Poverty in India has been the subject of considerable research and study, but most of this tends to focus on measurements and definitions and on schemes for poverty alleviation, as a particular form of state intervention. Even here the evidence on schemes that are workable and those that are not is quite unclear. While there are numerous labour market studies, they appear to focus on the organised labour markets, where poverty is not an issue. Generally, labour market interventions are not regarded as a means to reduce poverty either in theory or in practice. In recent years, however, a number of studies have affirmed the powerful role that labour markets plan bother as generators of poverty and as a possible mechanism through which if can be reduced.

1. A LABOUR MARKETS IN THE UNORGANISED SECTOR

Labour markets in the unorganised sector assume importance as they tend to be linked with poverty issues in so far as the workers who participate in these markets are mostly poor. However, it is far from clear what precisely the labour market means in the context of the unorganised sector, which constitutes a large segment of the workforce in most developing countries. In India, this sector constitutes over 92% of the workforce, and has been growing in the last decade. However, very few attempts have been made to identify or analyse labour markets in the unorganised sector. Some analysts feel that the labour markets in this sector should not be seen as restricted to only wage labour, but in a larger context. It is important not to take too narrow a definition of the term ‘labour market’: informal employment, self-employment and even family work should be taken into account, if only because these different type of labour occur in situations where is also wage work, so that self-employment in the informal sector, say, will interact with or depend on wage labour because of indirect supply or demand relationships (Figeiredo, Lachaud and Rodgers, 1995)

In the Indian context it is often difficult to distinguish the ‘wage’ labour market from non-waged forms of work. For example, in the case of agricultural labour, the 1991 Census figures show that as against 7.5 crore agricultural workers, there are as may as 11 crore cultivators.

However, a closer look at these figures show that often the distinctions between them tend to disappear. Much of the sharecropping, for example, is a form of agricultural labour and yet the worker, who does this work, is listed a as cultivator. In most areas marginal farmers are treated as agricultural workers at certain times in a year. Again, except during the monsoon season, farmers in most rain-fed areas look for work as labourers outside their fields, often migrating from their native places to areas where work is available, while during times of drought there is a significant growth in the labour market. In other words, the size and composition of the labour market varies from season to season and year to year.
In the context of women workers the situation becomes even more complex. The types of work performed by women tend to be in many ways invisible and though the labour markets, of which they form a part, do exits they are neither seen or counted. One example of women workers who are part of an ‘invisible’ market are the home-based workers who are available in the labour market, but since they offer their services in the privacy of their own homes, they are not seen as part of the labour market.

Yet another section of the ‘invisible’ (predominantly) female labour market are self-employed or own account workers or those offering specialised services, but in fact are nothing but disguised labour. These include collectors of minor forest produce, paper and rag pickers and domestic servants. An issue that clearly emerges from this discussion is an urgent need to both understand and define labour markets in the unorganised sector with especial reference to women and examine their relationship with the level of poverty prevailing at a point of time.

11. LABOUR MARKETS AND POVERTY.

The relationship between the labour markets in the unorganised sector and poverty is both complex and multi-dimensional. While on the one hand, the labour market itself can produce or perpetuate poverty, on the other hand, existing poverty tend to affect the functioning of these markets. Labour markets affect poverty in a variety of ways, of which the most important are by (a) lowering wages and earnings and (b) generating large-scale unemployment or underemployment.

1. Reduction in Wages

Wages in the unorganised sector tend to be extremely low, leading to high levels of poverty, in terms of calorie intake, health care and education—reflected in a low human development index. The existence of almost subhuman levels of wages can basically be attributed to the functioning of the labour markets in the unorganised sector and are affected by both market and non-market factors.

These labour markets are affected by a variety of factors outside the purview of the market itself, which may include the state of economic and social relations between the employers and workers. The former is traditionally one in which the family of say an agricultural worker or sharecropper is required to work for the employer to redeem as earlier debt at very low wages, and the latter is one where the workers belonging to certain castes offer their services to landowners—their employers—at wage rates determined by the latter. The labour market can also be affected by a system of (a) land relations whereby the customary use of a village or private land such as for fodder or other specified functions is tied to the provision of services by the workers for the landowners at predetermined rates and (b) Jajmani, in which the offer of services or products by workers, is a precondition for providing them protection and social security in various forms. These non market conditions have an even stronger adverse effect on women workers since their mobility is usually constrained by social considerations which require women from certain communities to remain within the
confines of their homes, thereby depriving them of the opportunity to take up a remunerative job, this forcing them to live in dire poverty.

The consequent increase in the supply of labour, specially unskilled labour, in the absence of a matching growth in their demand for their services lead to a further lowering of the price of labour. The imbalance between the supply of and demand for labour is often a consequence of non-market factors. In rural areas, for example, the easy availability of water resources often determines the productivity of the farm. Thus, lack of access to water will lead to a fall in farm productivity resulting in the small and marginal farmers swelling the labour market during certain seasons, thereby causing a fall in wage rates. Similarly, the destruction of forests is leading to large-scale displacement of workers, and producers dependent on them has led to the creation of a workforce with very few resources, and little social support so that they are forced to live on wages that are below the poverty line.

2. Large-Scale Unemployment

This brings us to the second factor through which labour markets either reduce or perpetuate poverty, namely, the reduction or increase in levels of employment. As local employment opportunities shrink, there is a pressure on the labour markets leading to a downward push in wages and employment resulting in migration, transfer of employment between areas and even sectors, and between workers of different communities and with different skills or levels of education. The resulting seasonal or permanent unemployment, even apart from the depression in wages, leads in turn to low annual earnings due to a much smaller number of working days.

In the case of women there is rarely any open unemployment. As employment opportunities shrink seasonally or permanently, they shift to lower-paying jobs and are even prepared to work at subsistence wages or where remuneration is usually in kind.
Table 1
Employment and Earnings of Rural Workers

<table>
<thead>
<tr>
<th>Item</th>
<th>Agricultural Households</th>
<th>All rural Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of wage employment (day) in agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>231</td>
<td>230</td>
</tr>
<tr>
<td>Female</td>
<td>157</td>
<td>157</td>
</tr>
<tr>
<td>Av. Size of household</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Av. No. of wage earners</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Av. Daily wage of agricultural workers (Rs.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>9.42</td>
<td>9.46</td>
</tr>
<tr>
<td>Women</td>
<td>7.00</td>
<td>7.05</td>
</tr>
<tr>
<td>Children</td>
<td>6.01</td>
<td>6.00</td>
</tr>
<tr>
<td>Av. Daily wage of non-agricultural workers (Rs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>10.23</td>
<td>11.0</td>
</tr>
<tr>
<td>Women</td>
<td>7.92</td>
<td>7.99</td>
</tr>
<tr>
<td>Children</td>
<td>6.30</td>
<td>6.55</td>
</tr>
</tbody>
</table>

Source: 5\textsuperscript{th} Rural Labour Enquiry, 1987-88

Table 1 shows the type and level of employment as well as earnings of the rural workers, including women. It indicates that women work for fewer days and have lower earnings than men in both agricultural and non-agricultural households.
111. STRATEGIES OF POVERTY ALLEVIATION THROUGH LABOUR MARKETS

Although it has been acknowledged that labour markets are an important mechanism for alleviating poverty, policies aimed at poverty reduction have rarely recognised that the labour markets are a medium for achieving this objective. This is because the poor are usually not regarded as workers but as beneficiaries and those attempts to increasing their economic strength through the market place is not viewed as a viable strategy. Most poverty alleviation strategies do not take into account the structures of the labour markets or attempts to influence them. However, in cases where these strategies have done so they have had a sustained impact on the levels of poverty.

Labour market interventions aimed at reducing poverty tend to be effective in cases where they (i) increase the wage rate by (a) reducing or regulating the supply of labour, (b) increasing the demand for labour, (c) increasing the bargaining power of labour and (d) increasing the productivity of labour, and (ii) increase the level of employment.

Some of the labour market interventions and their effects at the national level and the trade union level are discussed below:

1. National Level Interventions

The most direct effect of labour market interventions on the labour market is through the implementation of labour laws affecting workers in the unorganised sector. Perhaps the most important and effective of these laws is the Minimum Wages Act (1948), which lays down a floor level for wages and may often given upward push to the level of earnings. Unfortunately, in the recent years, the ‘minimum wage’ has come to be seen as a ‘norm’ for wage fixation. And as the minimum wage is now fixed at the level of the poverty line, rather than as a need-based minimum; in some situations it has a downward rather than upward effect on wages. While certain sectoral acts such as the Bidi Workers (Conditions of Employment) Act 1966, have been effective in increasing the levels of earning, other laws such as the Contract Labour Act and the Migrant Workers (Conditions of Employment ) Act are generally not implemented, and hence have a minimal effect on markets.

A substantial part of the national budget is allocated for poverty alleviation programmes that have a direct or indirect effect on poverty, which though not meant to be labour market interventions, have some effect on the labour market. The central allocation of nearly Rs. 11,000 crores in 1995-96 (Dev. 1995) was spent on employment generation schemes- Jawahar Rojagar Yojana (JRY) , asset creation schemes such as Integrated Rural Development Programme (IRDP) and Development of Women and Children in Rural Areas (DWCRA), and on programmes for meeting basic needs such as education, child welfare and sanitation (a large portion of the basic
needs budgets are met from the state funds. Of these, the employment generation programmes such as JRY, cover a large number of workers providing over 100 crore mandays of work. However, evaluation reports show that the number of days of employment created per person does not substantially affect the markets, although it does provide an additional source of income, thereby marginally reducing the level of poverty in the households. According to the Concurrent Evaluation, on an average the JRY could provide 5 days of employment to one person in a family out of a reference period of 30 days (Dev. 1995). However, an evaluation of JRY conducted by the Programme Evaluation Organisation of the Planning Commission showed that in the poor states workers were assured employment for no more than 20 working days in a year. Notwithstanding these findings, most evaluations have not fully explored the employment generating effects of the assets created by JRY and its predecessor, RLEGP (Rural Landless Employment Guarantee Programme).

The IEDP benefits nearly 3 million workers in the country. Its focus on asset creation could be a major factor in increasing employment on the one hand, and in reducing the supply of labour on the other. However, since IRDP is unable to address the structural problems which plague the poor, its impact has been limited. The DWCRA, focusing on women, on the other hand, has in some states, namely Andhra Pradesh and Gujarat, been fairly successful in having the desired impact on the labour market, mainly because the loan and subsidy component of the programmes has been complemented by an attempt to reach product markets and bring about changes in policies.

2. Trade Union Interventions

Kannan (1995), in his review of the impact of trade unions in rural Kerala, observes that trade unions adopt a number of methods to ensure that wage and other benefits reach the workers. These range from the traditional method of wage bargaining and the use of pressure tactics, including threat to strike, to the setting up of labour cooperatives and introducing social security schemes. At the same time the unions have attempted to control labour supply by restricting entry into the labour market and rationing employment by (a) ensuring that only union members get work, and (b) setting up boards or committees which would decide on the supply of labour to the employer.

State intervention to support the unions have also been a major factor behind their success. For example, as per the government’s policy the police could not intervene in a labour dispute unless it turned violent. At the same time the government ensured through its homestead policy that rural workers, who had earlier been living on employers’ land, had their own homes so that they were not dependent on the employers for their basic needs. It also actively supported the labour co-operatives by providing share capital and loans and directly supplying essential goods to the markets.

As a result of these interventions the level of wages in the state has been consistently high, even among the unorganised labour. However, the unions have not attempted to intervene in the area of employment generation. Even the labour co-operatives were
set up to protect employment rather than promote it, leading to a considerable decline in employment over the years resulting in low income levels.

3. Intervention through Struggle and Development

With the proliferation of unorganised trades, it became more and more obvious that the traditional union model could not be effective in organising workers in the unorganised sector. This can essentially be attributed to certain characteristics of these trades: (i) absence of a clear-cut employer-employee relationship (ii) exemption of a large section of workers in the sector from the application of protective laws, which in some cases actually militated against their interests, (iii) non-existence of deficit work place as in the organised sector and (iv) the predominance of women in the workforce, who bore the burden of any kind of household duties with their work.

Clearly, given the nature and composition of the labour market in the unorganised sector a new strategy of intervention in these markets had to be evolved in our bid to alleviate poverty—the strategy of struggle and development, in which the former implies a direct confrontation of workers with their exploiters and the latter, the creation of opportunities for employment and income generation through improvements in productivity. The successful adoption of such a strategy is best exemplified by the Self-Employment Women’s Association (SEWA).

IV. SEWA: ROLE AND ACHIEVEMENTS.

Formed in 1972 as a trade union to organise women workers in the unorganised sector. SEWA began its work with head leaders in the cloth market and later attracted diverse working groups such as home-based garment stitchers, block printers, and paper pickers. Today, with a yearly paid up membership of 2.2 lakhs SEWA is playing a pivotal role in the development process through the formation of cooperatives, local groups and federations. We examine below some of the major activities of SEWA which have a direct impact on the labour market.

1. Asset Building

Asset building has been one of the main methods by which SEWA has been able to influence the labour markets for women workers in the unorganised sector. In 1995, SEWA created the following assets:

(i) Financial Assets: The major financial assets generated by SEWA are saving accounts and share capital (Table 2)

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>No. of women</th>
<th>Rs. Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings Account through SEWA Bank</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Another type of financial assets which translates into both productive assets and capital is the provision of credit. SEWA provided loans worth Rs. 456.67 lakhs to 25,649 women.

(ii) Collective Assets: The collective assets, created by SEWA, though not quantified, have been built up by co-operatives and 7 federations sponsored by it and include assets such as land, capital stocks, farm equipment, water resource and shops.

(iii) Assets Acquired Individually by Women and Their Families: These are productive assets of various types such as livestock, handicrafts, stalls, sewing machines, land etc., which have been acquired by the women and their families.

(iv) Upgrading Assets: The assets owned by workers in the unorganised sector are usually of poor quality and have a low yield. SEWA has initiated several steps to upgrade these assets resulting in higher yields and income and greater employment. A notable example of such initiatives is the upgrading of land, especially in the dry and drought-prone areas, thereby increasing the irrigation and water resource availability in the region.

(v) Housing: Though housing is an asset that is usually not considered as a productive resource, in the case of workers in the unorganised sector the house is used as a productive asset: for farmers, vendors, paper pickers and many more it is a storage place and for livestock owners it is a shed. In each case acquiring a new house, or upgrading an existing one adds to the productivity and income of the worker, often creating new employments.

Asset building is not usually regarded as a labour market strategy because a producer who earns from his or her asset is not a wage earner. However, according to SEWA it has a profound impact on the labour market. Even if we consider the wage labour market, asset building has the following direct impacts.

(a) With the rise in the productivity and assets of the poor, local labour markets, especially in the rural areas, are faced with a decreased supply of available wage labour.

(b) As the productivity of assets rises there is an increased demand for labour leading to an upward push on wages.

© Increased productivity resulting from more and better assets leads to higher incomes, and consequently to increased demand for goods and services and hence to higher demand for labour. Looking at labour markets in a broad sense to include not only wage employment but other forms of employment as well, we find that asset building has an important impact on the type and productivity of employment available. Furthermore, there is a shift in the balance of power.
in the labour markets as the number of asset owners soften increases, along with a redistribution of assets. As a result asset building can cause major structural shifts in the labour market.

2. **Struggle for Labour Rights and Their Effects**

Over the years SEWA has launched many movements, both at the local and state levels, over issues that bear on the rights of workers. Some of these are (i) Payment of (a) Minimum wages and welfare fund cards to bidi workers, (b) minimum wages to contract workers in textile units and © fair rates to gum collectors, (ii) Notification of minimum wages for home-based garment and aggarbatti workers: (iii) k Reinstating all the above-mentioned workers, who have been removed from work due to victimisation; (iv) Provision of space for vendors in the market place, (v) Rehabilitation of vendors victimised by the police and municipal authorities, and (vi) Enforcement of fair wage rates.

At the national and international levels, the association has (I) organised a convention for home-based workers at ILO, (ii) advocated a central law for home-based workers and a national policy on vendors and hawkers and (iii) feminised forests.

All these initiatives have helped to strengthen the bargaining position of workers, thus bringing about a change in the balance of power in their favour. They have pursued the state to introduce measures aimed at meeting their basic needs and requirements which has also contributed towards increasing their bargaining position. Every year SEWA attempts to quantify the increased income of women workers through their direct struggles at the grassroots. This does not include indirect income increases due to policy and legal changes. In 1955, the activities of the unions helped to increase the income of their members comprising 27982 women to Rs. 2.88 crores in Kheda district.

3. **Enhancing Employment Opportunities**

As mentioned earlier, the existence of widespread unemployment, underemployment or overemployment among unorganised workers has forced women to offer their services extremely low wage rates in the labour market. SEWA has attempted to identify various types of jobs in which women workers are engaged with a view to upgrade them, so that the employers could enhance their output and accordingly be assured a reasonable remuneration. Some examples of workers having become productive and efficient through SEWA’s efforts in diverse area are: (a) block printers in Ahmedabad city who had the requisite skills but were unemployed or underemployed due to increasing competition from such printing units, (b) women workers in Banasakantha who were either unemployed or underemployed due to the prevalence of drought-like conditions coupled with low productivity in the farms and ©women workers in Kheda, who were over employed due to the pressure of competition from tobacco plantations, compelling them to work for long hours. Of these groups of workers, the block printer of Ahmedabad were provided requisite assistance for upgrading their skills and accessing new markets. The Banasakantha workers were also equipped with new occupational skills enabling them to take up
more production and remunerative occupations, such as embroidery, milk production, nursery growing and gum collection. Lastly, the women employees in Kheda were assisted in getting back the original jobs by accessing new markets. It is noteworthy that as many as 35175 women were employed in different types of jobs through cooperatives sponsored by SEWA valued at Rs. 4,459 crores.

4. Reducing Migration

One of the major causes of low wage rates in India is the presence of large numbers of migrant workers, who due to unemployment, have to leave their villages and migrate within the state, to urban areas, or more productive farm lands or across state borders. Often employers, contractors or farmers are on the look out for such migrant labour and transport them to the place of work as a means of keeping the wages low as well as obtaining a docile labour force.

SEWA’s has tried to reduce migration by increasing employment opportunities in the areas where the workers and producers reside. In Banaskantha district, which saw yearly seasonal migration, these attempts have been successful. A survey of 6 villages inhabited by a substantial numbers of SEWA members, conducted by the association shows a declining trend in the member of migrants since 1989 (Table 3)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of families migrating out</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>1524</td>
</tr>
<tr>
<td>1990</td>
<td>1432</td>
</tr>
<tr>
<td>1991</td>
<td>1212</td>
</tr>
<tr>
<td>1992</td>
<td>908</td>
</tr>
<tr>
<td>1993</td>
<td>524</td>
</tr>
<tr>
<td>1994</td>
<td>332</td>
</tr>
<tr>
<td>1995</td>
<td>184</td>
</tr>
</tbody>
</table>

5. Social Security

It has been observed that the provision of social security for workers has as powerful effect on the labour market (Barros and carnago, 1995; Guhan, 1995). SEWA has found that social security measures do indeed provide an important input in the labour markets in the following ways:

(i) Provision for health care and health insurance increases the productivity and period of active employment of the workers and lessens their expenditures.
(ii) Provision for child care increases the productivity of women workers as well as ensures a stronger and more productive work force in the future. SEWA’s studies show an increase of 25 to 50 per cent in their members’ earnings after provision is made for child care.

(iii) Provision for housing increases earning opportunities besides generating productivity and employment.

(iv) Provision for insurance facilities ensures that the workers do not get caught in the downward spiral of poverty.

In the effort to provide the above social security services to its members, SEWA has encouraged the formation of co-operatives. In 1995, various services were provided through cooperatives.

<table>
<thead>
<tr>
<th>Service provided</th>
<th>No. of women covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care</td>
<td>19,353</td>
</tr>
<tr>
<td>Provision of creches</td>
<td>6,970*</td>
</tr>
<tr>
<td>Intergrated insurance</td>
<td>15,000</td>
</tr>
<tr>
<td>(work security scheme)</td>
<td></td>
</tr>
<tr>
<td>No. of women availing</td>
<td>9,500</td>
</tr>
<tr>
<td>housing benefits</td>
<td></td>
</tr>
</tbody>
</table>

- This figure relates to total number of children in creches.

6. Accessing Markets

While labour markets have their own dynamics, they are by no means separated from other markets in the economy, such as capital markets, credit markets, commodity markets for agricultural produce. All of which have direct impact on labour markets in the unorganised sector. The activities of augmenting employment opportunities, asset building and providing social security services can have the desired impart on workers only when they have access to these other markets and begin to locally influence these markets. Access to the credit markets, for example, leads to enhanced employment as well as assets and a direct impact on the labour market. Likewise, access to land and water resources, leads to enhanced assets and access to commodity and consumer good markets helps in building sustainable employment patterns. A major achievement of SEWA has been to ensure that these markets have a positive impact on the wages of unorganised workers at least locally, often at the state level.
8. Building Institutions

While most economists agree that labour institutions have profound effect on the labour markets, there are differences over what should be included in the definition of labour institutions: some economists prefer to restrict the term to organisations of labour such as trade unions, while others prefer a broader definition to includes formal and informal social and cultural institutions (Papola and Rodgers, 1992).

SEWA has been helping its members to form organisations for their own benefit. These are: (a) owned and managed by the members (b) run by them on democratic lines and © aimed at enabling them to become economically self-reliant.

8. Enhancing Managerial Capabilities

Improving the quality of labour is acknowledged as a way of influencing the labour market. Most studies on this these relates to increasing the skill level, the knowledge, and the educational level of the work force. To achieve this objective SEWA has found that besides enhancing the skills, knowledge and educational level of the workforce as emphasised by most studies, is also necessary to develop the managerial capacity of the workers, particularly in the context of institution building. Accordingly, the SEWA Academy has been set up with the objectives of preparing the members to assume leadership positions in organisations and taking over the running of SEWA. Additionally, it takes SEWA’s message to the outside world through its various activities, such as conducting training programmes, literacy promotion, conducting research, publishing a newsletter and video Seva.

9. Strengthening Workers’ Bargaining Power

Strengthening the bargaining power of workers is perhaps the prime purpose of unionisation, given the fact that compared to capital, labour is economically, socially and politically in a weak position. And this is particularly the case with Indian women workers because of caste and gender factors. The various measures aimed at improving the social and economic well-being of workers, explained above, tends to strengthen the bargaining power of the workers, which immediately translates into higher incomes, more employment and social security.

10. Ensuring Representation in Forums

Lack of representation in various decision-making forums has been pointed out as one of the reasons for the poverty of workers in the unorganised sector (Figueiredo, Lachaud and Rodgers, 1995). SEWA has also observed that this has been a major constraint to its efforts towards influencing policy decisions to promote the cause of the workers in the unorganised sector. Some of the forums from which these workers have been excluded are: (a) labour forms and tripartite bodies such as Indian Labour Conference and standing committees, minimum wages and other advisory boards, (b) sector wise forums such as boards of forest corporations, handicraft corporations, small scale industry corporations and © Planning forums, such as state planning.
boards. Although SEWA has sought to include representatives from the unorganised sector in such forums the results in this regard are still awaited.

IV. INTERVENTIONS AS AN END AND A MEANS

The above analysis views the labour market as a medium through which policies for development can be channelled. In the course of our analysis, we have looked at labour as a factor of production and the labour market as the “supplier’ of this factor. However, unlike other factors of production the ‘product’ of the labour markets is a human being, and as such is not just a means but also an end of development, indeed the basic purpose of labour market intervention is to bring about the all round development of the worker, which covers not only his socio-economic well-being but the development of his personality as a whole. In other words, these interventions are valuable not only because of their effect on markets but also in themselves as a means of enriching the human condition. The SEWA has attempted to achieve these objectives through in various activities.

References


