

**SUBCONTRACTED WOMEN WORKERS IN THE GLOBAL
ECONOMY:
CASE OF GARMENT INDUSTRY IN INDIA**

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CHAPTER 1

BACKGROUND AND CONTEXT

Introduction

Globalisation is a term used for the increasing interaction of domestic economies with the world economy. It is reflected in the rising share of international trade in the world output. Globalisation is an international division of labour, the new aspect being the ability of producers to slice up the value chain into many geographically separated steps. The concept of commodity chains is useful to understand this process. This "concept recognizes that in the global economy, economic activity is not only international in scope, but it is also global in organisation" (Ramaswamy and Gray, 1999).

This project plans to study the impact of such subcontracting, which is increasing due to the process of globalisation, on production within the national economies. The process of international subcontracting which is labour intensive, is based on the supply of cheap labour in Third World countries, mainly women. This project consists of five country studies in five Asian countries, viz., Thailand, Philippines, Sri Lanka, Pakistan and India. While the broad dimensions of this process will be highlighted in each country-study, the main study will concentrate on the impact of this process and subcontracting on the women workers.

This report is based on the India country study. We have selected the case of garment manufacturing industry and for detailed micro-level analysis the garment industry in the city of Ahmedabad. This report is divided into four Chapters. This chapter provided the background and macroeconomic analysis of the country's economic history in the 1990s. It analyses the process of integration of the Indian economy in the world economy and the scope of sub-contracting in India. The new policies of SAP and its impact on the Indian economy, in particular on the growth of exports are analysed. In Chapter 2 we present the policies related to the garment industry and position of India in the world garments market. Within India we have restricted ourselves to the garment industry in Gujarat and Ahmedabad city in particular. We analyse the sub-contracting chains within the garment industry and provide some information on the factory owners and sub-contractors in the industry. Chapter 3 focuses on the women subcontract workers in the garment industry. Their position in the industry and at home are analysed vis-à-vis men workers in the industry based on the primary survey and focus group discussions. Chapter 4 discusses the organising strategies for garment workers and the policy implications emerging from the study.

Integration of South Asian Economies and India in the World Economy

The average annual growth of GDP in the world and in groups of low, middle and high income countries indicated a slow down in growth in the nineties compared to the eighties (Table 1.1). The decline in growth in the nineties was most striking in the high income countries. Similar slowing down of the growth process was observed in most regions of the world. The only region which appeared to continue to grow in the nineties was the East Asian and Pacific region. This was perhaps before the financial crash in the East Asian Economies. Surprisingly, the South Asian region maintained a growth rate of 5.7 percent in the eighties and nineties.

When the individual countries in the South Asian region are studied separately, it is observed that only Pakistan showed a slow down in growth of GDP in the nineties compared to the eighties. Thus, the South Asian region was apparently doing well when growth in the rest of the world was slowing down.

The sectoral growth pattern showed a decline in the average annual growth in the agricultural sector in the nineties compared to the eighties in all the countries. Pakistan registered a decline in average annual growth in industry and services as well. Bangladesh, Nepal and Sri Lanka showed an increase in growth during the nineties in both industry and services. India, however, registered an increase in the growth of value added in the services sectors, while the growth in industry remained constant.

In this era of globalisation and expansion of the global markets, most economies are following a policy of open markets. India, in fact, has been one of the last economies to undertake the Structural Adjustment Programme, under the World Bank - IMF model, in 1991. We present some broad indicators of the integration of the South Asian economies in the World. This would also determine the extend to which these economies are affected by external shocks or the vagaries of the international markets. Besides the market for goods and services, the financial markets also play a major role in making and breaking economies as has been rudely demonstrated by the recent East Asian financial crisis. All these global changes have their impact, in the final analysis on women in the labour market and this is the reason for our interest in these factors.

Table 1.1: Other Macro Economic Indicators in South Asia and Regions of the World

Country/ Region	GDP		Export of Goods and Services				External Debt. (present value) % GNP 1996
			% of GDP		Average Annual % growth		
	1980- 1990	1990- 1997	1980	1997	1980- 1990	1990-1997	
Bangladesh	4.3	4.5	6	16	7.7	15.7	30
India	5.8	5.9	7	12	5.9	13.7	22
Nepal	4.6	5.0	12	24	5.6	24.1	26
Pakistan	6.3	4.4	12	17	8.1	4.4	39
Sri Lanka	4.2	4.9	32	33	6.8	8.4	41
World	3.1	2.3	19	21	5.2	7.0	-
Low Income	4.3	4.2	13	19	3.3	7.8	-
Middle Income	2.8	2.5	22	26	-	-	-
High Income	3.2	2.1	19	20	5.1	6.7	-
Low + Middle Income	3.0	2.8	20	25	-	-	-
East Asia + Pacific	7.8	9.9	16	28	8.8	13.5	-
Europe + Central Asia	2.9	-5.4	-	31	-	-	-
Latin America+	1.8	3.3	15	17	5.3	7.3	-

Caribbean							
Middle East+ N. Africa	0.4	2.6	35	28	-	-	-
South Asia	5.7	5.7	8	13	6.4	12.4	-
Sub-Saharan Africa	1.7	2.1	30	28	2.2	4.7	-

Note : 1. Refers to industrial countries, HDR, 1998
2. Refers to all developing countries, HDR, 1998

Source: World Development Report, 1998-99
Human Development Report (HDR), 1998.

The IMF-World Bank formula for faster growth of the national economies is integration into the world markets through export-led growth. The East Asian miracles were based on this philosophy. We present data on exports and external debt in the South Asian countries in Table 1.1.

Exports of goods and services as a percentage of GDP is the highest in the middle income countries. It was already high in Middle East, North and Sub-Saharan Africa in the 1980s and continued to be so in 1997 (28 percent). The share of exports in GDP in the East Asian and Pacific countries has risen considerably in 1997 compared to the 1980s, from 16 to 28 percent. This is perhaps part of the success story of these countries.

The percentage of exports in GDP in South Asia was low, 8 percent, in the 1980s and continued to be the lowest, 13 percent, in 1997 in relation to the other regions of the world. Within the South Asian countries, India's exports as a percentage of GDP was the lowest, whereas that of Sri Lanka was the highest (33 percent) in 1997. Sri Lanka had a high percentage of exports in 1980 itself. Exports as percentage of GDP was 24 percent in Nepal, 17 and 16 percent respectively in Pakistan and Bangladesh.

In the nineties, South Asia, East Asia and the Pacific countries have had high annual growth rates in exports. Within South Asia, Nepal recorded the highest growth in exports in the nineties, followed by Bangladesh and India. Pakistan, in fact, showed a decline in growth of exports in the nineties compared to the eighties.

The South Asian economy has thus traditionally not been dependent on the international markets, except perhaps for Sri Lanka. The growth of exports in the nineties would help these economies to grow faster. It has positive implications for growth of production and employment. However, along with the liberalisation process, it opens up these economies, which were well protected so far, to the fluctuations in the international markets. Employment could grow, but it could also fluctuate considerably. Besides the quality and nature of the employment could change considerably.

The dependence of the economy on the international conditions is also indicated by the percentage of external debt as a percentage of GNP (Table 1.1). The economies of Sri Lanka and Pakistan were the most dependent on external debt in 1996, forming nearly 40 percent of GNP. Dependence on external debt is high in Bangladesh (30 percent of GNP) and Nepal (26 percent). India, in spite of the SAP, has a relatively smaller but probably growing external debt to GNP ratio.

Thus, Sri Lanka and Pakistan are clearly vulnerable to external shocks. The slow down of growth in GDP, as well as slow down in growth of exports, in Pakistan puts the economy under pressure. The Indian economy is only beginning to open up to the international markets. Due to its size the impact of this process on economic activities and the labour market has been slower. However, the effects of the globalisation process are beginning to be felt.

Macroeconomic Policy in India

In 1991, the Government of India initiated a stabilisation and Structural Adjustment Programme (SAP). Under this World Bank-IMF supported program three categories of policies can be distinguished. Macroeconomic policies using indirect tools of monetary management, budget tightening and exchange rate adjustment; Sector reforms such as fiscal, financial and trade policy reforms; and Microeconomic reforms which relate to the organisation of the firm or unit such as agricultural sector, industrial policy and public enterprise, public administration and labour market reforms (Rana, 1997).

In the areas of fiscal reforms, the personal income tax system has been rationalized, excise duties have been simplified to resemble a VAT system, the tax administration is being modernised and attempts to abolish octroi have begun. Financial sector reforms have included a gradual deregulation of interest rates and reduction of allocated credit to priority sector, private sector banks are being allowed to expand and new private banks are being established. A National Stock Exchange and a Securities Exchange Board of India with regulatory and prosecuting powers has been established. The industrial policy changes include delicensing of all but 14 industries in the areas of defence, health, safety and environment, abolishing the restriction on expansion of large business houses and liberalised foreign investment regulations. Trade policy reforms are discussed at some length below. All these policies are aimed at opening up the economy and making the industries competitive. It is expected that this will lead to faster economic growth.

Policy for Small Scale Enterprises

Development of small scale industries (SSI) has been an important objective of the planning process in India. Reservation of items exclusively for this sector was one of the main planks of the policy. Different kinds of fiscal concession, in the form of lower excise duties, differential taxation, subsidies and sales rebates are other important set of protective measures for the SSIs. Various financial and other institutions have also been set up to facilitate the growth of this sector.

In the 1991 policy reforms a special policy for the small scale sector was a drastic shift to facilitate finance for the SSIs. For an easy access to the capital market, a provision was made for 24 percent equity participation in SSI units by other industrial undertakings. The current budget (1999-2000) carried forward the already existing incentives and made further provisions in the form of fiscal concessions and loans and credit available to SSIs. It exempts duties on cotton yarns and further liberalises excise exemption in cosmetics and refrigeration. Exemption is also made to SSIs in rural areas who produce under the brand name of others. The limit for composite loans is raised, annual turnover limit of computation of working capital limit is raised and a new insurance scheme has been launched. In a bid to boost rural industrialisation the current budget visualises a programme to set up 100 rural industrial centers every year through active participation of Small Industries Development Organisation and Khadi and Village Industries Commission (Pani, 1999).

Directly or indirectly the above policy measures have major implications on inter-firm linkages of the subcontracting type. Ancillarisation of SSIs gained momentum after the third five-year plan, when emphasis was shifted towards a closer integration between large and small firms. It became prominent in the mid-70s. Protective measures in the form of frequent changes in the reservation list put constraints on the growth of the large firms. This also led to the growth of subcontracting arrangements between large and small firms for items reserved exclusively for the SSIs. Large differences in excise duties charged to the large versus the small industries for the same items has made subcontracting thrive (Pani, 1999).

Stringent MRTP licensing laws in the seventies also put constraints on their expansion and encouraged subcontracting. Stringent labour laws for the large firms had the same effect. Inadequacy of laws to provide benefits to workers in the small scale sector has proved beneficial to their growth (Pani, 1999).

Impact of Trade Policies

Since the development strategy now being followed is that of the export-led growth, the trade policies followed by the country become important. What has been the impact of the new trade policies on the economy?

In the pre-reforms period, India's import and export policy was guided by the Import and Export Control Act, 1947. In 1977 two additional orders, viz, the Import Control Order and Export Control Order were introduced. In 1985 a new import-export policy was announced, aimed at stimulating the traditional and non-traditional exports and liberalising imports, for a period of three years. An Import-Export Passbook was introduced. In 1986 changes in the import policy were implemented to stimulate technological development and competitiveness in the Indian manufacturing sector. Some measures were introduced to improve the functioning of the Cash Compensatory Support (CCS) system. Textile exporters in particular felt that the CCS was inadequate as compared to the incentives offered in competing countries such as Pakistan and China. Other early measures were to provide more incentives to Export Processing Zones and export-oriented units (Dijck, 1994).

A new import export policy was introduced in 1988 for a further period of three years. Two aspects of the liberalization in this era were : availability of licenses to import, and exemption of import duty. The main improvements in this policy were extension of the Open General License list of products, modifications of the Import Replenishment Scheme to increase flexibility and diversity, a wider recognition of indirect exports as 'deemed exports' and the simplification of the scheme of export houses and trading houses (Dijck,1994).

In the pre-reform period, prior to 1991, India's trade policy regime was complex and cumbersome. There were different categories of importers, different types of import licenses, alternate ways of importing etc. In the post-reform period, except for a list of negative items, import licensing was virtually abolished. Quantitative restrictions were replaced by tariffs. These tariffs were reduced in stages: 400 percent in 1990-91 to 65 percent in 1994 and 50 percent in 1995. The average duty was reduced from 50 to 27 percent during the same period.

A recent study analyses the impact of these trade policies on import and exports in India in the post reforms period compared to the pre-reforms period (Mehta, 1997). He computed an index to measure the changes in protectionism in the form of Quotas or Non-Tariff Barriers (NTB) on imports in the post reforms period. In the pre-reforms period though no information was available on this, it is roughly estimated that the index was close to 90 percent. In 1995, however, it had come down to 44 percent. Thus, non-tariff barriers on imports in the manufacturing industry had gone down, meaning the industry was less protected in the post-reform period.

In the post reforms period, 1995, the industry with the maximum index of NTBs was the primary products agro-based industry, an intermediate goods products. The lowest NTBs was obtained by other primary products. However, it was interesting to note that the textile industry, a consumer goods industry, had an index of 66 percent, the second highest, even in 1995. Hence, the industry continued to be protected from external competition in the post-reform period so far.

Mehta (1997) also calculated the nominal and effective rates of protection in the pre and post reform period for various industry groups. He noted that while the effective rate of protection reduced in all industry groups in the post reform period, the dispersion remained more or less constant. This is explained by the fact that though there has been significant liberalisation of the imports, there has been no change in the distribution of the import basket by commodity groups in the first five years of the 1990s.

An analysis of India's export basket showed that there was no major change in that either during the same period. The share of the agricultural sector in fact grew slightly in the early 1990s. Among the manufactured goods, the share of three commodity groups, viz, gems and jewellery, textiles and readymade garments, accounted for 56 percent in 1995-96 rising from a share of 50 percent in 1990-91. The share of leather products and engineering goods, including electronic goods and computer software declined (Mehta, 1997).

It is generally believed that the liberalisation process will lead to an expansion of exports through diversion of resources from the domestic to the external sector, with the domination of the manufactured goods. However, in India the increasing trend in India's exports accompanied by a higher growth of agricultural exports cannot be sustained without affecting the supply of commodities in the domestic market. As for the direction of exports the Asian countries seemed to account for an increasing share of India's exports (Mehta, 1997).

Informal Sector's Contribution to India's Exports

The informal sector constitutes a large proportion of the manufacturing industry, both in terms of employment and value added. In spite of its importance there is no codified data on the contribution of this sector to the economy, in general, and to exports in particular. A recent study has estimated that the contribution of the informal sector to exports was 39.3 percent (Rs.46 thousand crores) in 1996-97. It was 40.5 percent (Rs.40 thousand crores) of the total exports in 1995-96 (Ghatate, 1999).

The contribution of the informal sector in the agricultural exports was 28.9 percent in 1995-96, which rose to 30.8 percent in 1996-97. High growth rates were observed in non-manufactured tobacco, dairy products, honey, edible products of animal origin between the two years. The percent share of the informal sector in manufactured exports was 43.6 percent in 1995-96, which fell marginally to 41.4 percent in 1996-97. A sharp fall in exports over the two years was noticed in pearls, glass and glassware, homeopathic products, and no exports in ayurvedic and unani medicines in 1996-97. **However, these fall in exports were largely offset by an increase in the export of textile items, including cotton and ready-made garments in 1996-97, an increase of about 50 and 22 percent respectively over the previous year** (Ghatate, 1999).

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SCOPE OF SUB-CONTRACTING IN INDIA

Definition, Nature and Determinants of Sub-Contracting

Definition: The UNIDO (1974) definition of sub-contracting states that " a subcontracting relationship exists when a firm (the principal) places an order with another firm (subcontractor) for the manufacture of parts, components, sub-assemblies or assemblies to be incorporated into a product which the principal will sell. Such orders may include the treatment, processing or finishing of materials or parts by the subcontractor at the principal's request" (quoted in Ramaswamy, 1999). A broader definition of the term subcontracting is the manufacture of goods by one firm for another based on the latter's specification. The essence of subcontracting is that one or more firms must mediate the relationship between the subcontractor and the final user of the product/end market (Lazerson, 1990).

Forms of Subcontracting: The relationship of subcontracting is usually between firms of different sizes (and hence of unequal economic power) where the parent firm can exercise considerable control over its subcontractors. They could be tied to the parent firm through technical, financial, input and market linkages. Nagraj (1984) distinguished the different forms of subcontracting as follows:

Component subcontracting is when the parent firm contracts out the manufacture of some parts or sub-assemblies to other firms. The parent firm usually concentrates its resources on the manufacture of limited range of technology intensive segments of the final product.

Activity subcontracting when the parent firm having an integrated plant contracts out one or more activities and then sells the final product under its own brand name. This occurs in industries where the input moves through a number of distinct separable activities or stages which need not, technologically, be carried out in the same premises. An example is the cotton textile industry where spinning and weaving can be conducted by different units.

Assembly subcontracting is almost the opposite of this and seen in the electronics industry. Production of components are capital intensive and requires high technology with economies of scale and high obsolescence. However, assembling of these components to produce the final product is highly labour and skill intensive and can be farmed out to small and even household units.

Product subcontracting is a form of subcontracting where the complete product is produced by the subcontractor and the parent essentially performs the marketing function. Consumer goods and durables are examples, and garments is a classic case of product subcontracting.

The literature generally focusses on the vertical inter-firm relationship between small and large firms. This is termed **vertical subcontracting** and implies relationship between two stages in the chain of production, e.g. in textiles between spinning and weaving. Another important form is **horizontal subcontracting** between two firms operating at the same horizontal stage of the chain of production.

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Determinants of Subcontracting: The fundamental basis of subcontracting relationship is the principle of division of labour and specialisation. Comparative cost advantage is the other basis of this relationship. Ramaswamy (1999) divides the determinants of subcontracting into the following:

Technology and demand: This is the traditional view that emphasises the production costs and the minimum efficient size. Young industries tend to integrate vertically while the tendency to disintegrate becomes stronger with expansion of demand over time.

Transaction costs: Transaction costs is a major determinant of the design of production organisation. Transaction costs include search costs of finding information about prices and quality of products, writing and enforcement of contract and the costs of maintenance of performance. When transaction costs are high the firm will decide to organise the production of the product in-house. In young industries with specialised needs and unreliability of supply, vertical integration is favoured. When the industry matures and products are standardized the firms begin to outsource.

Labour markets: "Segmented labour markets divided into formal and informal segments is supposed to be major determinant of outsourcing of product as well as labour" (Ramaswamy, 1999). Subcontracting is reported to be the typical response of large unionised firms in India.

Demand uncertainty and business strategy: Industries which face cyclical or seasonal fluctuations in demand subcontract out their current demand in excess of capacity to subcontractors. Small firms are used as a buffer to cyclical fluctuations of demand. In India organised sector firms are reported to shift their transitory demand to unorganised sector manufacturing firms. Subcontracting is thus used as a means of reducing risks associated with expansion of capacity.

State Policy: The state policies in general restricted the growth of large industry. It supported the growth of small scale industry through product reservation and other measures such as concessional credit for fixed and working capital and fiscal incentives. Small-scale sector was also not subjected to capacity licensing. The first policy froze the capacity of large firms and forced outsourcing for additional output. The second policy facilitated outsourcing through the growth of the small scale sector capable of producing numerous intermediate and final products with simple technology.

There are many reasons for the growth of subcontracting. While specialisation contracting is vertical in nature, capacity contracting is essentially horizontal in nature.

In the context of liberalisation and SAP many of the restrictions on the large industry have been removed. However, the protection provided to the small scale industry in terms of reservation of products have also been reduced. The reason for the continued growth of the small scale sector has to be sought elsewhere.

Evidence of Sub-Contracted Work in India

Indirect Evidence: The employment size of manufacturing industry in India was bi-modal in the 1950s. There was a concentration of workers in factories employing more than 1000 workers and household industries with no hired workers. One of the reasons given for the lack of the middle ranged factories was considered the lack of subcontracting relationship and vertically integrated nature of manufacturing plants in India (Nagraj, 1999). However, over the last four decades there has been considerable change in the size structure of factories.

There has been a secular decline in the average size of factories. this is discernable in most of the two digit industry groups, except garment where there was a secular rise during the decades 1980-81 to 1989-90 to 1995-96 (Table 1.2).

There was a secular decline in the absolute number of workers in the household manufacturing sector over the Population Censuses of 1961, 1981 and 1991, from 50 per cent of total manufacturing work force to less than half. This was accompanied by a corresponding increase in the proportion of workforce in non-household non-factory segment (Nagraj, 1999).

There was a decline in the factory sector's share in total manufacturing employment, from 26 percent in 1972-73 to 20 percent in 1993-94. From these two trends it is deduced that there must be an increase in the non-factory non-household segment of the manufacturing sector. (Nagraj, 1999). This is likely to be the segment where subcontracting units flourish.

Further evidence is provided of growth in the factories of employment size 0-49 and 50-499, i.e., the small and medium sized units compared to the large sized ones. Small scale sector, defined in terms of investment of upto Rs. Ten lakhs, witnessed the highest growth within the manufacturing sector (Ramaswamy, 1994). It is inferred from this evidence of the growth of the small and middle sized factories that subcontracting has grown in the period (Nagraj, 1999).

Table 1.2: Average Size of Factory in Registered Manufacturing Sector (No. of Workers)

	Industry	Average Size of Factory in		
		1980-81	1989-90	1995-96
20-21	Food Products	58.7	44.7	44.2
22	Beverages, tobacco and related products	40.8	93.3	62.6
23	Cotton Textiles	131.7	107.3	84.7
24	Wool, Silk and Man-made fibre	48.3	70.0	65.5
25	Jute	938.4	586.5	438.7
26	Textile Products	27.9	42.6	48.9
27	Wood and Wood Products	15.9	16.7	16.3
28	Paper and Paper Products	44.0	40.1	42.5
29	Leather and Leather Products	54.9	70.7	56.5
30	Chemicals and Chemical Products	36.5	77.7	35.1
31	Rubber, Plastic, Petroleum and Coal	61.1	26.5	55.5
32	Non-Metallic Minerals Products	45.6	39.3	33.2
33	Basic Metals and Alloys	75.8	77.1	81.3

34	Metal Products	23.4	25.1	26.2
35-36	Machinery and Equipment	40.7	38.2	45.2
37	Transport Equipment	131.6	97.5	111.6
38	Others	26.4	36.7	46.8
39+97	Repair Services	45.4	53.3	56.5

Note: ASI Summary Results for Factory Sector, various issues.
Source: Nagraj, 1999.

Direct Evidence

In a recent survey, conducted in 1996-97, of about 2000 small scale units spread over 61 districts in 12 states of India a direct question was canvassed on whether the unit undertook subcontract work (Table 1.3). About 40 percent of the firms reported that they undertook some form of subcontracted work. The extent of subcontracting was measured as a percent of the sales or activity. It was observed that nearly 25 percent of the units undertook the activity upto 30 percent of their turnover (Morris, et.al., 1999).

Using the same data set another study estimated the extent of subcontracting in the small scale units surveyed by industry groups. The inter-firm linkages, especially the subcontracting type, depend mainly upon the product characteristics such as technologically separable production processes and the possibility of viable production stages. The nature of production process of metal products and transport equipment allows for subcontracting. They are also included in the reserved list of products for SSIs

Table 1.3: Product Categories and Sub-Contracting

	Product Division	Sub-Contracting	No Sub-Contracting	Total
07	Floriculture and Horticulture	1(50.0)	1	2
20 & 21	Food Products	30(18.9)	139	159
22	Beverages, Tobacco & Related Products	2(15.6)	12	14
23	Cotton Textiles	3(50.0)	6	9
24	Wool, Silk and Man-Made Fibre Textiles	1(16.5)	6	7
25	Jute and Other Vegetable Fibre Textiles	0(0)	3	3
26	Textile Products	15(25.9)	43	58
27	Wood and Wood Products, Furniture and Fixtures	16(38.1)	26	42
28	Paper, Paper Products, Printing, Publishing and Allied Industry	29(46.0)	34	63
29	Leather, Leather Products, Fur, Substitutes of Leather	32(44.0)	40	72
30	Basic Chemicals and Chemical Products	49(24.7)	151	200
31	Rubber, Plastic, Petroleum and Coal Products	78(41.5)	110	188
32	Non-Metalic Mineral Products	30(34.9)	56	86
33	Basic Metals and Alloys Industries	33(52.4)	30	63
34	Metal Products and Parts, Except Machinery and Equipment	175(63.4)	101	276
35-36	Machinery and Equipment Other than Transport Equipment	135(50.0)	135	270
37	Transport Equipment and Parts	55(63.9)	31	86
38	Other Manufacturing Industries	19(31.1)	42	61
39	Repair of Capital Goods	2(22.2)	7	9
97	Repair Services	2(13.9)	14	16
	Total	707(41.7)	987	1694

Notes: 1. Includes all firms sub-contracting in at least 1 percent of its total sales.

2. Figures in parentheses refer to the percentage of units engaged in subcontracting in each industry group.

Source: Pani, 1999.

These factors together account for the fact that more than 50 percent of the units surveyed were engaged in subcontracting in the product groups basic metals and alloys, metal products and parts, machinery and equipment other than transport and transport equipment and parts (Pani, 1999). Other industry groups with a substantial proportion of units engaged in subcontracting were paper and paper products, leather and leather products, rubber, plastic, petroleum and coal products, wood products and textile products. Subcontracting units in cotton textile industry was high, but the sample size was relatively small.

Other interesting correlates of subcontracting identified were that newer firms tended to be engaged in subcontract production perhaps in an attempt to establish themselves. Larger firms, firms with a brand ownership and those with an export orientation were less likely to be engaged in subcontracting (Pani, 1999).

A study using the most widely used official data on the organised (formal) manufacturing sector, the Annual Survey of Industries, has tried to estimate the extent of subcontracting in India (Ramaswamy, 1999). **Labour contracting** and the putting out system are two of the most common forms of subcontracting practices. The use of contract labour was the highest in two industry groups, beverages and tobacco and the non-metallic mineral products. Bidi-making, within the first industry group, is mainly conducted through this system of contract labour. The other industry groups with a high share of contract labour are food products, basic metals, wool and silks and chemical products.

A traditional form of the **putting out system** is when industrial firms supply raw materials to other factories for treatment, finishing and processing. Data on the value of work done by other

concerns (factories and workshops) on material supplied is measure of the value of subcontracting activity. For large factories, the value of such activity constituted about 5.3 percent of value added in 1973-74 and 4.5 percent in 1993-94. For the registered manufacturing sector it was estimated at 8 percent in 1983-84 and 7 percent in 1993-94. **For large factories it was estimated to be 56 percent of value added in textile garments and the value of such activity exceeded the reported net value added in the industry group manufacture of fabricated metal products.** This type of subcontracting activity was insignificant in any of the other industry groups (Ramaswamy, 1999).

Ramaswamy (1999) uses a third measure of subcontracting being the value of goods sold in the same condition in which it was purchased and its share in value added as an index of subcontracting intensity. This measures the degree of **product subcontracting**. The intensity of subcontracting was only about 9.5 percent in 1970 and rose to 21 percent in 1978 among large factories. The user group classification showed that the subcontracting intensity was the highest in consumer non-durable, 33 percent. The average labour intensity was also the highest in this group as well as their share in value added, next only to the basic industries. Subcontracting intensity was also quite high in consumer durable, 20 percent, followed closely by capital goods, 19 percent. Basic goods (16 percent) and intermediate goods (about 10 percent) had lower intensity of product subcontracting.

Table 1.4: Subcontracting Intensity in Large Factories in Selected Industries

Ind. Code	Name	Subcontracting Intensity
331	Semi-finished Iron and Steel Products (BG)	52
217	Prepared Animal Feed (Int)	112

234	Weaving and Finishing of Cotton Textiles on Powerlooms (Int)	110
366	TV Receivers, Radio Broadcasting Equipment, Micro-Phones, Record Players, Cassette Players, Audio and Video Tapes, etc. (K)	79.4
368	Electronic Valves, Tubes, Capacitors, Circuits and Other Electronic Equipment (K)	59.4
350	Agriculture Machinery and Equipment and Parts (K)	37.5
335	Refrigerators, Air-Conditioners and Fire Fighting Equipment and Parts (CD)	115
342	Metal Furniture and Fixtures (CD)	30.7
363	Electric Lamps (CD)	35.4
374	Motor Vehicles and Parts (CD)	17.5
387	Stationery Articles (CND)	180.2
211	Vegetable Oil and Fats (CND)	210
214	Coffee and Instant Coffee (CND)	103
202	Canning and Preparation of Fruits and Vegetables (CND)	178
265	Textile Garments (CND)	32
304	Drugs, Medicines and Allied Products (CND)	64.5
305	Cosmetics, Soaps, Detergents, Shaving Products, Tooth Paste and Toilet Preparations (CND)	78.8

Source: Ramaswamy, 1999.

In the large factory sector, among the consumer non durables, product subcontracting intensity was high in the stationery articles, vegetable oils and fats, canning of foods, coffee, cosmetics, drugs and medicines and **textile garments** (Table 1.4). Among the consumer durables it was high in refrigeration, metal furniture and fixtures, electric lamps and motor vehicles and parts. The consumer non-durables have higher subcontracting intensity probable because of the batch production method. In the group of basic and intermediate goods process technology and a continuous flow method of production are used which are less amenable to product subcontracting (Ramaswamy, 1999).

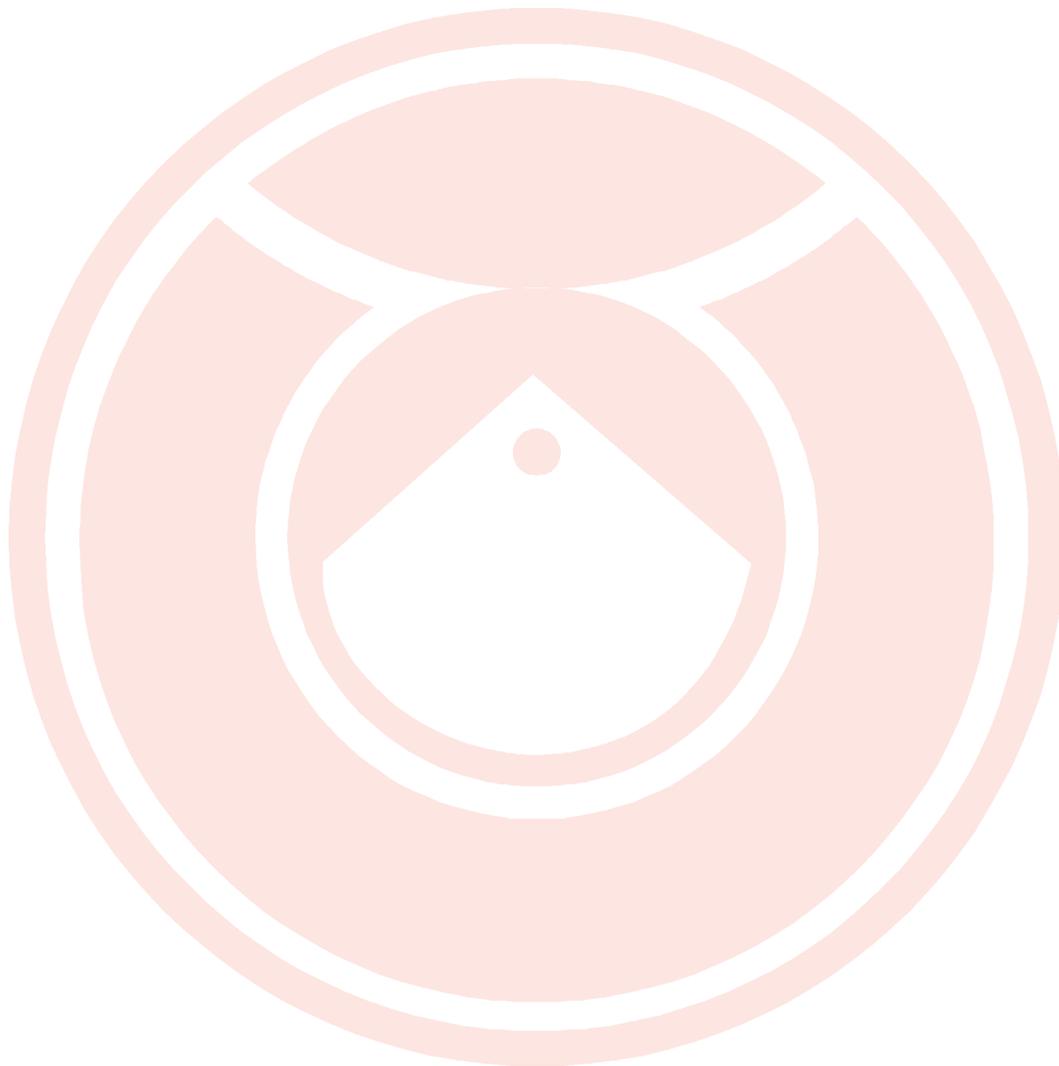
Limited Growth of Sub-contracting in India

Two factors highlighted above make the conditions for the growth of subcontracting in India conducive. These are segmentation in the labour market with a large component of informal workers and the large variation in the size structure of the manufacturing industry. The small firms acts as a window to access the unorganised labour market. However, evidence available shows that subcontracting has not developed as much as it should have in comparison to Japan or Taiwan (Morris, et.al., 1999).

One of the principal reasons is the much slower growth of the manufacturing industry in India. It was constrained by the 'Hindu' rate of growth of 3.5 percent for nearly fifteen years (Morris, et.al., 1999). Thus, in areas with a relatively high growth, e.g., around major cities as Delhi, Pane and Bangalore, subcontracting has begun in a major way (Nagraj, 1986). In regions of slow growth such as in and around Calcutta, instead of subcontracting it was merchant capital that mediated relations between small (tiny) and large firms (Banerjee, 1981). The increased growth of manufacturing sector in the eighties was conducive to the growth of subcontracting in the West and South and to a limited extent in the North of India. Vendor development emerged as a strategic option in some of the more dynamic industries such as engineering firms in these areas (Morris, et.al., 1999).

Besides growth, other factors include imperfections in the credit market which create severe bias against lending to small firms. This erodes their bargaining position vis-a-vis large firms. Another important factor that has limited the growth of subcontracting is the lack of exchanges for booking subcontracting capacities (Morris, et.al., 1999). However, with liberalisation it can be hoped that some of these constraints to the growth of the small scale sector and subcontracting will be removed. Similarly, there is a move to set up a 'subcontracting exchange' which will facilitate the growth of subcontracting.

A third reason could be that the forms of subcontracting relationships which are developing are perhaps even less visible than firm to firm subcontracting and are not captured by any data collection effort. Data collection on subcontracting between firms are also not sought to be captured systematically, as we observed from the earlier section on empirical evidences. Evidence provided refer mainly to the large factory segment and to an extent the small scale industry. One of the new forms of subcontracting, not captured in these data, are a large component of 'homeworkers' engaged in manufacturing activity in their homes. In a survey in Ahmedabad city we observed that 24 percent of the women workers were engaged as 'homeworkers' in various manufacturing activities (Unni, 1999).



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CHAPTER 2

GARMENT INDUSTRY IN INDIA

There has been a remarkable growth of exports in India's garment sector beginning in the late 1980s. It has grown from US \$ 1598 million in 1989-90 to \$ 3675 in 1995-96. That is, it has more than doubled in the last five years. It constitutes 12 percent in India's merchandise exports and nearly 16 percent of its manufactured export. India's share in the world exports of clothing rose from 1.5 percent in 1980 to 2.6 percent in 1994.

Regulatory Regimes Governing the Garment Export Industry

Multi Fibre Arrangements: The two major markets for garment exports of developing countries is the USA and the EEC. Early formal restrictions on textile imports were the Short Term Arrangement effective from October 1, 1961 and the Long Term Arrangement effective from January 1, 1974. The main target of these arrangements were however the textile imports and not garments. However, as the volume of garment imports grew the need for restrictions was felt. A more extensive Multi-Fibre Arrangement (MFA) went into effect from January 1974 and replaced the LTA. The MFA has been renewed three times, MFA II came into effect from January 1, 1978 and MFA III from 1986. MFA III resulted in stringent limits on the export growth for major Asian suppliers, for e.g., Hong Kong, South Korea and Taiwan (Chatterjee and Mohan, 1993).

The MFA framework for conducting trade in textiles and clothing is a significant departure from the General Agreement on Trade and Tariffs (GATT). GATT's provisions of trade barriers in the form of tariffs are non-discriminatory as they apply to imports from all countries in an equitable manner. The MFA is based on quantitative restrictions or quotas which restrict the import of specific products from specific countries. The developed countries negotiate bilateral agreements with individual trading partners which limit the amount of exports of the latter. India has bilateral trading arrangements with USA, Canada, EEC, Austria, Sweden, Norway and Finland under the MFA. **There are no international rules governing the international allocation of quotas under MFA.** The MFA is targeted only at imports from the developing countries. The restrictions are imposed through geopolitical consideration which has facilitated the emergence of China as a major force in the textile and clothing market (Chatterjee and Mohan, 1993).

The MFA IV came into force in 1991, when the developing countries were hoping it would not be renewed. The Uruguay Round has on its agenda the phasing out of the MFA by 2005. In MFA IV, for the first time there was a recognition that the final objective is the application of GATT rules to trade in textiles. The MFA is to be phased out in four phases: Phase I starting on 1-1-1995, Phase II on 1-1-1998, Phase III on 1-1-2002 and Phase IV on 1-1-2005 when all restrictions will be eliminated. **India's garment sector has to gear up to this reality when there would cease to be any prescribed quota for any country and all countries would have to compete on the basis of factors determined by the market.** (Chatterjee and Mohan, 1993).

The USA has published a list of products which it intends to integrate in each of the stages. The most import intensive products, like shirts and women's outerwear in which India has an advantage, will not have their quotas removed until 2005. Besides, the permitted quotas will be more generous for the developing countries like India with a permitted growth of 6-7 percent. Imports for the dominant suppliers like Hongkong, China, South Korea has restricted quota growth rates of 0-2 percent (Ramaswamy and Gray, 1999). Thus, the impact of the removal of MFA will be felt severely by India in 2005. In addition, the textile and clothing sector will have tariff rates higher than that for all goods in the post Uruguay Round. In fact, US tariff rates for apparels are higher relative to all other MFN products even in 2004.

Government Policy and the Structure of the Garment Industry

There are no official estimates of the number of garment manufacturing units or workers in India. We present below a brief discussion on the structure of the garment industry as presented by the Lalbhai group a prominent textile and garment manufacturing industrial house in India. 'A typical garment-manufacturing unit is very small. Manufacturing units having fifty machines are about 6 percent of the total manufacturing units, which are about 77,000 in number. A majority of these work as subcontractors and are known as fabrications in the industry parlance. These fabricators account for about 77 percent of the sewing machine capacity. Manufacturer exporters account for only 7.5 percent of the machine capacity. The size of the units do not allow these units to innovate, to upgrade their products and operations and to build brands.' (Lalbhai et. al. Undated) Consequently most of the units compete at the lower end of the market.

The Indian garment export sector is also based on a similar 'sub-contracting system involving a number of small tailoring and fabricating units which operate under contract from a parent firm. Owing to the seasonal nature of demand for Indian garments this has proved to be a very cost-effective mode of production. But if we wish to emulate the path of the world's leading garment exporters, it is imperative to create further capacity to process bulk orders, while at the same time retaining our advantage of being able to handle small orders with large variations. Policies will have to be geared towards introducing large assembly line of production equipped with good quality machinery' (Chaterjee and Mohan, 1993).

This structure of the garment industry is a direct result of the Government of India's policy, the international regulatory regimes and the nature of the market. **The Government of India has reserved the garment industry for the small scale sector.** Investment in the small scale sector cannot exceed Rs. 60 lakhs or Rs. 75 lakhs in the case of ancillary units. These limits change from time to time.

Under the existing policy framework, **garment units can be allowed investment in plant and machinery beyond the limits prescribed for SSI units if they undertake an export obligation of 75 percent of their total production.** This export obligation would operate in perpetuity, without any time frame. The export obligation of 75 percent of their production is limited to a specified period of 10 years even for 100 percent export oriented units, which benefit from duty free imports of capital goods and raw materials. **An export obligation of 75 percent in perpetuity has acted as a strong deterrent for large Indian companies to invest in the garment sector** (Chaterjee and Mohan, 1993).

India's garment industry has flourished on account of cotton-based apparel. However, 60 percent of the international garment trade is accounted for by man-made blended fabrics. India's garment trade has focussed on fashion clothing, but in the long run it would be useful to trade in standard garments which are usually based on synthetic or blended fabrics. India has substantial capacity in the manufacture of polyester yarn and fibre, but the duty structure governing the intermediate inputs in the manufacture of these products has made it impossible to supply fabrics to exporters at rates that would enable them to compete effectively in the international market (Chaterjee and Mohan, 1993).

The current high cost of synthetic and blended fibre has necessitated the availability of duty exemption schemes. Under the Duty Exemption Scheme, the Government has recently introduced a value-based scheme to enable exporters to import inputs with the overall if value of licenses without any quantitative restrictions. This scheme will operate along with the existing quantity based advance licensing scheme. The new Exim Policy which came into operation in March 1992 specified standard input-output norms for 1514 export products covered by the quantity-based advance licensing scheme. Under the new value-based scheme, value- addition norms for value based licenses in respect of 1195 such export products were identified. **However, the garment export sector has not benefitted from this new dispensation** (Chaterjee and Mohan, 1993).

Further, no increase in metergauge for import of fabrics has been allowed. Under the present Duty Exemption Scheme the value addition requirement has been increased from 33 to 50 percent. Moreover, all fabrics have been put in the list of sensitive items in respect of which licenses shall be issued with quantity restrictions under value based licenses (Chaterjee and Mohan, 1993). These policies will be detrimental to the growth of garment exports in man-made and blended fibers which are necessary if in the long run markets have to be maintained.

The Exim policy has facilitated the import of machinery, including second-hand machinery, with export obligations at concessional rates of duty in various industry groups. A concessional import duty of 15 percent would be levied on import of capital goods if the company gives an export commitment of four times the if value of import to be achieved within five years. A concessional import duty of 25 percent would be applicable on export commitments three times the if value of imports to be achieved within four years. **However, all these concessions will not be of any use to the garment sector as long as the reservation for the SSI sector remains.** This is because availing of any of these benefits would mean going out of the ambit of the small scale sector (Chatterjee and Mohan, 1993).

Exports of Garments

The quota controlled regimes, described earlier, have determined the principal export markets for Indian garment exports. The major share of exports have been with the West European countries and USA (Table 2.1). It grew from 37 percent in 1985 to 51 percent in 1991. The export market in the US declined from 38 to 30 percent during the same period. The east European markets also contracted for Indian exports. There was a small increase in the share of exports to Africa in the eighties.

Table 2.1: Destinations of Indian Garment Exports (1983 to 1991) Values in Rs. Crore and Percentage Shares of Different Markets

Destinations	1985		1987		1989		1991	
	Value	Share	Value	Share	Value	Share	Value	Share
West Europe	398	37.3	918	49.5	1473	47.7	2733	51.0
N&S America	406	38.0	660	35.6	1030	33.3	1597	29.8
USA	346	32.4	604	32.6	911	29.5	1328	24.8
West Europe	187	17.5	178	9.6	306	9.9	381	7.1
Soviet Union	173	16.2	166	9.0	280	9.1	287	5.4
East Asia	42	3.9	40	2.2	106	3.4	209	3.9
Japan	40	3.7	37	2.0	95	3.1	187	3.5
Oceanic Countries	19	1.8	25	1.4	54.	1.7	63	1.2
W.Asia & N. Africa	10	0.9	18	0.9	89	.9	301	5.6
Africa	2	0.2	6	0.3	16	0.5	39	0.7
South East Asia	3	0.3	9	0.5	16	0.5	30	0.6
South Asia	0	0.0	0.0	0.1	0	0.0	0	0.0
North West Europe	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Grand Total	1068	100.0	1857	100.0	3091	100.0	5358	100.0

Source: `Handbook of Export Statistics', Various issues, Apparel Export Promotion Council. Quoted in Chatterjee and Mohan, 1993.

A significant feature of the Indian garment trade is the predominance of cotton as the fibre base and the high share of a few items in the composition of the trade. Women's outerware had a share of 40 percent in 1991 which reduced marginally to 38 percent in 1994 (Table 2.2). Men's shirts made of cotton increased in share from 16 to nearly 18 percent during the same period.

Table 2.2: Item-wise Composition of India's Garment Exports

SITC 2	Item Description	1991		1994	
		\$ Million	Share	\$ Million	Share
84	Clothing & Accessories	2531.1	100.0	3711.9	100.0
842	Men's Outerwear not Knit	94.0	3.7	156.8	4.2
843	Women's Outerwear non Knit	1032.8	40.8	1409.2	38.0
8433	Dressess	191.8	7.6	286.0	7.7
8434	Skirts	85.5	3.4	193.9	5.2
8435	Blouses	510.2	20.2	617.7	16.6
8439	Outer Garments	166.8	6.6	214.6	5.8
844	Under Garments non Knit	435.5	127.2	724.6	19.5
8441	Men's Shirts	408.6	16.1	659.0	17.8
84411	Of Cotton	325.6	12.9	604.5	16.3
84412	Of Synthetic Fibers	83.0	3.3	54.5	1.5
845	Outweat Knit Non Elastic	236.6	9.3	338.5	9.1
8451	Jersey's, Pulloversa etc.	70.0	2.8	116.0	3.1
8459	Other Clothing Accessories	123.5	4.9	175.6	4.7
846	Under Garments Knitted	298.2	11.8	480.3	12.9
847	Textile Clothing Accessories nec	106.4	4.2	172.6	4.7
848	Head Gear Non Textile Clothing	327,5	12.9	429.9	11.6

Source: UN International Trade Statistics Year Book, 1994.

Quoted in Ramaswamy and Gray, 1999.

The United States absorbed nearly 36 percent of India's total apparel exports in 1993 (Table 2.3). This was in spite of the quota restrictions on trade. Again among the items exported to US, women's outerware constituted about 54 percent of the total. A striking feature of the us import of garments was that no single country dominated across all product categories. That is globalisation promotes specialisation in terms of development of market niches. Specialisation is not by fabric alone, but also by product (Ramaswamy and Gray, 1999).

Table 2.3: Leading Items in US Apparel Imports from India and Their Share in India's Exports 1993

	SITC Rev. 3 Groups	US Imports	Share	India's Total Exports	Share of 1 in 2
841	Men's and Boy's Coats, Jackets, etc. not Knit	144.1	13.5	578.9	24.9
842	Women's/Girls Coats, Capes etc. not Knit	581.3	54.4	1067.0	54.5

843	Men's and Boy's Coats, Jackets etc.Knitted	15.5	1.5	323.7	4.8
844	Women's and Girl's Coats, Capes etc. Knit	25.0	2.3	189.1	13.2
845	Articles of Apparel of Textile Fabric Nes	185.1	17.3	281.8	65.7
848	Apparel and Clothing Accessories Excluding Textile	117.1	11.0	383.5	30.5
		1068.2	100.0	2977.0	35.9

Note: All figures are in US \$ Million

Source:

1. US Foreign Trade Highlights, 1995, US Department of Commerce
2. United Nations International Trade Data
Quoted in Ramaswamy and Gray, 1999.

Garment Industry in Ahmedabad

The garment industry in Ahmedabad, India operates within a segmented market. The segmentation is in terms of organisation of production, size of units, area of concentration of manufacturing activity, products manufactured and the markets to which it caters. Broadly there are three segments in this market. The top most segment is the **large factory sector**, the second is the **small units and shops** and the third is **the home-based garment workers**.

Large Factory Sector

The large factories engage between 200 to 800 workers in each factory. They are concentrated in the GIDC industrial estates of Vatva and Odhav, and in Narol and Chandola. The workers are engaged on both time rate and piece rate wages. Between 60 to 90 per cent of the workers in these factories are women. Women work at all levels including the supervisory level, but the latter is rather rare. Women mainly work as piece rate garment workers either in machine work or in other jobs such as trimming the threads, sorting, packing etc.

The factories in Vatva and Narol mainly manufacture bed sheets, cushion covers and napkins. This is meant mainly for the export market. These products are exported to the European countries such as Denmark, Germany and Russia.

The factories in Chandola and Odhav mainly manufacture jeans and shirts. Arvind Mills has jeans product with the brand name of RUF and TUF that is manufactured by a franchisee called QUEST. They manufacture jeans and jackets made of denim only from the denim material produced by the Arvind Mills. They also manufacture cotton pants. This franchisee has the exclusive marketing rights for three states, Gujarat, West Bengal and Rajasthan. They also sub-contract to six other factories in Ahmedabad city. These jeans, pants and shirts are exported and are also meant for the national markets as described above. As we observed for the RUF and TUF manufacturing units, it is likely that part of the production of the other units are also sub-contracted out to other units.

All factories employing 10 workers with power or 20 workers without power have to be registered under the Indian Factories Act, 1948. They constitute the formal or organised segment of the garment industry. In our fieldwork, however, we observed that there were many small units which had not obtained registration and were hence apprehensive to talk to us. Information on the number of factories registered and the number of workers in them are available with the Chief Inspector of Factories and at the country level are published in the Annual Survey of Industries. The published data is available only at the level of the Gujarat state. However, we were able to obtain data for the city of Ahmedabad for three years, in the 1970s 1980s and 1990s (Table 2.4).

Table 2.4: Estimates of Enterprises and Employment in the Formal/Registered Garment Industry in Ahmedabad City

	Number of Units	Number of Workers	Average Size of Units
1977	70 (4.25)	1559 (0.96)	22.3
1987-88	91 (3.16)	1972 (1.05)	21.7
1995-96	127 (2.48)	3197 (1.77)	25.2

Notes: 1. Estimates refer to NIC code 26 including manufacture of all textile products.
 2. Figures in parenthesis refer to percentage of all workers and units in the registered manufacturing industry.

Source: Annual Survey of Industries and Chief Inspector of Factories, Ahmedabad.

The National Industrial Classification code 26 refers to the manufacture of all textile products. Manufacture of garments alone can be obtained only at the three digit level of the industry code. This was not available to us. The Chief Inspector of Factories reported only 127 units manufacturing all textile products in 1995-96 and employing 3179 workers. Obviously the number of registered units in the garment sector alone would be even smaller, about 55 in 1999.

The growth of the garment industry in this sector is also very minimal. The number of registered factories grew from 70 in 1977 to 91 in 1987-88 to 127 in 1995-96. An annual exponential growth of 2.6 percent in the first period and 3.3 percent in the second period. The number of workers engaged in this sector rose from 1559 to 1972 to 3197 during the three years, an exponential growth rate of 2.3 and 6.9 percent respectively in the two periods. It appears that only the very large factories are registered and the small workshops employing more than 10 workers are not included in these estimates.

Small Factories and Shops

Small factories and shops, many of which probably employ more than 10 workers and avoid the registration under the Factories Act, form this second segment. This segment is mainly concentrated within the walled city areas in Gheekantha and Mirzapur. These units engage between 5 to 15 or more workers. They operate in large rooms with a number of sewing machines around which the workers are organised. The workers are mostly engaged on piece rate wages. Here again the majority of workers are women.

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These units manufacture mainly shirts, pants, midi-skirts, bermudas, frocks and gowns. Some units exclusively manufacture school uniforms. These units cater to two kinds of markets. The better quality products, bermudas, shirts, frocks and gowns are meant for the national level markets, mainly Bombay, Delhi and Calcutta. A large segment of bermudas and other products from Gheekantha are sold in Bombay. These products are also sub-contracted out by the large well-known garment shopping chains in Ahmedabad city. The lower quality products ("chalu maal" in local terminology) are meant for the local market in Ahmedabad and are sold by local shops and

vendors in Lal Darwaza and Teen Darwaza area of the walled city. This segment of the garment industry also caters to the regional market such as small towns and rural areas of Gujarat.

Some units in the Gheekantha area also manufacture covers for televisions, refrigerators, sofas etc. Some of this work is done on a seasonal basis. The garment making, frocks, shirts etc. are prominent in the festival season, Diwali and Id, when most of the two communities in Ahmedabad fulfill their yearly clothing needs. In fact, when a listing of garment workers was done in some of these urban blocks before Diwali a large number of both units and workers were found. But later when a survey was to be conducted many of the units and workers did not exist. We discovered that a number of sewing machines were actually hired and the workers had even come from neighbouring Rajasthan. Many of the contractors were Marwaris from Rajasthan.

Most of these units obtain their orders from large merchants and operate as sub-contract units. Here we are likely to find a chain of sub-contractors down which the raw material passes and up which the final products find their way to the final market. It would be interesting to observe how value is added to the product at various stages and what share of this value added is actually obtained by the women workers at the bottom of this chain.

The official data collection machinery collects data on this unorganised or informal segment in its Unorganised Sector Surveys conducted by the National Sample Survey Organisation, Government of India. We were able to obtain data on this segment of the industry for the urban areas of Ahmedabad district, namely Ahmedabad city for the year 1994-95 when this data was last collected. The National Industrial Classification code 26, all textile products, were estimated to consist of 12,157 units employing 34478 workers. The specific three digit industry group 265 consists of garment units alone. This segment was estimated to consist of 2237 units employing 5967 workers in 1994-95. Of these workers 5005, 84 percent, were women (Table 2.5).

Table 2.5: Estimates of Enterprises and Employment in the Informal Sector Garment Industry in Ahmedabad City

	Units	Workers		
		Male	Female	Total
Small Factories/ Workshops (1994-95)	2237	962	5005	5966
Home-based Workers (1998)	-	7800	27157	34957

Note: Estimates refer to NIC code 265, only manufacture of garments and apparel.

- Sources: 1. NSS, Unorganised Manufacturing Sector Survey, Unpublished Data.
2. Kantor, 1999 Home-based Garment Workers

Home-based Garment Workers

The term **homebased** worker is used for two types of workers who carry out remunerative work within their homes. They are independent own account workers and dependent sub-contract workers. The term **homeworker** is used to designate the second category of dependent workers only. The ILO Home Work Convention clearly defined a homeworker as a person who carried out work for remuneration in premises of his/her choice, other than the work place of the employer, resulting in a product or service as specified by the employer, irrespective of who provided the equipment, material or inputs used.

The home-based garment workers form the bottom most layer of this industry. This segment of the garment industry operates mainly through contractors. These contractors take the material from the large merchants or shops and supply it to home based workers in the city. They then collect the finished product and return it to the supplier for final sale in the market. The home-based workers are almost 100 per cent women. The cloth merchants are mainly concentrated in Sindhi Bazaar, Sarangpur and the Bus Stand, Shahpur. The women workers are spread over Rajpur, Gomtipur, Shahpur, Khokhra, Maninagar. Smaller concentrations of women home-based garment workers can be found in many parts of the city, such as Wadaj, Dhudeshwar and Chandkheda.

This segment manufactures mainly frocks for children, petticoats and gowns. These are of a much lower quality products and are meant for the local market. They are sold in the small retail outlets. This segment also becomes active during the festival season.

These women garment home-based workers are also likely to work through a chain of contractors and sub-contractors. This is particularly true since the women are located at a distance and are spread out over vast areas in the city and even in some semi-urban locations.

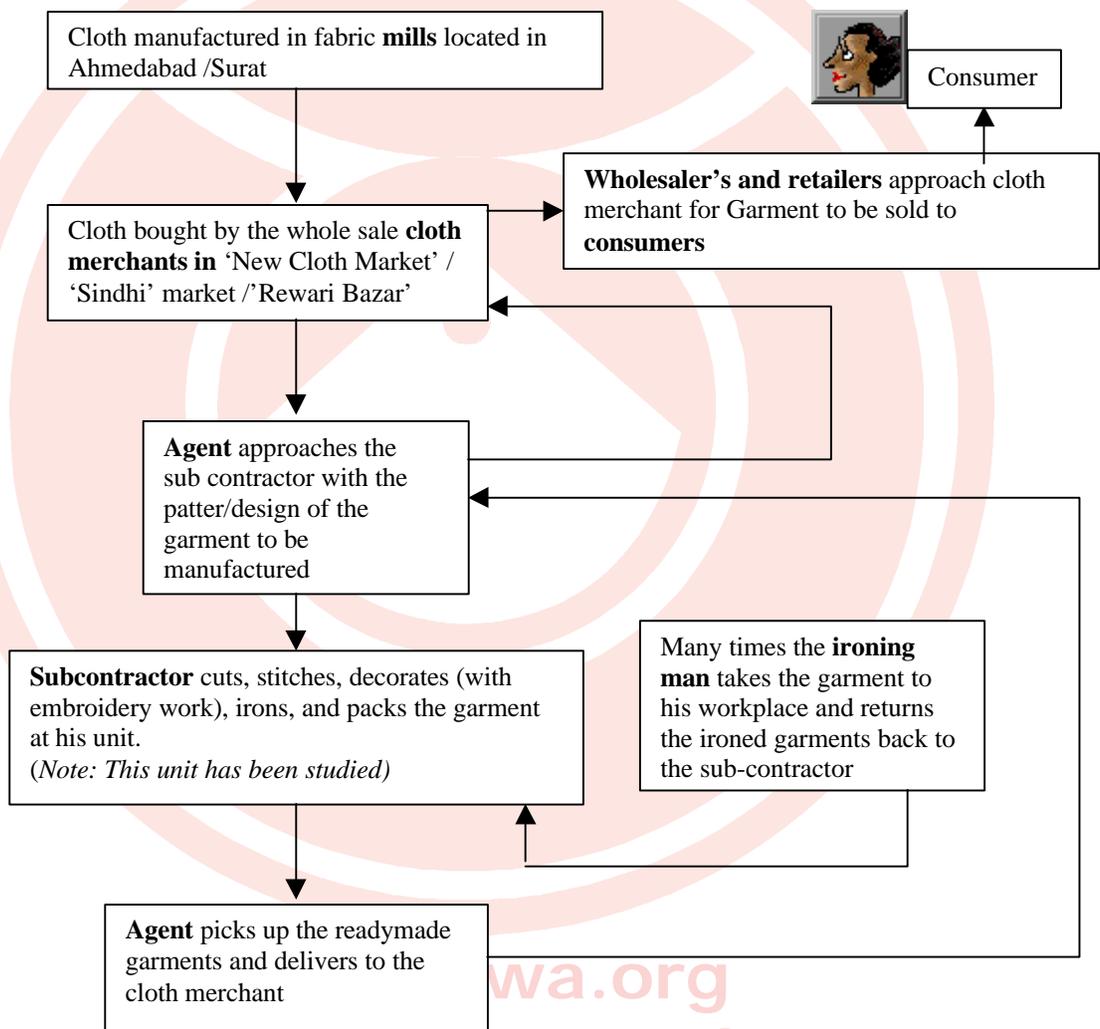
We made an independent estimate of these homebased garment workers in Ahmedabad city (Kantor, 1999). The estimates were obtained by inflating by the inverse of the sampling fraction the number of homebased garment workers found through a one stage stratified cluster sampling design. The 43 wards of Ahmedabad city were stratified into four strata according to subjective information about varying concentration of homebased garment workers. The four strata included areas of very high, high, standard and low concentration of such workers. Areas based on grouped census blocks were created within the four strata. Areas within each stratum was chosen randomly separately for men and women. These selected areas were enumerated in search of homebased garment workers. This enumeration resulted in an estimation of home based garment workers of 34,957 for Ahmedabad city. Of them 27157 were women garment workers, that is constituting nearly 78 percent of the workers (Table 2.5).

Sub-Contracting Chains of Garment Manufacturing

2.1 Case Study of a Sub-Contracted garment unit ('Jay Hind Handicraft', Unit no. 708/709, Mahalaxmi Complex in Gheekanta area of Ahmedabad run by Labhubhai (the sub-contractor):

1. Visibility and Contribution

- Identification of all activities within each link of the chain
- Activities have been identified as follows:



- Percentage of Value addition by each actor in each of the links. Value addition takes place as given below:
 - ❖ Cloth cost Rs.90 (@Rs.20 per metre for 4.5 metres) (22.5% of the market value of the garment)
 - ❖ Garment making at subcontractors unit: Rs.90 (22.5% of the market value) out of which stitching cost is only Rs.8 per piece (only 2% of the market value of the garment).
 - ❖ Retailers margin: minimum Rs.50 to Rs.75 per piece (15 to 18% of the market value of the garment)

- ❖ This total up to about 60 % of the market value of the garment. Rest 40% falls in the hands of the middlemen, agents, subcontractors, etc. The worse off in the whole link is the garment worker.
- *Size of the units:* 400 sq.ft. divided into two rooms
- *Age of the unit :* 4 years
- *No. of shifts operating with timings:* 4 years old, 1 shift (more during festival season time (about 5 months of the year).
- *Work timings:* 8.00 hours to 17 hours (officially- more in practice)
- *Source of obtaining:* Cloth merchants in 'Sindhi' market
- *Machines (types, numbers, and any special equipment):* 8 sewing machines, 5 embroidery machines.
- *Identify the products :* Salwar Kammez
- *Raw materials :* source, raw materials : Synthetic (from mills in Surat – Arihant mills)
Cotton (local mills in Ahmedabad)
- *Identify the markets for finished products:* Local, regional and national
- *Raw materials obtained from :* Surat and Ahmedabad
- *Customers (different income groups and their affordability):* Middle and upper income group.

2. Identify the labour market

- *Supervisory staffs (any family member involved):* Yes, the brother of the owner keeps a strict vigil in the unit.
- *No. of men & women employed:* 21 nos. (9 tailors +2 cutting masters + 1 ironing man + 5 men doing embroidery + 3 helpers + 1 supervisor). Four of the employees were women who are DEAF&DUMB.
- *Qualifications/expertise:* The sub-contractor was a tailor earlier. The workers do not have any special training. Skill has been acquired out of practice.
- *Daily/weekly/monthly/seasonal wages:* Monthly wages of the workers.
- *Any special benefits/incentives given :* None
- *Any security/insurance/medical treatment:* None. A primitive type of first-aid box exists.
- *Why preference for women (if any) :* No such preference
- *No. of Working hours and days:* 8 hours (officially) ,more hours in actual), Overtime required during peak business times (festival seasons), Six days a week. On Sunday unit works during festival season.

3. Finance

- *Sources of finance within the link – formal institutions, informal sources (self, relatives, moneylenders, etc.):* The sub-contractor (Labhubhai) was earlier a tailor who then went on to sub-contracting from his residence with the help of his wife, and finally bought the unit 4 years back and started this unit. Finance for setting up the unit and operating it was obtained from his own savings, relatives and moneylenders.
He has utilized his personal savings and help of small amounts from his relatives for setting up this unit. Since such units are registered under Shops Registration Act, under the BPMC act and have no there proof of their business as income tax returns being filed regularly with details of actual income of the unit and other necessary documents for availing finance, no bank would be ready to finance.
- *Any security deposit taken by the 'actor' subcontracting to a particular unit:* No security deposit is taken. The subcontractor is given work based on his acquaintance ,personal rapport and previous job's track record which are considered as the main forms of security and surety for the agent & cloth merchant to sub-contract to this unit.
- *Any advance or leverage for delay in payments given to the particular unit:* No advance is given to the sub-contractor. Payment is made after 15 days from the date of delivery of garment to the cloth merchant.

- *Problems faced in securing/availing finance:* Such units never go for availing finance from formal financial institutions since the latter require I.T. returns, security of immovable property, business details, etc. Moreover, since this unit is not a SSI unit and neither registered with the Office of the Inspector of Factories, there is no way to obtain formal finance.

4. Facilities for the workers:

- In spite of the fact that women work in such a unit, there is not even a single women's toilet facility in the building.
- The existing 'common' toilets are in unusable condition.
- A common earthen pot full of drinking water exists which again is not properly maintained.
- No facility for child care exists.
- No security for getting a job for the day exists. Every day work has to be sought by the workers. If work not enough then the workers have to go back.

5. Regulatory Environment

- *Rules and Regulations, government policies, laws regulating the garment segment at each stage of the link:* Labhubhai was hesitant to discuss about the rules, regulations, etc.
- *Any change in these regulations, policies and laws after SAP:* Not known
- *Is unit registered or not, if yes with which organization:* Only have a shops and establishment registration number under the Bombay Provincial Municipal Corporation Act, 1949 (BPMC Act). He claims to be paying sales tax.
- *Do any inspectors (from office of Chief Inspector of Factories/Ahmedabad Electricity Company) visit the shop:* No. Electricity bills paid to Ahmedabad Electricity Company.

6. Dynamics of the Garment Segment

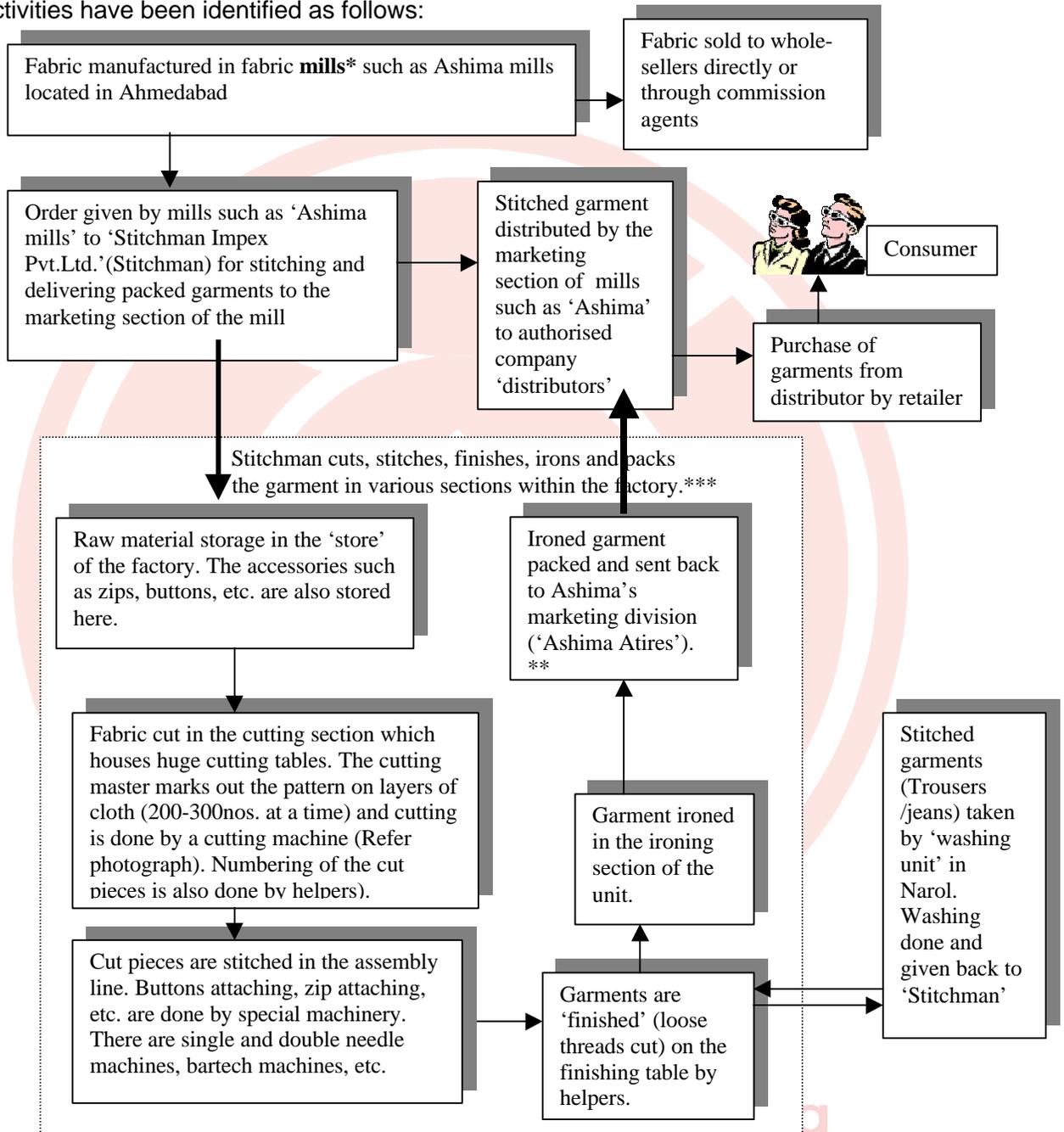
- *How much is the competition for securing jobworks for such units. Who are the likely competitors:* Too much of competition exists. In fact, there are garment manufacturing units scattered all over Gheekanta and other parts of Ahmedabad. Sub-contracting units of similar nature are the competitors.

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2.2 Case Study of Stitchman Impex Pvt. Ltd,(a medium-sized sub-Contracted garment unit) in Gomtipur area of Ahmedabad:

1. Visibility and Contribution

- Identification of all activities within each link of the chain
- Activities have been identified as follows:



Note:

- * The Arvind Mills Ltd. also sub-contracts to Stitchman Impex Pvt.Ltd., but for the purpose of this case study we have discussed with reference to Ashima Mills Ltd.
- ** Interview with Mr.G.M.Fadke, General Manager at Ashima Atires also mentioned in this section.
- *** Interview with Mr.Sanjeev Sood, partner in Stitchman Impex Pvt. Ltd. also given in this section.
- Percentage of Value addition by each actor in each of the links. Value addition takes place as given below:
- ❖ Cost of finished product sold (e.g. 'logo' jeans) in the retail outlets is Rs.500/-.

- ❖ Cloth cost approximately Rs.150 (@Rs.100 per metre for 1.50 metres) (30% of the market value of the garment)
- ❖ Garment making at subcontractors unit: Rs.50 to 75 per piece (10 to 15% of the market value).
- ❖ Washing charge of subcontracted washing unit: Rs.25 to Rs.35 per piece (5 to 7% of the market value).
- ❖ Distributors sell the garment to retailers for Rs.250 to Rs.300 per piece.
- ❖ Retailers margin: minimum Rs.200 to Rs.225 per piece (40 to 45% of the market value of the garment)
- ❖ Since this is a very organised production and distribution chain there is virtually no scope for middlemen, agents, other subcontractors, etc. to get their cut in the chain. It is difficult to determine the % share of value addition done by the garment worker since, they are a part of the assembly line of 35 workers involved in the production of garment. The value addition made by a worker to the garment is fragmented due to the assembly line production – e.g. stitching a back pocket on a pair of jeans requires inputs of 8 workers in the assembly line.
- *Size of the units:* 400 square metres shop-floor area. There is also another part which is used for training workers and for future expansion. The factory was earlier used to manufacture spindles for thread and was subsequently closed down. The closed unit was bought by one of the partners of 'Stitchman Impex Pvt. Ltd.' (Mr.Vijay Shah) who has rented it out to this garment manufacturing unit for Rs.18000/- per month. The capital investment of Rs.35 lakhs has been made in Stitchman.
- *Age of the unit:* 2 years old.
- *No. of shifts operating with timings:* 1 shift (working hours extended by 2 to 7 hours during 'season' time (August to October).
- *Work timings:* 9.00 hours to 5.30 hours (officially- more in practice).
- *Source of obtaining* Mainly from Ashima Mills and Arvind mills. Sometimes, orders exclusively for 'stitching and finishing' are procured from Gujarat Apparel, which does only 'cutting' of the fabric. Such orders cater to garment dealers requirements based in Dubai.
- *Machines (types, numbers, and any special equipment):* There are 60 industrial sewing machines of international brands such as JUKI, Brother, etc. being used in the manufacturing. Bartech machine, belt machine, button highlighting machine, single and double needle machines are some of the types of machines being used.
- *Identify the products:* Cotton trousers, jeans, bags.
- *Raw materials:* Mainly from Ashima Mills and Arvind mills. Blended cotton are used mostly.
- *Identify the markets for finished products:* Local, Regional, National & International.
- *Raw materials obtained from :* Ahmedabad
- *Customers (different income groups and their affordability):* Mainly, middle and upper income group.

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2. Identify the labour market

- *Supervisory staffs (any family member involved):* No. Only one of the supervisory staff has been in acquaintance with Mr.Sood. Out of the three supervisory staff, one is a lady supervisor.
- *No. of men & women employed:* 45 women and 30 men.
- *Qualifications/expertise:* The workers have received special training at the factory for 2 months. During the training period a stipend of Rs.15 per day was given. Workers who did not fare well in the training were made helpers.
- *Daily/weekly/monthly/seasonal wages:* Monthly.

- *Any special benefits/incentives given:* Majority of workers has PF facility, after one year of employment.
- *Any security/insurance/medical treatment:* First aid box available. No insurance provided under ESIS or any other scheme.
- *Why preference for women (if any):* Women are preferred since they are sincere to their work, have dexterity in fingers, well behaved and less of 'job-hoppers' as compared to men
- *No. of working hours and days:* 8.5 hours, half an hour goes for lunch. Overtime is required to be done for approximately two months in a year. On Sunday the unit works during festival season and when the unit receives urgent orders.

3. Finance

- *Sources of finance within each link – formal institutions, informal sources (self, relatives, moneylenders, etc.):* The partners have utilized their own capital for setting up the unit.
- *Any security deposit taken by the 'actor' subcontracting to a particular unit:* Bank guarantee and insurance for raw materials taken by some companies subcontracting such as Ashima. Previous track record is also a very important factor acting as a intangible security.
- *Any advance or leverage for delay in payments given to the particular unit:* No advance payment given to the sub-contractor. Payments are made at the time of garments delivery to the company subcontracting (e.g. Ashima).
- *Problems faced in securing/availing finance:* If the necessary documents and the security to be provided against the loan amount can be submitted to the financier then loans can be availed.

4. Facilities for the workers:

- Women and men have been provided with separate toilet facility.
- Drinking water facility for the workers is maintained near the main entrance gate of the factory in open air, inspite of a huge amount of floor space available inside the factory.
- No facility for childcare exists.

5. Regulatory Environment

- *Rules and Regulations, government policies, laws regulating the garment segment at each stage of the link:* The factories sub-contracting (e.g. Ashima) and the factory owners of the sub-contracted units are fully aware of the rules and regulations, government policies, laws regulating the garment segment. The supervisory staff do not have much knowledge on this aspect. Some of the workers are aware about minimum wages, etc.
- *Is unit registered or not, if yes with which organization:* The unit is registered as a SSI unit.
- *Do any inspectors (from office of Chief Inspector of Factories/Ahmedabad Electricity Company) visit the shop:* Chief Inspector of Factories visits the unit.

6. Dynamics of the Garment Segment

- *How much is the competition for securing jobworks for such units. Who are the likely competitors:* Competition exists, but since the factory unit owners are acquainted with Ashima and other sources of work and also because this unit is well equipped and can produce quality and timely work, it is able to secure work. Other units of similar nature are the likely competitors.

Report on interview with Mr.G.M.Fadke, General Manager, Ashima Limited, Ahmedabad

After a great amount of persual, an interview could be sought with Mr. Fadke. Excerpts of the interview are given hereafter below.

Ashima's place in the garment manufacturing chain:

Ashima In the chain of garment production the cloth originates from Ashima Mills. Also within the same chain Ashima Sub-contracts garment manufacturing work and markets the garments under it's own brand name (such as Logo).

Ashima is primarily a fabric-based company and wishes to remain in it. A year back, Ashima started a separate garment division (Ashima Attires) within the factory. According to Mr.Fadke the company is working out the garment manufacturing and selling and still the activities related to this division are on experimental basis. The main reason as to why Ashima came into the garment manufacturing business from being a purely fabric manufacturing company is that of proximity to the customers. Manufacturing and merely selling fabric does not lead to feed back about the fabric manufactured by the company from the customers. But when a garment is bought, the company comes in direct contact with the customers.

Due to varied reasons Ashima has not entered into garment manufacturing directly like Arvind mills. One reason as Mr. Fadke perceives is that of labour problems especially due to communal unrest in a city like Ahmedabad. Garment manufacturing industry being a human oriented industry cannot afford this at any cost. Garment manufacturing is also a small-scale segment presently and can be operated with low as well as high technology application. Small units can be managed very well.

Ashima subcontracts to 7 subcontractors in the city. Before subcontracting, Ashima checks on the sub-contractors in terms of the factory size, adequate and safe space available in the factory, number and types of machines, etc. Also aspects such as status of employees (in terms of receipt of P.F. and other benefits), government registration, etc. are verified.

A bank guarantee is taken on the raw materials. The material is insured also. The cost of insurance is shared by Ashima as well as the sub-contractor.

The distributor and retailer's combined margin comes to the remaining Rs.250.

Presently 50% of the job work of garments manufacturing for Ashima is being done in Ahmedabad and the rest outside Ahmedabad.

One interesting aspect as to why Ahmedabad had a distinct advantage in garment manufacturing is that related to saving on transportation cost, i.e. sending and receiving the fabric and finished garments respectively to big garment manufacturing centers like Delhi and Bangalore. The cost of stitching the garments (approximately Rs.50 Rs.75 in Ahmedabad equals to the cost of transaction i.e. sending the fabric to be stitched and returned back to Ashima in Ahmedabad.

In terms of type of garments being manufactured, Ashima presently manufacturers 50% of jeans/trousers and the rest are shirts & T-shirts.

There is a lot of potential for the garment industry in India. But, when it comes to international orders, the main question apart from quality is that of efficiency. (India is a lazy country unlike China). Development of human skill would be of utmost importance for the garment industry to prosper.

The people who worked in the mills earlier and have been displaced have an attachment with the textile industry. Such people and their families can be trained to work in the garment factories.

Regarding the role of Ashima in the garment manufacturing chain., he informed that fabric is delivered by Ashima to the sub-contractors at Ashima's expense. (When the garments are stitched then the sub-contractor delivers the garments at his own expense). Thus delivery cost is equalised between the fabric manufacturers and the sub-contractor.

The stitched garment is sent by the sub-contractor to the washing laundry or in some cases Ashima receives the stitched garment from the sub-contractor and later sends the garments to the laundry (capital investment of such a laundry can be with a mininum amount of Rs. 1 lakh). Ashima receives orders from the distributor of the garments and supplies garments free of cost to the distributors located in different cities of India. The sales tax (2 to 4%) is shared by the distributor and Ashmia.

Octroi charges are borne by the distributor. The distributor supplies garments to retailers further down in the chain.

Regarding the question of reduction of India's share due to quota loss with the Multi Fibre Agreement (MFA), coming to an end in 2003, he said that quota does not have much bearing, since those who can efficiently deliver quality products at the right price would be able to survive in any case.

Regarding the plight of the workers in the garment factories in terms of the actual benefits, wages, etc. being offered Mr.Fadke reiterated that since Ashima sub-contracts the work, it cannot legally and directly interfere with the labour related issues of the sub-contracted units.

Report on interview with Mr.Sanjeev Sood, Factory owner/partner, Stitchman Impex Pvt. Ltd.

Mr. Sood is the second partner of Stitchman Impex Pvt. Ltd., besides Mr. Vijay Shah. He also owns another factory in Naroda in which 'made-ups' are stitched. He has an experience of 15 years in this industry.

Stitchman is located in Gomtipur, an area with many closed textile mills whose workforce reside within or near the area. Gomtipur is an ideal position for a garment factory to be set up.

The garment factories are usually located near other garment units. This leads to high employee (worker) turnover ('poaching' as Mr.Sood terms the words 'employee turnover'.

Stitchman does job work of garments such as cotton trousers / jeans which is its main specialty. It also makes bags. Job – work is mainly done for 'Ashima Mills' and the 'Quest Apparel Manufacturing Company Ltd.'

Presently, the factory has a capacity to stitch 7500-10,000 trousers/jeans a month. These trousers/jeans are mainly catering to the national market. Trousers/jeans stitched for the Quest Apparel Manufacturing Company Ltd. is exported.

According to Mr. Sood, his company has achieved only 70% of the desired quality in terms of cutting and 80-90% in stitching. There is still a great scope of improvement. Improvement is required keeping in view the competition faced by factories located within India in comparison to those in Bangladesh, China, etc.

Women workers are mostly recruited since they work better and are more prone to less disturbances caused due to frequent requirements of tobacco, 'pan', tea, etc.

There are 45 skilled and 30 unskilled workers in the factory. Women comprise about 60% of the workforce. An interview and machine test is taken for selection of the workers. General background and interest of the workers are known during the interview. The machine test comprises of checking the workers in terms of any visual disability such as dexterity of fingers, weak eye sight & colour blindness, etc. One of the major criteria for selection was that those selected should not have worked in any other garment factory earlier. Also these persons should be residing not very far off from the factory. Mr. Sood emphasised that Stitchman is one of the few companies which offer fixed wages rather than piece rates to its workers. Mr.Sood reiterated the fact that women are better workers in factories than men.

Before setting up this unit, a feasibility study was carried out by owners. Most other garment units of similar units were radically studied. After much thought this location (Gomtipur) was decided upon due to heavy concentration of work force residing in this area.

The job work obtained is through bidding and so competitive tender-rate applies to the cost of garment stitching. Usually the fabric, thread, zips, buttons, etc. are given by the company sub-contracting this unit. This unit stitches, irons and packs the garment and dispatches the garment back to the company sub- contracting (see also the flow chart given at the beginning of this section).

Mr.Sood highlighted the factors involved in the garment industry in case a SWOT analysis had to be done. The main strengths of this industry is the availability of cheap labour and ample raw materials (especially cotton). The weakness of the garment industry is that this industry comprises of small and fragmented units. The labour laws are terrible in the country. The labour laws should be strict and have flexibility to change with and in a given time frame. Due to labour

problems large units are unviable. At the same time small units do not have the skills required, they cannot invest in machines, trained and skilled workers.

The opportunity of the garment industry is the huge market especially in the domestic sector.

The threat to the garment industry is the high duration of lead times from manufacturing to delivery. One more threat is the slightly 'shady' practices prevalent in the garment industry at present. Mr.Sood emphasised that the garment industry had to take steps to improve the skills of the workers as a key factor to a long term survival strategy in the global market.

2.3 Case study of a readymade shop owner supplying fabric to home based garment workers and selling the same garments

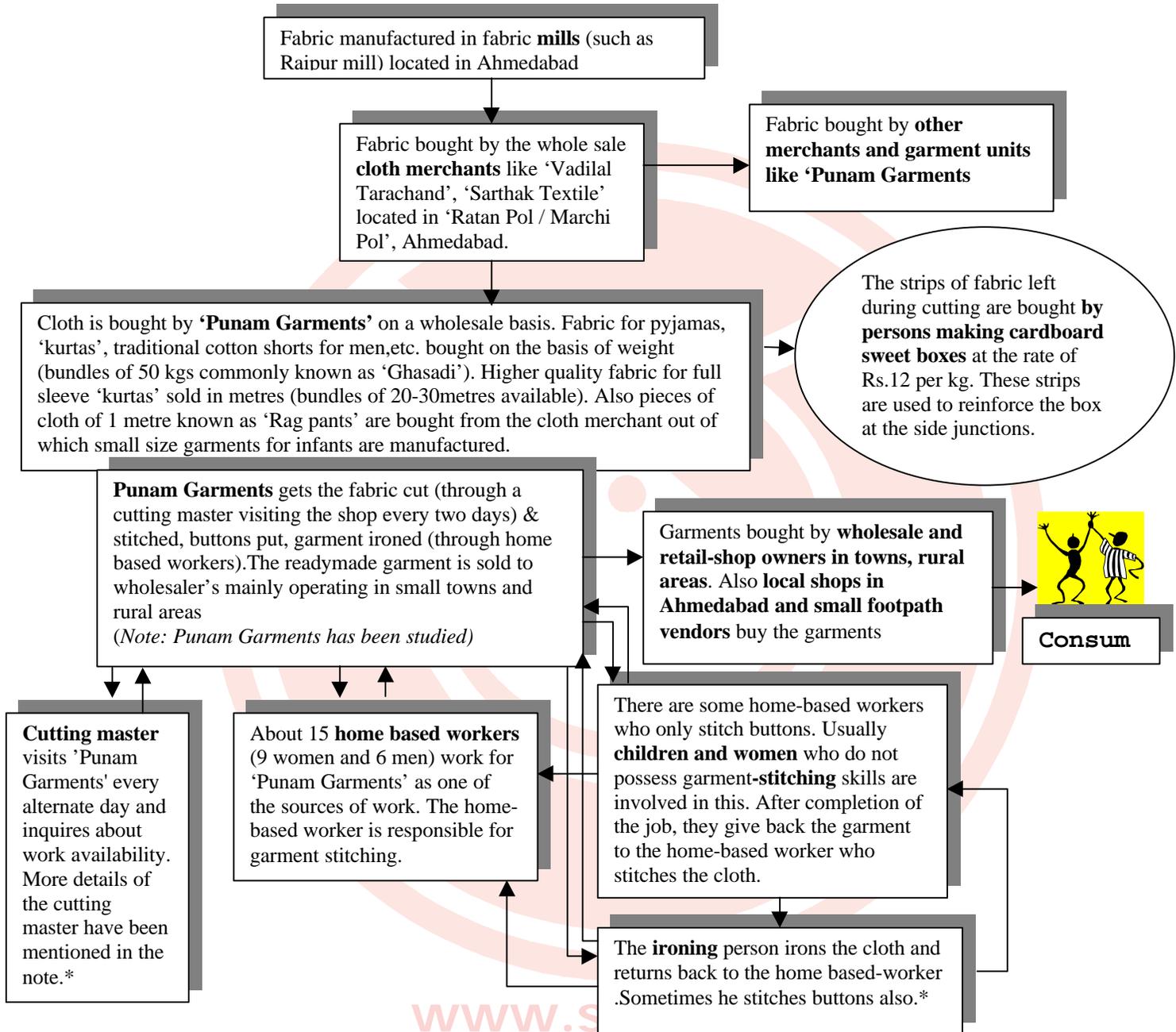
Case Study of a readymade shop called 'Punam Garments' (26-Mahalaxmi Complex, Gheekanta, Ahmedabad) run by Alkaben, (the 34 year old wife of late Dushyant Ishwarlal Javeri). In this shop, cloth is bought, got sewn by home-based workers and the garment is sold from the same shop. This shop mainly caters to the consumers of small towns and rural areas. Also local shops in Ahmedabad and small footpath vendors buy from this shop.

Such ready- made shops are one of most common type of units found in the garment industry. They cater to the domestic markets and are one of the simplest types. They are usually run by family enterprises.

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1. Visibility and Contribution

- Identification of all activities within each link of the chain
- Activities have been identified as follows:



Note: A significant feature to be noted in this chain is the absence of 'agent' seen the larger chains. The simpler the chain the less are the agents.
* Interview with the cutting master and the ironing man is given later in the section.

- Per cent of Value addition by each actor in each of the links.
Value addition takes place as given below by taking an example of a half sleeve 'kurta' (Sadara in local language) of 28" size
- ❖ Fabric cost RS. 168 for 12 metres cloth (@Rs.14 per metre) (28% of the market value of the garment)

- ❖ Garment cutting by cutting master: Rs.18 per dozen i.e. Rs.1.50 per piece (3% of the market value)
- ❖ Garment stitching, ironing, buttons attaching: Rs.27 per dozen i.e.Rs.1.50 per piece (only 3% of the market value of the garment).
- ❖ Garment ironing & buttons attaching: Rs.9 per dozen i.e.Rs.0.75 per piece (only 1.5% of the market value of the garment per dozen.
- ❖ Garment sold at Rs.21.00 per dozen (margin of the garment ready made shop whole sale shop (Punam Garments-the making charge turns out to be Rs.18 per dozen) is 35.3% of the market value of the garment
- ❖ Retailer plus wholesaler's margin: minimum Rs.30 per piece (58.5% of the market value of the garment)
- ❖ The worst off in the whole link is the female garment worker.
- *Size of the units: 18 sqmts.(single room as shown in the photograph)*
- *Age of the garment shop : 6 years*
- *Source of obtaining work:* The shop owner is aware of the demand for such garments in the local and rural markets. The products are 'never-dying' types. The demand for such garments is everlasting since they are daily use garments made from cheap cotton fabric favourable for the Indian weather especially the summers. The garments are relatively easy to get stitched and home based workers are readily available to make them. The shop owner deciphers the demand for such garments based on the orders from wholesalers/retailers and partly on her own judgement.
- *Machines (types, numbers, any special equipment):* The home-based workers stitching garments for the shop owner use machines of local make, sometimes bought second hand. Most of the workers have own manually operated machines.
- *Identify the products:* Pajamas, 'Half and full-sleeve 'kurtas' (commonly know as Sadras), traditional cotton shorts for men, Shirts worn by men in rural area as part of the traditional dress (commonly known as 'Khameeze')
- *Source of obtaining:* Cloth merchants 'Vadilal Tarachand', 'Sarthak Textile'located in 'Ratan Pol / Marchi Pol, Ahmedabad.
- *Raw materials : source, raw materials :* Fabric (mostly cotton and Teri-cotton) bought from cloth merchants. Fabric manufactured (from mills in Ahmedabad e.g.Raipur mills). The raw material is obtained with a two-month credit facility. But this is allowed only for customers like 'Punam Garments' who have a good track record in terms of payment. A new entrant in this line would have to give a third party guarantee in order to obtain raw material on credit.
- *Identify the markets for finished products:* Rural areas, small towns, local market (including footpath vendors)
- *Raw materials obtained from :* Ahmedabad
- *Customers (different income groups and their affordability):* Economically weaker sections, low and middle income groups.

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2. Identify the labour market

- *Supervisory staff (any family member involved):* Apart from the owner Alkaben, her relative (a school going boy of 14 years age) and minor son help her with the handling of the shop.
- *No. of men & women employed:* Alkaben herself gets garments sewn from home-based workers, there is no worker employed by her. As mentioned in the flow chart, a cutting master visits the shop periodically and home-based workers (9 women and 8 men) sew the garment.
- *Qualifications/expertise:* Alkaben does not have any past experience in handling such business. She has entered in this business out of absolute compulsion after the death of her husband and the successive infighting for the forcible possession of the shop and business by her in-laws. Her, her relative (14-year-old boy) has some amateur experience in this line.

Alkaben, knows how to sew garments, since she was able to learn from her mother who is a home based garment worker.

- *Daily/weekly/monthly/seasonal wages:* Piece-rates to the cutting master and to home based workers are paid within a week's time.
- *Any special benefits/incentives given:* No special incentives are given to the home-based workers, except for a possibly higher rate offered to them during peak season time (summer months for such cotton-based garments like 'kurtas', 'khameeze' etc.)
- *Any security/insurance/medical treatment:* Visiting cutting-masters and home-based workers do not get any security/insurance/medical treatment.
- *Why preference for women (if any):* No preference given to women. In fact, when asked, Alkaben expressed her preference for men workers as compared to women workers since according to her, men do a better job as compared to women.
- *No. working hours and days:* This shop operated six-days a week from 11.00 am to 7.00 p.m. Alkaben, comes early at 9.30 am and cleans up her shop herself. She does this in order to avoid extra cleaning expenses and also because of the dissatisfaction for the work done by a professional cleaner. She returns to her shop by 11.00 am after having sent her son to school and completing her household jobs.

3. Finance

- *Sources of finance within each link – formal institutions, informal sources (self, relatives, money lenders, etc.):* Finance (Rs.2 lakh) for setting up the shop and running it was obtained from a nationalised bank at the rate of 18% per annum in the form of cash credit facility in 1993. First-equitable mortgage of the shop taken by the bank as security against this facility. In 1995, Alkaben's husband expired and the business and family suffered a huge setback. Alkaben is able to pay only the interest component on the loan and the outstanding principal of Rs.1.4 lakh remains to be paid. Fabric is bought with two months credit payment facility. But the payment to cutting master, home based workers has to be done within a week's time. If sales are not very high the cash flows get affected. This being a low scale and low price product business and Alkaben not being able to afford manpower for door to door marketing/selling/seeking orders of the garments, finds it difficult to sustain her business. She feels the need for more finance so as to do a larger turnover. The returns in doing such business for garments such as 'pajamas', 'khameeze', 'Sadra, etc. are very low (about 4 %) as compared to products such as T-shirt's, etc. (about 10%) and is trying to solve her financial problem and expanding her business by approaching banks such as 'SEWA Bank'.
- *Any security deposit taken by the 'actor' subcontracting:* Past track record of the cutting master, home-based workers are the only consideration for getting work. A third party verbal guarantee is required to be given when an unknown worker secures work.
- *Any advance or leverage for delay in payments given to the particular unit:* The fabric is bought with a credit facility of a months time. But this applies only for shop owners such as Alkaben who is a known person by the fabric supplier. Alkaben pays the cutting master at the very moment of job completion. The workers and the ironing man are paid on a weekly basis.
- *Problems faced in securing/availing finance:* Only sales tax is paid. Unless the cash-credit facility is not paid-up, it is difficult for Alkaben to secure finance for business expansion.

4. Facilities:

- Since the stitching work is done by home based workers, there is no requirement for any toilet, etc. facilities. However, Alkaben is one the only woman entrepreneur in Mahalaxmi Complex which houses about 500 shops/units related to garments. Due to this business being male dominated, there is no separate toilet facilities provided for the shop owners in the complex. After much representation, a special toilet was allotted for use to her.

5. Regulatory Environment

- *Rules and Regulations, government policies, laws regulating the garment segment at each stage of the link:* Neither the shop owner, cutting master, ironing man or the home based workers know about rules and regulations, government policies, etc.
- *Any change in these regulations, policies and laws after SAP:* Not known.
- *Is unit registered or not, if yes with which organization:* Only has a shops and establishment registration number under the BPMC Act.
- *Do any inspectors (from office of Chief Inspector of Factories/Ahmedabad Electricity Company) visit the shop:* No. The bills of Ahmedabad Electricity Company paid regularly.

6. Dynamics of the Garment Segment

- *Identify the past, current and future dynamics (situation, prospects and problems) and trends in the chain:* The garment business of Alkaben has good prospects since she operates on a lower margin and sells garments which are 'ever-green' as mentioned earlier. But, at the same time due to a number of competitors, there is always a potential threat of getting wiped-out from the business. Capital, lack of professional experience is the main problems faced by her.
- *How much is the competition for securing jobwork for such units. Who are the likely competitors:* A lot of competition exists. Shops of similar nature mushroom every day in the city and especially during peak times such as summer time.

• Note on the cutting master and the ironing man

The cutting master:

The cutting master (Bhavalal) is a 56 year old man who visits shops on alternate days for 3-4 hours to do the cutting of fabric. He was earlier a tailor with his own shop but due to a financial crisis arising from a loan taken for his daughters' marriage he became financially unstable. Since the last 20 years he visits various garment shops and cuts fabric. The rates vary from Rs.5 to Rs.14 per dozen depending on the type of garment. On an average he is able to earn about Rs.1500 per month. His wife is a home based worker working for garment manufacturers. Together the households income come to Rs.3000 per month. Bhavarlal proudly says that he had taught his daughter how to stitch garments because of which she is able to manage some extra income for her family in a nearby town. Whenever he visits her, he gives a helping hand by cutting the fabric to be stitched by her. Bhavarlal also knows stitching. He prefers to work as a visiting cutting master since he has the flexibility of time which is not possible with a regular job.

The ironing man and button fixing man:

Like the cutting master (kantibhai), is a visits the sources of procuring work (four garment shops/units) regularly. He collects garments from 'Punam Garments' and gets buttons stitched after which the garment is ironed and returned to the shops (e.g.Punam Garments). The rate charged for ironing and buttons stitching charged is Rs.1 per piece. Earlier, Kantibhai used to work in a workshop of scrap metal. But since the workshop closed down he resorted to ironing business. His wife also helps him out with the ironing work. He does the delivery of the ironed garments. Kantibhai does not know stitching work. He can still earn about Rs.2500 per month.

Small Factories and Sub-Contractors

We conducted a survey of small factory owners and sub-contractors in order to get a view of the local market in garment manufacturing. We interviewed 57 small factory owners and 52 sub-contractors in the garment industry in Ahmedabad. The characteristics and work profile of the contractors and factory owners were not very different from each other as we shall see below. The small factory owners, however, had definite premises in which they engaged in the manufacture of garments through family labour or by hiring workers. The sub-contractors did not necessarily manufacture garments themselves, though some of them did report to be doing so.

They generally operated as agents between the garment makers and merchants or factories. We present below a brief profile of these employers and the working conditions of their employees.

The age profile of the owners and contractors and of their enterprises are presented in Tables 2.6 and 2.7. Nearly 25 percent of the factory owners were below the age of 35, while only 10 percent of the sub-contractors were so young. While sub-contractors were mainly concentrated in the age group of 26-35, the small factory owners were relatively equally distributed in all age groups between 18 to 45 years. The age of the enterprise showed that about 35 percent of the both types of units were less than 2 years old. However, nearly 46 percent of the small factories were more than 5 years old whereas only 38 percent of the sub-contractors had been operating for more than 5 years. Thus garment making was not a very new industry in Ahmedabad, but it still had a number of new aspiring entrants both small factory owners and sub-contractors.

Table 2.6: Age Profile of Factory Owners and Sub-Contractors

Age (years)	Small Factories	Sub-Contractors
Upto 25	25.0	9.6
26-35	25.1	44.2
36-45	30.5	24.8
46-60	16.1	17.1
60+	3.6	3.8
All	100.0	100.0

Table 2.7: Age of the Enterprise

Number of Years	Small Factories	Sub-Contractors
1	12.2	15.4
2	21.1	23.1
3-5	21.1	23.1
6-10	28.0	24.9
>10	17.6	13.3
All	100.0	100.0

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The hiring practices of the units showed that garment making was a relatively skilled activity (Table 2.8). Nearly 72 percent of the small factories and 61 percent of the sub-contractors hired workers with experience in garment making. Another 12 percent of the small factories and 33 percent of the sub-contractors selected their workers based on a test conducted where the workers were expected to prepare a sample. Details about the previous employment of the employees also corroborate this point about the skilled nature of the work (Table 2.9). Most of employees were previously engaged in garment making.

Table 2.8: Hiring Practices

Methods	Small Factories	Sub-Contractors
Family Members Only	1.8	1.9
Work Experience	71.9	61.5
Through Relatives	12.3	3.8
Through Sample Preparation	12.3	32.7
All	100.0	100.0

Table 2.9: Previous Employment of the Employees

Type of Work	Small Factories	Sub-Contractors
Garment making	77.2	67.3
Other work	8.8	15.4
Not working before	7.0	9.6
No response	7.0	7.7
Total	100.0	100.0

Many of the small factory owners took the help of family members, mainly male, for the supervision of their workers. The sub-contractors appeared to use both male and female family members in cutting the garments. These garments were then distributed to the subcontracted workers in small factories and to home-based workers. It is likely that through this arrangement they were able to retain a greater share of the value added of the final product. The entry of the sub-contractor into this field was also perhaps to utilise this skill of cutting that existed in the family, most often with the sub-contractor him/herself.

Table 2.10: Units Reporting Help of Family Members

		Small Factories	Sub-Contractors
Units reporting	Male	50.9	36.5
Family members	Female	7.0	21.2
Working			
Type of Work of Family Members			
Cutting		7.1	26.9
Stitching		5.3	5.8
Packing		-	3.8

Other	42.2	15.4
No information	45.7	48.1
Total	100.0 (57 cases)	100.0 (52 cases)

Details of the hiring practices and mode of payment to the workers are presented in Table 2.11. It was interesting to note that the small factories, besides engaging in garment production in their units also put out work to home-based workers (nearly 37 percent of the units did so). Similarly, the majority of the sub-contractors (90 percent) acted as agents supplying work to the small factories. In addition they also put out work to the home-based workers (42 percent).

A large proportion of the workers engaged by the small factories and the sub-contractors were working in the small factories. However, contrary to our expectation a large proportion of the factory and home-based workers engaged in garment making were men. This was true of the home-based workers engaged by the sub-contractors as well. This might be due to the kind of garment which was being manufactured by them, mainly men's shirts and pants.

The small factory owners paid 50 percent of their factory workers on a monthly basis, while 25 percent were paid on a weekly basis. They however paid most of their home-based workers on a weekly or daily basis. The sub-contractors, however, paid 45 percent of their workers on a weekly basis and almost 30 percent of them on a monthly basis. There was not much difference in their mode of payment to the factory and home-based workers.

Most of the factory workers were provided with the raw material required for their work. This included thread, canvas, zipper etc. This practice was less common with regard to the home-based workers who mainly procured their own raw materials, including the thread. However, nearly 60 percent of the factory owners and 70 percent of the sub-contractors claimed that they provided the raw materials to the home-based workers as well.

Table 2.11: Percentage of Home-based and Factory Workers Hired by Units and Their Modes of Payment

	Small Factories		Sub-Contractors	
	Factory Workers	Home-based	Factory Workers	Home-based
Units Hiring	77.0 (44)	36.8 (21)	90.3 (47)	42.3 (22)
Male Workers	79.1 (151)	71.3 (72)	77.6 (215)	79.1 (151)
Female Workers	20.9 (40)	28.7 (29)	22.4 (62)	20.9 (40)
Total Workers	65.4 (191)	34.6 (101)	59.2 (277)	40.8 (191)
Mode of Payment				
Per day	4.5	28.6	10.6	4.2
Per week	25.0	57.1	44.7	45.8
Per 15 days	4.5	-	10.6	20.8
Per month	52.3	9.5	31.9	29.2
No information	13.7	4.8	2.0	-
Total	100.0	100.0	100.0	100.0
No raw material	0.0	38.1	2.1	27.3

given				
Giving bonus/gift	20.4	28.6	10.6	13.6

CHAPTER 3

WOMEN SUB-CONTRACT WORKERS IN THE GARMENT INDUSTRY

This study was essentially aimed at analysing the working conditions of women as sub-contract workers in the garment industry. The impact of their work on their lives and gender roles in the household and in society were also sought to be analysed.

METHODOLOGY

The empirical part of the study was based on a survey using an interview schedule and focus group discussions (FGD). As discussed in the earlier chapter, we specifically chose to focus on the small factory segment of the segmented garment industry in Ahmedabad. We therefore, conducted our survey using the structured interview schedule to workers in the small factories. We also conducted six focus group discussions to groups of women workers, choosing three groups of factory workers and three groups of home-based garment workers.

It was felt that to understand the situation of women workers it was necessary to view them in comparison to male workers. Therefore we decided to also canvas the same interview schedule to a smaller sample of male workers. We originally hoped to interview 150 female and 75 male workers. However, we found it extremely difficult to locate the women workers in the small factories. There was also a tremendous opposition to our survey work. Many of the factory owners were not willing to allow us to interview the women in their factories. We had to first seek the permission of the factory owner. He would carefully read the questionnaire and decide whether to allow the interviews. An added problem faced by us was due to the inclusion of a question on awareness about SEWA and membership in unions or other associations in the questionnaire. Though this appeared at the end of the schedule, the owners were able to locate it and asked whether we belonged to SEWA. Permission was often refused after a brief discussion with the investigators. We finally canvassed the interview schedule to 114 women workers and 70 men workers.

Most of the information of the survey is presented as a comparison between the situation of men and women sub-contracted workers in the garment industry. Information obtained from the focus group discussions are also analysed along with the survey results, clearly identifying the source of the information. Obviously while the survey results are in a quantifiable form, information from the FGDs are mainly qualitative.

A small survey of the factory owners and sub-contractors was also conducted. The results of this were discussed in the earlier chapter.

The rest of the chapter consists of four sections. The background information about the workers their families and the units in which they work are analysed in the next section. In the third section the work profile of the worker and the working conditions in the garment manufacturing unit are discussed. In the fourth section we discuss the effect of participating in the subcontracted work on the role and position of the women in the household and its impact on her

health. The final section discusses the perceptions and awareness of the workers and contact with other institutions around them and their knowledge about the garment industry in which they work.

BACKGROUND INFORMATION

Profile of Workers and Their Households

Age Profile and Marital Status of the Worker: The women workers in the small garment units in our survey were relatively young (Table 3.1). About 56 percent of them were below the age of 25 years, with 36 percent between the age of 15 and 20 years. Only about 21 percent of the male workers were below the age of 20 years. This was reflected in their marital status, with about 45 percent of the women workers being unmarried. Only 37 percent of the men were unmarried. In fact what was more striking was that while 63 percent of the men were currently married, only 45 percent of the women were so. A small proportion of the women in these units were widowed (7 percent) and divorced (4 percent). None of the male workers reported themselves to be in the latter statuses. This implies that some of these women started this work in the factories due to the compulsion to earn their own living after divorce or widowhood.

1 *Table 3.1: Age Profile of the Workers*

Age in Years	Women	Men
15-20	36.0	21.3
20-25	20.2	27.2
25-35	24.6	34.4
35-45	15.8	9.9
45-60	3.5	5.6
No response	-	1.4
All	100.0 (70)	100 (114)

As mentioned earlier we also conducted FGDs with the subcontracted women workers in garment manufacturing. Three such FGDs were conducted among groups of factory based women and three such interviews were conducted among the groups of home-based women. There was distinct difference in the some of the characteristics of these two groups. The age-group of the factory workers was young, almost all between the age of 18 to 30. The home-based women were more mixed and consisted of a large number of older women between the age of 30 to 55 years.

Level of Education: The level of education of the workers was quite low (Table 3.2). The women workers were in general worse off than the men in their educational attainments. About 9 percent of the women were illiterate while about 6 percent of the men were so. A higher proportion of men had completed secondary school as well as attended college. However, a slightly higher proportion of women had completed higher secondary school compared to the men.

2 *Table 3.2: Level of Education of the Workers*

Level of Education	Women	Men
Illiterate	8.8	5.7
Till Standard 7	27.2	38.6
Standard 8-9	23.7	14.3
Secondary School	21.0	25.7
Higher Secondary School	15.8	11.4
Attended College	3.5	4.2
All	100.0 (114)	100.0 (70)

The educational levels of the women in the FGDs revealed that the factory workers were more likely to have studied beyond the primary school level, compared to the home-based women. This was also partly due to the religious composition of the two groups as we shall see below.

Household Size: The women workers appeared to belong to households whose average size was larger than that of the men workers. The average household size of the women workers was 5.2 while that of men workers was only 4.8. The proportion of households with only one or two members was also much higher among the men workers, 17 percent compared to only 1.8 percent among the women workers. The proportion of households with a size of less than 3 members was 23 percent among men and only 16 percent among the household of the women workers.

This supplements the information about the age profile and marital status of the workers. The women workers were found to be younger and the majority were unmarried. These women lived in larger sized households with their parents. The male workers were more likely to be married and living in nuclear families with their spouses. The larger household size of the women workers also perhaps compelled them to undertake the garment making activity in the factories in spite of such low wages and poor working conditions as we shall see below.

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Religion and Caste of the Household: The majority of the men and women workers in the small factories belonged to Hindu households (Table 3.3). However, the interesting difference was that while nearly 19 percent of the men belonged to Muslim households only about 8 percent of the women were Muslim. This was in spite of the fact that the large proportion of the Muslim population in the old city areas of Ahmedabad, where the garment units are located, were not very well off. This reflects the limited mobility of the muslim women due to their cultural and social norms.

The Muslims were, however, engaged in the garment industry in the form of home-based workers. They were particularly involved in embroidering and sewing other ornamental items on the 'salwar kurtas' a traditional dress of Indian women. This we observed in an earlier study of the informal sector in Ahmedabad (Unni, 1999) and also in our focus group discussions with home-based women workers. The three groups of factory workers in the FGDs did not have any Muslim women. However, two of the groups in the FGDs with the home-based workers consisted of all Muslim women. The third Group of home-based workers was a mixed group with a few Muslim women. Obviously these women faced social and cultural restrictions on their mobility which made them seek home-based work.

Another interesting fact was that among the Hindu households, of both the male and female workers, about 45 percent belonged to the lower caste groups. The women belonged to both the scheduled and backward caste groups, whereas a larger proportion of the men were of the backward caste groups. In the social hierarchy the scheduled castes form the lowest strata of the Hindu society, followed by the scheduled tribes and backward castes.

3 *Table 3.3: Religion of the Household*

Religion	Women Worker	Men Worker
Hindu	90.4	78.6
Muslim	7.9	18.6
Other	1.8	2.9
All	100.0 (114)	100.0 (70)

Table 3.4: Employment Status of the Worker and Family Members

Employment Status	Female Workers			Male Workers		
	Self	Father	Husband	Self	Father	Wife
Salaried	34.2	41.3	40.8	35.7	38.5	2.6
Casual Labour	60.5	26.1	34.7	60.0	11.5	10.3
Self-Employed	4.4	10.9	18.4	2.8	19.2	2.6
Unemployed	-	6.5	4.1	-	3.8	-
Household Work	-	-	-	-	-	82.1
Old/	-	-	-	-	26.9	-

Disabled						
Other	-	15.3	2.0	-	-	2.6
All	100.0 (114)	100.0 (46)	100.0 (49)	100.0 (70)	100.0 (26)	100.0 (39)

Employment Status of the Worker and Family Members: The majority of the garment workers, both men and women, are casual workers (Table 3.4). That is, getting either daily or piece rate wages. About 40 percent of the fathers or husbands of the women workers are salaried workers. Almost 35 percent of the husband's were casual workers, and a smaller proportion of the fathers were so. As we shall see below, the earning of these husbands and fathers were quite low necessitating the work of their daughters and wives in such low paying activities. Only a small proportion of the fathers and husband s were actually unemployed.

In contrast the over whelming majority of the wives, 82 percent, of the male workers were not economically active and were engaged in household duties. The majority of the working wives were, however, casual workers.

4 *Table 3.5: Monthly Incomes of Worker, Family Members and the Household*

Income (Rs)	Female Worker			
	Self	Father	Husband	Household
<1000	28.9	23.4	20.4	-
1000-1500	47.4	27.7	34.7	7.0
1500-2000	20.2	19.4	30.6	7.9
2000-2500	3.5	8.5	6.1	15.0
2500-5000	-	17.0	6.1	52.2
5000-10000	-	4.2	2.0	14.3
>10000	-	-	-	3.6
All	100.0 (114)	100.0 (47)	100.0 (49)	100.0 (114)
<i>5 Male Worker</i>				
	Self	Father	Wife	Household
<1000	7.2	61.5	97.4	1.4
1000-1500	27.1	7.7	-	7.1

1500-2000	31.5	23.1	-	14.3
2000-2500	18.6	-	-	18.6
2500-5000	15.7	7.7	2.6	44.3
5000-10000	-	-	-	14.3
>10000	-	-	-	-
⁶ <i>All</i>	100 (70)	100.0 (26)	100.0 (39)	100.0 (70)

Economic Status of the Household: In general, the economic status of the workers in the small garment factories, and the households to which they belonged, was quite low (Table 3.5). At both ends of the distribution, the households to which the men belonged appeared to be worse off than the household to which the women belonged. While about 23 percent of the men's households earned monthly incomes below Rs.1500, about 15 percent of the households of women workers did so. At the other end, about 14 percent of the male worker households earned monthly incomes above Rs.5000 while about 18 percent of the female worker households did so.

The reverse was however true for the workers themselves. The women workers earned much lower incomes than the male workers in the small garment factories in our sample. About 76 percent of the women earned less than Rs.1500 per month, while only 34 percent of the men earned such low incomes. At the other end of the distribution, only about 3.5 percent of the women workers earned more than Rs.2000 per month whereas about 34 percent of the men did so. This could be a reflection of the division of labour within the garment factories and the kind of work that the women did compared to the men. The men were more often engaged as supervisors on a monthly income than women. The men also undertook the cutting and tailoring of men's garments such as pants and shirts which had much higher piece rates wages.

Some of the women in the FGDs were sole bread winners in the households. The income levels of the households ranged from Rs.2000-5000 per month in the case of the factory works, some having even higher incomes. However, the household income levels of the home-based workers were somewhat lower ranging from Rs. 100 to 4000 per month.

Profile of the Enterprises: Size of the Unit

The size of the small factories in which our sample workers worked were judged in terms of three indicators, the number of rooms and the area occupied by the unit, the number

of workers employed and the number of sewing machines in the unit. In general, it was observed that the units in which the women workers were engaged were larger than the units in which the men were engaged. This fact cannot be generalized for this segment of the garment industry since our sample was not a systematic stratified random sample.

Rooms and Area: Nearly eighty percent of the male and female workers were engaged in units that operated in just one room. About 20 percent of the women and 15 percent of the men workers, respectively, worked in units with two or three rooms. Only about 4 percent of the men were engaged in units with more than three rooms.

The entire premises of the garment units were about 120 sq. feet in the case of about 27 percent of both men and women workers. The size of the unit ranged from 120 to 300 sq. feet for about 49 percent and 53 percent of the units where women and men, respectively, worked. About 24 percent of the women worked in units whose area was more than 300 sq. feet, while only 19 percent of the men were engaged in such relatively larger units.

Number of Workers: The small factory segment selected for study consists of units which are **not** registered under the Indian Factories Act. It is mandatory for the units that have more than 10 workers and using power or with more than 20 workers without using power to be registered under this Act. This makes it mandatory for them to provide certain facilities to the workers such as provident fund, maternity benefits and certain facilities at the work place. It also brings them under the supervision of the office of the Chief Inspector of Factories. However, it has been noted, not just in the case of the garment industry, that many factories try to avoid registering under this Act and often report less workers than they actually employ. All kinds of contractual arrangements are worked out such as, engaging temporary workers and putting out work to households to technically remain under the mandatory figure.

About 40 percent of the women workers and 47 percent of the men workers were working in units employing less than 5 workers. Another 43 and 41 percent were engaged in units with about 6-10 workers. Only about 17 percent of the women and 11 percent of the men were engaged in units of more than 10 workers.

7 *Table 3.6: Total Number of Workers in the Units*

Number of Workers	Women Workers	Men Workers
1-2	3.2	12.9
3-5	36.8	34.2
6-10	43.0	41.4
11-20	14.2	9.8
>20	2.7	1.4
All	100.0 (114)	100 (70)

Number of Sewing Machines: In the garment factory the sewing machine is the major equipment used. The technological superiority of the unit can be judged by the type of sewing machine used in the unit. These units, however, used very simple manual or electrically operated

sewing machines. Most of them were second hand sewing machine locally manufactured. However, the number of sewing machines in the unit gives us some idea of the size of operation of the unit.

The majority of the workers, 42 percent of the women and 44 percent of the men, were engaged in units with 3 to 5 sewing machines (Table 3.7). Another 36 and 34 percent, respectively, were engaged in units with 6-10 sewing machines. Only 13 percent of the women and 10 percent of the men were engaged in unit with more than 10 sewing machines.

Table 3.7: Number of Sewing Machines

<i>8</i> <u>Number of Machines</u>	Women Workers	Men Workers
1-2	7.0	11.4
3-5	42.1	44.2
6-10	36.8	34.3
>10	13.2	10.0
All	100 (114)	100.0 (70)

Profile of the Enterprises: Facilities at the Units

The facilities available at the units were very rudimentary. The investigators were asked to observe the existence of certain facilities and record them in the units in which the respondents worked. The facilities available at the units where the women worked were marginally better than that where the men worked. Again this may be due to a slightly larger proportion of women working in larger units. Thus while 100 percent of the unit in which the women workers were engaged reported the existence of a window in the units, only 88 percent of the units where the men were engaged reported so. The situation was worse when we investigated the existence of a fan for the circulation of air. While 72 percent of the units with women workers had a fan, only 52 percent of the units with male workers had this facility.

Almost all the units had drinking water facilities and 96 percent of the units with women workers had a toilet in the building. Only 87 percent of the units with male workers had a toilet. However, hardly any units had separate toilets for women and the condition of the toilets was very poor and could hardly be used by the women. The general conditions of hygiene in which the drinking water facility was kept and in the area as a whole was far from the ideal.

The most deplorable were the facilities in case of a fire. Only 19 percent of the units with women workers and 7 percent of the units with men workers were found to have some equipment in the eventuality of a fire.

EMPLOYMENT PROFILE IN THE GARMENT INDUSTRY

Skill and Training: Cutting, stitching and tailoring are relatively skilled activities. In our survey the 57 percent of the women workers and 64 percent of the men reported having undertaken some training in these activities before joining the unit in which they were currently engaged (Table 3.8). The majority of the workers obtained this training in the shops where they were employed. Many women reported to have been trained at home and also in training programmes organised by a local trade union Majoor Mahajan.

9 *Table 3.8: Training in Tailoring Activities (Percentages)*

	Women Workers	Men Workers
Obtained Training Outside Unit	57.0	64.3
<i>10 Place of Training</i>		
Home	14.0	11.4
Majoor Mahajan	6.0	1.4
Institute	1.8	-
Shop	14.0	30.0
Other	21.7	20.2
No Training	42.0	35.7
Other	0.5	1.4
All	100.0(114)	100.0 (70)

In response to the question on whether they had received any training in the current work place, about 52 percent women said that they had received training whereas only 33 percent of the men said so (Table 3.8). It is likely that the women did not receive any formal training at all and hence were later trained mainly in the enterprise where they were currently working. The duration of the training was also much shorter at less than a month for the women. This explains the lower levels of earnings obtained by the women. They were less trained and consequently engaged in the lower skilled activities as well.

In the FGDs almost all the women, in the factories and in home-based work reported acquiring the skill of sewing from their mothers, relatives and friends. Only one large factory was reported to have provided training to relatively young new recruits. This was a relatively new and modern factory with modern sewing machine. This factory made jeans and cotton trousers and took pride in the fact that they recruited only new workers and provided training themselves.

11 *Table 3.8: Training at the Current Work Place*

	Women Workers	Men Workers
Obtained Training at the Current Work Place	51.8	32.9
<i>12 Months of Training</i>		
Less than One Month	34.2	8.6
1-3 Months	7.9	7.6
More than 3 Months	7.0	14.3
All	100.0 (114)	100.0 (70)

Previous Employment: A large proportion of the workers were engaged in the manufacture of garments before they joined this particular unit. About 72 percent of the women and 60 percent of the men reported to have been working in the garment industry in other units before joining this one (Table 3.9). About 50 percent of the women and men had been working in the current unit for 1-4 years. However, 48 percent of the women and 24 percent of the men had worked in other units for less than 4 years. Thus, a large proportion of the workers were relatively recent entrants into the garment manufacturing activity. There was a considerable turnover of employment in this sector particularly among the women. A larger proportion of the men had worked for longer years in both the current and other units in garment manufacturing. This might of course reflect the age profile of the workers, with a large proportion of the women being younger and new entrants.

Only 30 percent of the women and 42 percent of the men responded to the question on reason for change in job (Table 3.10). Ten to thirteen percent of the respondents said that the factory in which they were working earlier closed down. Another 8 percent of the women and 10 percent of the men said that the incomes they earned in the previous job were too low which necessitated their looking for alternate employment.

In the FGDs also we found that the women were either engaged in household work or in stitching and tailoring activities at home before undertaking the current work. Many of the younger girls in the factories were new entrants to the labour force. Only a few home-based garment workers said they had been undertaking bidi-rolling or agarbatti-making earlier. Thus, we did not observe any drastic change in the labour market due to the growth of the garment industry in Ahmedabad.

In response to the question on why they undertook work in the garment industry, about 43 percent of the women said it was due to the economic need while 43 percent of the men said that they had the skill in stitching. Besides 32 percent of the women said they had the skills in stitching and 32 percent of the men said they did so for economic reasons. The other

predominant reason given was due to interest in the activity (about 22 percent of the women and 24 percent of the men).

13 Table 3.9: Period of Employment in Garment Manufacturing

14 Time Period	15 Women Workers		16 Men Workers	
	17 In Current Unit	18 Other Units	19 In Current Unit	20 Other Units
21 Less than 1 year	22 7.0	23 7.1	24 2.6	25 2.8
26 1-4 years	27 50.0	28 41.2	29 48.6	30 21.4
31 4-8 years	32 7.9	33 15.8	34 14.3	35 15.7
36 8-12 years	37 2.6	38 4.4	39 8.6	40 5.7
41 > 12 years	42 1.8	43 2.6	44 7.0	45 12.9
46 No response	47 30.7	48 28.0	49 18.5	50 41.4
51 Total	52 100.0 (114)	53 100.0 (114)	54 100.0 (70)	55 100.0 (70)

56

57 Table 3.10: Reason for Change of Previous Job

Reason	Women Workers	Men Workers
Did not get work at home	4.4	2.9
Closed Factory	10.5	12.9
New Job	0.9	1.4
First Job	0.9	5.7
Less Earnings	7.9	10.0
Did not adjust to previous work place	2.6	1.4
Other	3.5	7.1
No response	69.3	58.6
All	100.0 (114)	100.0 (70)

In two of the FGDs among factory workers the women were working in the relatively larger factories in the registered sector. They were thus earning better wages and availing of facilities like the provident fund and insurance. Hence they were very happy with the work being performed by them since it provided an assured regular income. The women home-based workers felt that this work was very appropriate for them. It enabled them to work at home in their free time. They also said that it did not generate dirt around the house. The women who

were earlier engaged in bidi and agarbatti making said that such work was not available throughout the year, whereas the garment work was available.

Mode of Obtaining Garment Factory Work: In our interview of the garment factory owners and sub-contractors we observed that a large majority of the workers were recruited due to work experience and through a process of sample preparation. In the survey of the factory workers also about 30 percent of the men and 42 percent of the women said they obtained this work through formal procedures of recruitment (Table 3.11). However, a large proportion of the women did say that the work was obtained through neighbours and friends. Here again this might reflect the lower skill levels and age of the female workers.

58 *Table 3.11: Mode of Obtaining the Current Job*

Source	Women Workers	Men Workers
Family	6.1	3.5
Friend	18.4	20.2
Neighbour	30.7	7.9
Formal Procedure	42.1	29.8
No response	2.6	38.6
All	100.0 (114)	100.0 (70)

Seasonality of Garment Work: In the questionnaire we divided the year into three seasons and canvassed questions on the amount of work obtained during the three seasons. These seasons were distinguished as June to September, October to January and February to May. A clear seasonality in the work obtained by the workers was observed. The peak season appeared to be February to May. This season was reported to be the marriage season. The longest period of auspicious days is during this period when marriages are conducted. The period October to January was also normal with a number of festivals being celebrated during this period. The slack season was in June to September, mainly the monsoon season.

In the FGDs women reported October to December to be the peak period with most of the festivals being during that time. In the factories, some of the women said they got work only for ten months and during the slack season in June-July they had to stay at home.

Hours of Work: There is a clear difference in the number of hours engaged in garment work by women and men in the factories. Nearly 75 percent of the women worked for eight or less than eight hours. Only 35 percent of the men restricted themselves to working only for eight hours and none of them worked for less. The majority of the men worked for more than eight hours, mainly for 10 hours. This also partly explains the higher wages received by them. More hours of work with even the same piece rates would yield higher monthly incomes.

59 *Table 3.12: Hours of Work*

Number of Hours	Women Workers	Men Workers
Less than 7 hours	9.7	-
7 – 8 Hours	64.9	34.3
9 hours	14.0	18.6

10 hours	7.0	34.3
More than 10 hours	4.4	11.4
No response	-	1.4
All	100.0 (114)	100.0 (70)

Mode of Payment and Incomes: About 50 percent of the workers were paid piece rate wages. Only about 30 percent of the workers received a regular monthly salary. The predominant method of payment in this industry is the piece rate. These rates vary for the type of garment and the kind of work undertaken. In general, the larger garments and particularly men's wear had higher piece rates. The range of rates within each type of garment was also considerable depending on the kind of cloth, skill of the worker etc. We were not able to arrive at exact piece rates paid per garment. The piece rates range from Re 1 per dozen of a small garment to Rs.100 per piece for larger garment. The minimum wage for garment manufacturing was fixed by the Government of Gujarat at Rs.60.6 per dozen of garments in 1996. Only a few workers, both men and women reported receiving piece rate wage above this minimum rate.

The average monthly income earned by women workers was Rs.1115 while that of men was Rs.1549. The distribution of monthly incomes of the workers and their households was presented in Table 3.5. These incomes were mainly earned as piece rates. Obviously these incomes were very low, well below any reasonable poverty levels. In fact for an average of 22 days of work this implies a daily wage of Rs.50.68 for women and Rs.70.44 for men

60 *Table 3.12: Mode of Payment*

Mode of Payment	Women Workers	Men Workers
Piece Rate	51.8	55.7
Per Day	7.0	4.3
Monthly salary	31.6	30.0
Others	9.6	10.0
All	100.0 (114)	100.0 (70)

Rejection of Stitched Garments: Besides the variations in the piece rates the workers also encountered loss due to rejection of the pieces stitched by them. About 30 percent of the women and 19 percent of the men workers said that the garments made by them were sometimes rejected by the factory owner. On enquiring whether this led to a loss for the workers, about 6 percent of the women and 3 percent of the men said the owner cut the salary for those sample pieces. About 4 percent of the women and 1 percent of the men said they were asked to repair the garment, which also meant a loss of pay for those pieces.

Other Benefits Received: In large factories registered under the Indian Factories Act it is mandatory for the enterprises to give provident fund or pension, accident insurance, bonus (a certain percentage of the income) etc. to the workers. The workers surveyed by us were, however, not working for such enterprises. As discussed in the methodology section, the workers belonged to the small factory segment consisting of unregistered units. Hence, we do not expect many workers to receive such benefits.

In response to the question on whether the worker received any benefits other than the wages, about 20 percent of both the men and women said they received some benefits. About 14 percent of the women and 15 percent of the men said that they received bonus or provident fund. About 23 percent of the men and 24 percent of the men said that the owner gave them a dress manufactured in the unit as a gift. Only about 4 percent of the women and 6 percent of the men said that they would receive some compensation in case of an accident.

Sexual Division of Labour in the Garment Work

There was a clear division of the type of garments stitched by women and men. Among the workers stitching readymade garments, while only about 12 percent of the women stitched men's pants and shirts, 36 percent of the men did so. The majority of the women made dresses and hosiery (27 and 29 percent respectively). Only 18 percent and 24 percent of the men made these two types of garments.

Besides a large number of the men did not undertake the actual stitching. The men were also engaged in the supervision of the work, cutting and allocation of the work and in the other activities such as procuring orders, marketing etc. There were very few women supervisors. The women also engaged in the minor activities such as cutting the loose threads left over, stitching the buttons and the other finishing and ornamentation work. This also explains the lower piece rates obtained by the women and the overall lower monthly incomes earned by them. It was clearly as though the sexual division of labour at home was carried over to the work place as well.

Some women in the FGDs among factory workers felt that there was distinct difference in the garment sewed by men and women workers. Women sewed only 'salwar suits', pyjamas and children's clothes, while trousers were sewn only by men. Some women said that even the customers and sub-contractors would not prefer trousers and shirts sewn by women. Women in the larger factories were involved in the 'finishing' activities. "Cutting" work was also only done by men. Men consequently earned much higher wages per day. The older women felt that there was no particular reason for this except that it was so traditionally. It was interesting that some of the younger women in our FGDs with the larger factory workers felt that there was no preference as such for male workers. The employer was only interested in good quality work and was not concerned whether the worker was male or female. However, men had a distinct advantage of being able to do overtime in case of need, while women could not do so.

EFFECT OF SUBCONTRACT WORK ON ROLE AND POSITION IN THE HOUSEHOLD

Change in Household Incomes and Expenditures: **The impact of the subcontract work on the economic position of the household was sought to be judged through some direct questioning in the survey. About 48 percent of the women and 51 percent of the men workers said that their household incomes had increased since they started this work. About 5 percent of the women and 1 percent of the men said that their incomes had decreased since they took up this work. It is likely that they were employed in more remunerative activities before this. However, 42 percent of the women and 46 percent of the men also said that there was no change in their incomes.**

The workers were asked if there was any change in the pattern of expenditure of the household since they undertook this work. 24 percent of both men and women said there was a change. Most of these workers said they were able to satisfy the needs of the household members, a small proportion, 1 percent of men and 3 percent of women, said they saved money for their marriage. About 8 percent of the women said they had some money to spend on their own needs due to this work. Obviously the men never felt this was a constraint since they were earners in any case, hence only 1 percent reported so.

Role in Decision Making: It is generally hypothesized that the participation of women in economic activities leads to her improved role in decision making within the household. In the survey we asked a direct question to the workers regarding decision making in the household. Only about 10.5 percent of the men and women said that they took household decisions alone. A large proportion of the women said that the household decisions were taken by their parents. This directly reflects the fact that a large proportion of these women were young, unmarried and lived with their parents. This proportion was lower among the men. The most striking result from the gender perspective was that 25 percent of the women workers said that they took the decision together with their husbands. Only about 10 percent of the men said so. In a direct question on whether the worker felt that there was any increase in decision making power since taking up subcontracted work, 36 percent of the women and 38 percent of the men responded positively. Thus participation in work did seem to make a difference to the decision making powers of the women particularly if they were married.

Table 3.13: Decision Making in the Household

Person Who Takes Household Decisions	Women Worker	Men Worker
Self	10.5	10.5
Husband / Wife	8.8	1.8
Parents	42.1	27.2
Spouses Together	25.4	9.6
Self & Parents	1.8	2.6
Other Family Members	6.1	6.2
No response	5.3	3.5
All	100.0 (114)	100.0 (70)

In the FGDs it was noted that the decision making power of the women had increased with the entry into this work, but important decisions such as marriage alliances were still decided by the men.

Another aspect of empowerment is the capacity to spend one's own earnings and undertake the household expenditures. In order to understand this we asked a direct question on who actually spends the money earned from this subcontracted work (Table 3.14). The empowerment of the women was clearer here with 38 percent of the women and 34 percent of the men saying that they spend their earnings themselves. However, noting the young age of our female respondents, about 51 percent of them also said that they handed over their earnings to their parents who spend the money. Among men 44 percent said that the spending was undertaken by other family members.

Table 3.14: Persons Spending the Earnings

Person Who Spends the Earnings	Women Worker	Men Worker
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Self	37.7	34.3
Husband / Wife	4.4	-
Parents	50.9	21.4
Spouses Together	-	-
Other Family Members	6.2	44.3
No response	-	-
All	100.0 (114)	100.0 (70)

Finally, we also tried to see if there was a difference in the items of expenditure incurred by the women and men workers. Due to multiple uses of the earnings it was difficult to obtain clear answers regarding the specific items of expenditure. However, some clear differences in the expenditure patterns of the men and women were observed (Table 3.15). Almost all the earnings of the women workers were spent on the household and child care. About 19 percent of the men workers clearly stated that they spent the money on themselves. Another 31 percent of the men said they spent the money on items that could not be included in household expenditures. Obviously, the responsibility of the women is totally towards the household irrespective of her marital status, while this was not universally true for the men.

In the FGDs the women said that most of the income was spent on food and rent for the house. Anything between 10 to 90 percent of the husband's income was reported to be available for household expenditures.

Table 3.15: Items of Household Expenditure

Item of Household Expenditure	Women Worker	Men Worker
Household/Child	35.1	34.2
Own Expenses	2.6	18.6
Household/Child/Own	61.4	15.7
Other	0.9	31.4
All	100.0 (114)	100.0 (70)

Intra-household Allocation of Resources: In the FGDs we enquired about the gender differences in the allocation of resources. In all the FGDs there was consensus that the male child got priority in education. Similarly in health related expenditures the household head, male child, female child and lastly the women of the household got preference. Regarding consumption of food, in most cases it was noted that the men ate first. This obviously led to less food remaining for the women members of the household.

Impact of the Work on the Health of the Women: In the FGDs the women felt that the sewing work led to health problems such as headaches, chronic backaches, joint pains, abdomen problems and weak eye sight. The older women and those using manual sewing machines were more severely affected by these problems. The women did not get any free time to relax. The home-based women were additionally plagued with the problem of insufficient work to meet their needs leading to tensions at home. The home-based workers also had to juggle their dual responsibilities of household and work. The going was very tough for them, many of them being saddled with sick and unemployed husbands, mentally disabled children etc.

Savings: About 28 percent of the women and 30 percent of the men said they were able to save out their earnings. About half of them said that they deposited their savings in a bank and the rest kept it at home. However, the amounts they were able to save in a month were very low. About 17 percent of the women and only 3 percent of the men said that other household members also saved. Only 4-5 percent of the workers reported ever having taken a loan, mainly from the employer.

Time Allocation and Household Work

In order to capture the gender allocation of household work we canvassed a series of questions on the time spend in household duties, personal care, economic work and time of waking up to all respondents.

Waking Up Hours: As expected most of the women woke up earlier than the men (Table 3.16). About 63 percent of the women woke up on or before 6.00 in the morning. In contrast, nearly 50 percent of the men reported waking up only at or after 8.00 a.m. This is a luxury afforded only to the men even in the relatively not so well to do households.

Time Allocation: The gender roles of the workers clearly conform to the expected norms when we study the time allocation in the household (Table 3.17). The women spend more hours at the home in household duties, while the men spend more time at work. Most women engaged in economic activities for only 8 or less than 8 hours. Only 27 percent of the women compared to 66 percent of the men spent more than 8 hours in economic activities. This is similar to our observation regarding the hours of work at the garment unit.

Most of the women workers were involved in household duties of cleaning, cooking and child care. Among the male workers, only 8.6 spent time on house cleaning, 7.2 said they cooked and 15.7 said they looked after children. The other major difference in the time allocation by gender was that the men spend more time than the women in personal care and entertainment as well as got more hours of sleep.

Thus the classic gender roles were performed even in the households where the women were working. The women however, took on fewer hours of economic activities in order to fulfil her role. They also took less time off for themselves and for sleep to undertake the household duties. It was not apparent that subcontracted work was changing any gender roles for most women. A few men did however report to be performing some of the household duties as well.

When the women were asked if they received any help from family members in the household duties, 17.5 said that they got help in cleaning, 16.7 in cooking and 2.6 in child care and 3.5 in other activities. This help was mainly from the other female members of the households.

62 Table 3.16: Waking Up Hours in the Morning

Time (a.m.)	Women Workers	Men Workers
5.00	6.1	4.3
6.00	57.0	21.4
7.00	32.5	25.7
8.00	3.5	37.1
9.00	-	10.0
No response	0.9	1.4
All	100.0 (114)	100.0 (70)

63 Table 3.17: Time Allocation in the Household

Number of Hours	House Cleaning	Cooking	Child Care	Personal/entertainment	Economic	Sleeping
<i>64 Women Workers</i>						
1	7.9	13.2	.1	7.9	-	-
2	58.8	59.6	11.4	33.3	-	-
3	21.1	17.5	2.6	14.9	-	-
4	6.1	1.8-	-	18.4	0.9	-
5	0.9	-	-	2.6	1.8	-
6	-	-	-	4.4	4.4	0.9
7	-	-	-	-	3.5	7.9
8	-	-	-	-	62.5	36.8
9	-	-	-	-	13.2	16.7
10	-	-	-	-	8.8	30.7
11	-	-	-	-	0.9	5.3
12	-	-	-	-	3.5	1.8
No Response	5.3	7.9	78.9	18.4	0.9	-
All	100.0	100.0	100.0	100.0	100.0	100.0
<i>65 Men Workers</i>						
1	5.7	2.9	1.4	-	-	-
2	2.9	4.3	14.3	14.3	-	-
3	-	-	-	4.3	-	-
4	-	-	-	22.9	-	-
5	-	-	-	5.7	-	-
6	-	-	-	17.1	-	1.4
7	-	-	-	4.3	2.9	11.4
8	-	-	-	10.0	30.0	15.7
9	-	-	-	-	17.1	8.6
10	-	-	-	-	35.7	48.6
11	-	-	-	-	1.4	10.0
12	-	-	-	-	11.4	4.3
No Response	89.9	92.8	84.3	21.4	1.4	-
All	100.0	100.0	100.0	100.0	100.0	100.0

In the FGDs all the women reported that that they had the dual responsibility of work and household work. Most of the women said that there was no relief from household work. Only the unmarried women had some relief from household responsibilities. Child care was however, shared by the mother-in-law, husband and sometimes by the neighbours. Some of the husbands helped to buy the provisions and other task outside the household. However, it was categorically stated that the men never enter the kitchen. All women in all the FGDs clearly stated that the men had more time to relax and socialise with friends.

PERCEPTIONS AND AWARENESS OF THE WORKERS

In the previous sections we analysed the impact of participation in subcontracted work on the economic situation of the households, as well as on her role in the household decision making. In this section we shall discuss the perceptions of the women regarding their work and awareness about the world around them.

Perceptions Regarding Work: In spite of all their problems the factory workers reported in the FGDs to be satisfied with their work since they earned much needed incomes. The factory work was rather strenuous for the women who also had to manage the households. Many also felt that they had to stay away from their children for long hours. The children did not get enough attention at the poorly managed municipal schools either and therefore they often had to drop out. The married women felt that their absence from home for as long as 10 hours did adversely affect their social and family life. They had to compromise on social functions such as marriages and Navratri, an important festival. All household related activities including socialising had to wait till Sunday.

The home-based workers in the FGDs also said they were satisfied with the work, but strongly felt that lack of work on a regular basis is the main problem. One of their main problems was that they had to go to the merchants/ sub-contractors to pick up and deliver the good. They often came back without any work. This led to tremendous loss of time and money. In only a few cases the men of the household were able to help them to collect this material. They felt that the sub-contractors now took them for granted and they had to visit many times before they got work. During the festival season when the sub-contractors needed garment work done they would deliver and collect the work.

The home-based workers had to work long hours, often 11 to 17 hours to juggle their household work and garment making. Family and social activities took up the rest of the time. Some of the women lived in roadside slums and could not work on garment making at night without an electric connection. Due to insufficient income these women were not able to spend much on social functions.

Better Respect in Society: We directly asked the workers if they perceived that their work gave them better respect in the household and in the society around. About 58 percent of the women responded positively. The reason for their better position was given as due to economic

contribution and because they were now independent. Similar responses were obtained from the men as well.

Response of Family Members: The workers were asked if the family member were appreciative of their work. About 79 percent of the women said that the family members liked and encouraged them in their work. The reason for this was the economic contribution in the large majority of the cases. However, 21 percent of the women did report that the family members were not in favour of their participation in their work. They were only forced into it due to economic need.

Awareness About SEWA: As discussed earlier we enquired with the women members if they were members of SEWA. Only 5.3 reported to be a member of SEWA. About 7.3 percent said they were aware about SEWA and the services provided by them. However, only 2.6 percent said they had received any of the services from SEWA.

We asked the workers if they were members of any other association or trade unions. Surprisingly, 90 percent of the men said they were members of an association and 10 percent said that they had taken a life insurance. None of the women reported membership in any other association, though 8 percent said they had taken a life insurance.

Awareness About Garment Manufacturing: We asked a series of questions in the survey to all workers about their awareness regarding where the factory owner procured the raw material and sold his product. About 7 percent of the men and none of the women reported knowing where the owner procured the cloth for garment making. Again none of the women knew where the owner sold the garment or to which markets he catered. About 4 percent of the men workers said they knew the destination of the final product in the factory.

Suggestions for Improvement: None of the workers in the survey were able to suggest any organising strategies. We were also not able to communicate this question clearly to them. Regarding what they thought was required to improve their economic situation, they mainly responded that the wages should be paid on time and when required. That raised the question of non-payment of wages by the factory owner. This would definitely be an issue for the unions to ponder over and develop an effective strategy towards.

In the FGDs of the factory workers the women wanted to obtain higher wages, and felt the need for child-care facilities and transportation. The women expressed the view that organised efforts were needed to improve their conditions, but they had no idea how to achieve this. One suggestion was that a joint representation to the factory owners with the leadership of an organisation concerned about them could help. Some women felt that organisations concerned with the welfare of factory workers should somehow help them to get better monetary benefits and facilities.

In the FGDs the home-based workers felt a definite need for an organisation to intervene in their favour. One group felt that an organisation like SEWA could help them to form a 'Mandli' (co-operative) which purchases the cloth, and the women would stitch the garments and deliver it back to the 'mandli'. At present the home-based workers are at the mercy of the sub-contractors and there is no scope for bargaining. The sub-contractors do not take any cloth below a standard and force the women to buy the same garment. While the contractor expects the women to return the garments in three days he pays them only once a month leading to much hardship for the women. The 'Mandli' would need to organise the marketing of the garments.

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POLICY IMPLICATIONS AND ORGANIZING STRATEGIES

This chapter is divided into two sections. In section one we shall discuss the prospects for the garment industry in India and Ahmedabad, the problems faced by this sector and the policies, existing and possible, which might help its growth. Many of these views and suggestions came from experts, academicians, factory owner, representatives of various associations in our in-depth interviews with them. In the second section we shall discuss the organisations and their strategies and the experiences of such organisations in working in this sector.

PROSPECTS, PROBLEMS AND POLICIES FOR GARMENTS

Prospects for the Garment Industry

There is tremendous prospect for the garment industry in India. India is one of the largest cotton producers in the world. Cotton fabric is slowly becoming very popular even in Europe, USA, Canada, etc. These countries are becoming more and more conscious of the fact that; any fabric, which comes in direct contact with the skin, should preferably be made of natural fibers. Also, the 'Eco-friendly' concept is quickly catching on. So India has a great potential for cotton exports and also for garment manufacturing and exporting since the ready made garment would turn out cheaper for India (as compared to the other countries) to manufacture for the international market. Cotton has an inherent problem of wrinkling and therefore efforts are to develop superior cotton fibers, production of hybrid cotton, etc. The concept of wrinkle – free trousers has caught on very well. Certain 'handicraft' hand stitched garments will always find a market. (Interview with Dr. Chaterjee, General Manager, INDEXTB, Government of Gujarat)

The trend will come where exporters would be manufacturers also. Presently, majority of the exports is done through export houses. Manufacturers now ask for a similar quality and that would be available only if the exporters upgrade their capabilities in terms of manufacturing the products also. Good entrepreneurial capabilities are also required to makes things click in spite of many odds.

In the view of Professor V.L.Mote, Director Arvind Mills Limited, the time is nearing when mass production would not be a key word but instead the word 'mass customisation' would become a key word. Customers now requiring customised garments are becoming more and more conscious about the quality aspect in garments. In India, people since long have a tendency to buy less, but to buy better quality fabric and garments. The per capita cloth consumption is 14 metres since many years. In a study, it was found that though the value of fabric purchased by individuals was higher over time, the quantity of fabric remained the same. This was not due to the price rise of fabric over time, but because of the psyche of Indian people of buying better quality. In the early 70's the government had introduced a policy of 'control cloth' but this had failed miserably due to the 'buy better quality' concept of the Indian people.

The manufacturers of garments would be required to manufacture and deliver in stipulated time and maintain quality. The 'assembly line' concept would be applicable in most of the future garment units. But since full automation is never possible in this industry, manpower producing high quality results would always be required. Those who are skilled would survive and would be able to work with good wages, those who are not would not be able to survive (Interview with Professor V.L.Mote)

After 2002, all import barriers will be lifted under the GATT agreement and with specified quota for Indian exports under the multi-fiber agreement coming to an end, it will be difficult for Indian made garments to sustain both in the local and the international market. With removal of GATT agreement, domestic garments would not be able to compete with the garments sold by foreign firms in the Indian market due to inferior quality, design, etc.

Ahmedabad garment industry can be very successful since Ahmedabad has the two basic ingredients for such an industry – i.e. good entrepreneurship skills and a textile base. The Government of Gujarat should encourage the garment industry in Ahmedabad by setting up or helping to set up two or three large garment factories with the capacity of around 200 workers. Once these industries come up, automatically the trickling down effect would take place thus encouraging other units to upgrade their capacity. Also, ancillary units would come up near the garment industries. Bangalore and Delhi are very successful centers of garment manufacturing units. The Ashoka group and the Gokuldas group have been very successful. In fact, fabric from Ahmedabad is obtained for the units located in these cities. There are many export-oriented units in these cities. (Interview with Mr. Vijay Shah, President, 'Stitchman', a modern registered garment making unit in Ahmedabad.)

Problems in the Garment Industry

Dr. Chatterjee stressed the point that the garments produced in the Indian market are not rejected in the international market due to the problem of low quality but due to the problem of consistency. The Indian garment market lacks professionalism. Thus professionalism and consistency are important requirements for the Indian market to make headway. Another problem faced in the Indian market is the lack of modern machinery. About 95% of the machinery operational in garment production is indigenous. This is the main root of the problem related to consistency of quality. For example, if there is a computerised machine with a set computer programme, the consistency of the garment is maintained, which is not easily possible in non-computerised machines.

The Indian market is enormous. The Indian middle-class market is as large as the whole American market. With the removal of MFA and by the year 2003 the way will be paved for multinational corporations to enter the Indian market. At that time the question of survival of the Indian garment manufacturers will be crucial. The garment manufacturer has to deliver the garments of 'desired quality with minimum costs'.

The garment industry is labour intensive. Bangladesh has availed great advantage of this factor with almost a growth rate of 200% in this industry. It is to be noted that Bangladesh does not have any textile base at all and this country is a great threat to the Indian garment industry.

Labour is extremely cheap in Bangladesh, as for example 8 hour wages for a garment worker in India is about Rs.80/- while in Bangladesh the same is Rs.10/-(Indian Rupees). Since Bangladesh is a relatively poor country as compared to India, it has received restriction on export of only 5-6 garment items whereas India has restrictions for 20 items. China also has availability of cheap labour and is a threat to the Indian garment industry. The Chinese garment industry constantly upgrades technology and uses the latest machines for garment manufacturer. It was recently seen that 40% of the total JUKI machines were sold annually just to China alone. These two countries are major competitors in the garment industry as far as India is concerned.

In India, duties are very high on machinery import. Earlier duties structure on imports were more than 200%, now they are 25 to 50%. The government is reducing the same. According to Dr.Chaterjee, 'the government should not charge any import duty on machinery for garment industry', since, only Lohia Machines in Haryana make sewing machines for industrial use in India.

In order to encourage industry (including garment) the Indian Government has implemented the 'Technology Upgradation Fund' in April 1999. 5% interest subsidy is given on capital investment in Plant and Machinery. But as far as the garment industry is concerned, 90% of the units fall in the SSI sector and entrepreneurs operating such units are afraid of approaching the banks and financial institutions since they do not pay sales tax, maintain registers, etc.

The future of garment industry holds that giants such as Arvind, Ashima, etc. in Ahmedabad would thrive very well. The small units operating in Gheekanta for example would face threat since multinationals would produce the same garments with economies of scale. The middlemen who are extremely visible would always be prominent since such corporations would sublet work directly or indirectly to the home based garment workers. Such corporations would certainly be offering a better piece rate to the home based garment workers as compared to the piece rates being offered by the local units. It is likely that even garments such as traditional 'pyjamas' would be taken up by such corporations as a potential garment to be manufactured.

According to Dr.Chaterjee, any medium sized garment unit which manufactures more than one product,i.e., it is not a specialist in a particular product such as jeans, shirts, etc., should preferably not have more than 25 machines operating, since beyond this number the quality control gets affected. For administrative reasons also this number is optimum. (This discussion on the problems faced by the industry is based on an interview with Dr. Chaterjee, INDEXTB.)

Policy Recommendations

In our interviews most of the large industrialists and spokesman for this sector argued that the SSI status of this industry should be removed. Presently, the garment sector is reserved under Small Scale Industries (SSI) thereby, existing organized Textile Mill Sector could not expand their activities to manufacture garments in a big way in this area or as a down stream project of their Textile Unit. De-reservation is under consideration by the government. However, the implications of this for the large number of small factory units catering to the local markets will have to be carefully reviewed.

Government should also make available all statistics pertaining to this industry, so that further research can be carried out to find out 'the right direction and the right approach', which would aid entrepreneurs and experts to work in this industry.

Garment industry is the right industry for the government to promote since it can solve to a great extent one of the biggest concerns of any nation – i.e. employment.

There are very few 'industrial engineers' being absorbed in this industry unlike the in the case of other industries. Motivation of young entrepreneurs to join the garment industry is required. Both these will help to improve the technological level and hence the competitiveness in this industry.

The garment industry needs a lot of liquidity of capital. Funds for this sector from financial and other institution are essential. Infrastructure facilities are also essential.

Experts from other countries, which have had a successful garment industry, should be called to share their know-how and experience through seminar's and symposiums. Such experts have been appointed as consultants in Srilanka, Bangladesh and this has facilitated in the development of garment industry in these countries.

More educational institutions offering high level of education related to this industry should be set up. Government should undertake responsibility to provide training to workers.

Garment Zones and 'Vastralaya' Project: The government has declared two garment zones in Gujarat, Kudasan and Vapi. However, this has not been successful. Some of the reasons for the lack of success of these zones were related to lack of good transportation links, lack of manpower willing to travel such long distances for work, etc. In Kudasan, the exception is one unit manufacturing jeans which produces about 500 jeans per day. The labour force is coming from nearby villages. The unit faces inherent difficulties such as poor transportation links, high transportation costs, worker absenteeism, etc. The unit owner finds it more economical to send the jeans to Mumbai just for washing, because octroi has to be paid (Rs.6 is paid per pairs of jeans) for taking the jeans for washing in Ahmedabad city.

In these zones, some of the plots have been allotted to entrepreneurs and some have been yet to be allotted. The plot allottees have taken up the plots more for the reason for future land price speculation rather than for the real purpose for which they had been purchased. The government did not allot the land to the correct entrepreneurs. According to Mr.Chaterjee, if the intention of the industrialist is good then manpower can also be arranged. But this was not the case in these two garment zones.

Industries Commissionarate and INDEXTB have launched a project 'Vastralaya' wherein buildings in old textile mill compounds would be used to house a group of garment manufacturing units so as to that give support to the garment industry.

The 'garment park' also known as 'Vastralaya' (home for garments), is mainly a private venture. The Garment Park would house 98 garment units and would generate 26,000 jobs for garment workers in Ahmedabad City (out of which 70 to 80% would be women). The park would be housed in an old closed textile mill compound. Ahmedabad has been thought of an appropriate place for setting up this park since it has 'text book advantage'. The overall and as well as infrastructure management in 'Vastralaya' project complex would be taken up by the private

sector. The park would have telecommunications facility, material handling and transport facility, affluent treatment plant (for treating effluent water arising out of washing garments such as jeans). The existing garment units scattered in Naroda, Odhav, etc. areas of Ahmedabad would be invited to shift their operations to the park. International players such as Lacoste, NIKE, etc. who are looking at the Indian market would be attracted for setting up manufacturing units in the park instead of setting up manufacturing units in Delhi, Bangalore, etc. So with the 'Vastralaya' project Ahmedabad would start to be recognized as the home for garment industry. The Vastralaya project would be ready in about two years time. This is really a dream project and needs to be seen how it will be implemented.

Training for the Workers: National Institute of Fashion Technology (NIFT), Gandhinagar, Gujarat has on an experimental basis imparted basic training in stitching to 26 women identified from slums of Ahmedabad by Sharda Trust. Sharda Trust, Arvind Mills, intends to impart training to women workers. It is difficult to convince women to join such classes due to many social problems such as long distances from their residence to workplace, preference of women to go to work in-groups rather than moving alone, etc. For the workers to be employed in the garment park, one third of the training cost would be borne by the women workers. Two thirds would be given by Sharda trust as an interest free loan, which would be repaid by the women workers from their earnings in the garment units. The wages would be very high (approximately Rs.6000 per worker month).

According to Prof.Mote, women in the age group of 18-22 years are highly suitable for garment manufacturing since they have dexterity of fingers. Women could earn a handsome salary (i.e. about Rs.6000 per month) and then quit after the age of 22. The management of Vastralaya and Sharda trust could then provide assistance to the women for setting up some other income generating activity. This is again a dream project of the management and not necessarily beneficial to the workers in the long run.

Technology plays an important role in garment manufacturing. But nothing can replace the human power required in the garment industry. In the west, where labour is very expensive, the garment manufacturers have tried their best to stitch garments sans manpower, but this feat is impossible. This is where India stands a great chance of utilizing its enormous sea of manpower in the garment industry.

ORGANISATION

Most of the policy initiatives suggested above and the efforts being made are mainly for the large manufacturers of garments. Of course due to the sub-contracting chains through which this industry operates, this will also be beneficial to the smaller units. But for the large mass of units in the small factory segment studied by us and the women sub-contracted workers in them, it is not clear how all this would affect them.

Some forms of organisation of the small units are also necessary to enable them to survive in the new scenario that may emerge after 2002. We discuss below some associations of the garment manufacturers and the large trade union SEWA which exist in Ahmedabad and their strategies.

Garment Manufacturers Association

There are number of Garment Manufacturers Association in Ahmedabad. The 'Sindhi Market Kapad Mahajan Association' is very old, while the 'Ahmedabad Punjabi Suits Association' has been formed since the last 5 years. Five years ago there were a handful of shops dealing in wholesale of 'Punjabi-Suits', in the price range of Rs.50 to Rs.5000/-. But now there are thousands of such shops. The markets catered to by these shops is the national and international market (mainly Singapore, Dubai, Europe, U.S.). In the whole market, only two of three shops have export license. Rest of the shop owners who export Punjabi suits operate through 'commission agents' (such agents are commonly known as '*adatiya*' and are people who collect the garments, put the '*nada*' in the pyjamas, finish the garments (such as interlocking) and send to the exporters for export. These agents operate at a margin of 2%). The shopkeeper deals with these agents and the billing of garment sold is made in the names of these 'commission agents'.

There are about 300 members in the 'Ahmedabad Punjabi Suits Association' and 1000 members in the 'Sindhi Market Kapad Mahajan Association'. These associations are not very active but are formed to have a collective voice. Problems such as sales tax, octroi, payment delays, etc. are addressed together. But on a day to day basis, every fabric and garment dealer (most of whom get garments manufactured from subcontractors) do not have anything to do with the association. Every dealer goes about his own business on his own. Mr.P.Keshwani emphasised that the associations were not active at all. (Interview with Mr.Prakash Keshwani, Joint secretary of Ahmedabad Punjabi Suits Association and Sindhi Market Kapad Mahajan Association)

Mr.P.Keshwani, also emphasised that when the government imposes high tax and octroi structures it compels higher corruption among the shop owners and manufacturers, such as not mentioning all sales in their account books. The 'Punjabi Suits Association' and 'Sindhi Market Kapad Mahajan Association' had been instrumental in convincing the government in reducing the octroi rates from a hiked 2% to 1.5%.

There is also a 'Handloom Association' with about 200 members. Earlier there was no taxation for handloom items and on textile products of value less than Rs.100. Now there is a sales tax on these items. Thus some shop owners who sold handicraft items and textile products of value less than Rs.100 decided to form the 'Handloom Association'.

The 'Gujarat Garments Association' has about 300 to 400 members. Forty to fifty of the members own large garment manufacturing units. This association represents Gujarat at the fashion trade expo's organised at Delhi, Mumbai, Bangalore, etc.

Many garment shop owners are members of more than one association. Since unstitched cloth does not have any sales tax (present sales tax rate on garments is 2%), many of the shop owners sell 'un-stitched cloth' (punjabi suit dress material) which cater to small towns and rural areas.

Eight to ten plots have been taken by the members of 'Sindhi Market Kapad Mahajan Association' in the garment zone at Kudasan. But none of these members have set up any garment unit there at Kudasan due to many problems associated with the zone.

Organizing Strategy of SEWA

SEWA organizes self-employed women to achieve their goals of full employment and self-reliance through the joint strategies of struggle and development. Through struggle, women build the collective strength needed to ensure that they are treated fairly and equitably by employers and government officials. Through development, they work to create their own economic institutions, generate new employment opportunities, build their financial assets, and obtain vital social security benefits such as health care and child care. One of SEWA's new activities is an Employment Center designed to increase the employment opportunities available to SEWA members, and to address the problems of unemployment and underemployment they face in a changing economy. We first discuss the strategy of SEWA in the garment sector and later this new initiative of providing employment to its members.

SEWA's Strategy in the Garment Industry

SEWA recognizes that the garment industry is segmented. The three segments are similar to those identified by us: 1. Large factories that are registered under the Indian Factories Act and are in the organised sector. 2. Small factories and workshops on an average employing 5-15 workers. 3. Homebased garment workers.

In an earlier phase of organisation SEWA concentrated on the large factory sector. There was no record in the factories of who were the workers and for how many years they had been working. They demanded Identity Cards (ID) for the workers. The struggle continued for some time. The factories finally issued ID cards and within a week closed down the factory. The unit was merged with another unit and work was resumed in another name on other premises. The union workers attached to SEWA were not given any further work. SEWA filed cases and struggled for many years. After this set back in the struggle SEWA has temporarily stop working in the large factory segment.

The large factories now hire a number of contractors, often dummy contractors, and split up the workers in the factory into small groups of 11-15 workers. They operate on the same premises. The Chief Inspector of Factories, under whose office the factories are registered, visits the factories for inspection. SEWA members are also invited to join the inspection. However, the factory owners claim that the workers are working under independent contractors. In this way they are able to avoid giving a number of benefits to the workers. Of course one cannot rule out collusion between the owners and the officials. During the inspection if any innocent workers report the number of years he/she has been working in the factory and provides any other information, he/she is given no further work from the next day. This has been the experience of SEWA.

Now SEWA would like to concentrate on the informal sector. SEWA has a large membership in the home-based worker segment. In the small factory segment, however, it is difficult to unionize. Workers are afraid to join

any organisation because the moment the factory owner or contractor comes to know of this he does not give any further work to the worker. This was also observed when we attempted to conduct the survey of women workers reported earlier.

SEWA is currently having a campaign for Minimum Wages and ID cards for the workers. The Minimum Wage in the garment industry is currently Rs.60.6 per dozen garments irrespective of the type of garment. Of course most workers in the informal sector do not receive these wages.

Issues for Organisation

On what issues is it best to organise the workers? Some issues that need to be brought into focus, through campaigns and struggle, are highlighted below.

1. Minimum Wages: The minimum wage has been fixed recently for garment workers at Rs.60.6 per dozen garments. However, the issues here are whether this is adequate and how to ensure that a majority of the workers receive this wage. This is particularly true for the small factory sector and more so for the home-based workers. Thirdly, high wages alone are not enough to sustain livelihoods. Some norm for the minimum days of employment in the year is also required. We observed that a minimum norm of 250 days is not met for most workers in the garment industry, particularly for women.

2. Identity Cards: Minimum wage regulation by itself does not guarantee that the worker receives the specified wage. The worker has to prove that he is a worker in that industry. This is true for all the segments in the garment industry because even the large factories do not provide the workers with any written contracts or documents. This problem is of course most acute for the home-based workers. This raises the issue of identity cards for the workers in order to avail of any of the benefits that should accrue to them.

Another related issue is whether ID cards should be issued by industry/trade or by category of work, such as home-based workers or vendors etc. or simply as workers. This issue arises because of the seasonal nature of work. A worker may make garments in one season and make kites in another season. Similarly, vendors may hawk different commodities in different seasons. However, since most regulations are trade based it might be necessary to issue ID cards based on trades.

3. Welfare Fund or Social Security: The ideal case quoted for the benefits of social security is the Welfare Fund for the bidi workers. Bidi making is a well regulated trade because it is very old and a specific Act, the Bidi and Cigar Workers Act, exists for it. This Welfare Fund is regulated by a Tripartite Body consisting of the government, employers and worker's representatives. ID cards are provided to the workers. They receive minimum wages. Education of children is supported through scholarships and money for uniforms for their children, charges of hospitalisation are met, insurance in case of sudden death and travel for recreation only for the worker are some of the benefits received. However, provident fund/pension is not included and this issue has been taken up. A similar fund for the garment workers, agarbatti workers and for contract labour are under discussion.

National Legal Legislations

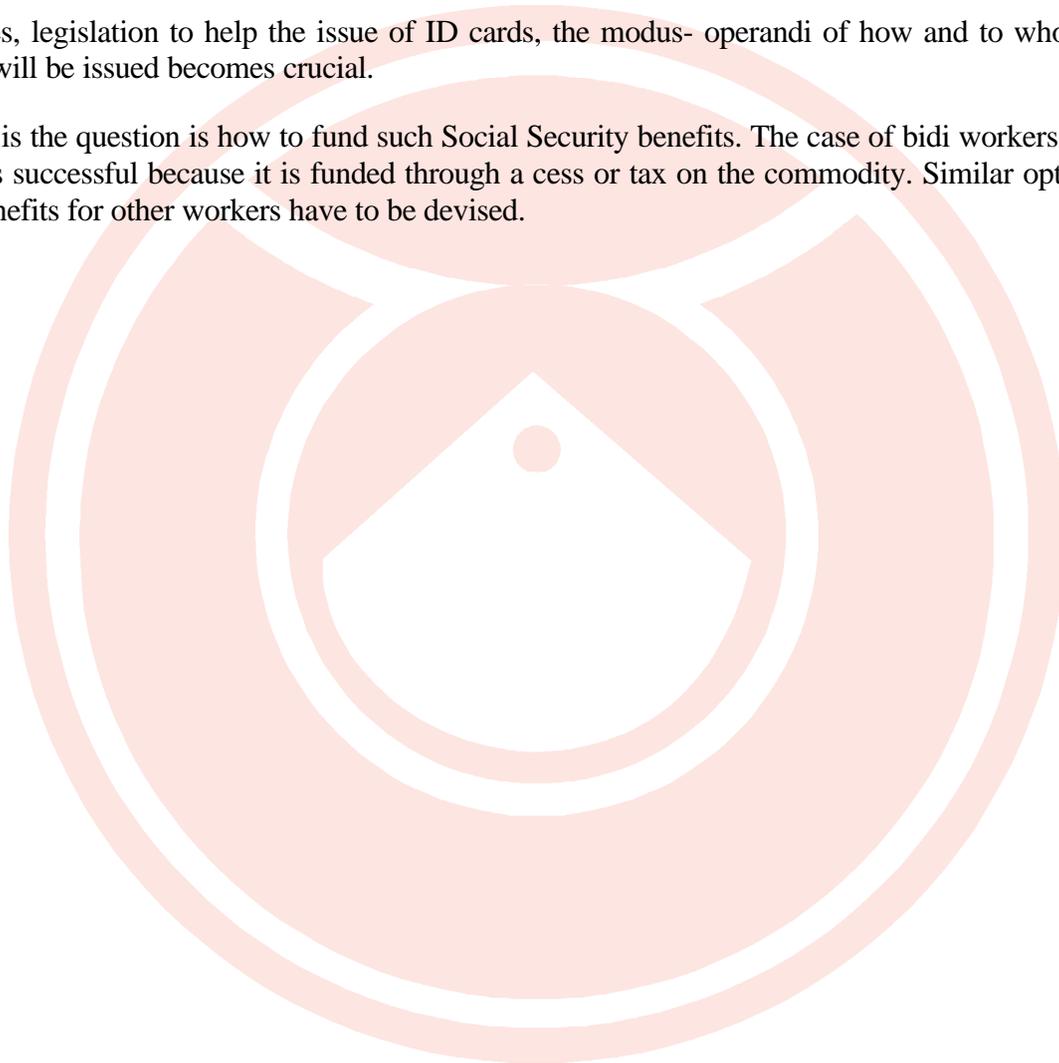
Many national level legislations exist such as Minimum Wages Act, Provident Fund Act, Employees State Insurance for health, etc. However, the problem is of the coverage of these legislations. It generally extends only to workers in certain trades in the case of Minimum Wages

and only to the formal sector in the other cases. In general the informal sector workers, particularly the homebased workers, are left out of most legislations even when they exist. Certain states have extended the Provident Fund to include certain categories of informal sector workers.

The invisibility of these workers is what goes against them. The issue of Identity Cards for the workers becomes crucial. Legal legislation that accepts that all workers require an ID card will go along way in helping the organisation and campaign for minimum wages and social security benefits for the workers.

Besides, legislation to help the issue of ID cards, the modus- operandi of how and to whom such cards will be issued becomes crucial.

Third, is the question is how to fund such Social Security benefits. The case of bidi workers welfare fund is successful because it is funded through a cess or tax on the commodity. Similar options for the benefits for other workers have to be devised.



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Unemployment, Underemployment and the Changing Economy

Recent changes in the economy are transforming employment opportunities for self-employed women in Ahmedabad and throughout Gujarat. Globalization and liberalization of the economy brings both problems and opportunities for these workers. Industries that long provided stable jobs in cities like Ahmedabad are slowly declining. The textile mills which once formed the backbone of the local economy have largely closed, leaving the husbands of many SEWA members without full time jobs and the benefits that come with employment in the formal sector. While these changes affect women's household income, their own employment options are being threatened as well. As work traditionally done by home-based workers becomes mechanized, these trades offer fewer employment opportunities for self-employed women workers. At the same time new employment opportunities are opening up for these women in the service and export sectors.

SEWA members began approaching the organization in 1997 for help in responding to these larger economic shifts. The loss of mill jobs and shrinking employment opportunities in the informal sector created an urgent need for new employment and additional household income. Although members were engaged in workplace struggles to confront these changing conditions, their efforts were often hampered by their families' vulnerable economic position. In many households, women are the main wage earner. As self-employed workers, they cannot afford to stay without work or on strike indefinitely without a short-term means of supplementing their income. Women asked SEWA for help finding work to increase their income and reduce their economic vulnerability. They also asked for training to upgrade their existing work skills, and to develop the different skills needed for new kinds of work. Additionally, a generation of SEWA leaders were looking for new and better employment opportunities for their daughters.

Over the past two years, SEWA has explored new ways of responding to the problem of unemployment and underemployment in a labor surplus market where full-time, permanent jobs are increasingly hard to find. One of these responses has been the development of an Employment Center to assist members in finding new sources of employment in Ahmedabad city.

Generating Employment: An Organising Strategy

In 1997, SEWA started an Employment Center with two primary goals: to connect its members and their families to steady, regular work opportunities, and to provide training to upgrade their existing skills and develop new ones to meet changing employment opportunities. The Center soon found positions for 175 women at the Avadat factory making Ruf & Tuf jeans. SEWA negotiated with the employer to create an on-the-job training program for these women and provide a Rs.25 per day stipend for the new workers. At the end of the training period, these 175 women were hired as regular employees. Despite this initial success, however, the Employment Center later became inactive, in part due to insufficient staffing.

In April, 1999, the program was re-activated at the request of SEWA members. SEWA responded by hiring additional staff and actively recruiting both potential workers and potential employers. Since then, the Employment Center has provided training for many SEWA members, found employment opportunities for 237 members, and developed a list of 300 other members who are seeking employment. The primary role of the Center is to match members seeking employment with potential employers. Women are divided into activity-based groups according to their skills and the type of employment they are seeking. SEWA members are currently seeking employment in the areas of domestic work, factory, sewing, labor, catering, child care, and office work. The Employment Center then identified employers who are seeking workers in these areas. Employers are located through classified advertisements, word of mouth, and through employers contacting SEWA for workers. Assistance is also provided to home-based workers by linking them with existing SEWA programs that can help them sell their products to outside retailers and through SEWA outlets.

The Center provides training to SEWA members by linking them with SEWA Academy, employer-based training, and other outside training providers. Training is intended to upgrade members' current skills to increase their earning potential, and to prepare them for newly emerging lines of work. Training topics cover a wide range of work skills including production of ready-made garments, printing and production of stationery, screen painting, block printing, managing plantations and nurseries, and working with

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Through the Center, SEWA members have obtained work at diverse work places including SEWA itself. Many have obtained positions in factories producing clothing, medical supplies, and plastics. Some have found work as construction laborers and household workers, and others as home-based workers. The Center has also found work for the daughters of SEWA members as researchers and in medical clinics. The research positions were with the Ahmedabad Municipal Corporation, for example, which hired them to conduct of study of poverty levels among women in the city. The young women were first given training through SEWA Academy before conducting the survey.

Placement Through the Employment Center in 1999

Type of Employment	# Placed April-June 99	# Placed July-Sept. 99	# Placed Oct-Dec.99	Total Placed
Factory total	83	28	0	111
<i>Ready-made</i>	8 (2 sites)	0	0	8
<i>Jeans</i>	4	0	2	6
<i>Plastics</i>	19 (2 sites)	0	0	19
<i>Medical</i>	0	18 (2 sites)	0	18
<i>Printing</i>	52	10	0	62
Household	15	38	20	73
Sewing	0	18	20	38
Construction	0	9	0	9
Food total	6	0	0	6
<i>Tiffin</i>	2	0	0	2
<i>Dry breakfast</i>	4	0	0	4
TOTAL	104	93	42	237

As members of SEWA, the women placed through the Employment Center have the union's support in confronting and resolving workplace problems that arise in their new positions. Despite the potential concerns that an employer might have about hiring the members of a strong union, many have proven eager to hire SEWA members because they consider them to be honest, reliable, and hardworking. Before placing women in these positions, SEWA negotiates basic minimum workplace standards regarding wages, hours, and days off that employer's must meet. Ruf & Tuf jeans factory, a consistent employer, provides SEWA workers with identification cards, sick pay, insurance, and bonuses. Other employers, however, generally do not provide benefits, as women are often employed in temporary positions. SEWA members have access to basic social security benefits as well as health and life insurance through other SEWA programs. Through the combination of these SEWA benefits and new employment opportunities, women are empowered to achieve full household employment and self reliance.

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Success in meeting program goals:

The Employment Center has made significant progress toward its goal of finding 500 SEWA members employment during the period from April, 1999 to March, 2000. They have placed 237 workers in 8 months. The rate of placements has slowed over the course of the year, with 104 placements in the first three months, 93 in the second, and 42 in the third. One hundred and fifty three workers remain employed in these same positions in early December, a retention rate of 65%. An additional 62 workers employed in a printing factory are waiting for production and their employment to resume, while 10 home-based garment workers are waiting for new orders. Of the original 175 members placed at the Avadat factory in 1997, 20 (or 11%) remain employed there today.

Helping women find and maintain employment is a priority for the Center, and it is important to underscore the Center's success in achieving a work retention rate of 65%, given the larger economic context in which it is operating. Members' pressing need for income makes them often willing to work even when the positions are only short-term. Their economic vulnerability may make it difficult to continue working when problems or crises arise at home. Tracking cases of attrition, however, might help the Employment Center identify opportunities for other workers to take newly vacated positions. In the case of the Avadat factory, for example, could new SEWA members be placed in positions vacated by the initial group of workers?

Limits to Providing Employment: Our conversations with SEWA members and staff revealed a number of obstacles that prevented women from taking available positions. SEWA organizers reported that long work hours often pose a problem for women. Household jobs, nursing jobs, and factory jobs all require fixed, long hours that many women cannot work. The lack of available child care and affordable transportation were also identified as major challenges to be addressed. For example, when work at the printing factory ended, SEWA organizers found new employment as door-to-door vegetable vendors. But none of the women wanted to take this work as it was far from their homes.

Some limiting factors such as affordable public transportation in Ahmedabad City may be good issues around which to organize. Other factors may be appropriately addressed through new development projects, internal organizational changes, or further study. For example, an analysis of existing employment opportunities and future employment trends may help SEWA develop new training opportunities for its members and identify - and build relationships with - new prospective employers.

Dilemmas Faced by The Employment Program: Additionally, three dilemmas emerged in our discussions with SEWA members and organizers about challenges/obstacles to expansion. First is that the changing economy is leading to a growth in service sector jobs doing household tasks such as cleaning and babysitting for middle class families. Many SEWA members have experience in this type of work and are interested in obtaining such employment. However, SEWA organizers noted that problems frequently arise between SEWA members and employers in this area, and expressed concern over placing women in positions where they might be treated poorly by employers.

The second dilemma relates to the connection between organizing and development in the Employment Center's approach of creating informal activity-based groups. Here we refer specifically to instances where a group of SEWA members is working either in a single workplace or in a single craft. In one factory, the Employment Center asked a SEWA member to supervise other members of her group at the work site. This member expressed discomfort at being the intermediary between the employer and her colleagues, and at her de facto role as the supervisor of the SEWA team. In this case, the team leader appears to be acting as an agent of the employer, rather than a leader or advocate for SEWA workers. In the case of home-based employment, several women mentioned working as part of an informal group in order to complete production orders. Although this clearly helped the women complete assignments on time and ensure quality in the work they produce, it may also provide an opportunity to assist these women in organizing into cooperatives (or joining existing ones) to gain greater control over their work.

The third dilemma concerns members' needs and aspirations for permanent and stable work and the reality of overwhelming unemployment and underemployment in Ahmedabad. Two SEWA members B Duksha Parmar and Lilaben Chawan - who have been working at a printing press factory discussed this issue at length in a recent meeting. Both were placed in factory positions through the Employment Center. After 7 months production stopped, leaving them without work. This was not a concern for Dukshaben, who did not urgently need additional income and was happy to wait until the factory opened again to return to work. Lilaben's economic situation was more precarious, however, and she needed other work immediately. She found a position in another factory where she could earn a similar wage, but only by taking her mother-in-law's position there. She expressed her dissatisfaction with temporary work, and said she would be much more secure and stable if she could find permanent work. She and Dukshaben observed that the women in their SEWA work group at the factory were split on this issue. Generally, unmarried women were happy with temporary employment and the flexibility it gave them. Married women with children, on the other hand, generally preferred permanent work for the security and stability it provides. Lilaben summed up her situation this way: AI want permanent work, but I will take what I can get.¹

Another crucial issue related to short-term vs. permanent work is the provision of social security benefits. SEWA members working in permanent positions at the Avadat factory seem to be the only workers placed by the Center who are receiving benefits from their employer. Nazemaben and Sahidaben (Case discussed below) both mentioned the benefits they receive as a major advantage of permanent work. Most other SEWA members are placed in short-term positions where employers are spared the expense of providing benefits. Some employers may be hiring short-term workers specifically for that purpose. Again, the larger economic context in which the Employment Center is operating makes this a difficult issue to address since there are few long-term positions with benefits available.

In the era of liberalisation and global subcontracting chains, the workers in the informal sector become even more vulnerable. The existing national labour legislations protect the organised sector workers to some extent. However, the workers in the informal sector remain largely neglected. Needless to say the least the Government can do is to give them laws with teeth, so that the workers and their organisations can effectively fight for their own rights.

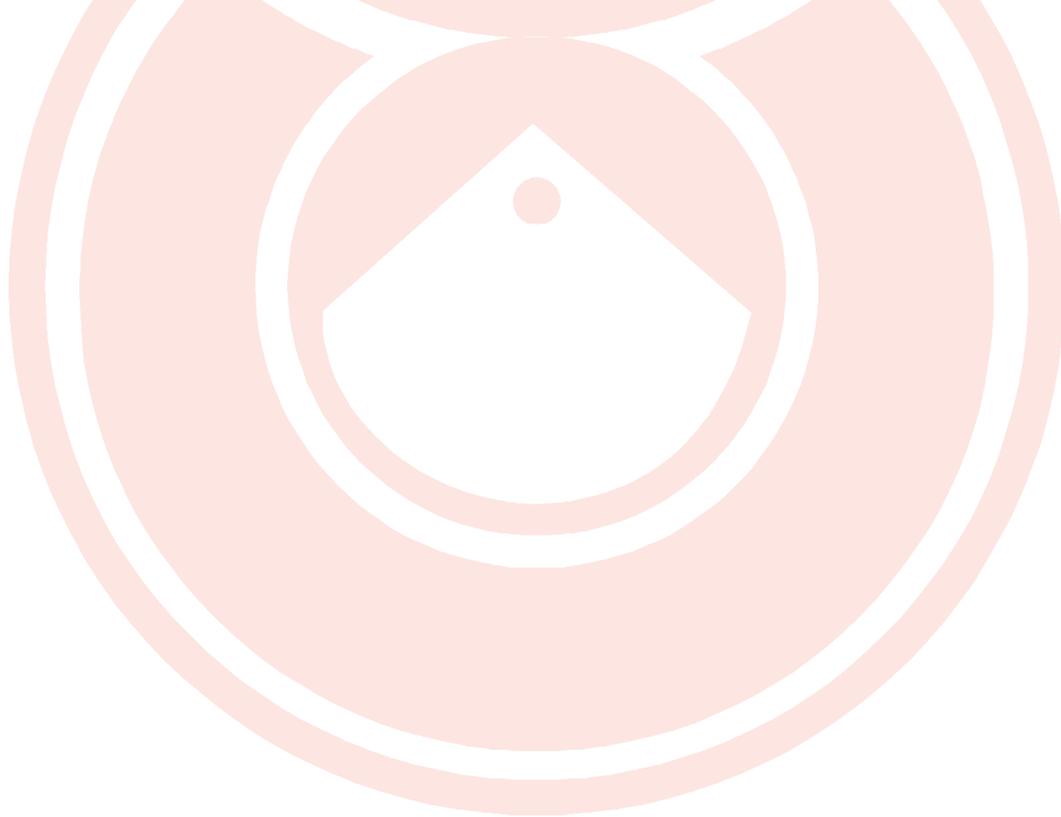
Case of a Garment Worker: Mumtazbanu

Mumtazbanu is a ready-made garment worker who lives in the center of Ahmedabad city. She joined SEWA seven years ago when her neighbours told her of the many benefits of SEWA membership. Through SEWA she received training in patchwork and design embroidery and obtained help in marketing her goods to retail shops. These new skills and relationships have increased her earnings from Rs.500-700 to Rs.1500 B 2000 per month. She has gained more than just additional income however. Like many other women who are part of the SEWA movement, Mumtazbanu says she has gained greater confidence in her own abilities and greater control over the forces that shape her economic circumstances. A Since joining SEWA I=ve learned how to talk with all kinds of people B shop owners, suppliers and customers. Now I know how to deal with them successfully.≡

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**A SEWA Employment Center Profile:
Nazema Banu Mohammed Rafik and Sahida Banu Shamsudin**

Nazemaben and Shahidaben were in the first group of 175 SEWA members hired at the Avadat jeans factory in 1997. They are still employed at the company, now as permanent workers. The jobs are important to them, especially to Nazemaben, whose husband died in an accident. She lives with her parents and is raising three children, who she supports on her earnings of Rs.2500/month. Sahidaben also has children, and sometimes needs to stay at home to care for them. Her employer allows her to work a flexible schedule of less than a full work week, while earning Rs.1200 each month. Both women receive benefits including life insurance and full pay even when the factory is closed because it lacks orders. Their employer supports them in other ways, even providing interest-free loans in times of hardship. Nazemaben and Sahidaben are two of 20 SEWA members who still work at the plant.



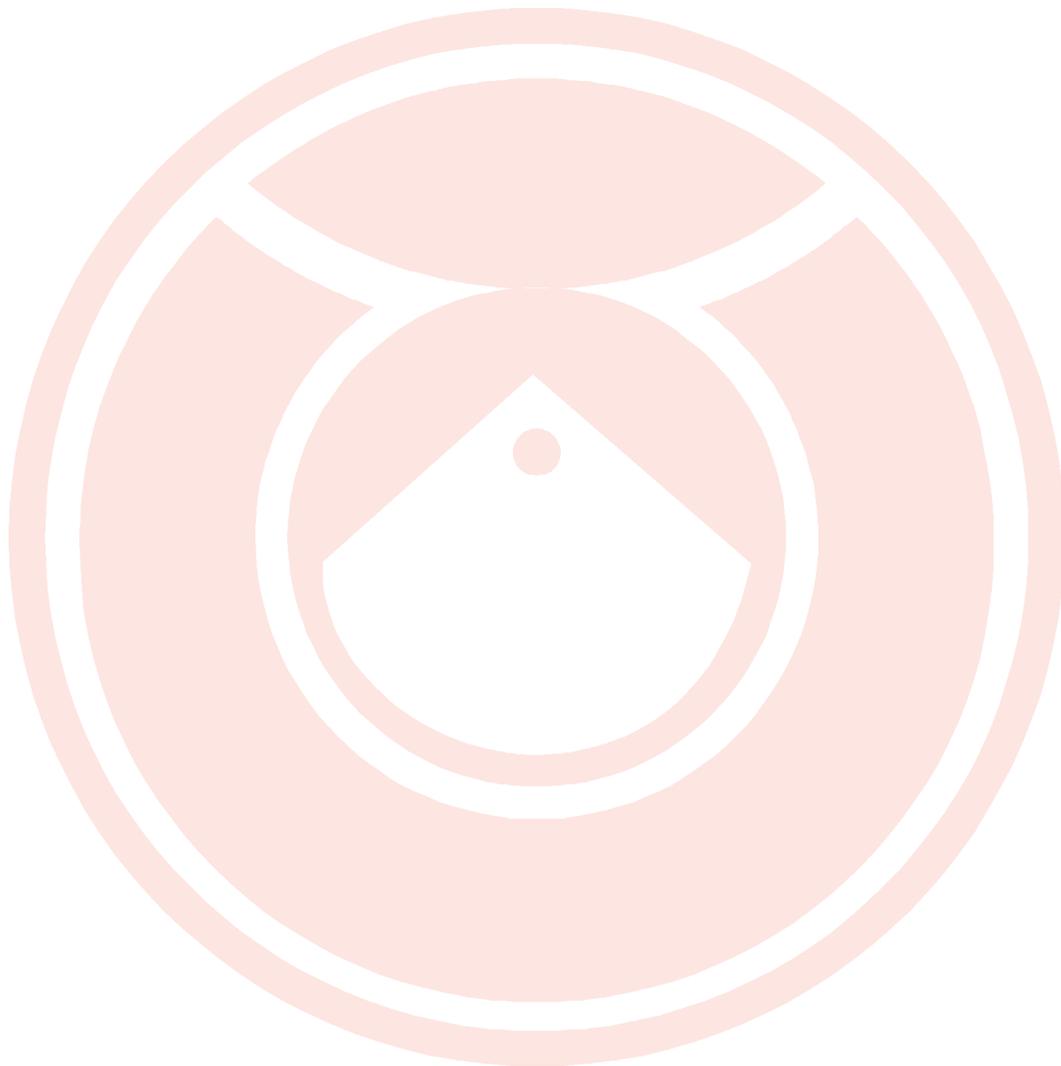
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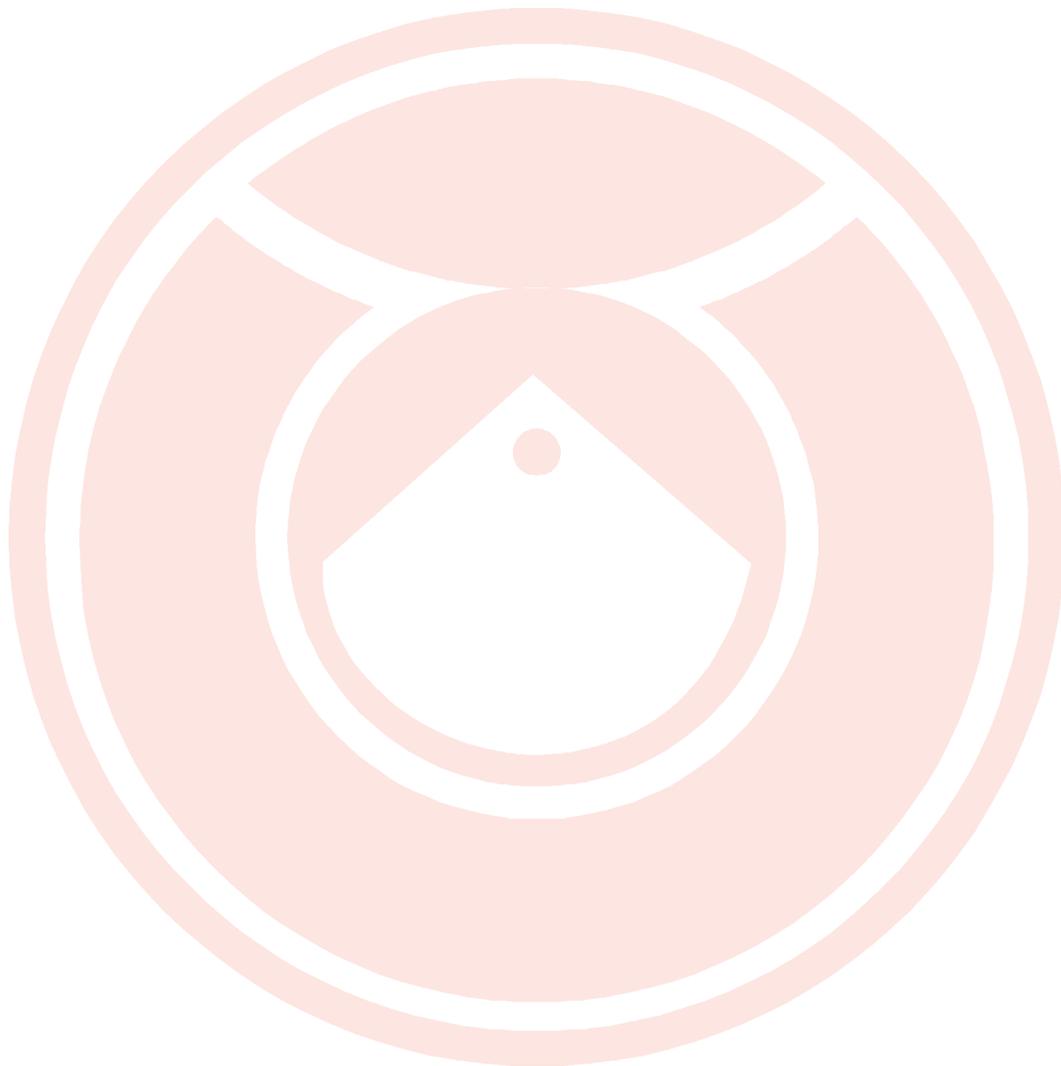
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