industries. For instance, in the late 1970s, the Supreme Court of India ruled (in the P.M. Patel case) that home-based workers, including bidi rollers, are entitled to provident fund benefits. More recently, in 1993, the Bidi Petitions Committee of the Rajya Sabha (the appointed house of the Parliament of India, equivalent to the House of Lords in Britain) recommended

¹ The following sub-sections on each of the major occupations draw on an excellent background paper written by Sharmila Murthy.

² In the late 1980s, India was the third largest producer of tobacco in the world.

that minimum wages, social security, and other benefits be guaranteed to all bidi rollers. Also, SEWA has successfully negotiated to have bidi worker wages set and reviewed under the Minimum Wage Schedule. Then, in the 1960s and 1970s, the Government of India passed two laws intended to guarantee bidi rollers the rights and benefits of formal sector workers:

- **The Bidi and Cigar Workers Act (1966)** calls for comprehensive worker benefits for bidi and cigar workers, including: identity cards, scholarships, uniforms, maternity benefits, maximum work day, weekly holidays, provisions of drinking water, canteens, toilets, and other benefits
- **The Bidi Workers Welfare Fund and Cess Act (1976)** calls for a levy of up to one rupee per kilogram of tobacco used in the manufacture of bidis to be used in improving health care, housing, and recreational facilities for workers (Sarkar undated: 6).

In the mid-1980s, as a measure to promote the growth of small enterprises, the Government of India imposed a tax on bidi manufacturers who produce more than two million bidis a year. The manufacturer's response has been to farm out production to independent contractors who each collect less than two million bidis a year (Jhabvala, Dhawan, and Mahajan 1985).

Although the passage of this legislation was intended as a positive step for bidi workers, it has had somewhat contradictory effects. The legislation has not been widely implemented. As the 1988 National Commission on Self-Employed Workers concluded: "The fact of this legislation...and its implementation are two very divergent realities." An even greater concern is that the bidi industry has effectively avoided compliance with the legislation: where and when efforts have been made to implement the legislation, the industry simply moves to another location or shifts production from factories to homes (Jhabvala, Dhawan, and Mahajan 1985: 77).

Industrial Relations

Prior to the passage of the Bidi and Cigar Workers Act, bidi rolling was carried out mostly in factories and small workshops where the majority of workers were men. With the passage of the Act in 1966, the male bidi workers in the factories began to demand their rights under the law. The factory owners responded by shutting down the factories and outsourcing production to home-based workers, predominantly women (Jhabvala, Dhawan, and Mahajan 1985, 52). The SEWA-GIDR estimates suggest that, as of 1996–1998, there were 10,730 persons engaged in the bidi industry in Ahmedabad, generating 58 million rupees in net value added (US \$1.6 million),³ of whom only 700 or so worked in registered bidi factories or firms (Rani and Unni 2000).

Home-based bidi production is carried out through one of the three systems described earlier. Under all three systems, the bidi-rollers receive tobacco, thread, and tendu leaves from specific bidi traders or their contractors; roll and bundle the bidis at home; and return the finished bidis to the employers or their contractors. What is different, and at issue, is the nature of the relationship between the employer-traders and the home-based producers under each system.

Initially, the employer-traders gave raw materials directly to the home-based workers who returned finished bidis directly to them to market. Over time, however, most employer-traders phased out this **direct system** in favour of two other systems in order to circumvent the legislation designed to protect home-based workers. During the 1980s and 1990s, most rollers were employed under the **sub-contract system**, in which the rollers are sub-contracted through a middleman who supplies all of the materials and receives all of the finished bidis on behalf of the firms. However, in 1999, many employer-traders adopted the **sale-purchase system** in order to circumvent labour laws that mandate contributions to a provident fund for workers. Under this system, the traders or their sub-contractors "sell" raw materials to the bidi workers and

³ Rupee figures in this report are converted to dollars using appropriate market exchange rates obtained from OANDA.com and the International Monetary Fund. Rates used to deflate annual figures are averages for the last day of each month in the year. For the most relevant years, these were 1996: 35.4 rupees to the dollar; 1997: 36.5; 1998: 41.4; and 1999: 43.2.

“buy” the finished bidis back from them. Even though the bidi rollers remain dependent on the traders or their contractors for supply of raw materials and sale of finished bidis, the traders contend that they are no longer employers and are, therefore, exempt from labour laws (Jhabvala, Dhawan and Mahajan 1985). In sum, the employer–traders have effectively circumvented each piece of legislation designed to protect the right and benefits of bidi rollers. Where and when the Bidi and Cigar Workers Act has been enforced, the employer–traders have shifted production from factories to homes. Where and when the Bidi Welfare Cess and Excise Taxes Act has been enforced, the employer–traders simply shifted from the direct system to the sub-contract system of putting out work. And where and when the Provident Fund Act has been enforced, the employer–traders simply shifted from the sub-contract to the sale–purchase system of putting out work.

The Bidi Making Process

There are three stages of bidi production. First, the tendu leaves are cut and the tobacco mixture is spread out on the cut leaf. The leaf is then rolled into a conical shape and the two ends are tapered and tied with thread to keep it in place (Sarkar undated). Table 1 presents a step-by-step break down of the time needed to roll 1,000 bidis.

Table 1 Stages of Bidi Production by Time Required to Produce 1000 Bidis

Stages of Production	Minimum Time Required	Maximum Time Required
Removing stems from tobacco leaves	20 min	40 min
Cutting tobacco leaves to size	1 hr & 40 min	2 hrs & 15 min
Rolling 1000 bidis	4 hrs	6 hrs
Tying bundles of bidis	50 min	1 hr & 30 min
Delivering bidis & collecting raw materials	1 hr	2 hrs
Total	7 hours	12 hours

Source: Jhabvala, Dhawan, and Mahajan 1985: 69

Although bidi-rolling is a rather simple process, the work is tedious, the wages are low, and working conditions are poor. Although most bidi-rollers work from their homes, and all have modest but solid homes, they typically sit for long hours on the floor hunched over their baskets of leaves and tobacco. The rolling process often spreads tobacco leaves and dust all through their homes (Jhabvala, Dhawan, and Mahajan 1985: 34).⁴ As a result, two types of health problems are common among bidi rollers: aches and pains in the lower back, neck, hands or fingers; and tuberculosis, bronchitis, or asthma (Sarkar undated).

Bidi Making in Ahmedabad City

In Gujarat state, there are an estimated 150,000 bidi–workers. In Ahmedabad, there are an estimated 10,700 bidi rollers, of whom 700 work in registered factories and firms. Of the 10,000 or so home–based bidi rollers, well over 95 per cent are women (Jhabvala, Dhawan, and Mahajan 1985).⁵ In Ahmedabad City, five major bidi manufacturer–traders dominate the industry. The largest company is Jivraj Bidi Works, which employs over 3,000 home-based bidi workers, the vast majority of whom used to work under the sub-contract system. Because some of these companies, including Jivraj Bidi Works, operate in several states of India, they

⁴ The SEWA–GIDR survey found that all bidi-rolling is done in semi–pucca (semi–permanent) structures while nearly one third of garment making is done in kucca (temporary) structures (Rani and Unni 2000: Table 2.6).

⁵ In late 1998, there were an estimated 4.3 million bidi–workers in India: concentrated mainly in Andhra Pradesh, Madhya Pradesh, Orissa, Tamil Nadu, and Uttar Pradesh. The bidi and tobacco industries employ the largest number of women in India after agriculture.

are able to take advantage of the differences among states in minimum wage and other labour legislation. Whereas Gujarat used to be one of the more important bidi producing states, several companies have found it more profitable to expand their operations to other states, notably Madhya Pradesh and Andhra Pradesh. The overall growth of the bidi industry has ensured that the total volume of production in Gujarat has not declined; the industry, therefore, continues to provide a major source of employment for women in Gujarat (Ibid.).

Garment Making

The Garment Industry in India and Ahmedabad

The garment industry in India is comprised of large numbers of small manufacturing units that mainly compete at the lower end of the domestic market and a far smaller number of manufacturing units that compete at the higher end of the domestic market or in the international market. There are no official estimates of the number of garment manufacturing units and workers in India. Estimates from the industry itself suggest that the smaller units account for about 75 per cent of the sewing machine capacity in the country, the larger units geared to the domestic market for over 15 per cent of machine capacity, and the export units for less than 10 per cent of capacity. The structure of the garment industry is largely a result of official policy. To reserve the garment industry for the small-scale sector, the Government of India has imposed limits on investments in garment manufacturing units. It is also partly a result of the nature of market demand. Because the demand for Indian garments is highly seasonal, large firms have found that it is cost-effective to sub-contract production during peak periods to small manufacturing units.

Since the late 1980s, garment exports have grown remarkably. In the early 1990s, the volume of exports more than doubled. By the mid-1990s, garments constituted 12 per cent of India's merchandise exports and nearly 16 per cent of its manufactured exports. Between 1980 and 1994, India's share in world exports of clothing rose from 1.5 per cent to 2.6 per cent. Cotton garments – notably women's outerwear and men's shirts – account for the bulk of the trade. The main centres for garment manufacturing in the country are Delhi, Mumbai, and Calcutta. However, Ahmedabad's share in the domestic and export garment markets is growing (Singh 1999; Unni et al. 1999).

Because of Ahmedabad's history as a textile centre, it has long been known for a set of allied industries relating to textiles. These include the dyeing, block printing, and screen printing of cloth. Textile products manufactured include garments and a range of bed sheets, bed covers, cushion covers, and napkins. A variety of textile products are embroidered, including gold brocade embroidery (called *zari*), mirror work or ring embroidery, and other types of embroidery. While most tailors or seamstresses specialize in either garments or other textile products, some manufacture both and some combine embroidery work with stitching. In the SEWA Union, women who produce either garments or other textile products are organized into a single trade group. Most of what follows focuses on the garment sector per se.

During the 1990s, the garment sector in Ahmedabad grew rapidly: output grew by 18 per cent and retail trade grew by 12 per cent (Singh 1999). A recent study of over 100 small factories and workshops found that well over half were less than five years old and over one third were less than two years old (Ibid.). Because the garment industry in Ahmedabad is fast growing and changing, it is difficult to capture in official statistics or otherwise. To begin with, the garment labour market is highly segmented by product, market, location of work, employment status, and, across or within each of these niches, by gender. Second, many garment workers are home-based – both own account and sub-contract – and are not adequately captured in official statistics. Third, the garment sector is highly volatile, experiencing rapid changes in the domestic market and rapid expansion of the export market.

A thorough analysis of the garment sector would take into account the intersections of several niches or segments: which types of workers in what types of unit are cutting, stitching, finishing what types of garments for which market (see table 2). To complicate matters still further, there is a marked division of labour by gender and, less so, by social group within the garment sector.

Historically, the garment sector in Ahmedabad was segmented roughly as follows. Men worked in small workshops or tailoring shops stitching garments that required a relatively high degree of skill: men's garments (both Western and Indian) and women's *kurtahs* (tunics) and other fashionable Indian garments. Women worked at home stitching petticoats,⁶ sari blouses, salwars (pants), nightgowns, underwear, and children's clothes. In addition, a sizeable number of home-based women sewed quilts made of textile scraps (called *chindi*) from the textile mills.⁷ Some of the home-based women were independent producers who took orders (and cloth) from individual customers or sold items they had stitched at local markets. Most were dependent producers who were given cloth and orders by traders or their contractors. Under both arrangements, the garment maker would have to provide her own sewing machine, needles, oil and thread (SEWA 1988:26). Until the 1990s, few women worked in the small factories or workshops.

Table 2 Segmentation of Garment Sector in Ahmedabad City

<p>1. Products Men's vs. Women's vs. Children's Western vs. Indian Everyday vs. Fashion Tailoring Shops Ready-Made vs. Custom-Made</p>	<p>4. Units Large Factories Small Workshops Home-Based</p>
<p>2. Operations Cutting Stitching Finishing</p>	<p>5. Employment Status Owners Owner Operators Own Account Producers Dependent Producers Permanent Employees Semi-Permanent Employees Casual Workers</p>
<p>3. Markets Export National State Local</p>	

Over the past decade, many large export-oriented garment factories have opened up to produce mainly men's wear, notably jeans and pants. Increasingly, small workshops supply garments on contract to larger firms or produce more fashionable items for the local city and state markets. Garments produced at home are still largely sold in the city market: only 30 per cent of home-produced garments reach markets outside of the city (Kantor 2000). The local market used to be saturated with low cost, low quality garments produced at home or in small workshops. Now there is a growing local market for more fashionable garments – Western garments for men and high-end Indian garments for women – that are more frequently produced in small workshops than at home. Both the large export-oriented factories and the small units now employ more women. Nevertheless, the largest number (and least visible) of garment makers are still women who sew garments under sub-contract or on their own account from their homes (SEWA 1998).

Although the majority of workers in all three types of garment units are women, there is a marked gender division of labour within each unit: by type of product or by task. In the large factories and small workshops, men are the cutters and supervisors; women are the finishers who sew on buttons and cut loose threads. Except in units that produce only one line of clothing, men predominantly stitch men's clothes while women predominantly stitch women's and children's clothing. In home-based sub-contracting, cut cloth is provided by the traders,

⁶ A petticoat for wearing under a sari is cut to taper from the waist into a flare at the ankle.

⁷ For example, in the late 1980s, most children's clothes marketed in Ahmedabad were exclusively stitched by women in Calcutta, the cost of transportation being negligible compared with profits (Sharma 1987).

merchants, or their contractors who contract male master cutters. Indirect supervision – that is, checking the quality of finished goods – is done by the traders, manufacturers, or their contractors. Men specialize in men's garments while women specialize in women's and children's garments. Home-based independent producers generally do their own cutting. Virtually all independent male garment makers specialize in men's garments and virtually all independent female garment makers specialize in women's and children's garments.

There have been three recent studies of garment makers in Ahmedabad city:

- a 1998 survey of 871 home-based garment makers (Kantor 2000)
- a 1999 study including interviews with key experts on the garment sector, case studies of several garment value chains, and focus group discussions with women workers (Singh 1999)
- a 1999 survey of 57 small garment factory owners, 52 small garment unit owner-operators who produce under sub-contract, and 184 workers (Unni et al.1999)

Thanks to these studies, we have been able to piece together a picture of the size, composition, and dynamics of the garment sector in Ahmedabad today.⁸ The number of units and percentage of workers that are women or men in each type of unit is roughly as follows:

Table 3 The Size and Structure of the Garment Industry in Ahmedabad City

Type of Unit	Number of Units	Number of/Percentages of Workers		
		Total #	Male	Female
Large Factories	127	3,197	10-40%	60-90%
Small Units/ Tailoring Shops	2,237	5,966	16%	84%
Homebased Workers	NA	44,307	24%	76%
TOTALS	NA	53,704		

Sources: Large Factories: Annual Survey of Industries and Chief Inspector of Factories, Ahmedabad (cited in Unni et al.1999: Table 2.4)
Small Units/Factories: NSS, Unorganized Manufacturing Sector Survey, Unpublished Data (cited in Unni et al. 1999)
Home-Based Workers: Paula Kantor 1999.

In addition to the estimated workforce presented in table 3, large numbers of people work at ancillary tasks related to garment production, usually under sub-contracts from their homes. They sew on buttons, embroider items, iron and package garments. There are also a large number of contractors in the garment industry who put out work on commission for garment factories or merchants to small units or home-based producers.

Finally, countless persons are engaged in selling garments, both new and used. These include merchants who sell garments from wholesale or retail outlets, vendors who sell garments on the streets or in open air markets, and itinerant hawkers who sell garments from push carts or bicycles. One recent study estimated that there are 1,800 retail garment outlets in Ahmedabad today (Singh 1999).⁹

The Regulatory Environment

Unlike in the bidi industry, there is no special legislation to protect informal workers in the garment industry. However, as with all industries, the national legislation to regulate employer–employee relationships –

⁸ There is a large discrepancy between official and unofficial statistics on the garment sector in Ahmedabad, particularly on the home-based segment of the industry. The official 1991 census of household industries and marginal workers reported 16,588 homebased garment workers (44% men, 56% women) compared to an unofficial 1998 survey (Kantor 1999) that reported 44,307 home-based garment workers (24% men, 76% women).

⁹ Garment making places a lot of strain on the eyes of the home-based workers. Workers and their children may develop tubular vision, or their eyesight may become astigmatic (ILO 1991).

including the Employees' Provident Fund Act, Factories Regulation Act, and Minimum Wage Act – has been extended, in principle, to cover informal sector garment workers. According to the Indian Factories Act of 1948, all factories with power which employ 10 workers and all factories without power that employ 20 workers have to be registered. Registered factories are supposed to provide regular employment with written contracts, minimum or above wages, and worker benefits, including paid leave, severance pay, bonuses, and pensions (through contributions to what, in India, are called provident funds). For dependent sub-contract workers to be covered by the minimum wage legislation, an appropriate wage or piece-rate for each type of work has to be negotiated and then entered in the state government's Minimum Wage Schedule. In practice, as we will discuss below, the minimum wage for garment and textile workers is not widely enforced and is often resisted by employers.

Market Relations

As noted earlier, garment production takes place in large factories geared mainly to the export markets, in small workshops geared to the city and state markets, and in homes for, largely, the local city market. How do these various units relate to each other and integrate into the garment sector as a whole?

Large Factories: The large factories are geared mainly to the export markets. Their owners carry out market research, join business associations, and inform themselves about export market trends and opportunities. Most of the large factories handle their own marketing and distribution. Large textile product and garment factories are concentrated in four industrial areas of the city. Those in two industrial areas – Vatva and Narol – produce mainly bed sheets, cushion covers, and napkins for export to Europe. Large factories in the two other areas – Chandola and Odhav – produce mainly jeans and pants for the domestic and export markets. The large factories engage from 200 to 800 workers each. Some put out a portion of their production or ancillary work, through contractors, to small units and home-based producers.

Small Workshops: Few small factories and workshops are registered under the Factories Act, even when they employ more than 10 workers, because they do not have power or simply avoid registration. Most of these units operate in one or two large rooms and employ 5 to 15 workers. They are concentrated within the walled city, mainly in the Gheekhantah and Mirzapur areas. They cater to either the local market or regional and domestic markets, depending on the type and quality of garments they produce. Some small units produce better quality products – bermudas, shirts, frocks, and gowns – for other cities, mainly Mumbai, Delhi, and Calcutta. Other small units produce lower quality products – called *chalu maal* – (“everyday goods”) – for markets in Ahmedabad and small town or village markets elsewhere in Gujarat.

Many of the small units obtain their orders from – and operate as sub-contract units for – large merchants or, in a few cases, large factories. In such cases, they typically receive orders and cloth and supply final products through the contractors – or agents – of the merchant or factory. Within the garment industry, these sub-contract units are referred to as “fabricators.” The size of these units and their dependence on merchants or larger manufacturing units does not allow them to upgrade their products or to acquire brand names (Unni et al. 2000: 17).

The relationship of home-based producers to the garment manufacturing sector depends on their employment status: whether they are independent own account producers, dependent sub-contract producers, or some mix of both.

Dependent Producers: Dependent producers may get their work directly from a local retail shop or indirectly from a local small production unit through a contractor. In the first case, the local shopkeeper puts out work – as well as the necessary cloth (often cut to specification) and other inputs such as zippers and (sometimes) thread – directly to the producers. The producer stitches to the specifications of the order and returns the completed goods for an established piece rate. The retailer then sells the garments from his store to the final customers. In the second case, a contractor, who works on commission for

one or more production units, will place orders and provide cloth and other inputs to the producers. The homeworkers return the finished products to the contractor for payment and the contractor supplies them to the production unit/s. These products are then pressed and packaged, often by someone sub-contracted to do so, and then sold to retail and wholesale outlets together with other garments produced by the unit (Kantor 2000: 4-5).

Own Account Producers: As noted above, some of the home-based garment workers produce and sell garments independently. Most take orders from customers in their neighbourhood. Some produce garments or, more often, other textile products for sale on the open market. When they take orders directly from customers, the customers provide cloth and design specifications and the producer makes the garment to specifications for an established price. Some home-based producers have a mixed status, producing garments under sub-contracts and sewing garments independently for individual customers or the city market.

Payments and Benefits

Are the laws governing employer–employee relationships being implemented or enforced in the garment industry in Ahmedabad? How much do garment workers earn? Answers to these questions differ across the different types of units and different relationships of production.

Large Export–Oriented Factories: Most of the 127 or so large factories are registered and should, therefore, offer their workers written contracts, monthly wages, and benefits. However, this may not always be the case. The SEWA–GIDR survey found that 50 per cent of workers in all registered firms, not only in the garment industry, did not have written contracts and about 10 per cent did not receive any benefits. Another study found that many large factories hire workers on both a piece rate basis (whereby wages vary according to output) and a time rate basis (whereby wages are fixed by the week or month). This study also found that women are typically hired on a piece rate basis, whether or not they are permanent workers and whether they stitch or do ancillary tasks (Unni et al. 2000: 21).¹⁰

Small Workshops: Small factories and workshops tend to hire workers without written contracts and below minimum wages (Kantor 2000). One recent study found that only 34 per cent of female workers and 40 per cent of male workers in small garment workshops are paid a regular monthly salary. The rest are paid by the day or piece, depending on their output (Unni et al. 1999). Moreover, workers typically do not get worker benefits such as paid leave, severance notice, or bonuses. Only 15 per cent receive employer contributions to a pension or provident fund; only about 5 per cent are covered by accident insurance. Some are given in-kind gifts (a garment produced by the workshop) in lieu of an annual bonus (which should consist of a stipulated per cent of income). Most of these units are cramped, with little ventilation or proper lighting.

In small factories and units, women tend to earn much less than men. One study found that, on average, female workers earned 1,115 rupees per month (US \$26) while male workers earned 1,529 rupees (US \$35). While over three quarters of the women earned less than 1,500 rupees per month, only one third of the men earned such low incomes. While over one third of the men earned over 2,000 rupees per month (US \$46), only 3.5 per cent of the women earned such high incomes (Unni et al. 2000: 55). This gender gap reflects the division of labour within garment manufacturing units. Supervisors and cutters, all men, often get monthly salaries. Piece rates for men's garments, mainly stitched by men, are typically higher than the rates for women's and children's garments, mainly stitched by women.

Dependent Sub–Contract Producers: Sub-contract workers are paid per piece or per dozen pieces produced. The rate per dozen pieces varies by the type of garment. Whatever the item, dependent home-based garment makers earn only a small percentage of the selling price – as low as 2 to 5 per cent – while the employer–trader (the seth) and his contractor (if any) earn a far higher percentage – as high as 40 per

¹⁰ See Unni et al. 2000 for case studies of two women factory workers: in the late 1990s, the full-time worker earned Rs. 2,500 per month; the part-time worker earned Rs. 1,500 per month.

cent (ILO 1991: 7; Singh 1999). In our case study sample, the sub-contract garment makers averaged 20–25 rupees per day (46 to 58 cents) when they received work orders. They then had to deduct expenses for thread, oil, needles, and electricity as well as maintenance and repair of sewing machines.

Most workers – both dependent and independent – experience fluctuating earnings and income. What a person earns is not just a function of her wages but also of the number of days she gets work. There are seasonal fluctuations in the garment industry. The season when most festivals and weddings take place – from September to February – is the peak season for garment production. During the peak season, the volume production that is “put out” to small manufacturing units and home-based producers increases to help meet demand. During the other six months of the year – March through August – the volume of sub-contracting declines. During those months, if they do not get or expect work orders, some dependent producers shift to other occupations: for instance, rolling bidis or incense sticks.

Fluctuations in demand for garments affect all manufacturing units, not just home-based producers. One study found that men in all textile processing enterprises, both formal and informal, had more than 250 days of work per year whereas women had only 208 days of work on average in the sector (Unni 2000: Table 6.2). In all industries, workers in the informal sector obtained slightly fewer days of work per year on average than workers in the formal sector (Ibid.).

Payment of wages can be irregular. Wages are often paid weekly or monthly at the whim of the trader. If a garment is defective or lost or does not meet the satisfaction of the trader, that item is deducted from the worker’s wages (Sharma 1987: 47). The number of garments stitched and the amount of wages earned is supposed to be recorded by the traders in a notebook that the worker holds onto. However, the traders or their contractors often tear out the relevant page from the notebook when they settle each worker’s account, leaving no evidence linking the trader with the workers (Sharma 1987: 47).¹¹

Among home-based garment workers, there is no significant gender difference in employment status. Men and women are equally likely to be dependent or independent producers or a mix of both. Across all three employment statuses, however, men are likely to earn more than women (Kantor 2000: 56). For both genders, sub-contract workers earn the least on average and those of mixed employment status earn the most (Ibid.). Among home-based garment makers, the only way women can begin to approximate what men earn is to work both as independent and dependent producers (Ibid.: 80).

Street Vendors

Street vending represents an important share of trade in most cities of India and street vendors are the one of the largest and most visible occupational groups in the informal economy. Yet official statistics do not adequately capture many street vendors and the standard statistical publications do not distinguish between street vendors and other persons engaged in trade. Recent informal estimates suggest that street vending contributes significantly to both employment and income in all major cities.

Regulatory Environment

Under existing laws and regulations throughout India, most of which date back to the British colonial era, street vendors are perceived as a nuisance or obstruction to the orderly flow of traffic and people, or even as illegal. The Municipal and Police Acts in all major cities consider street vending to be illegal and authorize the traffic police to arrest vendors who encroach on traffic space. No city has developed a regulatory framework to effectively contain street vendors, much less to protect their rights. Changing the laws and regulations regarding street vending can help change the “rules of the game”

¹¹ The minimum wage for garment manufacturing was set at Rs 33.8 per day for establishments employing more than 3 workers + transport (Rani and Unni 2000)

between street vendors, the police, and the municipal government. Since the 1980s, thanks largely to SEWA's efforts, the courts have begun to issue rulings in favour of vendors. In 1982 a five-judge Constitution Bench of the Supreme Court of India ruled that street trading or hawking was a fundamental right of a citizen although occupying an unauthorized space for the purpose of trading was not. Both the vendors and some city governments contested the ruling. The vendors argued that municipal authorities that ban vendors from trading in specific urban areas violate fundamental rights guaranteed under Articles 19.1.g and 21 of the Constitution. The municipal authorities of New Delhi, meanwhile, argued that vendors cannot claim a fundamental right to occupy specific urban spaces for vending. In response, the Supreme Court of India reviewed the merits of the case and ruled (on the basis of Article 19.1.g of the Constitution) that street vendors, if properly regulated, cannot be denied the right to carry out their trade on street pavements. This ruling stipulated that a system of licensing that favours the poorer hawkers and vendors should be promoted. This Supreme Court judgment and another described below have provided a basis for negotiations by vendor organizations with the police and municipal authorities in different cities throughout India.

Street Vendors in Ahmedabad

Until recently, the only available estimate of the number of street vendors in Ahmedabad city was SEWA's estimate based on their knowledge of the sector and their surveys in various areas of the city. SEWA's estimates of the number of street vendors have been going up steadily since the textile mills began to close and sizeable numbers of retrenched workers took up vending and hawking. The most recent one suggested that there were 100,000 vendors in the city. The recent SEWA–GIDR survey, which was specifically designed to capture home-based and street-based work, suggests that there may be about 80,000 vendors in the city, representing nearly 7 per cent of the estimated informal workforce.

Table 4 Estimated Number of Street Vendors in Ahmedabad City

	Estimated Informal Sector Workforce	Street Vendors as % of Informal Sector Workforce	Estimated Number of Street Vendors
Men	841,183	8.4%	71,129
Women	315,703	2.5	7,725
Total	1,153,886	6.8%	78,854

Source: Rani and Unni 2000: Table 3.1

The SEWA–GIDR study also estimates that street vending operations represent 16.8 per cent of informal sector enterprises, that the net earnings of street vendors average 28,142 rupees per year (US \$651), and that the net value added per street vending operation averages 41,952 rupees per year (US \$971) (Rani and Unni 2000). Ninety per cent of employment in trade, hotels, and restaurants is in the informal sector, and street vendors comprise 43 per cent of informal employment in trade (Rani and Unni 2000).

Street vendors sell fruit, vegetables, flowers, fish, clothes, vessels, toys, footwear, edibles, and many other items for daily household use. Many vendors, especially those from the Patni Vagri caste, have been selling in the city's markets for generations. While male sellers generally operate out of small stalls or sell from push-carts and bicycles, most women sell on the pavement spreading their goods on burlap cloth alongside a city street or walk through different neighbourhoods with baskets on their heads. Those who sell from a cloth on the pavement or a basket on their head need few tools or equipment, except for a scale, a set of weights, a knife and a basket (SEWA 1988). Those who sell from a stall or push–cart or bicycle have to invest a bit more: in 1999, a handcart sold for 1500 rupees (US \$35) and rented for 10 rupees per day (US 23 cents).

Although street vendors can be found alongside many streets and lanes in the city, they concentrate around the main wholesale markets or in special hawker markets. Historically, the Manek Chawk wholesale market was the main vegetable and fruit market and the Manek Chawk market area had the greatest concentration of street vendors. Over 500 vendors have, for generations, sold goods around the main market building. On a major thoroughfare to the old walled city, the area has also served as a parking area for bicycles, scooters, and cars. Always crowded and congested, the competition for space in the Manek Chawk area has only intensified over the years. During the 1980s, Manek Chawk was the centre of SEWA's struggle for the rights of vendors to a space from which to vend.

Sector Relations

Wholesale Merchants: Vendors begin their business at dawn, when they buy their wares from merchants or middlemen in the wholesale markets. Since most of these women have little working capital, they are forced to borrow from the merchants at very high interest rates – around 10 per cent per day on capital advanced (SEWA 1999). In addition, since 1999, the wholesale vegetable markets have charged a 10 per cent market fee to the wholesale traders which they, in turn, pass on to the vendors in the form of higher prices. The vendors complain that they have not been able to pass all of this cost onto their customers. If they sell on credit, as many vendors have to, they suffer from severe cash flow problems (SEWA 1988).

Police and City Government: Street vendors face constant threats, harassment, and eviction by police and civic authorities. There are no clear policies and laws for how to regulate vendors. Even though many of the vendors have been selling goods from the same spot for years – in some cases, for generations – increasing urban congestion and rising urban land prices have put a premium on their small spaces. As noted earlier, vendors are generally considered to be “traffic obstructions” and “nuisances” and are therefore subject to arbitrary arrests and charges by the police and civic authorities. They have to spend significant amounts of money and time on legal cases and trips to the courts in response to arrest warrants. The street vendors seek SEWA's intervention for various problems, including false charges, arbitrary arrests, confiscation of goods and pushcarts, and beatings at the hands of the police. Under the Ahmedabad Municipal Corporation's anti-encroachment policy, street vendors regularly have their push-carts and goods confiscated. To reclaim their belongings they have to follow lengthy procedures and pay fines (SEWA 1999).

About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: www.wiego.org.



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