

Social Protection for Informal Workers: Insecurities, Instruments and Institutional Mechanisms

By

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1. Introduction

There is increasing awareness that the goal of development has to be social justice and not economic growth alone. To put it differently, economic growth is worthwhile only if it leads to social justice in the form of equitable distribution, reduction in poverty, reasonable incomes, meets basic securities such as health and education and promotes political, cultural and economic freedom.

Elson and Catagay (2000) point out the need to judge the soundness of macro economic policy not by market based criteria, but by desired social outcomes such as distributive justice, equity, freedom from poverty and discrimination, social exclusion and development of human capabilities. Standing (1999) proposes “a good society is a just society”. “A just society, and by implication a good labour market, requires policies and institutions that enhance self-control and basic security”. Distributive justice requires that everyone in society should have basic security and self-control (Standing, 2000). Basic security and control together is empowerment or the feeling of control. In Standing’s view, basic security for all includes freedom from mortality, freedom from fear, being in control of one’s development, sustainable self-respect, minimal income security - a “floor” to downside risk, and voice representation security. Self-control includes equal opportunity for occupational security.

In developing economies with a large informal segment in the labour force, the notion of social justice would require social protection measures to cover both basic needs and economic security. Poor quality of employment on a large scale would mean that economic growth would not cater to the needs of many workers. The original concept of social security that covered only contingencies is not sufficient.

This paper presents a broad definition of social protection to include both basic and economic security. A conceptual framework is put forward in which to analyse the causes of insecurities of informal workers, to identify the core needs of social protection, and to develop instruments and visualize the institutional mechanisms that can address those needs. The possible measurement of each type of security, the existing instruments and possible institutional mechanisms to deliver them are then discussed. The measurement of insecurity at the macro level is based on secondary data while at the micro level it is mainly based on a survey conducted in Gujarat.

1.1 Method

We conducted a People’s Security Survey in rural and urban areas in Gujarat State during the year 2000 for the International Labour Organization’s InFocus Programme on Socio-Economic Security. In an effort to capture poor workers in the informal economy the samples were chosen from the slums and *chawls* of urban Ahmedabad and in lower caste hamlets in five districts around Ahmedabad. The measurement of the various securities at the micro level presented in the paper is mainly based on this survey unless stated otherwise. A detailed description of the survey design etc. is presented in Unni and Rani (2001).

The sample consisted of a total of 1,236 workers, including 1,030 women and 206 men. and was stratified by four activity status groups, consisted of casual labourers, salaried, self-employed and piece-rated homeworkers in rural (625) and urban (611) areas, aged between 18 and 60 years. All the results presented in the paper are weighted to adjust for this stratification. In order to explore the alternative institutional mechanisms that could devise and deliver social protection instruments, a sample of 119 members of the Self-Employed Women’s Association (SEWA), an MBO that provides various social protection

instruments to its members, was included. This sample was not stratified, and membership in SEWA was included as a dummy variable in the model. Comparisons by gender and status are reported only if the differences are significant using a Chi-square test. The reference period for the study was 1999/2000.

A model was developed to assess the extent to which the structural features and random shocks affect the various types of insecurities of the sample population. Appropriate indices of insecurities were used as dependent variables. The indices of insecurity were defined as dichotomous variables, with the vulnerability situation being equal to 1 and the non-vulnerability situation equal to 0. This permitted use of the logistic regression model.¹

The independent variables in each model included structural features, such as characteristics of the individual (age, sex, years of education,² marital status, activity status dummy); characteristics of the household (household size, number of sources of household income, size of land owned) and a dummy for rural areas. The independent variable capturing random shocks is defined as the number of crises reported by the households.

2. Concept of social protection

The growth of the informal economy, particularly in developing countries, implies increasing income insecurity and vulnerability of the workers. It is our contention that the concept of social protection needs to be broadened to include economic security and not just social security for contingencies, or what is termed here as basic security. Dreze and Sen (1991) have developed a broader concept by distinguishing between two different aspects of social security called “protection” and “promotion”. Protection is concerned with preventing a decline in living standards in general and in the basic conditions of living. It is important in dealing with sudden economic crisis, famines and sharp recessions. Promotion is broader and includes eradication of problems that have survived for decades, such as poverty. The objective of promotional social security is “enhancing the normal living conditions and dealing with regular often persistent deprivation”.

Many terms are currently in use in different parts of the world and by different international agencies concerned with social protection for the poor. Some of the commonly used terms are social security, social insurance, social assistance, safety nets, social funds and social protection. These terms are broadly defined here before setting out the notion of social protection we shall use in this paper.

The International Labour Organisation (ILO) consolidated the notion of social security in 1952 with Convention No. 102 on Social Security (Minimum Standards). A comprehensive definition was proposed which included nine core contingencies leading to the cessation, or substantial reduction, of earnings which should be covered by social

¹ In the logistic regression model we estimate the odds ratio (exponential of coefficients) because the logistic coefficient lacks substantive interpretation. For dichotomous variables the odds ratio measures the effect of being in one category, eg, of food insecurity compared to another. Odds ratio of one indicates no effect, whereas odds ratio less than one represents a multiplicative decrease in the odds of being insecure. An odds ratio of greater than one represents a multiplicative increase in the odds of being insecure.

² The mean years of education are computed as follows: illiterate and persons who cannot read and write have 0 years of education; persons who have completed standards 1-12 have 1-12 years of education; first year college and ITI, PTI and diploma holders have 13 years of education, those who completed second and final years of graduation have 14 and years; persons with B.Ed, post graduation have 16 years and medical and engineering degrees have 17 years of education.

security. These included benefits in the case of sickness, maternity, employment injury, unemployment, invalidity, old age and death, as well as the provision of medical care and subsidies for families with children.

This ILO definition actually covers two types of social security, social insurance and social assistance. Social assistance covers persons with various types of disability such as old age, illness, disability etc. It is more likely to be non-contributory. Social insurance covers workers of different categories and refers to a system through which they contribute to their future security, e.g., injury at the workplace. The word social implies that the market alone cannot take care of these contingencies.

The social safety net is a more recent term applied to compensatory measures advanced to mitigate the negative impact of structural adjustment programmes in developing and transition economies in the 1980s and 1990s. Social funds, propagated by the World Bank, were a means of financing the social safety net programmes.

Social protection is a new term and is used to encompass all these concepts as an umbrella term to depict social security. It is related to poverty reduction or alleviation, unlike social insurance and assistance (Lund and Srinivas, 2000).

In developing countries, a large proportion of the population is engaged in self-employment and in informal activities and it is difficult to cover them under formal schemes of unemployment benefits, insurance and other benefits. The approach followed in the developed world, therefore, may not be suitable to, or effective in, developing countries. Rampant poverty among spatially dispersed rural populations also makes such schemes difficult to administer. Given the dimension of the informal economy and the massive and persistent poverty, the concept of social protection has to include the idea of productive employment and poverty reduction.

The goal of assuring a sustainable livelihood to the population should be part of a comprehensive social protection policy of the state and should include three broad categories: promotional measures that aim at improving endowments, exchange entitlements, real incomes and social consumption; preventive measures that seek to avert deprivation; and protective measures to provide relief from deprivation (Guhan, 1994). The ILO's new goal and concept of "decent work" match this broad concept of social security. One of the essential features of the decent work approach (ILO, 1999) is that everybody is entitled to basic social protection. However, it has been pointed out that the problem with so broadening the scope of social protection is that the concentration remains on programmes of employment, income and poverty alleviation (Jhabvala and Subrahmanya, 2000), rather than on social security programmes.

3. Conceptual framework

The concept of security has both a macro and a micro dimension. The macro dimension implies security at the level of the country or region as a whole, while the micro dimension refers to the problem of security for the individual or household. The example of one of the basic securities, food security, illustrates this point: at the macro level food security implies the adequacy of food grains and other food items for the country as a whole or self-sufficiency in food. This is totally different from the micro implication of food security for the individual or household, that is, the ability to obtain at least two square meals a day throughout the year. Assuring food security at the macro level does not imply that all individuals and households are free from hunger. This was best demonstrated by Sen's depiction of failure of entitlements in the Great Bengal Famine (Dreze and Sen, 1991).

To further illustrate the macro and micro dimension with an example of economic security, let us take labour market security. Macroeconomic labour market security refers to employment opportunities in the economy as a whole for all those seeking work. This can be measured by the rate of unemployment in the economy. Labour market security has a totally different meaning when looked at from the perspective of an individual worker. Microeconomic labour market security refers to the security of having income generating work. This can be measured by the average number of days of employment available for an individual worker, or the number of days seeking and available for work.

This distinction between macro and micro security does not necessarily arise in the case of all types of security identified in the definition of social protection. However, in defining security and discussing measures of social protection, it is necessary to be clear about whether we are referring to the micro or macro dimension of security. This paper discusses, and attempts to provide empirical evidence for, both within certain selected securities.

3.1 Causes of insecurity

It has been suggested that the orthodox social security schemes fail to address the fundamental causes of income insecurity and vulnerability facing workers in the informal sector because they were not so designed (Canagarajah and Sethuraman, 2001). Risks to income security for workers in the informal sector in developing countries derive mainly from the conditions governing their employment and income generation, viz., the informality itself. Orthodox measures of social protection are more in the nature of coping with risks arising from various contingencies and fail to address the fundamental causes of insecurity and vulnerability. The approach towards social protection for workers in the informal sector should be comprehensive, aimed at not only protecting against contingencies, but also promoting income security through the elimination of risks. Broadening the goal of social protection - from risk minimization or alleviation to risk elimination - would imply a shift in the strategy, from preventing a fall in income or minimizing its fluctuation to raising the level of income. This requires fundamental reforms that attempt to modify the institutional environment in which the informal sector functions.

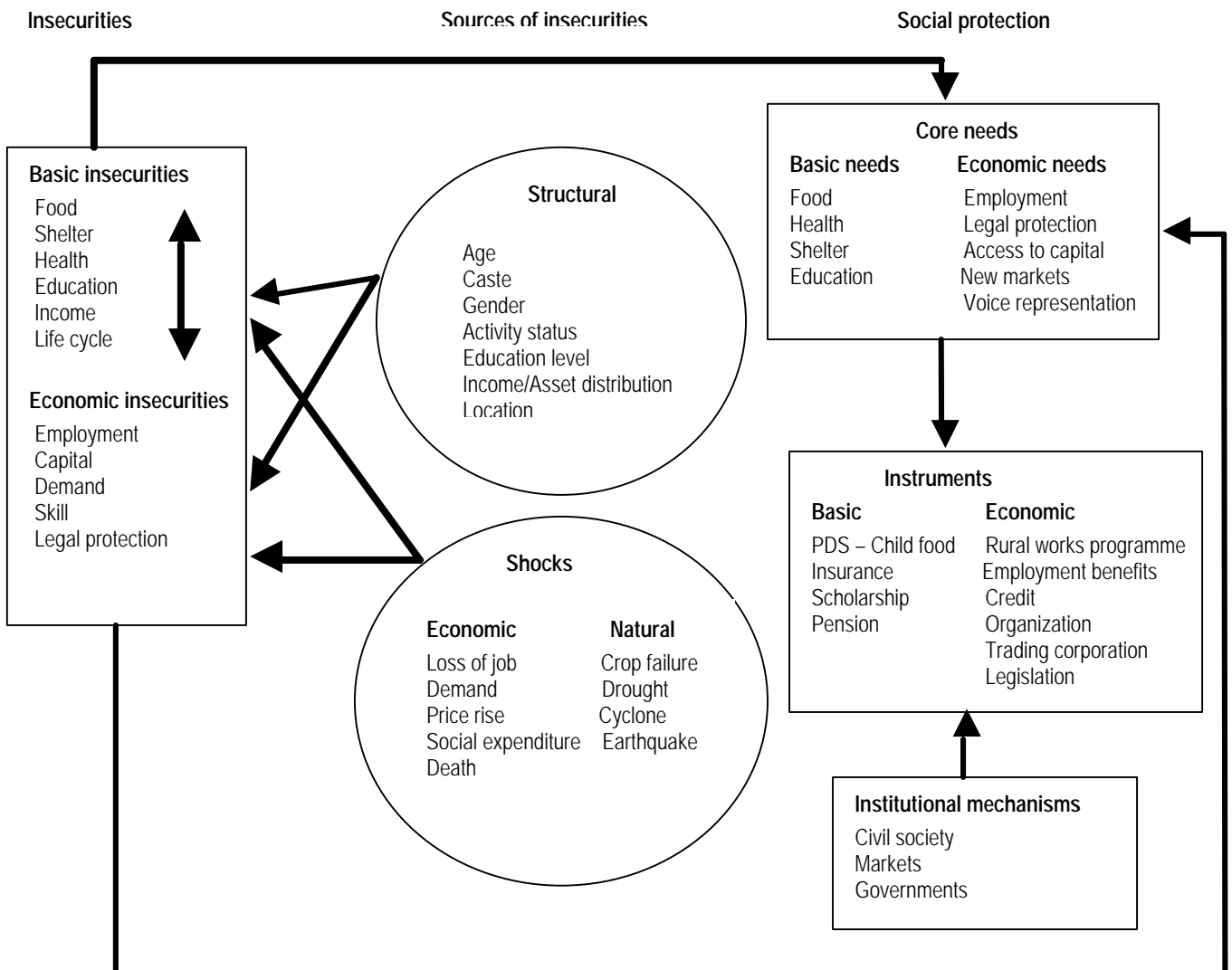
According to Dreze and Sen (1991), a large proportion of the population in India lives in conditions of persistent deprivation. Basic insecurities are severe and have been so over a long period of time. In addition, the vulnerability or the precarious nature of their existence causes a certain proportion of people to undergo severe and sudden dispossession or to be subject to the threat of this. Any programme of social protection must therefore address two problems. First, how to counter the effect of random shocks? Second, how to increase security for all so that people do not live in constant fear of a calamity? While the first can be termed protective security, the second is promotional security.

The sources of insecurity faced by workers in the informal economy are of two types. One is the random shocks that hit households from time to time, or contingencies. Traditional social security was geared to address this form of insecurity, for instance, in the case of illness or untimely death. A second source of insecurity is the structural features of the household or individual which remain more or less constant over a period of time. These include age, marital status, gender, ownership of assets and caste. An important structural feature that affects workers is the activity status, that is, whether the worker has a salaried job, is a casual employee or is self-employed. This is particularly important for workers in the informal economy, who do not constitute a homogeneous group.

We argue that it is important for social protection to address both types of insecurity (Figure I). While structural factors and random shocks have an impact on both basic and

economic insecurity, the structural factors in particular need to be addressed when dealing with economic insecurity. In fact, structural features threaten the economic security of workers and any meaningful policy for social protection for the poor, or the informal economy, has to confront this reality directly. Given the basic and economic insecurities faced by the population, there arise certain core needs for social protection, which can also be separated into basic and economic. The basic needs relate to food, shelter, health, education and income. Economic needs are employment, access to capital, markets or demand and legal recognition. Instruments of social protection need to be visualized to meet all these core needs of the people.

Figure 1. Social protection for the informal economy



3.2 Role of institutions

The theoretical debate on the role of the state and that of markets has veered from one extreme to the other over the centuries. After the Second World War there was a worldwide rejection of *laissez faire* doctrine, which had failed during the inter-war period. A variety of theories, the most important being Keynesianism, Welfare Economics and early “development economics”, gave importance to the role of the state. These theories identified a number of “market failures” and argued that active state involvement was necessary to correct them. However, from the 1970s, neo-liberals, such as Milton

Friedman, Ian Little and Anne Kruger, argued against state intervention on the grounds that one cannot assume that the state is impartial. They argued that the state is run by a set of self-seeking politicians and bureaucrats who are also under pressure from certain interest groups. The imperfect nature of the state results in “government failures”, the cost of which is greater than that of market failures (Chang, 2000).

This debate is clearly relevant to the area of social protection. The need for social protection and the institutional mechanisms that can create instruments and deliver them is a source of major controversy. In the sixties and seventies the global view of economic growth was that increasingly larger proportions of the labour force would be absorbed in the formal sectors of the economy with clearly established employer-employee relationships. These jobs would ensure minimum levels of income so that social security would only be required to meet contingencies that lead to loss of income such as illness, maternity or death of an earning member of the family. The role of the state in assuring these contingencies was recognized.

Both these basic expectations, of absorption of the labour force into the formal economy and the state's role in the event of contingencies, have slowly been belied in the nineties. It is now recognized that a growing proportion of the labour force, even in developed economies, is being absorbed in the informal economy. The characteristics of these activities are lack of clear-cut employer-employee relationships, and income levels that are in general lower than those of formal jobs. The lack of an employer-employee relationship makes it difficult to decide at whose door the burden of providing contingency benefits should be placed.

The broad contours of the debate and actual implementation of social protection measures have been laid down by three major international agencies. While the ILO was instrumental in originally defining the concept of social security, the World Bank was a proponent, until recently, of the concept of social safety nets. The United Nations Development Fund (UNDP) made a pioneering contribution in the early 1990s to the concept of human development, which broadened the idea of basic human rights.

The state's role in the provision of social security is also under attack. The World Bank's more recent Social Risk Management framework is clearly justifying the privatization of instruments, particularly in the form of insurance, for all forms of risk. In the human development framework of the UNDP the role of the state in provision of certain basic securities, such as education and health, is more clearly articulated.

The role of the state in the provision of social security has been diminishing. However, it remains an important, if not the most important, institutional mechanism to deliver social protection, and its basic responsibility for certain minimum needs cannot be brushed aside. The growing role of markets in providing social protection is clearly recognized. Nevertheless, in addition to the state and the market, a third form of institutional mechanism also plays a role in delivering social protection: civil society, made up of individuals, social networks, and non-governmental organizations (NGOs) and member-based organizations (MBOs). There could be many methods to solve even a single problem. That is, each need could be met by more than one instrument and delivered by more than one institution (Figure I).

As noted by Dreze and Sen (1991), the notion of “promotional” and “protective” social security has a somewhat paternalistic ring. However, the terms refer to the objective and not to the agency that would help to deliver social security. These authors argue for public action for social security that includes the state, the public and the participation of all those involved. Similarly, while this paper emphasizes the importance of the state, no paternalistic role of the state is envisaged. The role of markets and civil society are equally important.

In a two-fold approach to security - basic and economic – it is useful for the analysis to demarcate insecurities faced by different sections of the population. It helps visualize the different kinds of core needs of social protection. It is also useful to highlight the fact that the root cause of the insecurity lies in the nature of informal, low quality employment. Insecurity does not arise merely through random shocks. Instruments of social protection need to be devised taking into account the nature and the cause of the insecurity. Given the nature of the informal economy, both the instruments and the institutional mechanisms to deliver social protection have to be innovative.

3.3 Definition of social protection

We distinguish between basic and economic securities as a framework for social protection. Social protection includes basic securities such as income, food, health, education and shelter following from a human rights approach, and economic securities such as having income generating productive work and benefiting from labour standards in all forms of work. While basic securities are citizen based and universal, economic securities are work based. In this approach to social protection, the link between basic and economic securities is recognized.

4. Basic security

The main concern of the nineties has been globalization and an increasing informalization of the labour force, which is likely to affect people negatively, especially those on the lower rungs of society. This has led to the general withdrawal of the state from various aspects of provisioning of goods and services and to a greater reliance on market mechanisms. Access to basic needs - such as food, shelter, education and skill formation - is affected, and this has implications for total household incomes and the gender-based distribution within households.

4.1 Food security

Food security has been defined as the ability to assure, on a long-term basis, that the food system provides the total population with a timely, reliable and nutritionally adequate supply of food (Dutt, 1999). This general definition includes the availability of food grains in the country, and measures food security at the macro level. The micro concept of food security implies that a household has the necessary purchasing power to buy food grains and access to the required amount of it. Improving food security at the household level is an issue of great importance for a developing country like India, where millions of poor suffer from persistent hunger and malnutrition and some others are at the risk of doing so in the future.

The National Sample Survey (NSS) provides data on the distribution of households at the national level by the availability of two square meals a day. In 1983, 81 per cent of rural households in India reported having adequate food throughout the year. By the end of 1993, the proportion rose to 93 per cent. Although only 7 per cent of households reported that they did not have enough to eat, there were considerable regional disparities in the proportion of households going hungry (Dev, 1999).

Food vulnerability of the population in the sample in Gujarat was measured through a direct question as to whether the household went hungry during the preceding twelve months. Answers showed that households of women respondents faced greater food insecurity. About 10 per cent of the household members of women respondents went hungry over the last twelve months, as compared to 7.6 per cent among the male

respondents. Food deprivation was relatively high in the urban areas (14 per cent), especially among women workers (18 per cent). Deprivation of food among households is a common feature in developing countries. Women in these households are often burdened with a significant responsibility for family subsistence and are important economic providers of the households. The high vulnerability or food deprivation of the households of women workers tends, over time, to lead to a reduction in their productivity. Inadequate food leads to an unhealthy life and a precarious existence.

The determinants of household going hungry over the last 12 months was analysed using the logistic regression model (Table 1). Households in rural areas and SEWA workers had more food security compared to the others. The reason for high food security in rural areas could be due to their having stocks of food grains for the whole year, as the agricultural households in the rural areas of Gujarat have a system of buying after the harvest season when the prices are low. Higher levels of education of the respondent reduced food vulnerability. An increase in the number of crises augmented their food vulnerability.

In the early years, Indian planners recognized the need to attain self-sufficiency in food grains. The most important programme adopted to implement this aim was the Green Revolution Self-sufficiency was achieved by 1976 and since then, Indian imports of cereals have remained negligible. The Ninth Five Year Plan (1997-2002) states: "One of the first efforts of the country was to build up a food security system to ensure that the threat of famine no longer stalks the country." The per capita availability of cereals and pulses per day improved during the decades of sixties, seventies and eighties, but came down to 0.28 per cent per annum in the nineties compared to 1.2 per cent in the eighties (Planning Commission, 2000).

Table 1. Odds ratio for predicting food security

Dependent variable: Whether the household went hungry over the last twelve months?						
	B	S.E.	Wald	df	Sig.	Exp(B)
Age	-.029	.011	6.863	1	.009	.971
Female dummy	.290	.329	.776	1	.378	1.336
Mean years of education	-.109	.026	17.073	1	.000	.897
Widowed or separated dummy	.573	.291	3.888	1	.049	1.774
Size of the household	-.057	.044	1.703	1	.192	.945
Scheduled caste/tribe dummy	.115	.198	.337	1	.562	1.122
Piece rate/casual worker dummy	.072	.196	.133	1	.715	1.074
Log of individual income	-.281	.103	7.497	1	.006	.755
Rural dummy	-1.369	.216	40.287	1	.000	.254
SEWA dummy	-1.417	.529	7.186	1	.007	.242
Number of crises	.318	.089	12.735	1	.000	1.374
Social network dummy	-.015	.295	.003	1	.958	.985
Constant	1.632	1.190	1.879	1	.170	5.113

N = 1236, -2 Log likelihood = 767.660

Cox and Snell R Square = 0.097, Nagelkerke R Square = 0.188

Note: B: Beta Coefficient; S.E. Standard Error; Wald Statistic; Df: Degrees of freedom; Sig: Significance; Exp (B): Odds Ratio.

The Public Distribution System (PDS) in India is an effective strategy in meeting the core need of food of the poor. This is a rationing mechanism that entitles households to specified quantities of selected commodities at subsidized prices. In most parts of the country, the PDS is universal and all households, rural and urban, with a registered residential address are entitled to rations. The six essential commodities supplied through

the PDS nationally are rice, wheat, sugar, edible oils, kerosene and coal. These are made available through a network of fair price shops. In 1994, there were around 0.420 thousand fair price or ration shops in the country. The food subsidy by the Central Government in the PDS was Rs.92,000 million in 1999-2000, or 3 per cent of total government expenditure (Planning Commission, 2000).

A matter of discussion is whether the PDS should be universal or targeted. The programme was criticized for the large subsidy involved, considerable leakage, and persistence of malnutrition and irregular distribution. In order to take care of some of these criticisms, the Targeted Public Distribution System (TPDS) system was launched in 1996.³ A number of shortfalls, such as leakages, still remain in the programme (Mooji, 1999). Each poor family is entitled to 10 kilograms of food grain per month (20 kilograms from April 2000) at specially subsidized prices. This is likely to benefit about 60 million poor families, for whom about 7.2 million tonnes of food grain is earmarked each year (Planning Commission, 2000).

In the People's Security Survey in Gujarat we found that about 94 per cent of the households surveyed were purchasing from the PDS system. Obviously it contributes to the food security of the poor in spite of the limitations of the system. Overall, food security in India is quite high, in spite of rampant poverty. This is true whether one views food security from the macro country level or micro household level perspective. The state's role in assuring such security cannot be ignored.

4.2 Shelter security

Housing is considered to be one of the basic needs along with food and clothing. Despite this recognition, the necessary political will and institutional support has been inadequate in most developing countries. In India, a number of housing schemes have been introduced over the past two decades, but these have been plagued by both shortages and distributional problems.

Shelter security is particularly important for informal workers because a large proportion of them also use their home as a place of work. This makes the workers vulnerable in a number of ways. They become less visible and are not legally recognized as workers. The absence of a proper housing structure also reduces their capacity to claim any social protection measures for which they may be eligible. In the case of women this also leads to lower productivity since they are frequently interrupted to take care of domestic chores. A recent survey of the informal sector found that 36 per cent of informal enterprises were found to be operating from their homes (NSSO, 2001).

According to the condition of housing survey of the National Sample Survey in 1993, about 25 per cent of the households in the country live in dilapidated or *kutchha* houses (made of non-permanent material). This proportion was larger in rural areas (32 per cent) compared to urban (8 per cent). The proportion of households living in *pucca* structures made of brick and concrete, was 43 per cent in the country as a whole, the proportion being much higher, 74 per cent, in urban areas.

At the macro level another indicator of the shelter security of the population is the proportion of homeless people. While it is not possible to assess directly the homeless

³ Under the targeted PDS, the beneficiaries are the families below the poverty line. Such families are identified at the local level and include landless labourers, marginal farmers and artisans in rural areas, slum dwellers, casual labourers, rickshaw and handcart pullers and street vendors of vegetables and flowers in urban areas (Planning Commission, 2000).

population, housing shortage in the country is estimated as the difference between the number of households and the usable housing stock. The Government of India adopted a National Housing Policy in 1994 and set a goal of eradication of homelessness in the country by 2001. This has not been achieved: while the housing shortage was to the tune of 31 million houses in 1991, it was projected to be 41 million in 2001 (Rao, 1998).

To promote rural housing the Government was to provide house-sites and financial assistance for house construction to the scheduled castes, tribes, freed bonded labourers and artisans on suitable loan-cum-subsidy schemes. Housing finance was promoted for construction, upgrading and renewal, developing designs and building material through local resources, providing potable water supply, latrines, smokeless stoves etc. This policy shifted the Government's role as provider to that of a facilitator, involving various agencies and covering technological, financial and institutional aspects in the policy framework (Rao, 1998).

The Central Government introduced the *Indira Awas Yojana* (IAY) in 1985/86 to provide housing to the scheduled castes, tribes (SC/ST) and freed bonded labourers in rural areas. In 1993/94 this scheme was extended to non-SC/ST families, with the basis of identification being the poverty criteria. This scheme envisaged provision of house-sites and developing common facilities like approach roads, drainage, water and sanitation. The responsibility of construction was to be with the beneficiaries.

A survey of this scheme in Gujarat found that the IAY housing benefits seemed to go disproportionately to the scheduled castes (Nair, 2000): while only 36 per cent of the beneficiaries were scheduled tribes, nearly 48 per cent were scheduled castes, although the proportion of the former in the population was 15 per cent, double that of the latter. This was, however, not true at the all-India level, where scheduled castes constituted 16.5 of the population and nearly 57 per cent of the beneficiaries of IAY, compared to 8.1 per cent of scheduled tribes in the population with 22 per cent of the beneficiaries. Another area of concern was that the quality of 50 per cent of the IAY houses was found to be very poor, in spite of being built of bricks and cement. The beneficiaries were not involved in construction, and did not feel concerned about the maintenance of their houses, feeling that it was the job of the Government to do so.

Besides provision of housing, a number of government institutions are active in providing housing finance. These include financial institutions such as banks, insurance companies, and the Unit Trust of India. Specialized financial institutions for housing finance have been formed such as the national Housing and Urban Development Corporation, the Housing Development Finance Corporation and co-operative housing finance companies. Most of these institutions, however, provide finance to the middle and upper income groups. This sector has recently been given a further boost through various income tax concessions, such as exemption of interest on housing loans. Relatively fewer institutions cater to the housing needs of the poor. The State Housing Board and the State Slum Development Boards provide funding and other support for both new housing and upgrading of the old housing stock among the poor (Schenk, 2001).

Many NGOs and MBOs are also active in the housing sector to cater to the needs of the poor. A relatively successful programme is the World Bank funded Slum Networking Project in Ahmedabad, known as "*Parivartan*" or Change. This is a collaborative effort between SEWA, Ahmedabad Municipal Corporation and slum dwellers for upgrading housing and related infrastructure. The Government of Gujarat is also working towards a state slum policy with inputs from the local NGOs, slum dwellers and concerned citizens.

The Gujarat survey tried to capture the actual situation of housing among the respondents by enquiring whether they owned the house in which they lived, the material used for the construction of the house and whether any expenses were incurred in renovating the house. Each of these dimensions indicates a form of vulnerability.

The 17 per cent of households living in *kutcha* (built of non-permanent materials) houses were the most vulnerable (Table 2). The proportion of such *kutcha* dwellings was higher in the rural areas (24 per cent) compared to urban areas. Residence in *kutcha* structures was rather low in our survey compared to the all-India average. This may be due to the urban bias and rural areas were also in proximity to urban centres of our sample.

Table 2. Shelter insecurity in rural and urban areas

Shelter Status	Rural				Urban			
	Male	Female	SEWA	All	Male	Female	SEWA	All
Do not own house	5.1	4.1	6.2	4.5	38.4	39.7	27.8	38.8
<i>Kutcha</i>	24.4	23.3	49.2	23.7	2.4	4.3	7.4	3.3
Shelter vulnerable	30.6	31.4	18.5	31.1	28.9	29.0	31.9	28.9

Note: 1. Female includes SEWA women.

2. Shelter vulnerability is *kutcha* and semi-*kutcha* houses without any renovation undertaken.

A larger proportion of SEWA respondents (28 per cent did not own) compared to the overall average (39 per cent did not own) owned their own house in the urban areas, though not so in rural. A possible reason for this was SEWA's policy of providing housing loans to its members. This also showed the effectiveness with which the housing loan scheme was being utilized by the SEWA members for constructing their homes. However, we also observed that the SEWA workers were the most vulnerable (particularly in rural areas), a large proportion living in *kutcha* houses.

An indicator of shelter vulnerability was constructed taking into consideration the status of the house, vulnerability being defined as having a semi-*pucca* (without a proper roof or wall) or *kutcha* (built of non-permanent materials) structure on which no renovation had ever been done. Shelter vulnerability so defined was about 30 per cent for all workers, and there was no difference across gender. Piece-rated and casual labour workers were more vulnerable

SEWA workers with poor housing in rural areas were able to access housing schemes to undertake renovation of their houses. The SEWA women in rural areas were less shelter vulnerable in this sense (only 18 compared to 31 percent of all). The poor status of their homes showed that SEWA is catering to the very poor and lower rungs of the society. Thus, in spite of the fact that SEWA catered to the poorest they were able to make a dent into shelter security for its members.

4.3 Education security

Education security refers to the right to a basic level of education. This security is imperative for children, as it empowers them to be more productive. This right is however not yet the privilege of the children of India. In the household survey, the literacy rate among the sample respondents was 59 per cent and there was wide disparity between male and female literacy (Table 3). The level of literacy has an important influence on the kind of activity and employment that a worker can get engaged in. In the household survey, casual workers were more illiterate (51 per cent) and that they also had more irregular work (44 per cent), while 86 per cent of the salaried workers were literate and hardly one per cent had irregular work.

Table 3. Odds ratio for predicting education security

Dependent variable: Children of school going age not going to school						
	B	S.E.	Wald	df	Sig.	Exp(B)
Age	.016	.012	1.589	1	.207	1.016
Female dummy	-.051	.316	.026	1	.872	.951
Mean years of education	-.161	.029	30.102	1	.000	.852
Widowed or separated dummy	-.325	.365	.795	1	.373	.722
Size of the household	.113	.040	7.917	1	.005	1.119
Scheduled caste/tribe dummy	-.223	.211	1.118	1	.290	.800
Piece-rate/casual worker dummy	.148	.201	.538	1	.463	1.159
Log of individual income	.064	.108	.351	1	.553	1.066
Rural dummy	.006	.195	.001	1	.977	1.006
SEWA dummy	-.444	.357	1.550	1	.213	.642
Number of crises	.115	.088	1.699	1	.192	1.122
Constant	-2.772	1.224	5.127	1	.024	.063

N = 727, -2 Log likelihood = 699.767
 Cox and Snell R Square = 0.081, Nagelkerke R Square = 0.125

Note: B: Beta Coefficient; S.E. Standard Error; Wald Statistic; Df: Degrees of freedom; Sig: Significance; Exp (B): Odds Ratio.

To assess the level of education security, factual questions related to whether there was a primary school in the neighbourhood and the proportion of children of school going age who went to school were canvassed. All the villages and urban blocks surveyed had the facility of at best a primary school in the neighbourhood. Only eight of the forty-two villages had a secondary school. However, since the villages were not very far apart in this region, in theory most villages and urban blocks could have access to a secondary school. Despite having a primary school in the neighbourhood, a significant proportion (24 per cent) did not send their children to school. The proportion of children of school going age who were not going to school was comparatively high among women (27 per cent) and casual (31 per cent) workers. The lack of a secondary school in the neighbourhood may have had an impact on this.

In developing economies, one of the reasons often cited for the low proportion of children going to school is due to their involvement in various income-generating activities to supplement the household income. This phenomenon was confirmed in the survey. About 10 per cent of the households having children in the age group 6 to 14 years assist them at work, 11 per cent in women respondent households and 8 per cent in male respondent households. Children engaged in income-generating activities were comparatively high among the women respondents. It is possible that these children come home from school and assist the household in piece-rate work.

As education is one of the basic securities essential for children's future, respondents were asked whether they perceived their children's education as a form of security in the future and to what level they intended to educate their male and female children. The proportion of households perceiving that children's education is not a form of security for the future was only 3 per cent among all the workers. It is interesting that although most of the households did perceive children's education as a form of security in the future, a high proportion (24 per cent) in fact did not send their children to school. This is very clear among women respondents where 27 per cent of the children did not go to school, while only 3 per cent of them perceived that their child's education is not a future security. We analysed the possible determinants for not sending children to school, using the logistic regression model (Table 3). Lower levels of education among the parents and larger size of the household resulted in children not going to school. The larger household size implied

more children in the household. The older children were perhaps retained at home to attend to household chores, help with the economic activities and look after their younger siblings.

When asked about the level to which they intended to educate their children, the gender disparity came out very clearly. In general, the male child was more likely to be educated to higher levels compared to the girl child. The respondents mainly perceived educating the girl child till secondary school (66 per cent), while a smaller proportion of them intended to educate their girl child to higher secondary (15 per cent) and college education (18 per cent). In contrast, a higher proportion of respondents intended to educate male children to college level (35 per cent) compared to secondary and higher secondary schooling. This perception captures the psyche of the society, where education of the male child is considered more important than that of the female child.

The importance of education is recognized by the Constitution of India, which has directed that children should be given free and compulsory education till the age of 14. It has advised the state to remove the cost constraint from the education system, 'compelling' parents to send children to school and specifying the number of years for which the state, in tandem with the parent, was to be responsible for the education of each child in the country. Education was seen as a prime instrument for moving towards a more democratic and just society, important for preventing the exploitation of childhood in child labour (De et al, 2001). It is important that Parliament pass the proposed 83rd amendment to the Constitution to make education a fundamental right

Unfortunately, we are still far away from this basic level of education security. The Population Census of 2001 showed that about 65 per cent of the population above the age of six were literate. The gender gap in literacy is significantly high in India. About 75 per cent of male population and 54 per cent of female population were literate. The rate also varies across states. Kerala and Mizoram had an impressive literacy rate as more than 88 per cent of the people above six years were literate in 2001. This figure was 70 per cent in Gujarat, with male literacy of 80 and female literacy of 59 per cent. However, states like Bihar have a literacy rate of less than 50 per cent of the population.

"The neglect of primary education is one of the biggest failures of Indian development policies" (Dev, 1999). Since Independence, government policy towards education has evolved. First, it gradually recognized that regular schooling is not easy to extend to all groups, and thus special measures like non-formal education and adult literacy programmes have been initiated to extend literacy to all. Second, a large number of innovative programmes, many requiring NGO collaboration, have been started since the mid-1980s. Most of these have been made possible through foreign assistance. Finally, there is an increasing sense of urgency about universalizing basic education (Wazir, 2000). Thus, the Government has made a number of attempts to reduce the costs of schooling to promote education by offering a variety of incentives: non-formal education, scholarships, free or subsidized education for girls, free textbooks and uniforms, midday meals and dry rations. Some of these are directly targeted at girls and disadvantaged castes. Because poverty and a poor schooling system have resulted in low literacy among child labourers, the Government has started evening classes for illiterate children from 9 to 14 years of age. Literacy in rural areas is much lower than urban areas. In 1986, the Government started the *Jawahar Navodaya Vidyalaya* for meritorious students in some 400 rural districts of various states. The Government has also emphasized literacy among adults by starting night schools for them. State governments have also come forward with new schemes to promote education, as in the Andhra Pradesh Primary Education Project in the early 1980s, the Rajasthan *Shiksha Karmi* Project in 1987, *Mahila Samakhya* in Karnataka, Uttar Pradesh and Gujarat in 1989, the Bihar Education Project in 1991, the Rajasthan *Lok Jumbish* in 1992, the Uttar Pradesh Basic Education Project, 1992 and the Madhya Pradesh Education Guarantee Scheme in 1997 (Wazir, 2000).

The coverage of government incentive schemes, however, remains extremely limited. There has been considerable expansion in the number of schools and other educational institutions between 1951 and 1997, but much of this has been rendered ineffective by the increase in population size. In addition, there is still a high percentage of habitation without access to schools. In 1993, 50 per cent of habitations had a school at primary level, 14 per cent at the upper primary level, 5 per cent at secondary level and one per cent at the higher secondary level (Wazir, 2000). The sample in Gujarat indicated that only one per cent of the villages did not have a primary school. Obviously, the urban, as well as the developed region, bias is clearly demonstrated.

In 1999, the Public Report on Basic Education (PROBE, 1999) analysed in detail the education system in the four backward north Indian states of Bihar, Uttar Pradesh, Madhya Pradesh and Rajasthan. Of all the scheduled caste and tribe children enrolled in government schools, only one-fifth received scholarships, two-fifths received free textbooks and about half received dry rations. Except for scholarships, the coverage is very similar to that received by all government school children as a whole in these states. Moreover, the erratic and whimsical implementations of these schemes meant that a lot of the potential gains have been frittered away. Late arrival of textbooks and scholarship funds, insufficient textbooks and dry rations, leakage of rations, poor teaching quality, inadequate facilities in schools, and added responsibilities for the teacher have had adverse affects on education schemes (De et al., 2001).

The Gujarat survey noted that 32 per cent of the children going to school received scholarships and 33 per cent received support for the purchase of clothes and schoolbooks. In Gujarat there is an additional scheme of free education for girls who attend secondary school. In 111 households, girls were attending secondary school. About 66 households, or almost 60 per cent, reported receiving such free education.

The Government has made a considerable effort at delivering education. The provision of schools and the attempts to reduce costs have met with partial success in retaining children in school. The private sector has also been active in the field of education. There is increasing evidence that the majority of children access private schools as opposed to government schools (Shariff, 1999), the quality of education being a major reason. The market for education is well developed and is quite a remunerative enterprise, especially in urban centres. However, private schools do not necessarily cater to the disadvantaged. The role of NGOs and other private initiatives in providing access to education remains limited. There are, nevertheless, a number of successful cases of non-formal education provided by NGOs (Kumar et al., 1999). The scale of the effort required to reach the large and scattered population in India remains the challenge.

4.4 Health security

Health security can be thought of as having low exposure to risk, plus having access to health care services with the ability to pay for care and medicine. Such health security should be equally available and accessible to all citizens. Despite the expansion in the physical provisioning of health facilities, and the high levels of spending, ill health remains one of the most prevalent causes of human deprivation in India (Kumar, 1999). Inadequate health security seems to be one of the major development failures.

Some indicators of health security are mortality, including infant mortality, morbidity incidence and nutritional intake. Mortality rates cannot be computed at a regional or local level and estimates can at best be obtained at the state level using very large sample data. Data on morbidity and nutritional intake can be obtained at the local level, but are difficult to obtain and are subject to errors of recall and reporting. At the individual level the perception of health can be used as an indicator of health status. However, the

measurement of health status based on questions of perception is fraught with problems of subjectivity. Furthermore, defining good health is itself difficult.

The household survey tried to capture the actual situation concerning health facilities, before asking about perceptions of health. No attempt was made to construct the indicators mentioned above. However, factual information was collected regarding the status of individuals, the existence of a government hospital or primary health centre within five kilometres, and whether the household was availing the facility, if it existed. About 17 per cent of the households did not have access to public health care facilities: 26 per cent in rural and 7 per cent in urban areas. About 19 per cent of the households did not avail of the public health facility, as either the treatment was not available or the facility was too far away. The proportion of households not availing the facility was higher in urban (23 per cent) compared to rural (10 per cent) areas.

Perceptions of health, illness and causal factors are to a large extent based on socio-economic, cultural and environmental factors. Any investigation necessitates understanding how health and illness are perceived and understood. This was very evident in the answers about the general health, eyesight, hearing and breathing of the workers, with nearly all of them perceiving their health to be satisfactory or good. However, 19 per cent reported regular body ache, headache or fever (Table 4). A higher proportion of women workers (26 per cent) than men (12 per cent) reported such ailments.

Table 4. Health insecurity of the workers

Health Insecurity	Male	Female	All
Suffering from aches regularly	11.5	25.5	19.3
Deteriorating health	12.1	15.1	13.8
Adverse effect of work on health	37.5	58.5	48.2
Pay fully for medical care	77.7	79.7	78.8

About 12 per cent of men and 15 per cent of women reported that their health had deteriorated over the last year. This was much greater for older women than for men, controlling for workers above the age of 40 years. It is interesting to observe the contrasting perceptions of the workers: they report their health status to be satisfactory or good, despite having regular body ache, headache or fever or their general health having deteriorated.

About 48 per cent of the respondents said that work had an adverse effect on their health, and approximately 25 per cent said at least one family member suffered from some chronic illness. Some 79 per cent did not receive any medical benefits and had to pay fully for health services. There was no significant difference by gender. The precarious existence of these workers seemed quite evident. There was not only a loss of income due to sickness or ill health, but workers also had to bear the entire cost burden. In general, the health of the male workers seemed to be comparatively better than that of women workers, with a smaller proportion of men suffering from regular aches and pains. Furthermore, fewer men perceived that their work had any adverse effect on their health.

A study of 1,200 households in the same region as the Gujarat survey, and including SEWA households, collected information on three types of morbidity: acute morbidity (using 30 day recall), chronic morbidity and hospitalization (365 day recall). Incidence of morbidity was observed to be the highest among the SEWA households. These three forms of morbidity were converted into an annual illness rate. On an average, the population was found to experience about two episodes of illness per year, the rate being higher for SEWA households (Gumber, 2000).

Clearly the poor population in Gujarat faced extreme health insecurity as observed by the present survey as well as by Gumber's study. It was also observed that the SEWA respondent's were relatively worse off in terms of health. A possible explanation for this is that the members of SEWA belong to extremely poor households.

Health care systems affect income security in two ways. The availability of adequate, preventive and curative care is vital to ensure that workers are fit to earn a living for themselves and their dependents. And it is the function of the health care financing system to ensure that large and unpredictable costs of health care do not have catastrophic effects for individual households (ILO, 2000). Health care is equally important for everyone regardless of labour force participation or employment status. However, many workers, particularly those who are outside regular wage employment, do not have any satisfactory health coverage, at any rate in many developing countries. This situation has become particularly difficult since many governments in the developing countries have been obliged to implement structural adjustment programmes, which have led to sharply reduced expenditure on public health services. Higher user charges have significantly raised barriers for many people with low health status and low income.

The traditional form of social security benefits should cover employees working for enterprises for contingencies such as illness. In the household survey, among the salaried and casual workers (about 45 per cent of the respondents), only about 15 per cent received any medical benefits from their employer and 19 per cent were entitled to medical leave. Women workers were clearly worse off in these respects. Casual workers were more insecure among this group of workers as well. Furthermore, only 3 per cent of all the respondents reported having medical insurance. Obviously, medical insurance has not made any inroads into the health consciousness of the people. So far medical insurance is in the hands of state institutions. There is still no clear policy of privatization of the health insurance sector.

A third type of institution increasingly involved in the delivery of certain social protection instruments is the non-governmental organizations or member-based organizations. In 1992, a member-based organization (SEWA) introduced a unique integrated insurance plan for its members. By paying an annual premium of only Rs.65, the poor women members get coverage for health and maternity benefits, asset including house insurance, and life coverage (inclusive of the spouse). Currently 30,000 women are enrolled in the plan, of which 50 per cent are from rural areas (Gumber, 2000). This study observed a strongly expressed need for health insurance among low-income households in both rural and urban households.

While only 3 per cent of the general sample in the Gujarat survey had any form of medical insurance, about 26 per cent of the SEWA respondents had medical insurance. This is particularly important for this group of women who suffered from extreme health insecurity. Thus, this member-based organization was playing an important role in providing health security to its members. Other such efforts are being made by some hospitals such as the Kasturba Hospital, Sewagram (Jajoo, 2000) and the Christian Medical College, Vellore under its rural programme. A number of NGOs are also active in delivering health inputs in specific areas (Jhabvala and Subrahmanya, 2000).

When discussing the instruments and institutional mechanisms for health security, it is necessary to distinguish between curative care and preventive care. Health outcomes are also influenced by preventive measures such as investments in education, water and sanitation, control of infectious diseases, mass immunization programmes etc. While both public and private institutions can deliver the instrument of health insurance for curative care of individuals, investment for preventive care is unlikely to be of interest to the private sector. The state will be required to play a major role in providing health security through preventive care.

In recent years the Government of India has been concerned with preventive care. After a rather negative experience of the Family Planning Programme during the years of the emergency (1977), the Government has changed its policy towards family welfare. There is an increasing concentration on reproductive health and the status of pregnant women and children. The Government has been successfully implementing the basic immunization programme for children and the Pulse Polio system. The idea behind such programmes is that if the majority of the children are immunized, the diseases can be eradicated.

One programme that has been considered relatively successful is the Integrated Child Development Scheme (ICDS). Initiated in 1975, it is perhaps one of the largest food supplementation programmes in the world. The objective was to improve the health and nutrition status of children less than six years of age and to provide pregnant and lactating mothers with food supplements. It involved tetanus injection, iron supplements, compulsory check ups of the pregnant women, and later immunization and basic food and nutrition of the children. The programme was implemented through the Primary Health Centres, village health workers, auxiliary nurses and the *anganwadis* or nursery schools in the village. In 1996 the programme covered 4,200 blocks with 592,571 *anganwadis*, 18.5 million children and 3.7 million mothers (Planning Commission, 2000). Besides this a mid-day meal scheme is being implemented in some states. The PSS found that only 4 per cent of the households with children below the age of six had benefited from the ICDS programme or *Balwadis*.

5. Economic security

Worldwide globalization and flexibilization have changed the structure of employment, which is by no means uniform across countries. In the past two decades developing countries have seen an increase in the proportion of self-employed in the labour force. This has been in response to a variety of factors, including reduced opportunities for regular salaried employment and greater tendency of enterprises and the public sector to purchase services rather than to employ labour.

Most new employment is created in small enterprises, which consist of anything from a single self-employed person in the informal sector to complex production units employing a number of waged workers. Some of these jobs provide secure incomes and a decent working environment. But many jobs are poorly paid, low in productivity, dangerous or lacking in basic social protection. Certain other forms of employment are also on the increase, such as part-time employment, temporary employment, casual employment, homework and teleworking. These employments provide less income security and social security benefits than permanent, full-time employment on the premises of the employer.

In the developing countries, the proportion of the labour force in the formal sector is small, and has even fallen recently, partly as a result of structural adjustment programmes. Informal employment becomes a resort for marginalized population groups as a survival strategy. It is not a homogenous category, but ranges across self-employed activities, wage labourers, piece-rate home-based workers and 'organized' informal employment activities undertaken by employees. Labour legislation has been amended to provide greater flexibility for employers who wish to hire workers only for a fixed period of time. Flexibility for the former translates into insecurity for the latter.

In the globalizing economy where work is becoming flexible, there is more diversity of work status, periods and intensity of employment, and levels and forms of income. From time to time economic insecurities arise due to random shocks. However, a greater all-pervading influence on economic security is due to structural factors. One such important

structural factor affecting poor workers in the informal economy is the status of work: whether the worker is a casual, salaried, self-employed or piece-rate worker. The insecurities faced by the different types of worker and the instruments to deal with them are likely to be different.

In 1999/2000, 42 per cent of male and 33 per cent of female workers in urban areas were engaged in regular salaried jobs, according the National Sample Survey data. In urban areas, casual workers were about 17 and 21 per cent among male and female workers respectively. The casualization of the workforce was an important phenomenon in rural areas, with 36 per cent of male and 40 per cent of female workers being so engaged. Self-employed workers constituted 55 and 57 per cent of the male and female workforce in rural areas and 41 and 45 per cent of the male and female workforce in urban areas.

While open unemployment has been growing, the greater problem faced by the worker is that of under-employment, or employment at low levels of income. This is because most of the population is too poor to remain unemployed and is forced to undertake some economic activity in order to survive. It has been noted that the proportion of persons seeking additional work has grown over the period 1993/94 to 1999/2000 (Sundaram, 2001). That is, underemployment has been growing. This constitutes a macro measure of labour market and employment security.

At the micro level, on average we observed that 301 days of work were available to the workers. The most vulnerable were the casual and piece-rate workers in terms of number of days of work, obtaining only about 255 days of work in the year. The averages refer to the number of days on which the worker found work and are not standardized for eight-hour days. They also include multiple economic activities engaged in by the worker.

These numbers hide the full extent of under-employment. However, open unemployment was reported by 19 per cent of the workers. The insecurity of work among the casual and piece-rate workers is further reflected in the high proportion facing unemployment at some time during the year, 36 and 25 per cent respectively. On average these workers reported 129 days of unemployment. While casual workers reported 137 days of unemployment, the seasonal nature of agricultural activity is brought out here by the large number of days of unemployment (134) among agricultural workers.

Table 5. Average days of employment and unemployment by status

Activity status	Workers reporting unemployment		Workers not reporting unemployment	All workers
	Days of employment	Days of unemployment	Days of employment	
Self-employed, agriculture	255	134 (7.5)	345	338
Self-employed, non-agriculture	263	67 (9.8)	328	321
Salaried	282	37 (1.4)	355	354
Casual labour	200	137 (36.3)	285	254
Piece-rate workers	220	113 (24.7)	272	259
All	214	129 (19.0)	322	301

Note: Figures in parentheses are the percentage of workers reporting unemployment.

Another major insecurity faced by workers in the labour market is that of irregularity of work. Here again casual (44 per cent) and piece-rate (27 per cent) workers were more insecure compared to all workers (24 per cent) (table 7). Thus the burden of flexibility in the labour market is borne by the casual and piece-rate workers. Greater flexibility in social protection measures may be required to cover such workers.

Irregularity of work⁴ was taken as an indicator to analyse the determinants of insecurity faced by workers in the labour market using the logistic regression model (table 6). As observed earlier, the probability of irregular work is highest for workers on piece-rates or casual workers and living in a rural area. Muslim workers were more vulnerable, having more irregular work. The earlier observation that insecurity is inherent in structural features such as the status of work, location and caste, is substantiated by these results.

Table 6. Odds ratio for predicting labour market security

Dependent variable: Irregularity of work						
	B	S.E.	Wald	df	Sig.	Exp(B)
Age	-.005	.010	.218	1	.641	.995
Female dummy	-.203	.273	.554	1	.457	.816
Mean years of education	-.037	.024	2.409	1	.121	.964
Widowed or separated dummy	.115	.286	.163	1	.687	1.122
Size of the household	.056	.036	2.455	1	.117	1.057
Scheduled caste/tribe dummy	.242	.190	1.616	1	.204	1.273
Piece-rate/casual worker dummy	1.908	.189	102.189	1	.000	6.740
Log of individual income	-.908	.102	78.630	1	.000	.403
Rural dummy	.960	.194	24.432	1	.000	2.613
SEWA dummy	-.722	.331	4.753	1	.029	.486
Number of crises	.009	.077	.014	1	.907	1.009
Muslim dummy	.594	.297	3.996	1	.046	1.811
Constant	5.071	1.081	22.013	1	.000	159.280
N =1236, -2 Log likelihood = 904.795						
Cox and Snell R Square = 0.205, Nagelkerke R Square = 0.331						

Note: B: Beta Coefficient; S.E. Standard Error; Wald Statistic; Df: Degrees of freedom; Sig: Significance; Exp (B): Odds Ratio.

In regard to labour market conditions facing the workers, only 11 per cent indicated any insecurity about remaining in the current job or self-employed activity. Casual workers and piece-rate workers obviously felt the most insecure about their current employment (Table 7). Casual workers were even more vulnerable in their jobs given the fact that nearly 60 per cent of them felt they could be terminated at short or no notice, and nearly 50 per cent if they were ill and unable to attend to their duties. Further, 34 per cent felt it would be difficult to find an alternative activity in case of loss of the current occupation. It is interesting that the salaried workers felt the most acutely this form of labour market insecurity. This was because the salaried workers in this sample were very low-level employees, such as peons and sweepers, and they were aware that alternative salaried employment would be near impossible to obtain given the current job scenario and their lack of education and skills.

⁴ Respondents were asked whether they were able to get work on a regular basis, that is, on most days on which they wished to work. Workers replying negatively were treated as persons with irregular work and given the value 1.

Table 7. Economic insecurity (percentage of households) by activity status

Economic security	Self-employed agriculture	Self-employed non-agriculture	Salaried	Casual workers	Piece rate home-based workers	All
Irregularity	11.5	9.4	0.5	44.0	26.6	23.7
Lack of security of work	3.7	7.2	5.5	18.9	24.0	11.2
Difficulty of obtaining alternative work	20.7	41.1	59.2	34.4	55.1	34.2
Notice of less than 7 days for termination	-	-	12.6	58.6	-	39.4
Possible job loss due to illness	-	-	10.9	47.0	-	40.4
Having multiple activities in a day	40.3	15.1	20.1	26.1	5.5	27.3
Having multiple activities in a year	50.8	27.4	21.8	41.9	18.1	39.5

Due to the insecurity arising from not having permanent jobs, workers often engage in multiple activities, changing their work status over the course of the year and even during a single day. Hence, the micro perspective of employment security has been measured in terms of being involved in multiple activities. Being involved or engaged in multiple activities for the poor workers is a form of security, both work and income: informal workers with low levels of income engage in multiple activities to make up either for lack of work or for the low productivity of their existing work. About 27 per cent of the workers were engaged in multiple activities during the course of the day, while about nearly 40 per cent were undertaking multiple activities during the year (Table 7). The higher proportion of multiple activities during the year was due to the seasonal nature of some work, particularly agriculture. However, piece-rate workers were found to be most vulnerable, with only 6 per cent being involved in multiple activities in a day and 18 per cent during the year.

Employment security at the micro level was defined as security from arbitrary loss of employment. In the developing countries, however, a large proportion of workers do not have stable full-time employment, and in fact a large proportion are self-employed. The sources of insecurity for these workers were lack of credit and limited markets. The majority of the self-employed workers in the sample operated with fixed capital of less than Rs.500 (table 8) and 57 per cent reported lack of access to capital to expand their business, the problem being more acute for women; 65 per cent reported stagnant demand for their products or services. In fact, the majority felt there was no scope to expand their business to new markets. A particular form of insecurity faced by 46 per cent of the urban self-employed workers who operate on the street was harassment from the police and local hoodlums (*dadas*). This is mainly due to a lack of official recognition of these persons as workers and of legitimacy for their economic activity.

Table 8. Economic insecurity among self-employed in urban areas by gender

Insecurity	Male	Female	Total
Lack of access to capital	39.5	77.4	57.1
Stagnant demand for products in future	65.0	65.7	65.3
No scope to expand production in future	52.1	75.8	63.1
Fixed capital less than US\$10.4	74.4	76.2	75.2
No security at the work place for workers operating on the street	35.0	13.8	30.0

The Gujarat household survey showed that casual workers and piece-rate workers constituted the most insecure and vulnerable sections of the workforce. They were faced with irregularity of work, easy transferable skills (implying easy to learn skills) and low levels of income that they tried to compensate for by undertaking a multiplicity of activities. It is our argument that the structural causes of vulnerability of these groups of workers must be addressed directly in any programme of social protection.

5.1 Casual workers

The State has made some effort to address the problem of employment security of the casual workers.

Public works

One of the major government sponsored programmes for casual workers is the provision of manual employment through public works under the *Jawahar Rozgar Yojana* (JRY) and the Employment Guarantee Schemes. The JRY was launched as a centrally sponsored scheme on April 1, 1989, merging a number of programmes. Its main objective has been to provide employment for the unemployed and underemployed people in rural areas through the creation of economic infrastructure, community and social assets with the aim of improving the quality of life of the rural poor. This was to be done in a decentralized way by devolving funds to the village Government or *panchayats*, intermediate *panchayats* and district *panchayats* in the ratio of 70:15:15. The *panchayats* were responsible for the planning and execution of the projects.

Evaluation studies have shown that employment generated by this scheme has been inadequate to bring about any meaningful increase in the earnings of beneficiaries. The resources were spread too thinly to generate any meaningful level of employment (Planning Commission, 2000). These programmes were expected to exert an upward pressure on the wage rates, but this did not happen.

Gujarat is a region faced with frequent drought, which is a form of natural calamity that appears as a random shock to the household. Almost seven out of ten years are years of drought. The agricultural sector, a major employer of the rural population, is unable to provide sufficient employment during these years. The Government has a scheme of declaring the villages as drought hit as soon as information on the possibility of drought in the State is obtained. Public works programmes are then started to avert large-scale hunger and the possibility of starvation. The programme consists of provision of manual employment, construction of roads and earthwork, at a fixed wage rate. These public works are also run under the JRY.

The reference year of the study, 1999/2000, was a year of drought. Respondents were asked if there was a relief works programme in the village or nearby, and if the respondent undertook relief work. About 64 per cent of the respondent's claimed that they would have gone to work on the relief sites if they were available nearby. However only 46 out of 625 respondents reported the existence of relief works nearby and only 14 said that they worked on such a site in the last year. Thus the Government does not seem to have provided sufficient security of income through relief work in the year of a natural calamity. In contrast, in the last major drought of 1987/88 the state government in Gujarat had put up a very effective drought relief programme (Unni, 2000).

Minimum wages

Another state policy geared towards ensuring employment and income security to the poor is the declaration of certain employments under the Minimum Wages Act, 1948. The Act requires the appropriate government to fix the minimum rate of wages in respect to

employment specified in the schedule and review and revise it at intervals of not more than five years. In the Gujarat study, only 44 per cent of the employees and 26 per cent of the women were engaged in industries covered under this Act. Furthermore, the majority of workers even in these industries did not receive the minimum wages (Unni, 1998).

Skill upgrading

One of the major insecurities faced by informal workers is lack of marketable skills and their inability to invest in skills and knowledge. There is a need to focus particularly on vulnerable groups, largely women, such as home workers and hidden workers in the informal economy, and promote strategies for increasing the quality of their employment.

At the micro level, easy transferability of skills was identified as an indicator of skill vulnerability. This implied that anybody could acquire these skills and the market would be flooded with such low-skilled workers. About 63 per cent of the workers in the survey perceived that their skill could be easily transferred, and this vulnerability was particularly high among women (Table 9). However, 28 per cent of the salaried employees reported having received formal training in their current occupation. Only 36 per cent of the workers perceived that their formal education helped them in their work. Obviously, the skill involved in their work was not very technical, and was simple using of less advanced production technologies. A large proportion of workers also felt that due to lack of education and skill it was difficult to move into other alternative jobs.

Table 9. Skill vulnerability by activity status

Economic security	Self-employed agriculture	Self-employed non-agriculture	Salaried	Casual workers	Piece-rate home-based workers	All
Easy transferability of skills	54.4	68.4	75.3	64.4	68.4	63.1
Obtained formal training	3.1	5.0	27.8	6.4	2.1	6.9

Most of the workers in the informal economy did not seem to have acquired skill security from any formal source such as an NGO or government extension programme (only 6.9 per cent did so) and there was a large dependence on informal sources either for upgrading their skills or learning new skills. The informal methods of acquiring skills were mainly the traditional way of learning: family members, neighbours and friends helped younger workers to acquire skills at home. This training through apprenticeship enabled them to earn an income at the same time as learning the skills. It also ensured that those who do not have the resources to go for several years without an income in order to follow full-time formal education courses still have the chance of acquiring marketable skills. This becomes all the more important for young people who need, or want, to make some contribution to the income of the family. It is an example of how civil society and social networks invest in people and help build up economic security.

The state efforts at upgrading of skills have been limited. About 2.1 million students are not able to pursue education beyond matriculation (Standard X). The Ninth Plan envisaged a vocational training set-up to prepare youths in the age group of 15-25 years for employment. Two major government resources for such training are the 4,000 Industrial Training Institutes (ITI) and the 25,000 industrial establishments that accept Apprentice Training. The share of ITI is rather uneven across the country with the Northern states having fewer such institutions. About 170,000 apprentices are trained in establishments. Obviously this does not contribute much to the massive problem of low skills of the informal workers. An exclusive government programme Training Rural Youth for Self-Employment (TRYSEM) was launched in 1979 as part of the Integrated Rural

Development Programme (IRDPA). This was a well-conceived programme but had limited success. However, attempts should be made to make such programmes more effective.

In India, the curriculum of the secondary and higher secondary education mainly emphasizes cramming a lot of information. Subjects such as History and Geography are given tremendous importance. The result is that children of the informal poor workers prefer not to send their children to school because they do not see any use for such training. More vocationally oriented training at the secondary school level would help to produce more employable youth. This might even help to raise the enrolment rates, particularly of the poorer sections of the population.

Organization

Organization of labour has been understood to benefit mainly factory-based workers in the organized sector, tending to exclude workers in the informal sector. In the globalizing world, increasing informalization of the economy calls for a new agenda for organization. The labour movement will undergo a transformation into a movement of all working people as against organizations in particular industries where workers enjoy institutionalized protection (Kannan, 1999). Some bargaining will be with capital as a class and economy-wide, as well as with individual employers. Some will also have to be with the State to ensure minimum levels of consumption along with basic needs of housing, health and education (Kannan, 1999).

The formal and informal sectors, or the degree of informality of a worker, can be visualized as a continuum rather than a dichotomy. Organization or representation provides “voice” to workers and can help to move the degree of formality, in terms of social security benefits, to the workers lower down the continuum. In other words, “voice” is a means to help workers reduce the degree of informality in their work status (Sudarshan and Unni, 2001). Organization of the informal sector has also been viewed as a means to improve their staying power (Kannan, 1999), this being one of the main causes of their vulnerability.

Contemporary Indian experience has already demonstrated that it is possible to organize the unorganized labouring poor workers. Three types of body can be identified. First, the radical political movements engaged in sporadic agrarian class struggles are mainly the extreme left groups, going under the name of the Naxalite movement. They have had some success in obtaining economic advantages for the poor labouring class. The second types of organization are the trade unions of political parties. Their approach is similar to that of the trade union in the organized sector and they tend to organize according to occupations. Trade unions of agricultural labourers are the most common. The third group may be called “empowerment groups” and mostly consist of NGOs, including anything other than the Government or the first two. A large number of religious and charitable bodies and development organizations contribute to increasing the staying power of the poor. They are often involved in microcredit programmes for women, adult literacy work, health care services, relief assistance in times of crisis, watershed management etc (Kannan, 1999). One study counted some 2,000 NGOs working on labour related issues (Chandra and Reddy, 1998).

Some of these “empowerment groups” have felt the need for alliances. The National Center for Labour (NCL) is a federation of organizations working among the unorganized sector workers and is a major event in the emergence of the collective voice of the labouring poor. The prominent organizations in the NCL are SEWA, the National Federation of Fish Workers Forum, the National Federation of Construction Labour, the Domestic Maids Union, Forest Workers and Agricultural Labourers.

With the growth of the informal economy, a sizable number of these workers are home-based and women. This realization and the organization of mainly NGOs working

with informal workers led to an international focus on certain groups of workers within the informal sector who are considered the most invisible (Chen et al., 1999). Some such groups are the home-based workers; within them are the homeworkers or outworkers, and street vendors. Part of their invisibility stems from the fact that they are often women and work in not very clearly designated "business places", such as their homes or in the streets.

With considerable background work on the part of these NGOs, the ILO adopted a Convention on Home Work in 1996 (number 177), which refers exclusively to homeworkers, a category not included in the International Conference of Labour Statisticians (ICLS)-1993. It defined a homemaker as a person who carries out work for remuneration in the premises of his/her own 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. This is a sub-category of the broader category of home-based workers.

The organized groups of home-based workers attempt to improve the terms of engagement in the market economy, including the global economy. An international alliance of home-based workers called Homenet operates from the United Kingdom. It has also established regional networks such as Homenet Southeast Asia, and Homenet South Asia. A global network of Women in Informal Employment: Globalizing and Organising (WIEGO) has been formed comprising of activists, academics and international development institutions (Sudarshan and Unni, 2001).

To the survey question "Do you belong to any organisation that represents your interests in your work?" only 17 per cent of the sample workers responded positively. When the question was posed as "Do you know about unions", about 40 per cent of the men, 19 per cent of the women and 30 per cent of SEWA members responded positively. Obviously, awareness of trade unionism and organization among the workers was very low.

Welfare funds

Welfare funds represent one of the models developed in India for providing social security to workers in the informal sector. Funds are raised by levying a cess on the production, sale or export of specified goods, or by collecting contributions from various sources including employers, employees and the Government. The funds are used for expenditure on the welfare of the workers (Subrahmanya, 2000). The Government of India has set up welfare funds in six classes of mines, *bidi*, cine, dock and building and construction workers. Among the states, Kerala has set up 20 welfare funds. Similar funds have been set up in Gujarat, Maharashtra, Karnataka, Punjab and Assam for specific groups of workers. Set up by special acts of parliament and administered departmentally by the Ministry of Labour through Government appointed Welfare Commissioners, they tend to be bureaucratic and lacking in initiative and the cost of administration has been high. If many of these funds could be integrated, it would reduce overheads (Subrahmanya, 2000).

A major problem for the central welfare funds is identifying the beneficiaries. The funds themselves do not have a system of registration. Instead identity cards are required to be issued by the employers in some states. Non-implementation of this requirement leads to large number of workers not receiving the benefits due to them. In Kerala, the system of registration exists, but the schemes being optional, the number of workers who have registered varies. Another problem is that the welfare funds exist only for selected categories of workers and the very needy categories like agricultural labourers and forest workers are left out (Subrahmanya, 2000). Thus, while the collection of cess overcomes the problem of identification of the employers, the identification of the workers remains a problem due to non-implementation of registration, or as in the case of Kerala the issue of identity cards by the employers remains voluntary.

5.2 Self-employed workers

Capital security

The insecurities faced by the self-employed workers were identified mainly as access to capital and demand for their products or services. The value of their fixed and variable capital was very low, implying low turnover and incomes. About 57 per cent of the urban self-employed workers in the survey felt that they were constrained by lack of access to capital. Hence one of the core needs of the self-employed workers was for capital. This could be obtained from the market. However, the formal banking institutions are very reluctant to lend to small entrepreneurs or self employed people.

Integrated Rural Development Programme (IRDP)

The Government provides subsidized credit through certain well-known programmes. One of the major self-employment programmes in all blocks in the country in 1980/81 was the Integrated Rural Development Programme (IRDP). This was a major anti-poverty measure, aimed at providing economic assets and inputs to households living below the poverty line in rural areas, in order to make their economic activities viable.

In 1999 the IRDP was restructured as the *Swarnajayanti Gram Swarozgar Yojana*. Other allied programmes are Training for Rural Youth for Self-employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Million Wells Scheme and Supply of Improved Toolkits to Rural Artisans. The Government, research scholars and international organizations have extensively evaluated the IRDP. The major criticism is the lack of linkages between different programmes and lack of co-ordination between departments. IRDP and the allied activities are not sufficiently enmeshed in the overall strategy of sustainable agricultural development or rural industrialization or with the resource base of the area. Very few loans have been given for buying land. This absence of integration together with lack of technological and institutional capabilities puts a question mark on the very strategy and design of the programmes (Planning Commission, 2000).

The fifth round concurrent evaluation of IRDP, carried out in Gujarat during August 1995-June 1996, observed that the benefits of the programme did reach the targeted population, but did not necessarily help them to cross the poverty line. It was observed that the beneficiaries of the poorer households obtained a lower share of income from the IRDP asset, and the poorer segment of the weaker sections such as tribes and women received an even smaller contribution to their income from IRDP. The objective of the IRDP to uplift the poorest of the poor first had not succeeded (Iyengar et al., 1997).

Microfinance

The World Summit for Social Development, held in Copenhagen in March 1995, underscored the importance of improving access to credit for small producers, landless farmers, and other low income individuals, particularly women and vulnerable groups. The United Nations declared the year 1996 as the International Year for the Eradication of Poverty and 1997-2006 as the first International Decade for the Eradication of Poverty. The World Microcredit Summit at Washington DC in February 1997 announced a global target of supporting 100 million of the poorest families, especially women, with microcredit for self-employment by the year 2005 (Nair, 2001). All these international initiatives have given a major fillip to microfinance as an important intervention to alleviate poverty. Microfinance institutions are those that provide thrift, credit and other financial services in very small amounts to poor households in order to raise their income levels. They consist of moneylenders, traders etc. in the informal sector, informal savings and credit groups, and formal sector institutions. However, the World Development Report, 2000/2001 describes microfinance as a “market-based formal mechanism” to

mitigate risks faced by poor people as against the 'informal group-based mechanisms' like savings and credit groups.

The success of microfinance interventions has been measured on grounds of outreach and sustainability of the programme, income or poverty impact on the users and development of financial markets at the local level. Most studies have, however, concentrated on the first. The preoccupation has been with regularity of repayment of loans, which has led to a bias towards petty trading that has a regular cash flow (Ditcher, 1999). Currently, microfinance institutions are generously subsidized, and it is not clear whether and how they will stand up to competition once the shield of subsidy vanishes (Nair, 2001).

NGOs as vehicles for disbursing microcredit to poor self-employed workers through have been clearly preferred by the international funding agencies. In India the Government has encouraged the microfinance programme. The National Bank for Agriculture and Rural Development (NABARD) has an NGO-Self-Help-Group (SHG)-Bank programme that tries to promote the linkage between the formal and informal financial sectors. According to NABARD, by the end of the 1990s about 800 NGOs were participating in its Self-Help-Group-Bank linkage programme. A government-initiated NGO, the *Rashtriya Mahila Kosh* (RMK), under the Department of Women and Child Development also extends credit support to NGOs and the Women's Economic Development Corporation. The RMK is a national-level mechanism to meet the microcredit needs of poor and assetless women. Since its inception in 1993, RMK has sanctioned credit of Rs.773.6 million; it has benefited 350,000 women through 688 NGOs spread all over the country (Planning Commission, 2000). Thus the formal funds get into informal channels before they reach the desired clientele. According to a study conducted by the NABARD, there is a 40 per cent reduction in transaction costs due to the SHG intermediation. Similarly the borrowers transaction costs have been reduced by 85 per cent with the elimination of complex documentation and procedures (Nair, 2001).

The SEWA Bank has also been following the microfinance strategy of lending through Savings and Credit Groups in the villages and directly through its bank in the urban areas. This has reduced the capital insecurity of its members: the survey showed that only 48 per cent of the women members of SEWA reported lack of access to capital compared to 58 per cent in the general sample of women. The actual fixed capital employed by SEWA members was also relatively higher than that of other women, though lower than that of men. Thus, the institution of microfinance did play a role in reducing capital insecurity of the poor self-employed workers.

A third institutional mechanism that helped to reduce capital insecurity of the poor was civil society or social networks. This has been termed social capital in the literature. To the question as to whether there was a social network, or households in the community, whom they could approach when in need of financial assistance, about 90 per cent of the households reported the existence of such a social network to bail them out in times of financial crisis. The networks were structured within the family in 89 per cent of the cases, and 10 per cent were among friends. Besides social networks, we further enquired about the kind of institutions that households approached when in need of capital. These institutions were then broadly grouped into four types by degree of vulnerability, as indicated below. The least vulnerable were those who were able to borrow from social networks, constituting about 68 per cent (persons who had taken a large debt, as opposed to all debtors, 90 per cent mentioned above). The next least vulnerable were those who were able to borrow from formal institutions and constituted 17 per cent. We found that the SEWA women were the least vulnerable by the second criterion. This was mainly because of their knowledge that they could borrow from SEWA Bank in case of need. The other two types were those who had borrowed from moneylenders and other informal institutions such as a *chit* fund.

Demand security

The self-employed workers were mainly engaged in the production of goods or services. To scale up production or expand the business, capital is only one of the many constraints. Demand for their output is a second major constraint for the small self-employed workers. In order to expand their economic activity they had to either expand the markets for their current activity or develop or deal in a new product or service. The survey found that only about 23 per cent of self-employed workers had actually contemplated the expansion of their economic activity in the next five years and another 26 per cent visualized shifting out of the current activity and into a new one. As observed earlier, they were engaged in activities with low levels of capital. Obviously, these workers are very poor and the activities they engage in perhaps do not provide much scope for upward mobility.

The question of developing markets for these workers is much less discussed in development literature compared to the need for capital. A means by which this problem can be addressed is innovative production organization. Since capital, skill and other needs are limited, forms of organization that encourage the coming together of a number of producers can help pool these scarce resources. One popular form that has been tried out in India is the co-operative society. Another is the formation of producers' groups consisting of similar self-producing artisans or small industry. The function of the co-operative and producers' groups is to facilitate linkage to markets, to provide management and accounting facilities for the scaled-up production activity.

Co-operative movement

In a study advocating a "middle-path" between corporate and state bureaucracies, co-operatives with emphasis on local control of resources are seen as an alternative to provide opportunities and protection to the poor (Baviskar and Attwood, 1995). Co-operatives enable small producers to aggregate their skills and resources so that large-scale political, administrative and economic systems are less overwhelming. In India the idea of a middle path through co-operatives is an old one (Gadgil, 1961), but the co-operative movement is not considered very successful and has been like a dream that turned sour. One of the reasons for this was the large number of state-sponsored, and in fact state-controlled, co-operatives.

Comparing the relatively successful co-operative movement in Western India to that in Eastern and Northern India, Baviskar and Attwood came up with the hypothesis that co-operatives are successful in areas where there is a large middle peasantry with relatively homogeneous caste groups and a common identity. Excessive political and bureaucratic interference by the state leads to co-operative failure, that is, autonomy from the state is necessary for the co-operative movement to succeed.

Producers' groups

Development of Women and Children in Rural Areas (DWCRA) is a sub-scheme of IRDP started in 1982/83 on a pilot basis in 50 selected districts. It has now been extended to all districts in the country. Under this scheme, poor women are organized in groups of 10-15 for taking up economic activities suited to their skills, aptitude and local conditions. A revolving fund of Rs.25,000 - a one-time grant is provided to these groups for starting up income generating activities. DWCRA is the only government programme aimed at empowering rural women through economic means. It seeks to encourage collective action in the form of group activities, which are expected to work better than individual efforts. In addition, it encourages the habit of thrift and credit and making women more self-reliant. Many evaluation studies of this programme emphasize the limited success of these groups due to various reasons like the difficulty of forming and sustaining group activity.

SEWA has, however, successfully used the DWCRA programme to help form producers' groups. A successful experiment is in the semi-arid district of Banaskantha in Gujarat. The producers' groups are now federated into a district-level federation, the Banaskantha DWCRA Women's Association (BDWA). This association is actively promoting the producers' groups and linking them to markets, banks, government agencies and other institutions at the state, national and even international levels. BDWA office bearers help the producers' groups to solve problems. The groups are involved in eco-regeneration programmes through nurseries and plantations, gum collection from the forests and salt farming. The BDWA relies on SEWA to take up issues that hamper the progress of the federation or the producers' groups, and to play the advocacy role. The women are simultaneously members of SEWA and BDWA. The membership of SEWA grew from 1,500 in 1991 to 43,500 in 1995 and of BDWA from 1,500 to 15,300 during the same period (Bhowmik and Jhabvala, 1996). This can be considered a successful case of empowerment through producers' groups and also a successful use of the government programme.

Legal recognition

Another major insecurity faced by self-employed workers is lack of legal recognition. One of the main features of the self-employed workers in the informal economy is the small scale of operation. Many of these units operate either from their homes or on the streets. The lack of a "designated business place" is a characteristic feature of these units and this adds to their vulnerability. The household survey found that nearly 37 per cent of the self-employed persons worked at home and another 42 per cent worked on the street. Hence only 20 per cent of the self-employed had a designated place of work.

The National Sample Survey Organization conducted an Informal Sector Survey along with its quinquennial labour force survey in 1999-2000. About 36 per cent of the informal enterprises were observed to be home-based and 22 per cent were without a fixed location. That is, only 42 per cent of the informal enterprises in the country had a designated business place. Even out of these 6 per cent were located in temporary structures. Street vendors, another vulnerable group, constituted about 11 per cent of the informal enterprises (NSSO, 2001).

The constraints faced by self-employed informal enterprises in accessing resources and a hostile policy and legal environment often exacerbates marketing problems. In a survey of the informal sector in Ahmedabad city, it emerged that informal enterprises paid various forms of legal and illegal fees to the state authorities and local "dons". Of nearly Rs. 285 million collected by the State as fees, only about 38 per cent were collected legally. The rest was collected in the form of bribes for violating certain rules and regulations. These fees were mainly collected from the trade, transport and service enterprises operating in "unauthorized" business places, on the grounds that they caused traffic congestion, health hazards and made illegal use of public space. These kinds of restrictions without accompanying positive alternative measures, invariably meant reduction in income earning opportunities (Rani and Unni, 2000).

One solution would be to provide identity cards to the workers. In the case of certain home-based work such as *bidi*-rolling, there does exist a system of providing identity cards to the workers. However, this trade is regulated under the *Bidi Workers Welfare Fund Act, 1976* and entitles the workers to a number of benefits. The problems surrounding identity cards have been discussed above.

6. Conclusion

The instruments of social protection and the institutional mechanisms to deliver core needs clearly show the important role of the State. However, it needs to be emphasized here that increasing globalization over the last decade is modifying the role of the State through various market mechanisms. In this changed scenario, the State should not absolve itself of the responsibility of providing the core needs, both basic and economic, but the question of how it is going to mobilize the resources for these activities remains a puzzle. This concern largely arises because a significant proportion of the population in developing countries, like India, is in the informal sector and does not directly pay taxes. To provide them with social protection would involve huge costs and any policy intervention in this sphere will have to address this issue. Indian planners have never been at a loss to fashion attractive policies, it is the will to implement them that has been lacking (Beteille, 2001). Innovative and easily implementable methods of mobilizing resources are likely to be one of the key challenges for policies in social protection.

This paper has identified a number of private-market and NGO initiatives in the direction of social protection. These initiatives need to be strengthened and many more innovative approaches have to be devised in order to provide social protection to the poor, informal workers. The argument that the causes of insecurity are both random shocks and structural features focuses on the need to address both the economic and basic security issues.

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