

## Executive Summary

### Home-Based Workers in Ahmedabad, India

Recent statistics show the majority of workers in developing countries earn their livelihoods in the informal economy. The Informal Economy Monitoring Study (IEMS) is a qualitative and quantitative study designed to evaluate the reality for these workers' lives. With research conducted over multiple years in 10 cities, the IEMS aims to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the informal economy over time. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis.

#### *The Research in Ahmedabad*

In Ahmedabad, WIEGO partnered with the Self-Employed Women's Association, the world-renowned trade union of women informal workers. SEWA's members are drawn from a wide range of occupations. As of July 2012, SEWA had 35,049 garment workers and 31,689 *agarbatti* rollers among its membership in Ahmedabad City.

Fieldwork for the study consisted of 15 focus groups, held in 2012, involving 75 home-based workers. Focus groups utilized nine tools, organized around the themes of sector characteristics, driving forces and responses, the institutional environment, and sector contributions to the city. A subsequent survey was administered to 147 home-based workers,

which included the focus group participants and an additional 72 home-based workers.

All study participants were members of SEWA. And all were sub-contracted workers. Two sampling variables were used. First, study participants were either garment workers or *agarbatti* (incense stick) rollers. The second variable was whether the home-based workers were working directly through traders or were working through contractors (intermediaries). Location was also kept in mind when selecting the workers, as both availability and economics of work have been impacted for those home-based workers relocated to the city's periphery due to infrastructure projects in the city.



Photos: M. Chen and L. Vryenhoek

## Key Findings

### Individual and Household Characteristics

Among the survey participants, family size is larger than the Indian average, but their households have high work participation rates of 60 per cent and hence low dependency rates. While home-based work is the main source of household revenue for only 12 per cent of the survey group, it provides important supplemental income. Two-thirds of participant households rely mainly on informal employment, and only 28 per cent had a member engaged in formal employment. In focus group discussions, the home-based workers revealed that their income was essential to paying for education, food and domestic expenses.

Most of the study participants are married, though a significant number are widows. About 72 per cent of the sample fall between 40 and 59 years of age; just over 3 per cent are in the 20-29 age group. Only 11 per cent are older than 60. *Agarbatti* rolling is mainly done by women in Scheduled Castes or other Backwards Castes (74 per cent), while in our sample, garment work was mainly done by Muslim women (95 per cent) who stated social constraints against going out for work was the main reason for doing this home-based work.

### Driving Forces

The survey found that some positive aspects of home-based work drove the women to take up this work. Many participants identified as helpful that they can bring in income working at home, on a flexible schedule, while also taking care of their family and other domestic duties. The financial independence they gained was seen as positive. As well, they noted that little or no initial investment was required to engage in the work. However, the study uncovered several driving forces that impact negatively on home-based workers and their enterprises.

### City and State Level Policies and Practices

Among the city and state policies and practices mentioned as negative driving forces, housing emerged as the most significant. Inadequate dwelling space was the most common drawback cited by the workers, for whom their home is also their workplace. A small house hampers the productivity of the enterprise. A worker cannot take bulk work orders as she cannot store raw materials. She cannot work throughout the day on account of competing needs of space within the household or the arrival of visitors, and other family activities must take place around the work. Often the children cannot sleep in the afternoon due to noise from the sewing machine – some garment workers even send their children to a neighbour's house to sleep.

Poor quality housing was also a concern – roofs often leak and low-lying houses flood, causing damage to the household and goods, including the raw materials. Because the women and their families tend to be low income earners, they cannot afford better



Photo: A. Mishra

housing. About 40 per cent of the study's home-based workers live in rented houses, paying a considerable portion of their income in rent. Those who own their houses, meanwhile, said they live in informal settlements and fear demolition.

Transport issues also emerged as significant for home-based workers, who must travel to obtain raw materials and supply produced goods. Increased public transport costs in Ahmedabad have made it unaffordable, and long distance travel impacts the viability of their enterprises. The garment workers who rely on public transport spend an additional 379 rupees more per month; given that the average monthly turnover for the study's garment workers was 2,337 rupees, this is a significant sum.

Thus, fully 75 per cent of workers reported they walk to get their work orders and raw materials – even when it means hardship, body aches and fatigue. Transport is of particular concern for those who have been relocated to the city's periphery. The women from rehabilitation sites said the volume of their work orders has also greatly decreased – contractors, unwilling to come to the relocation sites to distribute work, do not contact them when work is available.

Garment workers also reported that the high cost and unreliability of electricity poses a problem, as it forces them to rely on manual sewing machines, which do a less professional job, cost more in money and time to maintain, and tire the user.

### Occupational Health Hazards

Almost two thirds of the home-based workers surveyed identified hazardous working conditions that impacted their health. In the focus groups, these health hazards also came to the fore. Garment workers noted that they suffer from backache and eye strain. And when manual sewing machines are necessary, they must take painkillers and rest.

A greater percentage of *agarbatti* rollers complained of health hazards – and of larger health problems.



The members said that the use of coal powder makes their eyes burn. Many have developed breathing problems since they inhale the toxic powder. In fact, some mentioned that chronic lung conditions develop because of this work. They said that they have to make three to four visits to the doctor in a month to get medicines, which adds to expenditures. The *agarbatti* makers also stated that the work created pollution in the whole house. In addition, having to sit in one place throughout the day leads to body aches.

And when health is impacted, there is little opportunity for respite. When unable to work due to illness or other issues, the vast majority of home-based workers in the study indicated they had no one to take up their work.

### Macroeconomic and Value Chain Dynamics

In regard to value chain dynamics, low piece rates were the most-often mentioned by the focus groups. Focus group participants claimed they were not getting fair wages but contractors and traders were making good profits due to home-based workers' labours. In the survey, too, 66 per cent of the workers complained of low piece rates/wages and 50 per cent cited a large variation in income as a significant problem. While 83 per cent said rates go up as a matter of course annually, they reported that they cannot bargain for higher rates as the contractor will threaten to stop giving them work. Worse, some home-based workers said they are not always paid upon delivery of the products or are paid only half of what they are owed, with the other half tied to delivery of the next batch of product. Moreover, garment workers do not receive advances on work orders to cover the related costs of production such as threads, needles, machine oil, and electricity.

The *agarbatti* rollers, in particular, reported very low wages, ranging from 12-15 rupees per 1,000 sticks. For an eight-hour work day, they can make a meagre turnover of about 36 to 105 rupees per day.

Macroeconomic conditions also have an impact. The global recession of 2008 affected, in particular, garment workers, who endured months without work at the height of the crisis and still experience lower levels of work than previously. This is exacerbated as local demand for readymade garments has dropped due to the pressures of food inflation, which diverts household finances to other things. Almost half of the garment workers surveyed (as compared to just 13 per cent of the *agarbatti* rollers) said that the volume of work they received in the past 12 months had dropped.

Low wages or declining revenue mean that home-based workers cannot fulfil basic family expenses – including food and education – or save to secure their future. The most common response was to reduce personal and household expenses (cited by 78 per cent) and to borrow money (64 per cent). One quarter of *agarbatti* rollers said they prolonged their workday, while garment makers were more likely to



Photo: A. Mishra

say that they needed another household member to take up work.

As with these responses, most responses to negative driving forces were at the individual or household level (for example, using plastic sheets to protect goods from leaks and adjusting work hours). However, a small number – 8 per cent of the women – said that low piece-rates or wages led to collective efforts such as conducting strikes or taking the support of SEWA to negotiate for wages.

### Institutional Relationships

When asked about institutions that help their work, almost all the women said that SEWA was helpful to them. This was mostly because SEWA offers assistance in negotiating higher piece-rates, but also because it empowers workers, giving them an identity, and provides services such as training, savings and loans. During focus group discussions, the government-run industry-specific Welfare Boards were also mentioned positively, as were the traders/contractors on whom the women depend for their work and from whom they sometimes are able to access loans.

### Contributions and Linkages

Home-based garment workers and *agarbatti* rollers are part of larger value chains. The goods they return to traders and contractors move along the chains to be packaged and sold; a small percentage are even exported. In focus groups, home-based garment workers indicated they play a role providing cheap, readymade garments to the public; *agarbatti* rollers noted their work ensures incense sticks are available for public purchase.

In addition, other workers – from those who wash, iron, fold, and pack garments to the rickshaw pullers, the loaders, and the sewing machine repairers – gain work as a result of the home-based work. Shops that sell sewing materials also depend on the home-

based workers, so this sector provides employment opportunities to both formal and informal sectors.

### Recommendations

Policy responses to improve the lives and livelihoods of home-based workers must take multiple forms and occur at multiple levels. Housing and transport policies relate most directly to urban planning. However, policy responses dealing with employment relationships – for example, work orders, piece rates, payments, worker benefits – and with social protection are in the labour and social policy realm.

#### Key Policy Messages

1. Recognize sub-contracted home-based workers as dependent workers in an employment relationship.
2. Recognize that the homes of home-based workers are their workplaces and grant them de facto tenure and basic infrastructure services.
3. Provide housing finance and other housing services to allow home-based workers to upgrade their homes-cum-workplaces and make them more productive.
4. Negotiate more secure work orders and higher piece rates for sub-contracted home-based workers and protect them against arbitrary cancellation of work orders or rejection of finished goods.
5. Negotiate worker benefits and social protection, including health insurance and pensions, for all home-based workers, both self-employed and sub-contracted.

#### Key Legislative Reforms

1. The Government of India should ratify ILO Convention 177 on Homework (1996), which has been signed but not ratified, and promote the National Policy on Homeworkers, drafted by the Ministry of Labour in 1999/2000 – or new legislation – to reflect the provisions of ILO Convention 177.
2. Sub-contracted home-based workers should be given due recognition as dependent workers under labour laws. Legislation should aim not only at higher piece-rates, better working conditions, and social protection but also skills training and market access.
3. The national government's new housing programme, *Rajiv Awaas Yojana* (RAY), allows people to build their own houses on land provided by local governments. Two important mandatory reforms have been proposed to RAY: 1) to ensure the local government reserves 20-25 per cent of the land or built-up area for the urban poor's residential needs; and 2) to ensure 25 per cent of local government budget is reserved for the urban poor. Both reforms



Photo: K. Qian

are designed to ensure access to conveniently located lands and finance for housing of the urban poor.

4. Location is also important. In the study sample, home-based workers from households relocated to the city's periphery reported that being at a greater distance from their contractors or traders meant more time and money spent in commuting and fewer work orders.
5. Also, if urban poor households are allowed to construct their own houses, they can set up workshops in their premises or neighbourhoods so that polluting work, such as rolling *agarbattis*, can be done in areas outside the homes, thus limiting exposure to harmful chemicals and dust for both the worker and other family members.

#### Key Institutional Reforms

1. **Identity Cards** – Because home based workers are isolated, scattered and lack identity as workers, they should be given identity cards.
2. **Organization & Representation** – Membership-based organizations of home-based workers, both associations and trade unions, should be promoted, recognized and invited to participate in relevant policymaking and rule-setting processes.
3. **Social Protection** - The Gujarat Unorganised Sector Workers Social Security Board, which is expected to provide health benefits, retirement pensions and maternity benefits, should devise a mechanism to register all informal workers, including home-based workers. It should seek the help of membership-based organizations of informal workers, such as SEWA, to register workers with the Board. Also, implementation of the existing health insurance programme, *Rasthriya Swasthya Bima Yojana* (RSBY),



which provides hospitalization coverage up to 30,000 rupees for most diseases requiring hospitalization, should be improved. All home-based workers should be registered in this programme. Further, the procedures to avail of benefits under the various government welfare schemes should be simplified and translated into local colloquial languages.

**4. Minimum Wages/Piece Rates** – The state government’s Labour Welfare Department is responsible for setting and monitoring minimum wage rates. Home-based trades should be included in the Minimum Wages Act, and the minimum wage rates should be adjusted to the piece rate system by which most sub-contracted home-based workers are paid. To decide the minimum wages for occupations/trades in the informal economy, the State Minimum Wages Advisory Committee/Board should include representatives of the unions/associations and employers/contractors of informal workers.

**5. Skills Training** – Skill training through the industry-specific Welfare Boards should be expanded and should include continuing education, so that informal workers, especially women, are better able to bargain for favourable piece rates with the traders and/or contractors.

**6. Statistics** – A committee of statisticians should be constituted at the central level for collecting data on the home-based trades and the workers in these trades. Efforts to improve statistics on informal workers/firms, including home-based workers and firms, should be promoted and continued.



Photo: M. Chen



**Inclusive Cities:** Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

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