

**Globalization and Economic Reform as Seen From the Ground:  
SEWA's Experience in India\***

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**Abstract**

Globalization and Economic Reform have enormous potential for economic growth and poverty reduction. But there are at least three troubling features of these phenomena that have emerged over the last two decades—technical change which is biased in favor of capital and skilled labor; increased vulnerability and exposure to economic risks; and a shift of economic power towards more mobile factors of production. The core of the paper then discusses SEWA's experiences with the impact of these global and national level forces at the ground level in India, SEWA's responses to them, and SEWA's strategy for ensuring that its poor women members gain rather than lose from globalization and economic reform.

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## 1. Introduction

Globalization is one of those words that seem to be all things to all people. Some use it in the narrow sense to mean increased trade and capital flows between nations. There is no question that such global integration has proceeded apace since the Second World War, and accelerated dramatically over the last two decades. Spectacular technical change, especially in information and communication, which has facilitated this integration, is also included by some others under the heading of globalization. To yet others, the perceived increase in economic and political power of mobile capital and skilled labor at the global level, vis a vis unskilled labor and sovereign governments, is what best characterizes the developments at the end of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup>.

At the same time as discussion of globalization has come to dominate the international discourse, the national discourse is dominated by the issue of “economic reform”. In fact, globalization and economic reform are not unrelated because one of the key tenets of economic reform in the last ten years has been the opening up the national economy to international competition through more openness in trade and in capital flows. The other, and related, key tenet has been the rolling back of the state in major areas of economic and social activity. While the early zeal of globalizers and economic reformers has been curtailed somewhat in the last few years as the result of the financial crises of the late 1990s, and the realization from experience that what is needed is not “downsizing” but “rightsizing” of the state, these two tenets still define the thrust of what “economic reform” means in many developing countries, including in India.

How have globalization and economic reform played themselves out over the last ten years? There has been a furious debate on this question. The perspectives used in the debates have ranged from broadly ideological and theoretical (e.g. “markets versus state”), through the macro level empirical (e.g. “does trade openness lead to growth?”), to the micro level perspectives of poor households and individuals gaining or losing from the global and national level processes (e.g. “exporting creates jobs but increases vulnerability”). The perspective of this paper is to consider the consequences of globalization and economic reform as seen from the ground level. In particular, we view these global and national phenomena through the lens of the experiences and activities of the Self Employed Women’s Association (SEWA) in India.

The plan of the paper is as follows. Section 2 elaborates three key features of globalization and economic reform that are relevant for our discussion, as a way of structuring subsequent discourse. Section 3 provides some background to the philosophy and operations of SEWA. Section 4, the core of the paper, provides the ground level perspective in the context of some specific sectors that SEWA is

involved in. Section 5 concludes the paper by drawing the lessons of SEWA's experiences for the globalization and economic reform debate.

## **2. Three Features of Globalization and Economic Reform**

As noted above, the words "globalization" and "economic reform" are in danger of losing their analytical cutting power because of their wide ranging use and interpretation. For example, a recent World Bank (2001) report on Globalization, while highlighting the conventional "trade and investment" aspects of globalization, also says, "The terrorist attacks on the United States on September 11 were one aspect of globalization," and "The spread of AIDS is part of globalization." At the same time, the "economic reform" moves to more market oriented economies within countries, and rolling back the role of government and privatizing activities previously in the public sector, is seen by some as also being part and parcel of "globalization".

Moreover, it is argued that this is not the first phase of globalization in the world, nor even the most intense. By some measures, trade and capital flows were more integrated at the end of the last phase, which lasted from the late 19<sup>th</sup> century to the First World War. In this view, the interwar and immediate post second world war period may well have been an aberration on the long march to global integration. We wish to cut through these definitional issues and focus on three salient features of economic developments in the last two decades that are directly relevant to the poor unskilled women who are members of SEWA-- technical change which is biased in favor of capital and skilled labor; increased vulnerability and exposure to economic risks; and a shift of economic power towards more mobile factors of production.

As an introduction to the first of these features, consider the great debate among US analysts on the causes of the widening gap between returns to skilled and unskilled labor in the US that started in the mid 1970s and has continued to today. This widening is in sharp contrast to a narrowing of the wage gap over three decades following the Second World War. The debate has raged between "trade" versus "technology" explanations of this widening. Standard economic theory predicts that when an economy opens up to trade, the wages of its abundant factor will be bid up relative to the less abundant factor. Thus, it is argued, if more trade opens up between developed (skill abundant) countries and less developed (unskilled labor abundant) countries, then as a result the gap between skilled and unskilled labor should widen in rich countries and narrow in poor countries. In fact, the latter effect is part of the rationale why some urge developing countries to "globalize".

There have been several critiques of this "trade" based view. Firstly, in many developing countries, the wage gap between skilled and unskilled labor has widened, not narrowed. Secondly, it is argued that even if the trade effect is present, it cannot possibly, in simple quantitative terms, explain the full extent of the widening wage

gap in the US—one commentator has proposed a rule of thumb of “25 percent trade, 75 percent technology”. One possible way of combining these two critiques is to give prominence to a global tendency for the returns to skilled labor to increase because of the nature of technical progress in developed countries, and its spillover effects on skilled wages in poor countries through trade and through mobility of skilled labor. For example, the wages of computer programmers in Bangalore, although much lower than those in Silicon Valley, will nevertheless rise with skilled wages in Silicon Valley (the two are linked by skilled labor migration and by trade in services), contributing to the widening gap between skilled and unskilled wages in India. This is in addition to the effects of country specific technical progress in India itself. Thus we come to what for us is a key consequence of the global forces and national forces of the last two decades—increases in the wages of skilled labor relative to unskilled labor, primarily as the result of technological change, rapidly transmitted through trade and openness.

The second feature of the last twenty years that we wish to highlight is the greater vulnerability of national economies, and components of national economies, to the vagaries of global trade and financial flows. Starting with trade, the standard economic analysis of the gains from trade is well developed and establishes that opening up an economy leads to overall gains in efficiency, even though there may be distributional consequences as some people lose out. However, opening up an economy subjects domestic conditions to global fluctuations in terms of trade and demand for products. The greater efficiency may be purchased at the price of greater risk and vulnerability. In particular, those dependent on their livelihood from selling in global markets or working for those who sell in global markets, even those who gain on average from opening up, may find themselves vulnerable to sharp downturns in demand for their product and their labor, because of global forces beyond their control. To the openness in trade should be added the greater volatility of the global and national economies as the result of capital flows. Whatever the efficiency gains of freer capital movement, the vulnerability side has become all too clear in the last two decades. Liberalization of domestic markets can also, alongside any efficiency gains, produce greater volatility in product and labor markets that impinge directly on unskilled workers.

The third feature we wish to emphasize, has become a great bone of contention between what one of the authors (Kanbur, 2001) has called the “finance ministry tendency” and the “civil society tendency.” Mainstream economics, which undergirds the thinking of the finance ministry tendency, instinctively builds its policy analysis on a basically competitive view of the world, in which no participant in any market has power over any other participant. Many of the policy prescriptions, for example the advice to developing countries to reduce their import tariffs, are based on such “perfect competition” analysis. It can be readily demonstrated that once we depart from this “first best” world, and especially if markets have elements of monopoly power in them, then the standard prescriptions no longer hold. In particular, the presence of market power should make us less sanguine about the distributional

consequences of moving to a market oriented economy. Characteristically, there are two interpretations of what the process of greater global trade and capital flows might do to market power. The finance ministry view tends to be that such opening up reduces concentrations of power at the national level—since all participants are now part of a much bigger global market, they are smaller relative to the total market than they were. The civil society view is that, quite to the contrary, allowing capital and skilled labor (but not unskilled labor) to be more mobile increase their relative bargaining power at the national level, vis a vis other market players but also vis a vis governments. It should not then be surprising that net returns to factors diverge, as governments compete on different dimensions to attract and keep capital and skilled labor.

One of the constant complaints against the managers of the global and national economic systems is that they rarely look down from the global level to see the consequences of global forces for people at the ground level, unless of course these people take to the streets in acts of civil disobedience. But clearly the global forces do have local consequences, especially for the poor who are our main concern. Some of these are consequences are good for the poor, and some of these are bad. In this paper we do not wish to argue that the global forces identified above are always and everywhere “evil”, as some would have us believe. But a clear eyed analysis of the chains of causation from the global to the local level, rooted in the actual experience of people on the ground, is needed to inform and alert policy makers and the organizations of the poor to the possible negative effects, and to develop strategies to counteract these effects.

In the rest of the paper we will follow through the consequences of the three key features of globalization—a lagging behind of the productivity and wages of the unskilled as a result of global and national technical progress; an increased vulnerability and insecurity in the new market and trade oriented world, despite significant benefits of these same trends; and a decrease in bargaining power of unskilled workers as a result of the greater mobility of capital and skilled labor. These ground level impacts will be framed and illustrated in the context of the work of SEWA in India. The observations in this paper are based on a number of different sources. Some are research studies conducted directly by SEWA while others rely on secondary sources. However, in many cases we have relied on the feedback from SEWA members that are expressed in various SEWA meetings, in observations of SEWA leaders and organizers and in experiences of individual women. We begin a discussion of these experiences with a brief introduction to SEWA.

### **3. Background to SEWA**

SEWA is a trade union of poor, self-employed women workers. Its roots lie in the organizing of Gujarat textile workers in parallel with the Indian independence movement. SEWA emerged from this base in textile worker’s unions, with an initial

focus was on organizing marginalized self-employed urban women engaged in such trades as street vendors, rag pickers, head loaders, etc. to give them a voice to address their plight. It now has an all-India membership of around 419 000 women. In Gujarat, two-thirds of it's over 284,000 members are from the rural areas. SEWA is now working in five other states in India.

SEWA is primarily a movement of self-employed women workers, a confluence of three movements – the labor movement, cooperative movement and women's movement based on a Gandhian philosophy. Through this women become strong and visible and their tremendous economic and social contributions are recognized. SEWA's main strength lies in building the capacity of illiterate and barely literate women to manage their own activities. A large part of the SEWA staff are recruited and promoted from amongst the members and SEWA is developing its cadre of barefoot professionals, such as barefoot managers, lawyers, engineers, doctors, researchers, who become 'illiterate professionals' by virtue of the practical experience which they gain and the focused capacity building inputs which are provided by SEWA. These members and grassroots organizers constitute the spearhead teams which are formed for each activity and which take the lead in providing direct assistance to members at the village level. They also play a key role in promoting activities in new villages and mobilizing and organizing women to participate. Through this mechanism sustainability and capacity for replication are in-built into the SEWA's organizational structure.

SEWA's philosophy embraces a holistic approach to development – it believes that multiple inputs and interventions are essential for women to emerge from poverty, vulnerability and years of deprivation. SEWA's integrated approach to poverty alleviation comprises: (a) organizing for collective strength; (b) capital formation through access to financial services; (c) capacity building and (d) social security, (essentially health care, childcare, shelter and insurance) to enhance women's productivity and to ensure that sudden crises are not a drain on their fragile household economies. SEWA's two main goals are (i) full employment meaning employment which ensures work security, income security, food security and social security and (ii) self-reliance by which SEWA means that women should be autonomous and self-reliant, individually and collectively, both economically and in terms of their decision-making ability.

As a member-based organization, its activities are driven by the needs and demands of its members. A wide range of activities are being implemented covering savings and credit groups, micro-insurance, watershed development, dairy cooperatives and fodder security, agricultural development, forest plantation, drinking water, craft production, salt production and gum collection, health care, child care, functional literacy, mobile ration vans, training and research. Member education in the philosophy of SEWA and basic leadership are provided to all members.

These activities are implemented by the members through a number of different institutions established by SEWA including a total of 86 cooperatives (dairy, fodder, grain banks, plantation, ration shops, etc.), of which the largest is SEWA Bank, village committees for integrated watershed development, water users groups for management and operation of village tanks and ponds and piped water supply schemes, handicraft associations; urban community slum organizations, and health workers and child care workers cooperatives. This reflects SEWA's aim to decentralize decision-making powers, including financial responsibility, to the individual institutions and to make members and their organizations self-reliant.

After this brief background on SEWA's philosophy and its operations, we turn to a specific discussion of SEWA's experiences with the consequences of globalization and economic reform in a number of selected sectors.

#### **4. SEWA's Experience**

##### **a. The Construction Sector**

SEWA has 13,000 members in the construction sector, most of them in Ahmedabad City. These women are mainly 'unskilled' construction workers, working as casual labor. A study conducted by SEWA Academy in 1999 (SEWA, 1999), found the following:

- Women were engaged in mainly unskilled work. 92% carrying loads of cement, bricks, concrete etc. The rest in semi-skilled work like plastering or concrete mixing. In comparison, 36.8% of men were engaged load carrying, the rest being in semi-skilled or skilled work, like masonry, tile laying, centering etc.
- 64% of the women and 60% of the men said that they were 'traditionally' construction workers, i.e. their families did this work before them. Many of them had become construction workers after migrating to the city from the rural areas. The rest joined this work because of losing work in other jobs.
- 93.6% of the women and 97.6% of the men said they were casual laborers, they were engaged on a daily basis from sites where laborers stood every morning and were hired by contractors.
- There were considerable differences between the average earnings of men and women, reflecting their difference in skill levels. The average earnings of women were Rs. 60 per day as compared to Rs. 128 for the men.
- 88.8% of the women and 74.4% of the men said that they had physical problems connected with their work; and 51% of the women and 13% of the men said that they had suffered accidents in the course of their work.

Interviews conducted for the study identified pressure on employment as a key feature of the previous decade in this sector. Here is how the issue appears to Madhuben Maganbhai, a 35-year-old construction worker, in her own words:

“I started at the age of fifteen and first carried loads of concrete on my head. Then I learnt to carry 12 bricks at a time. Later, I learnt to lay concrete and then do plastering. When I first started working we were attached to a contractor and would get work everyday. We only had one holiday on amavas (*no-moon day*). However, in the last ten-twelve years, the numbers of workers increased with the closure of the textile mills and the printing factories. Then workers started competing with each other, and we no longer had regular work. We all had to stand at the kadiya-naka (*roadside site for construction workers*) and contractors come and hire us by the day. Still, I used to get about 20 days of work a month. However, over the last five years things have become especially bad. I hardly get 6 to 7 days work a month. This is the situation with all of us who stand at the kadiya naka. Why? I don't know why. The work seems to have decreased overall. Some say it is due to recession. Other say it is due to new machines, which have come in. In some of the bigger sites now, I have seen that all digging is done by machines, and even carrying bricks that we used to do, is now done by machines, and in some sites whole walls are made elsewhere and brought to the site.”

Madhuben clearly identifies technological change as one of the factors affecting her work prospects. This matches many of the institutional trends that we see in this sector in the wake of globalization and economic reform. Under the prevailing WTO regime, the essential requirement of global tendering has facilitated the entry of many multinational corporations on to the Indian construction scene in a big way. The presence of these companies is increasingly visible in many infrastructure development projects being undertaken under government funding as well as under bilateral/multilateral assistance arrangements. Major foreign companies which have already arrived are: Bechtel (USA), Hyundai (Japan), Mitsui (Japan), Obayshi (Japan), Savdesa (Sweden) and Traffel House (UK). Many world leaders in construction have already arrived staking claim on projects for building of petrochemical plants, refineries, factories, roads, bridges and metro rail projects. Highly technology-smart and equipped with the latest machinery and construction methods, the entry of these companies is beginning to have far reaching implications for the domestic construction industry as well as labor.

The trend towards mechanization with the entry of international firms has been responded to by the Indian Government—by helping the domestic industry to mechanize as well. The Government of India, along with leaders in the construction industry, has set up a new organization called Construction Industry Development Council. One of its major tasks is to help the Indian industry enter the era of global tendering. In the post liberalization period, Indian construction industry is witnessing many structural changes that are going to radically transform the business as well as the construction labor market. With increased mechanization, there would be massive displacement of labor in nearly all construction operations. Clearly, women construction workers are going to be worst affected by this emerging scenario of increasing privatization and mechanization. Female labor might be completely

eliminated from the main operations in which they have been traditionally deployed, namely, soil digging and carrying, carrying inputs in concrete mixing and placing, concrete curing and brick carrying. Although data on labor deployment on construction sites using modern construction methods is not available, it seems that the overall deployment of labor could become 1/50th to 1/5th of the earlier numbers (see Table 1).

In light of this intensifying (un) employment situation in the construction sector, alongside the traditional problems of poor working conditions, SEWA's response has been multidimensional, but with two main elements—specific programs to help their members, and organization to increase their voice in policy and regulation.

Addressing the problem of lack of unskilled work requires training SEWA's members in new skills. While standard construction work is decreasing on the one hand, there is growth in other types of construction on the other, from large-scale infrastructure projects to urban housing to rural semi-permanent huts. The Government has been encouraging low-cost housing. Given the growth of the sector, many new products are coming into the market. As an example, SEWA approached a prominent cement company and a local builder to help the women get better skills. The first training taken up was in masonry, where the women trainees had to face a great deal of ridicule—who had ever heard of women masons! However, after the training, about one-third of the trainees improved their earnings from Rs. 60 to Rs. 130 per day. After that a large number of women wanted to take the training and this is an on-going activity, ranging across other construction skills as well.

But training is not enough. What is also needed is to influence the councils of policymaking and regulation that make decisions that affect the daily lives of poor women. In this regard, SEWA's first action was to organize the workers, make them members and enlist their demands. These demands included: the issuance of identity cards and attendance cards for construction workers, key documents for accessing local public services; insurance coverage and payment of medical expenses; and payment of minimum wages. As a result of broad based pressure, the Government of India has passed the Construction Workers Protection and Welfare Act (1996). However, the Government of Gujarat has not yet implemented this Act. The main demand of SEWA in Gujarat was that the Government of Gujarat implement the Construction Workers Act. Thus construction workers now do have some voice through SEWA. However, the major decisions to deal with globalization are not made in Ahmedabad, but in New Delhi. SEWA has now become a member of the Construction Industry Development Council and through this channel among others, is making the needs of the workers felt at the level of Government policy.

**Table 1**  
**Major Construction Equipment/Accessories being Factory-produced**

<b>Equipment/Accessories</b>	<b>Impact on Labor</b>
Excavators	Reduction to 1/20th of present workforce
Ready-mix concrete (RMC) plants	Reduction to 1/20th of present workforce
Concrete pumping machines	Reduction to 1/10th of present workforce
Chemical concrete curing	Reduction to 1/5th of present workforce
Bar-bending machines	Reduction to 1/5th of present workforce
Steel structures with high tension bolts	Reduction to 1/10th of present workforce
Wall panels (made from flyash-based cement)	Reduction to 1/10th of present workforce
Pre-fabricated segments	Reduction to 1/10th to 1/5th present workforce
Complete pre-fabricated steel structures	Reduction to 1/20th of present workforce
High-strength concrete ASC slabs of different sizes (made from flyash-based cement)	Reduction to 1/20th of present workforce
Auto-dov wall panels using flyash cement (aerated, light weight -half of a mud brick weight, low cost and high heat isolation property; most useful in earthquake prone regions)	Reduction to 1/20th of present workforce
Pre-engineered buildings	Reduction to 1/50th of present workforce

Source: Information collected from industry sources for CIDC.

## **b. The Garment Industry**

In the wake of liberalization, during the 1990s the garment sector in Ahmedabad grew rapidly: output grew by 18 per cent and retail trade grew by 12 per cent (Singh 1999). A recent study of over 100 small factories and workshops found that well over half were less than five years old and over one third were less than two years old (Ibid). Because the garment industry in Ahmedabad is fast growing and changing it is difficult to capture in official statistics or otherwise. To begin with, the garment labor market is highly segmented by product, market, location of work, employment status, and, across or within each of these niches, by gender. Second, many garment workers work not in factories but are home based - both own-account and sub-contract - and are not adequately captured in official statistics (SEWA, 1998). Third, the garment sector is highly volatile, experiencing rapid changes in the domestic market and rapid (but fluctuating) expansion of the export market.

A SEWA survey found that 50 per cent of workers in all registered firms did not have written contracts and about 10 per cent did not receive any benefits. Another study found that many large factories hire workers on both a piece rate basis (whereby wages vary according to output) and a time rate basis (whereby wages are fixed by the week or month). This study also found that women are typically hired on a piece rate basis, whether or not they are permanent workers and whether they stitch or do ancillary tasks (Unni et al 1999).

Small factories and workshops tend to hire workers without written contracts and below minimum wages (Kantor 2000). One recent study found that only 34 per cent of female workers and 40 per cent of male workers in small garment workshops are paid a regular monthly salary. The rest are paid by the day or piece, depending on their output (Unni et al 1999). Moreover, workers typically do not get worker benefits such as paid leave, severance notice, or bonuses. Only 15 per cent receive employer contributions to a pension or provident fund; only about 5 per cent are covered by accident insurance. Sub-contract workers are paid per piece or per dozen pieces produced. The rate per dozen pieces varies by the type of garment. Whatever the item, dependent home-based garment makers earn only a small percentage of the selling price - as low as 2 to 5 per cent - while the employer-trader (the *seth*) and his contractor (if any) earn a far higher percentage - as high as 40 per cent (Singh 1999).

Most workers - both dependent and independent - experience fluctuating earnings and income. What a person earns is not just a function of her wages but also of the number of days she gets work. There are seasonal fluctuations in the garment industry. The season when most festivals and weddings take place - from September to February - is the peak season for garment production. During the peak season, the volume production that is "put out" to small manufacturing units and home-based producers increases to help meet demand. During the other six months of the year - March through August - the volume of sub-contracting declines. During those

months, if they do not get or expect work orders, some dependent producers shift to other occupations: for instance, rolling bidis or incense sticks.

The products in the market have been changing rapidly. A decade ago, women were making mainly petticoats and children's wear for the local market. Now, the demand is for more sophisticated items in the national and international market, which they do not know how to stitch. Earlier, cotton cloth was the main raw material, but now there is a variety of synthetic materials including satin and velvet. These materials do not stitch well on the older sewing machines owned by the women. Most women have the simplest types of sewing machines, and although many women have fitted these machines with motors, they still remain low in productivity. They would like to move to the next level of sewing machines, but cannot afford the capital to do so. In addition, many types of work, which used to be done by hand such as making buttonholes and hemming, now are done by machines, or by add-ons to existing machines.

One of the major problems of the garment workers is the lack of capital to expand their business if they are self-employed, or to upgrade the quality of their sewing machines. The SEWA Bank has a special emphasis on asset creation, on buying new machines. Every month about 300 garment workers take loans from SEWA Bank ranging from Rs 5000 to Rs. 25,000. But many are unable to afford them. Also, some women claim that when they bought the special add-ons they were able to earn well, but soon the market changed and they were left to repay the loan with greatly reduced income from the machine.

SEWA's efforts on behalf of its members in the garment industry have been directed to increasing their access to employment opportunities, to capital, to skills and to markets. For example, while there has been a growth of small factories of all types including garment factories in Ahmedabad city, there does not exist any system by which workers can get to know of vacancies or opportunities in these factories, or for the factory owners to find good workers. The existing Employment exchanges only cater to formal sector jobs. SEWA has set up its own employment center, where SEWA members register themselves, their qualifications and skills and the kind of the work they are willing to do. The Center keeps in touch with potential employers through direct visits and through other forums such as the Chamber of Commerce, and attempts to place workers as well as negotiate a good wage and working conditions for them. About 150 workers are placed every month.

Most garment workers can only stitch one type of garment and so as the market changes they lose work. SEWA has been running classes where workers learn to stitch 25 different types of garments, which are most popular in the market. The courses are part-time for three months and about 100 workers are trained at one time. The women say that learning these new skills has increased their work opportunities by about 50%. Moreover, SEWA members are generally at the low end of the scale of products. The Government has set up a number of institutes of fashion technology to

promote the garment industry and exports, and there are many private institutes also training people in fashion and designs. SEWA has an agreement with the most prominent such institute—the National Institute of Fashion Technology, that they will accept about 50 SEWA members for training every year. The skills taught in this institute enable the workers to enter the market directly, or to work for exporters.

A final example is the SEWA Trade Facilitation Center (STFC). A significant number of SEWA members are embroidery workers, mainly in rural areas. In the last ten years they have been hit by repeated disasters such as drought and cyclone and at these times embroidery is the only livelihood they can sustain. The objectives of STFC are to link artisan rural micro-enterprises with the national, international, global and virtual marketplace, thereby offering access to both domestic and external trade opportunities and increased sustainable employment opportunities for the disaster-affected poor artisans. In order to achieve its goals, STFC uses the latest management tools and information technology to realize the true potential of the products produced by the artisans and to connect them with the targeted market arenas and segments globally. In its brief one and half year period it helped to realize an annual growth of 62 percent in overall sales and 311 percent growth in exports in 2001 over the preceding year. The plan is that in five years it the STFC, which is incorporated as a company, will have developed into a profitable institution, which is totally dedicated to assisting the poorest women to market their own products locally, nationally, regionally and internationally. This unique business model for poverty alleviation operates via a unique principle whereby the majority of shareholders are the disaster-affected artisans themselves.

### **c. The Forestry Sector**

About 90% of India's 64 million hectares of forests are under state ownership; the rest are community and private forests. Altogether there are an estimated 100 million forest dwellers in the country living in and around forests and another 275 million for whom forests constitute an important source of livelihood support. Women's economic dependence on forests extends far beyond their involvement as wage labor in forestry operations and forest based industry. Women interact with forests at multiple levels and this complex relationship needs to be understood in its entirety before any effort is made to trace the impact of macro-economic and policy changes on their lives and livelihood (Nanavati, 1996).

A large number of SEWA members earn their livelihood from the forests. For example, in the drought-prone villages of Banaskantha, Gujarat, gum is a product collected from the trunks of babul (*prophis julifera*) trees. It is used as an input into a variety of manufacturing processes such as glues, dyes, firecrackers and certain eatables. Due to lack of irrigation, the agriculture in this area is very meager and most people pick gum as a means of supplementing their livelihood, often it is the only source of livelihood. According to a survey done by SEWA in 1997:

- 92% of the women said that gum collection was their main occupation
- 68% of families earn Rs.500 or less and 25% earn Rs. 500-Rs.1000 per month
- 77% of the children help their parents; most do not go to school.
- 38% of the women and their families have to migrate to other districts during the summer in search of work.
- 70% of the families have mortgaged their land.

SEWA's actions in the Forestry sector confound any simple characterization of its general stance as pro or anti market, or pro or anti state. It is well recognized that state intervention in the forestry sector in India has been pervasive and government policies have had a decisive influence on the management and health of forests in the country. A number of studies (e.g. Bajaj, 1994) have established that these policies have been detrimental in their economic, environmental and distributional effects and made the case for a smaller and more focused government presence in the forestry sector.

In the last decade, the sector has seen a number of changes in the wake of the economic reform process. The most salient change has been the lowering of import barriers for wood and wood products. Timber in log or sawn form and pulp have been included under Open General License and private entrepreneurs can now import. There has been a quantum jump in the import of timber with imported quantities reaching about 50% of recorded timber production from forests land. An estimated 50% of pulp consumption is also currently imported. The liberalization of imports has helped to conserve forest resources among other benefits.

Overall, SEWA would argue that the impact of the reforms on forest based communities and particularly women has been positive, although the import of pulp has adversely affected some farmers who had undertaken block plantation of eucalyptus and other such species. International participation and influence on forest management has been positive to the extent that greater stakeholder participation and community-based management are now widely accepted within the forest bureaucracy. With the institutionalization of Joint Forest Management a great conceptual breakthrough has been made in sharing ownership with local communities. However, JFM covers only a miniscule proportion of the country's forest and even here the literature suggests that women's interests may have been adversely impacted upon in the initial stages.

In SEWA's view, by far the greatest failing of the reform process, and that too impacting most on women collectors, is that of the continued state control and monopoly of the non-timber forest produce (NTFP) trade, across different states in the country. Gum collection by SEWA members is a leading example of this phenomenon. Almost all of the important NTFPs are nationalized and can be sold only to government agencies. Most state Forest Development Corporations are defunct agencies confronted with mounting liabilities. Huge and redundant manpower and capital enhance operating costs and huge mark-ups are needed to break-even. Very often subcontractors are deployed and the collectors' margins further squeezed. The

extensive literature on the subject almost unanimously points towards decontrolling the trade and reducing the government role in it (Bajaj 2001).

In response, SEWA organized the gum collecting women into groups, which got licenses from the forest department to collect gum (SEWA, 2000). Due to the forest laws, the groups were not allowed to sell the gum in the market but had to sell it to the forest department at prices determined by the latter. The forest department began reducing its price from Rs. 12 per kilo to Rs. 10 and in one year even as low as Rs. 6, further impoverishing an already impoverished community. One of the reasons cited for this decrease of prices, was a large-scale import of gum from Sudan. However, the prices in the market were much higher than forest department prices, remaining around Rs. 20 to Rs 26. SEWA began a dialogue with the Government asking for special permission to sell gum directly in the market. This permission was reluctantly granted for a year, during which the earnings of the women went up considerably. However, the permission has not been renewed. Meanwhile SEWA is exploring ways of processing the gum in the villages. At the same time, SEWA is working with the agriculture university to upgrade the quality of the trees and make them more productive.

With annual production of over 2.5 million standard bags (each bag containing 1000 bundles of 50 leaves each), Madhya Pradesh is one of the largest producers of *tendu* leaf in the country. The state has a system whereby the leaves are collected by collector co-operatives set up by the Government. More than 3 million workers are involved in the *tendu* leaf collection. The entire family gets up at four in the morning and walks five to six kilometers in forest for the collection of *tendu patta*. They come back by noon and then make bundles from leaves and deposit it at *fudh* by four in the evening. For 100 bundles (one bundle consists of 50 leaves) they get Rs 40.

In both Gujarat and Madhya Pradesh SEWA has helped the women to form collector groups and sell to the forest department. In Madhya Pradesh SEWA found that the cooperatives were in name only. The *tendu*-pluckers have nothing to do with the governance of the *tendu* business. The business is clearly run by the forest department hierarchy. *Tendu*-pluckers who are supposedly the 'members' of primary societies have not been issued membership certificates even after a decade. For all practical purposes, the *tendu* pluckers who are supposed to be members of co-operatives are treated as casual workers. In fact, many forest department officials don't even know what a co-operative is and how it should be run. They think they are providing employment to *tendu* pluckers for which they should be grateful to them. In response, SEWA's campaigns have focuses on empowering the *tendu* pickers to organize and claim their rights via a vis the forestry department, including the right to sell to private traders.

#### **d. Insurance**

SEWA's poor women members have always faced tremendous vulnerabilities in their lives—the risks of accidents and illness, fire and theft, and periodic unemployment and loss of income through the vagaries of product and labor markets. As documented in the previous sections, this last factor has increased in the last decade of liberalization. SEWA found that poor women want support to tackle as many risks as possible at a time, thereby reducing their vulnerability, and that they are willing to pay premiums for insurance. In 1992, SEWA set up its insurance programme, implemented by SEWA Bank. Women paid a small premium and in exchange were covered for death, hospitalization and asset loss. The premium had to be paid every year, so to simplify payment, SEWA Bank linked it with saving and the interest on a fixed deposit amount covered the premium.

In the early 1990's only the Public Sector firms were allowed in the insurance sector, and so the insurance schemes were worked with the public sector, Life Insurance Company and General Insurance Companies. It was very difficult working with these companies, because firstly, all the work of collecting premiums, convincing the women, identifying claims and following up with the insurance company was done by SEWA, at its own cost. Secondly, the insurance company rules and regulations required procedures that were very difficult for poor women with limited resources to comply with for example they were required to get a certificate from the Weather bureau about speed of winds, if their houses were destroyed by a storm. Third the companies were very slow in checking out claims, for example assessors would not reach the site of house damage by flood or riots till weeks afterwards. This slowness also resulted in the women going to moneylenders and into debt.

In the late 1990s the Indian Parliament passed an Act allowing private insurance companies into the sector. SEWA's stand was that a provision should be introduced into the Act, that a certain percentage of the insured of each insurance company should be from the informal sector and the poor, and this clause was indeed introduced into the Act. Once the Act was passed, SEWA was keen to launch its own insurance company in the form of a co-operative. However, it was not allowed to do so because the Act seemed to be only promoting very large companies. The minimum capital required to register a company under the Act was Rs. 100 crores for Life Insurance, and for general insurance. SEWA argued with the Government that an insurance company for the poor, did not require such a large capital base, and that Rs. 30 crores would guarantee the safety and stability of such a company. However, this argument is not being heard and so far only the very large companies are being allowed to enter the market.

Meanwhile SEWA has been building up its own insurance program for its members (Chatterjee, 2002). By 2001 over 92,000 people had been insured which included about 72,000 women and 20,000 men (husbands of SEWA members). Three packages are being offered to the members all of which include benefits for death, illness, asset loss and maternity. With privatisation, SEWA has been able to get better deals for its members, as there is more competition among the insurance companies.

As in the Forestry sector, therefore, SEWA's position on liberalization is a nuanced one. The support of state owned insurance companies to the poor was not great, and the privatization has allowed SEWA to get better deals for its members. However, the dream of starting its own insurance company is unfulfilled, as the regulatory framework in the newly privatized sector seems more suited to the needs of large insurance companies than to organizations of the poor. SEWA's needs greater representation and clout at the councils where these issues are discussed and decided, so that it can better make the case for the needs of its members.

## 5. Conclusion

What do we learn from SEWA's ground level perspective on the consequences of the global and national forces that go under the labels of "globalization" and "economic reform"? We draw the following five lessons:

- (i) The effects of globalization and economic reforms on poor women are highly differentiated and nuanced, so a blanket analysis or stance is not justified (Jhabvala, 1995). Some features of the economic reform process, such as reducing the role of the state in Forestry, and some consequences of greater openness, such as the easier access to international markets for poor women's products, are beneficial to poor women. But other features are not.
- (ii) Despite the benefits of globalization and economic reform, the three troubling features identified from first principles—relative decline in unskilled wages, increased risk and vulnerability, and a declining bargaining power of unskilled labor—are indeed seen in SEWA's ground level experience.
- (iii) Maximizing the benefits and minimizing the costs requires active management of the process of globalization and economic reform with the outcomes for poor in mind. A hands off policy is not an option. Strategies for management should be developed by listening to the experiences of the poor and to their representatives.
- (iv) Managing and mitigating the negative consequences of liberalization will require direct interventions to enhance the skills of the poor, and to develop insurance tools to manage the risks they face. These interventions need to combine government action and action by organizations of the poor.
- (v) The poor, and especially unskilled poor women, need organization to counteract the growing economic power of capital and skilled labor as a result of their greater national and global mobility. Organization is also the sine qua non for

representation of the interests of poor women in local, national and global policy making councils, a point also emphasized in World Bank (2000). Public policy can help by developing an enabling legal and regulatory environment in which membership based organizations of the poor can represent their interests and provide them with services they need.

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