

*Situating Home-based Work in the Webs of Macroscape*

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## **Introduction**

Economic restructuring has generated a resurgence of the debate around growth and efficiency. The most coveted questions are how to expand output growth and maintain international competitiveness. Macro managers are turning their attention to efficiency and productivity improvement in the national economy. The debates on most accurate explanatory and corrective measures to increase economic efficiency and hence growth are placed on the centre-stage of all macro policy debates. The familiar tools of restrictive monetary and fiscal policy, reinforced by programmes of liberalisation, privatisation and deregulation guide the policy goals and long-run solutions to improve the economic performance of key variables, such as capital formation and productivity, hinge on streamlining macro-economic policies.

In these debates much of the discussion is conducted in reference to macro variables and large processes. Predictably, little attention is paid to the role of ‘small’ actors and activities and their contributions in sustaining the economic growth process and still less is said on the relative impacts of past, and proposed new, directional shifts in macro-economic policies on different actors and activities in the economy.

This paper looks at “home-based work”, an almost inconsequential form of work going by the complete absence of it in major economic policy documents, and explores the linkage of home-based work with the larger macroscape. The paper is organised in four sections. Section I defines home-based work. Section II looks at global and regional trade policies and their implications for home-based work and advances an argument for a domestic labour policy. Section III explores how economic policies unfold for home-based work. Section IV provides a perspective on policy for home-based work.

### **Section I**

#### ***Contextualising Home-based Work: What it means, what it entails?***

Broadly speaking, home-based work refers to that economic activity which is carried out at worker’s own home or any other place but not in the employer’s establishment or on a hired premise. The ILO defines “home work” as that work carried out by a person to be referred to as home-based worker: (a) in his/her home or any other premises of his/her choice other than the workplace of the employer; (b) for

remuneration; (c) which results in a product or service as specified by the employer irrespective of who provides the equipment, material or other inputs. Home-based workers thus refer to those persons who are not formally employed but work either from their own home or premises which are outside the establishments of the persons for whom they produce certain goods or services of economic value. Women stitching garments brought by contractors or sub- contractors in their own homes in Ahmedabad, or stitching garments for an exporter in Delhi, or doing *chican* or *zardozi* embroidery either in their homes or in other workers' courtyards in Lucknow, or stitching footballs in their homes in the cities of Pakistan, or men polishing diamonds in their homes in Surat, are all home-based workers.

Though generally home-based work is done for an employer or an agency, in some cases, such workers work independently, producing goods and services that they carry to the local market for sale. Men, women and children who make clay sculptures in their own homes or using empty spaces in their *mohallas* in the cities of Rajasthan, for example, do not work generally for anybody. They make statues of gods and goddesses during the festival seasons and toys at other times and make their living by selling their products in the local markets. Generally, however, the work is done for an employer or a contractor engaged by the employer on a contract job, normally at worker's homestead, and often with the help of other members of the family including children. *Beedi* making is a familiar example. The term "home-based workers" thus refers to two types of workers who carry out remunerative work within their homes – independent own account producers and dependent sub-contract workers. The term "homeworkers" refers to the second category of work only. Thus defined, homeworkers are a subset of home-based workers.<sup>1</sup>

Both types of home-based work involve production for the market and, while in progress, home-based work is unsupervised. Payment is generally piece-rated and since there is no clearly established employer-employee relationship, usual labour laws covering wage-workers are inapplicable, often *de jure*, and almost always *de facto*.<sup>2</sup>

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<sup>1</sup> Carr M., M. Chen and J.Tate, "Globalization and home-based workers", Feminist Economics, Vol.6, No. 3, 2000 *forthcoming*.

Home workers are thus the least protected section of the working classes with neither a clearly defined work-day nor clear norms governing their labour.

### ***Labour laws and home-based work***

The international labour laws that guide the labour laws in most countries are typically restricted either on the basis of establishment size or formal registration under some state legislation and thus are applicable only to the organised workforce. The fundamental relation of employment that these laws assume is one between an employer and an employee and this relationship operationalises in a specific space designated as 'work premise'. The work premise is under the control of the employer and the employees come there to perform their work.

Legal protection of incomes, jobs and employment and the framework of industrial dispute settlement which is the framework under which labour markets functions is developed on the basis of this arrangement. The law imposes certain obligations on the employer such as conforming to maximum hours of works, a certain minimum level of wage, safe-working conditions, social security such as pension, accident insurance, old age benefit, and crèche for the children of women workers. The main obligation on the workers is to sell their time and presence to the employer.<sup>3</sup>

Because institutions of the labour market are such that coverage is usually restricted on the basis of the establishment size, these laws exclude a vast majority of workers who work from home either as self-employed independent or contract workers or work as out-workers without a security of contract or association with other workers in the same trade.

Thus labour laws that protect the job and employment security or brought to service in the event of a dispute are not applicable in the case of home-based work.<sup>4</sup> In

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<sup>2</sup> Mukhopadhyay S., "The Impact of Structural Adjustment Policies on Women: Some General Observations Relating to Conceptual Bias", in Isabella Bakker ed. *The Strategic Silence: Gender and Economic Policy* (London, Zed Books: 1994).

<sup>3</sup> Jhabwala R., "Excluding the Majority: Workers, Producers and Categories of Employment" unpublished paper, 2000.

<sup>4</sup> In India the Industrial Employment Standing Orders Act, 1948, and the Industrial Disputes Act, 1948, protect job and employment security. Standing orders are mandatory for all organisations with 100 or more workers (50 or more in some Indian states) and hence not applicable to home-based workers.

countries where informal sector and home-based work is the norm and not an anomaly, most of the labour laws which have evolved to protect the rights and privileges of the workers are just not applicable.

### ***Poverty and home-based work***

Recent studies on poverty point to certain new trends in poverty, most notably, the extreme vulnerability of casual workers and increasing gender poverty gap.<sup>5</sup> The incidence of poverty among home-based casual labour, especially women, is particularly high. In economic reasoning, wage work is often thought of as a path out of poverty. World Bank's 'New Poverty Agenda' identifies labour-intensive growth as one of the most effective means of getting people in labour-abundant countries out of situations of poverty and destitution.<sup>6</sup> The reasoning behind this assertion is the premise that labour is poor's most abundant asset. This also finds support in theories of trade, which suggest that the comparative advantage of poor countries lie in their relatively abundant labour supplies. This interlinkage between labour and poverty leads to the conclusion that the further opening of national economies to international market forces - import and export trade, foreign direct investment and capital flows - is an essential poverty alleviation strategy. However, for a significant proportion of workers, notably women, this rationality does not seem to hold since these workers work but are poor.<sup>7</sup> Many issues follow from these relationships between nature of labour markets in the new economic environment, poverty and the macro trajectory of the economies, which need further exploration to reach at meaningful conclusions.

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<sup>5</sup> See, for example, Dev M., "Economic Liberalization and Employment in South Asia -I and II" Economic and Political Weekly, January 8, 2000; Kundu Amitabh, "Trends and Structure of Employment in the 1990s: Implications of Urban Growth", Economic and Political Weekly, June 14, 1997; Kundu Amitabh, "Trends and Pattern of Female Employment: A Case of Organised Informalisation" in Papola T. S. and Alakh N. Sharma, (eds.) *Gender and Employment in India*, (Delhi: Vikas Publishing House, 1999); Tendulkar, S. D., K. Sundaram and L. R. Jain, "Poverty in India: 1970-71 to 1988-89", ILO/ARTEP (mimeo), (New Delhi: ILO/ARTEP, 1993).

<sup>6</sup> World Bank, *World Development Report 1995*, (New York: OUP, 1995).

<sup>7</sup> For instance, see Jhabwala R., "Textiles in the People's Sector - A Case Study of the Impact of Global trading Practices on Women in the Unorganised Textile Sector in india", in *Proceedings of the Regional Seminar on Global trading Practices and Poverty Alleviation in South Asia: A Gender Perspective* (Delhi: UNIFEM, 1999).

### ***The 'measurement blinker'***

The data pertaining to home workers is grossly inadequate, as home working is not directly reflected in the publications of the Censuses. In India, the last decennial Census conducted in 1991, estimated the total labour force at 314 million, out of the total population of India of 839 million. The labour force according to NSSO (thin sample) comprised of 194.4 million rural men, 96.9 million rural women, 71.9 million urban men and 15.2 million urban women giving a total labour force of 378.4 million. Of this total employment in the country, *roughly 93 percent employment is in the unorganised sector*. Out of this, unofficial sources, cited in a Planning Commission document, estimate the numbers for home-based work to be anything between 30 to 50 million out of which the largest segment consists of 4.5 million *beedi* workers and about 2 million handloom workers.<sup>8</sup>

While estimates of informal sector's contribution to exports, GDP and income have been attempted,<sup>9</sup> such information on home-based work is not available in official documents. Micro-studies sources put home-based work to be a backbone of garment, made-ups, carpets, aggarbatti, football, semi-precious stones and jewellery and several other labour-intensive handicraft exports in South Asia. The contribution of women and other unpaid family labour in these exports is also substantial, and the growth rate of women's employment in these enterprises is high. For women homeworkers the line between productive and reproductive labour is murky and their productive employment at home is ignored only as an extension of the housework. Therefore, the under-counting of women home-based workers is particularly acute.

### ***How short-lived is the phenomenon of home-based work?***

A central thrust of the mainstream narrative of capitalist process of development is the incorporation of pre-capitalist modes of production through process of competition where the advantages of advanced technology, economies of scale and the exploitation of labour provide an absolute commercial advantage to the process of modern

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<sup>8</sup> Draft National Policy on Home-Based Workers, Planning Commission, Government of India, January 2000.

<sup>9</sup> See, for example, various articles carried in a special issue on informal sector, Indian Journal of Labour Economics, No. 3, 1998.

industrialisation. In this sense, production and ownership forms such as home-based work are competed away by modern industrial forms of production and control. In the classical narrative, displaced self-employed artisans are transformed into footloose de-skilled migrant proletarians with only labour power to offer to modern capitalist sector.<sup>10</sup> In due course, when this process is complete, the economy is rid of all such forms.

While the mechanics and specifics of this process has been a matter of discussion, the rationale of the process is never under question. The models of development thus constructed leave no space for the persistence of forms of production and organisation such as, home-based production. It is often perceived that home-based work has grown as a result of community needs. Handicrafts is cited as an example of the earliest form of home based production which has grown into cottage industry where the production process is fragmented and each unit is sometimes located in a single households producing very small quantities of specified items for small communities.

However, the modern day home-based work is not a remnant of past, rather it is a form of production and sustenance in a labour-abundant, third world capitalist economy. Home-based work in the garment sector, in football industry, in diamond and precious or semi-precious stone cutting and polishing industry, in agarbatti manufacturing, in carpet weaving, for instance, has a very recent origin in this form, due largely to changes in the market demand and trade liberalisation.

A large part of this work is persisting as it is integrated to the specific needs of particular sectors and sub-sectors. It is sustained because it subsidises organised production by providing space, tools and equipment and work on below-minimum wage. It has expanded because of the employers' need to overcome labour provisions. This production form is attractive for employers because it allows a great deal of flexibility in labour use – not having to do anything with workers when demand falls and absorbing them from a reserved pool when demand goes up. It distributes the burden of fixed capital among different operational units. It is thus a cost-reducing strategy adopted by the employers rather than a choice incurred by home workers, especially women home workers, as is sometimes argued. The home workers are dependent on their employers

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but the latter carries no responsibility which would be due to workers with formal employment status, such as, safe and hazard free work environment, social security, minimum wage or maternity or casual leave.

A large part of home-based work in modern economy is part of the assembly line producing for the large domestic as well the global market. Low wage income in the informal sector supplemented by homework of other members of the family explains the sustenance of a large number of people without any regular employment and social or economic security. Roughly, 100,000 young migrant women from Kerala, Tamil Nadu and Karnataka, India, for example, who are employed in Goa's fish industry, producing marine food products for the world market for a pittance, contribute to the dwindling incomes of the fishing families left behind, whose livelihood has been threatened by the appearance of fishing trawlers since the opening up.

A number of studies have argued that informal sector shows a much more volatile employment as compared to organised sector employment. However, volatility in employment is even greater in home-based manufacturing as compared to organised manufacturing.<sup>11</sup> Seasonality and cyclical fluctuations all contribute to it. Home-based units quickly come up in response to market demand but their sustenance is not guaranteed. Many units close down for reasons such as not able to deliver because of shortage of working capital, illness of family members, breakdown of machine, power cuts and similar existential reasons.<sup>12</sup> Similarly, work which is available only seasonally, imposes a different kind of burden on the families. *Zari* embroidery, for instance, is in demand around the festival or marriage season. During these months the entire families are involved in embroidery work at home for a workday which stretches up to sixteen hours taking a toll on girl's education, eyesight and well-being. Off season, home-based families do not have sufficient resources even for two square meals a day. While men move out for other contractual jobs, women and girls are neither trained in other vocations

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<sup>10</sup> Saith Ashwani, *Rural Industrialisation in India: Some Policy Perspectives*, (New Delhi: ILO/SAAT, 2000).

<sup>11</sup> See, for example, "Introduction" in *A Report on Economic Census, India, 1990*, CSO, 1994.

<sup>12</sup> My pilot garment workers.

to be able to find decent employment elsewhere nor are culturally free to become ‘footloose’ labour in search of other jobs.

The mainstream models that dismisses of these forms of production and organisation thus are not based on the specifics of the labour markets in third world countries. Thus the standard narratives, that the ‘traditional forms’ are only transient and they are overtaken, and transformed or displaced with the growth of modernisation and trade-expansion processes and become the source for further rounds of accumulation and growth and raise the standard of living, do not come to pass.

## Section II

### *Global and regional trade policies and their implications for home-based work*

To illustrate how global trade policies affect home-based work, I will look at the issues of trade and labour standards, the so-called linkage issue, and how it impacts home-based work and women’s labour. The changes in regional trade regime are illustrated in the light of initiatives in regional cooperation in South Asia.

### *Interrogating labour standards*

The issue of labour standards in its present form was introduced in the final stage of the Uruguay Round allegedly to initiate discussions on the introduction of a “social clause” specifying minimum standards of work presumably as a pre-condition for market access.

Developing countries were successful in stonewalling linkage of trade with labour standards at the Seattle Ministerial meeting as they interpreted the ‘linkage’, as portrayed by the global civil society and state actors, as a garb to build protectionist walls against poor countries’ exports. The issue of social clause has serious implications for home-based workers. But these have been raised neither by those who are contesting the implementation nor by those who want to see the trade ‘linked’.

My pilot on garment export sector in Delhi reveals that for a fairly big chunk of garment and accessories exports, regulatory frameworks have already been put in place. In Delhi’s garment export sector, the buying agents, of big importing retailers,<sup>13</sup> inspect

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<sup>13</sup> Some of these big retailers are Marks and Spencers, J.C Penny and the Hudson Bay Company.

the premises and working conditions regularly. Hours of work, crèche facilities where women labour is employed, washrooms, size of the rooms, sitting capacity are regularly inspected and garment manufacturers already have to sign declarations, such as, ‘prison labour has not been used’ and ‘child labour has not been used in the production of these garments’.

Consequently, while a few garment manufacturers brought about improvements in their premises and working conditions, most of them are not undertaking these expenses. They are resorting to other means of evading regulations. My interviews with garment exporters in Delhi reveal that those manufacturers who have big orders from ‘clean’ retailers have stopped hiring married women labourers so that they do not have to provide crèche services, or make provisions for toilets. Instead they have started routing their production through home workers. A lot of the manufacturing units now have a small work force engaged mostly for making samples while the actual fabrication is outsourced to homeworkers through labour contractors.

The “clean clothes” campaign thus has a direct bearing on home-based work and employment of women. This linkage underlines the necessity of bringing the home-based work into the ambit of a national (domestic) policy which recognises their contribution to economic processes and protect their legal status and rights – an issue I turn to in Section IV.

So the debate on labour standards which is witnessing a geographical division between the developed North and developing third world, needs to be (re)viewed from a different perspective. The issue is complex and problematic. Distrust of third world countries of labour standards notwithstanding, the dominant opinion in the developed countries and labour organisations locally, have been successful in injecting into the debate - by reference to child labour, abysmal poverty and forced labour and rights to form unions - not only a moral high tone, but also some compelling reasons why policy makers and trade negotiators in third world should not ignore the genuine need for the imposition of some minimum standards for working conditions.

### *The role of domestic policy*

In South Asia, up to 90 per cent of the total labour force work in the informal sector. The core labour standards targeted for inclusion in the WTO - freedom of association, freedom to collective organisation and bargaining, freedom from forced or compulsory labour, a minimum wage of employment for children, and measures setting minimum standards in respect of conditions of work - do not extend to home based workers. Home-based workers are totally out of the ambit of labour standards. There is thus a compelling argument for a domestic policy that safeguards the interests of these workers by recognising their worker status, bringing working conditions under the ambit of labour laws and providing social security

Labour standards being backed by the developed countries may not be any more than new forms of protectionism in the garb of concern for the poor, and there are reasons to argue that conditions of labour cannot be linked to international trade. But this does not deny the fact that a vast majority of workers are working and yet are poor, they are making substantial contributions to exports,<sup>14</sup> earning foreign exchange but their entitlements in national resources are negligible; home-based workers are subsidising their countries' exports but cannot claim any health, maternity, education, old-age, retirement benefit; girl children who drop out of schools to look after the younger siblings and attend to household chores while their mothers stitch garments or do embroidery or make *agarbatis* are never compensated for their labour and have no option of going to the school or learning any skill and consequently, become home-based workers when they start their families. Home-based workers subsidise capital costs of exports by working from their homes using their space, water, electricity and family time and yet for these workers and producers there exist no special rights or priority in housing schemes. Given all this, is there any reason why conditions of labour should not be "linked" to domestic policies?

The relevance of domestic policy, which is taking a back seat in the days of rolling back of the state, and a complete reliance on markets, cannot be underscored

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<sup>14</sup> According to estimates, in India, the contribution of informal sector to India's exports is roughly 40 per cent. See, "Informal sector: A Contribution to India's Exports" Consultancy project for Self-Employed Women's Association, Indian Institute of Foreign Trade, 1999.

more. Desirable outcomes for equity and justice cannot be delivered by market forces alone. The conditions of labour cannot be linked only to trade but the important question is how to regulate labour market outcomes in a globalised economy and this cannot be achieved without a strong domestic policy. In this context, also important is the role of regional cooperation.

### ***Regional Cooperation in South Asia and Implications for Home-based work***

In the background of the recent trends of globalization in the world economy, also receiving a place of primacy in the policy making process is the external sector because this is the supposed link between the domestic and international economies. Driven by the need to tap the emerging economic opportunities at the global level, individual countries focussed on global integration and are attempting to make their external sectors more competitive, vibrant and dynamic. This has been initiated also by regional integration. In these endeavours trade is viewed as a significant instrument to bring about growth and development.

Since the formation of South Asian Association for Regional Cooperation (SAARC) in 1985, the member countries have undertaken wide-ranging trade and industrial policy reforms in order to provide manufacturers, traders and investors both domestic as well as foreign with a more favorable policy environment to boost production and exports. These include reduction in tariff barriers, removal of quantitative restrictions, dismantling of industrial licensing, liberalisation of investment regimes, decontrol in foreign exchange market, streamlining financial sector regulations and so on.

SAARC member countries have also been liberalising trade by way of reducing tariff and non-tariff barriers under the South Asian Preferential Trading Arrangement (SAPTA). Furthermore a South Asian Free Trade Area (SAFTA) has also been envisaged to come into being by 2001. However, despite all these efforts, the growth of intra-regional trade has been rather slow in the SAARC region due to several political reasons including hostility between India and Pakistan, and corporate interests lobbying for protectionist measures with their respective governments.<sup>15</sup> The level of cooperation

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<sup>15</sup> Two recent example of the latter include the ghee controversy between India and Nepal and tea dispute between India and Sri Lanka. Under a free trade treaty between India and Nepal, Napalese exports of ghee,

has generally been low although SAARC countries have displayed dynamism in their export and import growth profiles during the 1990s.

If we look at the composition of exports in different SAARC member countries, they have undergone significant changes in the recent past. Exports from the primary sector food items and agricultural raw materials have been prominent in the past. However, the share of all food items in the exports of India, Nepal, Pakistan and Sri Lanka has been declining and so is the share of agricultural raw materials in all countries.

Significantly, the share of manufacturing in the export basket has registered massive increases during the 1990s. The bulk of manufacturing goods exported by SAARC member countries is accounted for by the category 'other manufacturing' which includes among other products, textiles and garments. However, the share of skill-intensive goods in manufactured exports continues to be small for most of these countries. The share is 5.2% of Bangladesh, 1.1% for Nepal, 2.6% for Pakistan, 11.6% for Sri Lanka, while India's share is 41.3% in skill-intensive manufactured exports.<sup>16</sup> Half of India's high share consists of cut diamonds since cut diamonds is classified as 'skilled', this explains India's higher share in skill-intensive category. In India, diamond cutting is done by traditional craftsmen and while many tasks of the craftswomen are not recognised as 'skilled', diamond cutting, done by craftsmen is recognised as skilled. Is gender ideology, where women's skills are undervalued the explanation? More investigation is needed here. Zari embroidery, for instance, is a skilled work and the skill runs in the family and as a woman replied to one of our questions during an interview, "does anyone teach a fish how to swim?" This skill commands little value in the market while the market demand for zari is increasing with India's burgeoning fashion industry acquiring a place in the domestic as well as international market.

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the vegetable oil favoured in Indian cooking, soured. India's ghee producers protested and, under Indian pressure, the Nepalese authorities imposed a special tax on ghee exporters. These exports have now declined sharply. The second example is that of Sri Lankan tea exports to India. In a 1998 pact, India and Sri Lanka eliminated duties on 1000 items. However, India under pressure from its tea-growers, suddenly decided to exclude tea – Sri Lanka's main export. India eventually agreed to let in Sri Lankan tea, but only 3000 tons a year, a fraction of the likely demand. See, "The Trouble With Ghee", *The Economist*, June 17, 2000.

<sup>16</sup> J. Mayer and Adrian Wood, "South Asia's Export Structure in a Comparative Perspective", research paper (unpublished) for DFID programme of research on 'Responding to the Changing Environment for Trade and Enterprise, March 1999. The data is from the UNCTAD database for the year 1990.

An investigation of the export structure of the SAARC member countries of the top ten commodity groups exported by SAARC member countries reveals a striking similarity in the export structures in the form of importance of garments, textiles and leather goods among the main items of their exports.<sup>17</sup> Most of these products are produced in the unorganised sector where wages are low and labour standards poor. This has serious implications for the work force in this region. The rolling back of MFA is an important case in point.

***Rolling back of MFA and Implications for Home-based work: Race to the bottom?***

The production processes in the garment sector and the conditions under which garments are made, by who and under what terms and contracts have been deeply affected by changes in the international division of labour and global (re)organization of production, and deepening policies of trade liberalization. The garment sector today represents new opportunities and new challenges and it is expected that the phasing out of MFA by the year 2005 will only accentuate these processes. Although there is considerable debate about the specific impact of trade liberalization in garment sector on South Asian exports, there is a general agreement that competitive pressures will increase, and manufacturers and workers will be under pressure to increase productivity and lower labour costs to be able to succeed in the global garment market.<sup>18</sup>

Garments have shown a remarkable growth in exports and in employment in recent years in these economies. However, a majority of South Asian garment exports have tended to be directed at a narrow, low-end niche of the international market. They are concentrated in the simple product categories and are priced at the bottom of those categories, with an average unit value that has stagnated at under \$5. Reasons for low value include limitations of quality, design and marketing capabilities and supply and

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<sup>17</sup> For details, see, Research and Information System for the Non-Aligned and Other Developing Countries, *SAARC Survey of Development and Cooperation 1998/99*, (Delhi, RIS publication: 2000).

<sup>18</sup> See, for example, Chadha Rajesh and Sanjib Pohit, "Phasing Out the Multi-Fibre Arrangement: Implications for India", Paper presented at the Second Annual Conference on *Global Economic Analysis*, Copenhagen, June 20-22, 1999.

infrastructural bottlenecks. These relegate exports to season dependent, fashion-oriented demand only.

The organisation of garment industry is based largely on subcontracting where home-based production is a significant form. With rolling back of MFA, the competitive pressure on the South Asian garment sector is going to intensify. And since the sector predominates in low-value production in the region where labour cost advantage provides the competitive edge, the rolling back of the assured quota could lead to the race to the bottom by putting pressure on producers to reduce labour costs to stay competitive. There is thus a need to evolve a comprehensive strategy for the entire region and get the advantage of negotiating trade policy as a block. The case of MFA also underscores the need for a coordinated approach to labour standards.

### Section III

#### ***How does macro and trade policy unfold for home-based work?***

Mainstream macro analyses of market and economy largely privilege large processes and macro variables. With market privileged as the ultimate allocator of resources and factors, neither small sectors nor marginalised actors' contribution is acknowledged. While economic policy makers work hard to establish a universal market-based order, ensuring a brave new world of prosperity and material attainment, those who are left out stand little chance of gaining. Macro policy making involves choosing appropriate strategies to achieve high growth rates, low inflation, high employment and a trade balance. If economic policy making starts with the presumption of no distinct contribution of workers such as, home-based, policy instruments, such as government budgets are tilted towards increased spending on infrastructure and concessions to big businesses and consequently cuts on programmes and credit for small sectors. Monetary instruments such as raising real interest rates to prevent inflation or deregulation measures such as capital account mobility affect informal sector workers more. Similarly, volatility in the market due to devaluation and decreasing purchasing power of the currency is shared more than equally by home-based workers as they work for more and more hours, using more unpaid household labour time of families and foregoing leisure for work to earn enough to subsist. Thus home-base workers and those

involved in this activity are crucial stakeholders in macro process. If macro policy ignores their contribution to the economy, it not only diminishes home workers welfare it also fails to make any allowances for any adverse affects of macro policy on them.

Home based workers thus have real stakes in macro economic policies and making visible their contribution to national productivity and income. The mainstream debates that are not inclusive of these concerns do not cover the entire macro-economic space. They leave out a large part of the economy and the relationships entailed with the dominant variables unexplained. Removal of quantitative restrictions, a trade policy measure, is an illustration of this.

### ***Removal of Quantitative Restrictions (QRs)***

Removal of QRs is for the first time opening up most of the South Asian market for imported goods in agriculture and related products. Agriculture and related activities employ bulk of home based workers and the changes in the trade policy are likely to have an impact on the lives and livelihood of these people. With the removal of QRs, Pilsbury, for example, started an aggressive market campaign for its wheat flour. Early this year, it reportedly distributed free samples through retail outlets in Delhi and started to establish its monopoly in wheat trade and flour milling. Many of the flour processing mills in Punjab, the wheat basket of India, it is believed, are already feeling the impact. The arrival of Pilsbury will thus have a serious effect on the small-scale flour processing mills located in villages and cities all over India.<sup>19</sup> India's agroprocessing had been intentionally kept at the small level food where processing is done by women at household level, or by the small cottage industry. Apparently, under the pressure of free trade norms, hygiene laws are being cited to shut down local small scale processing as they do not meet hygiene standards. However, the need is to improve hygiene standards at the small scale operations by improving the technology and training the home-based *atta chakki* operators rather than closing their options. Similarly, in August 1998, small scale local processing of edible oil was banned in India through a "packaging order" which made sale of open oil illegal and required all oil to be packaged in plastic or

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<sup>19</sup> According to one estimate, more than 100 million people are involved in this activity.

aluminium. This shut down tiny "ghanis" or cold pressed mills. It severely affected the market for diverse oilseeds - mustard, linseed, sesame, groundnut, coconut.

According to estimates, the take-over of the edible oil industry has affected 10 million livelihoods.

Additionally, with the competition from imported food products, labour involved in production of highly labour intensive commodities like home processed edible oil, flour etc. will be "freed". This is likely to put additional pressure on wages and working conditions of home based workers. Re-skilling of workers thus has to become an integral focus of domestic policy. In fact it should be considered a trade related policy. The consumption basket of South Asian economies includes large component of products that can be produced without demanding highly skilled human resources. Regional co-operation within the South Asian region can provide the necessary market where these re-skilled workers can be absorbed. This is an added reason for regional co-operation besides the advantage of negotiating trade policy and rules collectively, instead of as rivals within the region.

#### Section IV

##### ***Policy Issues: Increasing visibility, reducing vulnerability***

Macro and trade policies have had sectorally differential impact and these have been differentiated also by gender. While trade policies have increased 'opportunities', the nature of these opportunities has not been unproblematic. An important fact that emerges from the discussion in this paper is that a strong policy intervention is required to create an enabling environment for work and turn the newly created openings into real opportunities for working women and men. Some of the issues where policy can make a difference have been elaborated in the Draft National Policy on Home-based Workers put together by the Indian Planning Commission. These include making home-based work a socially secure work arena; improving health and safety for home-based workers as home-based workers have very peculiar health and safety requirements related largely to the nature of their work. Embroidery work, for example, affect adversely the eyes of the workers and girls as young as sixteen, begin to get blurred vision due to long hours of work. Embroidery workers who work on large frames also get other problems from the

peculiar crouching posture in which they sit for long hours including soreness of back, shoulders and knee joints. Pit-handloom workers and carpet weavers get pre-mature arthritis and sore knuckles, diamond and precious and semi-precious polishers inhale the dust of the stones causing respiratory problems and the list goes on. The Draft National Policy, acknowledges these health hazards and also suggests ways of bringing home-based work under a health insurance cover through the creation of a welfare fund. Other measures included in the Draft policy include market development, enhancing credit facilities, skill development and constitution of a welfare fund. While there is strong need to endorse these recommendations, there is also a need to develop a better understanding on some more issues, a summary view of which is presented below.

#### *Policy Perspective on Labour Laws*

The international labour laws that guide the labour laws in most countries are typically restricted either on the basis of establishment size or formal registration under some state legislation and thus are applicable only to the organised workforce. Labour standards also apply largely to the export sectors. Even with trade liberalisation, these sectors provide only a fraction of employment in South Asian countries. There is thus nothing to stop other sectors continuing to operate with low labour standards. Hence the need for a national policy which will bring home-based workers under some legislative form and gain access to benefits.

Looking, for example, at India's record in adhering to international labour conventions, we see that India has a commendable record of ratifying some 35 ILO conventions. But what is particularly revealing is what conventions have not been ratified.<sup>20</sup> These include certain critical key human rights and labour policy conventions, namely:

87: Freedom of Association and Protection of the Right to Organise

98: Right to Organise and Collective Bargaining

105: Abolition of Forced Labour

122: Employment Policy

129: Labour Inspection (Agriculture)

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<sup>20</sup> Anant T.C.A., "Reforming the labour market" in S. Gangopadhyay and W. Wadhwa (eds.) *Economic Reforms for the Poor* (Delhi: Konark Publishers, 2000).

## 138: Minimum Age

Interestingly, the most important *stated* reason for the non-ratification of these conventions is lack of effective enforcement mechanisms as productive activity is spread in small units which are “unorganised, scattered and make the task of inspection extremely difficult”. In this grand tautology, a large majority of workers are not covered by protective laws because they are a part of the unorganised sector and they are unorganised because they cannot be brought under protective cover!

### *Gaining visibility*

Undercounting and undervaluation of home-based work is fundamental to the economic subordination of home workers. So far, in the arsenal of economic managers’ leading, lagging, soaring, dipping indicators there is none that can measure the contribution of home workers. The contribution of home-based work is not part of official statistics and since policy does not start with the presumption of a distinct contribution by home-based workers to economic activity, hardly any allowance is made for the asymmetric effect of macro-economic policy on home-based work. In order for policy to be effective, the “measurement blinker” has to be corrected.

### *(Re)Imagining the macroscape*

While several institutions, domestic and international, selectively intervene in economies to promote projects which involve marginalised activities and people, the macroscape on which policy depends is not inclusive of it. This has a direct bearing on the success or failure of such projects. If the claims of justice and security for the working people have to have a meaning, macroscape also has to be reimagined. Macro-economic policy is essentially a by-product of macro-economic theory and the social and political environment gives it a stance. Any attempts to make policy sensitive to the needs of informal sector workers must also interrogate and pry open the assumptions of macro-economic theory which lie at the foundation of such a policy.