

PART - III

Chapter-7

Government Policies and Women in the Informal Sector

The urban informal sector and women's role in the informal sector is shaped by the macro policies of the government. The Government of India adopted Five Year Plans to implement policies in the various sectors of the economy. The other instruments to implement the government policies are legal provisions and the structures created by the government to implement such provisions.

We will briefly review how the informal sector and women's work was treated in the five-year plans in the first section. In the second section we will examine the legal provisions for the women workers and the informal sector. In the last section we will relate the discussion about the macro policies to the situation of women workers in the informal sector of Baroda on the basis of the data collected during our fieldwork.

7.1 Women and the Informal Sector in the Five-year Plans

Planning was visualised as an instrument to achieve the goals of government policies even before independence. The Congress party appointed a National Planning committee under the chairmanship of Jawaharlal Nehru in 1938. This committee appointed a sub-committee "on the role of women in planned economy."¹ Smt. Laxmibai Rajwade and Smt. Mridula Sarabhai headed this sub-committee. The committee collected all the available data on the women's work and also formed various working groups all over India to get regional inputs to bridge the gap in the data.

¹ Banerjee, N. (1997).

One of the longest chapters in the report was on the economic rights of women. The recommendations put forward by the committee were fairly radical in nature. They recommended that women should be considered as separate economic units and not as related to any men or as part of the family. They were against the tradition of considering family as a unit of developmental activities because they recognised that this will make women the subsidiary or secondary. The most radical recommendations were about women's unpaid work, both in the economic activities of the family and household work. About their contribution in economic activities they recommended that "the economic value of the work must be recognised and, in lieu of payment, she should have the right to claim all facilities given by the state to other workers."² (e.g. medical help, crèches, training etc.) As compensation for work at home -mainly housework- the women should get absolute control over a part of the family income, right to share in husband's property and the husband should pay on her behalf, the contribution necessary for any social insurance scheme for workers that the state may introduce.

Thus this sub-committee appointed during pre-independence suggested two important principles. One is that for women's development women should be considered as an independent unit and not to be subsumed under the family. Secondly, they recognise women as an economic actor, a producer, rather than a dependent or weaker section of the society. As an economic producer they contribute to the family and the economy (which covers a large part of their contribution in informal sector) so both the state and the husband should share responsibilities for providing rights to women at par with other workers. Unfortunately these recommendations or the spirit behind the recommendations was not at all considered in the planning exercise of independent India.

² Quoted from Banerjee (1998)

In the early years of planning, the Planning Commission defined three major areas under which they have paid special attention to women's development: - (a) education, (b) social welfare, and (c) health.³ The first plan (1951-1959) emphasised that, in order to fulfil women's legitimate role in the family and the community; adequate services needed to be promoted for her welfare. The services promoted during this plan were school feeding schemes for children, maternity and child health centres and family planning.

The **Central Social Welfare Board** was established in 1953, which symbolises the welfare approach towards women's problems. Community development programmes were started during this period for the developmental activities but they considered the family as a unit rather than women. Mahila Mandals were also started during this phase but women were not viewed as productive workers in these programmes. They were viewed as one of the weaker sections targeted for welfare programmes.

The welfare approach toward women continued up to the fifth plan period. There was some change in emphasis on women's working condition in second and women's education in third and fourth plan.

Thus women were treated by the planner as target of welfare schemes rather than economically productive workers in the Indian economy and on the other hand planned development did not give priority to the informal sector which employed more than 90% of the women workers.

The thrust of the second plan (1956-61) was on rapid industrialisation and infrastructural development and the third plan (1961-66) coincided with the green revolution in agriculture.

³ Government of India (1974) p. 306.

The process of modernisation through capital-intensive industrialisation and agricultural production followed after the second and third plans had devastating effects on traditional industries and particularly on women workers engaged in these industries.

In 1971 the Government of India constituted a committee on the status of women to review the achievements and effects of government policies, programmes and the developmental process on women and make suggestions for future policies. The **Committee on the Status of Women In India (CSWI)**⁴ recorded the effect of capital-intensive planning on women's employment in their report, **Towards Equality** in following terms:

" The causes of decline of the number and proportion of women in industry, therefore, lie primarily in their displacement from the old industries like textiles, jute and mines, a decline which has not been offset by the increase in employment in few new industries. The major share of industrial development in post-independence period has gone to heavy industries, which are capital-intensive. Their failure to generate adequate employment opportunities has affected both men and women but women have suffered more because of their lack of competitiveness and bargaining power, which are directly linked to their illiteracy and low social status."⁵ According to their estimation 94% of the women workers were concentrated in the unorganised or informal sector."

The planners ignored this process of women's decreasing employment opportunities and their concentration in the informal sector of the economy. The CSWI committee observed in their report, " with the exception of the second plan, all the others have confined their concerns for women's development to only education, health and welfare. Conspicuous by its absence is any reference to the need for generating and improving employment of women. Even the fifth plan, which gives highest priority to

⁴ Government of India (1974): Towards Equality- Report of the committee on the Status of Women in India.

employment generation, appears to accept the present low representation of women in the labour force as a natural order of things, which will continue unchanged in the years to come."⁶

This happened because the first and foremost aim of the planning was to achieve growth in the national product and not to increase employment. Banerjee (1998)⁷ notes that, " Official planners took no financial or administrative responsibility for providing this last sector (informal sector) with any inputs like capital, skill training, or assistance for technological upgradation. However, in their target for employment, the same plan put the onus of generating the bulk of the jobs on this sector."

The CSWI report that "in spite of the policy emphasis on welfare or investment in human resources, the share of investment in the social services in terms of actual allocation has been steadily declining in successive planes" also pointed it out.⁸

The reason for such a low plan allocation was indicated in the report as," Expenditure for welfare programmes, including programmes meant for women is low in comparison to other sectors, since it has been viewed as a non-productive item in comparison to the economic sectors. In times of stringency, financial cuts are made first in this sector since returns from investments are not immediate. A break up of allocation indicates that a major part of the expenditure is on maintenance and establishment charges, leaving only a small percentage of actual services."⁹

The period of the fifth plan (1974-79) coincided with the publication of the report of the committee on the status of women, Declaration of the International Women's year (1975) by UNO and declaration of the emergency in India.

⁵ Government Of India (1974) p.201.

⁶ Government Of India (1974) p.310.

⁷ Banerjee N. (1998)

⁸ Government of India (1974) p. 308.

⁹ Government of India (1974) p. 339.

By this time it became very clear that the goal of achieving growth of the national product does not automatically coincide with the removal of poverty and the trickle down effect of the fruits of growth has not taken place. It became necessary to calm down the discontent of the poor by addressing their needs in the plan. Thus the growth approach in the plans was changed to minimum needs and target approach¹⁰ in early seventies.

Several programmes were started for the removal of poverty. These programmes included programmes providing self-employment to the poor, programmes providing wage employment to poor and programmes providing training for self-employment. Integrated Rural Development Programme (IRDP), National Rural Employment Programme and Training of Rural Youth for Self Employment (TRYSEM) were some of the programmes included in the five-year planning. Again the unit to be benefited under this programme was the poor family and it was assumed that women would automatically get the benefit.

As pointed out by U. Kalpagam,¹¹ these policies were aimed at families below poverty line rather than small scale or household enterprises. The emphasis on poor families rather than their work in the economy reinforced the myth that those who are engaged in this marginal sector were not producers/workers but vulnerable individuals who need to be supported by the state for coming out from poverty.

Even within the limited scope of antipoverty programmes, women's needs were not addressed. These programmes were directed at families and it was assumed that if families will benefit, women from the families would automatically get their 'share' from this benefit. This approach did not recognise the existing discrimination in the allocation of resources and opportunities within the family.

The effect of the CSWI report and the increasing pressure from the women's organisations was reflected in the sixth five-year plan (1980-85). For the first time a

¹⁰ Kalpagam U. (1994) p. 35.

section on women and development was included in this plan. The welfare approach to women was changed to the development approach. One third of the target under IRDP, NREP and TRYSEM were reserved for women

In recognition of the fact that women have benefited only marginally under various rural development programmes a pilot scheme named Development of Women and Children in Rural Areas (DWACRA) was visualised in 82-83. Since reaching women in isolation was considered to be very difficult, it was decided to adopt a group approach. Groups of 15-20 women belonging to families below the poverty line were expected to form a group and take up a common self-employment programme. These groups were provided financial assistance and technical assistance including skills and linkages with market.

The seventh plan (1985-90) went further in the direction of women's empowerment from women's development. We quote from the section on women's development; "The long term objective of the developmental programmes for women would be to raise their economic and social status in order to bring them in to the main stream of national development. Due recognition has to be accorded to the role and contribution of women in the various socio-economic, political and cultural activities..." In the seventh plan the basic approach would be to inculcate confidence among women and bring about an awareness of their own potential for development, as also of their rights and privileges." In 1985, the Government of India constituted Women and Child Development under the Ministry of Human Resource Development.

A National Perspective Plan (NPP) for women (1988-2000) was formulated by the Department of Women and Child Development, Government of India in 1988. The plan was prepared with a critical review of the national development effort of the past 40

¹¹ Kalpagam, U. (1994) p.35.

years.¹² The plan reviewed all the programmes related to women's welfare and development implemented during the first to sixth five year plan and recognised that women have continued to be the single largest group of "backward citizens". Sector-wise recommendations were given in this report to integrate women into the mainstream economic development.

During the same period i.e. in January 1987 the Government of India constituted the National Commission on Self Employed Women. The commission was appointed to make a comprehensive study of working and living conditions of women in the self-employment.¹³ Later the scope was extended to cover all the women in the informal sector. Constitution of this commission by the Government was an important development towards the recognition of the women in the informal sector. The commission formed various task force groups to examine various aspects of women workers lives like, macro policies, legislation, health and media. The commission examined the existing literature as well as organised extensive touring to understand and record women's problems. They recorded the status of women in all the aspects of the informal sector in rural as well as urban areas. Their report, named "Shramshakti" published in 1988, is considered to be one of the most comprehensive and authentic documentation of the status of women in the informal sector. Their recommendations cover all the aspect of women's work and life.

Everett and Savara (1994) compare both these reports commissioned by the government. According to them the NPP prepared by the bureaucratic set-up includes recommendations for strengthening the existing policies and setting up two types of institutions to co-ordinate women's economic programme. One is the Women's Development Corporation at the central and state level and a National Training Institution

¹² Government of India (1988) *National Perspective Plan For Women*.

¹³ Government of India (1988a) *Shramshakti*, The Report of the National Commission on Self Employed Women and Women in the Informal Sector.

for Women. 'Shramshakti' suggests extension of existing labour laws to women in the informal sector and recommended a separate labour commissioner for the informal sector in each state.

We will review some of their recommendations, relevant to the urban informal sector in the last section of this chapter. Their recommendations have not yet become part of the planning process of the country. As noted by Everett and Savara (1994) while these reports demonstrate that women's issues have attained visibility, they do not guarantee that, new laws to regulate women's employment or new policies to assist self-employed women will be enacted.

Thus it seems that the approach of the documents of various plans changed from the welfare approach to the 'development' and 'empowerment' approach. Does this change in terminology of planning represents a real change in thrust of planning? Several organisations working with women felt that in spite of all this rhetoric the real thrust of the planning policies have not changed.

After making all the bold analysis and several suggestions, the NPP made it very clear that additional funds are not necessary for implementation of these suggestions or creating various structures as suggested in the NPP. They assumed that simple reallocation of the funds from various existing schemes and under various departments will provide enough funds for this new perspective.

The other major criticism pointed out by them was that the recommendations to bring women into the mainstream of development ignore the reality of women's marginalisation being the result of such 'mainstream development'.¹⁴

The programmes were formulated to help poor people or poor women but it was not realised that the people became or remain poor because the process of economic

¹⁴ All India Democratic Women's Association et al (1988) p.5.

development has thrown out them to the margins of the economy. The implementation of some such programmes do not change the thrust of the macro policy which favours the organised or formal sector of the economy at the cost of the unorganised or the informal sector.

The point becomes clear when we analyse the actual plan allocation to the informal or unorganised sector. Parthasarthy (1996)¹⁵ examines the share of organised and unorganised sector in the employment, output and export through various data sources. According to him, in 1989-90 the unorganised sector has 84.04% share in the employment, 30.76 % share in the value of output, 62.38% share in export and 37.60% share in the Net Domestic Product. But the sector have only 27.85% of the Gross Bank Credit and only 13.5% of the plan outlay in the 8th five year plan. He concludes that the public support by way of plan allocation and institutional credit to Small-Scale Industries sector has been inadequate and within the sector, the traditional sector got little support.

Thus in spite of the various anti-poverty programmes and programmes to support the unorganised sector, the basic thrust of government policy have remain in favour of the formal capital-intensive sector of the economy. The change in approach toward women is important but still lies in the form of recommendations rather than an integral part of the planing process.

In the above-mentioned background the government adopted the New Economic Policies. It is necessary to review this policy in detail because they have an impact on the informal sector in general as well as specific impact on the women in the informal sector.

7.1.2 New Economic Policy (NEP) and Women in the Informal Sector

The New Economic Policies (NEP) were officially introduced in India in June 1991. NEP has two interconnected elements i.e. stabilisation measures and economic

¹⁵ Parthasarthy, G. (1996) p.1859-1869.

restructuring, otherwise known as the Structural Adjustment Programme (SAP).¹⁶

Stabilisation refers to the short term attempts to 'stabilise' or steady the economy in the face of sudden shocks on existing macro-economic imbalances especially in the Balance of Payments. SAP are long term measures and over a period of time they seek to reduce market rigidities and open the doors of internal and external markets to competition.¹⁷

K.S. Krishnaswami¹⁸ the former Deputy Governor of the Reserve Bank of India defines the NEP as below:

"The essentials of the New Economic Policy are (a) marketisation and privatisation; (b) globalisation; (c) modernisation and (d) concentration on productive efficiency and GNP Growth Rate.

The structural adjustment involved in seeking these goals will be through some of the major policy changes like-

(i) Decontrol and deregulation (ii) freedom of entry to foreign goods and investment (iii) adoption of "market-friendly" fiscal, exchange, trade and credit policies (iv) cut-back in public expenditure (v) limitation of fiscal deficit to low levels (vi) concentration of government investment in infrastructure, education, health and similar "soft" areas (vii) adoption of up-to-date technologies (viii) use of exports as a primary instrument of balance of payments adjustment and promotion of industrial efficiency (ix) "exit policy" measures in industry and (x) withdrawal of subsidies of all kinds.

NEP has remained controversial since its introduction in 1991. The long-term effect of the SAP has triggered off the debate about its implication on the working and living conditions of the poor and all other marginal groups in the economy. The contradictory

¹⁶ Ghosh, J. (1994) p. ws-2.

¹⁷ Randive. J. R. (1994) p.ws-12.

¹⁸ Krishnaswamy, K.S (1993) p. 36.

claims about its effect on the informal sector and particularly women in the informal sector have been put forward by the supporters and opponents of the policy. It is necessary for us to understand this debate for suggesting any policy recommendations on the bases of our study."

The supporters of the policy like Tendulkar¹⁹ have argued that SAP will introduce internal and external competition and will reduce the wasteful use of scarce resources and improve international competitiveness. They expect that it will put the Indian economy on a higher growth path by raising resource productivity and greater participation in international trade. Though they admit that economic restructuring will have an adverse impact on some or all segments of society during the transitional period they argue that it should be considered as an acceptable cost of the future benefit. Because if we want to correct the balance of payment imbalance without inflationary pressure it is necessary to contract economic activities temporarily. According to Tendulkar this is a transitional and temporary phenomenon because," this economic restructuring, if and when successfully completed, would certainly accelerate growth by reducing wasteful use of resources and a higher level of participation in international trade."²⁰

According to their argument the NEP will not affect the poor because in any case they are the residual claimants of the GDP after the 'organised interests groups' sort out their claims. The organised interest groups consist of industrialists in the organised sector, skilled professionals, central and state government employees, Industrial workers in public and private sector, employees of banks and other financial institutions and rich farmers. They oppose NEP because their 'parasitic rental element' in income will be affected adversely. So according to them NEP is not against the poor but against the organised sector of the economy.

¹⁹ Tendulkar, S. (1991)

The NEP has also renewed the debate about state versus market forces. The strong supporters of NEP are in favour of living every thing at the mercy of market forces. For example when Kamath²¹ talks about exit policy he says that, " The most effective exit policy, would have been no policy at all, leaving it to market forces to decide on the survival of its participants."

About the implication of market on women Lynn Bennett,²² Regional Co-ordinator, Women and Development of the World Bank in her paper recommends that providing more regulatory provision to women in the informal sector will lead to the same problem. The informal sector will switch to the labour saving, capital intensive production like the formal sector. She suggests that instead of state regulation "Market forces have great potential to influence gender ideology and increase the perceived value of women."

The arguments of the group between the supporters and opponents of NEP also pick up some of the arguments stated above. For example Devaki Jain²³ and her colleagues pose the question, can we convert the crisis into an opportunity? Their line of argument is that we could not stop the NEP. Since it has become a fact of our economy we should try to extract as much as possible for the disadvantageous groups in the economy. They argue that SAP or no SAP the poor are in the private sector anyway. They have always been markets-oriented in their livelihood strategies, and the state and its regulations are a nuisance for them so deregulation does not affect them. On the other hand they are convinced that "stabilisation cannot be painless especially when it is combined with a programme of structural adjustment. " Jain further states that," It would be unethical and contrary to all modern principles of welfare if the burden of such austerity

²⁰ Tendulkar, S. (1991)

²¹ Kamath, A. (1992)

²² Bennett, L. (1988) p.59.

²³ Jain, D. et al (1993) pp.11-35.

and adjustment is allowed to fall on disadvantaged groups and social classes, poor people in general who are least capable of bearing that burden."

They suggest a wide safety net, by way of expanded Public Distribution System and employment programmes. They also suggest an entry policy before launching an exit policy.

Jhabvala (1994)²⁴ is also critical about the two extreme views. She assesses the debate in following words. "It seems that we are left with two extreme choices: (I) in the name of social justice to have poverty alleviation programmes rather than Structural Adjustment Programmes or (II) in the name of liberalisation to free the economy from the clutches of bureaucracy and to support the Structural Adjustment Programmes. According to her both these views are equally destructive for the poor. The poverty alleviation programmes have not yielded much result until now because of leakages and delays." But she does not agree with the argument that since the poverty alleviation programmes are inefficient and ineffective they should be completely scrapped. On the basis of the experience of SEWA she believes that if poor women are organised they can get benefit from the schemes. On the other hand the SAP has reduced restrictions and licensing policies for large, medium and up to a certain extent small scale industries but not for the "people's sector" i.e. informal sector. She suggests several strategic steps in her paper to empower women in the people's sector and bring them in to the mainstream of economic reforms and development. According to her if supported these women would create a model of development worth being followed by others.

The argument against NEP is also not homogeneous. Some of those who are against the NEP argue that it is contrary to the Nehruvian policy of self-reliance and self-sufficiency of the economy. They argue that it is sell out of the country to the World Bank

²⁴ Jhabvala R. (1994) pp 169-186.

and IMF. There is also an argument that because of structural adjustment spending on the social sector and anti-poverty programmes will decrease and the poor will be doubly affected.

The NEP affects women as producers as well as consumers. The trend in women's employment is analysed by several authors to understand the effect of NEP on women.

Ghosh²⁵ considers the following variables to analyse effect of NEP on women.

1. Access to basic needs such as food, clothing and shelter and common property resources.
2. Access to education, skill formation that will allow women to move out of low skill, low productivity jobs.
3. Access to requirements for reproduction and nurturing of the young which include health care and child care.
4. Access to productive employment outside the home and recognition of housework
5. Control over allocation of resources within the household and society.

According to her the NEP will negatively affect all these vital aspects of women's life by two-way processes. One, by reduction in government expenses as part of stabilisation measures and also by the withdrawal of the state from provisions of various goods and services. The cut in social infrastructural spending has even more direct effect on living and working conditions of women because women are primarily responsible for household health and nutrition as well as the nurture of the young. This can affect women's ability to enter the labour market or may mean a forced entry for the survival of the family. In both cases women will have to face a greater burden of household work as well as outside work.

²⁵ Ghosh J. (1994) p. w-2.

Ranadive²⁶ has analysed the effect of NEP on the household. He argues that the household will act as a buffer during the transitional period of economic reforms. Further, due to certain specific gender-related circumstances within the household, it is women that take the impact as buffer.

The common concern emerging from these studies focus on the privatisation and withdrawal of the state from the provision of various social sectors like health, education and food subsidy. This will force women to work more for meeting the needs of family survival both in the household as well as in the labour force.

In the labour market women will be affected by privatisation of the public sector, deregulation and exit policy in the private sector. This will lead to more and more people coming out of the formal sector. They will compete with women in the informal and casual labour market to further depress the already low wages and precarious working conditions of women in the informal sector. In the household the scarcity of resources will affect the allocation of intra-household resources in favour of men because of the persisting male domination and patriarchal society. Women will get less share in food, education and health care with reduction in subsidy by state.

Given this situation there is an urgent need to have economic, legal, as well as organisational strategies to protect and improve the working and living conditions of women workers in the informal sector.

7.2 Legal Provisions and the Informal Sector

Though the informal sector provides employment to more than 90% of the total working population the lack of recognition of the informal sector by the government macro

²⁶ Ranadive, J. (1994) p. ws-12-18.

policies have resulted in absence of any systematic legal provisions to regulate the working conditions and wages in the informal sector.

The major legal provisions available to protect workers rights are Factories Act 1948, Industrial Disputes Act 1947, Shops and Establishments act 1948 and Minimum Wages Act, 1948. Specific provisions for women are Maternity Benefit Act 1961 and Equal Remuneration Act 1976.

The Maternity Benefit Act is applicable to only those women who are in the formal sector. Women in the informal sector were excluded from it. Recently the cash benefit of Rs. 300 is extended to all the poor women for first two deliveries under the National Social Assistance Programme. But none of our respondents had received such help. Most people or even voluntary organisations working for people are not aware about such a scheme. The violation of the Equal Remuneration Act is an everyday phenomenon and the government takes no action on any of the employer for violating the Act. Most of the employers have found out legal ways of violating the Act by dividing activities on gender lines and naming women's work as less skilled or by simply keeping them as temporary or contract workers.

7.2.1.The Factories Act, 1948

Factories Act deals with working hours, leave, health and safety conditions of the workers. As the name suggests the Act is applicable to those who work in the factories. The definition of 'factory' and 'worker' is important for the applicability under the Factory Act. The factory is defined as workplace if 20 or more persons are working without the aid of power and 10 or more workers are working with the aid of power. Thus all the workers not working in such a factory do not come under the Factories Act. In fact the applicability of the Factories Act has been used as a criterion to define informal sector by some.

On the other hand several attempts have been made to augment this definition of factory and make it applicable to the homebased workers in the form of litigation in various courts. As a result the court augmented the definition.²⁷ Thus now it is not necessary that workers work on the premises of the employer. Even if they were home workers as long as there was supervision and control over the work, the Factories Act could apply.

But change in definition alone is not sufficient for the informal sector workers in the absence of any self-organisation; implementation of the Act does not take place.

7.2.2 The Industrial Disputes Act, 1947

The Industrial Disputes Act deals mainly with investigation and settlement of disputes at the workplace. Complaints about dismissal, discharge, retrenchment, lay off; changes in service conditions and lockout or closures can be raised under this act. Here also the definition of the word industry and workman is important and the vagueness in the definition leads to several litigations. The issue of definition was settled by the case known as Bangalore Water Supply case.²⁸ "After the Bangalore Water Supply and Sewerage Board case, industry was broadly defined to include shops, hospitals, co-operative societies, professional offices, doctors and lawyers. Thus a large number of workers who were originally not protected under the Act were covered,"

But this and some other judgements specifically excluded domestic workers from the purview of this Act. As mentioned by Everett and Savara (1994), " In the case of domestic worker, the work is looked upon as privatised. The home is not considered a factory, shop or establishment. The homeowner is not considered to be a business owner, the work does not involve profit or loss. No commodities are produced. Hence the work of a domestic worker is looked upon as a "personal service". The result is that working hours

²⁷ See Everett and Savara (1994) p. 46-49.

and payment of salary is totally arbitrary. There is no security of tenure and no retirement benefits."

The other problem in the applicability of both the Acts is the definition of employment and worker. Though the definition of industry is expanded unless the worker can prove the employer-employee relationship, it is not possible to get redressal under the Act. It is very difficult for most of the informal sector workers to prove that they are working for the particular employer because in case of home based workers the employer does not give any proof to the workers. Many times there are intermediary contractors between the principal employer and workers. In case of casual labourers the employer is not fixed. Every day they have to work under a new employer. So the applicability of both these acts is problematic in case of various informal sector occupations.

7.2.3 Minimum Wages Act, 1948

This Act is intended to ensure regular payment of minimum rates of wages without unauthorised deductions to vulnerable employees. According to the *Shramshakti* report, "This is, by far, the most important and relevant piece of legislation for the unorganised sector, as the whole scheme of the Act is designed to give a modicum of protection to workers in unorganised sector industries." Thus this is one of the very important acts for the informal sector workers because this is the only piece of legislation available which can be extended to several sections of the informal sector workers.

According to this Act the government is required to fix minimum rates of wages for the workers whose employment is specified in the schedule and review and revise it at an

²⁸ See Everett and Savara (1994) p. 50-52.

interval not exceeding five years. There are 53 employments listed in the schedule of the minimum wages in Gujarat.²⁹

The problem with this Act is that in order to have a minimum wage fixed, the employment or industrial activity has to be included in the schedule. The activities that are not listed in the schedule will not have minimum wages fixed for them. For example, out of the home based workers covered in our study, only garment workers are listed in the schedule but the papad rolling and packaging for various industries are not listed in the schedule so they cannot claim minimum wages under this Act. One of the criteria for possible inclusion in the list is that there should be at least one thousand workers engaged in that activity in the state.

The second problem is the criteria to decide the amount of minimum wage. This issue has remained controversial since the beginning and there are two extreme approaches in deciding the minimum wages. One is the need-based approach suggested by 15th session of the Indian Labour Conference in 1957.³⁰ This includes the requirement of food and enough clothing, rent, fuel and lighting expenses and other miscellaneous expenses. The Supreme Court has added children's education, medical requirement, recreation and festival expenses and provision for old age in this in the Raptakos, Brett and Co. case.³¹ According to these criteria the minimum wages should be Rs. 125 per day.

However the 34th session of the Indian Labour Conference has accepted the conservative estimate of Rs. 35 per day for the unorganised sector which is just a subsistence level wage and related to the poverty line. When the law is extended to the

²⁹ Unni J. (1998).

³⁰ Unni J. (1998).

³¹ Jhabvala, R. (1998) p. 500.

informal sector we will have to address the problems for the piece rate workers and also count for how many days employment is available in deciding minimum wages.

7.2.4 Relevance to our Respondents

As we have examined in the first section the government programmes for the people in the informal sector are more in the form of poverty eradication programmes rather than positive programmes for the development of the informal sector. We must note that most of the poverty eradication programmes aimed at either self-employment or wage employment are mainly targeted for the rural poor. There are very few poverty eradication schemes of employment available for urban poor. There are some schemes available to both the rural and urban poor offered by various government departments. These are: subsidy up to Rs. 1000 for buying tools or other equipment to the self employed by the District Industrial centre, bankable loans to start cottage industry by the Department of Cottage Industries, Manav Grima Yojana to give loan and subsidy for traditional occupations by Social Welfare Department, Scheme for destitute and deserted women by Social Defence Department, Commissionerate of Women and Child Development and subsidy and loan schemes by Women's Economic Development Corporation. It should be noted that none of our respondents were aware about any of these schemes.

Some of the schemes available for the urban poor in Baroda slums observed by us were Urban Basic Services to poor (UBS), Urban Community Development Programmes (UCD) and Nehru Rozagar Yojana (NRY). The municipal corporation under the aegis of the UBS programme in slums has been organising different training programmes for women and also arranges for small loans to trained women to start income generation activities.

We have visited UCD / UBS centres in the slums during our field survey. The main training programmes available were training in sewing, tailoring, knitting, beauty parlour,

mahendi class, typing class and free tuition class for school-going children. Most of the participants in these training programmes were not adult women but teenage girls. Few of them were attending school but most of them were dropouts from the schools. Their reason for learning these skills was not to become self-sufficient but to add one extra skill which can be learnt in the short period and may be useful in everyday life. Some of them were home-based workers. For them their homebased work was earning work and this was just an additional skill. It was very clear from their attitude towards this skill training that given their constraint they cannot rely on these short-term traditional skills for a steady income.

Out of 138 women working respondents of Baroda slums covered in our study only five had knowledge about any government programmes related to the employment of poor women. All these five women were aware about subsidised loan to get sewing machine. Only two of them have received such loan and out of the two only one could use this skill and loan for her work as piece rate worker for the whole sale merchant.

A similar observation is made by Ghosh³² and others in their study about urban basic services in Baroda slums. According to them, "though the municipal records show that 53 training classes have been conducted mainly for women in different skills such as knitting, sewing, tailoring, etc., and 1849 persons have been trained, this has not apparently improved their employment potential. They could not utilise their acquired skills to start their own activities either owing to lack of financial capacity to buy necessary equipment or space in their homes for such purpose. Out of 1849 trained persons only 255 or 13% received some loan or seed money for starting their business during the last four years since the inception of the UBS programme." They have not studied how many of these 255 have actually used this loan to start their own self-employment work.

³² A. Ghosh et al. (1995) p. 35.

The other problem observed by us was access to government schemes. The experiences shared by several women (not all of them were from our 138 respondents) during our field visit clearly shows that it is not possible for the poor and needy women to get any benefit from a government scheme without the help of some 'social worker'. It was impossible to complete the kind of paper work involved in getting a small benefit.

For example in the widow pension scheme, in which Rs. 200 per month is given to a widow who does not have any other support for one year. She is expected to join a training programme made available by the government to be self sufficient after one year and the pension is continued during the training period up to a maximum of three years. The women should provide the death certificate of the husband, the ration card in which the name of no other adult person is mentioned except her, proof that she is staying in this state since the last ten years, the certificate of income to prove that she lives below the poverty line. Most often women do not have the death certificate of their husband or do not have access to such certificate because it is under control of some other relative. Many times the name of some of the family members are there in the ration card who do not really support her financially. It is not easy to get income certificate and finally recommendations from corporators or some other influential person. Even if all these papers are gathered the work is not done without repeated visits to the government office.

In each and every slum we visited there were some intermediaries like local leaders of the political parties or some other people (known as 'social workers') who complete this paper work for women in exchange of payment. The charges can be as high as 20% to 40% of the actual benefit received by women. Sometimes they have to pay these people in advance and then their application forms are not passed. In such a situation, women lose even whatever hard-earned money they have.

It was observed that the actual experience of the functioning of all the schemes at the slum level is similar irrespective of the origin of the scheme i.e. whether it originated from the CSWB, or Commissioner, Women and Child Development or the Women's Economic Development Corporation. The reason is that the staff at the city level has welfare approach or the implementing voluntary agency have the same welfare approach.

7.3 Some Suggestions for Future Policy

The most important change needed in any future policy for the informal sector workers is the ideological approach towards the workers in the informal sector. Until now all the schemes applicable to informal sector are mainly part of the anti-poverty programme. This creates an environment and impression that the programmes are designed to help the vulnerable sections of the society who have remained poor for whatever reason. The allocations for such programmes are not viewed as rightful share of the workers but a charity to the poor. This attitude must change because as argued by Jhabwala³³, 93% of the workforce is working in the informal sector; further, according to the calculation of the Central Statistical Organisation their contribution in the national income is 64%. Over 75% of the country's savings come from the informal sector and about 50% of the investment of the country are from this sector. Thus the sector contributes immensely but workers do not get any share comparable to their contributions.

Various recommendations are put forward by the reports of the commission appointed by the government itself. Most of the recommendations of the commission for the self employed women and women in the informal sector are suggested after countrywide consultation with various groups who work with women and women in the informal sector themselves. We will examine some of the important suggestions here.

We will look at two types of policies. The policies needed for the wage workers and the for those self-employed women. Some of the policies will be common to all women and some will be specific to the nature of their work.

The minimum requirements for all the workers are implementation of minimum wages and availability of social security. All the workers must get minimum wages and the fixation of minimum wages should not be according to poverty line but need based minimum wage.

An important observation is made in a study of Ahmedabad informal sector workers showed that the present minimum wage are of Rs. 52 for the unorganised sector workers is very close to the poverty line.³⁴ This does not take into account that most of the workers in the informal sector do not get work for all the days during the month. So most workers who get even minimum wage of Rs. 52 actually go below the poverty line.

The National Centre for Labour (NCL) is an apex body of trade unions of workers in the unorganised sector. They have suggested that while considering the minimum wage at least 250 days of employment must be considered in order to achieve an annual income of Rs. 31250 for three consumption units or Rs. 10000 a year for each adult consumption unit. This suggestion appears valid, since it is based on a realistic understanding of living conditions for the poor.

The other important issue in wage policy for the informal sector is existence of piece rate workers. The practice of paying piece-rate wages is most exploitative and most of the workers even if they work for more than eight hours cannot get even poverty line minimum wages. It does not take into account the cost incurred by the home workers since they work in their own homes. If the cost of rejection by the contractor is added to all the cost incurred the piece-rate wages are far below poverty line minimum wages. The

³³ Jhabvala, R. (1988) p.500.

involvement of child labour in home-based work taken obvious because otherwise she alone cannot meet the requirement of the family.

The wages should be decided by the number of pieces a standard worker can make in a standard eight-hour day, the rate of rejection, the cost of all the inputs supplied by the home worker and the cost and time spent in maintaining the machinery.

It is necessary to suggest the implementing machinery for such a law for the informal sector. In the Shramshakti Report as well as the NCL, tripartite Mechanism, which includes workers representatives, employers and government representative, is suggested. Such a board can be made responsible for the implementation of the Act, and the Board can include new types of employment in the schedule as well as fix the amount of the minimum wage. Such a Board should operate at local as well as state and national level because no law is useful if it is not implemented. One of the problems in implementation of laws is the proof of employer-employee relation in case of the informal sector workers. The problem can be solved with some modification on the lines of the Private Security Guard Board or Mathadi Workers Board created in Maharashtra. This mechanism was created to abolish the middlemen who were exploiting the workers. The former created a pool of security guard and when any person or industry needs a security guard, the Board supplies them. The security guards are registered with the Board, which regulate the working condition. Some mechanism similar to this board in the form of a tripartite Board is necessary which register all casual workers, home-based workers and domestic servants and give them identity cards. Those who want to employ them can do so through the Board only. This is one of the ways and may be the only way to solve the problem of establishing employer-employee relationship in case of the informal sector in present set up.

³⁴ Unni J. (1998).

The same Board can operate to provide social security measures like maternity benefits, childcare, health care, old age pension etc. The contribution for evolving the social security fund should be collected from all the employers, employees and government. In case of maternity benefit it is observed that employers do not employ women if they have to give maternity benefit. The suggestion is that all employers whether they employ women or not, should contribute to the social security fund for maternity benefit and childcare. Childcare facilities should be available at various levels. At the workplace for the regular employee, at community level for self-employed and home workers and at the primary schools so that the elder girl child is not deprived of education because she has to take care of the young siblings. The timing should be flexible and extended according to the working hours of the mothers.

Self-employed women, particularly vendors and others who are working or selling at public place, should be given proper place to conduct their activities. Any town planning scheme and plans for future land use pattern in the city areas should not ignore these sections of the society who rely for their livelihood on such public land. Since their services are important to provide goods and other services to the city population.

Enough and proper common worksheds should be constructed in the slum areas where home-based workers and self-employed can work if they prefer to work there instead from their home. This is necessary because in the present situation those who do not have proper space to work cannot get even poorly paid home-based work.

The need for toilets near the market place and at several public places in the city is most essential for women who work at the marketplace or in the streets. Adequate and fair priced and safe transport facility is another requirement voiced by women. It is required by both the wage workers and also self-employed. Most of our respondents walk to their workplace because of lack of proper and affordable transport. Most of the domestic

workers walk for half an hour to one hour to reach their workplace. And self-employed women like vegetable vendors were spending considerable amount on private transport to get their vegetables wholesale market in the very early morning.

Training in self-employment should not be only in the traditional occupations termed as women's work because the employment opportunity in such work is limited and ill paid. Women should be encouraged to learn new skills, which are needed in the market and are better paid. The loan and subsidies should be according to the need of the particular business; women want to set up and should be accompanied by technical and marketing facilities.

One of the important suggestions is that at the national level all the implementation of these laws should be considered the responsibility of the Labour Department and a separate labour commissioner for the informal sector should be established. The structure and staff of such a commissionerate should be in proportion to the people working in the informal sector and a proportionate number of women should be included in the staff.