

## **Chapter-2**

### **Review of Literature**

Women workers form a special category in the study of labour market. It is clear from the empirical studies the world over that the process of integration of women into the labour market is different from men. In most of the cases, the differences are manifested in the unequal economic status of women. Various theoretical frameworks have tried to explain this unequal economic status of women in terms of work participation, wages and working conditions.

In the first section of this chapter, we have reviewed these theoretical frameworks. The concept of status is reviewed in the second section. The literature on various aspects of women's work in India is reviewed in the third section and the final section examines the literature on the informal sector.

#### **2.1 Theoretical frameworks to explain Women's Work and Status**

##### **2.1.1 The Neo-classical Framework**

The primary analytical category in the neo-classical framework is the individual. It is assumed that the 'economic man' (individual) is 'free' and 'rational' and makes rational choices to maximise his utility. Thus the interactions of profit maximising behaviour of the firm and utility maximising behaviour of the consumer in the competitive markets determine income and prices. Under the conditions of perfect competition wages will be determined according to the marginal productivity of worker.

The decision to work depends on the choice of individual through the outcome of the interaction between work and leisure. The fact that in case of women the choice

is not between work and leisure but between work, leisure and homework was recognised by Jacob Mincer in 1962<sup>47</sup>. In his study examining cross-section and time series data of women's work he explains the increasing participation of women after the second world war. He explains that the higher income of the husband would pull women towards indulging in more leisure time consumption and higher wages in the labour market for her own labour would push women in to the labour market.

In 1965, Gary Becker<sup>48</sup> introduced a model for time allocation to explain the division of labour within family. He applied the principle of traditional theory of firm to explain the division of labour among the members of the same household. According to his model, members who are relatively more efficient at market activities would use less of their time at consumption activities. Marriage is conceptualised as a two-person firm where women hire men as breadwinner since men earn more than women in the labour market. And men hire women as nursemaid since women bear children and are superior at rearing them. This division of labour is concluded to be consistent with the economic principle of maximising.

In 1974 Mincer and Polachek<sup>49</sup> argued that lower wages received by women in the labour market are the results of the low productivity of women workers. According to them, productivity of women and men of same age and educational level is different because of their differences in human capital. Women work for fewer years than men in the labour market (because of child bearing and rearing responsibilities) and choose those kinds of jobs, which do not require on-the-job training.

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<sup>47</sup> See Mincer, J. in Amsden A. H. ed (1980) *The Economics of Women and Work*, St. Martin's Press, New York. pp. 41-51.

<sup>48</sup> Becker, G. in Amsden, A. H. ed. (1980) pp. 51-81.

<sup>49</sup> Mincer, J. and Polachek, S. in ed (1980) pp. 169-205.

According to the neo-classical framework of analysis, it will be unprofitable for the employers to discriminate between workers having same marginal productivity. If some employers have a test for discrimination, the discrimination will vanish under competitive conditions

Thus in brief, "The ideological and methodological basis of neo-classical economics is impersonal functioning in a free market situation which automatically brings about an efficient allocation of resources among individuals who are free and therefor rational, seeking maximisation of profit as producers and utility as consumers."<sup>50</sup>

The neo-classical framework is criticised for being a-historical and a-social. The assumption that all individuals are rational, free and maximising their utility does not reflect reality. " In a world where men and women, worker and capitalist have unequal power and wealth, their ability to exercise freedom of choice differ "<sup>51</sup>

The assumption of universal rationality is also questionable on other grounds as mentioned by Kalpagam<sup>52</sup>: " Very often the individuals in households on the verge of subsistence find that their work and consumption do not maximise their utility but maximises the survival chances of the household as a whole."

The human capital theory does not explain either the division of labour within the family because it is considered as 'given' nor does it explain the differences in male and female earnings fully. The theory does not explain that the low level of human capital is the reason for low wages or low wages are reason for low investment in human capital for women. They could not explain the concentration of women in certain low skill jobs.

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<sup>50</sup> Dewan, R. (1995) p.ws-46.

<sup>51</sup> Amsden, A H. ed. (1980) p. 32.

<sup>52</sup> Kalpagam U. (1986) p.ws-59.

### **2.1.2 Segmented Labour Market Theories**

Economists from the institutional school of economics first developed the segmented labour market theory. Subsequently radical economists and feminist economists have built upon their own variants of the segmented labour market theories.

Segmented labour market views were put forward in opposition to the neo-classical views that any differences in earning and occupational choice reflect differences in the investment of human capital. According to these views differences occur because of institutional and other factors. The Institutional economists analysed the segmentation in terms of existence of internal and external labour markets due to institutional factors.

In 1973 Reich, Gordon and Edward<sup>53</sup> had put forward a more radical theory on the basis of their study of American workers. They documented that there is a persistent division among American workers by race, sex, educational credentials, industry groupings, etc. They observe that these groups seem to operate in different labour markets, with different market institutions. They categorise about four major segregation processes, (1) segmentation into primary market and secondary market (2) segmentation within the primary sector (3) segmentation by race and (4) segmentation by sex.

According to them, segmentation originated during transition of capitalism from competitive to monopoly stage. It is consciously adopted by monopoly capitalists corporations as a device to break down the increasing unified workers interest. Thus they consider segmentation as functional to the operation of capitalist institutions.

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In 1978 Jill Rubery<sup>54</sup> in her comparative analysis of various theories of dual labour market and market segmentation points out that the analysis put forward by Gordon is static. They see segmentation from the capitalists' viewpoints. Their attention is paid to the action and motivation of capitalists only. She suggests that the role of workers, unions and change in the employment structure under monopoly capital should also be included in the process of market segmentation. According to her, "such an analysis would admit the possibility of a whole continuum of shades of segmentation across industries, occupations and sectors, in line with the complex pattern of development of the economic structure and of trade union structure "

In 1974 Barbara Bergmann<sup>55</sup> put forward a crowding hypothesis. She separated the segregation effect from the crowding effect. Segregation is said to occur when men and women are employed in different occupations from each other and crowding effect refers to the fact that higher proportion of female employees are located in a small number of occupation. Crowding of women into a small number of occupations will increase the supply of women in these occupations and this will have depressing effect on wages.

Kalpagam<sup>56</sup> attempted to introduce in to the analysis elements of patriarchy and capitalism in the labour market segmentation theory in the context of multistructural labour market of India. Her primary objective is to understand the implications of the division of labour, of different kinds of production structures and the consequent effect on the type of labour used, particularly female labour. Her analysis is based on the synthesis of class and gender perspective

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<sup>53</sup>See Reich, M, Gordon, D. M. and Edward, R.C. in Amsden, A. H. (Ed.) 1980 p 232.

<sup>54</sup> Rubery J. Amsden A.H. (Ed.) 1980 p. 242

<sup>55</sup> See Bergmann, B.R. in Amsden, A.H. ed. (1980) p.271.

Amartya Sen's<sup>57</sup> cooperative-conflict model is one of the new variants of bargaining models of household dynamics. As mentioned by Krishnaraj, it can be useful for feminists economists. According to Sen, "Each member faces two sets of actions; co-operation, to add to the total availability of goods for the house-hold and conflict, over its distribution. He links notions of capabilities, well being, agency and perception to warn us against drawing welfare conclusions from the solution that emerge in the model by women's agency. Family identity for women implies that they identify family welfare with their own and fail to see their own personal interest. They work to enhance the totality of goods available but at the same time do not assert their interest in the course of distribution"<sup>58</sup>

### **2.1.3 Marxian Perspective**

We will include the review of Marx and Engels as well as socialist feminist economists who criticised Marx but adopted Marxist methodology of analysing the society and developed further on some of the Marxist concepts.

Marxists attempt to take a broader historical view of economic processes. They consider variables such as prices and income, supply and demand as mere short run quantitative reflection of more fundamental social decisions. They accord primacy to productive forces and production relations in the analysis of economic structures and its underlying processes. Instead of the individual in the neo-classical framework their analytical category is class<sup>59</sup>. Whereas the liberal views capitalism primarily as a system of voluntary exchange relations, the Marxist views capitalism primarily as a system of exploitative power relation. According to them the exchange between workers and

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<sup>56</sup> Kalpagam, U. (1994).

<sup>57</sup> Sen, A. (1990).

<sup>58</sup> Quoted from Krishnaraj, M. (1995) p.40.

capitalist is not a free and voluntary exchange between two equal parties but based on exploitative power relations. Capitalists own means of production and workers have nothing but their labour power to sell hence in this process of unequal exchange they are forced to accept lower wages than the value of the product they produce with the help of the labour power.

Engels provides a significant insight on the position and role of women in societies. Engels described in his work *The Origin of Family Private Property and the State* as below,

" According to the materialistic conception, the determining factor in history is, in the final instance, the production and reproduction of immediate life. This again, is a two-fold character: on the one side, the production of the means of existence, of food, clothing and shelter and the tools necessary for that production; on the other side, the production of human beings themselves, the propagation of species. The social organisation under which the people of a particular historical epoch and a particular country live is determined by both kinds of production; by the stage of development of labour on the one hand and of the family on the other" <sup>60</sup>

The primacy given to reproduction as described above is lost in the analysis of the family under capitalist society by Marx and Engels. They tend to associate women's emancipation with their participation in the social production in the large scale, and domestic work claims only an insignificant part of their work. The emancipation of women was linked to the emancipation of the working class. They did not pay attention to the domestic work women perform.

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<sup>59</sup> Amsden A.H. ed (1980) p.23

The later followers of Marx's methodology particularly socialist feminists try to incorporate analytical categories like gender and patriarchy in to their analysis of women's work and wages.

#### **2.1.4 Some Basic Concepts used by the Socialist Feminist Economists**

The inadequate treatment given to the women's specific realities in all the existing theoretical frameworks i.e. neo-classical, institutional and Marxist have lead feminist economists to adopt or develop various concepts that can explain the reality more closely. A comprehensive alternative theoretical framework to explain women's reality and also have general relevance is yet to emerge but various attempts to integrate feminist concepts in existing neo-classical or Marxist framework has been made so far. We will review some of the basic concepts of feminist theory.

##### **Patriarchy**

The term 'patriarchy' was taken up by the sociologist Max Weber to describe a particular form of household organisation in which the father dominated other members of an extended kinship network and controlled the economic production of the household.<sup>61</sup>

It became important in the feminist theories from its use by radical feminists. Radical feminists like Kate Millett have used the term to locate male domination in the following terms: 'groups who rule by birthright are fast disappearing, yet there remains one ancient and universal scheme for the domination of one birth group by another-the scheme that prevail in the area of sex'.<sup>62</sup> Millett and other radical feminists consider patriarchy as a fundamental system of domination. According to them class divisions

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<sup>60</sup> Engels, F. (1972) p.71-72.

<sup>61</sup> See Barrett, M. (1980) *Women's Oppression Today: Problems in Marxist Feminist Analysis*, Verso Editions and NLB, London for a detailed analysis of patriarchy. p. 11.



are relevant only for men. They interpret 'male supremacy' as male control over women's fertility. The basic contradiction in society is between men and women. The radical feminist definition was criticised by socialist feminists who argued against the logic of radical feminist that women's subordinate position is determined by her biological function and do not consider the distinction between sex and gender established in the feminists theory. The other reason is that they ignore the class differences and relative differences in the experience of women from different classes.

Socialist feminists consider patriarchy as having a material base which rests in men's control over women's labour power, sexuality and reproductivity.

## **Gender**

Feminists differentiate between sex and gender. Sex is biologically given and men and women have some biological differences. Gender is socially constructed i.e. the notion of what is feminine and what is masculine or in other words how men behave and how women behave in particular society is not always determined by nature but depends on sociological, cultural and psychological factors prevailing in the particular society. Only women can give birth to a child, so child-bearing is naturally women's work; however child rearing is not women's work determined by nature, it is determined by the society.

According to Kalpagam,<sup>63</sup> gender is a basic element of social structure, especially of a sexual division of labour, which is tied to gender division and male dominance. The division between female and male is socially created and is deeply woven in to the organisations of institutions and of everyday life. It is not just a division but asymmetry, with men having more power and status. She also emphasises that 'gender does not have uniform impact across situations. It is because of this, that

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<sup>62</sup> Barrett, M. (1980) p.11.

gender alone as a stratification variable provides as incomplete an understanding as using only class, race, ethnicity or caste'

### **Gender Division of Labour or Sexual Division of Labour (SDL)**

Many socialist feminists used sexual division of labour as an important analytical concept instead of class. For socialist feminists, sexual division of labour is a unifying concept which can unify the Marxist and feminist analysis. According to them, class analysis can explain only the relationship between bourgeoisie and the proletariat but gender division of labour can explain who is giving order and who is taking it, who is working in the preferred shift and who is in the non-preferred shift Who is getting more wages and who is getting less.

According to Gandhi and Shah<sup>64</sup>, "The SDL stands for a hierarchical and sexual allocation of tasks in which women are given an inferior status. Different areas of this division reinforce each other to trap women into a vicious cycle. Because women happen to bear children they are burdened with their care and with the maintenance of the family home. Domestic responsibilities and social restrictions, combined with a low family income, drive most women into the informal sector, low wages imprison them in marriage. The State – also the rest of the society – is not concerned with giving them work opportunities or equal wages. Capitalism takes advantage of this and creates a low-paid category of women's work"

According to Peter Custers the sexual division of labour has two aspects, one is 'social' division and other is 'sectoral' division of labour. "The social division of labour between women and men refers to the fact that, throughout society, women are held responsible for domestic tasks like cooking, cleaning, and raising children, whereas men are exempted from such tasks. The sectoral division of labour refers to the fact

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<sup>63</sup> Kalpagam, U. (1986) p. ws 59.

that within specific sectors of a given economy. .a hierarchical division of labour between women and men also operate.”<sup>65</sup> According to him the sexual division of labour is determined by the need to maintain male dominance, and changes along with the evolution of the given sector over time.

### **Reserve Army**

Several writers in their analysis of women's work and particularly women's work in the informal sector discuss the Marxist concept of reserve army.<sup>66</sup>

In process of capital accumulation the capitalist system produces a surplus population, which acts as an industrial reserve army. The presence of such reserve army keeps the wages low. According to Kalpagum, Marx has referred to three types of reserve army. Floating reserve army, latent reserve army and stagnant reserve army. Floating workers include those who are regularly discharged after certain age or because they become redundant as a result of new technology, the latent reserve army is particularly people who are seeking work in the capitalist sector as consequence to the penetration of capitalism in the pre-capitalist sectors. For example people from agriculture sector. The third reserve i. e. stagnant reserve consists of those who are active in labour force but with extremely irregular employment. Kalpagum has evaluated this concept in her work labour and gender in connection with women's work in the informal sector.

## **2.2 Status of Women**

The term status of women is used extensively in studies about the position of women in the society. However, in most of these studies the term status has not been defined and indicators of status have not been explicitly spelt out

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<sup>64</sup> Gandhi, N. and Shah, N. (1991) p. 204.

<sup>65</sup> Custers, P (1997) p. 365.

According to Krishnaraj<sup>67</sup> status refers to some kind of comparison. The comparison can be between men and women as well as between women of different social or regional groups. According to her, "A basic component is the degree of inequality between men and women whether at a given time or over time or over different social or geographical groups". The inequalities get expressed as discrimination, exploitation and oppression.

Status is multidimensional. It refers to what claim an individual expects with respect to her position and how her position is perceived by herself or by the group. The objective indicators of the status can be (i) resources available to the individual like education, employment, health, and property, rank etc. (ii) range of choices available, (iii) privileges available, (iv) responsibilities attached to one's position.<sup>68</sup>

Naila Kabeer explains that "Status is concerned with two aspects - social power and autonomy. The former reveals 'the extent to which they have command over the social product', while the latter relates to 'the ability to control various aspects of personal life'."<sup>69</sup>

As early as 1889 Charlotte Perkins Gilman<sup>70</sup>, dealt with the issue of the economic status of women. She noted the unique characteristics of the women's economic status that it is not dependent on women's own productivity but the man she marries. Her consumption depends on how much he has and how much he is willing to give her. Thus she argued that women would get independent economic status when female consumption would link with female production and not her acquired status by

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<sup>66</sup> See for example Custers P. (1997) and Kalpagam U. (1994)

<sup>67</sup> Krishnaraj M. (undated): *Contribution to Women's Studies Series-7*, Feminist Concepts, Part - III: Research Centre for Women's Studies, Bombay, She summarises the discussion on the various aspects of the concept 'Status' in detailed in her work.

<sup>68</sup> Krishnaraj, M. (undated) p-2.

<sup>69</sup> Clark, A. W. ed (1994) p. 2.

<sup>70</sup> Quoted from Krishnaraj, M. and Deshmukh, J., P. (1985) p.10

marriage. Her framework was a civil rights framework, asking for equal civil rights of women.

Marx and Engels<sup>71</sup> were among first to suggest that the status of women was an important consideration in evaluating human societies. They argued that male dominance developed out of historical circumstances and that it was both possible and necessary to improve the status of women. They were criticised by latter feminist scholars for giving primacy to the class differences and turning a blind eye towards sexual division of labour in the family by considering it as natural. Several contemporary writers who followed the Marxian framework have tried to put forward a composite theory of class and gender and overcome this limitation for the analysis of women's status at various stages of economic development<sup>72</sup>

Ester Boserup (1970)<sup>73</sup> in her path breaking work, based on her study in Africa, Latin America, Arab countries and South and East Asia analysed the vital role played by women in the economies of nearly all underdeveloped countries. She explains how colonisation and urbanisation affect the status of women.

Barbara Rogers<sup>74</sup> in her work, *Domestication of women* questions the notion of status applied by the 'planners trained in the western tradition' for the women in the 'primitive societies'. She argues that these planners and administrators in the international development agencies have western and male notion of women's economic role and they try to implement developmental programmes on the basis of their understanding of women's role in the economy. She criticised their concept of status as a 'static concept' applied to a group of people by those outside the group, which does not allow autonomy or independent action on the part of women

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<sup>71</sup> Engels, F. (1972).

<sup>72</sup> See for example Reed, E. (1974) Coonz, S. and Henderson P. (1986) and Eisenstein, Z. R. (1979)

<sup>73</sup> Boserup, E. (1970) p. 283.

'Towards Equality'<sup>75</sup>, the report of the investigation of the Committee on the Status of women in India (CSWI)(1971-74) is the first comprehensive review of the status of women after independence. It is considered to be a pioneering work and boosted several studies on the status of women. The report brings to the notice of academics that the declining sex ratio, declining work participation rate of women and effects of development plans on women are serious questions to be addressed.

The definition of 'status' adopted in the report was, 'a position in a social system or subsystem, which is distinguishable from and at the same time, related to other positions through its designated rights and obligations.'<sup>76</sup> The report further explains that, " Women like any person, occupies very many status positions at a given point of time and plays a number of roles, such as those in the kinship system, family system and the wider social system. Her status in society is usually not determined by any one particular status position held by her, but by her composite status, which results from the merging of various statuses. To this should be added her consciousness of her own status."<sup>77</sup>

Picking up from the CSWI report, the Indian Council of Social Science Research undertook and sponsored several research studies on critical areas of women's employment, education and health after 1975.<sup>78</sup>

The earlier researches on women's status were mainly focused on the issues of

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<sup>74</sup> Rogers, B. (1980).

<sup>75</sup> Government of India (1974) *Towards Equality*- Report of the Committee on the Status of Women in India, New Delhi.

<sup>76</sup> Government of India,(1974): op cit. p.6.

<sup>77</sup> Government of India (1974): op cit. p.7.

<sup>78</sup> Some of the studies undertaken by ICSSR during these period were, *Status of Women in India Synopsis of the Report of the National Committee*, *The Status of Women: Literacy and Employment* by Ashok Mitra, *Implications of Declining Sex Ratio in India's Population* by Ashok Mlira, *Women Construction Workers: Report of Two Surveys*- by G.P. Sinha and S.N. Ranade, *Critical issues on the Status of Women- Employment, Health, Education: Suggested Priorities for Action*, *The Status of Women Household and Non-Household Economic Activity*, etc.

elite women or middle class women Neera Desai<sup>79</sup> and Maithreyi Krishnaraj (1990) noted in their work that, " Since 1970's the research interest in women has not only gained momentum but also has given rise to new questions in the field of employment, such as supply characteristics of women workers, impact of technology on women, female headed households, conditions of work, female poverty...." They conclude in their chapter on the status of women that, "Not only has women's employment in the organised sector been reduced, but expansion of the informal sector has put women in the category of a reserve army. The increasing feminisation of poverty is a matter of grave concern."<sup>80</sup>

Chhaya Datar in her work emphasises that most studies on women's work and working conditions describe manifestations of women's low status but there are few attempts to analyse the reason for low status.<sup>81</sup> According to her," It is essential to understand why this (low) status is accorded to women, how the status is maintained and reinforced, how does it relate to other social categories such as class and caste."

She analyses the secondary status of women in the workforce with the help of the analytical category of patriarchy and states that " Whenever women enter the labour market to sell their labour power, they have been already subjugated in a process of subsistence production." Not only lack of skills and education but restrictions from patriarchal relations affect their compatibility with men "Besides, her own commitment to the subsistence production also adds to immobility. This immobility shapes her psyche, her self-perception, her self-esteem " Several other scholars have derived similar conclusions when they analyse women's work with the help of the category patriarchy or gender. The work of Karlekar (1982), Banerjee (1991),

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<sup>79</sup> Desai, N. and Krishnaraj, M. (1990) p.7

<sup>80</sup> Desai, N. and Krishnaraj, M. (1990) p 43.

<sup>81</sup> Datar, C. (1990).

Kalpagam (1994) are some examples. These scholars note that participation in the workforce in itself is necessary but not a sufficient condition for enhancement in the status of women.

In many of the recent studies a more positive concept, 'empowerment' is used in stead of 'status'. The Human Development Report 1995 (HDR1995)<sup>82</sup> has for the first time provided gender-differentiated information on the status of human development in terms of the well-being of women and men world wide. Following the Human Development Index (HDI) used in the Human Development Report 1990 and 1995, several attempts have been made to measure Gender Development Index (GDI)<sup>83</sup> and Gender Empowerment Measure (GEM) for understanding the situation of women. A debate about the relevance and shortcomings of these measures is compiled in the volume edited by Nitya Rao<sup>84</sup> and others.

Sharda<sup>85</sup> in her study, reviews the labour market theories and shows their implication for the status allocation process. She examines both supply side theories i.e. neo-classical human capital theories and demand side theories i.e. segmentation theories. According to her, both the supply side factors like returns to human capital (education, training, experience, health) and demand side factors like structure of markets, institutional arrangements and differential opportunities for differential groups of people (based on caste, class, gender, race) are necessary to be analysed for enhancing our understanding of the status allocation process.

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<sup>82</sup> United Nations Development Programme (UNDP) 1995.

<sup>83</sup> HDI, GDI and GEM were developed in successive years after 1990. HDI is a measure of average achievement of a country in basic human capabilities like life expectancy, education and standard of living. GDI measures achievement in the same basic capabilities by taking note of inequalities in achievement between men and women and GEM is a measure of the extent to which women and men are able to actively participate in economic and political life.

<sup>84</sup> Rao, N., Rurup, L., Sudarshan, R. (1996).

<sup>85</sup> Sharda, B. M.(1998) pp17-31.



Subramanyam<sup>86</sup> in her study based on review of the concept and measurement of the status of women adopted in several studies concludes that, "Along with education the ability to earn and control income appears to be one of the most powerful determinants of women's status in the family. However, in using employment as a proxy for measurement of status it may be important to note that the extent of female participation in production in India is determined by a nexus of class/caste hierarchy and norms of patriarchal ideology." We can conclude from the above discussion that work participation is an important and necessary indicator of women's economic status but not sufficient. It is necessary to analyse the nature of work and working conditions. When we talk about women apart from general components sexual division of labour is a major determinant in the economic realm of women's status. The division of labour in family and society is shaped by the factors like caste, class, religion and culture of the women and how they interact with the patriarchal norms and structures operating upon the woman. Considering all these various aspects of women's status we have adopted the following indicators of the economic status in this study

- (1) Work participation
- (2) Type of work
- (3) income and working conditions
- (4) Control over decision making

### **2.3 Women's Work:**

The literature on the subject of women's work focuses on the following major areas of inquiry: (1) macro trends in women's work participation rate; (2) micro studies about work and working condition of women with specific reference to women in the

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<sup>86</sup> Subramanyam, M. (1995) p.28.

informal sector; (3) debate about the effect of New Economic Policy on women's work and suggested strategies or policy measures.

There were very few studies on the macro trends of women's work participation before 1971.<sup>87</sup> Gadgil was the first scholar to draw the attention to the declining work participation rate of women in 1920. In 1951 Ashok Mitra described the dramatic decline of women's work participation in Bengal between 1901 to 1951.<sup>88</sup>

When the 1971 Census was published, the attention of demographers and statisticians was drawn toward the remarkable decline in the work participation rate of women during the decade. According to Amitabh Kundu, "A decline was noted even in the absolute number of women workers. This came as a big shock and surprise for the experts working on employment /unemployment."<sup>89</sup>

V.M. Dandekar<sup>90</sup> analysed the work participation data of 1971 Census and discusses the problems regarding steps for increasing women's participation in economic activity so that women may contribute to and get fully integrated in economic development. He discussed various socio-cultural practices in the family particularly household responsibilities and maternity as two major hurdles in the way of greater employment of women. He suggested various methods like providing facilities of child care and food by the public services as well as providing non-transferable and part time job to women so that they can combine their household responsibilities with outside work. He did not discuss the problem in the definition of work adopted in the census.

The issue of definition of women's work became important after the publication of 1971 Census because it was found that women's work participation rate was particularly sensitive to the definitional change. In the 1961 Census a person is defined

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<sup>87</sup>Kalpagam, U. (1986) p. ws-60.

<sup>88</sup> Mitra, A., Srimany, A. K., Pathak, L. P (1979) p.1.

<sup>89</sup> Kundu, A. (1997a) p.440.

to be in the labour force if he/she had been engaged in any economic activity for a greater part of the past season. The 1971 Census included only those people whose main activity in the reference year was 'economically meaningful' work. The 1981 census again identified two categories of workers i.e. main workers and marginal workers.

According to Kundu the controversy about the shrinking low rate of women in work force in 1971 remain unresolved because NSSO, the other source of data in for the Indian economy also does not provide reliable data for the relevant period.<sup>91</sup>

Vibhuti Patel (1989a) held both the definitional changes as well as the historical trends responsible for the decline in the work participation rate of women in the 1971 census.<sup>92</sup>

The debate about the concept of work has raised various aspects about the invisibility of women's work. The issues raised range from definition of 'productive' work, method of data collection, training of enumerators and even timing of data collection.<sup>93</sup>

Jyoti Kiran Shukla<sup>94</sup> in her study discusses the definitional change in the Census and NSSO. Several changes in positive direction have taken place in Census as well as NSSO definition of productive work to make it a more accurate measure of women's work participation. However as pointed out by Shukla in her above mentioned study the definitional change is far from capturing the reality of women's work.

At the international level also a debate has taken place about the concept of

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<sup>90</sup> Dandekar, V. M. (1981)

<sup>91</sup> Kundu, A. (1997b) p. 440.

<sup>92</sup> Patel V. (1989).

<sup>93</sup> The major point of the discussion are covered in the report, Technical Seminar on Women's Work and Employment, Institute of Social Science Studies Trust, New Delhi. 1982.

work. The discussion about the concept of work discussed in the international conference of labour statisticians and the concept of production boundary suggested by the United Nation's System of National Accounts is reviewed by Jeemol Unni<sup>95</sup> in her recent paper.

The debate about the definition and measurement of women's work is summarised by Maithreyi Krishnaraj<sup>96</sup> as below:

" Women's work is undercounted, under-remunerated because-

- (a) Work is defined as only that which obtains exchange value;
- (b) Women's domestic work is perceived as having no value;
- (c) Much of women's work being part of family labour is not visible;
- (d) Apart from what is generally accepted as domestic work like cooking, cleaning, child care etc, there are many activities in rural areas all over the third world which are in fact 'productive' but may not be marketed, such as collection of fuel and minor forest products, collection of water, post-harvest work, livestock rearing etc., but which get dismissed in data because they are done within the courtyard or sometimes merely because they are done by women. Thus many non-market activities by men, which are for self-consumption, such as crop cultivation, are included. So even the criteria as applied here have no logic or consistency, but a strong gender bias."

The second event, which led to a large volume of research on the issue, was the publication of the report of the Committee on the Status of Women in India. The report highlighted that "The impact of transition to a modern economy has meant the exclusion of an increasing number and proportion of women from active participation in the productive process. A considerable number continue to participate for no returns

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<sup>94</sup> Shukla, J. K. (1994).

<sup>95</sup> Unni, J.(1998).

<sup>96</sup> Krishnaraj, M. (1995) p. 4.

and no recognition. The majority of those who do participate fully or on the surface, without equal treatment, security of employment or humane conditions of work "<sup>97</sup>

Several economists and demographers try to explain this declining work participation rate in terms of macro structural changes in the economy, changes in the definition of women's work in various censuses as well as challenging the definition of work adopted in the census and NSSO.

Sarathi Acharya<sup>98</sup> examines the work participation rate of women during the period 1901-1951 from Census and various other sources. His study concludes that the development of the economy was stagnant during the period and both the demand and supply of the labour declined due to the distorted nature of economic development. Women were the worst sufferers in this situation. He relates the growth of poverty and declining women's work participation with the declining sex ratio of women.

The other studies which stress the influence of the historical development of capitalism through colonisation and marketisation on women's work are, Maria Mies (1985; 1988) Desai and Krishnaraj (1987), Forbes (1997) and Kalpagam U. (1994).

The understanding that low rate of women's work participation in the present period is rooted in the historical forces of capitalist development in pre independent India has lead many scholars to stress the historical work participation of women workers in various sectors.

Mira Savera's (1986) study of the Bombay textile industry is one such study. She uses historical documents and data from women workers to explain the decline of women's employment in this sector by analysing various factors like effect of economic advancement, the initial sexual division of labour, effect of protective legislation, roll of trade unions, etc.

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<sup>97</sup> Government of India (1974) p. 365.

The two major hypothesis put forward by various writers in the debate of women's work participation were marginalisation hypothesis and feminisation hypotheses

N.V Varghese (1993)<sup>98</sup> in his study examines the question that did economic development lead to marginalisation of women in India? The major manifestations of the marginalisation studied by him are,

- Exclusion of women from productive work, which could be manifest in the decline in work participation or decline in their share in wage and salaried employment.
- Concentration of women in the margins of the labour market for example in the informal sector and in unpaid work.
- Segregation of women into certain types of jobs which are low in occupational hierarchy.
- Wage differential and casualisation of labour force

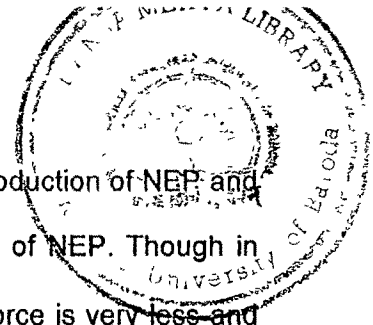
He concludes that the women's marginalisation hypothesis is valid in case of India.

Singh (1994) and others have come to similar conclusions in their study about economic development, female marginalisation and structural adjustment

Some authors like Deshpande (1993,1994) put forward the feminisation hypothesis on the bases of recent development in the urban labour market. She explains that, "Feminisation of labour activity has been a global phenomenon revealed in the 1980s, a decade which labour market analysts regard as the decade of deregulation...Enterprises the world over tended to rely less on permanent labour employed directly and more on flexible non-permanent cheap labour that could be disposed off whenever they felt it necessary to do so...Feminisation of labour activity in fact is one of the dimensions of this change." According to her both the process of

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<sup>98</sup> Acharya, S. (1993) p. 37-38.



deregulation and feminisation has taken place in India after the introduction of NEP and the trend will accentuate in future with the further implementation of NEP. Though in her recent article she suggest that the feminisation of the labour force is very less and marginal compared to other countries in urban India <sup>100</sup>

Banarjee<sup>101</sup> discusses the relevance of the feminisation model for the women's work participation in India. According to her the process which led to the feminisation in other countries has not taken place in India and there is no evidence that it will take place in the future. She observed that world over in ready-made garment industries work force is predominantly women but in case of expanding garment industries in Calcutta more men from marginal sections are employed. She also questions the fact that if feminisation of the workforce were to take place, would it necessarily be empowering for women? Her fear is that feminisation does little to reduce women's subordination and may even enhance it

Dreze<sup>102</sup> in his comparison of various positions on the marginalisation and feminisation hypothesis suggest that there may be case for a 'stagnation' hypothesis. She stresses the need to go beyond the overall rate of work participation and recommends examining detailed patterns of female employment in different types of activities.

Unni<sup>103</sup> in her study of trends in the rural labour market compare the nature of employment and real wages available to women. She states that, "The recently observed increase in the proportion of women workers in the primary sector, reversing the earlier trend, indicates that the option of diversification to non-agricultural

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<sup>99</sup> Varghese, N.V. (1993) p. 60.

<sup>100</sup> Deshpande S. and Deshpande L. (1998) p. L-31.

<sup>101</sup> Banerjee, N (1997) p. 427-438.

<sup>102</sup> Dreze, J. (1997) p. 422.

<sup>103</sup> Unni, J (1997) p. 469.

employment is increasingly limited for women " She concludes that there is continued increase in casualisation of the female workforce and declining real wages have resulted in rising rural poverty.

Kundu<sup>104</sup> concludes in his detailed analysis of Census and NSSO data up to the 50th round (1993-1994) that the percentage of casual workers has increased in the workforce for male in rural as well as urban areas and for women in rural areas. In urban areas share of regular workers has increased for women. He cautions that this should not be interpreted as a growing capacity of the urban economy to absorb women and reduction in gender biases because in several urban sectors, regular female workers are paid less than the casual male workers are. He calls this process as a process of 'organised informalisation' of the labour market. According to him, " the system of having on the one hand, contract labour and subcontracting of jobs in the formal sector, and growth of employment (often on a regular basis) in low-productivity tertiary activities on the other, are the other manifestations of this process."

Thus both in urban as well as in rural areas this process of marginalisation or casualisation has been observed by several scholars. The process has resulted in more and more women taking recourse to the informal sector for their survival Visaria and Minhas (1991) have rightly observed in their study about employment and unemployment in 1990s that, "the poor in India cannot afford to remain unemployed for an extended period of time such as even a week They have little choice except to take up whatever work, even casual, is available to them, irrespective of the quantum of return."<sup>105</sup> This observation is much more true for women because apart from being poor, they are also responsible for the household survival in the present context of male dominated society.

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<sup>104</sup> Kundu, A. (1997) p. 450.



## **2.4 Informal Sector**

### **2.4.1 Origin of the Concept**

The concept of informal sector is becoming more and more important in the analysis of urban economies. It is being increasingly used by economists, policy makers, social organisations and even by lay persons. The term was first popularised in the 70's by several studies conducted by ILO but the origin goes back to the dualistic theories of 50's and 60's. For conceptual clarity it is necessary to go to the origin of the term and examine how it evolved.

According to Breman (1994), the formal-informal sector dichotomy is a new variant of dualism theories. In the fifties and sixties, economists developed theories to understand the dualistic nature of the labour markets of the developing countries. The classical explanation given by Boeke of the phenomenon of dualism refers on the one hand to an urban market economy usually of a capitalistic nature and on the other hand to a rural subsistence economy mainly characterised by a static agricultural system of production. According to Boeke these are two separate systems working independently.

Arthur Lewis and others gave a new explanation. According to them duality originates in a particular phasing of development and at a later stage of development the surplus labour from rural areas and traditional industries will be absorbed in the modern sector. But we can see that the dual nature of urban economy in developing countries is not temporary in nature and the growth of modern or capitalist sector is not absorbing the surplus labour outside modern sector.

Another attempt was made by John Weeks. Weeks defined the reason for formal - informal dichotomy in the policies of state. According to him the state does

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<sup>105</sup> Visaria, P. and Minhas, B. S. (1991) p.22.

favour formal sector through its licensing policy, credit policies and other infrastructure support. As pointed out by Breman (1994), there is some truth in this viewpoint that the government is favouring the formal sector through its various policies but the root cause of formal-informal dichotomy is not the government policy. Even without Government intervention there already exist differences in private ownership of resources and it is sharpening through market mechanism. Thus although government policies help this process they do not create it.

Mitra<sup>106</sup> points out that the Marxist theories highlight the inter-sectoral relationship focusing attention on the exploitation of the informal sector by the formal sector. Again within this class, two types of literature can be traced. One is originated from marginalist theories put forward by Quijano (1974) and others and the other trend consist of the 'petty commodity production theorists'. The former argues that the informal sector is a marginal pole. It acts as a reserve army of labour, producing cheap, poor quality subsistence goods and facilitates capital accumulation in the formal sector. On the other hand, the petty commodity production theorists argue that the informal sector is subordinated to the formal sector via direct links and extract surplus from the informal sector.

Papola in his study of the informal sector in Ahmedabad city summarised various terms used by the economists to describe the dualistic nature of the urban economy in the following way.

“ Thus the dualistic nature of urban economy has been used as a frame of analysis of economic structures and also labour market for quite some time now. Various classifications have emerged to explain the dual nature, such as organised vs. unorganised, modern vs traditional, capitalist vs. subsistence to analyse the urban

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<sup>106</sup> Mitra, A. (1994) p.352.

economies; while organised vs. unorganised, protected vs unprotected and regular vs casual workers has been used for analysing urban labour markets. The 'Formal vs. Informal' is the latest to arrive on the scene and has had a wide clientele for over many years. "<sup>107</sup>

#### **2.4.2 Definition and Characteristics of the Informal Sector;**

The term informal sector is used to analyse the dualistic nature of the urban economy in various theoretical frameworks but it is a fact that there is no accurate or even satisfactory definition of the term. Various scholars have used various ways to define the informal sector.

The term was first popularised by K. Hert (1973) in the early 70's during an ILO study to analyse urban employment in Ghana. He defined informal sector as that part of the urban labour force which fall outside the organised labour market.

In the seventies the term became more popular due to series of studies conducted by ILO in various cities of Asia, Latin America and West Africa. "These studies explored the static characteristics of the informal sector such as the size and composition, workers status in terms of migration, age-composition, wages and earnings; and enterprises in terms of forward-backward linkages, market structure etc."<sup>108</sup> Since then the concept has been subject to many debates and little headway seems to have been made in the attempts towards a rigorous definition.

According to ILO categorisation the informal sector includes employers, employees, workers of micro enterprises [ILO defines informal enterprises as those with five workers or less], self-employed [excluding professionals and technical personnel], domestic servants, occasional workers and non remunerated family workers To

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<sup>107</sup> Papola, T S. (1981) p 3.

compensate for the lack of definition some characteristics of the sector are listed as bellow.

(1) Ease of entry (2) reliance on indigenous resources (3) family ownership of enterprise (4) small scale of operation (5) labour intensive and adapted technology (6) skills acquired out side the formal school system (7) unregulated and competitive markets.

It can be observed that this definition is based on considering formal sector as model and all those outside the formal sector are lumped together as informal sector. But it is difficult to operationalise this descriptive definition because of the diversity and heterogeneity of activities involved in the informal sector.

For example, ease of entry may not be true in case of caste based occupations like fisher women, flower sellers, etc. and also when a fixed place is needed to perform the particular activity entries are restricted. It is difficult to demarcate informal sector for the purpose of empirical studies on the basis of descriptive criteria as mentioned by Roy and Basant.<sup>109</sup> Most surveys, however, tended to use the size-criteria because that could complement the database already in existence for the formal sector. Nearly all countries have some registration requirements for tax and regulatory purposes so most of the studies considered the units having below the required number of workers for registration as working in the informal sector.

Several studies in India and abroad use the classification provided by the data gathering system and consider all those who are not covered by some sort of registration or labour legislation.

Papola (1981) has followed this conventional method of empirically defining the informal sector in terms of small establishment, employing less than 10 workers in his

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<sup>108</sup> Unni, J. (1998)

study of Ahmedabad city.

Several studies use the term, unorganised sector interchangeably with the term informal. Unorganised sector is also used to express two different realities. One is the lack of organisation on the part of workers. Another is the legal status of the establishment i.e. whether it is registered under Factories Act or not.

Deepak Mazumdar (1973) in his study of the Bombay informal sector brought out the point that there is also a need to distinguish between informal sector labour and informal labour working in the formal sector. Several studies have pointed out that the informalisation of labour is taking place in the formal sector industries of the developing countries. Textiles, garments, diamond cutting, pharmaceutical, electronics industries are some of the examples. This leads to the debate about Enterprise Approach and Employment Approach. The recent study conducted by SEWA and Gujarat Institute of Development Research in Ahmedabad has employed both the enterprise as well as the employment criteria to study the urban informal sector.<sup>110</sup>

Thus the term though widely used has remained ill defined and ambiguous. According to Kundu,<sup>111</sup> the term has become so much popular because of its ambiguity.

This poses a serious problem for researchers. The definitional issue assumes importance both from a conceptual perspective as well as from the need to evolve operational terms for different types of work that could be incorporated in to the standard data gathering experiences such as Census and National Sample Surveys. Until some kind of consensus is reached on definition it will be difficult to pressure governments to attempt measurement of the problem and impossible to make accurate comparison between sectors, countries, or even individual studies

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<sup>109</sup> Roy, T. and Basant, R. (1990) p.5

<sup>110</sup> Unni, J. (1998): Women in the Informal Sector: Results of A Survey in Ahmedabad, SEWA , Ahmedabad.

There are very few studies, which analyse the trends and characteristics of the informal sector at the macro level because of the lack of uniform criteria to define informal sector as well as limitations of the data gathering system.

Visaria and Jacob(1995) have reviewed available macro data to estimate the size of the informal sector employment in India. They have used various sources like data on the organised sector given by the Ministry of Labour and deducted it from the total employment given by the NSSO. They have concluded that despite the slow growth of organised sector employment, the worker population ratio has remained the same for the total work force. They have interpreted that this can be explained by the accelerated growth of the informal sector employment.

They have reviewed various data sources like NSSO and CSO who give surveys on the own account and non-directory enterprise and directory enterprise. They have concluded their review of various data sources with the comments given below. "Overall, one cannot escape the feeling that the informal sector is like an elephant. Persons looking at different parts of this elephant are likely to obtain a partial and therefore misleading view of its different dimensions and character. A holistic approach is essential to obtain a proper perspective"<sup>112</sup> But according to the authors a holistic picture cannot be obtained from the data gathered by any of the present data gathering systems.

Arup Mitra<sup>113</sup> has estimated the size of Informal employment in class I cities of India. According to him the employment structure in cities seem to be dominated by the informal sector. He concludes that there is an overlap between informal sector employment and poor households in the city. He also concludes that there is an inverse

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<sup>111</sup> Kundu, A. (1994) p. 327.

<sup>112</sup> Visaria, P. and Jacob, P. (1995) p. 11.

<sup>113</sup> Mtra, A. (1994) p. 351-363.

relationship between the percentage share of organised industry and informal sector in the total workforce.

The problem in understanding the informal sector from the available macro data and the heterogeneous nature of informal sector have made micro studies more important to understand the functioning of the informal sector.

#### **2.4.3 Women in the Informal Sector:**

Most of the early studies do not consider women as a distinct category in the labour market. They tend to ignore the reality of women workers in the informal sector

The preceding discussion highlighted the definitional problems of identifying the informal sector in terms of enterprise as well as workforce. These factors are compounded for women by the fact that most often women are linked to informal sector through their utilising of skills which are closely related to the domestic sphere and are carried out within boundaries of the domestic environment (Heyzer 1981, Kottegoda 1991). Hence, ~~In~~<sup>In</sup> case of female Informal Sector workers, there is a clear element of invisibility of their work economically and socio-culturally.

'Shram Shakti' is a report of the National Commission on Self Employed Women and Women in the Informal sector. The women in the informal sector according to their employment status are categorised in the report in following way.

1. Self-employed women
2. Wage earners working outside home (agricultural workers, construction workers, contract and sub contract workers) and home based workers
3. Unpaid family workers.

The natures of activities covered in the report are as below.<sup>114</sup>

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<sup>114</sup> Government of India (1988a) p.26.

1. Home based producers (including artisans and piece-rate workers). Paid and unpaid family labourers.
2. Women engaged in processing work in traditional and non-traditional areas.
3. Providers of services like washerwomen, scavengers and domestic help.
4. Petty vendors and hawkers who do not higher labourers except for taking the assistance of family members.
5. All other poor labouring women in unprotected sector not covered in the preceding sections.

There are very few studies to estimate how urban women are distributed across the various Informal Sector occupations. In Calcutta Nirmla Banarjee (1985) found the largest group to be domestic workers, dhobis and house hold production workers. A 1985 study in Bombay found that women constitute 11% domestics, 7% petty traders; 4% daily wage labourer; 3% construction workers; 3% rag-pickers with the rest scattered across more than twenty other occupations. Everret and Savara in a comparative study of five groups of women workers in Bombay reveal that even within the informal sector, women are at the lowest segment of the sector and their status is segmented along the bases of gender, caste and religion. The groups covered in the study are,

- (1) Sub contract workers
- (2) Private building sweepers
- (3) Fisherwomen
- (4) Khanawalies and
- (5) Domestic workers.

In the recent study of Ahmedabad informal sector, Unni (1998) discusses the question of enumeration of informal sector and highlights some special categories of



workers, who are particularly invisible

There are some studies that concentrate on one or the other segment of the informal sector, for example home-based workers. Home-based workers are mainly women and are kept out of the formal wage contract system of employer and employees. Some of the home-based workers are self-employed but most of them are wage workers doing piece rate work for the main employer, contractor or the sub contractors. A volume edited by B. B. Patel (1989) based on the proceedings of the National Workshop on the Problems of Home based workers covers various aspects of problems related to homebased workers. The issues covered in the volume are estimation of the size of home based workers, their work and working conditions, attempts to work about legislative protection for homebased workers and attempts to organise home based workers. Various academicians and activists have contributed in the volume to bring out various aspects of the home based workers.

Gandhi and Shah (1992) has undertaken a study of home based women workers in Bombay their study probes in to the situation of home-based women workers in garment, food (Papad), leather and rexin and plastic processing industries. They have portrayed the life of home-based workers in their own words and briefly explored the structure and functioning of the above-mentioned industries.

Women casual labourers are another important category of worker in urban areas. Some of them are staying in the city and many of them come to the city for few months to earn their living in the casual labour market of the city. Kantawala and Padaria's (1992) study one example of regular casual labourer in Baroda. They have surveyed the women and men head loaders in the wholesale vegetable market of Baroda. They found most of the women were from Rana caste.

Punalekar (1995) has studied the living and working condition of women casual

workers in the casual labour market of Ahmedabad, Surat, Baroda and Rajkot

A study by I. S. Singh (1996) about the construction workers in Ahmedabad reports that more than one third of the workers live at construction sites and less than one third lives in slums. Majority of both women and male workers did not read newspapers, did not listen to radio, did not have access to television and did not see movies. These deprivations were more in case of women workers compare to men.

Mahadevia and others<sup>115</sup> have studied the social well-being of the informal sector under structural adjustment. They explained that the employment generated in the informal sector is not adequate to ensure social well-being of the women workers.

Mukhopadhyay<sup>116</sup> in her study based on the NSSO data of own-account enterprises and non-directory manufacturing establishments in the various states of India conclude that even within the informal sector women are concentrated at the bottom of the sector in low earning, low productive enterprises

Several studies for example by Kalpagam and Baud shows that the characteristics described for informal sector is not only restricted to informal sector but is also applicable to formal sector women workers in many industries, given as e g., the textile Industry, in which women are confined to some specific departments

This discussion lead us to question the usefulness of the duality inherent in the formal - informal dichotomy. Many authors have argued that there is no discontinuity in the urban economy but rather a continuum in which borderlines between the composite parts are drawn almost arbitrarily and are also difficult to locate in actual situation. Papola concludes that the "The only variable that showed a sharp cleavage between the two sectors is wage, suggesting that thereby the labour market can be demarcated

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<sup>115</sup> Mahadevia, D , Jain, T. and Acharya, B (1994) pp.379-390.

<sup>116</sup> Mukhopadhyay, S. (1997) pp 483-492.

between the formal and informal sector with greater ease than economic activities."<sup>117</sup>

Breman (1994) questions the validity of the concept on the basis of his field study in South Gujarat. He argues that urban production is not an independent segment of economy. A similar argument has been put forward by Kalpgam. She describes the nature of Indian economy as 'multistructural' one. Thus we can say that the concept itself is criticised to be very vague and ill defined but as observed by several authors its high degree of ambiguity has given free way to many criticisms and the very ambiguity has helped to maintain validity of the concept. So even if it is ill defined or undefined it is widely used because of the lack of proper analytical tool to understand the heterogeneous nature of urban economies of developing and under developed countries.

The concept of the informal sector has remained popular and will continue to be used because as we saw earlier we cannot find evidence of the surplus labour outside the formal or modern sector being absorbed by it. On the other hand because of globalisation and the changing structure of the world economy the process of informalisation of even formal sector is taking place. Von Werlhaf and Maria Mies (1988) argue that the coming period of world capitalist development will more and more tend to reduce the proportion of wage workers and there will be 'housewifisation' of the labour force. More and more people will be left to fend for themselves like housewives who work for the survival of the family but will not be considered as workers.

In the current period of liberalisation and structural adjustment the debate about informal sector is raised again. The informal sector is viewed as the outcome of excessive controls and regulation by state and that the informal sector is growth inducing and should be supported by the government because of its employment

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<sup>117</sup> Papola, T. S. (1981) p. 112

generation capacity. Some argue that with liberalisation and globalisation there will be a feminisation of the labour force i.e. more and more women will enter the labour force. However Kalpagam argues that these people forget the reality that these poor women enter the process on an unequal basis from the beginning as already deprived actors. Not only did the development process marginalise them but they have also had to bear the greater burden of household survival.

Therefore any study on the informal sector should look at the sector not just as a segment of urban economy but in the macro processes of the whole Indian economy and the process of globalisation and restructuring of the world economy

#### **2.4.4 New Economic Policy (NEP)<sup>118</sup> and Women in the Informal Sector:**

The integration of the Indian economy into the process of globalisation can be understood by understanding the nature of NEP and structural adjustment programmes adopted by the Indian Government. The effect of NEP on women's work is analysed by several concerned economists and developmental activists. The NEP, and its effect on women's working and living conditions is an important area in the discussion about informal sector because as we discussed earlier the macro forces shaped by these policy changes will have a long lasting impact on women in the informal sector

The New Economic Policies (NEP) were officially introduced in India in June 1991. NEP has two inter connected elements i.e. stabilisation measures and economic restructuring, otherwise known as the Structural Adjustment Programme (SAP) The major characteristics of NEP and its effects on women are analysed by Ghosh<sup>119</sup> Randive,<sup>120</sup> Krishna swami .<sup>121</sup>

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<sup>118</sup> A detailed analysis of NEP and its effect on women in the informal sector is given in Chapter 7.

<sup>119</sup> Ghosh, J. (1994) ws-2.

<sup>120</sup> Randive J. R. (1994) p.ws-12.

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

The supporters of the policy like Tendulkar<sup>122</sup> have argued that, SAP will introduce internal and external competition and will reduce the wasteful use of scarce resources and improve international competitiveness. According to their argument the NEP will not affect the poor but it will affect the 'organised interests groups' of the economy.

The NEP debate has renewed the debate about state versus market forces. The strong supporters of NEP like Arun Kamath<sup>123</sup> are in fever of leaving every thing to the mercy market forces. Lynn Bennett,<sup>124</sup> Regional co-ordinator, argues that "Market forces have great potential to influence gender ideology and increase the perceived value of women."

The arguments of the group that is between the supporters and opponents of NEP also pick up some of the arguments stated above. For example Devaki Jain<sup>125</sup> and her colleagues pose the question: can we convert the crises in to an opportunity? But they are also not in favour of shifting the burden of structural adjustment on poor and women. They suggest a wide safety net, by way of expanded Public Distribution System and employment programmes. They also suggest an entry policy before launching an exit policy.

Renana Jabvala (1994) is also critical about the two extreme views. She is critical about both the poverty alleviation programmes and the liberalisation policies as

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<sup>121</sup> Krishnaswamy, K.S. (1993) p. 36.

<sup>122</sup> Tendulkar, S. (1991): Economic Reform: Hostage of Interest Groups; The Economic Times September 16.

<sup>123</sup> Kamath, A. (1992): Exit policy-Need for Bold Initiatives; The Economic Times, January 6.

<sup>124</sup> Bennett, L (1988) p 59.

exist today. She suggests several strategic steps in her paper to empower women in the people's sector and bring them in to the mainstream of economic reforms and development. According to her if supported these women would create a model of development worth being followed by others.

The argument against NEP is also not homogeneous. Some of those who are against the NEP some of them argue that it is contrary to the Nehruvian policy of self-reliance and self-sufficiency of the economy. They argue that it is sale out of the country to the World Bank and IMF. There is also an argument that because of structural adjustment the spending on social sector and anti-poverty programme will decrease and the poor will be doubly affected.

The NEP affects women as producers as well as consumers. The trend in women's employment is analysed by several authors to understand the effect of NEP on women. Several authors; Ghosh(1994), Kumar (1993), Dietrich(1993), Shah Gandhi and others (1994) have analysed the impact of NEP on the various aspects of women's living and working conditions. George (1993) has analysed the impact on household sector with the help of social accounting matrices and vulnerable Sector Approach. Ranadive<sup>126</sup> argues in his paper that the household will act as a buffer during the transitional period of economic reforms. And further, due to certain specific gender-related circumstances within the household, it is women that take the impact as buffer.

Effect of privatisation on the natural resources and displacement of women from the land and productive activities has been examined by Ruth Manorama in her study of urban poor settlement in Bangalore city (1993).

In an edited volume edited by Rajput and Swarup (1994) several scholars have analysed various aspects of women and globalisation in India as well as other

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<sup>125</sup> Jain, D. et al (1993) pp11-35.

developing countries They have talked about the impact of SAP on women as well as the strategies to achieve gender-centred human development in future. Several authors have analysed various organisational strategies of survival adopted by the poor urban and rural women in the face of NEP and SAP.<sup>127</sup>

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

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<sup>126</sup> Randive, J. (1994) p. ws12-ws18.

<sup>127</sup> See Shah, N. et al (1994), Jabvala, R. (1994), Banerjee N. and Mitter S.(1998). Also see Dietrich G. , Gothoskar S., Narayan R. and Jain L.C. in Rao N. et al (1996) ed. Sites of Change-The Structural Context for Empowering Women in India; Friedrich Ebert Stiftung, New Delhi.