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Critical Gender Concerns in the Manufacturing Sector:

Increasing remunerative employment for women

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I. Executive Summary¹

This policy brief is an effort to highlight key policy recommendations to address critical gender concerns in the manufacturing sector; it specifically focuses on increasing remunerative employment in this sector. It is often assumed that the core economy is gender neutral and therefore does not differentially impact women and men. Women primarily feature in measures to overcome poverty; but not raising production or productivity. This policy brief identifies gender gaps in policy creation, implementation and budgets and suggests measures to enhance the gender responsiveness of the market economy with greater number of women working there, on more productive jobs. The manufacturing sector has potential to absorb huge number of women - particularly from the low productive farm sector; and with the increase in the number of educated women entering the workforce, it can also play a crucial role in the economic empowerment of women. This policy brief draws largely on the experiences of two states – West Bengal and Tamil Nadu to highlight critical policy gaps and challenges in generating more remunerative employment opportunities for women in the manufacturing sector.

II. The Context

The manufacturing sector in India contributes no more than 15-16 per cent of the GDP. Moreover, it contributes to just 1.8 per cent of the world trade in manufacturing. Recent reports indicate that its

Gross Value Added (GVA) that had been growing over the 2000-2010 decade at an unprecedented rate of 9 per cent and above per annum, has begun to stagnate in the current year².

Even more worrying is the fact that currently, the Indian manufacturing sector employs not more than 11 per cent of the country's workforce (merely 7 per cent rural and about 22 per cent urban³). During the Eleventh Plan period, employment in the sector actually went down in absolute numbers. During the Tenth Plan period, it had grown from 44.15 million to 55.77 million; but over the next five years, it fell to 48.54 million⁴. Furthermore, in the Eleventh Plan period, 12 of the 22 major states in India saw a reduction in manufacturing jobs. The Approach Paper to the Twelfth Plan has set a target for creating an additional 100 million decent jobs in the manufacturing sector over the period from 2012 to 2025⁵.

Between 2004-05 and 2009-10, work participation rate for women declined from 29 per cent to 23 per cent⁶. In the same period, their share of total manufacturing employment declined from 8.4 per cent to 7.5 per cent in rural areas and 28.2 per cent to 27 per cent in urban areas. The gender differential has increased (see Figure 1); and the gap is more significant when subsidiary⁷ workers are left out of the count. This has two alarming implications; firstly that the share of female workers in the manufacturing sector is declining and; secondly, jobs offered to women in this sector are increasingly becoming subsidiary in nature⁸. In order for India's growth to

¹This policy brief draws on valuable inputs provided at a National Consultation organized in Kolkata by Prof. Nirmala Banerjee with the assistance of UN Women on increasing women's employment in the manufacturing sector on 7th March 2012. Participants included concerned officers of West Bengal government, academics, representatives of FICCI and of the association of MSMEs, women entrepreneurs as well as representatives of women's organizations. Comments from few experts who were personally interviewed by Prof. Banerjee in New Delhi and Kolkata preceding the Consultation were also discussed. The reports of the Prime Minister's Committee on Small and Medium Industries (2010) and the Steering Committee for the Manufacturing Sector (2011) set up by the Planning Commission were also taken into account to prepare this policy brief.

²Santosh Mehrotra, A. Gandhi, B.S. Sahoo, P. Saha, *Creating Employment in the 12th Five Year Plan*, Economic and Political Weekly (May 12 vol xlvii no 19), 2012.

³Employment and Unemployment Situation in India, 2009-10, NSS Report no. 537(66/10/1), Ministry of Statistics and Programme Implementation, Government of India.

⁴Santosh Mehrotra, A. Gandhi, B.S. Sahoo, P. Saha, *Creating Employment in the 12th Five Year Plan*, Economic and Political Weekly (May 12 vol xlvii no 19), 2012.

⁵Faster, Sustainable and More Inclusive Growth, An Approach to the Twelfth Five Year Plan, Planning Commission, p. 105

⁶Employment and Unemployment Situation in India, 2009-10, NSS Report no. 537(66/10/1), Ministry of Statistics and Programme Implementation, Government of India.

⁷The status in which an economic activity is pursued for less than 183 days but not less than 30 days during the reference year is called the subsidiary economic activity status of that person.

⁸Sinha, Sharmistha, 'Female employment and the Planning Process in India'- paper presented at the International Conference on Feminism and the Law: Revisiting the Past, Rethinking the Present and Thinking the Way Forward, ILS Law College, Pune in partnership with the University of New South Wales University of Technology, Sydney, 2012.

be truly inclusive and sustainable, manufacturing has to become the engine of growth; it must furnish a large portion of the additional employment opportunities required, particularly for India's increasing youth population. Women too will need more manufacturing jobs, especially in rural areas where jobs in agriculture are not growing and in any case may not satisfy the aspirations of younger women who will be entering the workforce with some educational qualifications. For women, the fastest growing job opportunities during the last decade were in domestic and personal services; but it is possible that the new additions to women's labour force with better qualifications will not find those jobs acceptable⁹.

Manufacturing had historically been the second largest avenue of employment after agriculture for Indian women. They work mostly in labour intensive manufacturing industries such as textiles, handlooms, food processing, garments and leather and leather products.

Table 1: Women in the MSME Sector

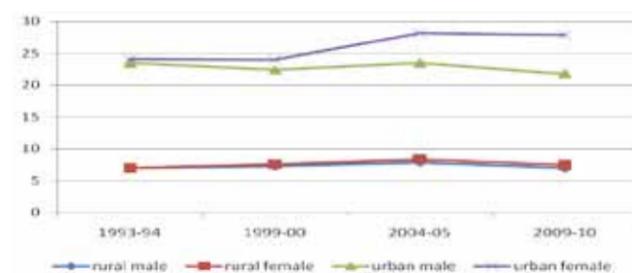
Enterprises managed by	No. in lakh (1 lakh=0.1 million)
Male	13.49 (86.28 per cent)
Female	2.15 (13.72 per cent)
Total	15.64 (100 per cent)

Source: Annual Report, Ministry of MSME, 2010.

Women's work in the sector comprises mainly of unpaid¹⁰ family work or meagrely paid, low-productivity, often home-based¹¹ piece-rated work for many of the traditional labour-intensive industries. For a long period, their traditional manufacturing jobs in registered large scale industries had been shrinking in the face of

changing technologies. And, militant male-dominated trade unions had often pushed the main burden of technology-driven redundancy entirely on the industry's women workers¹².

Figure 1: Share of workers¹³ in the manufacturing sector, by location, sex (1993-94 to 2009-10)



This policy brief explores the policy framework that will be required to create additional jobs, provide women with their due share in these and at the same time, ensure minimum standard of decent working conditions for all workers.

Traditionally, women employ special skills to participate in the manufacture of products in these industries without getting due recognition for it. These industries, for example textiles, processed foods, garments and leather products are also the industries chosen in the Twelfth Plan for their capacity to create more jobs. In promoting these industries, policies should ensure that women's work in them is fully recognized and duly remunerated. Also, their skills should be modernized and their productivity increased.

A Review of the Root Causes of the Problem

In looking for the root causes of the current crisis in manufacturing, it is important to note the considerable diversity of India in regional

demography, resource bases and traditions of production and governance. At the same time, the country's strongly centralized economic and social policies compel different regions (states) to accept the norms set by the Union government for some vital considerations like tax laws, designs for vocational education, industrial regulations, and controls and concessions for foreign trade. Problems faced and facilities availed by industries in each region are thus a mixed outcome of both centralizing factors and regional tendencies. In order to understand how the forces at the two levels interact, the policy brief draws largely on the experiences of two states – West Bengal¹⁴ and Tamil Nadu; it tries to highlight critical policy gaps and challenges in generating more remunerative employment opportunities in the manufacturing sector.

Micro, small and medium enterprises¹⁵ (MSMEs) have been a major contributor to generation of employment within the manufacturing sector, and even to its exports. They account for 45 per cent of total manufacturing output and 40 per cent of the country's exports. Although the units together employ over 60 million workers in 26 million enterprises¹⁶, not more than 15 per cent of these are in the registered sector and receive the benefit of official schemes meant for their improvement. According to the fourth All-India census of MSME units in 2006-07, about 88 to 90 per cent of working enterprises were in the unorganized sector.

Although, in this policy brief, information about problems faced by unorganized industrial units has been culled from primary studies¹⁷ of individual industries in West Bengal, MSME units in the unorganized sector in other parts of India are also likely to be suffering from similar difficulties. These problems can be broadly classified as follows:

1. Outmoded production organizations and social institutions act as bottlenecks.
2. Access to physical and human capital is severely constrained for workers and owners of these units.
3. Hazardous work conditions.
4. Information about changing market forces and public policies does not always reach the actual producers.
5. Inadequate infrastructure facilities.
6. Fiscal and administrative lacunae.

The factors are not independent of each other but keep continuously interacting. In addition, gender bias is a cross-cutting consideration that aggravates each of these problems.

Outmoded Institutions and Production Organizations

Several of West Bengal's traditional industries, particularly handlooms, have been controlled by middlemen or traders who provide the inputs on credit. Workers bear the costs of machinery, space and power, provide skills and labour and get paid a piece rate for the product. They also bear the risks of rejection by the trader/*mahajan*. Though the production process involves several hours of daily work for women, they are not recognized as workers. The worst part of this arrangement is that for the outside world, the trader is the face of the industry, and all the benefits of public schemes for small industries are claimed, not by the producers but by the middlemen. The producers have little protection against market fluctuations; at times of downturn, it is the women who have to ensure family survival. This happened in the cotton handloom industry in the post-liberalization period, when

⁹NSSO report no. 537

¹⁰Those self-employed persons (mostly family members) who were engaged in their household enterprises, working full or part-time and did not receive any regular salary or wages in return for the work performed. In some cases they ran the household enterprise on their own but did not receive remuneration for the output.

¹¹The ILO Home Work Convention No.177, adopted in 1996, refers exclusively to homeworkers, a category not included in the International Classification of Status in Employment, ICSE-93. It defined a homemaker as a person who carried out work for remuneration in premises of his/her choice, other than the work place of the employer, resulting in a product or service as specified by the employer, irrespective of who provided the equipment, material or inputs used. The homeworkers fall in an intermediate position between the self-employed and the wage workers or the employee.

¹²Views expressed by experts and women entrepreneurs at the Consultation on March 7, 2012.

¹³Workers here refer to those pursuing economic activities determined on the basis of usual principal status and usual subsidiary status taken together (UPSS).

¹⁴Contrary to general trends, West Bengal's manufacturing employment had shown a net increase at a rate faster than anywhere else in the country. In 2009/10 manufacturing accounted for 22 per cent of its non-agricultural employment and the maximum number of new jobs added during the specified period was in manufacturing (table 1).

Remarkably, West Bengal's growth in employment was almost entirely confined to MSME units in the unorganized sector; according to CSSO estimates, though the contribution of the registered manufacturing sector to the State domestic product grew fast in 2006/07 and 2007/08, it slowed down after that. But the contribution of the unregistered sector increased fast both in the initial years and again in 2009/10 (CSSO as quoted in SM 2012). These unregistered small and medium units outpaced the large registered sector in employment growth and in growth of its Gross Value Added (GVA).

¹⁵MSMEs (manufacturing) are defined in terms of investment in plant and machinery:

Micro: investment < Rs. 25 Lakh; Small: inv>Rs. 25 Lakh but <Rs. 5 Crore; Medium: inv>Rs. 5 Crore but <Rs. 10 Crore.

¹⁶Report of Sub-group on Marketing, 2010

¹⁷Nirmala Banerjee, *Trends in Women's Employment, 1971-81: Some Macro-Level Observations*, Economic and Political Weekly, Vol.24, No. 17, 1989.

cotton prices fluctuated widely and handloom products faced fierce competition from multiple higher productivity competitors.

Work in traditional industries is usually associated with specific castes and communities and these conventions can act as powerful barriers against any progressive change. For example, in West Bengal, raw hides and skins arrive in the market in a very poor condition because the initial work of cleaning and preserving the skins is done by families belonging to a low caste and other agencies in the region do not consider this work part of a modern industry. As a result, West Bengal and its hinterland are wasting a very valuable raw material in high demand. Women of those low castes are assigned extremely unhygienic and laborious tasks, which should have been mechanized long ago.

Sexual division of labour is deeply rooted in manufacturing organizations and even in modern industries, the roles of men and women are clearly demarcated and women are always assigned meagre-paying jobs to be performed using poor tools. Women entrepreneurs even from the upper middle-class background face innumerable difficulties in convincing banks, landlords and licensing authorities regarding their capabilities to run industrial units.

Paucity of Physical and Human Capital

The shortfall in credit and capital resources for small industry is a major problem in execution of existing policies. Even the chapter on the manufacturing sector in the Twelfth Plan Approach Paper lays great stress on this. There are many public directives to the banking system about giving priority to the small sector. In spite of these, the share of MSMEs in total bank credit declined from 12.5 per cent to 10.9 per cent between the years 2000 to 2009. In the same period, the share of credit to micro units in total net bank credit fell

from 7.8 per cent to 4.9 per cent.

One important reason why the take-off of bank credit remains sluggish is the prejudice that works, especially against women in general and particularly those from disadvantaged backgrounds.

Policy makers at State and Union levels have also shown this prejudice against women in their schemes for providing credit for their small and micro units. For example, till lately, the *Swarnjayanti Gram Swarozgar Yojana* (SGSY) was the largest single public policy measure for women's economic empowerment in rural areas; it was meant to provide micro-credit for new enterprises initiated mainly by women. But the monetary aid provided and conditions imposed were such that enterprises started with the credit could seldom generate a viable living.

In the understanding of West Bengal state officials, the scheme was one for helping married housewives to undertake some part-time activity in their "spare" time just to supplement their family incomes¹⁸. They never perceived how poor were the returns from the additional work burden imposed on the already overworked women.

Education and Skill Training

Poor levels of education and skill training are major hindrances in India, especially in the MSMEs. Not more than 30 per cent of India's labour force has secondary education and only 15-16 per cent has cleared the higher secondary stage. Also notable is that in India, education of higher secondary level seldom provides any systematic exposure to practical skills. Presently, in the Industrial Training Institutes (ITIs), there are no more than 1.85 seats per million persons and only 9 per cent of ITI students are women¹⁹.

The institutions are mostly located in cities and they seldom have hostels for girls. So, it becomes

very difficult for women, particularly from rural areas to avail even those few facilities. In general, most institutions do little to remove the biases that exist in our society against physical labour, low caste roles or gender stereotyping. And, often those in-charge of these institutions that run training programmes offering livelihood options to women themselves suffer from biases about what women can and should do. Consequently, they are opposed to any experimentation with new kinds of skills²⁰.

Currently, workers learn most basic skills including those in modern engineering units by rote by observing older workers; therefore they cannot distinguish between ritualistic and essential steps in a given task and thus their ability to innovate at shop floor reduces. Management should take this responsibility to provide systematic apprenticeship.

In West Bengal particularly, there is little recognition at policy level that women too need new flexible skills that are designed to suit both the upcoming industries and the newer kind of workers. For example, rural young women who are now getting educated may be unwilling to do the existing "mucky" and laborious jobs in the dairy or food processing industries that are traditionally identified as jobs for women. But, they may willingly accept the same work if they are trained to do these with more modern techniques and tools and are then suitably rewarded for the resulting higher productivity. For this, the education system needs to be oriented to provide young people the wherewithal for understanding modern technologies. Otherwise, the women in particular tend to be confined to very low-grade tasks.

Hazardous Work Conditions

Management is reluctant to identify possible hazards in workers' occupations or to provide any protection against those. For example, in

the apparel industry, skilled women workers run the risk of inhaling fibres and becoming sick after 2-3 years of work. But they are given no such information or any means of protecting themselves during their job tenure. Industrial inspectors have to show greater vigilance to protect workers from work related hazards.

Bottlenecks in Communications Channels

Even when there are technical experts nearby, class and caste barriers prevent many workers and entrepreneurs from approaching them to get their problems sorted out. For example, women cocoon rearers in Malda district of West Bengal were facing problems in keeping their worms free of infections. However, they never thought of consulting experts at the Central Sericulture Research Institute, located in the adjacent Bahrapur in West Bengal's Murshidabad district, about those problems; nor had officials from the institution ever come to meet the growers. Contrarily, SEWA workers had received help from specialist institution when they had faced problems of storing water for their *Banalakshmi* project. In the process they had discovered that this knowledge and capability were also part of women's empowerment.

Fiscal and Administrative Lacunae

The linear structure of administration in Indian governance creates huge problems in coordinating development plans of various line agencies. This is especially problematic for the small and micro-manufacturing sector. They too require all infrastructure services such as electricity, roads, transport, storage etc. coordinated in time and space but these units have no means to approach authorities to ensure that. That is why such units prefer to form informal clusters near larger cities. But over time, because of their informal status, the units

¹⁸Sanchetna: Report on *Swarnjayanti Gram Swarozgar Yojana* in UNIFEM 'Follow the Money', Series no.6, 2004.

¹⁹Data supplied by DGTD quoted in Report of Skills Workshop 4-5 June 2007, organized by CORD-RECOUP Group, New Delhi.

²⁰Reported at the Consultation by several participants working with NGOs.

cannot prevent their dislocation as cities grow and enclose them. These space related problems affect women seriously since they have to form a stable household.

Several points of particular relevance for MSMEs have come up in the earlier paragraphs that need further emphasis. These are:

1. In India, decisions about policies - whether about licensing, taxation, or international trade are under control of the Central government and even official sources at the state level are not fully aware about them.
2. Processes for answering their queries are not fast or transparent and lower level officials are too diffident to raise questions.
3. In most cases there is no provision in the design of any scheme to get a quick feedback either from the scheme's operators or from its targeted beneficiaries. There are virtually no channels by which, complaints regarding discrimination by bank or government officials that several entrepreneurs had talked about could reach higher level designers of those various schemes.
4. The practice of higher level governments of frequently changing schemes, their names and their contents makes it even more difficult for lower-down operators to carry these out efficiently.

Large Industry

West Bengal has a long history of women working in large registered industrial units in industries like jute and cotton textiles, coal mines and tea plantations. Throughout the last century, this employment has been shrinking. Women's experience of such industries can be summed up as follows²¹:

1. There was always a sharp sexual division of labour with women confined to low-pay, low-skill jobs.

2. Trade unions have rarely negotiated on women's behalf with the management. Instead, in many cases they have pressurized women to surrender their better-paid jobs in favour of men.
3. Even when engaged in full-time paid work, women were expected to continue with their unpaid family work. And, in any crisis, the responsibility of family survival ultimately always fell on women.

The tea industry exemplifies most of these attributes of women's experience of large registered industry in West Bengal and probably all over India. The tea industry has a history going back to the 19th century. All workers in the industry are tribal men and women, originally brought in from tribal areas as bonded labour. 50-60 per cent of tea estate workers are women. There has always been a sharp sexual division of work; men work in factories and women on plantations plucking leaves (though both groups are regarded as factory workers). Under the Plantations Act 1951, tea workers received several non-wage benefits such as free housing, rations and medication; hence wages have always been relatively low. Workers had to pick a specified load of leaves every day and for this, they had been getting help from their children. But when child labour was banned in 1961, it became difficult for the women to fulfil their daily quota without the children's help and they were forced to give up their tea worker status and become casual workers, paid by the daily load of leaves. So, a section of the labour force, chiefly women, in the organized tea industry became unorganized or informal workers. They were no longer entitled to rations as part of their non-wage benefit and had to buy their rations under the PDS. When tea gardens closed down, the workers had no wages and no benefits and even with BPL cards, could find no work around the gardens. To intensify the issue,

though tea workers had powerful trade unions, there was never any woman representative on the union body and their problems never got any backing of the union.

Moreover, benefits awarded to workers under the Plantations Act were meant for plantations of a certain minimum size; so the owners took care to keep the gardens small. In public works under Mahatma Gandhi National Rural Employment Guarantee Act, (MGNREGA) wages are higher; but if the workers move out of plantation work, they lose their housing. Thus, in spite of being in an organized large industry, workers in the tea industry remain worse off than an ordinary daily worker under MGNREGA. A retired Government official at the Consultation quoted examples of other registered industries in the state-

engineering, jute and coal mining -where owners had practised similar tactics for getting rid of women workers with the connivance of male-dominated trade unions.

A Comparative Analysis of West Bengal and Tamil Nadu

The West Bengal economy, which had been regarded as one of the poorer performers among Indian states, had actually outdone others in the growth of manufacturing employment during the last decade. On the other hand, there were several other states that had exhibited outstanding rates of growth of overall state GDP as well as of the manufacturing GVA, but had seen little growth of manufacturing employment. Table 2 shows this comparison:

Table 2: Comparison relating to some trends between selected states -Eleventh Plan period

States	% change in manufacturing employment	Av. annual rate of growth of GDP	Share of manufacturing in GDP
West Bengal	1.00	12.8	15.0
Gujarat	0.18	14.9	40.0
Tamil Nadu	-1.04	14.9	25.0
Andhra Pradesh	0.70	14.9	N. A.
Uttarakhand	-0.29	18.9	Small

Source: ASSOCHAM data on Indian Manufacturing Sector 2011

The varied experiences of the states of West Bengal and Tamil Nadu illustrate the process well. There are many industries common to the two states- leather and leather products, textiles and ready-made garments; micro and small industrial units dominate these industries in both states. In addition, Tamil Nadu and West Bengal both house numerous medium and small units in the auto parts industry that are growing fast.

However, according to Table 2, Tamil Nadu had a significantly faster growing GDP and the share of manufacturing in it was significantly above that of West Bengal. And between the two states, growth rates of manufacturing employment were significantly different over the same period. In Tamil Nadu, it fell by 1 per cent per annum while in West Bengal it increased by 1 per cent per annum. Obviously, the increasing

²¹See for example N. Banerjee: *Working Women in Colonial Bengal* in K. Sangari and S. Vaid, ed. *Recasting Women*, Kali for Women, 1989; and S. Sen, *Women and Labour in Late Colonial India*, Cambridge University Press, Cambridge, 1999.

manufacturing production and employment, simultaneously in West Bengal, indicates that industry in the state had done little to increase labour productivity. On the other hand, Tamil Nadu's industry had managed to increase its production but had shed some labour, which implied that labour productivity in the state had increased significantly. Unfortunately, overall growth had not been fast enough to reabsorb all the retrenched workers.

Several factors had probably contributed to the increase in labour productivity in Tamil Nadu. These are:

- **Regulation of industrial units**

Tamil Nadu's performance was significantly better because it had managed to get on official register as many as 6.8 lakhs of its small and medium enterprises (CII sources); the comparable figure for West Bengal is merely 0.42 lakhs. Tamil Nadu had achieved this chiefly by enforcing its strong industry-specific regulations; for example, in the leather tanning industry, the state's strict environmental regulations have compelled all units to locate only in specified sites that have arrangements to deal with its dangerous effluents. Once clustered in this way, the units have some recognition and can share information and modern technologies; the units are then approachable by large investors with capital for their modernization and increased value addition. In West Bengal, on the other hand, public plans for regulating the tanning industry are still incomplete and little is known in official circles about the pre-tanning activities of collecting and processing valuable skins and hides.

- **Technical and entrepreneurial training**

In Tamil Nadu, there are strong public/private partnerships for promoting technical and entrepreneurial training. A comparative study²²

of foundry industries in West Bengal and Tamil Nadu had shown that though the industry had a long tradition in West Bengal, it had been languishing since the 1980s in the hands of skilled but otherwise uninformed workers who had neither any guidance nor supervision from any informed entrepreneurs. In Tamil Nadu on the other hand, trained engineering workers had started many small modern units by aggressively seeking orders online.

- **Decentralization**

Tamil Nadu's multiple towns and cities, each with fairly well-developed infrastructure and facilities for technical education, have helped to harness into production, available local resources and skills from many sites. West Bengal on the other hand, so far has very few locations outside metropolitan Kolkata with similar facilities of infrastructure, education or training; as a result, particularly young women of *moffusil* areas have few opportunities of tapping into whatever benefits that are being offered by the state for small and new enterprises.

Women in Manufacturing

Tamil Nadu has taken several special steps for promoting women's manufacturing employment both as entrepreneurs and as workers. These are:

- a. Special schemes for promoting industries such as the coir industry where the share of women in the workforce is particularly high.
- b. In several industries like tea, matches, sago, polythene, tailoring or printing, where there is a significant presence of women, the state has encouraged cooperative societies of rural women living below the poverty line for promoting small industrial units.
- c. In several schemes for promoting micro and small enterprises, the state government has included additional concessions for women in the terms applicable to such activities.

- d. Setting up five industrial parks exclusively for women's enterprises.

In West Bengal, while the state government has announced several schemes for promoting micro and small enterprises, it has few policies that specially target or benefit women. Instead, two facts came up in the presentations at the Consultation; that in several industries in the state, it was a common practice to give family contracts for a piece of work to male members who used women as unpaid workers with no remuneration. Moreover, the state government had encouraged politicized trade unions to ignore women's issues.

In Tamil Nadu, it was not clear from the available data how far workers from the earlier workforce, especially women, had been retained and absorbed in the modernized industries. However, past history of Indian industrial development suggests that this time too, women probably lost a discriminatingly larger proportion of their jobs in the process.

III. Critique of Policy Option(s)

Approach of the planners for promoting inclusive growth is basically two-pronged; it aims to keep separate those policy measures that are meant to accelerate growth of the GDP from those that are meant for improving the distribution of its benefits. The latter are to be dealt with mainly by the anti-poverty projects. That is why although the Approach Paper states that the manufacturing sector should grow faster than the rest of the economy and increase its share in the GDP from about 15-16 per cent now to 20-25 per cent at the end of the Twelfth Plan period, it has little to say about improving the workers' share in its GVA. Similarly, planners have laid particular emphasis on MSMEs as part of their

design for inclusive growth, but once again they have little to say about working conditions of the workers in the sector. In fact, though the all-India census of the MSME sector in 2006-07 had shown that less than 15 per cent of the MSME units in manufacturing are in the organized sector and the rest are in the unorganized group, discussions about MSMEs in the plan documents do not pay attention to the differences between their organizations and working conditions. Women workers' issues in manufacturing altogether get little mention, because in the plans for the economy, women mainly feature in measures to relieve family poverty but not in those for raising production or productivity.

Our main argument is that growth and poverty alleviation should go together; growth measures should be such that, along with increasing the GDP, they also ensure that more and more persons feature as agents of that growth. Moreover, their roles should be such that not only do they overcome poverty but also aspire for an ever-improving standard of life. That is to say, the growth pattern must ensure that more people can join the market economy, working on jobs with enhanced productivity.

Furthermore, the proposed framework must recognise the need for support from state policies even for non-poor women so that they can combat the gender biases that are often hidden but strong in our education and skill-training systems as well as in the attitudes of those whom women confront in the economy.

So far, several impediments have made it excessively difficult for women to attain this goal of economic independence with dignity. To name a few:

- More women than men continue to live in rural areas where they are overburdened

²²Rajeev Meenakshi, *A Search for a Theory of Entrepreneurship: A Case Study of the Foundry Industry In Howrah and Coimbatore*, Working Paper No. 129, Institute for Social and Economic Change, 2003.

with housework and unpaid productive work that families and market economy continue to ignore.

- Families rarely invest in any tools or labour saving devices to help women, thus limiting their productivity. Increased male migration has further restricted women's movements out of their villages. Though more women are now migrating for work, movements over long distances to avail all possible opportunities are difficult for them.
- Early marriages prevent them from gathering any knowledge or experience of the labour market until they are forced to join it out of desperation.

Therefore, for women to be integrated with the mainstream growth process, state policies have to ensure that:

- Composition of the market economy is expanded to generate markets for products of currently unpaid women's economic activities.
- More manufacturing work is taken to rural areas for women to undertake it at their convenience.
- Special efforts are made to promote, via the public media, attitudes to aspire for economic independence among young girls. Apart from its existing schemes for this, the Department of Women and Child can launch schemes that encourage NGOs to build model industrial units with in-built skill-training programmes for young women.
- Orders for supplying several products to government departments should be reserved for organizations and industries that undertake to employ women and teach them productive skills.

IV. Policy Recommendations

Accelerating manufacturing production

India's prospects for rapid development in the coming years depends crucially on the

manufacturing sector, and specially on the performance of MSMEs. The Approach Paper to the Twelfth Five Year Plan has discussed many of the problems of this sector; but it has ignored most of the issues highlighted by practical experiences as described in earlier paragraphs. The fact remains that:

- Most of the units are staffed by poorly educated workers who have high levels of skills that nevertheless are specific to given products and production techniques. They have little of physical or human resources for devising ways of operating in fast changing and highly competitive international markets.
- Since majority of the units and their workers remain unregistered, there are no links between them and public efforts meant to reach them with any assistance.
- Many social and organizational barriers continue to prevent industries from recognising the crucial roles played in them by some low status groups; this not only condemns the workers to continue in their low status but also constrains further development of that industry.
- For the products or production techniques devised by unorganized workers, there are no channels as yet through which, they can acquire patents for their discoveries. That is why the Chinese textile makers could copy rare designs of the Banares silk weavers into their cheap machine-made products. Women have always been the greater losers in this process since their discoveries and knowledge have never been recognized outside the confines of family and local communities. Thus when patenting laws came into force, women who had long used herbal medicines like *haldi* (turmeric) got no credit for discovering their use.
- In the absence of adequate knowledge about outside happenings and within the limited markets open to them, the workers/owners

of these units keep competing with and undercutting each other; this enables those dealing with them to extract greater margins out of them.

Registration of units and workers

At the Consultation this issue was brought up by a leader of the federation of MSMEs in West Bengal. He felt that it is essential for all workers and units in the sector to be on official record so that there are direct links between workers and the policy makers. This also applies to women workers who may be working as unpaid help in production.

However, the fear of militant and politicized trade unions has made unit owners resist registration even by sacrificing more productive technologies and optimal production scales. But increasingly, it is becoming difficult for them to remain competitive while remaining outside the coverage of public facilities meant for them.

As a compromise, labour laws need to be made more flexible, varying according to the size and nature of the units. For example, laws that require provision of separate toilets for women or crèches in the unit prove to be uneconomic for MSMEs and as a result, they avoid employing women. The State should bear the costs for providing these facilities in a cluster for the benefit of all women working there. Information Technology should also promote on an emergency basis, schemes mooted for contributory employment insurance and social security measures for unorganized workers.

Wage work

The main and perhaps the only policy for women's economic empowerment so far had been to promote self-employment among them; this of course puts the entire burden of entrepreneurship on women who rarely have any

previous exposure to markets and to the changing patterns of price and demand. It is they who are suddenly expected to find their own niche in the market and take all the risks of understanding and anticipating market fluctuations. That is why with micro-credit schemes, women tend either to hand over the money to their husbands to invest in family businesses; or, they flood their familiar markets with additional goods of the same kind, which can lead to undercutting their own return on investment.

Instead, it is essential that at least in the initial stages, the majority of jobs meant for women are in the capacity of wage workers and not as self-employed entrepreneurs. A study of Chinese women entrepreneurs successfully running town and village enterprises had shown that majority of them had initially worked in the Guang Dong province in some large industry. After a few years there, they had moved back to their original areas with some accumulated capital and experience and then started some enterprise based on those. In India too, if women get wage work for a few years with some established enterprise, they would be in a much better position to establish themselves as entrepreneurs. As wage earners, the workers can be doing specific tasks with given technologies and machinery for some companies, which already have networks outside metropolitan areas. It is to be noted that this proposal is different from the current practice of traders in several industries like *zari* work or jewellery where workers provide the skills and capital embodied in the products and also bear the risks of rejection in return for low and uncertain returns.

Expanding markets and creating better lifestyles

Although standardized modern products of large industries have now penetrated rural markets, they have done little to substitute for products

of women's unpaid labour that fulfil many immediate wants of all households and aid them in the work they do as part of the manufacturing process. Commercial producers and households do not take note of women's daily struggles to repeatedly fetch water from long distances or to cook with inefficient and polluting non-commercial fuels. The State too has stopped at providing water to villages, without ensuring that it is within easy reach of all households. It promises to provide LPG cylinders to all families, but has not set a definite time horizon for that project. Now, with the proposal to cap subsidized LPG cylinder use, the burden would increase for those women who could avail it.

To be widely beneficial and holistic, plans for enhancing employment for women must be combined with creating cheap but efficient tools that can reduce women's drudgery.

It should be possible with some marginal but sympathetic application of fairly simple technical inputs and some scientific thinking to create and market cheap but efficient materials and tools that can significantly improve the life styles of poor women, release them for remunerative work and in the process create some new wage employment for them.

The State should get various state-funded research organizations to devise goods that suit local availabilities and can work in local conditions. These can then be produced and sold by local enterprises of women's groups with State support. These can also be a part of permissible work under MGNREGA.

Clustering as a strategy

Many countries where majority of industrial units were in the form of MSMEs have successfully accelerated the pace of development by forming clusters of the units. In these clusters, units keep

their independent identity but are linked together by an apex body to share markets, technologies, standardized designs and flexible production schedules. The Twelfth Plan Steering Committee for Manufacturing Industry has also accepted this as a viable and desirable way forward for Indian manufacturing. For that it has put forward plans for setting up modern clusters of units in National Investment and Manufacturing Zones that are to be created in some green areas. These zones are to have comprehensive facilities for industrial infrastructure and training, all the fiscal concessions that are enjoyed by SEZs and are also to ensure full environmental protection. While the idea is admirable, such zones are likely to take considerable time to be ready and it is doubtful if that schedule can fulfil the country's urgent need for a spurt of growth in manufacturing or to generate more employment for people, especially women, who are being left out of the current growth processes.

Instead, the clustering process cited above can be used immediately by incorporating in it some innovations. It is known that, as it is, units using similar skills and producing similar goods tend to cluster in one area that is known both to users of those skills and to workers in that trade. In the country as a whole, there are estimated 6400 industrial clusters of which 4259 have been mapped²³. There are at present 24 different schemes for promoting industrial clusters that have been launched by various public agencies – departments of the Government of India (GOI) as well as some state governments, banks, and the Small Industries Development Bank of India. But only 450 of the total existing clusters have so far received government help.

The east zone has the maximum number of clusters, of which 322 are located in West Bengal; of these only 47 have been recognized by the GOI.

Clusters of units employing women workers

The Association of Chambers of Commerce and Industry (ASSOCHAM) has undertaken a scheme where they propose to link scattered informal clusters through the Internet so that they can share technologies as well as supply chains and markets. The Planning Commission can also promote similar projects for E-linking clusters as a supplement to its other plans for the manufacturing sector.

Women have little experience or knowledge about the market economy and when isolated as home-based workers or workers in tiny workshops, they are vulnerable to exploitation. However, thanks to the many micro-credit schemes, there are now active women's groups in all areas looking for viable venues of economic activity. The ASSOCHAM should be persuaded to extend their E-cluster scheme to link women's groups into forming their production clusters and get them orders for work from its member companies. By now villages are being linked by internet and local authorities can make these facilities available for use by women's clusters. The scattered groups can coordinate their technologies, share information regarding markets, supply chains and orders from large companies. Being part of a cluster will increase the bargaining strength of women workers and it will be easy to train them in new techniques and skills for work.

Promoting more SEZs?

There is considerable controversy whether or not these informal clusters would perform better if they are given the fiscal concessions that EPZs or SEZs currently enjoy. Politicians are concerned about the possible impact of waiving the protection of labour laws for workers and also about the state losing some tax revenue. The

supporters of giving that status to more clusters however felt that not only does their production expand faster but workers are happier because the jobs pay significantly better wages. As to the uncertainty regarding their jobs, it seems that in any case presently, new jobs even in organized units are generally on contract basis and terminable at short notice. The spirit of the Consultation ultimately seemed to be in favour of giving such concessions to the numerous small clusters that are coming up.

Decentralized approach

The comparison between Tamil Nadu and West Bengal has shown that for the manufacturing industry, local factors and policies matter crucially in determining the final outcome. It should, therefore, be a part of the Plan strategy to activate and give discretion to more and more local bodies and institutions to join the effort for faster industrialization. They should be encouraged to map local resources and skills and seek help from local researchers for finding techniques and products best suited for the region.

Plans for infrastructure development should be coordinated in time and place to suit the needs of agencies interested in furthering industrial development in the area.

Building such public/private partnerships is part of the Planning Commission's strategy for growth of the manufacturing sector; at the same time, the project will be a step towards poverty alleviation and women's empowerment, which many companies have now accepted as part of their social responsibilities.

V. Conclusion

The draft Plan document shows its deep concern for the failure of the manufacturing sector to

²³Santosh Mehrotra, A. Gandhi, B.S. Sahoo, P. Saha, *Creating Employment in the 12th Five Year Plan*, Economic and Political Weekly (May '12 vol xlvii no 19), 2012.

achieve targeted growth rate of its GVA; to provide adequate remunerative employment; or to make its place in the international trade. However, the general view at the Consultation was that the suggested policies to increase in its share of GDP and employment were over-elaborate and did not take sufficient note of the distributive aspect and its utmost urgency. Particularly, though the role played by the MSMEs in the manufacturing sector had been discussed at length, the document did not take note of the very deeply ingrained institutional problems that constrained the units and had suggested no policies to combat those biases.

Throughout the discussion on the manufacturing sector, the plan document showed no awareness of the issues relating to women's work in the sector. But we know that during the Eleventh Plan period, share of women's employment declined disproportionately in the manufacturing sector. In the coming years, more women will need jobs and those should be qualitatively better than the jobs on offer for them during the last decade. And, justice demands that a market is created for the numerous goods and services that they provide for the family through their unpaid work so that they get duly compensated for it.

The Consultation generally felt the need for a decentralized approach to the problems of reviving the manufacturing sector in a country as diverse as India with different endowments of resources and traditions of production in different regions.

Annexure 1

Changes in Employment in West Bengal 2005-2010 in absolute numbers in million.

Sector	2004/05	2009/10	Absolute change
Total employment	32.12	34.19	2.07
Total excluding agriculture	16.86	19.21	2.34.
Trade (wholesale + retail)	3.64	3.75	0.11
Construction	1.46	2.05	0.59
Land transport	1.54	2.67	0.14
Manufacture of textiles	1.01	1.39	0.38
Manufacture of tobacco products	0.98	1.32	0.34
Education	1.15	1.06	-0.09
Manufacture of wearing apparel	0.66	0.78	0.11
Manufacture of food products & beverages	0.61	0.71	0.10
Public administration and defence	0.58	0.65	0.07
Hotels and restaurants	0.44	0.51	0.07

Note: Based on calculations drawn from NSS reports nos. 495 and 535.

