

**Background Paper for the 2005 World Development Report**

**The Investment Climate for Female Informal Businesses:  
A Case Study from Urban and Rural India**

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**Abstract**

Worldwide there is a growth in the numbers of people working in the informal economy: either as self-employed in unregistered enterprises or as wage workers in unprotected jobs. Despite earlier predictions to the contrary, it is now widely recognized that the informal economy is a permanent phenomenon, integrally linked to modern capitalist development and to global integration. Although the relationship between the informal economy, the formal economy, and the formal regulatory environment are complex, it is now also widely recognized that informal enterprises face different constraints – and, arguably, greater constraints - to business development than formal enterprises face: more so informal enterprises run by women.

The views expressed are those of the authors and do not necessarily reflect official views of the World Bank

## I. Background and Context

### A. Informal Economy: Worldwide and in India

Worldwide there is a growth in the numbers of people working in the informal economy: either as self-employed in unregistered enterprises or as wage workers in unprotected jobs. Despite earlier predictions to the contrary, it is now widely recognized that the informal economy is a permanent phenomenon, integrally linked to modern capitalist development and to global integration. Although the relationship between the informal economy, the formal economy, and the formal regulatory environment are complex, it is now also widely recognized that informal enterprises face different constraints – and, arguably, greater constraints - to business development than formal enterprises face: more so informal enterprises run by women.

India has enjoyed a growth rate in gross domestic product of about 6.5 per cent per annum over the last decade. The impact of this consistent growth has been reflected in a reduction in poverty since the mid-1980's. However, a recent Task Force on Employment Opportunities set up by the Planning Commission in India in 2001 pointed out that even a continuation of the GDP growth at this rate is not likely to bring about significant improvement in the employment situation. This is because much of the growth has been capital- and information-intensive rather than labor-intensive. Also, some of the growth has been associated with informal, rather than formal, wage jobs. For example, there has been limited growth in formal employment in the manufacturing sector. The net result is that the vast majority of the Indian labour force is engaged in the informal economy, either as self-employed in informal enterprises or wagers in informal jobs. Without an appropriate policy environment, it is difficult for the benefits of economic growth to reach these categories of workers.

The informal workforce in India is an estimated 370 million workers, representing nearly 93 per cent of the total workforce. This vast informal workforce is comprised of three main segments. First, informal employment in agriculture, including both small farmers and agricultural labour, continues to be important and represents 60 per cent of total employment. Outside of agriculture, 133 million workers (or 83 per cent of the non-agricultural workforce) are in the informal economy. The vast majority of these are engaged in informal enterprises, as employers (who hire others), their employees, or own account operators (including heads of family businesses, unpaid but contributing family members, those who work on their own). The third segment, an estimated 6 per cent of the total informal workforce, is comprised of informal wagers who work outside of informal enterprises for formal firms, households, or no fixed employer.<sup>1</sup>

Relatively few self-employed women in the informal economy are employers who hire others, especially in India where social norms pose constraints on women's mobility and independence. For instance, in Ahmedabad City where SEWA is headquartered, an

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<sup>1</sup> These figures are from a background country case on India prepared by Jeemol Unni (2002) for an ILO publication (2002) entitled Women and Men in the Informal Economy: A Statistical Picture.

insignificant percentage (0.1%) of the female workforce are employers and surprisingly few (10.3%) are independent own account operators. The two largest shares of women workers (24% each) are unpaid contributing family members (in household enterprises) and industrial out workers (or homeworkers). This case study will focus on five groups of women own account operators who have been organised and supported by SEWA.<sup>2</sup>

## B. SEWA

The Self-Employed Women's Association (SEWA) has been organizing low-income working women in the informal economy in India since 1972. SEWA's membership is drawn from a wide variety of occupational groups that fall into one or another of the following broad categories:

- ◆ **hawkers and vendors**, who sell a range of products including vegetables, fruit, and used clothing from baskets, push carts, or small shops.
- ◆ **home-based producers**, who stitch garments, make patch-work quilts, roll hand-made cigarettes (bidis) or incense sticks, prepare snack foods, recycle scrap metal, process agricultural products, produce pottery, or make craft items either on their own account or under sub-contracts
- ◆ **manual laborers and service providers**, who sell their labor (as cart-pullers, head-loaders, or construction workers), or who sell services such as waste-paper picking, laundry services, or domestic services
- ◆ **small producers**, who invest their own capital and labor in their small-scale operations, including milk producers, salt producers, and small farmers

Most of the hawkers and vendors and many of the home-based producers are self-employed. But some of the home-based producers are industrial outworkers who work under a sub-contract for a piece rate. Virtually all of the manual laborers and most of the service providers are casual day laborers or otherwise work without secure contracts, legal benefits, or social protection. This case study will focus on six self-employed groups among SEWA's members: street vendors and garment makers in Ahmedabad City; and small farmers, gum collectors, embroidery artisans, and salt producers in two arid rural districts of Gujarat State.<sup>3</sup>

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<sup>2</sup> Although we use the term "entrepreneur" in this paper for self-employed women, we wish to draw a distinction between micro-entrepreneurs who hire others (mainly men in this context) and those who do not (who are commonly called own account operators); and to note that most women "entrepreneurs" organized by SEWA are own account operators. Available evidence (including evidence presented here) confirms that own account operators, more so female operators, tend to face greater constraints and to have lower earnings on average than informal entrepreneurs.

<sup>3</sup> It should be noted that not all persons engaged in these occupations are self-employed. Notably, many garment makers are industrial outworkers who work on a sub-contract for a piece rate. However, this case study will focus on the self-employed within these occupational groups.

Through a mix of organising strategies and development interventions, which will be described in Section II below, SEWA has helped each of these occupational groups overcome a number of barriers to the security and growth of their businesses.

### C. Case Study

This case study will examine the constraints to growth faced by these six occupational groups and describe the strategies of SEWA to help its members overcome these constraints. The next section summarises the generic constraints in the wider environment common to most informal entrepreneurs, especially women, as well as SEWA's overall structure and strategies. Sections III and IV describe the constraints specific to, respectively, the two urban and four rural occupational groups as well as SEWA's responses to each. The final section provides a synthesis analysis of the constraints faced by women informal operators and SEWA's responses.

## II. Generic Constraints and Responses

While many of the constraints faced by informal entrepreneurs can best be understood in an occupation or industry-specific context, as the examples in Section III and IV will illustrate, most informal entrepreneurs in India face certain common constraints: notably, limited (or no) access to capital, other productive assets, education/training, health care and child care, infrastructure services, markets, technical assistance, organisation and bargaining power, and, most fundamentally perhaps, economic alternatives. While each of these constraints is widespread, they are particularly acute for certain social groups – notably, the lower castes and women – and more so for those living in remote rural areas. This is because a) social norms relating to the roles and relationships of different castes and of men and women serve to limit the mobility and options of all members of the lower castes and of women across most castes; and b) public goods and services, whether provided by government, by non-governmental organizations, or through the market, tend to be less available or dependable in remote rural areas (compared to urban areas). Refer to Box 1 for a schematic summary of why women entrepreneurs in general and women entrepreneurs in remote rural areas in particular lack access to certain key resources and services:

### Box 1: Women Entrepreneurs: Limited Access to Key Resources and Services

RESOURCES/SERVICES	LIMITED ACCESS DUE TO:	
	GENDER	GEOGRAPHY
Capital	lack of collateral illiteracy small profit margins	low coverage due to: delivery + monitoring problems
Productive Assets	patrilineal inheritance system patriarchal/class biases in distribution of public resources	lack of government oversight in distribution of public resources
Social Services	limited resources	low coverage: as above

	limited self-awareness of rights/entitlements limited public awareness of importance of child care for women operators	
Infrastructure	women tend to work long hours at home or in open air	poor infrastructure few infrastructure services harsh conditions in many rural areas
Technical Assistance/Training	limited public awareness of women-specific technical needs	low coverage: as above lack of appropriate technical R &D services
Organization and Representation	male-bias in: government cooperatives, local social institutions, trade unions female isolation	relatively few local organisations
Markets	lack of market knowledge lack of market experience lack of mobility	lack of local purchasing power costs of transport
Economic Alternatives	gender norms that constrain mobility and options of women	limited alternatives, especially in drought-prone areas

## B. SEWA's Strategies and Structure

The Self-Employed Women's Association (SEWA), founded in 1972, is a trade union of women who earn their livelihoods by running small businesses, working under a sub-contract for a piece rate, or selling their labor.<sup>4</sup> With over 550,000 members in 2003, SEWA is the first and largest trade union of informal entrepreneurs and workers in India.<sup>5</sup> SEWA's objectives are to increase the self-reliance as well as the economic and social security of its members.

<sup>4</sup> SEWA was an outgrowth of the Textile Labour Association, the main trade union of textile workers in Ahmedabad City. For the first half of the last century, Ahmedabad was the textile capital of India: often called the Manchester of India. During the 1970s and 1980s, most of the large textile mills in Ahmedabad closed: leaving 100,000 or so retrenched workers (mainly men) to find alternative employment. Many of the retrenched textile workers now compete for opportunities with the traditional informal workforce.

<sup>5</sup> By late-2003, when this case study was finalized, membership in the SEWA Union had grown to nearly 550,000.

To promote its objectives, SEWA pursues a mix of what it calls “struggle” and “development” strategies: that is, *union activities* to address constraints and demand change (in existing programs, policies, laws, and regulations) and *development interventions* to provide needed services and promote alternative economic opportunities. To pursue these two strategies, SEWA has established over the years a “sisterhood” of institutions:

- ◆ SEWA Urban: recruits and organizes SEWA’s urban members; engages in collective bargaining and advocacy with and for its members; provides legal services to its members (registered and operates as a trade union with a federated structure of representatives elected every three years)
- ◆ SEWA Rural: recruits and organize SEWA’s rural members; creates alternative employment opportunities; provides an integrated set of services in rural areas (including financial services in collaboration with the SEWA Bank); and mobilizes various campaigns for SEWA’s rural members (organizes and oversees a federated structure of registered village groups, including producer groups and local associations, and their elected representatives)
- ◆ SEWA Academy: provides various kinds of leadership and skills training to SEWA membership; undertakes relevant action research (to highlight the situation of SEWA’s members, diagnose the conditions under which they work, and assess the impact of SEWA’s interventions); and provides communication services (including video services) to SEWA as a whole.
- ◆ SEWA Bank: provides financial services (range of credit and savings products) to SEWA members (registered and operates as a cooperative bank with SEWA members as shareholders and majority membership of the governing board)
- ◆ SEWA Social Security: provides health and child care services to SEWA members through a cadre of trained members who are organized into registered service cooperatives; provides an integrated package of insurance services to its members (initially, in collaboration with SEWA Bank; in the near future, through a registered cooperative insurance company currently being incorporated by SEWA)
- ◆ SEWA Housing: provides housing, and infrastructure services to SEWA members
- ◆ SEWA Marketing: provides produce development and marketing services designed to help SEWA members, producing a wide variety of goods, reach local, state, national, and international markets

The essential central strategy in all of these efforts is organizing. All of SEWA’s members belong to the central SEWA Union, registered as a trade union. SEWA also promotes other membership-based organizations of its members, notably cooperatives, savings and credit groups, and producer groups. These are federated into district-level associations and a state-wide cooperative federation: the Gujarat State SEWA Cooperative Federation. The

state-wide federation includes all women's cooperatives in Gujarat state, the majority of which are promoted by SEWA.

The following examples should serve to illustrate how these sister institutions work together to promote the well-being, the self-reliance, and the collective strength of SEWA's members.

### **III. Urban Cases: Street Vendors and Garment Makers**

#### **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. A recent survey, which was specifically designed to capture home-based and street-based work, suggests that there may be about 80,000 vendors in Ahmedabad City, representing nearly 7 per cent of the estimated informal workforce. This study estimates that street vending operations represent nearly one out of five informal enterprises (17%); that the net earnings of street vendors average Rs. 28,142 per year (\$651<sup>6</sup>); and that the net value-added per street vending operation averages Rs. 41,952 per year (\$971) (Rani and Unni 2000). In terms of employment, 90 per cent of employment in trade, hotels, and restaurants is informal: of which 43 per cent are street vendors (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 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 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 (\$35) and rented for 10 rupees per day (23 cents). From haggling in the wholesale markets at 4:00 in the morning, to walking the roads in the middle-class colonies or sitting in a congested market unprotected 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, those who sell perishable goods like vegetables or fish earn less than those who sell

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<sup>6</sup> Rupee figures in this report are converted to dollars using appropriate market exchange rates obtained from OANDA.com . For recent years, these were 1996: 35.44 Indian Rupees to 1 US Dollar; 1997: 36.34; 1998: 41.29; 1999: 43.06; 2000: 44.95; 2001: 47.23; 2002: 48.68; and 2003 (using data from first 3 quarters): 47.17.

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).

A recent study in Ahmedabad City (carried out in the late 1990s) found the average daily net earnings of street vendors and other informal operators, deducting daily costs of purchased goods and transport, to be as follows:



## BOX 2: Daily Net Earnings from Common Informal Occupations (January 2000)\*

1. The least remunerative work was female sub-contract work as bidi-rollers, incense-stick rollers, and garment-makers:  
Rs. 17– 30 per day, depending on output.
2. The moderately remunerative work included female own account vending, own account tailoring, and casual wage work; and male own account vending and semi-permanent wage work, as follows:
  - Own Account Vending – female:
    - Rs. 25–30 per day – inexperienced vegetable vendors
    - Rs. 60–100 per day – experienced vegetable vendors
  - Own Account Tailoring – female:
    - Rs. 85 per day
  - Casual Wage – female:
    - Rs. 60–80 per day – construction work
  - Own Account Vending – male:
    - Rs. 40–85 per day – soap, garlic, and onion vendors
    - Rs. 80–100 per day – vegetable and fruit vendors
    - Rs. 100–165 per day – incense sticks, bag, sandal vendors
  - Semi-Permanent Wage – male:
    - Rs. 40–45 per day – powerloom workshops
    - Rs. 65–85 per day – embroidery workshops
    - Rs. 100–140 per day – tailoring, metal valve, and screen printing workshops
    - Rs. 120–160 per day – diamond polishing workshops
3. The most remunerative work was male salaried work and (largely) male own account businesses.
  - Salaried Work – male:
    - Rs. 125–210 per day
  - Own Account Tailoring – male:
    - Rs. 125–145 per day
  - Own Account Embroidery – male:
    - Rs. 165 per day
  - Own Account Shops – male\*\*
    - Rs. 150 p.d.
  - Own Account Tire Repair/Sales – male:
    - Rs. 350 per day

Source: Chen and Snodgrass 2001

Notes: \* The average exchange rate in 2000 was US\$ 1 = Rs. 45.1

\*\* *Often small shops are run as family businesses with the wife and/or children helping the household head run the shop. In some rare cases, the wife or a widow runs the shop with the help of her husband and/or son.*

These average net earning figures are somewhat inflated, as the following costs were not deducted: regular costs of capital and storage, and periodic costs of illegal bribes and legal fees and fines.<sup>7</sup>

<sup>7</sup> The *true net earnings* of street vendors should be calculated as follows:

Gross Earnings = volume of sales x price

Net Earnings = gross earnings – normal business costs of purchased goods, transport, storage, capital

True Net Earnings = net earnings – vending-specific costs (bribes, fines, confiscation, eviction, court cases)

There is no reliable data on how much individual vendors pay on average each year in illegal bribes or legal fees (to contest summary warrants in court) and fines (e.g., to recover confiscated goods). However, two aggregate indicators of such costs for street trade as a whole in Ahmedabad City are available. When SEWA won a landmark legal case establishing the right of street vendors in Ahmedabad City to be represented in the courts by SEWA lawyers, the local high court waived 140,000 pending cases of summary warrants. A recent study estimated that the *legal fines* paid to Ahmedabad City – for traffic violations or release of confiscated goods – totalled nearly 8 million rupees and the *illegal bribes* paid to the police, city officials, and others totalled another 35.5 million rupees (Unni and Rani 2000).<sup>8</sup>

#### Occupation-Specific Constraints –

The low earnings on average of street vendors stem from the high costs of doing business in urban settings, especially in large cities such as Ahmedabad. The high costs of doing business is due to several factors that impinge on street vendors in particular: competition for public space and insecure place of work; supply of capital and goods on unfair terms (rather than lack of capital per se); costs of transport; and indirect “taxes” (in the form of bribes, fines, confiscation of goods, and eviction from place of work). All of these factors arise from and are compounded by their ambiguous legal status and their negative public image.

*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 city of Ahmedabad 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 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.

*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. The transport industry seeks to control streets to ensure easy access and movement of their vehicles. While traffic police seek to ensure smooth flow of traffic, city police seek to maintain “law and order”. Most police and local government officials consider vendors to be, at best, a general public nuisance and, at worse, a criminal element. Also, street

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<sup>8</sup> A crore is 10 million rupees. At the prevailing exchange rate at the time of the study, the total came to nearly US \$175,000 in legal fines and nearly US\$ 775,000 in illegal bribes (@ US \$1 = Rs. 46). From Jeemol Unni and Uma Rani, “Urban Informal Sector: Size and Income Generation Processes in Gujarat Part II Published by NCAER, New Delhi May 2000.

vendors and street vendor associations compete against each other for space, for goods, for public recognition. To date, although there is a current effort in India to introduce a national policy towards street vendors, municipal policies, regulations, and legislation are typically biased against street vendors.

*Capital on Unfair Terms* - Like any other entrepreneur or businessperson, street vendors need capital. Unfortunately, given the widespread perception that vendors are, at best, a “nuisance” or, even worse, “thieves” or “vagrants,” banks tend to disregard their need for capital. The result is that vendors have to borrow from private moneylenders or wholesalers. Vegetable and fruit vendors, for instance, begin their business at dawn, when they buy their wares from wholesale merchants or middlemen in the wholesale markets. Since most of these women have little working capital, they are forced to borrow at very high interest rates – around 10 per cent per day on capital advanced (SEWA 1999).

*Uncertain Quantity, Quality, and Price of Goods* – In general, street vendors buy their goods from wholesale markets/traders. In so doing, they face a number of constraints relating to the availability and price of these goods. To begin with, powerful wholesale traders dominate the wholesale markets, 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 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.<sup>9</sup> The vendors complain that they have not been able to pass all of this cost onto their customers. Moreover, if they sell on credit, as many vendors have to, they suffer from severe cash flow problems (SEWA 1988).<sup>10</sup>

*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 or to sprinkle on their perishable goods (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.

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<sup>9</sup> 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.

<sup>10</sup>In 2002, SEWA Bank introduced a new loan product designed to meet the daily capital need of street vendors.

*Costs of Transport* – Many vendors of less-perishable goods travel long distances – often across state borders – to buy or sell products. At various checkpoints, they are often harassed by police or by local/state tax authorities. Of course, all those who travel for their business – e.g. truckers – are subject to bribes. However, street vendors often face greater harassment or disproportionately large bribes, as vendors are widely considered to be thieves or vagrants, not genuine business people.

*Ambiguous Legal Status* - Street vendors face constant threats, harassment, and eviction by police and civic authorities. There are no clear official guidelines, policies, regulations, or laws as to how to regulate vendors. Historically, street vending in India has been governed, at least in theory, by a confusing mix of laws, ranging from municipal, traffic, and railway acts to criminal law to various laws concerning public parks and other public spaces. In most such laws, the sections covering vendors date back to earlier laws, which can be traced, back to British laws, many of which can in turn be traced back to the Poor Laws enacted in Britain at the beginning of the 19<sup>th</sup> century. The basic common stipulation in these laws is that a person does not have the right to sell in a public space, unless the authority in charge of that space gives him/her the permission to vend. In other words, the public authority in question has the discretion to allow or disallow vending. 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”. This ambiguous legal status leaves most street vendors at the mercy of police and other public authorities and of the local dons (*goondas*) who compete for control over public space.

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).

*Competition from Vested Interests* - Most street vendors are, ostensibly, self-employed. However, because they operate in a highly competitive trade and in public spaces, they are subject to control by two sets of vested interest groups. The first set operates within the trade itself and includes wholesale traders, retail traders, competing street vendors, and customers. The second set operates outside the trade but competes for urban space

and includes local government or municipal officials, traffic and city police, the transport industry, and the general public.

Powerful wholesale traders, in collusion with municipal officials, control the wholesale markets, including the allocation of stalls within the markets, the control of vending space outside the markets, and the setting of prices. Moreover, many vendors remain indebted to one or more wholesale traders who provide them goods on credit. When the wholesale trader controls the line of credit, he is able to exert even greater control over the quantity, quality, and price of goods he sells to the vendor. Retail traders seek to control space in front of their establishments and to harass vendors who operate near their establishments, especially if they sell similar goods at lower prices. In recent years, many residential neighbourhoods in West Ahmedabad have chosen to become “gated communities” with security fencing and guards. When residential areas make this change, mobile hawkers no longer have easy access to their regular customers within these communities. Some gated communities establish rules for which hawkers can canvass the neighbourhood and at what times.

*Violence and Crime* – Whereas street traders are often targets of crime (mainly robberies but also rapes) in many cities around the world, crime seems less of a problem than violence and harassment in Ahmedabad City. Violence from the police – in the form of, mainly, beatings - is a fact of life for them. The threat of violence from other municipal authorities and from local dons (*goondas*) also leaves them feeling threatened: so much so that vendors tend to be frightened by the mere sight of a municipal or police van.

*Costs of Doing Business* - In sum, the relative costs of street vendors doing business depends heavily on the behaviour of more-powerful vested interest groups both within and outside the trade. They often are denied a place to vend, are evicted from their chosen place of vending, or have their goods confiscated. Each of these interventions by local government officials and police causes significant short-term loss of income and contributes to a longer-term sense of insecurity. Furthermore, the wholesale traders who control the quantity, quality, and price of goods – as well as advance loans at high interest rates – control the volume and margins of trade.

*Restrictive Social Norms* - Compounding these economic and political forces, caste norms determine which caste groups take up street vending and gender norms determine whether or not women within these castes can be street vendors. Whereas street vendors are drawn from all castes and religious communities, the majority tend to belong to lower caste groups or the Muslim community.

What, then, do the street vendors control themselves? Most own the “tools” of their trade: the mat, basket, cart, or bicycle they use to sell goods and the scales and weights they use to measure goods. But some of those who use carts or bicycles have to rent them. Within traditional street vending castes, depending on the goods being sold, the necessary skills and knowledge are passed down from father-to-son, from mother-to-daughter, or bilaterally. This represents an informal apprenticeship system where business skills, space for vending and even linkages with customers are passed on. As

one vendor explains: “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.”<sup>11</sup>

In sum, street vendors of Ahmedabad (and other cities and towns of India) need a comprehensive policy which will integrate them and their concerns (market space, licenses) into urban planning and provide for both representative voice and a regulatory framework that recognises their significant economic contribution through the distribution of basic goods and services at affordable prices in accessible places.

#### SEWA’s Strategies and Interventions -

Street vendors were among the first members of SEWA. Since the early 1970s, therefore, SEWA has undertaken a range of interventions to help them overcome the constraints outlined above:

*Financial Constraint:* SEWA Bank was set up in 1974 as need for capital was a major constraint of SEWA members, with an initial share capital of 60,000 rupees (\$1300) collected from 5000 women, most of whom were vendors. At present the Bank has over 200,000 depositors, and a working capital of Rs 850 million (\$18 million). In the past, street vendors have used the standard loans from SEWA Bank as investment capital to upgrade their mode of selling: that is, to go from a basket to a cart to a small shop. Recently, SEWA Bank has introduced a special working capital loan for street vendors - called the “Daily Loan” - whereby vendors can borrow and make repayments on a daily basis.

SEWA Bank provides timely financial services at the “doorstep” of its member’s homes or directly in their marketplaces, through a network of local union leaders (aagevans) and two cadres of community-level bank staff (bank “companions” and “handholders”). Through these cadre, savings are collected daily at the home or the marketplace and loans may also be approved within a few days, without a vendor having to take valuable time off to visit the Bank premises. The Bank is self-sustainable and pays the legally maximum dividend to its shareholders, most of whom are SEWA members.

*Policy Constraint:* The major issue facing street vendors is the lack of recognition of their important role and contribution to the economy of the city. This results in laws and policies which are discriminatory and which view them as “nuisances” to be removed rather than as “entrepreneurs” to be encouraged. SEWA has been addressing this issue at several levels.

Legal Actions - Since the laws and policies are decidedly anti-vendors, SEWA has been approaching the courts to protect the rights of the vendors. The main argument made by SEWA is that policies that aim at removing vendors violate their constitutional right to earn a living. In 1983, SEWA first approached the Supreme

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<sup>11</sup> Verbal communication with Chandaben Jagaria, Founder-member, SEWA Bank, September 2002

Court of India on behalf of the street traders of Manek Chowk, who had been removed from their traditional vending places by the city authorities. These vendors had been trading in the same spots for generations, but were removed summarily without any provision for alternative space. The Supreme Court urged the Municipality to confer with SEWA and come to a solution: this solution was endorsed by the 1989 Supreme Court judgement on the “Right to Trade”.

SEWA has also regularly approached the traffic courts where the vendors have to appear when they are charged by the police. Hundreds of thousands of cases are filed in these courts where vendors routinely are expected to plead guilty and pay a heavy fine. In 1992, SEWA approached the High Court of Gujarat to protect the right of vendors to sell in five market areas in Ahmedabad where nearly 900 vendors sell their goods. The High Court ordered that the vendors in these areas were not to be removed; and dismissed 140,000 pending cases filed against vendors in the traffic court.

Working with the City - SEWA has tried to work closely with the city authorities and the police to find amicable solutions that meet the needs of all parties involved. In many areas of the city, SEWA has worked with the traffic police, local shop owners, consumers and the municipality to carve out a space for street vendors, which does not interfere with the flow of traffic or of customers to regular shops. This space is managed by a Market Committee of street vendors, and a daily fee is collected by them.

Information and Identification - Since street vendors have no legal status there is no information or statistics on who they are, how many there are, or even where they vend. As far as the city is concerned, since they have no identity they have no place of business to be recorded; hence, even if the city wished to formulate a positive policy on street trade they would not have the necessary information to do so. Therefore, SEWA has been gathering this information in different ways and sharing it with the authorities: including, a number of surveys about the socio-economic conditions of street vendors in Gujarat; and a 1999 census of both mobile and stationary enumerated about 30,000 stationary and another 68,000 mobile vendors. In association with the local School of Architecture, SEWA did a “mapping” of the market places occupied by street vendors all over Ahmedabad City. This map is being used now by the Government of Gujarat to formulate a policy for street vendors.

National Alliance of Street Vendors and the National Policy for Street Vendors - Over the past decade, with liberalization and the opening up of the economy, the pressure on street vendors has only intensified in most cities across the country. In response, most cities have adopted policies to get rid of street vendors. Given this current context, SEWA decided that little more could be done at the local level unless and until the right of street vendors to earn a livelihood was recognized and protected at the national level. So, in 1999, SEWA convened a national meeting of street vendors organizations that led to the formation of the National Alliance of Street

Vendors in India (NASVI). Today, NASVI has over 500 member organizations in 22 states across India; and, among other activities, publishes a bi-monthly newsletter called “Footpath ki Awaz” (“Voice from the Footpath”). NASVI is a founding member of the international alliance of street vendor organizations called StreetNet.

In 2001, with the Ministry of Urban Development, SEWA and NASVI convened a National Conference on Street Vendors. At that conference, a National Task Force was set up with a mandate to draft a National Policy on Street Vendors. Together with other trade unions, SEWA is a member of the task force and also its drafting committee. The National Policy has been drafted and sent to the various state governments of India for comments. Together with the feedback from the various states, the National Policy will then be presented to the Cabinet of the Government of India. The main provisions in this policy are that:

- It recognizes the important contribution of street vendors
- It seeks to give legal status to street vendors
- It recognizes that vendors sit in natural markets, where the customers are.
- It includes vendors in town planning, reserving at least 2.5% of city space for vendors.
- It abolishes the license system, replacing it with a system of registration with a photo identity card.
- It sets up a town planning committee to decide about the spaces to be allocated to street vendors. At least 40 per cent of the committee members are to be vendor representatives. The Committee will decide where – i.e., at which spaces - vendors can vend and at what times
- It suggests changes in the Police Acts so that vendors are not treated as criminals.
- It suggests a social security fund for vendors
- It suggests special credit schemes and micro-finance for vendors.

## **GARMENT MAKERS**

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. 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 specialise 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). 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.). For several reasons, in addition to its rapid growth, the statistics on the garment industry in Ahmedabad remain incomplete. To begin



with, the garment sector is complex, 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 workers and outworkers) who are not adequately captured in official statistics. Third, the garment sector is dynamic, if not volatile, experiencing rapid changes in the domestic market and rapid (but fluctuating) expansion of the export market.

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. The large factories, including several successful jean-making factories, employ more than 200 workers, mainly women. The smaller factories employ anywhere from 15 to 50 workers, again mainly women. The small workshops are typically operated by a single micro-entrepreneur who hires a few others to work in one or two rooms of his own 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. The home-based operators, on the other hand, are mainly women, who operate at an even smaller scale than the men in the small shops. In this paper we will focus on the home-based women garment makers who constitute perhaps both the largest and the most vulnerable segment of the garment sector.

Due to generic problems in enumerating women workers and specific problems in enumerating home-based workers, it is particularly difficult to estimate the number of home-based garment workers. One recent and careful estimation, undertaken in the late-1990s, puts the number of home-based garment workers as 30,000 (Kantor 1999). However, this estimate has not been updated since then. The home-based garment worker can have one or more of a variety of relationships with the market. These vary from a dependent sub-contract worker who produces for a shopkeeper, manufacturer or contractor, to an independent own account operator who sells directly in the market. In real life, many garment makers are neither purely independent nor purely dependent, as below:

- ◆ **Outworkers or homeworkers:** 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 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 or household and the individual/household buys the materials and produces according to the specification of the firm.
- ◆ **Dual-status producers:** who get some work from the trader and produce for him on a piece-rate basis but also buy raw materials on their own and produce for

others. Piece-rate work is generally rather seasonal. During festival and marriage seasons there is more work and homeworkers 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.

- ◆ **Independent garment makers:** who produce on their own with or without the help of other family members and sell the products in the open market. In some households, the whole family is involved in the 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.

#### Occupation-Specific Constraints -

Home-based operators face a large number of constraints, which can be usefully classified as follows: poor infrastructure; uncertain tenure of house/workplace; lack of infrastructure services, notably electricity; market fluctuations and lack of market knowledge; and lack of access to new technology and skills.

*Poor Infrastructure* - For home-based garment workers infrastructure is a major constraint. On one hand, the home-based operators could be considered more “efficient” than entrepreneurs who run workshops or factories, as they do not incur extra costs for their workplace. At the same time, they do not have the added worry and expense of child-care. However, the fact that they use their home as their workplace brings with it a number of major constraints, as follows:

- ◆ **Size of House:** Their homes tend to be small and this causes two types of constraints. First, there is not enough space for a number of machines, or for more people to work. This means that the even if they receive more frequent or larger work orders, they may not be able to complete them. Second, their living space and work space overlap. Of course, this tends to lead to tensions, if not problems, in their family life. But it also often leads to problems relating to the quality of work. Often, because household chores such as cooking, eating, washing, sweeping, care of children take place in the same space, raw materials or finished get dirty or torn. Moreover, the home-based worker is not able to work continuously or pay full attention to her work because of competing demands on her time and attention. As a woman, both her family and she herself are conditioned, respectively, to put demands and to honour claims on her time. Since she is working right in front of their eyes, the family is easily tempted to demand her attention.

“ In my house we are six people and my goat living in one room. I try to work on my machine only at night when all are asleep or during the afternoon when they are all out. But where can I store the cloth? Sometimes when it rains or when there are more people in the house, the

cloth gets stained and then all my work is rejected and I have to pay for the spoiled cloth” (Kulsoom-bibi, home-based garment maker)

- ◆ **Quality of Construction:** Apart from being, small the house is also often constructed of impermanent (*kuccha*) materials. This makes it vulnerable to both weather and pests. During the monsoon season, for example, women often have to stop working because water gets into the house and, even, ruins their products. At the same time, the lack of solid flooring and walls attracts mice and other pests, which might damage their products and even their machine/s.

*Uncertain Tenure of House/Workplace* - For home-based garment makers, as with other home-based producers, the uncertain tenure of their home-cum-workplace is a major constraint. In Ahmedabad and other cities of India, most of the working poor live in slums (commonly called *chawls*). Occupancy of both land and dwellings in these slums is often “illegal” in that the local municipality has not approved the area for dwelling purposes and the buildings do not have the required (“Building Use”) permits. This “illegal” status means that slum households often do not receive services such as water, sanitation and especially electricity. The uncertainty of tenure and the possibility of eviction discourage home-based workers from making improvements or investments in their home-cum-workplace.

In such situations, the Municipality can arbitrarily decide that the land should be used for a different purpose and evict those who have been living there for some time. Evictions are deeply upsetting events for all those evicted, but particularly for those who work at home. Apart from the total disruption and dislocation of their lives, their businesses are affected in the following ways:

- ◆ They lose their house that is also their workplace. Generally, they are not able to find another house quickly, and even when they do it is often smaller, of inferior construction, and located in another part of the city
- ◆ Their sewing machines and other equipment are often damaged and, sometimes, their raw materials/finished goods are lost, especially if the eviction has been carried out summarily.
- ◆ They are forced to live at some distance from their original place of business, and further away from the source of raw materials and markets. This means that they have to re-establish their business in the new locale, or else commute to their old residence/workplace. Under the first scenario, they have to reinvest in their workplace and on equipment, build new commercial relationships, identify new markets for raw materials and finished goods: all of this means that they are likely run at a loss in the first few years. Under the second scenario, they have greater direct costs (on transport) and opportunity costs (lost production time): which means their average net earnings are likely to decline.

*Lack of Infrastructure Services, Notably Electricity* – Lack of electricity is a major constraint for home-based producers in general and garment makers in particular. Their productivity depends heavily on what type of sewing machine they operate: productivity

on a sewing machine is almost tripled by replacing a foot-pedal with a machine. So many garment makers invest in an electric motor for their old manual sewing machines or buy new electrical ones. However, if their homes are “unauthorised” (as described above), the local electrical company) will not supply electricity. The company has a rule that they will provide electricity only to persons who can show proof of having paid their municipal taxes. In some instances, however, even if the households are willing to pay, the municipality refuses to accept their taxes. This is because often the land on which they live is under dispute and the City is unable to classify the residents and hence unable to collect taxes from them.

Most households get around this problem by accessing electricity illegally. “Illegal” electricity is sold by persons who either are able to get a legal electrical connection because they have an authorised construction in their name or who tap into a nearby electrical line illegally. Whichever source of “illegal” electricity customers buy from, they have to pay above-market rates. Moreover, the supply of “illegal” electricity is often low and irregular. Producers who have to depend on “illegal” sources of electricity cannot, therefore, plan their production or work to full capacity. At the same time, the electrical company loses considerable amounts of revenue.

Lack of water and sanitation are also major problems for home-based producers. This is especially true of women who have the responsibility for collecting water and for washing, cleaning and bathing children. Due to lack of water, they often have to spend long hours, away from their productive work, standing in queues at municipal water taps waiting for their turn to collect water.

*Market Fluctuations and Lack of Market Information* - Most garment 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 local garment market. Most festivals and weddings take place - from September to February - is the peak season for garment sales. Just before and during this peak season, the volume of 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 garment makers shift to other occupations: for instance, rolling bidis or incense sticks.

There are also seasonal and other fluctuations in the domestic and international garment markets. The problem here is that the home-based workers do not have direct access to information on these shifting markets, and learn about changes in demand only secondhand through middlemen or contractors. This is partly due to cultural norms that restrict women from moving freely about in local markets and, thus, from establishing direct contacts with persons who have this information. This is also partly due to the fact that medium to large-sized enterprises are simply better positioned, through direct access to buyers as well as through information technology, to detect shifts in domestic and international markets and to compete for market orders.

*Technology and Skills* – Fashion, and thereby products, in the garment sector market change rapidly. A decade ago, women mainly made 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. Many home-based garment workers would like to graduate to using improved sewing machines, but simply cannot afford to do so. In addition, many types of work, which used to be done by hand such as making buttonholes and hemming, now are done on special machines or using special gadgets added to existing electrical machines (Jhabvala and Kanbur 2002).

The garment industry is particularly susceptible to whims of fashion and to quality control. 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.

SEWA’s Responses –

SEWA has played a pioneering role in both highlighting and addressing the fact that a house is not only a dwelling unit, but also a workplace. SEWA Bank offers housing loans to its members to expand their houses - to add a workplace, an extra room, and an extra floor - or to buy new homes. The Bank has also been giving smaller loans to convert the floors, walls, and ceilings/roofs of their homes from impermanent or less durable materials (mud, bamboo, thatch) to more permanent or durable ones (cement, bricks, tiles). Typically, women take a series of small loans to upgrade their walls, floors, and roofs, in that rough order. In the fiscal year 2002- 2003, SEWA Bank extended housing loans worth 250 million rupees (\$5.4 million) to 1300 women. Most of the loanees used their housing loans to upgrade their existing houses, although some used them to buy new houses. About three-quarters of the housing loans were unsecured: that is, no collateral was required.

### **Box 3: A New Front Porch Becomes a Workplace**

Moti-ben (40), who spins cotton thread at home for a living, took three loans totaling 18,000 rupees to improve her house. She used the loans to build a front porch, tile her clay floor, and plaster the house: these improvements have helped increase her productivity considerably. Since she now uses the new porch as her workplace, the daily activities of other family members no longer disturb her work. The clay floor used to get wet and slippery, damaging the yarn and reducing the productivity of her spinning wheel (*charkha*). So much so that Moti-ben used to have to suspend her work during the monsoon. The plastered walls have reduced the moisture during the monsoon days. Due to the changes in her house, Moti-ben finds that her productivity has tripled, and her earnings have increased from 700 to 2,000 rupees per month.

SEWA and its sister organisation SEWA Housing (actually called Mahila Housing Trust) have worked to address the problems of housing and infrastructure in the following ways:

- ◆ **Fighting Evictions:** Fighting against unjust evictions and trying to get rehabilitation for the evicted. Consider the case of Nanu-ben who is a “model” client of the SEWA Bank (see Box 4).

#### **Box 4: From 10 Rupees to 700,000 Rupees**

Nanu-ben migrated to Ahmedabad with her husband 20 years ago with only 10 rupees in her pocket. She and her husband set up a business buying, repairing and selling old clothes. Her first loan from SEWA Bank was for capital to expand her business. Then she took a loan to buy a sewing machine; and, after that, a loan to build a small house. Nanu-ben took 12 loans altogether and built a business worth over 700,000 rupees. Unfortunately, the Ahmedabad City authorities decided that the house and area where she had built up her business were not legal and made plans to demolish her building and evict her. As the bulldozers neared her house, Nanu-ben rushed to SEWA. SEWA was able to get a stay order from the High Court to postpone the eviction. Today, SEWA is negotiating with the city authorities about alternative sites for Nanu-ben and others in the area.

- ◆ **Partnering for Slum Infrastructure Development:** The Government of Gujarat has been working on a Slum Policy for Gujarat, using the National Slum Policy as the base. Both SEWA and SEWA Housing (the Mahila SEWA Trust) are members of the Steering Committee on the National Policy and have contributed to bringing the issues of workers, particularly home-based workers and street vendors, into the policy. In particular, SEWA has insisted on a rehabilitation policy for slums that are moved and on a policy to provide basic infrastructure to all slums.

SEWA has also been working with the Municipality to provide infrastructure to slums, even where the dwellings are not authorised. Under an on-going innovative slum development program called Parivartan (or “Change”), the Municipality, slum communities, non-governmental organizations, and private companies have worked together to bring basic infrastructure to the slums. In Ahmedabad there are more than 1000 slums most of which do not have basic infrastructure: for instance, less than one-quarter ( 23%) of slum households in Ahmedabad have individual water connections. The Parivartan program was designed to provide an integrated package of services including:

- Water supply to individual households.
- Underground sewerage link for individual household
- Individual toilets
- Storm water drainage
- Street lighting
- Solid waste management
- Roads and paving

- Landscaping
- Community Development

Each slum household pays one third of the cost, the municipality pays one third, and the remaining third is raised from the private sector. Each slum community forms a Community Based Organization (CBO), which is responsible for the collection and management of the contributions raised. After the infrastructure has been provided, the CBO provides maintenance of the facilities as well as services such as literacy classes, health care, and childcare. SEWA helps in organizing the slum communities; and SEWA Bank provides loans as needed.

- ◆ **Arranging for Electrical Supply:** In trying to arrange for electrical supply, including individual meters, to each household, SEWA faces two major constraints. The first, described above, stems from the fact that many of the households are considered to be “unauthorised dwellings” The other constraint is that in order to get “legal” electricity each household has to make an initial deposit of 6000 rupees. SEWA Housing has been working closely with the Ahmedabad Electrical Corporation and the Gujarat Electricity Board to overcome these two problems. To address the problem of authorisation, new procedures have been worked out which allow the Municipality and Electricity Company to co-ordinate on deciding which dwellings can receive electricity. Also, SEWA Bank now offers a special loan for the purchase of electrical meters.

SEWA has also been addressing the problems of market access, access to technology and skills in the following ways:

- ◆ **Action Research on Garment Workers:** As part of its on-going collaboration with the National Council of Applied Economics Research (NCAER), a leading national research organization, SEWA undertook a study on garment workers. The aim of the study was to identify the value chains in which garment workers are situated and to initiate actions that would increase their share of value added within the value chain. This research investigated ten interrelated themes, as follows: garment industry structure and status: emerging global environment (including WTO and its impact); macro- and industry-specific policies; products, markets and behavior of links in the chain; technology, equipment, and tools; fabrics, materials, and products; management systems and practices; wages and labor laws; skill profiles, learning needs and patterns of learning behavior; and gender related issues. The study made an intensive survey of the present skills of the women and looked at what skills would be required to meet the demands of emerging markets. Recently, SEWA entered into an agreement with the National Institute of Fashion Technology to provide stitching and production management skills to women.
- ◆ **Direct Access to Markets:** SEWA has set up a marketing facility, called the Trade Facilitation Centre (TFC), to link rural artisans and producers with the

national, international, global and virtual marketplace. In order to achieve its goals, the TFC tries to access the latest management tools and information technology to realize the true potential of the products produced by the artisans and to connect them with targeted markets globally. In 2001, just 1.5 years after its establishment, the TFC realized a 62 percent growth in overall sales and 311 percent growth in exports over the preceding year. The plan is that in five years the STFC, which is incorporated as a company, will have developed into a profitable institution, dedicated to assisting the poorest women to market their own products locally, nationally, regionally and internationally. This business model operates on the principle that the majority of shareholders are the artisans themselves, many of them from the semi-arid and disaster-prone regions described below.

#### **IV. Rural Cases: Small Farmers, Gum Collectors, Artisan Embroiderers, and Salt Farmers**

Although initially founded as an urban trade union, SEWA began working in rural areas of Gujarat in the late 1970s. Over the past 15 years, SEWA's rural activities have expanded rapidly, especially in the most drought-prone regions. Two-thirds of SEWA's membership is now rural. The rural case studies, presented here, are from a semi-desert region of Gujarat facing multiple disasters such as recurrent droughts and floods, periodic cyclones, and an earthquake: specifically, Banaskantha and Kutch districts – where SEWA first began working in 1989.

##### **SMALL FARMERS**

Agriculture remains a primary source of livelihood for families throughout Gujarat and India more broadly. Women farmers from small farm households represent one of the largest SEWA constituencies, constituting two-thirds of its rural membership and over half (54%) of its total membership. Small farmers are particularly vulnerable given their dependence on rain: most of the areas where SEWA works in rural Gujarat are drought-prone and non-irrigated. The crops commonly produced include wheat, millet, castor, pulses, fenugreek, cumin and fennel.

Much of the agricultural produce in Gujarat would meet the criteria to be certified as “organic”. This is because the use of chemical fertilizers and high-yielding seed varieties has not spread significantly in drought-prone and non-irrigated areas of India. While there is little premium for organic products in the domestic market, there is a substantial international market for organic products. However, several factors limit the ability of small, rural producers to tap this market, including: limited access to transportation and infrastructure, such as storage facilities; inadequate irrigation facilities; limited access to credit; and unreliable yields (in terms of both quantity and quality). In addition to these constraints, small farmers have limited access to appropriate technology. To begin with, there is little (if any) on-going research for drought prone and saline areas. Moreover, whatever limited research is being done does not get transferred and disseminated. The



net result is that access to technology remains a distant dream for small farmers, especially in remote semi-arid regions.

#### Occupation-Specific Constraints -

*Lack of Irrigation* - In the drought-prone districts of Banaskantha and Kutch, the lack of water affects every aspect of people's lives, especially the lives of women (who are responsible for fetching water from wherever it is available). The lack of irrigation means that all agricultural production is rain-fed and remains, therefore, a gamble on the monsoon.

*Credit on Unfair Terms* - Historically, agricultural producers have been dependent on traders and moneylenders for their working capital due to their inability to access formal capital markets. Due to the high costs of inputs, and their lack of access to formal sources of capital, small farmers are under constant pressure to raise capital. This has created an unrelenting cycle of debt for many farmers who, due to the vulnerable and uncertain nature of agriculture, have been unable to pay off the exorbitant interest rates demanded of them.

*Lack of Appropriate Technology* - A principal constraint identified by small farmers, especially in drought-prone areas, is limited access to appropriate agricultural technology. In the absence of technical advice and inputs, such as new hybrid seeds, local crop yields often are low and do not meet quality standards of the market. It is difficult, therefore, for small farmers in rain-fed areas to compete with larger farmers in irrigated areas who have access to the latest technology and information on agricultural production.

*Lack of Market Knowledge and Access* - As the Indian economy liberalizes, farmers need to be prepared and able to compete: against newly- imported commodities and for new export markets. To compete effectively requires up-to-date market information as well as appropriate technology and adequate infrastructure. Most small farmers, especially in remote drought-prone areas and more so women farmers, have little knowledge of new and expanding markets or of the rules and regulations related to trading commodities in the world market. For this reason, and for the other reasons discussed here, they remain ill equipped to compete on either front – against imported goods or for new export markets.

*Lack of Transport* - There is no government-run public transport system in these remote areas to transfer the produce from the farm to the market. In the absence of public transport, farmers have to use commercial transport or rely on private traders and middlemen. Given the high cost of private transport, most small farmers are effectively denied direct market access.

#### SEWA's Response to Constraints faced by Small Farmers -

For the past 15 years, SEWA Rural has developed an integrated strategy to help the small farmers among its rural membership address many of these constraints. The key

components of this program include capacity building of small farmers; water harvesting and management; development of market linkages; and provision of social services and social security.

As a first important step, to ensure its strategies are need-based, to facilitate the active participation of its members, and to ensure the long-term institutional sustainability of its work, SEWA Rural organizes small farmers into cooperatives or other local associations (e.g. watershed management committees). Working with and through these local membership-based organizations, SEWA Rural seeks to address the needs of the farmers in a number of ways. As SEWA members, small farmers have access to the financial services offered by the SEWA Bank. In addition, SEWA Marketing provides loans to set up local revolving funds to finance the start-up capital necessary to purchase seeds and technical equipment; or, in some instances, provides seeds and other inputs directly.

To harvest and manage water, SEWA Rural has organized its members in 30 villages to take a leadership role in watershed development. SEWA-organized village water committees, using government funds as well as community funds and labor, construct water-harvesting structures under the guidance of irrigation engineers.

To address the technology gap, SEWA Rural seeks to link small farmers to leading agricultural research institutions in India and to relevant government-sponsored programs. Through partnerships with the Indian Council of Agricultural Research and the Gujarat Agricultural University, agricultural consultants now provide expert technical advice to SEWA's members involved in agricultural production.

SEWA Marketing provides marketing assistance, market information (including prices), and expanded access to markets; and also periodically organizes an event called the "Krishi Bazaar". The Krishi Bazaar provides a forum for small agricultural producers to meet with wholesale buyers to negotiate contracts directly as opposed to having to rely on middlemen. Finally, SEWA runs a wholesale shop in one of the largest wholesale vegetable markets in Ahmedabad City: this shop purchases agricultural produce from small farmers organized by SEWA and sells the produce to street vendors organized by SEWA – thus, effectively, replacing the wholesale trader. In 2002, over 525 vegetable growers, organized into 25 producer groups, sold over 4 million rupees (\$ 88,000) worth of vegetables through this store.

In addition to the variety of services detailed above, SEWA Rural has initiated an Agriculture Campaign. The Trade Committee of Agriculture Workers in the SEWA Union meets every month in each district providing a forum where members can voice their concerns. Elected leaders from each district Trade Committee constitute the leadership of the Agriculture Campaign. The Agriculture Campaign works to promote appropriate policy changes, technical inputs, and capacity building. This campaign has established a platform from which SEWA has effectively lobbied for policy changes and programs that will benefit small farmers and agricultural laborers. Through its conversations with farmers, SEWA has identified a number of specific policy recommendations to government, including: assistance in the establishment of

agricultural cooperatives and promotion of traditional and sustainable agricultural practices. The leadership of the Agriculture Campaign organized a Policy Round Table on Agriculture between SEWA members and the Ministry of Agriculture, Government of India. That round-table discussion resulted in a Memorandum of Understanding stipulating that a core cell will be set up within the Ministry to undertake small studies and other activities in support of small and marginal farmers.

Finally, in addition to training specific to agriculture, SEWA works to train its members in various productive skills to expand their economic alternatives. These include both agriculture-related and non-agricultural skills. Two agriculture-related skills for which SEWA provides training are cattle rearing and nursery plantation. These training courses include orientation on setting up fodder banks and seed banks, as well as cultivation of improved varieties of fodder.

### **GUM COLLECTORS**

One of the few trees that grows in the saline soil of the arid regions of Gujarat is the *Prosopis Juliflora* tree, a type of gum tree from the mesquite family. Collecting gum is a valuable off-season income for the region: about 80-90 per cent of women in the area engage in gum collection.<sup>12</sup> Following the nationalization of the forests in India, gum and other forest products came 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. Those who obtain a license have to sell the gum to the Forest Development Corporation; to sell in the open market requires a special permit in addition to a license.

Although there is a thriving open market for gum that includes textile and pharmaceutical companies, gum collectors in India have historically been restricted by law to selling their products to the National Forest Department. There are also a number of occupational health hazards associated with gum collection.

#### *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 have no alternative but to sell the gum to middlemen (enterprising village merchants) who offer the women a fraction of the market value for gum. This has resulted in women receiving, at one point, as little as Rs. 4 per kilogram when the open market price hovered around Rs. 22 per kilogram.

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<sup>12</sup> Men do not engage in gum collection but, rather, migrate for work in the agricultural off-season.

*Harsh Working Conditions and Related Occupational Health Problems* – The branches of the Prosopis Juliflora or gum 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. In addition to the hazard posed by the thorns, women must often walk long distances across the hot desert sand to get to the trees, leading to frequent episodes of heatstroke, dehydration and plain exhaustion.

*Lack of Access to Technology* - As with any competitive industry, 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. The gum collectors have little or no access to such information and technology.

*Lack of Economic Alternatives* – Gum collecting is not only arduous and low paying but seasonal and, as such, generates at best a supplemental income. Gum collectors need to have alternative sources of income. Those who do not have alternative opportunities for self-employment in their own locales often migrate in search of wage employment. The only alternative economic opportunities locally available are to work as agriculture labor, to rear cattle, or (in some communities) to do embroidery.

#### SEWA's Response to Constraints Faced by Gum Collectors -

Since 1989, SEWA has worked extensively with the gum collectors to improve their working conditions, increase their access to technology, to address the constraints posed by the regulatory environment, and to develop alternative income opportunities.

SEWA's first move was to organize female gum collectors and obtain the necessary license from the government so that they could sell their product directly to the Gujarat State Forest Development Corporation (GSFDC) which offered a price somewhere in between what the middlemen and the open market were paying. SEWA got the license for collecting gum in 1991. Initially, the earnings of gum collectors doubled from Rs. 4 per kilogram to Rs. 10 per kilogram. However, soon after the women obtained their license, the price offered by the GSFDC fell sharply to a fraction of the open market price. This precipitous drop in price, beginning in 1992, was due to the formation of a cartel among the wholesalers who purchased the gum from the GSFDC (Crowell 2003). Although the price in the open market remained high at Rs. 22 per kilogram, legal restrictions prevented even the licensed gum collectors from selling to anyone other than the government.

In 1996, and again in 1998, SEWA managed to arrange meetings between the Chief Minister of Gujarat and several of SEWA's rural constituencies including the gum collectors. During these meetings, the gum collectors were able to discuss their situation with the Chief Minister. Among other issues raised, they requested the government to lift the restriction on gum sales to the open market so that they could obtain a higher price. The Minister proved responsive to the situation of the gum collectors and arranged for the

gum collectors to sell gum in the open market for one year. During that year, SEWA was able to negotiate several sizable contracts for the women gum collectors. Given this success, in 2000, permission to sell certain forest products in the open market was extended indefinitely – with the result that women are finally able to obtain a fair price for their products.

SEWA Marketing now sells about 60,000 kilograms of gum per year to the textile processing industries, pharmaceutical industries, fire cracker and printing industries: at the rate of Rs. 20 per kg for black gum, Rs. 35 per kg of red gum and Rs. 60 per kg of white gum. The Forest Development Corporation continues to procure gum at the rate of Rs. 9 per kg.

SEWA Rural has also addressed the occupational health hazards faced by the female gum collectors. First, SEWA Rural was able to provide gloves, boot, hats and collection bags to some 1000 gum collectors. In addition, SEWA Rural has pursued an aggressive program of planting gum trees along roads and near villages to cut down on both erosion and the distance that women have to travel to get to the gum trees (Crowell 2003).

SEWA Rural has also worked extensively to facilitate the transfer of appropriate technology and skills so that gum collectors can increase their yields and secure a better price for their products. As part of this effort, SEWA has formed a partnership with the Development Technology and Science Institute (in Bangalore, South India) to develop chemical injection technologies designed to increase gum output. SEWA has also partnered with the Centre for Science for Villages to provide training for women on improved collection techniques and the production of various gum-derived products, such as chocolates, chewing gum, and a variety of Indian sweets.

## **EMBROIDERY ARTISANS**

The arid districts of Banaskantha and Kutch are known for the hand-embroidered products made by women from natural fabrics, including cotton, wool and silk. Historically, most women embroiderers made these items for their own or their daughter's trousseau to use in and around their homes. 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. In addition to limited market access, the embroiderers face limited access to credit, a specific occupational health risk (deteriorating eyesight), and insufficient training contributing to the variability in design, quality and timeliness of production.

SEWA's Response to These Constraints –

In order to increase the earnings of these embroiderers, SEWA Marketing tries to develop marketing outlets for their products in local, national, and international markets. Working with design and marketing consultants, SEWA has developed two lines of embroidered and other products from, respectively, the Banaskantha and Kutch regions

of Gujarat; as well as a marketing channel and a brand name for each of these called, respectively, “Banas Craft” and “Kutch Craft.” For every rupee of goods sold, 65 paise (65%) are paid to the artisan.

To facilitate the marketing of these products, SEWA has partnered with several organizations. For domestic marketing, SEWA has partnered with a Delhi-based marketing organization called Dastakar that provides product development and marketing services to organizations and producer groups throughout India. For export marketing, SEWA has partnered with the World Bank (to co-develop a global trade facilitation network), a US-based non-governmental organization called Aid to Artisans (to attract potential buyers for SEWA products by exhibiting them at major trade shows across the US), and a global action-research network called Women in Informal Employment: Globalizing and Organizing (WIEGO) (to provide design and marketing assistance to develop products for a high-end niche market in the UK). In addition, SEWA has also designed a website to facilitate Internet sales, released product catalogues, participated in handicraft expositions, and arranged fashion shows. All of these efforts and collaborations are designed to provide design, production, and marketing advice to ensure high-quality embroidered products reach appropriate niche markets in India and abroad.

To address concerns related to product uniformity and quality, SEWA capitalized on a three-month intensive training program offered by the Government of Gujarat (called Training for Youth in Self-Employment or TRYSEM for short). This training program teaches participants how to produce uniform products of the highest quality in a stipulated time period so that they may produce their products on a commercial basis. Following the training program, these trainees and other women embroiderers from poor households (below the poverty line) were organized into producers groups under a special scheme for women artisans of a national government program called Development of Women and Children in Rural Areas (DWCRA). By collaborating with the DWRCA Program, SEWA was able to facilitate on-going training and skill development as well as financial resources to the organized groups of embroiderers.

In addition to channeling women into the DWCRA program and linking them to the financial services available through SEWA Bank, SEWA is in the process of establishing one of its more innovative solutions to the problem of constrained credit – a Sample Bank. The concept of a Sample Bank attempts to capitalize on one of the few assets that rural handicraft producers have – priceless pieces of craftwork that have been passed down from generation to generation in their families. Recognizing that one reason for limited credit access is collateral, SEWA is creating a bank that will allow women to deposit these works of art into an account so that they can borrow needed capital against them. A Sample Bank is particularly innovative because in addition to solving the collateral problem, it will serve as a means of preserving cultural heritage. Once it has been fully implemented, the hope is that pieces on deposit will serve as samples from which new training can be based – thereby preserving historical patterns and embroidery techniques.

Aware of the threat that poor eyesight posed to these women's livelihood, SEWA used its own resources to coordinate weekend eye clinics for handicraft producers. By coming to the clinic, women were able to see an ophthalmologist and, if necessary, provided with eyeglasses. In the first year of this program, over 1,000 women participated in the eye clinics, of which 876 were prescribed and received eyeglasses. Cognizant that many families cannot afford healthcare expenses, SEWA subsidized these services with resources from its own capital fund.

In order to ensure better standardization and quality control to streamline production for international markets, SEWA would like to set-up common production centers at the village level, with sufficient space for proper production as well as tools, equipment, storage, lighting, water and sanitation. If production were centralized, a master craftsman could continuously monitor the quality of production. However, to date, SEWA has not been able to find buildings with enough space and with lighting, electricity and water connections in the remote villages where it works.

## **SALT PRODUCERS**

The salt industry in Gujarat employs over 70,000 people and produces approximately 67 percent of India's total salt production (Crowell 2003). Raw inland salt, produced in Banaskantha and Kutch as well as two other arid districts, represents 30 per cent of Gujarat's salt production. 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 sea salt. This pure sea salt is sold for both household and industrial uses.

Salt production, like gum collection, is a regulated industry in India. 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' 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 agriculture and handicraft production.

Salt farmers face a number of challenges which threaten their livelihood, including: limited availability of credit, exploitative middlemen, strict government regulations, high transportation costs, limited technical assistance to increase quantity and quality of salt produced. In addition, they face limited access to social services and basic infrastructure.

*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, and ready cash is needed to pay the day laborers. 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.

*Harsh Working Conditions and Related Occupational Health Risks* - Salt farming is typically 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.

*High Transportation Costs* - The cheapest way to transport salt within India is via railway. Historically, small salt producers 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 that most small salt farmers lease land from the government or local landlords, most small salt farmers are not eligible to use rail transport. Due to their high transportation costs, because they have to use private transport, small farmers face high transportation costs and, therefore, remain less competitive.

*Lack of Off-Season Economic Opportunities* - During the off-season (4 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.

Since 1989, in recognition of the severe challenges that salt farmers face, SEWA lobbied the government to develop a program that would provide a range of services to salt producers; especially those working in informal unregistered salt farms. These services include the inputs necessary for salt production as well as housing, education, healthcare, and childcare services. SEWA has been closely involved with both the development and implementation of this program, taking responsibility for implementation of the healthcare and childcare services. In addition to its administrative role, SEWA contributes about 25 per cent of the funds needed to implement these programs.

SEWA Rural has taken many steps to promote the financial independence of the salt farmers. In addition to the financial services provided through SEWA Bank, SEWA Rural Union worked to channel financial resources to salt workers through the national DWCRA program. To facilitate their participation in this program, SEWA organized the women into producer groups. Each producer group was given 35,000 rupees to set up a revolving fund to provide working capital to the group and an additional 10,000 rupees for initial capital investment in tool and equipment. In addition, under its rural marketing scheme, SEWA Marketing offered salt farmers an interest free capital loan of 37,000 rupees for salt production. This lending program has been expanded annually since its inception in 2000. These combined financial services have reduced the need for salt producers to borrow from exploitative middlemen or moneylenders.



Recognizing the hardship that seasonal migration represents to many families, SEWA has worked extensively with salt producers to develop skills so that they are able to generate income in the off-season without having to migrate. One such skill is embroidery, which allows women to produce commercially viable handicrafts. Since 1995, SEWA has been working with salt workers to train them in various embroidery techniques. After organizing women into producer groups, SEWA partnered with a Dutch aid agency to sponsor the women so that they could participate in a three-month long training program for embroidery and production (TRYSEM, as noted earlier). Following their training, SEWA members are now able to produce higher-quality embroidered products – which are being marketed through SEWA’s domestic and international marketing schemes.

In 1998, SEWA arranged for a large group of salt producers to meet the Chief Minister of Gujarat to voice their demands. One outcome of this meeting was that the Chief Minister amended the law to allow producers who lease land (not only those who own land) to have access to rail transport. As a result, the local Association of Salt Farmers was allotted a railway wagon quota, based on the assessment of the volume of salt production by its members.

## **V. Synthesis and Conclusions**

### **A. Key Elements of SEWA’s Approach to Enterprise Development**

As both the urban and rural cases clearly illustrate, low-income women producers and traders face a myriad of challenges that compromise not only the growth potential – but even the security of their business on a regular, if not daily, basis. SEWA has worked to organize women informal entrepreneurs and provide them with the expertise and resources necessary to overcome these challenges with innovative community-derived solutions. SEWA is a member-based organization that identifies the needs of its members and, in addressing strategies to address these needs, seeks to compliment or improve upon existing programs and infrastructure. Its strategies and interventions are demand-driven and need-based. Often, they are designed and implemented by the members themselves: low-income working women who live in rural village and urban slums. And, often, they are designed to extend, improve, or supplement existing government programs and schemes.

Several key points about SEWA’s approach to enterprise development emerge from these cases:

1. SEWA works with low-income working women in the informal economy: including casual wageworkers, industrial outworkers, and the self-employed. Most of their self-employed workers are not entrepreneurs in the sense of being able to hire others and grow their businesses. They tend to work on their own, often without the assistance of other family members, in demanding but low-return activities.
2. SEWA supports enterprises that are owned and managed by the women producers

themselves, either as individuals or in groups. This requires a great deal of capacity building but it ensures that the interest of the actual micro-entrepreneur is reflected.

3. SEWA's approach to enterprise development is an *integrated* approach that combines organizing and advocacy strategies (what they call "struggle") with a full range of economic and social services (what they call "development"). It is also a *holistic* approach that recognizes and supports the linkages between women's lives and their work and that, therefore, combines economic services and strategies with social services and social protection.
4. SEWA's integrated approach includes an integrated set of interventions for each of the following key dimensions of enterprise development:
  - a. services – not just financial and business development services but also social services
  - b. institutions – not just intermediary institutions but membership-based organizations of producers and service providers
  - c. policies – not just micro policies but all policies, including macro-economic policies
5. In regard to service delivery, SEWA does not seek to duplicate existing services or to provide all necessary services itself. Rather, it prefers to collaborate with existing government programs and schemes to extend, improve, or supplement these as needed. Whether it provides services directly or facilitates the provision of services by others, SEWA seeks to promote processes and build institutions that can guarantee the provision of services on an on-going basis. Most fundamentally, SEWA organizes its members into local organizations that are established to either undertake activities themselves (e.g. watershed management committees), provide services to other members (e.g. child care and health care cooperatives), or to hold government programs accountable (e.g. trade union).
6. An essential pillar of SEWA's approach is organizing women producers and traders to increase their bargaining power, both individual and collective. A related intervention is negotiation with those institutions that affect the lives and work of low-income women to increase the voice – the representation - of organized groups of women in these institutions.
7. Another essential pillar of SEWA's approach is advocacy at all levels to integrate women into mainstream policies and institutions while at the same time reforming these institutions and policies to reduce inherent biases against the working poor, especially women.
8. Capacity Building requires a great deal of investment in specialized training programs for skill and management development
9. Most importantly, to help the poor rise from poverty through enterprise development requires a great deal of investment. These are different types of investments which

lead to long term returns of a vibrant economy for the poor, that is those who are currently left out of the growth process. The types of investment include:

- Investment in capacity building
- Investment in equipment
- Investment in capital
- Investment in infrastructure for the working poor
- Investment in building membership organizations of the working poor

## B. Constraints in Investment Climate

What these cases illustrate is that the working poor, especially women, tend to face a wide range of constraints in running their micro-businesses. These constraints can be usefully categorized as follows:

1. lack of market access and participation
2. lack of technology and skills
3. high transaction costs, including transportation costs
4. work-specific risks and vulnerabilities
5. lack of bargaining power and representation
6. unfavorable legal, policy, and regulatory environment
7. biases in existing private sector development strategies

Those who seek to promote the micro-enterprises of working poor women need to assess which of these constraints – or what mix of these constraints – affect the targeted group of women micro-entrepreneurs and in what ways, depending on the sector in which they are engaged and whether they work as employers, own account workers, or dependent producers (who depend on others for the supply of raw materials and/or sale of finished products). Furthermore, they need to be able to assess whether (and how) these common constraints – as well as their own interventions - affect micro-enterprises in general versus single person operations in particular, especially female own account operations.

Finally, those who seek to promote the micro-enterprises of working poor women need to assess which of these constraints can be addressed through financial and business development services and which need to be addressed through changes in the investment climate or wider environment. Making this assessment requires context-specific analysis of the factors that contribute to or reinforce the common constraints listed above. As the six SEWA cases illustrate, the factors or forces outside of enterprises that impact on enterprise development include: the economic system and policies, including the macro-economic environment; the political system and governance, including laws and regulations; the social cultural context, including social networks and norms; and market rules and relationships, in both factor markets (land, labor, and capital) and product markets.

What this case study of SEWA has illustrated is how such an analysis can and should be grounded in the perspectives and experiences of its members and carried out in tandem with organizing informal entrepreneurs. What this case study also provides is concrete working examples of what should be done – and what is possible - if and when mainstream institutions turn their attention to low-income women entrepreneurs. Finally, and this is the essence of the SEWA experience, what this case study illustrates is the possibility – indeed, necessity – of organizing low-income women entrepreneurs into local membership-based organizations in order to ensure the sustainability of targeted interventions in support of their enterprises and appropriate changes in the investment climate.

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