

Working class woes in India's slum economy

In the third of a four-part series, Mint tells the story of women workers in India's unorganized garment manufacturing sector



LEARN Mahila Kamgar Sanghatana (LMKS) members at their Dharavi office in Mumbai. LMKS, a union of women working in the informal sector, is a unique initiative in Mumbai's slum economy that has for the first time sought to give voice to informal workers. Photo: Abhijit Bhatlekar/Mint

Mumbai: After working for more than a decade in the garment industry, Baby Misal found herself unemployed two years ago. The 50-year-old had been working out of home, providing the final touches to garments produced at a micro-factory near her home in Santosh Nagar—a slum in Mumbai's western suburbs—before they were shipped abroad.

As the garment industry, one of India's largest employers, experienced a boom in the first half of the 2000s and garment manufacturers sought out small units to which they could outsource orders, slums like Santosh Nagar became a magnet for micro-entrepreneurs.

The small rickety sheds in which they based their units lowered costs and helped garment producers operate below the radar of official agencies, allowing them to avoid paying fees and bribes to government officials. Santosh Nagar also provided a ready stream of casual workers, many of them women, willing to work for a pittance.

Misal, like most other garment workers, never had a regular income, but was paid on a so-called piece rate basis. Sewing shirt buttons and removing loose threads from a garment would fetch her only a few paise per shirt, but on a good day she could work through nearly 200

shirts, often with help from her daughters, Misal recalls.

About six-seven years ago, she would receive as little as 25 paise per piece, but it would still add up to `50 at the end of a hard day's work, a valuable addition to the income of her husband, who earned a daily wage of `100 at a petrol pump. Since then, piece rates have risen to 40-50 paise, but there are fewer pieces to work on, and weeks pass by without any work.

"It is not just me; almost every other woman in Santosh Nagar, most of my neighbours, worked for one or the other garment factories here," said Misal. "Many factories have shut down and there is very little work you get nowadays."

The rise and wane of Santosh Nagar over the past decade mirrors the rise and decline of India's unorganized manufacturing sector, which provides employment to seven out of 10 manufacturing workers in the country. After adding a net 12.6 million new jobs between 1993-94 and 2004-05, the sector added only a million new jobs between 2004-05 and 2011-12, according to estimates by **Jayan Jose Thomas**, a labour economist who teaches at the Indian Institute of Technology (IIT), Delhi.

Women, who gained substantially during the manufacturing upswing till the mid-2000s, were the biggest losers in the downturn. Some 83% of the 3.7 million workers who lost manufacturing jobs between 2004-05 and 2009-10 were women. Most were temporary or contract workers in the unorganized sector.

Hopes belied

Unlike other fast-growing Asian economies that drew more women into the workforce as they industrialized, India has faltered in raising the share of manufacturing output and employment even while sustaining high rates of growth in its gross domestic product.

The early 2000s provided a brief ray of hope when export-oriented manufacturing sectors such as garments and textiles added millions of new jobs, many of which went to women workers. However, the gains in manufacturing were lost in the subsequent years owing to the lack of favourable domestic industrial policies, and the great financial crash of 2008 that slowed the global economy.

An overvalued currency, chronic power shortages, delays in key clearances and the lack of reforms in India's archaic labour laws created a manufacturing crisis from which the economy is yet to recover.

India's manufacturing sector is expected to contract 0.2% in fiscal 2014 after growing 1.1% in fiscal 2013, according to the Central Statistics Office. After years of decline, the garment industry has seen a turnaround this fiscal year on the back of a weakened rupee.

But it is still too early to say that the industry has recovered, said **Rahul Mehta**, president of the Clothing Manufacturers Association of India.

The volatility in manufacturing employment over the past decade is also a consequence of the growing share of temporary workers—who could

be hired and fired easily—in India's manufacturing workforce, said Thomas of IIT-Delhi.

The need to compete with low-cost competitors such as Bangladesh and the Philippines has driven garment producers to rely largely on sub-contracting and informal work arrangements that have increased flexibility and lowered risks for employers at the expense of employees.

The dominance of small informal units is not unique to the garment sector alone, though. Partly because of a legacy of reservations for the small-scale sector, and partly because of the need to avoid cumbersome regulations and labour laws, most manufacturing units in India prefer to stay small.

"More than labour laws, it is the venal inspectorate that makes life hell for factory owners, who have to bribe scores of officers to run their businesses," said **Rama Kiran**, a lecturer at Mumbai-based KJ Somaiya College, who surveyed 157 garment units for her doctoral thesis on the garment industry. In the case of export-oriented units, compliance norms are even higher and they act as the biggest deterrent to growth, Kiran added.

Rising costs have also hurt manufacturers.

"It is only by operating in *jhuggis* (slums) such as Santosh Nagar that we are able to survive," said **Nand Kishore Agarwal**, the owner of the micro-factory that employed Misal, and the only factory owner in Santosh Nagar who agreed to speak on record. "We can't afford the rental and other overhead costs that we would have to bear in an industrial estate."

"I have been in this business for nearly 15 years, and the past four-five years is the worst phase I have seen," said Agarwal. "Earlier, I had 9-10 workers working for me. I can afford to employ only four-five workers now."

Slum economy

The problem with garment workers is that they do not acquire any skills even after spending long years in the industry, said Kiran. Employees do not exhibit job loyalty to a particular firm, even if they remain in the industry for long, and employers shy away from investing in training them because they fear that the time and costs involved in training employees will be wasted.

The informal nature of the manufacturing economy hurts both the quantity and quality of employment, economists say. "While industry is creating jobs, too many such jobs are low-productivity non-contractual jobs in the unorganized sector, offering low incomes, little protection, and no benefits," the 2013 economic survey of the Union finance ministry said.

Women workers bear the brunt of "informalization" because they occupy low-end jobs at the bottom of the pyramid. Home-based workers are often employed on exploitative terms, and those on the shop floor have to constantly guard against harassment by supervisors. Women also tend to lose out when they are unwilling to work late-night shifts unlike their male counterparts.

The preference for women in low-end jobs arises out of gender bias, according to Kiran. "The general impression among employers is that women are easy to control," said Kiran. "It is also gender bias that leads employers to overlook women for skilled jobs."

The absence of formal contracts and the lack of organization make women workers particularly vulnerable in the garment industry, said **Sharit Bhowmik**, professor of labour studies at the Tata Institute of Social Sciences.

Bhowmik launched a non-governmental organization (NGO), Labour Education and Research Network (LEARN), in the late 1990s to provide training and research assistance to labour organizations working in the informal sector only to find that there were very few such organizations.

That experience led Bhowmik to help set up the LEARN Mahila Kamgar Sanghatana (LMKS), a union of women working in the informal economy, in the mid-2000s.

Based in Dharavi, one of Mumbai's—and Asia's—largest slums, where nearly 100,000 people produce goods and services worth an estimated \$1 billion each year, LMKS has roughly 1,200 garment workers in its ranks today. Affiliated to the award-winning NGO, Self Employed Women's Association, LMKS is a unique initiative in Mumbai's slum economy that has for the first time sought to give voice to informal workers.

Most women who work on the shop floor do not have a defined profile, and do multiple low-end jobs. It is only after the union came up that they started demanding that their employers define their job profile and do not put additional workload on them, said Atma Devi, president of LMKS. Over the past five years, the union, staffed almost entirely by women, has intervened in scores of harassment cases.

"Some women, who are receptive to the advances of shop floor supervisors or workshop owners, do not approach the union," she said. "Others rebuke the offenders, and if that does not work, approach the union. Owners generally tend to apologize in such cases."

Working out of home

Most sub-contracted work is done by women based in their homes, and their challenges are different. The flexibility to work from home attracts many women who are unwilling to work on the shop floor, and middlemen exploit them by offering arbitrary rates, said Devi. LMKS has tried to break the middlemen's stranglehold and sought to establish direct links with employers.

"It has been very difficult to organize home-based workers since most do not consider themselves as workers at all," said Devi, a garment worker-turned activist. "Even I did not consider myself as a 'worker' before joining LEARN."

"Our biggest achievement has been to make people realize that we are workers, and we too have some rights," she said. "But we have miles to go. Even in Dharavi, we have many more workers to reach."

Although the garment industry is exploitative, many women without those jobs are worse off, said Bhowmik. "We also realize that many small-time entrepreneurs themselves earn very thin margins, and are hence unable to raise wages or improve working conditions. We are, therefore, trying to forge an alliance between garment workers, global consumer watchdogs that promote ethical practices, and small entrepreneurs against the exploitative middlemen in the global value chain," he said.

The lack of any labour standards means most workers depend on the benevolence of the employer for fair treatment, Kiran said. The smaller firms are in no position to adhere to labour laws, and survive only by escaping regulations. But even larger firms do not keep workers on their payroll. In general, workers do not receive any appointment letter, leave alone provident fund entitlements or maternity leave.

At Santosh Nagar, several garment units operated on the fly, and have vanished without a trace, leaving dues unpaid. The garment unit Ramila Devi used to work for shut shop quietly, without paying her several hundreds of rupees it owed her. Ramila Devi, who lives a few hundred metres away from Misal, had also arranged work for her neighbours in that unit; all of them are unemployed now.

Some of the former garment workers in Santosh Nagar have begun working as domestic maids in middle-class neighbourhoods bordering the slum. Some others are engaged in doing piece rate work for local handicraft making units or in similar ephemeral jobs, while the rest have turned full-time homemakers.

In a span of a few years, Santosh Nagar (literally, the city of contentment) has traversed the journey from boom to bust.