

# Home-Based Workers in India: Need for Protection under Law

November 2014

## WIEGO LAW & INFORMALITY PROJECT



## Home-Based Workers in India: Need for Protection under Law

**Women in Informal Employment: Globalizing and Organizing** is a global network focused on securing livelihoods for the working poor, especially women, in the informal economy. We believe all workers should have equal economic opportunities and rights. WIEGO creates change by building capacity among informal worker organizations, expanding the knowledge base about the informal economy and influencing local, national and international policies.

WIEGO's Law & Informality project analyzes how informal workers' demands for rights and protections can be transformed into law.

The **Self-Employed Women's Association** (SEWA) is an Indian trade union of poor self-employed women workers. SEWA's main goal is to organize women workers for full employment. Full employment means employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter). SEWA organizes women to ensure that every family obtains full employment.

Publication date: November 2014

**Please cite this publication as:**

SEWA. 2014. *Home-Based Workers in India: Need for Protection under Law*. WIEGO Law and Informality Resources. Cambridge, MA, USA: WIEGO.

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

**WIEGO Secretariat**

Harvard Kennedy School  
79 John F. Kennedy Street  
Cambridge, MA 02138, USA

[www.wiego.org](http://www.wiego.org)

**WIEGO Limited**

521 Royal Exchange  
Manchester, M2 7EN  
United Kingdom

Copyright © WIEGO. This report can be replicated for educational, organizing and policy purposes as long as the source is acknowledged.

Economic development of a country should be measured not only by the rate of growth of GNP but also by the well being of its people. In India, increasing growth rates represent visible signs of national prosperity, such as with the rapid growth of infrastructure—highways and rural roads, electricity, and water resources. New industries are developing, foreign investment is increasing, exports are growing, and more employment opportunities are available for skilled workers in organized services than ever before. However, these achievements are not enough. Poverty and insecurity haunt a large number of our population. The multi-dimensionality of poverty has been often discussed and researched. Low income, illiteracy, ill health, gender inequality, and environmental degradation are all aspects of being poor. What is also increasingly evident is that in order to address the multi-dimensional nature of poverty and to reach the human development goals for all, economic growth is essential, but not enough. The challenge before us is to ensure that the benefits of economic growth reach all our population.

“Home-based workers” refers to the general category of workers, within the informal economy or ‘unorganized sector’, who carry out remunerative work within their homes. However, the term “home-based work” encompasses a diverse selection of occupations - from agricultural produce processing, fish processing, seed preserving, sorting and processing of minor forest produce, livestock rearing and tending, coir (fibre from coconut husks) goods making, spice making, leaf plate making, oil extraction to junk and tin smithy, metal work, zari (embroidery)work, carpentry, bangle making, shoe making, papad (papadum) making, Agarbatti (incense stick) rolling, paper goods making, packing, labeling and assembling micro-electronics, etc.

Principally, there are two main types of home-based workers: piece-rate workers and own-account workers. Piece-rate workers receive work from subcontractors or intermediaries, an employer, a trader or a firm and are paid a piece rate according to the items produced. These workers do not have any direct contact with the markets for the goods they produce. Often, they have to buy the raw materials from the factories or contractors and also arrange for tools. The cost of electricity, infrastructure, and raw materials can cut into their earnings. They can be engaged by international chains of production (garments, footwear, electronics, plastic footballs) or work for national or local markets (garments, beedi (small cigarettes), agarbatti, textiles). Certain forms of craft-work, while apparently traditional, are now done on a subcontracted basis (weaving, basket work). This trend is also growing in non-manufacturing areas such as agri-processing (cashew nuts, cotton, horticulture, floriculture, and animal husbandry).

Own-account workers are workers who are generally in direct contact with the market and buy their own raw materials. They face competition from larger and more powerful corporate houses and often do not have access to credit, except at exorbitant rates of interest. Since they cannot buy large quantities of raw materials, the per-unit cost of their products is higher. As subsistence agriculture decreases and farming becomes more commercialized, women are increasingly using traditional skills to earn a cash income (embroidery, weaving).

Both categories lack bargaining power and social protection, but the problems faced by them are quite different. Homeworkers face the problem of exploitation, of low wages

and no secure contracts. In addition, they have to pay for many of the non-wage costs of production – costs of space and storage, utilities and equipment. To improve their situation, they need the capacity to bargain. The self-employed lack access and competition in local markets. To improve their situation, they need better access to financial markets and a greater capacity to compete in product markets.

There are Acts for some of the trade groups of home-based workers which protect their rights. For the beedi workers, these include *The Beedi & Cigar Workers (Conditions of Employment), Act 1966* and *The Beedi and Cigar Workers Welfare Act*. SEWA had to fight the long legal battle to procure a Provident Fund under this Act for its beedi worker members.

Similarly, SEWA had to struggle hard to implement the welfare schemes under *The Beedi and Cigar Workers Welfare Act* starting right from changing the forms from the English language to the local language, to collecting evidence and improving the benefit of welfare schemes, etc.

Still, the issues and rights of home-based workers have remained unaddressed in the policies and programmes. No policy for homeworkers exists in India. Most of the labour laws are designed for the protection of wages and working conditions of workers in the organized (formal) sector. When the work place is in the home, such laws cannot offer protection to the workers. They are designed for the “employee” or for a labour market where the employer-employee relationship is very clear.

**India has signed but not ratified the ILO Convention 177 (of 1996). There was a draft National Policy on Home-Based Workers drafted by the Ministry of Labour in 1999-2000.**

Five key components suggested by SEWA were: –

1. Recognition of home-based workers
2. Addressing low remuneration, working conditions, and skill development
3. Social protection
4. Access to markets
5. Voice

## **1. Visibility and Recognition**

- Visibility and recognition in national level macro statistics. The first and last time home-based workers were surveyed was in the NSS survey of 1999-2000 – based on a few questions.
- Information about workers trade-wise, particularly in the export oriented trade. In 2005-6, handicrafts alone accounted for some Rs 37,000 of exports, a significant proportion of which was produced by home-based workers.
- Representation in government and tripartite and other stakeholder forums, like minimum wages boards, for both home-based workers and employers
- Registration of home-based workers: All workers should be given identity cards by labour departments.

## 2. Remuneration

- A characteristic of homework is that home-based workers are paid on a piece-rate, not on a time-basis (unlike many other workers in the informal economy). A minimum wage is usually applicable mainly to workers paid on a time basis for an eight-hour working day. The question is: how does one arrive at a minimum wage for piece-rate workers– which is a technical issue. Their products are diverse, skill levels varied, and their hours worked differ based on the trades they engage in.
- Time motion studies have proved to be effective mechanisms for calculating piece-rates for the home-based workers so that they can ensure a minimum living wage.
- There should be representation of home-based workers and employers in the central and state advisory committee board for minimum wages.
- There is a need to sensitize the Labour Ministry about issues of home-based workers, particularly women workers.

## 3. Working Conditions

### Occupational health

- Developing ergonomic tools and machines for women home-based workers with support from national institutes like NIOH/NID.
- Schemes focusing on occupational diseases for home-based workers, particularly women home-based workers.

### Housing

- All housing policies for the poor should be framed with the fact that the home is the workplace for home-based workers.
- HBW housing clusters should have community work sheds (CFC).

### Skill Development

- Since home-based work is done from the home, community-based training initiatives need to be initiated.
- There has to be a mechanism for attesting or certifying skills.
- ITIs only accept as trainees those with an 8<sup>th</sup> grade pass. However, many, if not most, homeworkers are either illiterate or have only cleared primary school. Special programmes are needed for them. Skilled home-based workers should be eligible for certain training, even if they do not have literacy.
- Opportunities for continual improvement of skills.
- Need for gradation of skills.
- Market-demand-led skill upgradation rather than supply-driven.
- Alternative markets and diversification in trades in recession.

## 4. Social Protection

- Basic minimum social security for all home-based workers that includes insurance – life and health – childcare, pension, disability benefits, maternity benefits, children’s educational assistance, and housing.

- Social security access to be levied by the central government or state government for trades or product groups in which homeworkers work, and the revenues directed to **one mother welfare board** in each state. However, funds will be dispersed trade-wise.
- Decentralized functioning of social security system and the voice of the home-based workers recognized in the design and running of the social security measures meant for them.

## 5. Access to market and economic resources including

- Market Surveys are needed to study changing markets – especially as the needs of export markets evolve. The Export Promotion Councils of the Government should keep products produced by home-based workers in mind when such surveys are carried out.
- Financial support to meet credit needs for directly accessing larger or growing markets. The small-scale industries sector (SSI) is suffering from a credit crunch since banks have shown relatively little willingness to lend to them. The credit policies for the small-scale sector should have an element for extending credit to home-based workers. Women have shown themselves to be good borrowers, with high repayment rates.
- Collect and disseminate information about markets, especially those that affect home-based workers, including building resource centres, data-base and research findings.
- Elimination of the middle-men.
- Sensitization of existing government authorities from district-level industry departments of the contribution of home-based workers.

## 6. Voice and governance

- Membership-based organizations (MBO) of home-based workers, including women's only MBOs, should be recognized.
- Separate cells for the informal economy should be created in the labour departments and sensitized to home-based workers, especially women workers, their conditions of work and economic contribution.