

**VISIBLE CONTRIBUTION OF INVISIBLE HANDS**  
**IN INFORMAL SECTOR IN NEPAL**  
**WITH SPECIAL REFERENCE TO HOME-BASED WOMEN WORKERS**

A Dissertation

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**DOCTOR OF PHILOSOPHY**

in

**ECONOMICS**

By

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May, 2014

## LETTER OF RECOMMENDATION

We certify that this dissertation entitled “VISIBLE CONTRIBUTION OF INVISIBLE HANDS IN INFORMAL SECTOR IN NEPAL WITH SPECIAL REFERENCE TO HOME-BASED WOMEN WORKERS” submitted by Reena Shova Bania (Tuladhar) to the office of the Dean, Faculty of Humanities and Social Science, Tribhuvan University for the degree of Doctor of Philosophy is completed under our supervision and guidance.

The dissertation is the candidate's original research work. We have carefully read this final work. We are fully satisfied with the language and substance of this dissertation. To the best of our knowledge, the candidate has fulfilled all the other requirements of the Ph.D. programme of Faculty of Humanities and Social Science, Tribhuvan University.

We, therefore recommend that the dissertation be considered for the award of Ph.D. degree.

Dissertation Committee

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Prof. Dr. Devendra Prasad Shrestha  
Supervisor

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Prof. Dr. Sohan Kumar Karna  
Expert

Date: May, 2014.

## DECLARATION

I hereby declare that this Ph.D. dissertation entitled "VISIBLE CONTRIBUTION OF INVISIBLE HANDS IN INFORMAL SECTOR IN NEPAL WITH SPECIAL REFERENCE TO HOME-BASED WOMEN WORKERS" submitted to the office of the Dean, Faculty of Humanities and Social Science, Tribhuvan University is entirely original work prepared under the guidance of my supervisor and expert. I have made due acknowledgement to all ideas and information borrowed from different sources in the course of writing this dissertation. The result presented in this dissertation has not been presented or submitted anywhere else for the award of any degree or for any other reason. No part of the content of this dissertation has ever been published in any form before. I shall be solely responsible if any evidence is found against this declaration.



.....  
Reena Shova Bania (Tuladhar)

Date: May, 2014

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## **ABSTRACT**

The purpose of the study is to highlight women's growing involvement in informal sector work based on international references and national labour force surveys. In today's world, the informal sector represents an important part of the economy and the labour market in many countries, especially developing and transition countries. So this study has purposed to document the fact that informal sector has acquired great significance over the years as a source of employment and livelihoods for an increasing number of people, especially women. The involvement of large numbers of women in the informal sector is a result of their low status in society and denial of opportunities in the formal sphere of employment. Women's low status is evidenced by their subordinate roles both at home and at the workplace. The present study is focused on the study of home-based workers which is a sub group of whole informal workers.

In the context of definitional controversy and absence of sound harmonized method to measure women's paid work done at home and home premises. Those who have worked closely with women in the informal sector, argue that the informal sector is even larger than official statistics suggest. The argument is based on the fact that much of women's paid work not just their unpaid housework is not counted in official statistics. So on the base of available evidence of related studies, the purpose of this research is to point out that, if the magnitude of women's invisible paid work, particularly home-based remunerative work, were to be fully counted, both the share of women and the share of informal workers in the work force would increase.

Some of the major documents, that were reviewed in the course of desk study are the main sources from ILO, UNIFEM, UNFPA, Plan Documents of Nepal, International and national organizations associated with informal workers like WIEGO, SEWA, Home Net etc. This study has documented the existing condition of women in informal sector in Nepal on the base of data provided by national labour force surveys. To understand home-based workers actual working condition and the contribution they make to household economy, a field survey is conducted in Kathmandu valley following a sound statistical method. A description of background characteristics as collected of the total 375 women home-based workers in the present study provides a perspective of the social status of these women workers. For the

respondents, social, familial, and educational obstacles remain that hinder them from achieving their potential.

As founded from the review it is seen that, as estimated by ILO, in all regions of the developing world informal employment (outside of agriculture) represents nearly half or more of total non-agricultural employment. An increasing share of the workforce in developed countries also works under non-standard arrangements, including part time and temporary work and self-employment. Half or more of female non-agricultural workers are in informal employment in seven of the 11 Latin America countries and in four of the six Asian countries for which data are available.

In the context of Nepal, the labour force survey conducted in 2008 has estimated around 2142 thousand people aged 15 and over to be currently employed in the non-agricultural informal sector (70 percent of total non-agricultural employment) as compared to 1657 thousand in 1998/99 (73 percent of total non-agricultural employment). Distribution by sex show that males employed in the non-agricultural informal sector increased by 31.1 percent and for females by 26.1 percent in 2008 as compared to 1998/99.

As estimated by ILO, there are over 100 million home-based workers in the world and more than half these numbers are in South Asia, of whom around 80 percent are women. Therefore, rather than receding, home-based work is in fact a vital and growing part of economic modernization. Its growth is exponentially linked to the globalization of industry and the never-ending search for less costly sources of labor and more efficient means of production by big companies. Home-based workers comprise a significant share of the workforce in key export industries, particularly those involving simple manual tasks such as labour-intensive operations, simple machines or portable technology. This is largely applicable to the textile, garments, footwear and handicrafts industry. Most home-based products such as handicrafts, handlooms and textiles have significant employment and export potential.

As in other developing countries, Nepal too has a large number of people working at their homes. Traditional skills, local sources and informal sector of these home workers contribute largely to the development of the country. But the contributions of these workers have not been mentioned anywhere. In a sense they have been invisible

and unheard of to the responsible organizations and industries. The issue of home-based work and workers in informal sector in Nepal has been surfaced, and a recognition of their existence made, only after the Kathmandu Declaration, 2000. The Kathmandu Declaration was enunciated with an intrinsic objective of bringing 177 Convention into motion. Thus it is considered to be one of the most significant instruments to foster and facilitate the welfare and development of home-based workers.

The major workforce of the country is engaged in informal sectors in Nepal. It is estimated by NLFS-2 that of the male non-agricultural employed, 83.8 percent were informally employed and among female non-agricultural employed, 91.8 percent were informally employed. Home Based workers are an important group among these informal sector workers. Based on different study on home based workers it has been estimated that there are least 22 million home based workers in the country.

It is true that women choose to work at home for number of reasons like flexibility of time and work hours allows them to combine income generating works with domestic chores and care work. At the other place, women are conditioned by prevailing gender norms to assume the triple workload and/or to restrict their mobility. But the findings of the present study points out the actual fact that, most women are engaged in unrewarding, unremunerative, hard work for many hours each day at home, merely because there is absolutely no choice or alternative. They choose home-based activities to supplement inadequate source of income for the family. Many women in this sector are never sure of making a net profit. All they know is that there is some turnover of cash which is generated by being involved in trading of their products. Our findings suggest that all these factors contribute to the concentration of women in home-based activities and to gender segmentation.

Although by definition, the informal economy is unorganized, this is not an accurate description. It is not true that it is difficult for informal workers to get organized themselves or they are prevented from being organized. There are many instances of organization of workers in the informal economy identified in the course of present study the context of Nepal who have started to work on some labour issues where unfair and exploitative practices are visible. For example, trade unions have begun to enter the informal world in recent past. NGOs have also come into the scene,

particularly after 1990. However the task is vast and definitely takes a long way to go.

Principally, there are two main types of home-based workers, piece-rate workers and own-account workers. It is important to distinguish between them, both conceptually and statistically. So the present study has done a comparative study of the two groups.

Based on the information of collected from both quantitative and qualitative method the study finds the challenges and issues of home-based work are somewhat different for the self-employed and piece-rate workers although their features are common in many aspect. Piece rate workers face the problem of exploitation, low wages, and no secure contracts, cheating by middlemen, unsafe and unhealthy working environment. In addition, they have to pay for many of the non wage costs of production costs of space and storage, utilities and equipment. The self employed on the other hand, lack access and competition in market, availability of raw materials, lack of financial sources, poor technology of production. While piece-rate workers need a guarantee of minimum wages, fair wages based on skill and productivity above the minimum wages, employment security and social protection, regulating the long working hours and a decent work environment, self-employed need transportation, storage, marketing, credit and enterprise security support.

The Nepalese Labour Act stipulates that women are legally entitled to equal pay for similar jobs and to enjoy a series of gender-related privileges, such as maternity leave, social protection in health at the workplace. Legislation against the discrimination in jobs and wages is confined within the Constitution of Nepal 1990. However, women labourers in both of the types of home-based work as seen from the present findings to continue to be deprived from any legal protection if there be any.

The findings from the present survey based on 375 observations, it shows the self employed group earns an average monthly income of Rs.6413, while the piece rate group earns monthly Rs.3938. Combined both of the groups, monthly income of the respondents is Rs.4572 and annual income is Rs.59436.6. The main reason for piece-rate workers' income to be low is due to their dependency on employers and middlemen who exclusively exploit them in wages. While in case of self-employed,

they have their own right to fix prices for their products given they do no loose market.

The present survey also indicates that women home based workers income comprises a significant part of the household income and their contribution to their household economy is substantial. Their share in household income is found to be 29.65 percent. The share of self-employed in household income is even higher 36.12 than that of piece rate workers which is 27.42. This invisible informal worker, namely home-based workers do contribute to household economy. Different socio-economic and individual characteristics are seen to affect the contribution made by them to household economy.

The fact here is that the products are visible, but the producers remain invisible. In the absence of institutional support and specific policy measures to enable home-based workers to build a direct linkage with mainstream markets, women home-based workers are left marginalized in Nepal. It is imperative therefore to ensure that the government takes unified steps to enable better access and liberalized trade for them. The absence of official statistics to count the size and contribution of home-based activities has left them invisible.

# CONTENTS

|   |      |
|---|------|
| LETTER OF RECOMMENDATION .....  | i    |
| DECLARATION .....   | ii   |
| ACKNOWLEDGMENT.....   | iii  |
| ABSTRACT.....   | v    |
| Contents .....  | x    |
| List of Tables .....  | xvi  |
| List of Figures .....   | xix  |
| List of Boxes .....   | xx   |
| List of Annexs.....   | xxi  |
| ACRONYMS /ABBREVIATION.....   | xxii |
| Chapter 1 INTRODUCTION .....  | 24   |
| 1.1 Background Introduction.....  | 24   |
| 1.1.1 Development and Growth of the Informal Economy .....                      | 25   |
| 1.1.2 Home-based Work .....   | 28   |
| 1.1.3 Informal Work in the Context of Nepal .....                               | 29   |
| 1.1.4 Home-based Women Workers in Nepal .....                                   | 31   |
| 1.2 Statement of the Problem .....  | 32   |
| 1.3 Objectives of the Study .....   | 36   |
| 1.4 Research Questions .....  | 37   |
| 1.5 Hypothesis.....   | 37   |
| 1.6 Justification of the Study.....   | 38   |
| 1.7 Limitations of the Study .....  | 39   |
| 1.8 Organization of Chapters .....  | 40   |
| Chapter 2 REVIEW OF LITERATURE.....   | 41   |
| 2.1 Background .....  | 41   |
| 2.2 Theoretical Background .....  | 44   |
| 2.2.1 Theories Related to Labour in Economics.....                              | 44   |
| 2.2.2 Three Dominant Schools of Thought on the Informal Sector.....             | 50   |
| 2.2.3 Distinctions between the Three Schools .....                              | 57   |
| 2.2.4 Flexible Contracts: The Developed Country Experience of Informality ..... | 58   |

|           |  |     |
|-----------|--|-----|
| 2.2.5     | Thoughts on Growing Informal Economy .....   | 59  |
| 2.3       | Definitional Controversy on Informal Economy .....   | 60  |
| 2.3.1     | Historical Root .....  | 60  |
| 2.3.2     | The Kenya Mission of 1972-Discovery of the "Informal Sector" .....                           | 61  |
| 2.3.3     | 15 <sup>th</sup> International Conference of Labour Statisticians .....                      | 64  |
| 2.3.4     | New Term and Expanded Definition .....   | 65  |
| 2.3.5     | Nepal's Experience.....  | 69  |
| 2.4       | Measuring Informal Economy: An Issue .....   | 71  |
| 2.4.1     | The Main Issue.....  | 80  |
| 2.4.2     | Nepal's Experience.....  | 81  |
| 2.5       | Size and Situation of Informal Sector with Concentration to Home-based Workers.....          | 87  |
| 2.6       | Problems Related to Informal Sector with Special Focus to Home-based Workers.....            | 94  |
| 2.6.1     | Exploitation, Hazards at Workplace .....   | 95  |
| 2.6.2     | Contribution of Informal Home-based Workers Undercounted .....                               | 100 |
| 2.6.3     | Lack of Legal Protection.....  | 104 |
| 2.6.4     | Lack of Social Security, Workplace Security .....  | 108 |
| 2.7       | Economic Contribution by Home-based Informal Workers .....                                   | 110 |
| 2.8       | Informal Sector in the Context of Nepal .....  | 116 |
| 2.8.1     | A Review on Governments of Nepal's Policy and Programmes for Labour in Informal Sector ..... | 124 |
| 2.8.2     | Labour Agenda in Plan Documents in Nepal .....   | 125 |
| 2.8.3     | A Glance at Informal Economy from the Perspective of Core Standard .....                     | 128 |
| 2.9       | Justifying the Study on the Basis of Review .....  | 129 |
| Chapter 3 | RESEARCH METHODOLOGY .....   | 131 |
| 3.1       | Research Design.....   | 131 |
| 3.1.1     | Descriptive Research .....   | 131 |
| 3.1.2     | Diagnostic Research.....   | 131 |
| 3.1.3     | Explanatory Research .....   | 131 |
| 3.1.4     | Analytical Research .....  | 131 |
| 3.2       | Study Approach.....  | 132 |
| 3.2.1     | Desk Review of Documents.....  | 132 |

|           |   |     |
|-----------|---|-----|
| 3.2.2     | Quantitative Method of Data Collection.....                         | 134 |
| 3.2.3     | Qualitative Method .....  | 140 |
| 3.2.4     | Operational Definition .....  | 141 |
| 3.3       | Analysis Techniques .....   | 142 |
| Chapter 4 | AN OVERVIEW ON RELATED ISSUES OF HOME-BASED WORK .....              | 146 |
| 4.1       | What is Home-based Work .....                                       | 146 |
| 4.2       | Journey Towards Defining Home-based Work.....                       | 147 |
| 4.3       | Regional Policy Seminar .....                                       | 154 |
| 4.4       | Problems in Home-based Work Including Complexity in Measurement ... | 155 |
| 4.5       | Statistics on Home-based Workers .....                              | 157 |
| 4.5.1     | Developing Countries .....  | 157 |
| 4.5.2     | Developed Countries.....  | 159 |
| 4.6       | Home-based Work in Today's Global Informal Work Context .....       | 160 |
| 4.6.1     | Heterogeneity of Production and Employment Patterns.....            | 161 |
| 4.6.2     | Home Work as Part of an International Production Chain .....        | 161 |
| 4.7       | Nepal's Experience .....  | 162 |
| 4.7.1     | Size of Home-based Work .....                                       | 166 |
| 4.7.2     | Situation and Problems of Home-based Workers in Nepal .....         | 167 |
| 4.8       | Home-based Workers are Getting Organized in Nepal.....              | 168 |
| 4.8.1     | Organising Home-based Workers: a Challenge.....                     | 168 |
| 4.8.2     | Efforts Being Done .....  | 169 |
| 4.8.3     | What Needs to be Done .....   | 177 |
| Chapter 5 | WORKING IN INFORMAL SECTOR: A GENDER PERSPECTIVE                    | 180 |
| 5.1       | Background .....  | 180 |
| 5.2       | The Female Informal Workforce Worldwide.....                        | 181 |
| 5.2.1     | Developing Countries .....  | 182 |
| 5.2.2     | Developed Countries.....  | 184 |
| 5.3       | Nepal's Experience .....  | 187 |
| 5.3.1     | Introduction.....   | 187 |
| 5.3.2     | A Review on Agenda of Women in Nepal's Plan and Policy .....        | 188 |
| 5.4       | Size and Distribution of Women in Informal Sector in Nepal .....    | 190 |
| 5.4.1     | Occupational Distribution .....                                     | 192 |
| 5.4.2     | Regional Distribution.....  | 194 |

|           |  |     |
|-----------|--|-----|
| 5.4.3     | Distribution on the Base of ISCO/NSCO Codes .....  | 195 |
| 5.5       | Profile of Informal Sector Workers in Nepal .....  | 197 |
| 5.5.1     | Age and Sex by Literacy .....  | 198 |
| 5.5.2     | Educational Background .....   | 198 |
| 5.5.3     | Marital Status .....   | 199 |
| 5.5.4     | Ethnic Background .....  | 200 |
| 5.5.5     | Occupational Background .....  | 201 |
| 5.5.6     | Pay Frequency .....  | 202 |
| 5.5.7     | Migration .....  | 203 |
| 5.5.8     | ISCO and NSCO classification .....   | 203 |
| 5.5.9     | Social Protection for the Women in the Informal Economy in Nepal .....                                       | 205 |
| 5.6       | A Gender Perspective in Informal Work with Concentration to Home-based Work .....                            | 205 |
| 5.6.1     | Contribution of Women in Informal Sector .....   | 206 |
| 5.6.2     | Persistently Expanding Informal Work for Women: Causes and Consequences .....                                | 210 |
| 5.6.3     | Risks, Insecurities, Irregularity and Seasonality of Work in Informal Work for Women: Some evidences .....   | 211 |
| 5.6.4     | Global Movement of Women in the Informal Sector with Concentration to Home-based Workers: How It Began ..... | 213 |
| 5.6.5     | Organizations Associated with Informal Economy Today .....   | 214 |
| 5.6.6     | Nepal's Experience .....   | 221 |
| Chapter 6 | SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OF THE RESPONDENTS .....   | 223 |
| 6.1       | Ethnic Background of the Respondents .....   | 223 |
| 6.2       | Educational Background of the Respondents .....  | 224 |
| 6.3       | Demographic Background of the Respondents .....  | 226 |
| 6.4       | Living Condition of the Respondents .....  | 228 |
| 6.5       | Occupational Background of the Respondents .....   | 229 |
| 6.6       | Qualitative Output: Linkage between Background Characteristics of the Respondents and their Work .....       | 231 |
| 6.7       | Perception of the Respondents Towards Home-based Work .....  | 233 |
| 6.8       | Qualitative Output: Attitude and Future Perception of the Respondents Towards their work .....               | 234 |

|           |   |     |
|-----------|---|-----|
| Chapter 7 | PROBLEMS AND CHALLENGES ENCOUNTERED BY HOME-BASED WORKERS .....   | 239 |
| 7.1       | Problems/Challenges Encountered by Piece Rate Workers .....   | 242 |
| 7.1.1     | Problems with Middlemen .....   | 242 |
| 7.1.2     | Qualitative Output: Problems Caused by Middlemen's Misbehaviour .....                                   | 243 |
| 7.2       | Problems/Challenges Encountered by Self-employed .....  | 244 |
| 7.2.1     | Low productivity, Poor Technology, Lack of Capital .....  | 245 |
| 7.2.2     | Less Access to Exposure to Markets/ High Competition in Market....                                      | 246 |
| 7.2.3     | Problems in Supply of Raw Materials .....   | 246 |
| 7.2.4     | Qualitative Output:Problems in Production/ Marketing .....  | 247 |
| 7.3       | Common Problems of Both Categories of Home-based Workers .....  | 250 |
| 7.3.1     | Long Working Hours and Difficulty in Time Management .....  | 250 |
| 7.3.2     | Lack of Education and Trainings .....   | 251 |
| 7.3.3     | Invisibility in Society .....   | 253 |
| 7.3.4     | Social Problems .....   | 253 |
| 7.3.5     | Health Problems.....  | 254 |
| 7.3.6     | Lack of Legal and Social Protection .....   | 256 |
| 7.3.7     | Qualitative Output: Problems Related to Occupational/Familial/Social/<br>Legal Matters .....            | 258 |
| 7.4       | A New Thought/ A New Dimension Identified from Qualitative Information<br>.....                         | 262 |
| 7.4.1     | From the View of Stakeholders/ Employers .....  | 264 |
| 7.4.2     | Respondents' Awareness on Importance of Organization .....  | 271 |
| Chapter 8 | CONTRIBUTION OF HOME-BASED WORKERS TO HOUSEHOLD<br>ECONOMY .....  | 276 |
| 8.1       | Complexity in Measuring Contribution of Informal Sector, Including Home-<br>based Work to Economy ..... | 277 |
| 8.2       | Literature on Contribution of Home-based Worker's Income to Household<br>Economy .....                  | 283 |
| 8.3       | Contribution of Home-based Worker's Income to Household Economy....                                     | 285 |
| 8.4       | Reasons for Women's Involvement in Home-based Work .....  | 288 |
| 8.4.1     | Qualitative Output: Reasons for the Respondents to Get Involved in<br>Home-based Work.....              | 290 |
| 8.5       | Income Generated by the Respondents .....   | 291 |
| 8.6       | Other Source of Income that Respondents Hold .....  | 293 |

|                    |   |     |
|--------------------|---|-----|
| 8.7                | Saving done by the Respondents from Income from Home-based Work...    | 293 |
| 8.8                | Family Income of the Respondents .....                                | 295 |
| 8.9                | Work Management in Respondents' Home-based Work .....                 | 296 |
| 8.10               | Qualitative Output: Contribution of the Respondents' Home-based Work. | 298 |
| 8.10.1             | Contribution/Livelihood/ Benefit to Family .....                      | 298 |
| 8.11               | Multi Variate Analysis .....  | 304 |
| 8.11.1             | Some Related Literature .....   | 305 |
| 8.11.2             | Materials and Methods.....  | 306 |
| 8.11.3             | Results and Discussion .....  | 308 |
| Chapter 9          | SUMMARY OF FINDINGS, CONCLUSION AND<br>RECOMMENDATIONS .....          | 322 |
| 9.1                | Summary of Findings .....   | 322 |
| 9.2                | Conclusion.....   | 327 |
| 9.3                | Recommendations .....   | 333 |
| ANNEXES .....      |   | 336 |
| BIBLIOGRAPHY ..... |   | 375 |

## LIST OF TABLES

|   |     |
|---|-----|
| Table 4.1: Home-Based Workers in Fourteen Developing Countries: Number, Share of Non-Agricultural Employment, and Proportion of Women   | 158 |
| Table 5.1: Persons Aged 15 Years and over Currently Informally Employed in the Non- agricultural Sector by Sex and Occupation of Main Job in 1998/99 (in thousands)                         | 193 |
| Table 5.2: Persons Aged 15 Years and over Currently Informally Employed in the Non- agricultural Sector by Sex and Occupation of Main Job in 2008 (in thousands)                            | 194 |
| Table 5.3: Number of Persons Aged 15 years and Over Currently Employed in the Informal Sector by Sex and Locality of Main Job (in thousands)  | 195 |
| Table 5.4: Most Important Minor ISCO groups (those with at least 25,000 workers in the informal sector) (In thousands)  | 195 |
| Table 5.5: Most Important Minor NSCO groups (those with at least 25,000 workers in the informal sector) (In thousands)  | 196 |
| Table 5.6: Informally Employed Population Aged 15 and Over (excluding agriculture and fishing industries), by Sex, Age and Urban-Rural (Percentage of employed who are informally employed) | 197 |
| Table 5.7: Informal Sector Workers by Age Group and Literacy (in percentage)  | 198 |
| Table 5.8: Informal Sector Workers by Educational Level Attained (in percentage)  | 199 |
| Table 5.9: Marital Status of Informal Sector Workers (in percentage)  | 199 |
| Table 5.10: Ethnic Background of Informal Sector Workers (in percentage)  | 200 |
| Table 5.11: Religious Background of Informal Sector Workers   | 200 |
| Table 5.12: Current Occupation of Informal Sector Workers (in percentage)   | 201 |
| Table 5.13: Current Job Status of Informal Sector (in percentage)   | 201 |
| Table 5.14: Basis for Employment for Informal Sector Workers  | 202 |
| Table 5.15: Pay Frequency the Informal Sector Workers Receive On Time and Piece Basis   | 202 |
| Table 5.16: Reasons for Leaving Birth Place by Informal Sector Workers (in percentage)  | 203 |
| Table 5.17: Availability of Social Security Contribution to Informal Workers  | 205 |
| Table 6.1: Percent Distribution of the Respondents by Ethnic Background   | 224 |
| Table 6.2: Percent Distribution of the Respondents by Educational Background  | 224 |

|  |     |
|--|-----|
| Table 6.3: Percent Distribution of the Respondents by Demographic Background                                   | 227 |
| Table 6.4: Percent Distribution of the Respondents by Asset and Domestic Possession                            | 229 |
| Table 6.5: Type of Home-based Work the Respondents Currently Engaged (in percentage)                           | 230 |
| Table 6.6: Production Works that is Currently Primary for the Respondents (in percentage)                      | 231 |
| Table 7.1: Problems/Challenges Encountered by Piece Rate Workers   | 242 |
| Table 7.2: Problems/Challenges Encountered by Self-employed  | 244 |
| Table 7.3: Time Management for Home-based Work by the Respondents  | 251 |
| Table 7.4: Exposure to Training/Duration of Training   | 252 |
| Table 7.5: Social Problems / Challenges Encountered in the Job   | 254 |
| Table 7.6: Nature of Health Problem Faced by the Respondents   | 255 |
| Table 7.7: Effect of Health on Working Capacity for the Respondents  | 256 |
| Table 7.8: Cheating/ Exploitation Encountered by the Respondents   | 257 |
| Table 7.9: Accidents Encountered by the Respondents During Work  | 257 |
| Table 8.1: Estimated Share of Informal Sector to Total GDP in Nepal  | 282 |
| Table 8.2: Contribution of the Respondents's income on Family Expenditure                                      | 287 |
| Table 8.3: Average Daily, Monthly, Annual, Daily income of the Respondents (in Nrs.)                           | 292 |
| Table 8.4: Other Source of Income than Home-based Work for the Respondents                                     | 292 |
| Table 8.5: Income of the Respondents other than Home-based Work  | 293 |
| Table 8.6: The Respondents who save from Income Generated from Home-based Work                                 | 294 |
| Table 8.7: Use of the Responsents Income in Saving   | 295 |
| Table 8.8: Annual Average Household Income of the Respondents (in Nrs.)  | 295 |
| Table 8.9: Types of Workers Involved in Self-employed Job of the Respondents                                   | 296 |
| Table 8.10: Average Income of Self-employed According to Manpower Involved (in NRs.)                           | 297 |
| Table 8.11: Responsibility Taken by the Respondents and Unpaid Family Member                                   | 297 |
| Table 8.12: Mean Annual Income and Expenses according to Selected Characteristics for all Respondents (in NRP) | 308 |

|   |     |
|---|-----|
| Table 8.13: Mean Annual Income and Expenses according to Selected Characteristics for Self-employed Group (in NRP)      | 310 |
| Table 8.14: Mean Annual Income and Expenses according to Selected Characteristics for Piece-rate Workers Group (in NRP) | 312 |
| Table 8.15: Summary Statistics and Regression Results for the Respondents' Contribution in Household Budget             | 314 |
| Table 8.16: Summary Statistics and Regression Results for Annual Income of Family                                       | 314 |
| Table 8.17: Summary Statistics and Regression Results for Annual Expenses from Income Generated from Home-based Work    | 315 |

## **LIST OF FIGURES**

|  |     |
|--|-----|
| Figure 6.1: Educational Attainment of the Respondents .....                      | 225 |
| Figure 6.2: Marital Status of the Respondents.....                               | 228 |
| Figure 6.3: Perception of the Respondents Towards Home-based Work.....           | 233 |
| Figure 8.1: Share of the Respondents' Income in Total Household Income.....      | 287 |
| Figure 8.2: Contribution of the Respondents' Income to Total Household Income .. | 287 |
| Figure 8.3: Reasons for Selection of Home-based Work by the Respondents .....    | 290 |

## **LIST OF BOXES**

|  |     |
|--|-----|
| Box 5.1: Basis for Classifying Non-agricultural Sector Jobs as 'Informal' Adopted<br>by Nepal Labour Force Survey 1998/99 and 2008 ..... | 191 |
| Box 7.1: Contribution of ACP: Story of Bishnu Devi .....   | 266 |

## **LIST OF ANNEXES**

|  |     |
|--|-----|
| Annex 1: Kathmandu Declaration .....   | 336 |
| Annex 2: Organizations Associated with the Present Primary Survey.....   | 338 |
| Annex 3: Toles Selected for Sample as Clusters .....   | 340 |
| Annex 4: Questionnaire .....   | 341 |
| Annex 5: Name of Enumerators .....   | 351 |
| Annex 6: Check- list of Focus Group Discussion.....  | 352 |
| Annex 7: Groups Chosen for the Focus Group Discussion on the base of Type of<br>Home-based Work, Type of Occupation, and Location..... | 354 |
| Annex 8: Methods Applied to Compute Income of Home –based Workers .....  | 355 |
| Annex 9: Conversion (units) Followed on the Base as Provided by The Department of<br>Agriculture.....                                  | 356 |
| Annex 10: Some Clarifications on Code "Others" .....   | 358 |
| Annex 11: Yearly Comparison Data of Handicraft Goods Exported .....  | 360 |
| Annex 12: Information Collected from Qualitative method of Survey .....  | 362 |
| Annex 13: Characteristics of the Respondens .....  | 372 |
| Annex 14: Definitions of Dependent and Explanatory Variables Used in the Model<br>.....  | 374 |

## **ACRONYMS / ABBREVIATION**

CBS-Central Bureau of Statistics

ESCAP-Economic and Social Commission for Asia and the Pacific

FTG-Fair Trade Groups

FWLD-Forum for Women, Law and Development

GDP-Gross Domestic Product

GEFONT-General Federation of Nepalese Trade Unions

HBW- Home-based Workers

HNN-HomeNet Nepal

HNSA- HomeNet South Asia

IFAT-International Fair Trade Association

ILC-International Labour Conference

ILO- International Labour Organization

IMF- International Monetary Fund

INGO-International Non-governmental Organizations

SNA –System of National Accounts

NGO-Non-governmental Organizations

NEHTU- Nepal Home-based Trade Union

NEHWU- Nepal Home-based Workers Union

NLFS-1-Nepal Labour Force 1998/99

NLFS-2 –Nepal Labour Force 2008

NPC- Nepal Planning Commission

NTUC- Nepal Trade Union Congress

SABAH Nepal-SAARC Business Association of Home-based Workers Nepal

SEED-Small Enterprises Development

SEWA- Self –employed Women's Association

UNIFEM-United National Development Fund for Women

WEAN-Women Enterprises Association of Nepal

WIEGO-Women in Informal Employment: Globalizing and Organizing

WFTO -World Fair Trade organization

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background Introduction**

The population 15 years old and over who contribute to the production of goods and services in the country is labour force. It includes those who are either employed or unemployed. Those who are neither employed nor unemployed are considered not in the labour force, e.g. persons who are not working and are not available for work and persons who are not looking for work.

The employed population is made up of persons above a specified age who furnish the supply of labour for the production of goods and services. The unemployed population is made up of persons above a specified age who are available to, but did not, furnish the supply of labour for the production of goods and services. The sum of the employed and the unemployed population measured for a short reference period is equivalent to the labour force, also known as the current economically active population or working age population. Thus working age population is divided into persons in the labour force and persons not in the labour force.

Most countries in the world produce statistics on the labour force, labor force participation, employment and unemployment at least every ten years, through their Population Census, or more often, through general household surveys, such as the Living Conditions Surveys or through more specialised labour force surveys. Employment statistics for salaried workers are also available through establishment surveys or censuses. Countries with a social security system that offers wide coverage can also produce meaningful employment statistics, similarly countries with widespread employment services produce good quality unemployment statistics.

The ILO has been compiling national labour force statistics since the 1930s. The database provided so contains statistical series on the labour force by sex, age group, industry, occupation and status in employment since 1945, and of employment and unemployment since 1969.

However all these are not applicable to those labours who are engaged in informal sector, a segment of labour market distinct from formal sector. In today's world, labour market has been characterized by increasing segmentation into formal and informal sectors. Most national labour force statistics usually fail to capture all works performed in the informal sector.

Although the “formal” versus the “informal” divide has been first put forth by Hart (1971) in his analysis of the Ghanaian economy, the origins of this concept can be traced back to the so-called *developmentalist* or *modernist* economists of the 1950s, whose characterization of developing economies rested on “economic dualism”, the co-existence of “traditional” and “modern” sectors side by side.

Labour markets in low and middle income countries and even in advanced economies are frequently described as dualistic. In most formulations, dual labour markets are composed of two distinct sectors a formal sector and an informal sector. Economically active individuals who are denied access to formal employment work informally, in activities for which regulatory or distributive distortions are absent. In effect, labour markets clear in the informal or traditional sector in the sense that anyone who chooses can participate in these types of low-productivity or subsistence activities. Therefore the portion of the population which has actual or potential capability to contribute to the production of goods and services, be it formal or informal irrespective of gender, should be considered as a manpower that country possess.

#### **1.1.1 Development and Growth of the Informal Economy**

In today's world, the informal sector represents an important part of the economy and the labour market in many countries, especially developing and transition countries. The informal economy has been growing rapidly in almost every corner of the globe, including industrialized countries. It can no longer be considered a temporary or residual phenomenon. The bulk of new employment in recent years, particularly in developing and transition countries, has been in the informal economy. The main reason for this growth appears to be that the formal labour markets have not been able to generate sufficient amounts of jobs to absorb a continuously growing and many times unskilled workforce. The informal economy thus provides opportunities for income earning for those who have no other means to survive. However, it is also believed that people voluntarily engage in informal economic activities to escape from excessive taxation and regulation from the part of governments.

The first ILO employment mission in 1972 to Africa, Kenya, recognized that the traditional sector, named the “informal sector”, had not just persisted but expanded. The mission also observed that the informal sector, described as activities that are unrecognised, unrecorded,

unprotected or unregulated by public authorities, was not confined to marginal activities but also included profitable enterprises. Furthermore, the activities of the informal sector were mostly ignored, rarely supported and sometimes actively discouraged by policy makers and governments. In past, it was believed that the informal sector was marginal and peripheral and thus not linked to the formal economy at all. Nevertheless, contrary to the predictions of many economists the informal sector in developing countries has been steadily growing during some past decades. A huge pool of surplus labour has thus created its own source of livelihood to survive.

The *informal sector* is increasingly being referred to as the *informal economy* to get away from the idea that informality is confined to a specific sector of economic activity. Informal sector has been found to be an inadequate term to reflect these dynamic, heterogeneous and complex aspects of a phenomenon. It is not, in fact, a “sector” in the sense of a specific industry group or economic activity. The term *informal economy* has come to be widely used instead to encompass the expanding and increasingly diverse group of workers and enterprises in both rural and urban areas operating informally.

Today, it is clear that the informal economy has a significant job and income generation potential. The existence of the informal economy also helps to meet the needs of poor consumers by providing accessible and low-priced goods and services. Therefore, in order to intervene in the best way to stimulate sustainable economic growth and job creation, the informal economy needs to be better understood by governments, and concerned international organizations.

The reasons cited for the growth of the informal economy during the past decades by different studies often interrelated and to some extent overlapping, are the following:

- Limited absorption of surplus labour
- Barriers of entry into the formal economy
- Weak institutions
- Redundancies
- Capital is favoured over labour
- Demand for low-cost goods and services
- Uncommitted or unaware governments

- Economic hardship and poverty
- More women entering labour markets
- Labour problems/ powerful trade unions

There are growing numbers of women that enter the labour markets outside of agriculture. However, only a small number of women actually enter the formal economy. The informal sector has acquired great significance over the years as a source of employment and livelihoods for an increasing number of people, especially women, in developing world. It has particularly become a key mechanism for distributing goods and services to the urban poor. In some countries in sub-Saharan Africa, Asia and Latin America, it is a more important source of employment for women than formal employment.

Informal employment is generally a larger source of employment for women than for men in the developing world. Other than in North Africa where 43% of women workers are in informal employment, 60% or more of women workers in the developing world are in informal employment (outside agriculture). In sub-Saharan Africa, 84% of women non-agricultural workers are informally employed compared to 63% of male non-agricultural workers. In Latin America 58% for women in comparison to 48% for men. In Asia, the proportion of women and men non-agricultural workers in informal employment is roughly equivalent (ILO, 2002).

The involvement of large numbers of women in informal sector is a result of their low status in society and denial of opportunities in the formal sphere of employment. Women's low status is evidenced by their subordinate roles both at home and at the workplace. Within the formal sector, for example, women have fewer employment opportunities, lower wages and less job security. Women and girls who leave the rural areas in search of opportunities in urban areas tend to find employment in the least paid informal jobs, which often offer little or no legal protection.

For many women, especially those with low levels of education and few skills, it may be the only option for employment and income generation. Informal sector employment may also offer women with family responsibilities some flexibility that accommodates those roles since the work may be performed at or near the home. In developing economies, the boundary between “work” and “household responsibilities” is often blurred, as, for example, when goods for the

market are produced in the home. This distinction is also becoming less clear in developed economies as subcontracting to home-based workers has become more prevalent in some sectors.

### 1.1.2 Home-based Work

Informal works differ in terms of type of production unit and type of employment status. They include own-account workers in survival-type activities, such as street vendors, shoeshiners, garbage collectors and rag-pickers, paid domestic workers employed by households, homeworkers and workers in sweatshops who are disguised wage workers in production chains, and the self-employed in micro-enterprises operating on their own or with contributing family workers or sometimes employees.

One aspect of this multi phenomena of informal sector is the growth of subcontracted home-based work in both manufacturing as well as services. Home-based work or homework, a sub group of informal work, is done in or around the home for an income. It should not be confused as a household work done for the family without payment, or domestic work such as cleaning or childcare done for an employer in their house.

Home-based work is often seen as an old-fashioned and declining form of production. Some of the oldest forms of work, such as weaving and spinning were done at home. Today some of the newest forms of work connected with computer technology and modern tele-communications are increasingly taking place outside of a central work site. Therefore, rather than receding, home-based work is in fact a vital and growing part of economic modernization. Its growth is linked to the globalization of industry and the never-ending search for less costly sources of labour and more efficient means of production.

Thus, home-based work can range from labor-intensive manual or machine tasks (such as sorting, cleaning, packaging, labeling, coil winding and soldering) to the production of electronic equipment. In the service sector (activities such as filling envelopes, mailing, typing, word and data processing, invoicing, editing, and translating) to garment and textile industries, the leather industry, artificial flower making, handicraft, pottery and weaving.

As discussed in a statement by Home Net South East Asia, in ASEAN (the Association of South East Asian Nations), there are tens of millions of homeworkers. Most of those women are multi-

burdened and subjected to discriminatory practices. It is estimated that there are over 100 million home-based workers in the world and over 50 million home-based workers in South Asia, of whom around 80 per cent are women (HNSA/ISST, 2006). However, these are very rough estimates, given that home-based workers remain largely uncounted and in the background. They are far outside the acknowledged ranks of ‘workers’ in their respective countries.

The contribution of the informal economy including products of these home-based workers to national output (GDP) is important as the sector provides export-oriented goods and basic goods and services, which are cheap and therefore easily accessible to the majority of the low-income earners.

### **1.1.3 Informal Work in the Context of Nepal**

Situated in the lap of Himalaya, Nepal is a small country, which occupies a geographical area of 147,181 square kilometers, sandwiched between two Asian giants China and India. In Nepal, due to continued internal conflict, political instability, ineffective policies and weak implementation of programmes, not only the creation of new infrastructure has been stalled, but also many existing ones has been destroyed.

Nepal remains among the poorest and least developed countries in the world with 25.2 percent of its population living below the poverty line. Growth rates in Fiscal Years 2009/10, 2010/11, and 2011/12 at the base prices were just 4.3, 3.9, and 4.5 percent respectively. (Ministry of finance, 2012). According to preliminary estimates, economy in Fiscal Year 2012/13 was estimated to grow only by 3.56 percent at basic price and 3.6 percent at producers’ price against the targeted 5.5 percent. (Ministry of Finance, 2013).

Growth rate of non-agricultural sector was 3.64 percent in Fiscal Year 2010/11 whereas this sector's growth rate in Fiscal Year 2009/10 stood at 5.39 percent. Contribution of non-agriculture sector to GDP in Fiscal Year 2010/11 was 63.1. (Ministry of finance, 2012). The non-agriculture sector in the Fiscal Year 2012/13 was estimated to grow by 4.98 percent which was 4.30 in Fiscal Year 2011/12. (Ministry of Finance, 2013).

Gradual change in the economic structure of Nepal is clearly visible. There is a decreasing trend of contribution of agriculture and industry sectors to the GDP while that of services sector is

increasing. Similarly, by classifying GDP into agriculture and non-agriculture sector reveals that contribution of the former has decreased while that of the latter has shown marginal increase. Per Capita Gross Income in this Fiscal Year is estimated to reach Rs. 62,510 or US Dollar 717. Likewise, based on Gross National Income, per capita income of Nepali is estimated to reach Rs. 62,797 or US Dollar 721.0.(Ministry of Finance, 2013).

Population of Nepal according to the Preliminary Report of the Census 2011, is 26.6 (in million) and annual percentage growth of population is 1.4.(CBS, 2011).

Two national labour force surveys, the first in 1998/99 and the second in 2008, conducted by Central Bureau of Statistics (CBS) are the important step in the arena of labour force statistics in Nepal. Both surveys provide essential statistics for monitoring employment and labour market developments in Nepal. Both surveys followed international concept and definitions used in labour force surveys, as laid down by the International Labour Organization. As a follow up to the first Nepal Labour Survey of 1998/99 (NLFS-1) and Nepal Labour Force Survey of 2008 (NLFS-2) helped not only to update labour force statistics but also to compare changes undergone in labour and labour market in Nepal in between the period of two labour force surveys.

Nepal Labour Force Survey 2008 reported the current labour force participation rate decreased marginally from 85.8 percent in 1998/99 to 83.4 percent in 2008. The total number of currently employed persons increased from 9463 thousand in 1998/99 to 11779 thousand in 2008. The employment-to-population ratio declined from 84.3% in 1998/99 to 81.7% in 2008. While NLFS-1 had estimated 178.0 thousand people aged 15 years and above as currently unemployed which corresponded to an unemployment rate of 1.8%, the NLFS-2 has estimated a total of 252.8 thousand persons aged 15 years and above to be currently unemployed in Nepal, an increase of 42% over the decade. According to the NLFS-2, there are 2.1% unemployed labour in Nepal. The current unemployment rate increased slightly from 1.8% in 1998/99 to 2.1% in 2008.

The collection of statistics pertaining to informal sector was attempted for the first time in Nepal through the Nepal Labor Force Survey 1998/99. There is no regular survey to specifically collect data related to informal sector. The information on the informal sector has been updated with the data collected through 2008 Nepal Labor Force Survey. However, only limited questions were included in the questionnaire for collecting information related to informal activities. As a result,

detailed information could not be compiled. But the information on the informal sector was updated with the data collected through 2008 Nepal Labor Force Survey, which included additional questions on the informal sector.

The labour force survey conducted in 2008 has estimated around 2142 thousand people aged 15 and over to be currently employed in the non-agricultural informal sector (70 percent of total non-agricultural employment) as compared to 1657 thousand in 1998/99 (73 percent of total non-agricultural employment). Distribution by sex show that males employed in the non-agricultural informal sector increased by 31.1 percent and for females by 26.1 percent in 2008 as compared to 1998/99.

#### **1.1.4 Home-based Women Workers in Nepal**

Although women constitute a little over one half of Nepal's population, they rank lower than the men in almost every economic and social indicator in the country. Majority of the female population are among the deprived groups. Their contribution to the household economy is marginally recognized although they are increasingly involved in economic activities. Due to the multiple role of the women, a significant number of them are balancing their responsibilities of house holding and working for a livelihood. For most of them participating in economic activities is possible only at the household level. It results them to be engaged in wage work within the home in the informal setting. These women workers who work at home to make an earning for the family are hardly recognized as a labour force in Nepal. They are neglected and so no serious research has been made in this area at the national level so far.

Despite, the recognition of home-based workers by the ILO like any section of the workforce, entitled to minimum standards laid down by international law and the international recognition of the phenomenon, in the context of Nepal, a serious attempt at understanding the dynamics of the home-based workers is yet to be instituted at the national level.

The issue of home- based work and workers in informal sector in Nepal has only been surfaced and a recognition of their existence made only after 2000, after historical Kathmandu Declaration. The Kathmandu Declaration recommended the structuring of a network at the regional entity to maintain linkages and co- ordination with work towards enforcing the rights of

South Asian home-based workers. (Annex 1). Thus Home Net South Asia was formed. Right after the Kathmandu Declaration, an advocacy group comprising of all the stakeholders was formed in Nepal also. After retaining registration under the Societies Registration Act, the advocacy group was later renamed as Home Net Nepal and registered in 2001. Thus established in 2001, Home Net Nepal is now a network of home-based workers. It has now covered from east to west and north to south of the country consisting as many as 22 thousand home-based workers (of which 75% are women) from 51 Membership Based Organizations of different categories. Nepal is rich in labour force with an estimate of 20 million people working at home to contribute to household as well as national level (UNIFEM and Home Net Nepal, 2004).

But this huge but invisible workforce has yet not been recognized. The government should bring a policy to identify home-based workers as a labour category. The fact should be considered that operation of such home-based work have opened up the opportunities to the promotion of industries and commerce, exports in the private sector, employment opportunities, and women development programs of non-government organizations. There is a need of doing a survey of home-based workers in Nepal to address their problems and give them a social justice. It is necessary to discuss on broader issues and the situation of home-based workers, the invisible workforce of the country. Home-based workers need to be recognised and their visibility should come out to count their contribution in the national account.

Bearing in mind to the historical achievement of Kathmandu Declaration of 2000, overviewing the journey of Home Net South Asia and Home Net Nepal, now Trade unions GEFONT and NTUC are jointly campaigning various programmes in Nepal for the benefit of home-based workers.

## **1.2 Statement of the Problem**

Although diversified in many sub groups of workers, workers in informal sector have been termed “informal” because they share some common characteristics: they are not recognized or protected under the legal and regulatory frameworks. This is not, however, the only defining feature of informality. These informal workers and entrepreneurs are characterized by a high degree of vulnerability.

There is a series of notable problems being faced by informal workers: they are not recognized under the law and therefore receive little or no legal or social protection, they are unable to enforce contracts or have security of property rights, they are rarely able to organize for effective representation and have little or no voice to make their work recognized and protected, they are excluded from or have limited access to public infrastructure and benefits, they have to rely as best they can on informal, often exploitative institutional arrangements, whether for information, markets, credit, training or social security, they are highly dependent on the attitudes of the public authorities, as well as the strategies of large formal enterprises, their employment is generally highly unstable and their incomes very low and irregular, they are placed at a competitive disadvantage because they do not have the type of influence which those in the formal economy are often able to exert etc.

There is no simple relationship, however, between working informally and being poor, and working formally and escaping poverty. But it is certainly true that a much higher percentage of people working in the informal relative to the formal economy are poor, and even more true that a larger share of women relative to men working in the informal economy are more poorer.

Because informal activities are on the fringes of the law, public authorities sometimes confuse them with illegal activities and therefore subject them to harassment, including bribery and extortion, and repression. There are, of course, criminal activities in the informal economy, such as drug smuggling, people trafficking, and money laundering. There are also other illegal activities, including deliberate tax evasion. But the majority in the informal economy, although they are not registered or regulated, produce goods and services that are legal, and should not be mistaken to consider them as illegal.

Given the heterogeneous nature of informal economy, mapping the informal economy so as to comprehend its size, composition and evolution is an extremely difficult exercise. International comparability is not possible. This is because different definitions have been used, statistical information is not collected in a regular basis and reliability of data is inconsistent.

Measurements of the informal sector and informal employment are important in improving labour statistics as well as in contributing towards exhaustive measures of GDP. Despite their overwhelming importance, the informal sector and informal employment are poorly covered by

official statistics. Standard establishment and labour force surveys usually capture, or separately identify, only a small fraction of those whose livelihood relies on working in the informal sector or in unprotected jobs. There is less information found available on the contribution of the informal sector to economic growth. Even in cases where some data are available, they are often not comparable at the international level.

The lack of data on the informal sector and informal employment in official statistics often results in distorted estimates of the real economy. For example, without taking into account informal activities performed by female labour force, gross domestic product (GDP) is significantly underestimated. Lack of information also leads to limited public understanding of many social and economic issues related to informal economic activities. These data and measurement problems, in turn, weaken the formulation, implementation and evaluation of policies and programmes aimed at promoting gender equality and generating decent work for all.

The System of National Accounts (SNA), which determines GDP, was revised to include all goods produced in the household and, by extension, production-related activities like fetching water. All of the dressmaker's output, part of the so-called informal sector, became recognised economic production. Although unpaid domestic and personal services (cooking, mending, child care etc.) are not included, the 1993 SNA suggests that alternate concepts of GDP be devised for use in satellite accounts. Still, in practice, it is hard to measure the activity in this sector as most of the informal transactions are paid in cash but not recorded.

There are two broad methods for measuring the informal sector that are currently in practice – direct and indirect. Direct measurement requires the conduct of a survey while indirect measurement entails the use of other data sources and statistical models. For the direct method, the collection of data on the informal sector can take many approaches. Special surveys on the informal sector, through regular surveys with expanded coverage such as the labor force or other household surveys or the establishment/enterprise surveys and censuses and the mixed household–enterprise surveys. However, these are very costly and would require sizeable resources not only in terms of budget but also manpower and time that national statistics offices cannot afford to allocate for just one survey. Developing countries or a least developed country

like Nepal with very limited budget for data collection may not be able to conduct these appropriate survey methods.

One of the most understudied areas in informal sector activities is that of home based manufacturing activities. The scarcity of good data is both a cause and consequence of this invisible status and such activities are not covered in conventional labour force survey methods. Similar to other countries, in case of Nepal also, the workers have poor bargaining power due to the lack of organization or unionisation in all these sectors. They have long working hours, meagre pay where majority of workforce is that of women.

In case of home-based workers also, it is important to note the diversity of problems and challenges they face. The problems and needs are different for two broad categories of home-based workers namely piece-rate workers and self-employed. For example, for those engaged in survival activities as wage earners or piece-rate workers, the problem is mainly with employment relationship, exploitation from middlemen, unknown employer etc. and for the self-employed and employers, the problem is various barriers and constraints to setting up and operating their small enterprises.

Women working in home- based work often suffer from personal health problems which are work-related and common to both type of home-based workers. Health problems undermine the two synergies by reducing their capability to both work and take care of children. Furthermore, when the illness is due to home-based work (e.g. wool dust in knitting or felting or toxic materials in incense sticks), all the family members are likely to be affected by their home environment, including children.

The term “informal” does not mean that there are no rules or norms regulating the activities of workers or enterprises. People engaged in informal activities have their own informal or group rules, arrangements, institutions and structures for mutual help and trust, providing loans, organizing training, transferring technology and skills, trading and market access etc. But the problem is these institutions and structures are not fully able to observe or provide the fundamental rights of workers because there is no other separate law for informal economy, and hence the right of collective bargaining is not practiced. There is no provision concerning the social security and job guarantee.

So far the Labour Act 1992, in Nepal has mentioned informal sector as those working in any establishment in less than ten persons in number with the word "out of enterprise". Likewise Trade Union Act 1992 has mentioned the trade union association register under its article 4(2) as an association of workers working "out of enterprises". Though labour act has not used word informal, but in reality it indicates those establishments, which employs less than ten persons as informal sector. The Labour Act 1992, Trade Union Act 1992 and Bonus Act 1974 has mentioned some special clauses for informal sectors. The Labour Act has mentioned special provisions for long working hours, tip allowances or overtime and half day allowances during maintenance period of vehicles, appointment letter, minimum wages and right to file case in labour office against any disputes for transport workers. For the construction sectors also, mentioned in Labour Act is the right to fix daily wages by District Administrative Office. The Trade Union Act 1992 has mentioned a provision for union registration of informal economy workers such as agricultural workers and other informal workers. But the unionisation process in the informal sector was very late so there is no appropriate law for home-based workers. In ground reality the labour law is not implemented well. The trade union Act is active only for registration.

Some major trade unions in Nepal have already begun their organizing activities with a view to develop stronger unions and membership base in the sectors like agriculture, home based work and commercial shops. However, much has to be done for enrolling membership and strengthening their capacity to bargain with the employers.

### **1.3 Objectives of the Study**

The prime objective of this study is to assess the economic contribution of women labour force in informal sector in Nepal with special focus to home-based workers.

The specific objectives are as of:

1. To examine the socio-economic and demographic profiles of women engaged in informal sector in Nepal;
2. To identify the problems and challenges encountered by home-based women workers in Nepal;

3. To assess the economic contribution of home-based women workers in household level economy;
4. To analyze the effect of socio-economic and demographic variables on home-based women workers' contribution in their household economy;
5. To suggest appropriate policy measures to count home-based women workers' economic contribution

#### **1.4 Research Questions**

This research has put the following research questions

1. What are the socio-economic and demographic profile of women engaged in informal sector in Nepal?
2. What are the problems and challenges encountered by home-based women workers in Nepal?
3. Do the earnings of home-based women workers show a remarkable contribution to their household level economy?
4. Is home-based women workers' contribution responsive to their socio-economic and demographic status?

#### **1.5 Hypothesis**

Women who are not working in the formal economy are by no means all housewives who have chosen to stay at home and be full-time mothers and/or wives, supported by the income of a responsible male head of the family. Very many of them like, home-based women workers, need to earn an income and are sole supporters to their family budget. This huge, but invisible workforce has yet not been recognized as a labour force. The government should bring a policy to identify home-based workers as a labour category.

On the base of this theory the hypothesis set for the present research is that home-based women workers, who are a sub group of the informal sector workers in Nepal, contribute significantly to their household budget

## **1.6 Justification of the Study**

Since a large number of women are employed in the informal sector, issues concerning contribution of women to economy of the country can be resolved only by an in depth study of the informal sector. Thus, statistics on the informal sector are needed as an important tool for policy making and advocacy, which in turn require an operational definition of the informal sector to develop such statistics.

As other sectors of informal economy there has been very little analysis or even acknowledgement of the contribution made by home- based work to family and national incomes. To understand the impact of this type of work on women's life and health there is the necessity to examine from a gender perspective the constraints as well as the opportunities arising from such income generating activities.

As is well known, in official statistics, a large proportion of women workers are not accounted for. The main reason is that women tend to be engaged in informal sector activities and thus are invisible workers, also in terms of GDP or income generated. As underlined by many surveys and studies, female participation in the work force would be much higher if the informal sector were included. It is in the informal sector that female workers are prevalent. In particular, the 'invisible' becomes clearly 'visible' showing women as workers in home- based work and households also in terms of income generated. (UNICEF, 2001)

A number of approaches can be adopted to estimate the size of employment in the informal sector and its contribution to the economy. One is to identify the informal sector enterprises by conducting economic census during a regular interval of time. Other approaches would be to estimate total employment in informal sector through the population census or large scale household surveys. However, in case of Nepal the CBS has not yet conducted any survey to capture informal sector particularly. The census schedules also do not include adequate questions concerning informal sector.

Nepal Labor Force Surveys are the existing statistical source to study the informal sector in Nepal. Examination of the results of these surveys indicate that this could be a practical approach

for the collection of informal sector statistics in a country like Nepal where there does not exist any formal survey for the collection of such data.

However, there are limitations in official statistics on the informal sector with the case of home-based women workers. Although official statistics in most countries, including Nepal, do not classify home-based as a labor category, the available evidence suggests that home-based work is an important source of employment throughout the world, especially for women. Home-based workers comprise a significant share of the workforce in key export industries. The available literature from the review also shows that the informal sector, including home based work often has direct ties to the formal sector and is growth-promoting.

Therefore in the case of home-based workers, there is a need for improved informal sector statistics as well as the statistics on contribution of the home- based workers to national economies. It is important to understand the informal economy, its importance in terms of contribution to GDP. Actions should be taken for organizing informal economy workers in Nepal and building solidarity with international trade union organizations. Government needs to collect statistics on the informal sector and informal employment by following the international standards.

## **1.7 Limitations of the Study**

This study is focused on informal workers who are women and who are home-based workers. The other categories of informal works are excluded from the survey area. All the agricultural activities are of course informal in nature. The present study does not include agricultural activities in its sample. The study also does not include child labour although it is a big area of informal sector.

The secondary sources of information in the context of Nepal is updated only upto 2012. The study does not apply time -use survey technique as it is considered to be beyond the capacity of the present survey design, although time use module has been proved to be a good methodology to assess contribution of informal sector to the economy. The study is based on secondary as well as primary source of data. Hence the findings of this study may bear drawbacks of the both kind

of survey design. So all the limitations of using secondary data and the possible error in primary source are likely to exist in the study.

However the study is undertaken bearing in mind the possibility of inconsistencies and unreliability of secondary data as well as error and bias likely to be occurred in primary survey. Piece-rate workers (for informal enterprises, formal enterprises, or no fixed employer), whom the study included are day labourers, industrial outworkers, unregistered or undeclared workers unprotected temporary workers. Teleworkers working with computer and telecommunications who are identified as a type of home-based workers internationally are not included in this study.

The study area is limited to Kathmandu valley only due the constraint faced in building sample framework which is done on the base of earlier mapping done by UNIFEM and Home Net Nepal. So it has a limited prospect of generalisation, as it limited both quantitative survey and qualitative survey to some selected area of Kathmandu valley only.

## **1.8 Organization of Chapters**

This thesis is organized into nine chapters. Chapter one presents the background introduction, statement of problems, justification of the study, objectives of the study and limitations of the study. Chapter two contains the review of literature. Chapter three presents the methodology that has been followed in the present research. Chapter four is a presentation of an overview on related issues of home-based work. Chapter five examines a gender perspective of working in informal sector. Chapter six presents a background characteristics of the respondents of the present survey. Chapter seven discusses on the issues and challenges of women home based workers of two categories separately and on some common problems faced by them. Chapter eight analyses the economic contribution of home-based women workers and various socio-economic and demographic characteristics that influence their contribution. Chapter nine is a presentation of summary, conclusion and recommendations drawn from the study.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 Background**

It was widely assumed during the 1950s and 1960s that, with the right mix of economic policies and resources, poor traditional economies could be transformed into dynamic modern economies. In the process, the traditional sector comprised of petty traders, small producers, and a range of casual jobs would be absorbed into the modern capitalist or formal economy and, thereby, disappear.

This perspective was reinforced by the successful rebuilding of Europe and Japan after World War II and the expansion of mass production in Europe and North America during the 1950s and 1960s. By the mid-1960s, however, the optimism about the prospects for economic growth in developing countries began to give way to concerns about persistent widespread unemployment (ILO, 2002).

Reflecting this concern, the International Labour Organization mounted a series of large multi-disciplinary "employment missions" to various developing countries. The first of these was to Kenya in 1972. The Kenya employment mission, through its fieldwork and in its official report, recognised that the traditional sector had not just persisted but expanded to include profitable and efficient enterprises as well as marginal activities.

To highlight this fact, the Kenya mission chose to use the term "informal sector" rather than "traditional sector" for the range of small-scale and unregistered economic activities. This term had been coined the year before by a British economist, Keith Hart, in his 1971 study of economic activities in urban Ghana (Bangasser, 2000).

The term "informal sector" is today widely used in writings on both developing and developed countries. What informal activities appear to have in common is a mode of organization different from the unit of production most familiar in economic theory, the firm or corporation. These activities are also likely to be unregulated by the state and excluded from standard economic accounts in GDPs.

Since it was discovered in Africa in the early 1970s, the informal economy has continued to prove useful as a concept to many policymakers, activists, and researchers because the reality it seeks to capture the large share of economic units and workers that remain outside the world of regulated economic activities and protected employment relationships is so large and significant.

Today nobody doubts the significance of informal employment in the developing as well as developed worlds. Therefore there are a number of reasons to be concerned about the existence and persistence of informal employment because such employment is often characterized by poor working conditions, both in terms of remuneration and enforcement of basic labour standards.

For example take the case of home-based workers. Home-based production can leave workers with insufficient information and bargaining power to claim for their right. The economic rents that globalization makes increasingly available to employers and contractors, concentrating them instead in the hands of local middlemen. Transnational corporations has made a way to exploit home-based workers. Improving the economic position of informal workers thus should be a powerful strategy for raising living standards and reducing poverty in the developing world. Understanding the extent, characteristics, problems related to informal workers, contribution made by informal workers and dynamics of informal economy is therefore important.

Informal employment is generally a larger source of employment for women than for men in the developing world. Other than in North Africa where 43 per cent of women workers are in informal employment, 60 per cent or more of women workers in the developing world are in informal non-agriculture employment (ILO, 2002).

In general, labour force surveys and establishment surveys capture the more formal types of economic activity better than the non-formal types of economic activity. As a result, the economic activities of women are often under-reported. The production of goods and services for household consumption is done by women more than by men. Although included in the United Nations System of National Accounts (SNA), work of this nature is often under recorded. It is believed that women also perform most of the unremunerated domestic and community work that are not part of the SNA .So a significant part of the activities in the informal sector of the economy tends to be underreported in official statistics. Hence actions should be taken to

improve method data collection to capture full contribution of women to the economy by their participation in the informal sector.

Today, more than three decades after its discovery, there is still a continuing debates about its defining features and methods of measurement. Measuring the contribution of informal sector to national income has remained a challenge to countries especially to developing countries. Labour statistics and national accounts need to more adequately capture and measure the size and contribution of the total economy, including the informal economy.

In most developing countries, including Nepal, ‘home-based workers’ are not covered by labour force surveys. Although many informal activities may be captured in the national accounts as economic transactions, some will not be measured or registered. This is particularly true for household enterprises mostly run by women where informal production and exchange go unmeasured. Therefore their contribution to economic growth also goes uncounted.

The present study offers an analysis of informal sector in Nepal with special reference to home-based women workers. As mentioned earlier, the main objective of this study is to assess the economic contribution of home-based women workers at the household level economy with specific objectives to examine the existing situation of home-based women workers from different socio- economic and demographic perspective, to analyze the effect of socio-economic and demographic variables on women’s contribution in home-based works, to assess the economic contribution of women in household economy and to suggest appropriate policy measures to visualize women’s economic contribution by home-based women works.

Based on the various related books, case studies, research works and articles, both published and unpublished, this chapter aims to present a review of literature to meet the above mentioned objectives.

An introduction to theories of informal work situations has been discussed in the beginning. Then the review focuses mainly on existing situation, size, condition, different problems faced by informal workers especially home-based women workers, contribution made by them, policies related to informal sectors.

This review provides a general picture of informal economy in developing as well as developed countries with concentration to home-based women workers. As informal employment is generally a larger source of employment for women than for men in the developing as well as developed world, the present study is focused to women informal workers. The terms informal 'sector' or 'economy' or 'employment' have been used to make a single sense throughout the chapter although in depth, these terms give a varying meanings. As the present study is focused on home-based workers, one of the sub groups of informal sector, review is concerned mainly on home-based workers.

## **2.2 Theoretical Background**

Although the concept of the informal sector has been debated since its 'discovery' in Africa in the early 1970s, it has been continued to be used by many policy makers, labour advocates, and researchers because the reality it seeks to capture, the large share of the global workforce that remains outside the world of full time, stable, and protected job continues to be important. Therefore at present, there is renewed interest in informal labour markets. Informal sector being an important source of labour at the present world, it is important to link it with labour theories in Economics.

### **2.2.1 Theories Related to Labour in Economics**

The labour force plays a central role in the growth of the economy, directly as the supplier of the most important input into production, and indirectly as the dominant influence in the human environment. Many economists attribute more importance to the qualities of this environment and the qualities of the labour input than to any other cause of differences in the wealth of nations and their economic progress. As such labour theories have been a big concern for economists since ancient and medieval period. On the base of some text books of Economics of labour some theoretical aspect is presented here as integral part of the study.

Plato's division of labour or his concept of specialisation and exchange depended upon two things: diversities of natures and aptitudes. He wrote that all things were produced more plentifully and easily and of a better quality when one man did one thing which was natural to him; and did it at the right time, and left other things. His treatment of division of labour provided a basis for the discussions of Adam Smith.

Adam Smith took labour as the most important factor which increases the wealth of nation. While the physiocrats regarded land alone as the productive factor and agriculture as the source of all wealth, Adam Smith gave importance to labour as the true source of wealth. The opening words in his book are, “The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life.”

After saying that labour is the source of wealth, Adam Smith makes the point that division of labour will increase the productivity of labour and thereby the wealth of nation. Adam Smith believed that labour was the real source of value. According to him, the value of a thing depended on the amount of labour expended upon its production. He said that it was “natural” that an article the making of which required two days’ labour should have double the value of another that was the result of only one day’s labour. In other words, the value of a thing depended upon the “toil and trouble of acquiring it.” Adam Smith emphasized that, ‘labour is the real measure of the exchange value of all commodities.’ This is the famous Labour Theory of Value in Economics. Thus “the theory that labour or effort is the cause of value” was first formulated by the father of political economy himself.

David Ricardo considered that commodities derive their value in exchange from two things—scarcity and quantity of labour which has been spent on their production. He believed that an increased supply of goods could not lower their value and that the value of commodities like rare books, coins, pictures etc. was quite independent of the amount of labour necessary for their production. As conceived by him, the value of a commodity was measured by the embodied labour.

David Ricardo admitted that it was difficult to compare the labour of the same duration in different employments due to differences in the quantity of labour, its comparative skill and intensity; but he thought that he would be adjusted in the competitive market. He maintained that labour was not the sole determinant of value when the capital of unequal durability was employed.

Ricardo developed the pure Labour Cost Theory of Value in which labour performs the following functions:

1. It is the foundation, source and substance of value.
2. It is the cause of changes in the absolute and relative values,
3. It is the closest approximation to a measure of value,
4. It serves as an ethical and socio- economic justification of prices and
5. It inter-relates economic value and technology.

Socialistic Critic to Classical tradition, Pierre Joseph Proudhon held the view that property exploited labour. The owner of property or capitalist after paying wages to workers keeps the residue (what is surplus labour) with him. This surplus labour is in the form of interest, rent and profits. His theory is stated in this way. Suppose one hundred workers work together. As a result of division of labour and certain other facilities their total production would be more than the total of their products if they had produced independently and separately in their houses or shops. But workers would be paid in accordance with the amount of work which they would have done independently not co-operatively. Thus, the total amount of wages paid to workers would be much less than the total value of the commodities produced by them at one place. The difference between the two amounts is called surplus value which goes to the factory owner, which is profit.

Karl Marx pointed out that manufacturing took place in two ways:

1. By coming together in one workshop under the control of a single capitalist, of labourers belonging to various independent handicrafts or cottage industries who must take part in completing an article.
2. By one capitalist employing at the same time in one workshop, several craftsmen who were required to do the same kind of work but because the commodity was being produced on a large scale or was expected to be delivered within a given time, the work was divided into various operations- disconnected and isolated; and each operation was assigned to different artificer. The whole work was thus completed by the co-operating workmen. Thus a commodity from being a product of an independent workman became a social product which was the result of the co-operation of so many workmen.

According to Karl Marx, labour which produces use-value that cannot be separated from the concrete qualities of an object, is a natural condition of human existence – a condition of the

metabolism of man and nature which is totally independent of all social forms. It should be clearly understood that individual labour becomes a part of social labour.

After Ricardo the Classical Political Economists agreed that the relative value of two commodities in exchange would be equal to the relative quantities of labor-time embodied in the two commodities. Prices might not always correspond to values, but values always corresponded to labor.

Karl Marx was many things democratic and socialist revolutionary agitator and leader, journalist, philosopher and in his role as an economic theorist, he set out to answer that question. Marx had read Ricardo's ideas, and while Ricardo was no socialist, Marx respected Ricardo's scientific approach. According to Ricardo, landowners would obtain rent without contributing any effort, just because of the workings of the competitive market system and the labor values of products. The landowners were beneficiaries of a surplus-value because they had title to relatively productive land. Marx' idea was that all market payments other than wages all profits, interest, and rent could be explained in terms of surplus value.

Marx expressed the labor theory of value a little differently, and more precisely, than Ricardo. In Marx's terms, the value of a commodity is the socially necessary labor time embodied in it. This phrase, "socially necessary," takes care of some minor confusion in the theory:

Suppose John is a carpenter, but he is very clumsy, so it takes him twice as long as other carpenters to build a house. Does that mean his houses are worth twice as much?

No, since there are other carpenters who can build the house in half the time, half the time is the "socially necessary" labor time. The time that John wastes doesn't go into the value of the house he builds because it is not "socially necessary."

So Marx addressed the question: if value is socially necessary labor time, so that labor produces all value, why does the market award incomes to people who do not work? His key insight was:

- In a competitive capitalist economy, all commodities are priced at their values.
- In a competitive capitalist economy, labor is a commodity.
- Therefore, in a competitive capitalist economy, labor is priced at its value.

This concept of value that the value of a commodity is the socially necessary labor time embodied in it is basic to Marxist thinking.

According to Alfred Marshall, improvement of machinery and sub-division of labour went together. Increased demand for commodities of the same kind with great accuracy and the expansion of markets were responsible for sub-division of labour. Machinery requires faculties of a high order; but gives several advantages: it prevents monotony of work and relieves the strain of human muscles. But the specialised skill of workers and machinery should be profitably utilized. According to him, the economy of production required not only this much that every worker should be employed regularly in a narrow range of work but also that whenever it was necessary for him to undertake different tasks; each of these tasks should be such as to call forth as much as possible of his skill and ability.

John Maynard Keynes introduced a category of involuntary unemployment, defining it as “Men are involuntarily unemployed, if in the event of a small rise in the price of wage goods relatively to the money wage both the aggregate supply of labour willing to work for the current money wage and the aggregate demand for it at that wage, would be greater than the existing volume of unemployment.”

While dealing with his theory of employment he laid emphasis on national income saying that the level of employment would rise with an increase in the national income, and that the national economic system would tend to adjust itself at the point of full employment.

The 1950s and 1960s were a time of optimism for the developing countries, due to the rapid decolonization that at the end of the Second World War. Arthur Lewis provided the intellectual foundation for this optimism. Aware of resource limitations and the need for capital accumulation, Lewis (Lewis, 1954) created an optimistic development model based on unlimited supplies of labour by turning a widely perceived “liability” (surplus labour) into an “asset” as the basis of capital accumulation. Thus, even import substituting industrialization did not appear burdensome as it later proved to be in many cases, although Lewis primarily thought of export-led industrialization for utilization of surplus labour and increasing capital accumulation.

The model used by Lewis states that if unlimited supplies of labor are available at a constant real wage, and if any part of profits is reinvested in productive capacity, profits will grow continuously relative to the national income, and capital formation will also grow relatively to the national income.

By the late 1960s, it appeared that the urban-industrial centre pattern of development was drawing more migrants than could be absorbed in terms of decent work and living, thus weakening the optimistic outlook. Like Lewis, Todaro (1969) provided a theoretical explanation of this model and reality, but unlike Lewis, Todaro's was one of pessimism like urban problems (whether employment, housing or other basic services) cannot be solved at the urban end.

An economic behavioral model of rural urban migration as formulated by Todaro is as following: the model represents a realistic modification and extension of the simple wage differential approach commonly found in the literature, and this probabilistic approach is incorporated into a rigorous model of the determinants of urban labor demand and supply, which when given values for the crucial parameters can be used among other things to estimate the equilibrium proportion of the urban labor force that is not absorbed by the modern industrial economy. Additionally, the model provides a convenient framework for analyzing the implications of alternative policies designed to alleviate unemployment by varying one or more of the principal parameters.

A more realistic picture of labor migration in less developed nations is one that views migration as a second stage phenomenon: in the first stage the unskilled rural worker migrates to an urban area and spends a certain period of time in the "urban traditional" sector; and the second stage is reached with the eventual attainment of a more permanent modern sector job. This second stage process allows one to ask some basic questions concerning the decision to migrate, the proportionate size of the urban traditional sector, and the implications of accelerated industrial growth and/or alternative rural urban real income differentials on labor participation in the modern economy.

However many scholars were not convinced that rural development could stand on its own. Jacobs (1969) argues persuasively and provides historical evidence that "cities invent and reinvent" rural economies and that through the lead of the cities, rural development takes place.

She admonishes cities that fail to innovate in solving their problems. But this type of argument did not alter the pessimism since urban squatters' and slum dwellers' conditions remained pitiful.

Mrs. Jacobs has seized upon a central historical truth: great cities are inherently creative. According to her definition, cities are settlements that generate their economic growth from their own local economy; mere towns are places that do not. She emphasized the manufacturing and trade side of cities, and showed how they helped the development of rural areas, and how some cities flourished and others stagnated. Again she emphasized the importance of diversity, stressing that economic well-being rests with the many small, innovative, diverse businesses rather than with grand conglomerations and monopolies.

Jacobs argues that cities preceded agriculture. She argues that in cities trade in wild animals and grains allowed for the initial division of labor necessary for the discovery of husbandry and agriculture; these discoveries then moved out of the city due to land competition. As one can see from *The Economy of Cities* and *The Wealth of Nations*, Jacobs defines city purely along the lines of geographically dense trade giving way to entrepreneurial discovery and subsequent improvements in the division of labour.

### **2.2.2 Three Dominant Schools of Thought on the Informal Sector**

There are three well-known schools of thought regarding the links between the informal and the formal economies: the proponents of these schools are referred to as, respectively, the dualists, the structuralists, and the legalists. The stylized views of each of these schools can be discussed as follows:

#### ***Dualist School***

The dualists view the informal economy as a separate marginal sector not directly linked to the formal sector that provides income or a safety net for the poor was brought by the International Labour Office (ILO, 1972). The dualists argue that the informal economy exists or persists because economic growth or industrial development has failed, as yet, to absorb those who work in the informal economy.

The dualist school, popularised by the ILO in the 1970s, subscribes to the notion that the informal sector is comprised of marginal activities distinct from and not related to the formal sector that provide income for the poor and a safety net in times of crisis (Hart, 1973, ILO, 1972, Sethuraman, 1976, and Tokman, 1978). According to this school, the persistence of informal activities is due largely to the fact that not enough modern job opportunities have been created to absorb surplus labour, due to a slow rate of economic growth and/or to a faster rate of population growth.

Research on activities encompassed by the term “informal sector” grew out of studies, in the fifties and sixties, on the dualistic nature of developing countries. The concept of dualism or a dual economy relates to various asymmetries in organization and production. Dualism in the structure of an economy as between traditional and modern, peasant and capitalist sectors was considered to be a distinguishing characteristic of developing countries. Development was seen in terms of a shift from a traditional to a modern, an unorganized to an organized, subsistence to a capitalist economy.

Models of dualistic development recognized the interactions between the two sectors and examined their implications in developing countries for example the popular Lewis model (1954) and Todaro (1969) in Economics.

The International Labour Office adopted and popularized the term informal sector in a series of studies that focused on the problems of employment in the urban areas of developing countries. Among the many studies undertaken by the ILO, the early mission to Kenya was important in formulating the concept of the informal sector.

These studies were in response to the growth of large cities and mass unemployment in developing countries. The large increase in the urban labour force of many countries, a consequence of rapid population growth and urbanisation, was often not absorbed by the growth in employment and many workers, in particular migrants, turned to other activities to earn meager incomes. These activities, which were often characterized by self-adoption, popularized the term informal sector. Self-employed workers were engaged in a range of activities including trade, services, transport, construction, manufacturing etc. Although the term “informal” had been used earlier, the ILO borrowed the term from a study of urban labour markets, in Ghana by

Keith Hart. Hart (1973) distinguished formal and informal income opportunities on the basis of whether the activity entailed wage or self-employment.

The ILO recommended government interventions that would assist informal activities that were unregulated and unprotected by such means as providing cheap credit and training workers. It is worth noting that unregulated enterprises were not seen as benefiting from the fact of non-regulation. This contrasts with later studies (such as by De Soto) which view regulation as the main constraint on the growth of informal activities.

In order to define a target group for government action aimed at promoting employment-oriented development, the ILO specified a set of characteristics of informal enterprises.

These were:

- (1) small scale of operation
- (2) family ownership
- (3) reliance on indigenous resources
- (4) labour intensive activity, technology adapted to local conditions
- (5) skills acquired outside the formal school system
- (6) ease of entry into the activity and
- (7) operation in unregulated, competitive markets

These are essentially features of organisation and technology, which suggests to distinguish informal enterprises from formal ones. The emphasis, however, appears to have been placed on the organisational structure of a unit of production rather than its technology. For example, Sethuraman (1976) states that the informal-formal distinction is different from the traditional-modern distinction in that the latter was based primarily on technology.

It should be noted that the distinction between formal and informal sectors in the ILO approach is not based on characteristics of products, production processes and technology. The same goods and services, and formal and informal sectors perhaps even the same technology, may be found in both formal and informal sectors.

The ILO studies have succeeded in calling attention to a neglected part of the economy of developing countries. They have also highlighted the empirical diversity of activities and enterprises that come under the general term "informal sector."

### ***Structuralist School***

The structuralists view the informal economy as being subordinated to the formal economy. Castells and Portes (1989) argue that privileged capitalists in the formal economy seek to erode employment relations and subordinate those who work in the informal economy in order to reduce their labour costs and increase their competitiveness. At this level, there is the beginning of the end of the exclusion of informal sector labour and a recognition of the breakdown of the informal/formal dichotomy.

The structuralist school, popularized by Caroline Moser and Alexandro Portes, Berman, J. (among others) in the late 1970s and 1980s, subscribes to the notion that the informal sector should be seen as subordinated economic units (micro-firms) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms. In the structuralist model, in marked contrast to the dualist model, different modes and forms of production are seen not only to co-exist but also to be inextricably connected and interdependent (Moser, 1978, and Castells and Portes, 1989). According to this school, the nature of capitalist development accounts for the persistence and growth of informal production relationship.

In contradiction to the ILO approach, some researchers have stressed the complementarities, continuities and linkages between formal and informal sectors rather than their separateness. Breman (1977) for instance, argues against adopting a dualistic or compartmentalised view of the labour market, and instead suggests that the labour market be viewed as "fragmented", on the ground that the distinctions between formal and informal sectors are more noticeable at the poles. Breman examines the utility of the concept of the 'informal sector'. The author argues, partly on the basis of research into labour relations in a small town in western India, that the concept of the informal sector is analytically inadequate. The informal sector, he suggests, cannot be demarcated as a separate economic compartment and/or labour situation. It is argued that any attempt to demarcate the informal sector will give rise to numerous inconsistencies and difficulties. Moreover, by interpreting the relationship of the informal sector to the formal sector

in a dualistic framework and by focusing on the mutually exclusive characteristics, sight of the unity and totality of the productive system would be lost. The author suggests that rather than divide the urban system into two segments, it is preferable to emphasise the fragmented nature of the entire labour market. Breman considers the social classes which are usually associated with the urban labour force.

Breman (1977) has stated the informal sector is characterised as being dependent and subordinate to the capitalist sector, with the capitalist or formal sector exploiting the informal sector by obtaining cheap labour and wage goods. It has also been argued that "self-employment" is a catch-all term that often hides relations of dependence, as for example, among sub-contractors and commission sellers who can be considered disguised wage workers. If relations of dependence and the absence of security of work and income are of concern then a preoccupation with the self-employed is understandable.

In words of Breman: "If the formal-informal division is accepted as valid then it has to be applied not only to personal services, but also to building, trade, manufacture and transport. In other words, if the distinction is at all tenable it cannot logically be confined to certain sectors of the economy or to certain activities. In my own terminology, the concept 'market' should be applied to the entire labour force. The structure of this market is not dualistic, but has a far more complex ranking."

Moser (1978) has stated critics of the dualistic approach have provided an alternative formulation of the informal sector based on petty commodity production that is concomitant with, and subordinate to, capitalist production. A majority of petty commodity producers are considered to be part of the informal sector. Moser's approach recognizes a continuum of economic activities rather than a two sector distinction. So, "workers are seen to be employed in a number of different categories outside the well-defined wage sector of large-scale enterprises"

These include, among others, wage workers in small enterprises, self-employed persons, unpaid family workers and casual workers in the wage sector. Here, the form of employment or the wage labour relation is considered an important feature demarcating the different but inter-connected sectors of an economy. The views discussed here emphasize the links between enterprises in the formal and informal sectors and argue against viewing the "informal sector" in

isolation. It is argued that links with the capitalist or formal sector set crucial constraints on the potential growth of small enterprises and petty commodity producers.

Castells and Portes (1989) wrote more broadly, the informal sector has been defined as "a specific form of income generating production, unregulated by the institutions of society in a legal and social environment in which similar activities are regulated" (In this particular definition, regulation is not the task of the state alone but also of society. Regulation can also be undertaken at different levels of government such as by the national government, state or provincial government and local government. If the informal sector is defined by the absence of regulation, there is a need to specify the type of regulation that the unit under consideration is excluded from. For those defining the informal sector in terms of regulation, the organisational character of enterprises is relegated to a minor role. As Castells and Portes write, "the informal economy does not result from the intrinsic characteristics of activities but from the social definition of state intervention"

### ***Legalist School***

The legalists view informal work arrangements or more specifically, unregistered businesses as a rational response to over-regulation by government bureaucracies. They argue that those who run informal businesses do so to reduce their own costs and increase their own wealth.

The legalist school, popularized by Hernando De Soto in the 1980s and 1990s, subscribes to the notion that the informal sector is comprised of micro entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration. According to De Soto, micro entrepreneurs will continue to produce informally so long as government procedures are cumbersome and costly. In this view, unreasonable government rules and regulations are stifling private enterprise. Hernando De Soto's analysis of the limitations and costs of the world's poor choosing informality in *The Other Path* is taken to a new level of generality in his new book *The Mystery of Capital*. De Soto (2000) in his book says what ultimately paves the way to the failure of capitalism and development at a global scale is the lack of a well-defined and enforceable system of property rights in developing and transitional economies. Undoubtedly, De Soto raises thought provoking empirical and conceptual questions that force others to reconceptualize the nature of the obstacles to economic growth and poverty alleviation.

In his most famous book, *The Other Path*, Hernando De Soto provides stunning evidence of the magnitude of informality in developing nations. He finds trillions of dollars in ‘dead capital’ unaccounted for in the informal world, assets far in excess of every World Bank loan, foreign aid package and foreign investment portfolio combined since 1945. De Soto estimates the value of the extralegal property of informal communities worldwide as \$9.3 trillion USD about as large as the annual GDP of the U.S. economy. In particular, he presents the results of extensive fieldwork conducted among five developing countries from Peru, Mexico and Haiti in the Americas to Egypt and the Philippines. His book is full of anecdotal evidence on the complexity of government’s bureaucracies in the developing world: it takes 77 bureaucratic procedures, the involvement of 31 agencies, and 5 to 14 years to acquire a piece of land in Egypt. Moreover, despite this formidable display of perseverance, there is still no guarantee that the deed will not be revoked by the next administration coming to power.

After diagnosing and measuring the extent of informality in *The Other Path*, De Soto’s *Mystery of Capital* (2000) probes into the roots of the problem. He highlights the six effects of a formal system of property rights that allow citizens to generate valuable capital in the West.

First, the fact that a formal system of property rights fixes the economic potential of assets. Second that it protects transactions involving land. In Peru, whenever land was titled, its market value would double the same day. In the following 10 years, it could go up around nine times because it was easier to trade land once property rights were clear and established. Third, it enables the integration of dispersed information on citizens’ wealth into one knowledge base. Fourth it also makes people accountable for property, respecting titles, honouring contracts, and obeying the law. The fifth effect is that of making assets fungible by reducing the transaction costs of mobilizing and using assets. Finally, a formal system of property rights enables the networking of people. By attaching owners to assets, assets to addresses, and ownership to enforcement, and by making information on the history of assets and owners easily accessible, formal property systems converted the citizens of the West into a network of individually identifiable and accountable business agents. Therefore, much of the marginalization of the poor in developing and former communist nations comes from their inability to benefit from the six effects that formal property provides. In fact, unless an asset is legally owned it is tantamount to having ‘dead capital’ (De Soto 2000).

As proof, De Soto highlights the fact that the 'single most important source of funds for new businesses in the United States is a mortgage on the entrepreneur's house. 90% of Peruvians, devoid of any title over their properties, cannot choose this path and inject life into their assets. Herein lies the reason for the failure of capital outside the West. Therefore, the policy implications of De Soto's approach is that micro-enterprises and individuals can be brought into the formal sector through the implementation of a clear, de-bureaucratized and cost-effective system of property rights that simply renders them legal.

Hernando De Soto's work has provided an invaluable contribution to development of theory. The prominent role given to legal engineering refocuses development research and practice on the re-emerging field of law and development. His empirical investigation gives a new boost to the study of how institutions and particularly legal systems play a typical role in sustainable development.

### **2.2.3 Distinctions between the Three Schools**

In brief, what distinguishes each of these schools is their underlying model of power relationships. The dualists subscribe to the notion that there are few (if any) power relationships between those who work in the informal and the formal economies. The structuralists subscribe to the notion that the formal economy exerts a dominant power relationship over the informal economy in its own interests. The legalists subscribe to the notion that informal entrepreneurs exercise their own power or choice to operate informally as a response to unreasonable bureaucratic controls. Other observers would argue for a comprehensive framework that recognizes that the linkages and power relationships between the informal economy, formal sector, and the public sector differ by which segment of the informal economy one is talking about. To illustrate, street vendors often have to vend informally because they are not incorporated in existing regulatory frameworks or because existing regulatory frameworks are constraining. Industrial outworkers typically have little bargaining power with those who put out work to them. And self-employed garment makers often have relatively little market knowledge, market access, or bargaining power compared to large garment manufacturers.

#### **2.2.4 Flexible Contracts: The Developed Country Experience of Informality**

The growing literature on "flexible specialisation" in developed countries has also focused attention on small scale enterprises. Flexible specialisation refers to the development of a specialised and small scale system of production that exhibits flexibility in production in contrast to the relatively rigid and large scale, mass production factory system.

Piore and Sabel (1984) sketch the recent growth of small production in the craft tradition, with flexible specialisation – a combination of flexible technology and specialised production in several developed countries, notably Italy, Germany and Japan. According to them, this development is linked to the economic crisis that has affected the industrialised countries in the seventies and eighties. The emergence of highly specialised small firms is seen as a response to changing market conditions, in particular greater fluctuations in demand, and the requirements of specialised production in short cycles. On the supply side, technological advances in electronics and computer technology have helped by increasing the potential flexibility of capital and generating flexible production techniques. Other factors that contributed to the rise of small firms include changes in the nature of the labour force, such as greater disutility from repetitive work, the specialisation and diversification of demand, and the increased capacity of developing countries to make standardised products.

Thus during the 1980s, the focus of the informal sector debate expanded to include changes that were occurring in advanced capitalist economies. In both North America and Europe, production was increasingly being reorganised into small-scale, decentralised and more flexible economic units. Mass production was giving way to 'flexible specialisation' or, in some contexts, reverting to sweatshop production (Piore and Sabel, 1984).

Portes, Castells, and Benton (1989) state that these new patterns of capitalist development were associated with the informalisation of employment relations, standard jobs being turned into non-standard or atypical jobs with hourly wages but few benefits, or into piece-rate jobs with no benefits, and with the sub-contracting of the production of goods and services to small-scale informal units and industrial outworkers/homeworkers. According to them, in the process, the informal economy becomes a permanent, albeit subordinate and dependent, feature of capitalist development.

### 2.2.5 Thoughts on Growing Informal Economy

Meanwhile, in the 1980s, the economic crisis in Latin America served to highlight another feature of the informal sector.

Tokman (1992) put a new vision that employment in the informal sector tends to grow during periods of economic crisis.

Similarly, Lee (1998) put evidence in his study that in the Asian economic crisis, millions of people who lost formal jobs in the former East Asian Tiger countries tried to find jobs or create work in the informal economy. At the other side, structural adjustment in Africa and economic transition in the former Soviet Union and in Central and Eastern Europe were also associated with an expansion of employment in the informal economy.

These studies showed that informal employment tends to expand during periods of economic adjustment or transition because when private firms or public enterprises are downsized or closed, retrenched workers who do not find alternative formal jobs have to turn to the informal economy for work because they cannot afford to be unemployed and in response to inflation or cutbacks in public services, households often need to supplement formal sector incomes with informal earnings.

Some researchers found globalization to be a major cause of growing informal sector. Standing (1999) in his study found during the 1990s, globalisation of the economy contributed to the informalisation of the workforce in many industries and countries.

Rodrik (1997) said that whereas globalisation generates new jobs and new markets, available evidence suggests that not all the jobs are 'good' jobs and that the most disadvantaged producers have not been able to seize new market opportunities. This is because global competition tends to erode employment relations by encouraging formal firms to hire workers at low wages with few benefits or to sub-contract (or out-source) the production of goods and services.

Chen, Vanek, and Carr (2004) also found that global integration reduces the competitiveness of many informal firms or self-employed producers.

### ***Concluding Remark***

Current thinking regarding the informal economy, suggests the need for an integrated approach that looks at which elements of the dualist, legalist and structuralist schools of thought are most appropriate to which segments and contexts of informal employment. Clearly, as per to dualist thought, some poor households and individuals engage in survival activities that have or seem to have very few links to the formal economy and the formal regulatory environment, as per to legalist approach, some micro-entrepreneurs choose to avoid taxes and regulations, while other units and workers are subordinated to larger firms as put by structuralist school. The consequences of big changes in economy like economic crisis, adjustment or transition period and most importantly globalization have contributed to informalization of workforce in developing, transition and developed countries as well.

## **2.3 Definitional Controversy on Informal Economy**

### **2.3.1 Historical Root**

While the phrase "Informal sector" came onto the development scene in 1972, its roots reach back into the economic development efforts of the 1950s and 1960s. That was a time of confidence and optimism. In the mid-1950s, W. Arthur Lewis developed a theoretical model of economic development based on the assumptions that there was an unlimited supply of labour in most developing countries and that this vast pool of surplus labour would be absorbed as the modern industrial sector in these countries grew. It was therefore assumed that the traditional sector comprised of petty traders, small producers and a range of casual jobs would eventually be absorbed into the formal economy and disappear. Contrary to the predictions of many economists, a huge pool of surplus labour has created its own source of livelihood to survive. It had not just persisted but expanded.

The ILO's response to increasingly evident paradox of growing surplus labour was the World Employment Programme. The WEP emerged as a proposal in 1967 at the Americas Regional Conference in Ottawa. It quickly found a strong echo among constituents, and then was formally endorsed and launched in Geneva at the 1969 international labour conference. Its main thrust was to bring the issue of employment generation into the center of the national planning and development efforts as an explicit policy objective in its own right, instead of leaving it as a residual and eventual consequence of successful development efforts.

To get the WEP rolling, the old Manpower Planning and Organisation branch (MPO) was moved out of the Human Resources Development and elevated to a department in its own right, the Employment Planning and Promotion Department (EPPD). The new department had three branches, each with its corresponding focus; research, sectorial employment projects, and comprehensive employment planning missions. This third branch had the mandate of organising large multi-disciplinary "comprehensive employment missions" of up to two months duration to specific requesting countries.

These comprehensive missions were quite an innovation at the time. Not only did they represent a new focus for development efforts, namely employment; they also constituted a different approach to technical assistance. Each mission typically consisted of up to twenty-five to thirty recognised experts in a variety of specialisations and from a variety of institutions, some local or national and some international. (Bangasser, 2000).

For whatever reasons, by the middle to late 1970s, comprehensive employment missions were conducted. These comprehensive employment missions had a significant impact on the ILO and the WEP. In the first place, they brought the ILO into public attention in areas where it had not previously seemed largely irrelevant. And, of course it was the comprehensive employment mission to Kenya in 1972 that brought a new concept of the informal sector.

### **2.3.2 The Kenya Mission of 1972-Discovery of the "Informal Sector"**

The Kenya mission, in 1972, was the first comprehensive employment mission to Africa. The most lasting legacies from this mission have been the concept of the informal sector (ILO, 1972).

In the Kenya report, *"Employment incomes and equality: A Strategy for increasing productive employment in Kenya"*, not only was the phrase "informal sector" coined; but this concept played a key role in the whole analysis of the employment situation. This report played a seminal role for the concept of the informal sector. Even today, it is hard to find a better definition or description of it, nor a better analysis of why it is an important contribution to the development dialogue. The problem with employment is that the statistics are incomplete, omitting a range of wage earners and self-employed persons, male as well as female, in what we term 'the informal sector'.

Initially, even within the ILO the concept was not embraced with immediate and universal enthusiasm. Over the course of the 1970s, the phrase "the urban informal sector" gradually replaced "urban unemployment". Despite the inauspicious start, the decade of the 1980s saw the concept of the urban informal sector spread rapidly. For the first time, informal sector activities began to appear on other major programmes besides the Employment Department.

Although both Hart and the Kenya mission team were very positive about the informal sector noting its efficiency, creativity, and resilience the concept received a mixed review in development circles. Many observers subscribed to the notion that the informal sector was marginal or peripheral and not linked to the formal sector or to modern capitalist development.

Some of these observers continued to believe that the informal sector in Kenya, Ghana, and other developing countries would disappear once these countries achieved sufficient levels of economic growth or modern industrial development. Other observers argued that industrial development might take a different pattern in developing countries including the expansion of informal economic activities than it had in developed countries.

By the 1980s, the focus of the informal sector debate expanded to include changes that were occurring in advanced capitalist economies. Increasingly, in both North America and Europe, production was being reorganised into small-scale, decentralised, and more flexible economic units. Mass production was giving way to "flexible specialisation" or, in some contexts, reverting to sweatshop production.

These new patterns of capitalist development were (and are still) associated with the informalisation of employment relations, standard jobs being turned into non-standard jobs with hourly wages. These turned into with few benefits or into piece-rate jobs with no benefits and with sub-contracting the production of goods and services to small-scale informal units and industrial outworkers. In the process, the informal economy becomes a permanent, albeit subordinate and dependent, feature of capitalist development.

Meanwhile, in the 1980s, the economic crisis in Latin America served to highlight another feature of the informal sector namely, that employment in the informal sector tends to grow during periods of economic crisis. In the Asian economic crisis a decade or more later, millions

of people who lost formal jobs in the former East Asian Tiger countries tried to find jobs or create work in the informal economy. Meanwhile, structural adjustment in Africa and economic transition in the former Soviet Union and in Central and Eastern Europe were also associated with an expansion of employment in the informal economy.

Actually, when private firms or public enterprises are downsized or closed, retrenched workers who do not find alternative formal jobs have to turn to the informal economy for work because they cannot afford to be openly unemployed. Also, in response to inflation or cutbacks in public services, households often need to supplement formal sector incomes with informal earnings.

During the 1990s, globalisation of the economy contributed to the informalisation of the workforce in many industries and countries. Whereas globalisation generates new jobs and new markets, available evidence suggests that not all the jobs are "good" jobs and that the most disadvantaged producers have not been able to seize new market opportunities. This is because global competition erodes employment relations by encouraging formal firms to hire workers at low wages with few benefits or to sub-contract (or out-source) the production of goods and services and global integration reduces the competitiveness of many informal firms or self-employed producers.

Thus the building momentum of attention to the informal sector gradually increased in the early 1990s. Three major informal sector events marked the first half of the decade were:

1. The international tripartite debate on the informal sector at the 1991 International labour Conference,
2. The 15th International Conference of Labour Statisticians (1993) adoption of a recommendation on statistics of employment in the informal sector, and
3. The office-wide inter-departmental project on the informal sector in the 1994-95 biennium.

The 1991 International Labour Conference was the high water mark of international debate and discussion on the informal sector. This was the first time informal sector taken as a principle and explicit agenda item for a major international conference. This was also the first time it was discussed on a universal and tripartite basis by persons not directly involved with dealing with the informal sector. Up to that time, the subject had been largely the domain of specialists and

technicians. The 1991 conference provided an occasion for employers' and workers' representatives and government officials, whose professional perspectives normally cover the whole economy, to express themselves on the subject. (Bangasser,2000).

### **2.3.3 15<sup>th</sup> International Conference of Labour Statisticians**

One major event of the 1990s for the informal sector was its inclusion on the agenda of the 15<sup>th</sup> International Conference of Labour Statisticians (ICLS), in January 1993. The agenda item on the informal sector did not come out of the blue. In 1982, at the 13<sup>th</sup> ICLS, the issue of the informal sector was discussed briefly and a resolution was adopted stating that "it is desirable that countries develop appropriate methodologies and data collection programmes on the urban informal sector and the rural non-agricultural activities. That resolution was then followed in 1987, at the 14th ICLS, where the General Report informed, under the rubric ' non-standard forms of employment and income, that the Office's Bureau of Statistics planned to develop a conceptual framework for delineating the various forms of non-standard employment and incomes, including informal sector activities, and intermittent employment, out-work, and unpaid family work. The 14th ICLS had also concluded that "economic unit" was the most appropriate measurement unit for defining the informal sector.

The 1993 revision of the SNA was the culmination of a decade-long effort, under the general direction of the UN's Statistical Commission, with full technical and financial participation of EUROSTAT, the IMF, the World Bank, and OECD, as well as various Specialised Agencies within the UN family. In the introduction, highlighting the significant changes of the new schema over the 1968 version, "the 1993 SNA notes and makes use of the distinction between the informal and formal sectors (Commission of the European communities-Eurostat, International Monetary fund, Organisation for Economic Co-operation and Development, United Nations, World Bank; Brussels/Lusembourg, SNA, 1993). The new SNA also explicitly recognises the lead role played by the ILO with respect to the informal sector, and incorporated as an annex two-page extract from the resolution by the ICLS. Thus, within a few weeks of its adoption, the ICLS resolution of statistics on employment in the informal sector was formally included into this SNA 1993 and then formally adopted and recommended to the international community by the United Nations Economic and Social Council. It is hard to imagine a more

authoritative or universal endorsement. Considering the importance of the 15<sup>th</sup> ICLS Resolution II, the "universal and tripartite" way in which it was developed, and its unique high-level endorsement, it seems appropriate to include the full text.

Thus finally in January 1993, the Fifteenth International Conference of Labour Statisticians adopted an international statistical definition of the informal sector, which was to be included subsequently in the revised international System of National Accounts (SNA 1993). Inclusion in the SNA of the informal sector definition was considered essential as it would open the way for identifying the informal sector separately in the accounts and, hence, for quantifying the contribution of the informal sector to the national economies. In order to obtain an internationally agreed definition of the informal sector, that was acceptable to labour statisticians as well as national accountants, the definition had to be enterprise-based. Accordingly, the informal sector was defined in terms of characteristics of the production units (enterprises) in which the activities take place (enterprise approach), rather than in terms of the characteristics of the persons involved or of their jobs (labour approach). (Bangasser, 2000).

#### **2.3.4 New Term and Expanded Definition**

From the very beginning, it had been clear to labour statisticians that an enterprise-based definition of the informal sector, and the data collection methods that follow from it, would not be able to capture all dimensions of the phenomenon. The Meeting of Experts on Labour Statistics, which was held in preparation of the 15<sup>th</sup> ICLS, already recognised in 1992 that in some countries there had been a sharp rise in various forms of non-standard employment, including small jobs, casual work, precarious employment, unpaid family work, piece-rated work and outwork. It was pointed out that this increase was closely related with that of the informal sector, and that the two should be analysed in conjunction.

As work on the revision of the International Classification of Status in Employment (ICSE) was done by the 15<sup>th</sup> ICLS in parallel with the adoption of the Resolution concerning statistics of employment in the informal sector, the Resolution limited itself to defining the informal sector in terms of characteristics of enterprises. The revision of ICSE was hoped to provide sub-categories of status in employment that were sufficiently detailed to make it possible to identify informal jobs. However, these expectations remained unmet as the 15<sup>th</sup> ICLS was unable to define an

internationally agreed set of sub-categories of ISCE. Since then, proposals to complement the enterprise-based concept of the informal sector with a wider, labour-based concept of informal employment have been made repeatedly.

Actually, 'Employment in the informal sector ' and 'informal employment' are concepts, which refer to different aspects of the 'informalisation' of employment and to different targets for policy-making. One of the two concepts cannot replace the other. They are both useful for analytical purposes and, hence complement each other. However, the two concepts need to be defined and measured in a coherent and consistent manner, so that one can be clearly distinguished from the other. Statistics users and others often tend to confuse the two concepts because they are unaware of the different observation units involved: enterprises on the one hand, and jobs on the other (Husmanns, 2004).

These guidelines, being rather flexible, have been operationalized in different ways by national statistical offices of developing countries, producing data that lacks international comparability. The absence of a clear standard definition has contributed to discourage many developing countries in undertaking regular surveys aimed at collecting data on employment and output of the informal sector. In most countries, data on the informal sector are collected on an ad hoc basis; thus time series data on informal sector employment are scarce and even less information is available on the contribution of the informal sector to economic growth.

To address the problem of international comparability, the international Expert Group on Informal Sector Statistics (Delhi Group) formulated a set of recommendations for the harmonization of national definitions of the informal sector on the basis of the framework set by the ICLS resolution. The harmonised definition leads to a rather narrowly defined subset of the informal sector, for which countries should be able to make internationally comparable data available; that is – private unincorporated enterprises (excluding quasi-corporations), which produce at least some of their goods or services for sale or barter, have less than five paid employees, are not registered, and are engaged in non-agricultural activities (including professional or technical activities). Households employing paid domestic employees are excluded. However, very few countries are able to provide statistics on informal sector employment even with this definition.

For the above-mentioned reasons, the Expert Group on Informal Sector Statistics (Delhi Group) joined statistics users in concluding that "the definition and measurement of employment in the informal sector needed to be complemented with definition and measurement of informal employment. Accordingly, in following years, a group of informed activists and researchers, including members of the global research policy network Women in Informal Employment: Globalizing and Organizing (WIEGO), have worked with the International Labour Organization (ILO) to broaden the earlier concept and definition of the 'informal sector' to incorporate certain types of informal employment that were not included in the earlier concept and definition (including the official international statistical definition). They seek to include the whole of informality, as it is manifested in industrialized, transition and developing economies and the real world dynamics in labour markets, particularly the employment arrangements of the working poor. These observers wanted to extend the focus to include not only enterprises that are not legally regulated but also employment relationships that are not legally regulated or protected (Husmanns, 2004).

During its 90th Session (2002), the International Labour Conference (ILC) engaged in and extensive discussion on 'Decent work and the informal economy', which emphasized repeatedly the need for more and better statistics on the informal economy and requested the ILO to assist member States in the collection, analysis and dissemination of consistent, disaggregated statistics on the size, composition and contribution of the informal economy (ILO, 2002a)

However, in order to be able to collect statistics on the informal economy, one needs to have a definition of the informal economy. The ILC used the term 'informal economy' as referring to all economic activities by workers and economic units that are – in law or in practice-not or insufficiently covered by formal arrangements" which had been prepared as a basis for the discussion by the ILC, defined employment in the informal economy as comprising two components: (1) employment in the informal sector as defined by the 15<sup>th</sup> ICLS, and (2) other forms of informal employment (i.e. informal employment outside the informal sector) (ILO, 2002b).

The ILO developed a conceptual framework for employment in the informal economy. The framework lent itself to statistical measurement as it built upon internationally agreed statistical

definitions, which were used because of their consistency and coherence. It enables measures of employment in the informal sector to be complemented with broader measures of informal employment (Hussmans 2001; 2002). As its fifth meeting the Delhi Group endorsed the framework and recommended it to countries for testing (CSO/India 2001). Subsequently, several countries (Brazil, Georgia, India, Mexico and the Republic of Moldova) tested the framework successfully.

The conceptual framework developed by the ILO was submitted to the 17<sup>th</sup> ICLS (November-December 2003) for discussion. The 17<sup>th</sup> ICLS examined the framework, made some minor amendments to it, and adopted guidelines endorsing it as an international statistical standard (ILO 2003). These guidelines complement the 15<sup>th</sup> ICLS Resolution concerning statistics of employment in the informal sector. The work by the Delhi Group and its members was essential to the development and adoption of the guidelines.

The new definition of the ‘informal economy’ focuses on the nature of employment in addition to the characteristics of enterprises. It also includes informal employment both within and outside agriculture. Under this new definition, the informal economy is comprised of all forms of ‘informal employment’ that is, employment without labour or social protection—both inside and outside informal enterprises, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs.(ILO,2002).

Under this new definition, the informal economy is seen as comprised of all forms of ‘informal employment’ that is, employment without formal contracts (i.e., covered by labour legislation), worker benefits or social protection both inside and outside informal enterprises, including:

- Self-employment in informal enterprises: workers in small unregistered or unincorporated enterprises, including:
  1. employers;
  2. own account operators
  3. unpaid family workers
- Wage employment in informal jobs: workers without formal contracts, worker benefits or social protection for formal or informal firms, for households or with no fixed employer, including:

1. Employees of informal enterprises
2. Other informal wage workers such as;
  - a. casual or day labourers
  - b. domestic workers
  - c. unregistered or undeclared workers,
  - d. temporary or part time workers
3. Industrial Outworkers (also called homeworkers)

### **2.3.5 Nepal's Experience**

Among the national surveys, only the Nepal Labour Force Survey 1998/99 (NLFS 1998/99) and Nepal Labour Force Survey 2008 (NLFS 2008) has specifically defined and collected a limited set of information on informal activities and workers, The NLFS in Nepal broadly followed the ILO's definition of "informal sector" (as per the 15th International Conference of Labour Statistics, Geneva, 1983). For operational purposes, the informal sector was defined as follows: The "currently economically active" population was divided into employed in "agriculture", "non-agricultural informal" and "non-agriculture other than sectors", based on the responses of economically active population with regard to their employment status, institutional sector of employment and number of employees engaged in their enterprise. A person whose main job is not in agriculture is counted as working in informal sector if (i) he/she is working in private unregistered enterprise or is self- employed/ owner proprietor and (ii) there are less than 10 workers engaged in the enterprise (CBS,1999).

The informal sector has been defined only in respect of the non-agricultural sectors, because of the difficulty of defining informal sector activities in the informal sector. Also, informal sector has been defined in the context of only the main job of persons, as information on the second job was not available. It needs to be added that though the ILO guidelines recommended that enterprises of informal employers may be defined in terms of the size of the unit and the non-registration of the enterprise or its employees, the NLFS did not collect any information on registration and defined informal sector on the basis of the size and terms of employment.

In 2003, the International Conference of Labour Statistics added a new concept to the set of international standards. This was the concept of informal employment. Whereas the

determination of informal sector depends on the characteristics of the enterprise in which a person works, the determination of whether a person is in informal employment or not depends on the characteristics of the person's job.

The NLFS-2 survey includes the measurement of this new concept. The informal employment includes the following:

1. All own account workers without employees
2. All employers in the informal sector.
3. All contributing family workers
4. All employees in informal jobs (where an informal job is defined as not having paid annual leave or where the employer does not pay social security contributions for the worker).

NLFS-2 adopted the definition of Informal Employment according ILO guidelines concerning a statistical definition of informal employment, ILO 2003 (Hussmans, 2003). The international standards of the measurement of informal employment were only adopted by the International Conference of Labour Statisticians in 2003. The addition of questions to identify informal employment was a new feature of the 2008 NLFS survey.

### ***Some Limitations of the Definition of NLFS***

1. The definition of the informal sector has excluded agriculture, which employs about 76% of the national workforce. Since the entire agricultural sector cannot be treated as informal, this exclusion is a major limitation of the data.
2. The criterion of registration has not been used while defining the informal sector, with the result that both registered and unregistered units are included in the labour force. This does not seem to appropriate in the context of the ILO definition of the informal sector.
3. Because of the absence of the criterion of registration, the informal sector includes legislators, professionals, technicians, seminar officials- all of whom perhaps would be out of the informal sector if the registration criterion is implemented.

But in practice, it is not enough to have an international definition. As many countries specially developing countries do not have any statistical data with regards to the extent of the informal

sector production and employment, these definitions may not be applicable to those countries. As definitional confusions still exist in informal world and moreover, varying definitions of the informal economy make the comparative analysis amongst countries difficult it seems very relevant to discuss on definitional controversy for the current study. A lack of clear definition makes it difficult to find out the exact size of home-based workers in Nepal also because the operational definitions utilized in the Labor Force Surveys exclude the kind of home-based work that is the subject of this study.

## **2.4 Measuring Informal Economy: An Issue**

The previous section of this chapter on definitional controversy has suggested how difficult it may be to present a picture of informality, even if we had the data to see clearly the component elements—data that, almost by definition, we do not have. The heterogeneous nature of informal economy is clearly the manifestation of multiple social and economic phenomena that have given rise to complexity in characterizations and measurement attempts. This unit reviews a subset of these measures, what they may or may not be capturing conceptually and in practice.

Actually estimating the size of the informal economy has remained problematic, although there are internationally defined measurement methods to define the size and contribution of the informal economy to national accounts. Measuring and understanding informal economy is a requirement of developing economies, transitional economies as well as developed economies. In the case of developed countries, the emergence of 'flexible specialization' in the place of 'mass production' since the 1980s has given a big push to informalization, along with its wide varieties. In the case of developing countries globalization policies, which have promoted stiff competition, have contributed to the growing informalization in these economies. In transitional economies, the decline of the public sector and the emergence of the private sector have led to the emergence and rapid growth of the informal economy. All these countries are using different methods to estimate informal employment.

A large number of countries use labour force surveys or establishment surveys to measure informal sector/informal workers. It is argued, however, that when an establishment survey is conducted to estimate the informal economy, it tends to miss out certain categories of single person own account enterprises, because it is difficult to identify such worker as enterprises.

There is a need to link the worker approach and the enterprise approach to measure the informal economy adequately. It is now well accepted that while household-type surveys serve best for measuring the size of informal employment, the establishment-type surveys are indispensable for measuring its productivity or its contribution to domestic product. But, the estimates of workforce engaged in different broad groups of non-agricultural activities arrived at from the two types of surveys vary widely.

Stakeholders involved in studies of informal economy argue that it is not enough to have an international definition, but it is also necessary to develop an international / harmonized methodology to measure informal employment. The Expert Group on Informal Sector Statistics has, from its inception, been concerned with the issues relating to measurement of size of employment in informal sector and informal employment on the one hand and their respective contributions to national economies on the other.

The lack of data on the informal sector and informal employment in official statistics often results in distorted estimates of the real economy. For example, without taking into account informal activities, estimates of female economic participation rates could be implausibly low, gross domestic product (GDP) significantly underestimated, and the share of population living below national poverty line overestimated. Lack of information also leads to limited public understanding of many social and economic issues related to informal economic activities, including the differentials in earnings and working conditions between formal and informal employment; social protection arrangements; the characteristics of informal enterprises in the use of technology, access to credit, training and markets; and the input-output relations between formal and informal sector enterprises. These data and measurement problems, in turn, weaken the formulation, implementation and evaluation of policies and programmes aimed at promoting gender equality, eliminating child labour, generating decent work for all and reducing poverty. The two unanswered questions are in front.

1. What definition to apply?
2. Which measure to practice?

Based on the framework on international definition, the UN Expert Group on Informal Sector Statistics (the Delhi Group –constituted in 1997) has endeavored to harmonize national definitions of the informal sector to improve international comparability. Recognizing the limits of harmonization, the Delhi Group identified a subset of informal sector that could be defined uniformly and for which countries could produce internationally comparable data. The United Nations Statistics Division (UNSD) is also in the process of updating the 1993 System of National Account (SNA) to provide guidance on the treatment of informal sector in national accounts. Over the years, with the assistance of ILO, many countries have started collecting and working with data on the informal sector and informal employment, and accumulated extensive experience. Among the set of data collection instruments, labour force surveys for measuring the size of informal employment and monitoring working conditions and the mixed household-enterprise survey for collecting comprehensive data about the informal sector have gained increasing importance. (Husmanns, 2004)

Thus there is a growing realization among academicians and policy-makers alike, of the significance of the informal as well as the role it plays, and can play, in addressing the employment needs of a growing labour force. However, there is a dearth of sufficient information and data concerning the size of the informal labour force, employment patterns, the nature and extent of activities being undertaken in this sector. This section of review presents these issues relating to relevant definitions and measurement practiced by countries, stakeholders, researchers with a special concentration to home based workers.

Greenwood (1997) recommends that to understand differences between men and women in the labour market, complete labour should identify, among others

- (a) whether work is carried out in combination with domestic chores;
- (b) multiple activities;
- (c) the context and location of work activities .e.g. work done at home;
- (d) whether work is carried out intermittently over the year;
- (e) subsistence and informal sector activities;
- (f) total hours worked, including those dedicated to domestic activities;

- (g) the type of work men and women do, e.g., in management and decision making positions and elsewhere;
- (h) labour turnover;
- (i) seeking work behaviour for those not employed; and
- (j) total income earned

The author has strongly argued that data disaggregated by sex is not enough. Data which relate to women's different contributions, constraints and conditions of work as compared to men's need to be explicitly put forward.

Pedreo (1998) has provided a detail experience of Mexico in addressing the issue of the data on homeworkers. In the first part of her paper, Pedrero explained how, over time, the Mexican household survey was adapted to capture the reality of the Mexican labour force including the presence of large number of homeworkers. Pedreo found that several specific groups of informal sector require specific statistics and analysis, including street vendors and home-based workers. The author calls for firstly, the need for precise and comprehensive statistics to capture both the economic and social aspects of the informal sectors and secondly, the need for specific statistics and analysis to capture large and growing numbers of sub-contract workers or out-workers. To capture the reality of the workforce, in particular the large number of home-based workers and street vendors, it is recommended by the author that a review should be done on concepts, classification, methods of enumeration and survey, and questionnaire design.

Chen, Sebstad, and O' Connell (1999)'s paper illustrates the limitations of official statistics in accounting for the informal sector, using the case of home-based women workers. The authors examine statistics from different countries in Latin America, Asia, Africa, and Europe, the majority of which do not classify home-based subcontracted work as such, although the evidence shows that this sector plays a key role in export-oriented industry. The authors conclude, it is necessary to improve the statistics of the informal sector, to arrive at a better understanding of the impact of policies on this sector and to create an awareness of its contribution to economies, it is particularly important in the light of declining employment in the formal sector and a shift towards employment in the informal sector.

Rani and Unni (2000) have based their study on a linked household-cum enterprise survey of the informal sector carried out in Ahmedabad in 1998-99. The study estimated that in 1997-98, the city employed 1504033 persons and generated an income of about Rs. 60130 million. The informal sector accounted for 77% of the employment generated in the city and 46.8 per cent of the income. The authors pointed out that the reason for these large numbers of informal sector enterprises and workers to be captured is due to two reasons. First, the adoption of a clear definition for the informal sector (SNA, 1993) which encompasses a wide range of informal sector activities. Second, the adoption of a new methodology of a linked household-cum enterprise survey which helped in identifying even the invisible groups of workers, such as home-based workers, street vendors, etc. which do not get captured in the usual unorganized surveys.

Kuenzi and Clara (2001) state that reliable estimates of the size and composition of informal workforce are still difficult to obtain although since the mid-1980s, the U.S. Census Bureau has added work at home questions to several of its surveys and in addition, numerous proprietary studies have been conducted on home-based work because of the novelty and informality of the notion of home-based employment. The authors found home-based workers are much more likely than other workers to be self-employed. The analysis of this study is focused on the employment and demographic characteristics of those who work at home and it makes comparisons to those who do not work at home. But the study lacks analysis from gender perspective except that it provides the number of homeworkers by gender as shown in the overall working population, the majority of non-home and mixed workers were male. But home-based workers were shown more likely to be female than male.

Chen (2001) although has presented the official data, has argued that the informal sector is even larger than official statistics suggest. His argument is based on the fact that much of women's paid work - not just their unpaid housework - is not counted in official statistics. If the magnitude of women's invisible paid work, particularly home-based remunerative work, were to be fully counted, both the share of women and the share of informal workers in the work force would increase. The author strongly argues that recognizing and, more importantly, counting women's invisible remunerative work would challenge all the empirical understanding not only of the informal sector but also of the economy as a whole.

Powers (2003) reviewing UN Demographic Yearbook argues that its value as a research tool is somewhat more limited for researchers who focus on specific substantive topics such as gender inequality or many other subjects. While assessing data generated by the *Demographic Yearbook* system, the author notes some of the problems with statistics on women's economic activity resulting from current variable concepts and methods. The author puts an example of homeworkers that if it is assumed that all women are homemakers and not economically active, the agricultural food production done by rural women will not be viewed even though the food produced makes up most of the families' diets. Hence the author draws attention to the fact that a major concern with respect to women's economic activity should be focused on the undercount of women's participation because the concepts and methods used by most nations fairly accurately describe the formal sector, but not the informal sector where many women are employed.

This review done on the source of Demographic Yearbook, as concerned with the undercounting of labour force in informal sector specially women workers, is quite relevant to the present study.

Haider and Tahir (2004) conducted an initial mapping exercise survey in the largest province Punjab, between October 2000 to September 2001 and found from the questionnaire and the individual interview that the concept of home-based work and the informal sector was absent in most of the organizations working for the very purpose of supporting the women home-based workers in informal sector. According to the authors, it is now well accepted that while household type surveys serve best for measuring the size of informal employment, the establishment-type surveys are indispensable for measuring its productivity for its contribution to domestic product. But the estimates of workforce engaged in different broad groups of non-agricultural activities arrived at from the two types of surveys vary widely. One of the perceivable reasons leading to disagreement between the two measures is that there are casual workers and free lancers who are not reported as employees by those who employ them, whereas they do not report themselves as self-employed when they are interviewed.

Laungaramsri, Pinkaew (2005) finds that quantitative appraisal of home-based working in Thailand is still inadequate for estimation purpose while the information remains scattered and fragmented because statistics from different sources are often contradictory to each other and

different organizations have different definitions of home-based worker and home-based working.

Unni (2006a) has based the study on the National Sample Survey Organisation in its Employment Unemployment Survey, 1999-2000 of India which introduced some innovative methods of data collection and allowed the labour force to be categorized into the formal and informal sector within the labour force survey. According to him, time use surveys can be useful in understanding the new characteristics of the flexible labour market emerging in developed countries also. Time Use Surveys are not a substitute for Labour Force Surveys, however. Systematic and sound methodological comparison of results of Time Use Surveys and Labour Force Surveys should be encouraged.

Raley and Wight (2006) had with a purpose to better understand home-based work patterns in America and its measurement have used two different types of nationally representative data collections derived from the Population Survey in their analysis which was widely considered the gold standard for assessing labor market participation: The first survey, the 2004 May Work Schedules Supplement and American Time Use Survey (ATUS). The analysis was to examine the time use patterns of parents who work at home by assessing the relationship between home-based work and when work takes place, time spent with family members, and time spent on oneself in leisure and personal care activities like sleep. This study although does not speak directly to the behavioral and emotional outcomes of work at home, it provides rich description of the time use patterns that may be the important factors between work at home and both positive and negative outcomes for workers and their families.

Unni (2006b) cited the case of home-based garments workers in India whose status falls somewhere between casual employees and own account workers and concluded that under the current classification system home-based work, questions like : place of work, how work orders were received and method of payment need to be included in the census and or labour force surveys. Further to calculate the contribution of home-based garment workers, cross-classification of the home-based worker category with the gross value added by three-digit industrial group its required The author concluded data generators to be sensitive to the needs of non-governmental organizations and people's organizations, including statistics on economic and

social security aspects of the informal sector, number of workers in specific trades by region, contribution of these workers to GDP.

Alderslade, Talmage, and Freeman (2006) focus solely on methods for measuring the informal economy in urban areas as well as evaluating their suitability for doing so. The study examines the various methods for estimating the size of the informal economy developed over the years. The most widely used method for measuring local urban informal economies discussed by the authors are surveys, either of households or labor forces. According to the authors, an accurate measure of the informal economy can aid governments in identifying uncollected tax revenue and estimate a more exact GDP.

ESCAP (2006a) has in its study identified major conceptual and measurement issues associated with linking informal employment to poverty outcomes and suggests ways to address these challenges. The issues pertain to: (1) data gaps in measuring informal employment, employment in the informal sector and poverty (2) integrating person level and household-level analysis, and (3) linking data on employment characteristics of individuals and household income. In some recent leading UN documents a clear association is made between working poor and employment in the informal sector.

Kamaruddin and Ali (2006) in the study of Malaysia suggest that pilot studies for the whole country should be implemented. The data obtained from such study will be used to measure contributions of informal sectors to the national income by using Labour Input Method.

Charmes (2006) examines in the absence of a national definition adopted and explicitly mentioned in the national accounts, the household sector production can then be taken as a proxy of the production of the informal sector if and only if the size criterion is chosen at a high level which can include all individual enterprise without a complete set of accounts. The author however states that the 1993 revision of the System of National Accounts is an opportunity, for many countries, to establish a new base year and fully use the results of mixed surveys carried out in the recent period as a follow up of the 1993 recommendations for the measurement of informal sector. The author suggests for national accounts purposes and for the new base years under preparation in many countries, the most promising data collection systems would be a regular mixed household survey on informal sector undertaken each five year; an establishment

survey being attached to a budget-consumption survey in order to reconcile data on production, income and consumption within the same survey. And an annual labour force survey with a special section for the measurement of the informal sector.

Hirway and Charmes (2007) put voice that time use survey technique is likely to be more useful than the prevalent surveys, including household cum enterprise survey, in estimating and understanding informal economy because this survey technique is likely to net informal workers employed in market base economic work better, it is likely to be useful in estimating workers engaged in the production of goods for self-consumption and it is likely to throw useful light on the characteristics of the different categories of informal workers in the flexible labour market.

Ahmad Jessree Kamaruddin and Noraliza Mohamad (2006) suggest labour input method as the most significant supply based procedure which can be used for measuring the contribution of the informal sector to GDP. The labour input method of estimating value added and output for an economic activity or a group of economic activities is founded that all productions require input of labour.

Sandeep, Shankar, and Elango (2008) point out invisibility of women's work as the main cause for under enumeration and under valuation of women's economic activities. The main focus of this study is that, based on the limitative concept of labour, work etc. the assumption of development policies of the existence of a labour surplus would be disastrous not to women's welfare only but to the very nation. This study has made a good effort to prove invisibility of women's work as the main cause for under enumeration and under valuation of women's economic activities which will be self-defeating to the nation. So the authors conclude visibility of women's work in informal work is very important.

Charmes and Hirway (2006) argue that time use surveys, which collect comprehensive data on how people spend their time, could help in overcoming the conceptual and methodological problems if the time use information is collected carefully and it is analyzed using a good classification of activities. Time use surveys can be useful in understanding the new characteristics of the flexible labour market emerging in developed countries also.

### 2.4.1 The Main Issue

It is now well documented that it is not easy to net all the workers through survey or a typical employment-unemployment survey, or establishment survey, indirect methods or even models. This is particularly true with women workers, though it is also true with child workers and other workers belonging to the poor strata. There are multiple reasons for this:

- Firstly, it is not always easy to distinguish between informal work and household work for the conceptual level. For example, cooking for hired farm workers and cooking for the family are not easy to separate from each other; or cooking for unpaid family workers in the family business is a productive work, but usually it is not reported as such. Women's production activities are thus frequently hidden behind their household work.
- There are socio-cultural biases on the part of respondents, particularly women, who fail to report themselves as workers. In fact, the rate of non-response of women as workers is observed to be quite significant.
- There are also socio-cultural biases on the part of interviewers or investigators who collect the data from respondents. Consequently, interviewers also frequently fail to report women's economic work correctly.
- The nature of informal work is peculiar. It is frequently temporary, seasonal or of short duration; it is scattered and sporadic; and it is irregular and mobile. Consequently, it is difficult to net this work through conventional surveys.
- Women are frequently engaged in multiple jobs, most of which are frequently of short duration and scattered. Conventional surveys find it difficult to capture these multiple jobs accurately, mainly because there is no provision in conventional schedules to capture these jobs.

Informal work and workers are therefore frequently uncounted or undercounted. Informal work performed in the informal economy is under counted if all the workers engaged in an activity are not netted as workers. For example (unpaid) contributing family workers, homeworkers or home-based workers, street vendors, self-employed workers etc. are many times undercounted. Informal work is also uncounted sometimes when a particular activity is not included in the list of economic work. Subsistence work, i.e. production of goods for self-consumption, is usually uncounted, as in some countries this work is not even included in the definition of informal

economy when it refers to non-agricultural activities. Even when included it is usually undercounted because it is frequently confused with domestic work and taken as a part of domestic work.

#### **2.4.2 Nepal's Experience**

In Nepal, the main occupation of the population is agriculture and allied activities where a large number of unpaid family workers are engaged on family farms or family enterprises. Realizing the limitations of the established survey methods in capturing unpaid work on family farms and family enterprises, Nepal attempted two things: It initiated changes in the National Population Census, and it conducted a Labour Force Surveys, with a time use module.

Central Bureau of Statistics in Census 2001 primarily aimed at mainstreaming gender considerations in to the planning, design and operation of the Census by (1) developing gender sensitized questions and gender sensitive data (2) producing tables that convey major gender issues and by (3) furnishing publications with concepts and definitions of statistical terms used, classification schemes used and specific gender issues incorporated. ( Hirway and Charmes, 2006).

The Census activities were divided into three parts, namely pre-enumeration, enumeration and post-enumeration. In the pre-enumeration phase, gender orientation workshops were held, with the support from the UN agencies like UNDP, INFPA, UNIFEM, UNICEF etc. and EU, to arrive at a common understanding about engenderment of the Census. Brain storming sessions were organized to develop concepts and methods, and special committees were set up to design schedules, to develop classifications and to manage the project. The enumeration phase was organized carefully by arranging for training, supervision and monitoring, and the third phase, i.e. the post enumeration phase produced tables that focused on the gender dimension of information. The tables were designed to project gender differences in various parameters. As regards work, the Census aimed at collecting data as per the 1993 SNA definition of economic work (which includes market oriented economic work as well as non-market economic work) and as per the ILO Standard Classification of Occupation Industry. The new Classifications, NSCO and NSIC were developed at the 4-digit level for Nepal and collected data was presented in these classifications. (Singh, 2002).

The results of the Census indicated that the Census could capture work of men and women, particularly in the subsistence and informal sectors, in a much better way than before. This was possible mainly due to the gender sensitive questions and survey methods designed for the Census as well as the training, operation and supervision of the Census. The Census provided higher estimates of workforce as compared to previous Censuses of Nepal and hence served the purpose of not only the general users but also the gender sensitive planners, policy makers, researchers, users and above all the feminists (Singh, 2002).

The Census of Population 2001 thus indicated that it is possible to improve estimates of workforce for men women both, by paying special attention to the specific characteristics of their work while designing the questions and operating Census of Population.

The results of the Census, however, have raised some questions. The first question that arises is whether it is possible to pay individual attention to each member of the Population to capture her/his work accurately under a Census, which covers the entire population. Can one expect enumerators to spend the required time for asking probing questions to each person to assess his labour market status and his work? Actually, a sample survey is a better survey for asking elaborate probing questions.

Another question also arises whether the approach adopted in the Census by Nepal is adequate to remove all the barriers coming in the way of getting accurate estimates of work force engaged in home-based work, subsistence sector and other informal sector activities. This can be assessed only through comparing other estimates achieved through alternative surveys. The use of the time use module in the labour force survey gave better estimates of the workforce.

In order to estimate paid and unpaid work of men and women more accurately, a labour force survey is needed along with a time use module. The labour force survey conducted in 1998-99 in Nepal was the first survey to follow all the international definitions and concepts. The earlier surveys conducted in the country had too small sample size, insufficient questions asked and had non-standard definitions of economic activities. In 1998-99, however, the Central Bureau of Statistics decided to conduct a proper labour force survey with the technical support from the ILO and financial support from the UNDP. The second national survey was conducted in 2008. Among the national surveys, the Nepal Labour Force Survey 1998/99 (NLFS, 1998/99) and

Nepal Labour Force Survey 2008 (NLFS, 2008) has specifically defined and collected a limited set of information on informal activities and workers. (Hirway and Charmes, 2006).

The surveys had a special time use module to capture informal employment in the country. The total SNA activities were divided into Outside-Home Activities and Home-Based Activities. The former included the formal work, which was easy to record, while the latter included home-based work, which was sub-divided into seven broad categories: agriculture and allied activities, milling and food processing activities, handicrafts, repairs and maintenance, fetching water, collecting firewood etc. and activities of monks, priests, cooking food for hired workers etc. (Hirway and Charmes, 2006).

The main objective of the surveys were to collect comprehensive statistics on employment, unemployment and underemployment, the characteristics of workers in the formal and informal sectors, so as use these data in the formulation of employment policy and employment planning.

The Methodology followed by NLFSs are discussed in brief here:

The surveys covered the entire country (through a representative sample) and all the seasons of the reference year, 1998-99 and 2008. The ‘work’ under the surveys was defined as per the 1993 SNA definition of ‘work’. In order to capture all SNA activities, work activities were divided in to two main categories: Outside Home Activities (wage work, any business operated or any firm work done) and Home-based Activities, which included all home-based work.

The latter was divided into seven broad activities, namely, (1) agriculture and allied activities. Like dairy, poultry, hunting, gathering berries, burning charcoal etc., (2) milling and food processing, (3) handicrafts-mats, baskets, clothes stitching, weaving etc, (4) coustmetals and major repairs, (5) fetching water, (6) collecting firewood, (7) other work activities like monks-priests, bonded labour, cooking food for hired labourers etc.

Work was divided in to formal and informal sectors as per the definition given by the 15th International Conference of Labour, and the informal sector was broadly divided into agriculture, non-agriculture other informal sectors. Each work activity was classified in to different occupations, different production/institutional sector (i.e., government, public corporation, private registered company, private unregistered company and others), employment status

(ICSE, 1993) and industry (ISIC, 1993). An important feature of the labour the force surveys was the use of the time use survey module to capture work of men and women comprehensively. As it was felt that the established survey instruments could not reveal the entire work, a time use survey module was added to the survey to estimate how much time people spent on some of the difficult 12 to measure activities. Under the time use module, specific questions were asked as to how much time (hours) were spent by members of family, 5 years and above, on the following activities during the reference week.

1. Wage job-working for wages, salary, or wages in kind
2. Any business operated
3. Agriculture- all farms operations
4. Milling and food processing
5. Handicrafts
6. Constructions and major repairs
7. Fetching water
8. Collecting firewood
9. Other activities

This time use modules helped in estimating the time spent on each of the activities (with details) by each member without missing out any activity to be included per the 1993 SNA. Thus the results of the survey threw very useful light on the size and characteristics of workforce/labour force in Nepal. (Singh, 2002).

For operational purposes, the informal sector was based on three criteria, status of employment, institutional sector and number of employees. Employment in the informal sector included the following:

- Paid employees in private unregistered company or other with less than 10 employees
- All persons operating own account enterprises with no employees
- Persons operating own enterprise with regular paid employees or family members without pay or other with less than 10 employees.

The questions canvassed to elicit this information were as follows:

1. In this main job is/was: paid employee, operating own business or farm with regular paid employees, operating own business or farm without paid employees, contributing family member without pay, other.
2. Where is/was working? Government service, public corporation, NGO/INGO, private registered company, private unregistered organization, other.
3. How many regular employees are/were employed in this business where worked? (excluding employer, unpaid apprentices, unpaid family member and casual worker)

Reference period: NLFSs used two reference periods. The current activity status refers to a period of a week of seven days prior to the interview. The usual activity is a long reference period of one year prior to the interview. The information on informal sector is collected for both the reference periods, current and usual activity.

Age Group: Information on workers in the informal activity is tabulated for persons above the age of 15 years.

Place of work: In order to obtain estimates of home-based workers, it is essential that a question on the place of work be introduced in the labour force survey. Cross tabulation with the industry code would help enumerate the home-based manufacturing only. The Labour Force Survey introduced the question on place of work. In the current activity status the question was: Where was this enterprise/ business/ farm located? In your home/farm, in some other building/farm, at fixed stall (roadside, market), other (specify). (NLFS, 1998/99 and 2008)

Apart from all the techniques used in first labour force survey, the second NLFS-2 adopted the definition of Informal Employment according ILO guidelines concerning a statistical definition of informal employment, ILO 2003 (Hussmans, 2003). In 2003, the International Conference of Labour Statistics added a new concept to the set of international standards. This was the concept of informal employment. The international standards of the measurement of informal employment were only adopted by the International Conference of Labour Statisticians in 2003. The concept has been already discussed in detail earlier in the previous units of this Chapter. The addition of questions to identify informal employment was a new feature of the 2008 NLFS survey.

However, the codes used for the location of work is not adequate and does not give us the full nature of home-based work. Therefore, the available data base of NLFSs is not adequate to obtain estimates of home-based workers in Nepal. To make an estimate of size of home-based workers in Nepal, there should be additional questions with place of work like: At his/her own dwelling, at family or friend's dwelling, at the employer's dwelling, in own shop/business/office/factory premises, in employer's shop/business/office/factory premises or other (specify).

Despite of the achievements, there are a few limitations of these estimates: To start with, the survey asked respondents as to how much time they spent on the listed activities during the reference week, rather than collecting data on how they spent their time. As a result, the estimate of informal sector left out informal employment in tiny and own account work. Secondly, the criterion of registration was not used while defining informal sector, with the result that both registered and unregistered units were included in the informal labour force. The informal sector therefore included technicians, professionals, seminar officials all of whom would be out of the informal sector if the registration criterion is used. And thirdly, the CBS did not somehow analyzed the data fully, consequently, there are no details available on the informal economy except for some broad tables. To add more, NLFSs has used the number of employees of less than 10 to cut off the size of enterprises in the informal sector rather than the recommended total persons. The number of informal enterprises and consequently workers is likely to be underestimated.

While justifying the importance of the present study, it could be said that, measurements of the informal sector and informal employment are important in improving labour statistics as well as in contributing towards exhaustive measures of GDP. Despite their overwhelming importance, the informal sector and informal employment are poorly covered, by official statistics. Standard establishment and labour force surveys usually capture, or separately identify, only a small fraction of those whose livelihood relies on working in the informal sector or in unprotected jobs. As shown by the present review, in many developing countries and countries with economy in transition, informal sector is yet to be integrated into national accounts and less information is available on the contribution of the informal sector to economic growth

Therefore, it is important to understand the composition of informal economy (like home-based work and others) and dynamics of the informal economy so as to understand its role and its contribution to the total economy as well as to understand the issues of poverty, gender based inequalities etc., which are closely associated with the informal economy. The informal economy is therefore needed to be adequately reflected in the national accounts. Consequently, the use of GDP as a measurement for economic development should reflect the actual situation in a country.

## **2.5 Size and Situation of Informal Sector with Concentration to Home-based Workers**

This part of the chapter presents a scenario on the magnitude of home-based work, its type and the existing economic, social, and demographic situation of home-based workers.

Fury, and Radhakrishna (1993) conducted the study to document demographic, household, and business profiles of home-based workers in Pennsylvania using the data which came from a nine-state Agricultural Experiment Station Research Project involving nine states. Although the data came from a nine state, the report was highlighted to Pennsylvania only. From the 110 home-based workers interviewed, the authors found that home-based workers are satisfied with the work they do, and had positive attitudes toward home-based work and its future. This study conducted in advanced cities show the condition of home-based workers is far better than those in underdeveloped regions.

Jhabvala and Shaikh (1995) have selected sample of 14 types of work to cover both urban and rural areas. The main objective of the study was to examine in detail the work processes and the payment of wages of selected home-based work in Gujarat. The majority of the sample had a family income of between Rs. 1,000 to 2,000 a month. Given the average size of the family, this works out to be just about the official poverty line. Most trades do not have a minimum wage fixed. The authors on the basis of the study findings come to the conclusion that the first and most important protection for the worker is an appropriate fixation of the minimum wage. The fixation of wages for a home based worker has to be in terms of the piece-rate. Most minimum wages are fixed in time rate for an 8 hour day, or 25-day month. These time-rates have to be

converted into piece rate for each individual item. The authors have concentrated on the minimum wage fixation as was targeted by the study.

Qamar (2000) has found an estimated two million women are part of the informal urban labour force as home-based workers (piece-rate workers, family business, self-employed entrepreneurs) in Pakistan and they are working outside the house in manufacturing, as construction workers, in domestic services, and as vendors. The informal sector in Pakistan is characterized by low levels of education and skills, lack of capital resources, lower incomes and high degree of segregation.

Regional Policy Seminar (2000) conducted in Kathmandu with a purpose to increase the visibility and voice of women who work in the informal sector, particularly home-based workers, and to promote supportive policies and programs in the various countries of South Asia is focused mainly on the numbers and situation of home-based worker. All countries and all sectors included issues on: large numbers; low pay/piece rates; uncertain/fluctuation work orders and delayed payments; no voice or bargaining power; exploitation by middlemen; bad working conditions; major health problems; and no benefits such as health insurance. The fact presented in the seminar was that the share of the informal sector in total non-agricultural employment in South Asian countries over 80% on average in the region is the highest in the world and is likely to increase. Also, in most South Asian countries, home-based workers account for a majority share 60 to 90% of selected key export industries, including: the agarbatti and bidi industries in India, the football industry in Pakistan, and the coir industry in Sri Lanka. Yet their contribution to these industries remains invisible. There is, therefore, a need to raise the visibility of women who work in the informal sector, particularly home-based workers, and to develop national policy frameworks to promote their contributions to GDP, to support their livelihoods, and to protect their welfare. The present study aims at making visible contribution of home-based workers to household level economy so the presentations made in this seminar are related with the current study.

Henriquez, Riquelme, Galvez, and Selame (2001) in their study found that in Chile, as in other countries, home work is carried out primarily by women. They wrote one of the most notable results of their research is that home-based work is far more diverse than previously supposed. They found that it is difficult to detect all female workers and so raises the challenge of

developing appropriate techniques and instruments for that purpose because housewives state themselves to be inactive, who work or have worked at home. The authors defended that one particular area of activity which had not previously been identified has been emerged from their study, that is, in the activities which reflect the modernization of companies, such as promotion, marketing, or market studies, home-based workers are used as multipliers. The study proves while home-based work provides a livelihood for some, for others it represents an employment relationship of slight importance.

According to the information produced by the study, home-based work in services, in particular, occupies only a limited number of hours. A high number of home-based workers devoted only a few hours to this occupation. Home-based workers are found to constitute a heterogeneous sector, and this research has thrown more light on its diversity. This research although provides data at the national level in Chile however lacks detail profile of home-based workers on their socio-economic characteristics and the contribution made by home-based workers to the economy.

Akyeampong, Nadwodny and Richard (2001) give a reason of increasing work from home in Canada as technological advances, notably in the information area (for example, computers and the Internet), have made it possible for workers in many industries to work from their homes. The authors found that working from home offers potential advantages as well as disadvantages to employers, employees and the self-employed alike. Although no consistent time series data exist, the authors on the basis of data from various sources suggest that the number of Canadians doing work at home has been increasing over the past three decades. According to the authors, the practice is most common among social science and educational workers, and least common among manufacturing, construction, accommodation and food service, and health workers. Innovations in information technology in the past decades appear to have affected home-based workers more strongly. In the study the authors have studied home-based work in Canada both from employers and employees angle so giving a clear picture of home-based work situation in Canada.

Unni (2002) has, in the study of India, used the official secondary data sources with a purpose of the country case study to provide estimates of the informal sector and a broader concept of

informal employment. The author has explored empirically the relationship between gender, informality and poverty. It was found that the proportion of women workers who were self-employed or casual, without a designated place of work and engaged in sub-contract work was clearly larger than the male workers. Gender and informality of the workforce were found clearly linked. The author states that the Indian Statistical Office do not collect data on incomes at the household level, data on per household monthly consumer expenditure is used to arrive at poverty norms. Using these cut-off points it is noted that women workers, and particularly self-employed and casual workers, were more likely to be poor. The share of women in the poor informal workforce was also found to be greater than the share of women in the total workforce. The author gives a view that, the most disturbing characteristic of the workforce structure in India is the link between gender, informality and poverty.

Sinha, Siddhiaui, Munjal, and Subundhi (2003) have in the study of India attempted to examine the impact of policy changes on the welfare of women in India. According to the authors, as a large section of women workers are involved in informal activities, factor of production have been differentiated by informality. The study distinguishes households deriving income from formal and the informal activities. A distinct finding of their study was that it shows working women do benefit in case of globalisation and more importantly poorer households benefit more than the richer ones. The authors indicated that much work needs to be done in carrying out analysis in understanding the impact of policy and structural changes on all women who lie beyond the formal labour force work and also the analysis of the constraints faced by women to enter labour market. The authors provide message to policy makers that although it is indeed possible to model gender aspects in different ways, the differences exist and a policy that does not take such differences in consideration is not likely to have favourable impact to the target group, i.e., women. The study, however, has not examined the women workers who fall outside of labour force so leaving it only a partial analysis.

Laungaramsri (2005) in a preliminary assessment of home-based workers in Thailand focuses primarily on the current situation of home-based workers. The study showed two-third of Thailand workforces are employed in the informal sector, 80% of whom are women. Home-based workers form a major group of informal sector workers while the economic activities in this sector are generally unregistered and thus do not abide by labor laws and regulations. It is

stated that although home-based working and home-based production have long been practiced in Thai society, regarding wages of home-based workers, it is found that they have no control over their working hours which is usually driven by market demand while wages in homework are usually lower than the legislated minimum daily wage. National Office Statistics reports has been presented in the study to show 40.9% of home-based workers are below the legislated minimum wage and do not have regular income. Although the cost of living has been rising, home-based worker's wages rate remain unchanged. While trade unions are officially recognized by the Thai state, the informal sectors workers are not. According to the author, there is yet no legally established organization of informal sector workers.

Tokman (1992) found in the 1980s, during the time of economic crisis in Latin America employment in the informal sector grew. Similarly Lee (1998) found, in the Asian economic crisis a decade or more later, millions of people who lost formal jobs in the former East Asian Tiger countries tried to find jobs or create work in the informal economy. These theories based on experiences of Latin America and Asia showed a close link between formal and informal economic sectors in which industry allocating labor-intensive work to small-scale enterprises or individuals under the subcontract scheme to lower the cost of production.

Michelson (2005) has on the basis of time-use survey done comparatively in two developed countries United States and Canada defined two distinct styles of home-based workers. One is intensive home-based workers who work four or more hours of main paid work at home and in practice; nearly all of their main paid work is done at home. Another is extensive home-based workers who work at least one hour but fewer than 4 of main paid work at home. These are not part-time workers but rather people who divide their main job activities between two or more work sites, of which the home is one. The author stated although home-based workers do not gain more time with friends, they do spend significantly more time with family in their household. The home-based workers are significantly more likely to express that they are very satisfied with their work than are conventional workers, particularly the intensive home-based workers. The main focus of the study was on time using behavior of home-based workers in two big developed countries. It lacks other dimension of home-based work in developed countries so not suiting to the title of the paper.

Avirgan, Bivens, and Gammage (2005) have undertaken the study in five countries Egypt, El Salvador, India, Russia and South Africa. The five studies found a number of commonalities in the size and makeup of the informal economy, including the following:

- The informal economy comprises a large share of total employment in all countries: ranging from about 15% in Russia to 25% in South Africa, 40% in Egypt, 70% in El Salvador, and over 90% in India.
- The informal economy as a share of total employment is growing in all countries except El Salvador (where out-migration may account for the lack of growth in the informal economy).
- The informal economy is visible in all sectors of the economy but tends to be concentrated in agriculture, light manufacturing, retail trade, construction, and transport.
- Informal economy workers have, on average, less education and experience than those who work in the formal economy.
- Those who work in the informal economy work longer hours, on average, than those who work in the formal economy.
- A large share of informal workers are poor or earn below the minimum wage.
- Informal workers, especially women, earn less, on average, than their formal counterparts.
- Female informal workers also earn less, on average, than their male counterparts within the informal economy, leading to a gender gap in wages or earnings within the informal economy.

Ascoly and Finney (2005) have cited existing situation of women in informal work. According to the editors a quarter of the world's working population is active in the informal economy and generates 35% of global GDP. Yet informal economy workers, who are mostly women, are not recognised or protected under legal and regulatory frameworks and are highly vulnerable. They often have no wage agreements, earn significantly less than formally employed workers, are not paid on time, have no employment contracts, no regular working hours and are not covered by non-wage benefits such as health insurance or unemployment benefits and their working conditions have not been a priority for most governmental, political or labour organizations so far.

Chen, Vanek, and Heintz (2005) have found gender inequality in employment has multiple dimensions worldwide. First, women are concentrated in more precarious forms of employment in which earnings are low. In developed countries, women comprise the majority of part-time and temporary workers. In developing countries, except in those with large low wage export sectors, women typically account for a relatively small share of informal wage employment. In developing countries over 60 per cent of women workers are in informal employment outside of agriculture and far more if agriculture is included. The exception is North Africa, where 43 per cent of women workers, and a slightly higher per cent of men workers, are informally employed. The report, based on international database, states that despite the low earnings and precarious nature of much of women's paid work, in both developed and developing countries, women's labour force participation can help keep a family out of poverty provided there are additional sources of family income. In recent years, as the report presents, many observers have called for gender responsive approaches to poverty reduction and to take women, as workers, not only as citizens. The report concludes that unless efforts are made to create decent work for the global informal workforce, the world will not be able to eliminate poverty or achieve gender equality.

Unni (2006a) has arrived at an estimate of 29.2 million home-based workers constituting 20.9% of the nonagricultural workforce in India. Similarly there were 7.6 million home-based workers constituting 5.4% of the non-agricultural workforce. An interesting gender dimension of this estimate is found that while the proportion of women home-based are much larger, men are more prominent on the streets. This obviously reflected the lack of mobility of the women workers. Lack of mobility in one sense could lead to more physical security, but in terms of productivity of work and levels of income the outcomes would be a lot more dismal. And the author says this makes these workers more prone to poverty.

This part of review on size and situation of women's participation in the informal sector shows it is both large and growing rapidly. The shift from labour intensive to capital intensive industrialization along with low levels of labour absorption in large-scale manufacturing has led to significant increase in the size of the informal labour sector. People at low levels of income cannot afford to remain unemployed and hence enter the informal labour market with its low skill and low capital requirements. In case of home-based work, it is found rapidly increasing in Asia. It is found that while large enterprises' adoption of flexibility/outwork/putting out system

has created a demand side to this phenomenon, its supply side has emerged from a flexible labour market arising from women's increased participation in the labour force.

## **2.6 Problems Related to Informal Sector with Special Focus to Home-based Workers**

The informal economy is informal in the sense that it is not regulated by government under any statute. Since there is very little state control over informal economic activities, the probability of exploitation by various means is very high. Informal workers, mostly women, face many problems caused by various reasons, for example: low level of wages, lack of access to credit, lack of access to market, no legal and social protection, low coverage by trade union movements, constraints from social and cultural norms, workplace hazards, no voice at policy levels, devaluation of their contribution etc.

The invisibility of home-based workers is directly related to the traditional isolation of women within many societies that restricts their interactions with other women outside of their families. Many women refer to themselves as 'not employed' or as 'housewives' even when they are spending 14-16 hours a day earning income to support their families. They carry out their tasks with minimal contact with the outside world, often having little understanding of where the work comes from or where it goes once it leaves their hands.

The conditions of work in the informal economy including home-based workers include: non recognition of the work, very low incomes, very long hours of work, insecure work, unsafe and dangerous work, no benefits, no leave or holidays, no accident or any other benefits, sexual and other harassment and no child care. Apart from invisibility, poor working and living conditions, and the absence of social protection, workers in the informal economy also suffer from a severe lack of access to productive assets and other resources, land, credit, marketing and technological assistance, education and training.

Here we find most of the studies reviewed are mainly concerned with the problems of informal workers.

### 2.6.1 Exploitation, Hazards at Workplace

Jhabvala, Renana (1996) on the basis of work and experiences of SEWA writes most women in the informal economy have no direct access to markets and work as casual workers, as piece-rate workers for traders, or sell their products to middlemen. It is almost impossible for poor women workers to directly reach markets that are further away and hence more lucrative, even more to compete with better endowed businessmen.

Pabico (1999) has presented in his article the hard times, women workers face whether on a wage job or in their own enterprise with additional hazard of extended work. The author has also given many good examples of cases where the effects of globalization on home-based work has left home-based women workers in tough competition with faster machine products from abroad and women's struggle to earn wages, grow food crops for home-consumption.

Heikel (2000) deals on the fact that company owners in Paraguay find a way to reduce production costs by hiring homeworkers. Placing work outside the company premises serves not only to disguise the employment relationship it also relieves the employer of social responsibilities and also reduces plant and machinery costs. Thereby it gives medium enterprises the appearance of small enterprises, which may entitle them to particular credit and even tax advantages. Outsourced labour also allows companies to adapt to the demand's fluctuations. It was founded in the study that the companies hire home-based workers to have more workers available during the periods of greatest demand without being obliged to employ them throughout the year. Heikel's this study is gone in line with the Structuralist thought. To recall the argument of Structuralist School, the privileged capitalists in the formal economy seek to erode employment relations and subordinate those who work in the informal economy in order to reduce their labour costs and increase their competitiveness.

Rani and Unni (2000) in their study in Gujarat also found that the conditions of work including monetary compensation for those women who are doing jobs on a contract basis for other firms are generally far from satisfactory. These home-based dependent workers virtually have no freedom to take decisions, the end product is pre-determined, and the workers have no source in the technologies to be used, the sale price, etc. The only advantage they have is the freedom to choose the hours and duration of work. An effort to improve their condition will involve

measures focusing on the relationship between these workers and the parent firm (or other intermediaries). According to the authors, their condition can be improved only by making their presence more visible and enforcing appropriate labour standards.

Qamar (2000) stated women, dependent upon contractors and middle persons, constrained by seclusion norms, lack of information about market forces in Pakistan are exploited and remain outside of protective legislation. Although women's participation in economic productive activities in rural and urban areas, both within and outside the house, is now an established in Pakistan, they face a variety of constraints, the major ones being seclusion and mobility, which prevent women's access to information, training skills, credit and opportunities. As a result women's work continues to be arduous and tedious and their potential productivity remains unrealized, their quality of life is abysmally sub-standard.

Esim (2001) states that even though the relationship between poverty and informality is not simple, there is an overlap between working informally and being poor. A higher percentage of people working informally are poor compared to formally employed. The author shows substandard wages for survival of families, unemployment, underemployment, lack of new job opportunities for young people in smaller towns and rural areas, limitations on mobility, avoiding taxes, aspirations for better lives, etc. as the main reasons for informal employment. The author recommends the creation of an enabling legal, social and economic environment is of utmost importance for achieving poverty alleviation and women's empowerment goals in the Central and East European regional context. This paper based on secondary information has presented facts in descriptive way so lacks analysis of actual relationship between poverty and working informally.

Raval (2001), conducting the study with 3750 rural and 960 urban women in India on the basis of a simple questionnaire method finds many of them are not confined to one sector or to one type of work, but vary their work depending on the season or the availability of work. The author finds, especially for poor women, they are forced to do more than one type of work even within the course of a day because the income they earn from any one type of work is usually insufficient to meet their needs.

Thongyou (2001) has showed problems and exploitation that home-based workers face with this work in sub-contracting industry in rural villages in Thailand which is similar to the view explored by the Structuralist School of thoughts. It is said that what they gain from such work is only a small income. They see the instant benefits from the sub-contracted work and so they keep away from trying to develop their farm lands or to invest in other more sustainable productive activities. This study has explored a dark picture of poor working conditions and low wages home-based workers get in Thailand which leaves them less benefitted.

Carr and Chen (2002) showed a link between working in the informal economy and being poor. It is found average incomes are lower in the informal economy than in the formal sector. The position of homeworkers in global commodity chains is even more precarious, as they are more isolated than factory workers and have a less tension link with their employer. The authors conclude that for informal producers/workers to be able to respond effectively to the new opportunities as well as the negative impacts, they should be associated with the liberalization of trade and investment.

Mehrotra and Biggeri (2002) carried out survey in five Asian countries two low-income (India, Pakistan) and three middle-income countries (Indonesia, Thailand, Philippines) where home based work is widespread strongly. A dual character of subcontracted home based work, at the micro (household) level as well as at the macro level has been detected. On the one hand, it is an important source of income for the home worker households, on the other hand, the conditions of work, the low rates of pay, the close to poverty line existence of the worker households, the health and child labour problems, all call out for much greater public intervention to protect the households. The authors at the other place strongly argue feminisation of the work has important implications for the gender dimension of a household's human development cycle from generation to generation. As confirmed by the survey, home-based work is mainly a female activity and girl-children are more involved in helping their mother.

Khandaker (2002) has on basis of the study conducted in Rangpur district, which is the most renowned for bidi production in Bangladesh, found 80% of its population are directly or indirectly involved in bidi making, a kind of home-based work. But it was found that the workers are largely remaining at the mercy of contractors and receive less than minimum wage. A

complex subcontracting system is enduring in bidi production in Bangladesh that could be otherwise seen as a long chain of exploitation starting from the employers' end towards the home based workers. It has been reported that a woman makes 3000-4000 bidis a day, which occupies more than 6-8 hours. The bidi making is done along with other domestic tasks and women involved in this work inevitably stretch their working day. This area is completely overlooked by the policy makers as well as to the non-profit organization. Their work has not been recognized by the family or by the state. So it is recommended there is an urgent need to solve the problem of women in bidi making. The study conducted by Khandaker has very specifically reported the condition of bidi making women in Bangladesh. But the methodology used in the study has not been mentioned so making a question on reliability on data.

Khan and Kazmi (2003) found in their study in Pakistan all the sectors were characterized by poor working conditions, repetitive and hazardous work, long hours, and low wages. Their study demonstrates the extent to which home-based workers are deprived of the value they create by tracking the distribution of revenue across the value chain and home-based workers were getting a very low share of the value they generate.

Make Trade Fair (2004), Oxfam's research, which was conducted with partners in 12 countries involved interviewed hundreds of women workers and many farm and factory managers, supply chain agents, retail and brand company staff, unions and government officials. The research brings the reality like the harsh faced by women workers highlights one of the glaring failures of the current model of globalisation. Through the World Trade Organization and regional and bilateral trade agreements, corporations now enjoy global protection for newly introduced rights. And it is no coincidence that the rise of the 'flexible' worker has been accompanied by the rise of the female, often migrant, worker. The result is that corporate rights are becoming even stronger, while poor people's rights and protections at work are being weakened, and women are paying the social costs. Exploiting the circumstances of vulnerable people whether intentionally or not is at the heart of many employment strategies in global supply chains.

Hemalata (2006) states that women prefer part-time, temporary or home-based work because such jobs enable them to balance their job responsibilities with their domestic responsibilities. But actually, it is more difficult for the women workers to adjust their domestic responsibilities

with the working hours at their workplace and disrupts family life. Absence of clearly defined work schedule increases the stress and impacts their health. Hemalata finds a large number of women workers complain of frequent headaches, back pain, circulatory disorders, fatigue, and emotional and mental disorders. Poor nutritional status, anaemia due to poverty and the cultural practices where women eat last and the increased workload due to domestic responsibilities, lead to fatigue among women. However this article lacks source of data and methodology.

Unni (2006b) has argued that home-based workers in India are more vulnerable and face greater risks due to their peculiar place of work and nature of contract. As explained by the Structuralist thought of informal sector, Unni also found the home workers become an easy source of exploitation for the subcontractors and merchants.

Home Net South East Asia (2006) has made it clear that the main risks faced by home-based workers in both countries studied, Thailand and the Philippines, have to do with illness, death, and other life reversals where family and social problems, conflict and including violence against women are present. The risks move to a level that is likely to have profound physical and emotional consequences.

Ziuramskaite (2001) has set two groups of home-based workers in Lithuania: Own-account workers: handicraft and traditional crafts (weaving, crochet, wood carving etc.) and Piece-rate workers (sewing, knitting with machines etc.) The common feature of both groups found in the survey is that the home-based workers cannot plan their income as the orders are received now and then. Due to uncertain income, the home-based workers cannot get the credit from banks. The only way they can receive the credit is to approach private money lenders paying them high interest rates. The problems of home-based workers identified by this study are mainly lack of communication technologies, research on local market, access of credit, unlimited working hours, inappropriate laws etc. The solutions suggested are closer contacts between regions and with local administrations, market research, establishment of a strong and influential association of home-based workers.

The author has not presented a comparative analysis between two groups of home-based workers although in the very beginning two groups have been categorized. This study is concentrated

mainly on problems and lacks other dimensions of home-based workers. Besides, the methodology applied is not made clear.

### **2.6.2 Contribution of Informal Home-based Workers Undercounted**

One of the problems of home-based workers is their work not to be counted or unrecognized. A woman who works over eight hours a day in her home is often not counted as a worker. For home-based worker, their work, simply because it is done from the home, is never recognized. In addition, the home-based woman worker performs the triple role of mother, homemaker, and worker and their work remains largely invisible. The recognition that 'home-based work is a work is work' is the first step towards benefits of the home-based worker.

Jhabvala and Tate (1996) had while focusing on the situation of home-based workers worldwide state it is difficult to determine the extent of home-based work internationally as few countries collect national-level statistics on this form of employment. Moreover, the authors state whatever official statistics exist probably underestimate the number of home-based workers because such activities are often invisible or clandestine. It was found in the study that small-scale manufacturing industries around, home-based workers continue to play a vital role in the clothing and textile industries, the leather industry, artificial flower making, bidi (cigarette) rolling, and carpet making. The study also finds home-based workers often are not recognized by governments and are rarely covered by even minimum worker benefits. This study provides a good information on how home-based workers in a variety have begun to get organized to make their voices heard. The descriptions given in this study is quiet similar to the subject matter of the present study.

Bajaj (1999) has argued in South Asia, the complete oblivion of government authorities and policy makers to the existence of home-based workers constitutes the biggest hurdle towards ensuring a better deal for these workers. There are absolutely no statistics or records at national level which identify or enumerate these workers and no studies or reports exploring their linkages with and contribution to the formal sector. Even where focused attempts are made at the household or micro study level to gauge women's involvement and contribution to the economy, social attitudes conspire to keep a veil on women's contribution. According to the author the problem is also with women workers themselves who do not perceive their work as valuable. It

keeps a veil on women's contribution. Women themselves do not perceive their work as or worth reporting and male household members are dismissive of women's contribution in order to preserve the culturally acceptable image of males as principal breadwinners for the family.

Xaba, Horn and Motala (2002) in the study of home-based enterprises in Zimbabwe state that available data do not always accurately reflect the extent of women's involvement in the informal economy. This is because much of women's informal work is uncounted in official statistics, or unpaid or both. The authors examined that organisations of workers in the informal economy survive better when they are membership-based, their objectives clearly articulated and the members see tangible benefits from being collectively organised.

Khandaker (2002) writes that the work done by women is devalued and underpaid, although the home based workers play a significant role in bidi production in Kanpur district of India. The low wages of the home-based workers has significant implications on the wages of the bidi sector as a whole. Bidi owners do not recognize the home based workers as their employees, but they usually refuse to increase the wages of the factory workers on the ground that they can hire home-based workers at the low cost.

Homeworkers World Wide, (2003), reports that home-based work, carried out in the home mainly by women, is the most invisible. There are few laws, policies or programmes supporting home-based workers and little recognition of the important contribution they make to the economy.

Thapa (2004) on the basis of Nepal Census 2001, Indian Census 1991/2001 and Pakistan Census 2001 states despite bearing a double or triple burden of the paid and unpaid economies, women as workers are invisible, underpaid and unorganised, with limited or no entitlements in terms of access and control over income resources. The worst affected women are those in the informal sector, where most are located and where employment has risen significantly over the past two decades in South Asia. Because of the informal nature of their work, many women are not considered to be working at all, leading to an inaccurate recording of their economic contributions. The author's view is that such invisibility, in turn, spills over into policies, programmes and resource allocations. Though home-based workers contribute to national economies and household incomes, they remain invisible in official statistics, national accounts

and official planning processes. According to the author giving visibility to women's work and their contributions should be central concern of the ongoing surveys in these countries.

Ascoly and Finney (2005) have stated in a study conducted under Clean Clothes Campaign that poverty is a powerful incentive for women to enter into informal working arrangements in spite of reduced earnings and diminished rights. In the study on women embroidery home-based workers in the Philippines, it was found women's productive work was crucial for the survival of their families either as a big help or as the main source of income. Yet while women being significant earners for their families, gender bias prevents them from being socially or legally recognised as such. In South Korea, women who are the main earners for their families are not recognised as such if their husbands live with them and are denied the benefits to which a male breadwinner is entitled.

Shinha (2006) states home-based worker in India is invisible on two counts: one, the non-recognition in statistical terms enables them to be perceived as persons who are housewives and who earn only in their leisure hours. The author's argument is that in fact, as most studies show, home-based workers work as full time earners, there is no question of leisure. Secondly, remaining in the confines of the home, they are further removed from the public gaze, making them even more invisible. Sinha has found the Dualistic thought of informal economy not to be in reality.

In contradistinction to the ILO approach, some researchers have stressed the complementarities, continuities and linkages between formal and informal sectors rather than their separateness. Breman, for instance, argues against adopting a dualistic or compartmentalised view of the labour market, and instead suggests that the labour market be viewed as "fragmented", on the ground that the distinctions between formal and informal sectors are more noticeable at the poles (Breman, 1976 and 1977).

Supporting to the critics of Dualistic thought Sinha has concluded from the study that the informal economy workers including the home-based workers and the workers of the formal sectors are not two distinct economic sectors without direct links to one another. The reality is more complex. The formal and the informal parts of the economy are often dynamically linked. The author gives example that many home-based workers produce for the formal enterprises

through direct transactions or sub-contracting arrangements. Therefore, it is concluded that the division between workers formal/informal, organized/unorganized, rural/urban is not watertight.

Unni (2006a) in the course of study on informal sector in India argues that definition of informal sector as adopted by ICLS 1993 excludes informal workers who are unreachable. According to the author, the definition tends to leave out more invisible groups of own-account enterprises such as those operating in their homes. The definition assumes that all workers in formal enterprises are formal workers and does not focus on the casual, contract, and sub-contract workers in such enterprises who do not receive the level of wages and any of the other benefits of the formal workers.

Ascoly and Finney (2005) found in Philippines, economically women home-based workers need to work. But little is done by society or by employers, to help reconcile parental and other caring responsibilities with the responsibilities of earning. Women enter the informal economy for the same reasons that they migrate for work, out of a need to survive, not out of choice.

Greenwood (1997) states the statistics available are partial and contribute to maintaining a distorted perception of the nature of a country's economy and its human resources. The contribution of women to the national economy is still subject to more under reporting and misrepresentation than the contribution of men. It may have an important consequence on the validity of the statements usually made on the basis of conventional labour statistics.

Bangladesh Homeworkers Women Association (2003) in its Mapping of Women Home-Based Workers in The Informal Sector in Bangladesh informed home-based women workers in Bangladesh face constraints at almost every stage of their work. These problems become extremely acute when the whole family is dependent on income from home-based work. Both own account workers and piece rate/wage earner workers suffer almost same constraints. From social point of view, women workers cannot venture out alone to 'haat' or 'bazaar' (wholesale markets) to procure raw materials at better value. They always have to depend on a male family member for these things. Lack of support from society and family members have major implications on their autonomy and confidence level.

UNICEF-PATAMABA-CSWCD (2002) in its study focused on women and child home-based workers in subcontracted work in the industrial sectors. The case studies undertaken in this study show a link between the low education of mothers with children and adolescents having to work. They highlight gender issues connected with problematic, alcoholic fathers and insensitive, irresponsible husbands who do not help out in the home.

ESCAP (2006b) in its study reports in most countries of the ESCAP region, the informal sector makes major contributions to the economy, particularly in terms of employment. However, the informal sector is characterized by low productivity and low wages, poor working conditions and long working hours. There is need to enhance productivity and incomes in the informal sector to tackle the problem of poverty. In the informal sector, women face more or less the same constraints and problems as men do. However, these problems and constraints are much more severe for women.

### **2.6.3 Lack of Legal Protection**

A usual problem of home-based workers is the legislation or policies that exist only on paper and don't reach the majority of home-based workers or pilot projects that help only a few. Although women have entered the paid labour force in great numbers, the result in terms of economic security is not clear. In many places, economic growth has depended on capital-intensive production rather than on increasing employment opportunities thus pushing more and more people into the informal economy and making informal employment, far from disappearing, persistent and widespread. Many of the jobs generated by economic growth are not covered by legal or social protection, as labour markets are de-regulated, labour standards are relaxed and employers cut costs. As a result, a growing share of the informal workforce in both developed and developing countries is not covered by employment-based social and legal protection.

Unni, Bali, and Vyas (1999) stated although many national level legislations exist such as Minimum Wages Act, Provident Fund Act, Employees State Insurance for health, etc., the problem is of the coverage of these legislations. It generally extends only to workers in certain trades in the case of Minimum Wages and only to the formal sector in the other cases. The authors found in general the informal sector workers, particularly the home-based workers, are left out of most legislations even when they exist. According to the authors, it is true that certain

states have extended the Provident Fund to include certain categories of informal sector workers. But the invisibility of these workers is what goes against them.

Verdera (2000) by processing the databases of the 1993 National Population Housing Census and of the 1994 National Standards of Living Survey of Peru finds that although home-based work has a long history and continues to exist, information on the economically active population that is gathered through censuses and household surveys, does not include home work. No specific questions are asked on this type of employment, albeit it is recognized and regulated in legislation. The author argues that the absence of any record of this type of work does not justify the failure to gather information on the subject and an incentive should be given to entrepreneurs and workers to encourage them to comply with the home work register in order to ensure compliance with minimum standards of social and employment protection.

Lavinas, Sorj and Jorge (2001) find subcontracted home work constitutes one of the most precarious and unprotected forms of employment in the labour market in Brazil. It is found that in Brazil, although its legal status is equivalent to that of the employee, in practice the reverse applies. It is suggested that the easiest way of guaranteeing home workers benefits would be for trade unions to recognize the category of homeworkers and to give them a stronger position in workers' organizations. On the basis of the literature review and the interviews with lawyers and judges during the course of study, the authors come to the point that home-based work has received little attention in the Brazilian law. Neither lawyers nor academics have any structured thoughts on the matter.

Laungaramsri (2005) has very carefully focused on the situation of home-based workers, their work conditions, government policies and legislations relating to home-based workers, system of social protections, home-based worker's organizations and their relationship with other groups such as trade unions. Like the studies based on other developing countries, this study has also given a quite similar picture of home-based workers in Thailand like the lack of legal framework and sufficient policy to protect the right of home-based workers has meant that home-based workers have to absorb many production costs and associated risk while receiving low paid income and inadequate social security to deal with sickness and other contingencies. Although

the government has initiated the Ministerial regulation of home-based worker's protection, it is too limited and does not meet the need of home-based workers.

Avirgan, Bivens, and Gammage (2005) in a survey four countries Egypt, El Salvador, India, Russia found informal employment relationships are generally not covered by legislated labor protections or trade union representation. It was found that the work relationship between the employer and employee in small-business sectors is rarely governed even by any sort of written contract. According to the authors, the relative isolation of several forms of informal employment home-based production, for example leaves these workers out of networks that could provide them the information and bargaining power to claim a greater share of economic output.

Chen, Vanek, Heintz, Jhabvala, and Bonner (2005) have shown vulnerable situation of women workers who lose their jobs when companies mechanize, retrench or shift locations. The study gave a precarious picture of smallest scale producers and traders who have little if any access to government subsidies, tax rebates or promotional measures to help them compete in export markets or against imported goods. These losers in the global economy have to find ways to survive in the local economy, many resorting to such occupations as waste picking or low-end street trading.

Sembodo, Cahyadi, and Wijaya (2008) have brought the current labor law of Indonesia in issue linking it with protection to home-based workers. The authors stated home-based workers are invisible in Indonesia despite a 15 years long efforts have been done there to protect home-based workers by stakeholders officially. The authors question on the implementation of the latest Indonesian Labour law (Law No. 13/2003). It is stated that it seems the latest Indonesian Labour law regarding manpower covers the home-based workers, but entrepreneurs are usually not transparent about the fact that they employ home-based workers. It is claimed that although technically, home-based workers are not specifically mentioned by the laws, these laws can be interpreted to cover the workers or laborers in the system. The authors recommend a lot still has to be done, particularly in advocacy work among various stake holders to make social protection in general, and social security in particular, a reality for the home-based workers.

Mehrota and Biggeri (2002) stated that invisibility arises primarily from the fact that national statistical systems in Asia were not counting the informal sector, in either their household or enterprise surveys. According to the authors, relying on sample surveys is not sufficient. What is equally important is that all home-based workers are registered for the worker's well-being because once the workers have an identity they can at least claim some benefits. In terms of regional priorities, the study recommends a national policy on home-based work is needed in all five countries studied.

Delaney (2007) while examining the Fair Wear campaign in Australia emphasizes that home-based worker organisation and making home-based work visible in the supply chain remains a serious challenge worldwide. A move towards national and global legal mechanisms is necessary to work along-side voluntary codes and multi-stakeholder agreements for corporations to become more accountable and for trade to be fairer to workers.

Horn (2004) has compared basic labour standards of ILO with actual application. The author finds although in theory, the core Conventions and basic labour standards of the ILO apply to all workers, including those in the informal economy, in practice, workers in the informal economy are achieving these to a much lesser degree. So the author recommends policy measures to enhance implementability, existing social security systems to be extended to included workers in the informal economy.

Haider and Tahir (2004) have applied the de Soto's legalist thought that organisations need to realize that women home-based workers are not just poor, unskilled, needy women, but a formidable workforce which needs direction. This direction includes information on economic rights, a platform to raise a collective voice and media coverage for public awareness.

Jelin, Mercado, and Wyczykier (2001) state Argentinian legislation includes a range of provisions for retirement, dismissals and other social benefits which are recommended in the Homework Convention no 177 of ILO, but no means exists there to establish an employment relationship which recognizes workers' rights. According to the authors this is the reason for workers not being aware of their rights. Both government officials and trade union leaders interviewed stated that they were not planning any steps to remedy the matter. Again, surprisingly all workers interviewed were found unaware of the existence of the Act.

#### **2.6.4 Lack of Social Security, Workplace Security**

The issue of reaching the unreachable informal workforce and implementing a universal social security programme should be in a State's favour. Unless and until there is a force operating from below in favour of this work force, even government will find it difficult to implement such a programme specially in developing countries. The issues of organisation, voice and representation are processes to be followed if the informal workers are to get their due, irrespective of the form and political affiliation of government.

Tiwari (1990) has in the study of Kanpur found informal entrepreneurs have been facing such problems as lack of finance, outdated technology, inadequate marketing and poor infrastructure. Informal entrepreneurs are found to be in need of financial support, better marketing and upgradation of technology.

Jhabvala (1996) on the social security presents the fact that existing schemes remain restricted to the organized sector, barely 10% of the Indian workforce where employer-employee relationships can be clearly established. For the millions in the unorganized sector or informal economy, social security continues to be a missing link in their struggle for survival. The author also adds despite a rich tradition of organizing in India, women in the informal economy seem to have little voice at policy levels.

Islam, Singh, and Begun (2001) have in the study based on quantitative and qualitative aspects in Bangladesh found the problems of home-based workers like marketing is one of the burning issue of the own account workers, no access to interest free loan, piece-rate workers are not organized and united to raise voice to increase their wages, workers are totally unaware of occupational health problems, hardly any workers are under any social protection scheme. The authors recommend national policy is required to follow ILO codes to maintain safe working place and address health problems.

Maskay and Kusakabe (2005) stated in Thailand there was no benefit or social security for the workers who entered informal activities at old age. They were excluded from training courses because of their age. The state also did not help the workers in obtaining severance pay from the factories. It was not only the financial difficulty that made their lives difficult, but also their

isolation in the society. This study based on survey on two factories on the primary base has attempted to show the precarious condition of marginalised older retrenched women workers. According to the authors, noting that Thailand is entering an aging society, and the important role that women of increasingly higher age plays in financially supporting the family, the labour and social security policies in Thailand should not only focus on younger generation but also take the productive and reproductive role of older women working in informal activities into more serious consideration.

Roever (2007) in his article has focused on workplace insecurities which are subject to home-based workers. A different kind of workplace insecurity also affects home-based workers as they work in their homes, these workers can be socially isolated from others who do similar kinds of work. While for example, formal workers' associations help mediate disputes with governments and other actors, home-based workers often lack such associations. As a result, they have very weak bargaining positions. Social isolation in the workplace has other disadvantages; for women whose mobility is already restricted by gender-based norms, engaging in home-based work may compound that isolation. The author on the basis of examples of workplace insecurity among informal workers detected in the course of his study that as women continue to absorb the costs of market-oriented macroeconomic policy disproportionately, it is crucial to offer them support to establish more secure workplaces.

This study which discusses workplace insecurity in the informal workspace, focusing on street vendors, home-based workers, and informal employees of formal enterprises lacks empirical examples, any database or case studies.

Donna (2007) undertook a study in Thailand, Philippines and Indonesia and interviewed thousands of women for her paper. She is pointed out that what these women feared most was illness and lack of sufficient work. Both of these are feared and both are intimately connected because illness created the inability to work. There are consistent health and economic concerns which these women seem to be crucial in their lives. In the author's own word "For many home-based workers there is just nothing".

ILO (2002a) in its work brings the fact that no specific governmental measure has been taken to address the need of maternity protection of women workers in the informal economy. At the

community level, some organizations have initiated some measures to address the maternity care need of their women workers in the formal and informal economy. ILO suggests these initiatives are still at a preliminary stage and require a lot of support to make them fully operational. The home-based workers and their contribution to the economy have been gaining recognition in many parts of the world since the early 1980s. This group of workers is not a phenomenon of the underdeveloped nations only, but prevalent all over the world in various sectors of work. This has led the ILO to recognize this group and adopt a convention on home-based workers. Many Asian countries are already turning to the home-based work under some formal and acceptable framework for social, legal and political interventions. Initiatives by particular institutions in India, Sri Lanka, Philippines, Thailand, Indonesia, etc. of this region have already made commendable strides.

## **2.7 Economic Contribution by Home-based Informal Workers**

National Institute of Urban Affairs of India (1987) has conclusively shown that the informal sector is the major source of employment for women. It helps them to provide economic support to their households. The survey showed that over one-fifth of the women are the sole economic supporters of their households. As many as one-fourth of the women earn over 90% of the household's income and nearly half of the respondents earn over 50% of the household's income. The female workers in the informal sector are, therefore, important contributors to household income and only a negligible fraction (less than 10%) contribute marginally to household income (less than 20 per of total income.) Women in the informal sector, therefore, play an important role in both the household and the urban economy. It is therefore recommended in the study that women in informal sector be recognized by the local authorities as an integral part of their towns a group which has a contribution to make.

Tiwari (1990) has collected information from shops, commercial establishment department and chief inspector of factories in Kanpur district of India. He has found that informal sector not only meets the demand for goods and services of low income classes living in slums and chawls, but also that of the higher income classes living in flats and tenements.

Chickering and Salahdine (1991) have reviewed on the contributors to The Silent Revolution who have attempted to assess whether de Soto's arguments about the informal sector in Peru can

be applied to other countries as well. In all five countries studied Morocco, the Philippines, Sri Lanka, Thailand and Bangladesh, the informal sector is enormously important, both economically and socially. The studies present estimates of informality exceeding 50% of the labor force and producing 40-60% of GDP. If encouraged and given real opportunities, they could make an even greater contribution to economic and social progress which supported to prove de Soto's argument. Supporting de Soto's argument according to most of the contributors of the book, the problem is the poor lack opportunities. The following are the main conclusion brought by the researchers of this book:

Salahdine writes Morocco faces economic difficulties because many laws and regulations have not been adapted to current realities. Alonzo's main conclusion from the study of the Philippines is that government rules are overly strict. As a result, the informal sector has grown large, often with the complicity of the law enforces themselves. Sandernate estimates that the informal sector activities are equal to about 50% of GDP of Sri Lanka. Poapongsakorn points out that in Thailand, at least 50% of the urban labor force works in the informal sector. He perceives the most important reason for the large number of workers to be in informal sector is that the law does not allow them in certain activities or does not allow them in certain places, cost is high of registering a small business, and it is also difficult for small-scale informal enterprises to comply with labor regulations. Huq and Sultan stated in case of Bangladesh, the informal sector has the potential for contributing even more if some of the constraints facing it can be removed. Many of Hernando de Soto's concepts regarding informality, developed in Peru, apply equally well to Bangladesh. The authors' experiences have shown that the poor should not be viewed as passive victims, but as fighters with basic survival skills and vast potential.

Heck (1995) has estimated that although small in scale, home-based businesses make a significant contribution to the local economy by generating incomes in excess of \$10 billion annually in the rural South of United States.

Fury and Radhakrishna (1993) found the income earned from home-based work was found quite adequate for a majority 77% of home-based workers. The study provided baseline data on home-based work in Pennsylvania, predicted possible employment opportunities and realistic earnings

from home-based workers, and also vast potential for educational programming in home-based work.

Chen, Sebstad, and O'Connell (1999) have illustrated the limitations of official statistics on the informal sector with the case of home-based women workers. After noting that official statistics in most countries do not classify home-based subcontract work as such, the authors review the available data on both types of home-based work. The available evidence in the study suggested that home-based work is an important source of employment throughout the world, especially for women, and that home-based workers comprise significant share of the workforce in key export industries. The evidence also showed that the informal sector often has direct ties to the formal sector and is growth-promoting which goes against dualistic approach of informality.

Bajaj (1999) has on the basis of study on home-based workers in five South Asian countries Sri Lanka, India, Bangladesh, Pakistan and Nepal found that women play a key economic role in the production process. Some of the facts the author has brought are:

- (1) The agarbatti industry contributes roughly US \$ 240 million annually to national income in India, had an export value of US \$112 million in 1993-94 and employed approximately 500,000 workers, 90% of the labour in the industry is supplied by women, 80% of them home-based workers.
- (2) The garment industry in Bangladesh contributes over Tk.2,700 crores per annum to the economy, is the country's principal export earner and fourth largest employer, 80% of the labour used by the industry is that of women workers.
- (3) Pakistan is the single largest manufacturer and exporter of match grade footballs in the world and accounts for over 80% of total world production. It is estimated that the industry earns approximately Pk. Rupees 3 billion in foreign each year. An estimated 58% of football stitchers in the industry are home-based women workers.
- (4) The medicinal plant and other non-timber forest products trade from Nepal has an estimated annual value of Rs. 500 million. The sector employs over 100,000 people and contributes around 4% of the share of forestry to the national GDP, although no data is available on the gender division of labour in this sector forest product collection is predominantly the work of women.

(5) Women held a very important position in the coir sector in Sri Lanka historically but there has been a decline in their participation in this activity following the modernization of the industry. The industry employs between 4.91 to 5 lakh workers, of which 80% are women.

Brown and Muske (2000) have, in the study of rural South of United States, stated home-based businesses can take advantage of a person's human capital, in terms of entrepreneurial interests and abilities.

Raval (2001) found that women are ready to do and are doing whatever work they get and whatever work they are able to do to improve their economic conditions. To cover their family expenses, women are doing various types of work in a day. In the urban area since the closure of the mills in Ahmedabad in India many people became jobless resulting in loss of family income and women had to work harder to satisfy the household needs. This study has at the one side focused in multiple work status of women and on the other side it has shown how home-based women workers contribute to satisfy household needs.

Thongyou (2001) had on the basis of field research conducted in three villages in Muang district of Khon Kaen province in the northeast region of Thailand has given an outline of the sub-contracted system between manufacturing industry and rural villagers by using the fish-net industry as a case study. Similar to argument of the Strucuralists, the author of this study also states since labour in the formal sector is protected by labour laws, in terms of wages, welfare and other fringe benefits many industries choose to hire workers under an informal sub-contracting system to reduce production costs. This survey has proved that the home-based workers is one important contributing workforce who work under sub-contracting system in Khon Kaen province and Khon Kaen has been a major fish net producer and exporter in Thailand. It was studied in the survey most of these workers reside in their own village and turn their homes into small production sector. It is interestingly stated in the report that the momentum of work produced by hundreds of home-based workers in the village could make one feel as if the whole village has turned into a factory.

Kuenzi and Reschovsky (2001) have shown importance of home-based workers in family income in US as it has proved families with at least one member working at home had significantly higher incomes than families without a home-based worker.

Tate (2001) presents some examples of economic contributions the home-based women workers make in various countries based on information provided by Home-Net. As families have found it increasingly difficult to live from agriculture alone, the women's silk weaving has become an important source of income for them. This study based on experiences of different countries presents a complete picture of situation and contribution of home-based workers but it lacks empirical data source.

Chen (2001) has suggested that despite the limitations to existing official statistics, the available evidence suggests that home-based work is an important source of employment, especially for women, throughout the world as seen from evidence over 85% of home-based workers in most countries studied are women. The author has presented evidence on the fact that even though the average earnings of women in the informal sector are low, the female informal workforce contributes significantly to gross domestic product (GDP).

Durban Unicity Council (2001) in its study has stated informal economy makes an important contribution to the economic and social life of Durban. The informal economy makes an important contribution to job creation. In 1996, there were about 20000 street traders in the Durban Metropolitan area. About 60% of these were women. Thousands more people work from their houses. A great deal of money flows through the informal economy, and between the formal and informal ends of the economy. In 1998, black householders in the Durban Metropolitan Area spent more than R500 million in informal sector outlets (street vendors, shebeens, spazas, tuckshops, private persons). Of this about Rs. 340 million was spent on food.

Community for Asian Women (CAW) and Home sNet, Thailand (2001) in its study have presented report of 11 Asian countries that had participated in the Regional Workshop On Women Workers In Informal Work Organizing, Lobbying and Advocacy'. The outcome showed informal work contributes socially useful services and a significant proportion of global income. The official statistics presented indicated that the share of informal (non-agricultural) work is 45-85% in Latin America and 45-85% in different parts of Asia. The contribution of the income that comes from informal work to national income amounts to between 30-60% in different countries.

UNICEF-CSWCD-PATAMABA (2002) in its study has given examples of how industrious women are in keeping their families afloat, combining subcontracted work with other means of livelihood, while seeking to improve their economic situation by accessing available resources.

Bernabe (2002) highlights the massive changes that have taken place in the labour market situation in Georgia like accompanying the informalization of employment has been a comparable reduction in social protection. The increase in poverty levels is underlined by the fact that a large number of pensioners engage in informal employment to make ends meet.

Xaba, Horn and Motala (2002) have, despite the lack of comparability of data, on the basis of information on 13 Sub-Saharan countries, found certain general trends of informal sector in these countries. These include an increasingly important contribution by the informal economy to a country's GDP. The authors give some evidence to suggest that home-based work is an important source of employment in Sub-Saharan Africa, especially in manufacturing and service activities. As provided by the research the authors reveal data as the percentage of enterprises which are home-based. For example: 71% of enterprises are located within the home or home-stead in South Africa, 77% of enterprises are home-based in Botswana, 66% of enterprises, 88% of women's manufacturing enterprises and 57% of women's service enterprises are home-based in Lesotho, 68% of enterprises are home-based in Swaziland, 77% of enterprises are home-based in Zimbabwe, 32% of enterprises, 37% of rural and 16% of urban enterprises are home-based in Kenya and 54% of enterprises are home-based in Malawi.

Lal and Raj (2006) have made an attempt to stock-take statistics on the importance of the informal economy in the Small Island Developing States (SIDS) based on existing literature. Using Fiji Islands as the case study, selected key indicators of the informal economy has been discussed reflecting on the statistical issues relating to informal sector data. The authors give an evidence that the island economies have a relatively significant informal economy.

Khan and Khan (2007) highlight the contribution of working women in the age group of 16-60 years in their household budget who are involved in informal economy. Employing the OLS model on 1780 observations in Bahawalpur district of Pakistan, it is found by the authors that women as head of household, women's education, ownership of assets by woman have positive effect on their contribution. First the contribution increases and then decreases by increase in the

age of the woman. Married women contribute more to household budget. Individual characteristics of the women influence the level of her contribution in household budget. Education is perceived as the major characteristics for the process.

Sudarshan, Sivaramava, and Bhattacharya (2001) had conducted the study in five of the South Asian countries; Bangladesh, India, Nepal, Pakistan and Sri Lanka. Across the region, the authors found that home-based workers in lean period earn 52-64% of period of peak period earnings. The authors showed the result that majority are piece rate workers in Bangladesh, India and Pakistan and majority are self-employed in Nepal. 20% sell directly in market except in India. Home-based workers' earnings as ratio to per capita income is lowest in India. 39% in Pakistan reported increased earnings in the region.

Bonnin (2006) states that despite its very slim earnings, the *sari-sari* store in the Philippines remains vital to households for its daily and consistent income inputs and consumption smoothing ability. Additionally, the store plays a wider role beyond the individual household, contributing to food security and enhancing the social environment and building networks at the neighborhood level. A unique type of informal home-based work for women known as sari-sari traders in the Philippines has been explained and analyzed in this article very efficiently by the author.

## **2.8 Informal Sector in the Context of Nepal**

The informal economy in Nepal is characterized with a serious lack of consistent definitions and information. So it is difficult to precisely determine its economic magnitude. Among the national surveys, only the Nepal Labour Force Survey 1998/99 (NLFS 1998/99) and Nepal Labour Force Survey 2008 (NLFS 2008) has specifically defined and collected a limited set of information on informal activities and workers, which is extensively reviewed in this paper. The NLFSs has closely followed the ILO international standard definition of the informal sector. In these surveys, the informal sector has been defined only in respect of non-agriculture. For operational purposes, in both the surveys, informal sector has been defined as follows: in terms of current economic status, those currently active have been classified into one of three codes: 'agriculture', 'non-agriculture informal', and 'non-agriculture other sectors'. In both the surveys, the informal sector has been defined only in respect of non-agriculture.

NLFSs do not provide a full account of workers in the informal economy. It specifically accounts for the informal workers in the non-agricultural sector only.

According to NLFS-1, of the 2.26 million workers in the non-agricultural sector, 1.66 million (73.3%) have informal jobs. This includes 1.05 million male and 0.61 million in the informal non-agricultural sector. The majority of the informal workers have low paid and blue-collar jobs. The proportion of female workers having such jobs is even higher. The survey also shows that the informal employment outside agriculture is more concentrated in urban areas. The employment of females in each of the employment categories of the informal work outside agriculture is less than that of males. Only 28.2% female informal workers have their own business with no employees. They come closer to men only in informal enterprises with no regular paid employees.

Nearly 46% informal workers had their own business with no employees. In the case of men, this percentage was even higher (52%). Workers in business with no employees or no regular paid employees were over 90%. This implies a very high incidence of self-employed workers among informal works in the non-agricultural sector. A total of 23% workers were urban based with a marginally higher incidence of men. But in businesses with paid employees, women were more urban-based.

The NLFS 2008 has estimated around 2142 thousand people aged 15 and over to be currently employed in the non-agricultural informal sector (70% of total non-agricultural employment) as compared to 1657 thousand in 1998/99 (73% of total non-agricultural employment). During the previous nine years the currently employed population in the non-agricultural informal sector grew by 29.3%. Distribution by sex shows that males employed in the non-agricultural informal sector increased by 31.1% and for females by 26.1%. There were 759 thousand people aged 15 years and over who were currently employed in their own business with no employees in 1998/99 and this increased to 969 thousand in 2008. It is estimated that there were 96.2% of the currently employed aged 15 years and above who were informally employed in all industries. After excluding the agriculture and fishing industries, the number of non-agricultural informally employed persons was 2655 thousand (or 86.4% of total non-agricultural employment).

A new measure within international statistical standards was introduced in 2003. This is the concept of “informal employment” which depends on the characteristics of a person’s job, rather than of the enterprise as with informal sector employment which is already discussed in the earlier unit of this chapter.

The Labour Act (1993) outlines gratuities, provident funds, sick leave, medicare and compensation following accidents and injuries at work. Yet, even in the formal sector there is no integrated system to ensure, manage, or provide these different forms of social security. Given the poor condition of social security mechanisms in Nepal's formal sector it takes little imagination to see how far the country's informal sector is benefitted from the provisions of modern social security or social protection system.

In the Labour Act (1993) 'Workers' is defined as a person employed on the basis of salary to work in any building, premises, machinery or any part there of used for any productions process or providing service, or any act relating to such work or for any unscheduled works and this word shall also include any worker working at piece-rate, contract or agreement. "Remuneration" as mentioned in the act means the salary or wage to be received in cash or kind from the enterprise by the worker or employee for the works performed in the enterprise and this word shall also include any amount to be received in cash or kind for the works done under piece-rate or contract. Thus according to definitions of 'workers' and 'remuneration' in the Act, informal workers should be included.

But in actual practice, informal workers are deployed from most of provisions like provisions of Welfare Fund, Compensation, Gratuity, Provident Fund and Medical Expenses, the Leave etc. Provisions on procedures relating to personal claims or complaints, powers of labour mentioned in the Act are related to only formal type of employment: for example- If any one or more workers or employees have any personal claim or complaint against proprietor relating to the service, the concerned worker or employee may file it in writing with the concerned.

The provision is that no worker or employee shall be deployed in work for more than eight hours per day or forty eight hours per week and they shall be provided one day as weekly holiday for every week. Similarly in case of extra wages to be provided the provision is that where any worker or employee is engaged to work for more than eight hours in a day or forty eight hours in

a week, he shall be paid overtime wages at the rate of one and one-half time of his ordinary rate of wages. These provisions are not applicable to informal workers.

On the subject on period of remuneration the Act mentions the proprietor may fix the period of payment of remuneration to the workers of employees on weekly, fortnightly or monthly basis in way not exceeding the period of one month. But this provision shall not apply in respect of the persons who are working on daily wages, piece-rate or contract basis in which class mostly informal workers fall.

Additionally, the Labour Act, 1993, is silent on issues related to pregnancies, cash benefits, dismissals and discrimination in employment relating to maternity protection. Such legislative lacunae could be addressed by the measures in ILO Convention 183 on Maternity Protection which has not been ratified by the government of Nepal. Nepal's currently deteriorating economy, combined with the impact of neoliberal economic policies and the process of globalization have left very few options for the state provision of effective social and health security for informal women workers.

ILO (2004) reports women workers in the informal economy in Nepal are most likely to work in low skilled, manual and repetitive jobs, at the bottom of the working hierarchy. A lack of education, training opportunities, employment biases and limited mobility due to social responsibility tie women to lower echelons. Most women continue to be paid less than men for the same work and there is a near absence of maternity protection for the majority of women working in the informal economy. However mass home-based women's organizations associated with political parties have recently begun to take initiatives directly related to the reproductive health and maternity protection of women workers. At their initiative, mothers' groups/ clubs exist in some rural areas.

In Nepal, very few researches have been done so far on informal sector. Those which have done studies on informal sector are mainly concerned with the problems of informal workers, and the existing situation. Researchers have paid less attention on the contribution aspect of informal sector.

As such Biscons (1999) has focused its study on women's contribution to the household economy which is marginally recognized although they are increasingly involved in economic activities. It has brought out the fact that women home-based workers exist within the informal sector of Nepal and that their significant socio-economic contribution has not dawned upon the sensibilities of policy makers and those concerned with that sector. The report writes that the women workers are being economically discriminated in terms of mismatch between their contribution and returns. They cannot even earn a comparable amount of the formal minimum wage despite working 10 hours a day and seven days a week. Moreover, having finished their work, many do not receive their wages on time. These women are exploited in many ways by the middlemen who provide them work. A common problem is the devaluation of their work leading to reduced wages. The women workers have no legal protection against the exploitation of the job providers or for redressal of their complaints as they are not covered by any legislation.

So the study recommends that the situation of women workers in the informal sector county with special emphasis on those in the home-based work should be studied and a mechanism to serve the interests of this ignored lot should be institutionalized.

Upadhy (2000) shows problems of home-based workers differing in accordance with the nature of the category in Nepal. For example: Self-employed ones basically face the problem of marketing and price as well as skill upgrading and low access to training. They also face the lack of necessary finances in spite of their traditional skill. On the other hand, wage dependent subcontracted home-based workers have been facing the problem of very low wages hardly sufficient even for mere subsistence. They also feel helpless as they are excluded from any type of social security system by the employers. It is stated that the problems being faced commonly by both the wage-dependent and self-employed workers are exclusion from social protection system, poor level of awareness and being neglected by the present structure of labour legislation. Low payment and long hours of work under difficult hand to mouth conditions and unsafe-unhealthy environment is another common phenomenon of home-based workers in Nepal.

The author states that very little initiatives particularly for home-based ones have been taken so far in Nepal. One of the causes of the little initiative is that home-based workers themselves do

not come nearer to the organizations to trade unions or other mass organizations or NGOs. According to the author, some organizations have made efforts to organize home-based workers but these programmes have not been effective so far because those are done without long term vision. The author recommends in order to organize home-based workers of informal sector, initiatives are necessary in both rural and urban areas with predominant emphasis on rural areas. The organizing work can be undertaken by the Ministry of Industries, Commerce and Supplies Employers association Small women entrepreneur NGO Trade unions. This is a short article lacking empirical evidences.

Rimal (2004) has on the basis on different arguments put by many authors on the definition of informal sector, termed informal workers neither Blue nor White but as ‘No collar’ workers for Nepal. The author gives a statistical indication that out of total female labour force in Nepal, only 4% of the female labour force is in the formal sector, informal sector thus being a female dominated sector which absorbs a big number of women workers.

The author takes gender aspect as a challenging issue in informal economy and mentions patriarchy as an issue which has resulted number of challenges in labour market, but not clearly emerges the impact of patriarchy on informal women workers.

Globalization is also mentioned as a key cause for multinational companies to find a way to get clean cheat for unfair labour practice practically and to escape from labour laws resulting at exploitation of casual labour, contract labour, home-based work etc. But the author has not gone in detail on the actual impact of globalization on informal sector.

It is also tried in the study to explain contract labour system as a base for exploitation of labour in Nepal. It has given good examples of ‘Bharyas’ in Kathmandu, contract labours in carpet and garment industries. But it left home-based workers as an example who are mostly contract labours. The author concludes labour market in Nepal is rapidly feminizing day by day. So, keeping this in mind, a comprehensive perspective package should be prepared. Although short in nature this article includes many aspects that are related to the present study.

ILO (2004) in its work shows the informal economy in Nepal is very big and growing. It is transforming itself gradually from subsistence economy to a market based commercialized

economy. But still it remains grossly neglected by the state. Hence people engaged in this sector have to face uneven competition, low enumeration, poor working conditions and all possible sorts of economic and social exploitation. Informal workers do not receive legislative and other support compared to their counterparts in the formal sectors, neither the self-employed nor the wage dependent workers. Women are double sufferers as they, on one hand, are disadvantaged in all conceivable socioeconomic situations, and receive biased treatment in informal jobs in the form of wages and working conditions. The informal economy is also growing with the help of child labour at the cost of the child.

ILO (2004a) in its research provides an outline of the most vulnerable-socially and economically excluded groups, in Nepal. These groups are considered those in most urgent need of some form of social protection. Home-based workers are one among them. The creation of home-based or hidden informal workplaces by big enterprises that sub-contract their work have labour outside factory premises and have led to a new range of social and environmental hazards.

ILO report reviews there are some special rights for women workers incorporated within the Labour Act and accompanying labour regulations. Women are legally entitled to equal pay for similar jobs and to enjoy a series of gender related privileges, such as maternity leave, feeding intervals during working hours and crèche facilities. The report writes, but in practice, women workers most of whom are concentrated in the informal economy, do not enjoy such rights. Furthermore, the act covers only those women who are on a permanent pay roll, which is not the case for the case for most women workers. The existing legislation has a similarly limited scope in relation to maternity dismissals and discrimination in employment relating to maternity protection.

Thapa (*year not mentioned in the report*) has in attempt to expose organizations working with home-based women workers has included in the study women working in their own premises or nearby communities to do some income generating activities in Kathmandu valley. The author states that the contribution of the informal sector to the national economy of any nation, especially in the developing countries, is significant and the participation of home-based women workers in the informal sector is substantial.

According to the author the participation of women in the informal sector is imperative that they must receive due consideration and attention in their efforts. The author focuses on the fact that easy access to favorable credit facilities and a regular demand from both the domestic and international markets are the essential needs of home-based women workers. The difficulties and problems faced by the home-based women workers in Nepal are compared with their contemporaries in South Asia in the study and a similarity is found. And therefore the study recommends the problem has to be addressed seriously by SAARC also.

Home Net and UNIFEM (2004) in its report wrote home-based workers in Nepal are exploited at different levels and from different types of people. The common forms of exploitations are delay in getting wages and payment from buyers, shopkeepers, middlemen and other stakeholders. Some are even compelled to accept lesser amount of wages and price of the products and services than what had been agreed upon. In some parts of the country where barter services is in existence, many home-based workers are still compelled to exchange their valuable products for little amount of food grains. Labour legislation of the formal sector does not encompass the home-based workers. Therefore they are deprived of social and legal protection.

The report writes home-based workers are unorganized, invisible and ignored, their contribution and effort is unaccounted for in the mainstream of national economy. Home-based workers are not recognized as a category of workers in labour force. Therefore there is no declared basic wage rate for home-based workers who work either on piece rate basis and/or on hourly basis.

FWLD (2006) has documented that the recent amendment to the Military Police Rules, 2058 (2001) has incorporated a new provision of appointment of women as soldier of the Military Police. However, it is limited to unmarried women or widows only. Key informants and sample respondents mentioned deprivation from foreign employment, restriction in various employments, and discriminations on wages/ remuneration, and more dependency as the main impacts of discriminatory laws related to employment.

### **2.8.1 A Review on Governments of Nepal's Policy and Programmes for Labour in Informal Sector**

The overall problems and challenges of informal workers is a part of government's weak policy and implementation. The government of Nepal has never separately and exclusively planned for the informal part of the economy. The informal economy's concerns are addressed in general terms on sectorial and thematic lines only. For example, the government is developing and extending infrastructure, industrial sectors, construction works etc. This indirectly helps the informal economy as much as they do the formal sectors.

In the area of vocational training, the Centre for Technical Education and Vocational Training (CTEVT) by having training facilities in several locations of the country has been providing required services. Current efforts by the government are basically focused on skill and vocational training and promotion of micro-finance and micro credit activities.

IIDS (1992) has stated establishments in the informal economy need capital investment and, by virtue of their scale, the investment needs are small. Hence the formal financing institutions find it costly to lend. This is observed in practice as the government's mandatory provision since the mid-1980s to the formal banks in the country to allocate at least 7.5% of the time deposits in the priority sector, almost fully dominated by informal activities, is largely being informal borrowing. As a result, informal borrowers borrowing from non-institutional sources are over 70% total borrowers and more women (nearly 85%) borrowed informally.

In Nepal, at current stage, micro-finance has been recognized as an effective development intervention by the government, Multi/Bi lateral agencies, INGOs and NGOs. Within Nepal, there are a wide range of institutions active in the micro-finance sector, each with its own way of financial services accessible to the poor.

There are some special rights for women workers incorporated in the Labour Act and the co-operatives that are financing home-based workers in the primary survey are mentioned in Minimum Wage.

The government for the first time in its 9<sup>th</sup> plan document seemed to have taken a step to determine the basic minimum wages for the agricultural labor which was fixed at Rs. 60 per day

and Rs7.50 per hour. It also amended the Trade Union Act whereby authority was provided to form organization of the agricultural labourers. (National Planning Commission, 1998) The document while deliberating upon the informal sector merely seems to envision the bonded labor and *Kamaiyas* and the agricultural labour, The Labor and Employment Policy, 2005 which is to be considered as the contour for labour policies and plans for the country seems to overwhelmingly dwell upon foreign employment and seemed to have completely omitted the issues of the informal sector. While referring to the Informal sector, besides the mention of agricultural labour it casually mentions self-employment and the provision to reach out to workers skill development training support in the Fiscal Year 2005/06 (Ministry of Finance, 2006).

### **2.8.2 Labour Agenda in Plan Documents in Nepal**

In the Tenth Plan, a special targeted programme for the poor and disadvantaged groups, mostly relying on informal activities is provisioned. The Integrated Security and Development Programme (ISDP) for the insurgency affected remote areas as well as gender empowerment programmes are outlined in the plan.

In the 11<sup>th</sup> plan and 12<sup>th</sup> plan, a vision, objectives, some strategies and policies was made clear for the benefit of informal sector which has been copied as follows exactly as documented in Plan documents:

#### **Three Year Interim Plan (2007-10)**

**Vision:** The long-term vision is to make contributions to strengthening the national economy and poverty alleviation by providing a safe, decent and healthy working environment without discriminations, along with the creation of opportunities for employment and self-employment through the development of competitive and skilled human resources capable of competing in the domestic and foreign labor markets.

#### **Objectives**

- To reduce unemployment by developing skilled and competitive labor force in accordance with the demand of the domestic and international labor markets.

- To ensure safety and healthy working environment for workers in industrial enterprises and the informal sector.
- To ensure the access of the women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims, conflict affected and people from marginalized regions and communities to employment.

#### Strategies

- To create an environment in order to ensure employment by running vocational and skill development training programs in collaboration with local bodies, non-government sector and private sector based on the demand of national and international labor market.
- Policy and legal provisions will be made to govern labor relations in the informal sector in a gradual way.

#### Social Security Programs

- To run social insurance and micro finance programs jointly with trade unions in the informal sector.

#### Policy and Working Policy

- Collaborative works will be undertaken with trade unions in order to prepare and implement social security programs for workers in the informal sector.

#### Three Year Plan (2010-13)

Strategy: Expand micro enterprise at the national level by targeting poor and backward classes, and conflict-affected groups through using credit facilities of microfinance institutions, extending market for agricultural, non-timber forest and other natural resource, and utilizing traditional skills.

#### Working policy: Industry

1. Micro and cottage industry program will be operated by targeting extreme poor group, socially excluded class and group.

2. The export-oriented industry, industry established in special economic zone, industry in priority and the industries that are established in least-developed, under-developed, and less-developed areas will be given additional facilities and concessions as an incentive.

#### Working Policy: Provision of rights

Within labor market planning provision will be made to protect the rights of domestic and home-based workers as well as to regulate labor relations of the sector

#### Comparison with formal sector:

The legal jurisdiction and responsibilities related to labour has expanded notably as per the policy on labour administration, Act and laws, but there has been no implementation of the provisions relating to labour laws as expected due to lack of manpower expansion and development of infrastructures.

ILO (2002) has stated that the situation in the formal sector in Nepal is slightly different from that in the informal economy. Though the conditions in the formal sector do not meet all the conditions as stated in the Maternity Protection Convention, 2000 (No. 183) there are some provisions for maternity protection. To mention a few, women workers with permanent contracts in the formal economy get maternity leave for 52 days, and are considered for light work during pregnancy. There is also a provision for unpaid leave if they fall sick during the maternity period. In some cases, the women workers also get some medical support, depending on the type of enterprise she works with. In the public sector, there is a provision of maternity leave for 60 days with the flexibility to take before or after the delivery. All the permanent staff members get medical benefits as stipulated under the Civil Service Act. The ministry of Health gives substitute leave to those women staff that work in hospitals. Besides, if any complications occur in staff's health, women staff during pregnancy and child delivery period, they can apply to the Medical Board for the necessary financial support. The Nepalese Labour Act and Regulations covers only those women workers who are in permanent pay roll, which is not the case with most of the women in informal work. Thus it has limited scope of coverage in relation to maternity protection provisions. The Labour Act 1993 is silent on issues related to pregnancies, cash benefits, dismissal from work and all the discrimination in employment relating to maternity.

The Labour Act 1992 has mentioned informal sector as those working in any establishment in less than ten person in number with the word "out of enterprise". Likewise Trade union act 1992 has mentioned the trade union association register under its article 4(2) as an association of workers working "out of enterprises". Though our labour act has not used word informal, but in our reality it indicates those establishments, which employs less than ten persons as informal sector.

The unionisation process in the informal sector was very late as there is no appropriate law. The Labour Act 1992, Trade Union Act 1992 and Bonus Act 1974 have mentioned some special clauses for informal sectors.

The Labour Act has mentioned special provisions for long working hours, tip allowances or overtime and half day allowances during maintenance period of vehicles, appointment letter, minimum wages and right to file case in labour office against any disputes for transport workers.

For the construction sectors also, mentioned in Labour Act is the right to fix daily wages by District Administrative Office. They have right to file case against any dispute in the District Administrative Office.

The Trade Union Act 1992 has mentioned a provision for union registration of informal economy workers such as agricultural workers and other informal workers. In ground reality the labour law is not implemented well. The trade union Act is active only for registration.

There is no other separate law for informal economy, and hence the right of collective bargaining is not practiced. There is no provision concerning the social security and job guarantee.

### **2.8.3 A Glance at Informal Economy from the Perspective of Core Standard**

The labour standard is not implemented in informal economy. The ILO Core Convention No 87 concerning Freedom of Association is mentioned in trade union act 1992 for informal sector with special provision for agriculture workers. Although the right to collective bargaining is not mentioned anywhere for informal economy. The harassment and immediate fire from the job is practiced.

Equal pay and remuneration article 100 is not implemented, even though labour act has mentioned this clause. This clause has some difficulties for implementation. Convention No 138 concerning age bar for employment is not fully implemented in informal sectors, even the labour law and Child labour act has mentioned this clause.

The Convention no 100 and 111 concerning equal pay & discrimination in employment and occupation is mentioned in our labour act. This is not implemented in practice. Labour act has mentioned the provision of minimum wage fixation board, but this board has not been given mandate to fix minimum wage in informal sectors.

The core conventions no 98, 100, 111, 131, 138 and 144 has been ratified by Government of Nepal. The Conventions concerning Forced Labour no 29 and 105, the government has ratified Convention 29, but effective implementation is not yet achieved.

## **2.9 Justifying the Study on the Basis of Review**

Informal economy includes activities and workers that are less visible and even invisible. Among these home-based activities is the one. The least visible home-based workers, the majority of them women, sell or produce goods from their homes are garment makers, knotters, carpet weavers, pottery makers, embroiderers, incense stick rollers, cigarette rollers, paper bag makers, kite makers, hair band makers, food processors, even bamboo workers, and other handicraft producers.

There is a link although not a complete overlap between working in the informal economy and being poor. This is because those who work in the informal economy are generally not covered by labour legislation or social protection and earn less, on average, than workers in the formal economy. The link between working in the informal economy and being poor, especially in the lowest-return informal activities, is stronger for women than for men. To focus the attention of economists and policy makers on the links between informality and growth, statistics on the size and contribution of the informal economy are needed.

A problem is always faced by experts in labour statistics that how to classify and address the issue of the informal sector, with so few available statistics and such varied definitions and understandings of the informal economy. To show the bigger picture of informal sector workers

across the world and statistical evidence to estimate contribution of informal sector to GDP in countries and explanation for the predominance of women in this sector has been a subject of concern for labour statisticians as well as gender specialists.

How can one understand and address poverty without having better statistics on the income sources, the income levels, and the financial risks of those who are poor informal workers. How can one predict and model economic performance if a large share of total output is not adequately measured and valued? Or how can one predict and model labour market behaviour if a major segment of the total workforce is not adequately measured or understood? Labour statistics and national accounts need to more adequately capture and measure the size and contribution of the total economy, including the informal economy.

Some of the literature collected and reviewed to support the significance of the present study, which is concerned with above mentioned issues, have been presented in this chapter. This review is presented by classifying the collected literature in different aspects like: poor condition of informal workers, legal aspect, rights and social protection, definitional controversy and measurement or statistical aspect, contribution of informal sector.

From the entire review a conclusion could be drawn that most studies are concerned mainly with different problems faced by informal workers like exploitation, legal aspect, insecurity, poverty etc. Only few studies make an effort to estimate contribution part. In the context of Nepal also there is a gap in literature which studies economic contribution aspect of informal sector. Therefore assessing economic contribution of home-based workers becomes the main issue of the present research along with other aspects.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

Within the theoretical framework, and empirical overview of the informal sector in Nepal, we turn now to the methodology that has been followed in this study.

#### **3.1 Research Design**

Depending on the nature of problem, the following design sets out the logic of the present study:

##### **3.1.1 Descriptive Research**

The study describes systematically a situation, problem, facts and figures, characteristics, profile of women engaged in informal sector in the national context. Based on primary data, the study attempts to present the present situation of women home-based workers, their profile, to assess the opinions, attitude towards job, events occurring at present.

##### **3.1.2 Diagnostic Research**

The present research studies certain variables that are associated with the problems and challenges faced by women home-based workers. The study has determined the frequency with which problems of home-based work occurs or its association with other socio-economic reasons.

##### **3.1.3 Explanatory Research**

The research clarifies why and how there is a relationship between socio-economic variables and contribution of home-based work. It has explained how contribution of home-based work affects their family budget.

##### **3.1.4 Analytical Research**

Analytical technique is used to identify the extent to which the concerned variables are related. The research used facts and information available from primary source to analyze these to make a critical evaluation of the role of women home-based workers to support the family financially.

## **3.2 Study Approach**

Within the design followed, a review of documents provided by available secondary sources and available on the internet was carried out. Both quantitative and qualitative methods were adopted for the study.

### **3.2.1 Desk Review of Documents**

Prior to designing the research tools, the available published and unpublished documents and reports were reviewed and analyzed while conducting the desk review. A review on the actions being taken in informal sector by the various stakeholders, government and non-government sectors and trade unions has been undertaken. The existing legal framework in the country has been reviewed from the gender perspective to learn if the women in informal sector work are legally protected or not. The information collected helped to present the existing situation of informal sector including home based workers in Nepal.

Some of the major documents, that were reviewed in the course of desk study, are listed here:

- A series of Working Papers on the Informal Economy published by Policy Integration Department, Bureau of Statistics, International Labour Office, 2004-2005.
- A series of Working Papers prepared under the programme, International Focus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED), published by Employment Sector, International Labour Office, 2002-2005.
- A series of reports of Decent work for all Women and Men in Nepal published by International Labour Organization, Kathmandu, Nepal, 2002-2005.
- A report, Methods of Measuring Women's Participation and Production in the Informal Sector, under the series of Studies in Methods, conducted by United Nations, 1999.
- Reports of UNIFEM: Regional Programme on Home-based Workers in South Asia Phase II, 2009
- Reports of Nepal Labour Force Survey, 1998/99 and 2008.
- Report on Mapping and Organizations of Home-based Workers in Nepal, published by UNIFEM and HomeNet Nepal, 2004.

- Technical Papers of Policy Conference on Home-based workers of South Asia published by UNIFEM, 2007.
- Research reports provided by international and national organizations associated with WIEGO, SEWA, Home Net South East Asia, Home Net South Asia, Home Net Nepal, Biscons etc.
- Study Reports provided by Trade Unions of Nepal.
- Review on The Labour Acts, 1992 (2048), Nepal and Plan documents of Nepal, Reports of Population Census of Nepal, Reports of Nepal Living Standard Survey, 1995/96 and 2003/2004
- Report of Demographic Health Survey, Nepal, 2006
- Collected papers of UNFPA Country Technical Services Team for South and West Asia, 2004

### **3.2.2 Sources of Information**

Secondary Sources: Available secondary data on women workers in informal sector has been analyzed by using appropriate statistical tools. Some of the socio-economic variables such as education, ethnicity, occupation, employment status and some of the demographic factors such as fertility, age at marriage, marital status has been considered.

Raw data from Nepal Labour Force Survey, 1998/99, Nepal Labour Force Survey 2008 conducted by Central Bureau of Statistics has been used as a secondary source of information. Available data from these two labour force surveys has been re-coded as per the necessity for the present analysis.

Some of the key gender issues on the socio-economic and demographic dimensions that Labour Force Surveys address is relevant to the objectives of the present study. Information on gender based occupational and industrial segregation, gender based pattern of labour force participation rates, extent of work and work burden of women and men etc. as provided by the report are some of the information that has been used for the present study.

Nepal Labour Force Surveys provide information on informal sector activity. The activities such as collecting wood, fetching water and weaving baskets and mats, making clay pots, weaving

cloth, dressmaking and tailoring, making furniture are counted as ‘work’ under the heading home-based activities in the survey. The information provided by the Labour Force Surveys on these issues has been used in the study to assess the existing situation of women’s work to fulfill the first objective of this study. Additionally, raw data provided by the survey has been used for the interpretation based on secondary data base.

Primary Sources: Actually both of the national labour force surveys did not attempt to assess the actual economic contribution of women engaged in informal activities specially women home-based workers, primary source has been the main source for understanding this aspect of women home-based workers.

Since available secondary source is not adequate to fulfill the targetted objectives, the study conducted a primary survey. The factors for underestimation of women's economic contribution are mainly uncertainty and irregularity, wide variation in work-time arrangements and the organization of work, and effect of social-cultural biases. Apart from these factors, the multiple economic roles performed by home-based workers, the flexibility of production processes, and the temporary or short term nature of work are other causes of biases. The present survey made an effort to measure women home-based worker's economic contribution by using quantitative as well as qualitative method of data collection.

### **3.2.2 Quantitative Method of Data Collection**

The quantitative method included a survey, based on a core questionnaire designed to fulfill the objectives of the study. In particular, the questionnaire was divided into different sections regarding social information as well as general economic and non-economic activities. The process of method of collecting primary data for the present survey is presented below.

In the course of following quantitative method the study followed a sample inquiry. A series of preliminary interactions with 42 number of known associations, relevant co-operatives, NGOs which are associated with home-based workers, private sector enterprises who provide jobs to women home-based workers and trade unions has been done to prepare a sample framework for the field survey. A list of these organizations is provided in Annex 2.

#### ***Sample Framework***

Diverse and dispersed by nature, it is crucial to know where the home-based workers are dwelling. This study used available comprehensive data base of home-based workers as profiled by networks and organizations working with home-based workers. There are currently 11 governmental organizations who seem to be directly working in sectors related with home-based workers while in the private sector there are around 37 and there are 19 International Organizations who have been involved (directly/indirectly) with the home-based workers (HNN and UNIFEM, 2004). Two important sources provided by Home Net Nepal and UNIFEM has become a blessing which provided access to reach home-based workers in Nepal for this study.

A study jointly conducted by Home Net Nepal and UNIFEM provided a comprehensive data base of home-based workers which included a detailed fact sheet of about 135 institutions working with them. (Home Net Nepal and UNIFEM, 2004). UNIFEM has conducted another survey on home-based workers in Kathmandu Valley which provided detailed information on organizations working with home-based workers in Kathmandu Valley (Thapa, A.) Home Net Nepal has also conducted a base line survey in 2009. 51 number of membership based organizations associated with home-based workers were selected in that survey. The study made an access with these organizations to reach those women engaged in home-based work. Apart from Home Net Nepal and UNIFEM and Trade Unions GEFONT and NTUC, Home-based Workers Concern Society, SABAH Nepal, WEAN Co-operative, Sana Hastakala, Kumbheswar Technical School, Yak and Yeti Handicrafts, Mahaguthi etc. are the main sources who provided the list of home-based workers who are registered as members of these organizations.

From the whole list of members provided by these organizations only those eligible women according to operational definition of the present study has been drawn from 42 organizations, which are listed in Annex 2, to make the master frame, which is figured out to be 2075 in number. These are the sources that have been used as input for sample master frame for the present study.

### ***Sampling Design***

The sample design for the survey data collection is Cluster Random Sample Design. The statistical units of the population surveyed are the women engaged in home-based work. This population is active in the informal sector and thus very often 'invisible' to official statistics. It

would thus be impossible or excessively expensive to prepare a list of all women engaged in home based work. For this reason the design of the sampling had to follow a specific method taking into account the information already available. Home-based workers involved in different types of work are generally clustered. In particular, they tend to be clustered in a specific location on the basis of the type of goods being produced.

Taking the fact into consideration, the home based workers in the sample are defined to include piece rate workers, working from their home, home premises or self-employed workers, working from their home as own account workers. The majority of workers surveyed were found to be piece rate workers. Sample design is based on combination of quantitative and qualitative information and analysis through triangulation methods, for which both primary and secondary information has been collected and analysed. The type of survey, steps of choosing sample and analysis are presented below.

### ***Sampling Technique***

Representative sample has been selected so as to have statistical representation. Cluster Random Sample Design method has been applied as already mentioned above. The method of Fixed Cluster Size Design is used as following:

*Step 1: Calculating total sample size:*

$$\text{Formula: } n = \frac{z^2 pq}{e^2}$$

e = Degree of Detection Error

Z: Normal value at 95% confidence level = 1.96

Maximum Sample size required is given at:

$$p = 0.5 \text{ and } q = 0.5 \text{ (} q = 1 - p \text{)}$$

Sigma= Degree of detection error (Sampling estimate error or Precision error)

$$= (5\% \text{ to } 10\% \text{ or } 0.05 \text{ to } 0.1)$$

5% =384 number of respondents

7.5% =171 number of respondents

5.5% =317 number of respondents

The sample size chosen here is **384** (5%).

*Step 2: Sample allocations:*

Cluster Sample Design: Home-based workers from Kathmandu, Lalitpur and Bhaktapur are listed on the basis of their current stay that is tole. Tole is taken as a cluster. Size of cluster is chosen 15 for the reason that number of home-based workers in one dwelling falls around this figure. For Tole where number of respondents is less than 15, they are merged to the next close Tole. For clusters where size is greater than 15, one Tole is splitted into number of clusters.

*Step 3: Selection of Cluster Numbers*

Sampling frequency = Sample size/ Total number of workers

$$=384/2075= 0.18$$

Sampling fraction therefore is 0.18.

The number of respondents who are eligible to operational definition of this study is totaled out to be 2075.

Then total number of clusters is:  $2075/15=139$

Number of clusters to be sampled = 139 into Sampling fraction

$$=139 \text{ into } 0.18$$

$$=25.02 \text{ that is } \mathbf{25}$$

*Step 4: Identifying Sampling Interval*

Total number of clusters/ Sample number of clusters  $=139/25 = 5.56$  that is 6.

So sampling interval here is 6.

*Step 5: Choosing clusters at the intervals*

Initially one cluster is chosen at random from total clusters 139. The first number selected came to be 78<sup>th</sup> cluster. So the first random cluster stood 78<sup>th</sup>. Then after other clusters are selected at interval of 6. The detail is as follows:

Second:  $78+6=84$ , Third:  $84+6=90$ , Fourth:  $90+6=96$ , Fifth:  $96+6=102$ , Sixth:  $102+6=108$ , Seventh:  $108+6=114$ , Eighth:  $114+6=120$ , Ninth:  $120+6=126$ , Tenth:  $126+6=132$ , Eleventh:  $132+6=138$ , Twelfth:  $138+6=144$ ; then  $(144-139)=5$  that is cluster no.5, Thirteenth:  $5+6=11$ , Fourteenth:  $11+6=17$ . Following this process, 25 number of clusters have been selected for the survey.

The chosen clusters are presented in Annex 3.

*Step 6: Within each cluster, all 15 respondents has been enumerated.*

The total number of respondents is thus figured out to be 375 although theoretically it should be 384.

***Survey Instrument***

A pre-coded questionnaire has been prepared and administered to sample population. A sample of questionnaire has been provided in Annex 4. Necessary counseling has been done with expert statisticians to prepare a scientific questionnaire. One home-based women worker is considered to be one unit of the study.

The questionnaire includes the following sections:

- i.) Household characteristics: this section covered basic information about the household along with their social and ethnic background. Data on age, sex, marital status, educational status, occupation was collected for each person in the household.
- ii.) Demographic, educational, occupational profile of the respondents including information related to home based work: including details on the type of home based work, hours of work, days worked per month, months worked in a year, trainings.

- iii.) Management of business, average wages earned, expenditure on raw materials, problems challenged, economic profile of family.
- iv.) Time allocation and work organization.
- v.) Home based workers contribution to family budget.
- vi.) Social perspectives, future perspectives, health problems suffered due to work.
- vii.) Legal aspect, nature of contract, etc.
- viii.) Standard of living.

### ***Respondent Survey***

Sampled respondent has been interviewed on the following issues through structured questionnaire.

- a. Socio-economic and demographic characteristics and familial background of women engaged home-based informal economic activities
- b. Effect of socio-economic and demographic factors on women's participation on home-based informal activities.
- c. Income generation and savings made by women by engaging in home-based nonagricultural activities.
- d. Status of women's familial income source.
- e. Information on women's social perspectives.
- f. Problems and challenges encountered by home-based women workers.
- g. Social protection that women workers get from their employer in case of piece-rate workers.
- h. Legal and social protection to informal sector activities from government.
- i. Information on their living standard and poverty.

### ***Pre-Test***

Pre- test survey was conducted in Banepa and Shesh Narayan. In Banepa, 15 women home-based workers were interviewed. And in Shesh Narayan 19 women were interviewed. Women interviewed in Banepa included knitters and craft workers while in Shesh Narayan the women interviewed were mostly engaged in metal works, along with knitters. This survey guided to develop the roadmap for the actual survey. Necessary modifications have been done on the format of questionnaire after the experience gained from pre-test.

In the course of field work seven enumerators were appointed for assistance. The appointed enumerators were given orientation on the questionnaire administration and interviewing technique. Additionally, before beginning actual survey one sample visit to Patan was arranged to provide practical knowledge to enumerators. In this visit, enumerators gained practical knowledge on administration and interviewing technique. The list of enumerators is given in Annex 5.

### **3.2.3 Qualitative Method**

The qualitative methods, included in the study, are focus group, key informant interview, discussions with women home-based workers, and case studies. These qualitative methods are used parallel to the quantitative survey.

#### ***Focus Group Discussion***

To further validate information and to get more detail information, where individual person may not be able to provide the required information on the basis of quantitative questionnaire, 8 focus group discussions have been conducted including the size of 8 per group. Very important for the focus group, is the degree of homogeneity. For this purpose focus group discussion has been done separately for different type of workers as their experience may differ. The focus groups have been selected on the basis of type of work, area, and the type of home-based work i.e. self-employed and piece rate workers. A checklist was prepared for the purpose. The identity of selected focus groups and the administered checklist is provided in Annex 6. Group for discussion is composed on the base of type of home-based work and the type of occupation they are involved. A detail of groups is given in Annex 7.

#### ***Key Informant Interview***

The study conducted face to face interviews like interaction meeting, in-depth interview with the key stakeholders. Interaction meeting with head of organizations, and knowledgeable/experienced key persons dealing with such organizations like Trade Unions, NGOs, Fair Trade Groups, industrialists associated with home based workers has been conducted to assess qualitative nature including policies and changing priority on the topics and their

impact on home based workers. The list of those organizations is presented in Annex 2 as mentioned earlier.

### ***Case Study***

Some in depth case studies was also done. The case studies included:

Success stories – leading to sustainable income

Failure Stories – No business now on

Newly starting business – Run for less than two years (in case of self-employed).

Old Business person – Running more than 5 years (in case of self-employed).

### ***Observation***

Home based workers' work venue has been visited during the field work to assess the reality.

To be noted, one innovative attempt has been made in this survey. Example, in the questionnaire format, some pages are left blank so as to collect qualitative information along with quantitative information from questionnaire format. The information collected from the qualitative measures mentioned above, is documented in the text along with the quantitative findings.

Thus the findings presented in the study are based on the information collected by both the quantitative and qualitative methods. As has been mentioned above, the statistical investigation for the present study has been done on the basis of sample for the primary information. Using a systematic questionnaire method, primary data has been collected from sample population and some measures of qualitative method are also used parallelly.

#### **3.2.4 Operational Definition**

To revise, *The 1996 ILO Convention of Homework defines 'homework' as: work carried out by a person in the home or other premises of his/her own choice, other than the workplace of the employer; for remuneration and which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this*

*person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws.*

This definition as defined by ILO covers only one part of a broader group of home-based workers that includes two types of worker who carry out remunerative work within their homes: (1) independent own-account workers and (2) dependent subcontract workers. The ILO definition refers to the second category only.

The present study covered both of the categories of home-based work that include two types of worker who carry out remunerative work within their homes: independent own-account producers and dependent subcontract workers. So the terms 'homeworkers' and 'home-based workers' are usually used interchangeably.

The present study covered both of the categories of home-based work which involve production for the market but should not be confused with unpaid housework or subsistence production, although they are counted as 'work' in line with the current ILO standards. Considering the definitional complexities, the operational definition adopted for the present analysis is the following:

- Self-employed home-based workers fall into the category.
  1. Whose informal enterprises are not registered
  2. Who are not paying tax
  3. Who are employing less than ten workers
  4. Whose firms are running without any legal protection
- Piece-rate workers (for informal enterprises, formal enterprises, or no fixed employer), whom the study includes are day labourers, industrial outworkers, unregistered or undeclared workers, contract workers, unprotected temporary workers. Their work place is either their home, home premises, shop or independent from home or no fixed location.

### **3.3 Analysis Techniques**

1. For quantitative analysis, appropriate statistical modeling has been explored depending on nature of data availability. The existing situation of women home-based workers has been analysed by cross tables and graphic presentation. A comparative study among diversified

home-based workers in terms of socio-economic and demographic characteristics has been done.

2. In general, often quantitative and qualitative information may have consistent reporting in some cases and inconsistencies in other cases. Reasons for inconsistencies have been analysed through probing techniques in the study. Moreover, focus group discussion supported information validation as it provided opportunity for dialogue and probing. Case studies further provided opportunity to identify explanatory variables on the issues.
3. The ratio of income earned by women home-based workers to total family income has been labeled as their economic contribution. To compute total income earned by women involved in self-employed informal enterprises, information of all the types of goods and services produced by them and cost of production has been collected. Their net income has been calculated accordingly. And in case of those who are piece rate workers, income has been counted on the piece basis or in the way as they are remunerated.
4. The following are some of the standards to be noted, that is followed to derive findings from primary data:
  - From total 375 respondents, 35 illiterate have been deducted and so 340 numbers of respondents have been categorized as literate.
    - Among all literates those who attained educational level from 'Primary level' to 'Above SLC' are found to be in total 247.
    - In the category 'Above SLC', those respondents having Intermediate, Bachelor and Master's degree have been merged.
    - From 340 literate respondents those who attained some educational level: Primary to above SLC, that is number 247 have been deducted and the resulted number 93 has been categorized as non-formal education.
  - Income of piece rate workers is computed by incorporating questions: Q.5.3, Q.5.4, Q.5.5; (that is working hour per day, days per month and months per year) and questions Q6.11 and Q6.12 (that is quantity produced per day and per month and per piece rate) The standard measurement followed is: 8 hours working in a day is considered as one day, monthly income is computed according to the daily income and the number of days the respondent works in a month. And yearly income is computed according to the derived monthly income

and the number of months the respondents' works in a year. Income of self-employed is computed by incorporating questions Q.6.7, Q.6.8 and Q6.9 (that is produced quantity, sold quantity and cost of production). Some samples of computations are presented in Annex 8.

- Familial income is computed by incorporating questions: Q2.7, Q7.5, Q7.6, Q7.7, Q7.8, and Q7.9 (that is number of family members who earn, income from different type of occupations they are employed. In case of agricultural products, farming and livestock, the yearly produced products have been monetized. The process of monetization is based on the general price level produced by Department of Agriculture, Government of Nepal. (Ministry of Agriculture and Cooperatives, 2067). The average price is computed for different items on the basis quality and regional basis as produced by department of agriculture.
  - Conversion (units) followed on the base as provided by The Department of Agriculture Ministry of Agriculture and Cooperatives, 2010 is provided in Annex 9. Some clarifications on code "others" is provided in Annex 10.
- 5. The Bi-variate and multi-variate analysis investigated the factors associated with individual variables controlling other variables while analyzing women's economic contribution as a dependent variable. Additionally, the effect of women's income on household income and expenditure is analyzed to examine their contribution on household budget. The following is the detail of model built and variables used for the analysis of data.

**Model 1:**  $COHW = f(X1, X2, \dots)$

Where  $X1, X2, \dots$  are socio-economic variables.

**Model 2:**  $YIF = f(COHW, YIH, X1, X2, \dots)$

**Model 3:**  $YEH = f(COHW, YIH, X1, X2, \dots)$

The grouping of variables is done separately for the purpose of regression analysis to avoid technical difficulties.

#### *Dependent variables*

1. Contribution of home-based workers to household budget (COHW) -The ratio of the home-based work earned income (YIH) to the total income of the household (YIF)
2. Yearly income of family (YIF)

3. Yearly household expenses from income earned by home-based work (YEH)

*Explanatory variables:*

1. Type of home-based work
2. Age of respondents
3. Cast and ethnicity of respondents
4. Family size of respondents
5. Marital status of respondents
6. Current stay of residence
7. Educational qualification attained by respondents
8. Wealth quintile
9. Relationship of respondents with the head of the household
10. Respondents' attitude towards home-based work
11. Working hours of the respondents
12. Yearly income of women from home-based work

## **CHAPTER 4**

### **AN OVERVIEW ON RELATED ISSUES OF HOME-BASED WORK**

#### **4.1 What is Home-based Work**

Home-based work, a kind of informal work is carried out in the home. Home-based work is the production of goods and services, carried out in the home or nearby home premises, for a cash income. Home-based worker refers to the general category of workers, within the informal or unorganized sector. Bulk of these workers does a variety of jobs for industry and trade. Their work ranges from sewing garments, knitting, handicrafts, assembling electronic components to simple jobs of sorting, packaging and labeling goods. So it should not be confused to refer to either unpaid housework or paid domestic work.

Working at home evokes two contrasting images; one more traditional and pessimistic, the other more modern and optimistic. The image is of low-paid and low-skilled manual work done cramped and unsafe surroundings, often involving even child labour. The optimistic image is of highly paid and skilled professionals, technicians, and managers conducting business by fax, phone, e-mail, and other computer links from the comfort of their well occupied residences.

Home-based workers' occupations range from rolling or packaging incense sticks and cigarettes; to stitching garments or shoe repair services; to assembling electrical plugs or electronic components; to entering , processing, or analyzing data; to providing professional and technical services to individuals or businesses. (ILO, 2002)

In reality, home-based work is more heterogeneous than these two prevailing images suggest. The term 'home-based worker' has been used by organizations in Asia to cover a range of people, mainly women, who work at home regardless of their exact conditions of employment. In industrialized countries, the term 'homeworkers' has generally been used in reference to 'piece-rate' workers who complete specific steps in the production process for an employer or subcontractor in their homes. 'Homeworker' is also the term in use by the International Labour Organization and is generally understood to mean those working at home who are dependent on employers intermediaries for work. However, it is not uncommon to see the terms home-based

worker and homemaker used interchangeably among those working in the field in different parts of the world.

## **4.2 Journey Towards Defining Home-based Work**

There had been several attempts at defining home-based work. During the 1980s, home-based workers in a variety of settings have begun to get organized and to make their voices heard. And, all over the world, groups and unions began organizing, conducting research and bringing to light issues of mutual concern. The various groups and unions working with home-based workers began making linkages in the early 1980s.

Ultimately these linkages have led to campaigns for recognition and protection at both the national and international level. An important, but informal, mechanism for establishing these linkages was to hold international workshops and conferences on home-based workers. For example, SEWA organized a panel on home-based workers at the Third World Conference on Women in Nairobi in 1985 as well as a conference on home-based workers in India in the late 1980s. Then in 1990, in the Netherlands, homeworkers and those active with homeworkers from both developing and developed countries, as well as researchers and representatives from international bodies, met for the first time to discuss the whole issue of homework. Their discussions included how to draw up legislation, both national and international to improve wages and working conditions. In fact, how to coordinate campaigns to lobby for such legislation was the main item of discussion at the Netherlands conference. In 1991, SEWA brought together people from trade unions, homeworkers' organizations, and researchers at the biannual conference of the Association for Women in Development. It was there, in Washington, D.C., that the founding of an international network was discussed. A more formal international network was established at a subsequent meeting in Belgium in 1994. At that meeting, all the organizations working with homeworkers came together to form an international network and to plan an international campaign in preparation for the International Labour Organisation's annual conference to be held in June 1995, and the Fourth World Conference on Women to be held in Beijing in September 1995. The international network was registered in the Netherlands as a formal trust to be known as Home Net.

SEWA fought a long, hard campaign through official trade union channels for the recognition of home-based workers and for their inclusion in the debates and programs of the ILO. Under pressure from the SEWA-led international campaign, the ILO convened an Expert Meeting on the conditions of home-based workers. The participants in that tripartite discussion did not agree on the need for an international standard on home-based work and recommended that the ILO Governing Body weigh the significance of the issue. In late 1996, the Governing Body agreed to put homework on the agenda for discussion on international standard setting.

At the 1995 ILO conference, a special technical committee made up of representatives of employers, government and workers recommended that an international standard should be drafted and forwarded for a vote during the 1996 ILO conference. Following this decision, the committee went on to consider the proposed text of the convention. The text of the convention was relatively short and covered basic points such as: equality of treatment with other workers, the right to a minimum wage, social security protection, maternity benefits, health and safety provision, protection against discrimination, and the right to organize. It also included some wider measures such as the inclusion of home-based workers in labor statistics, the need for a system of labor inspection and for regulation of intermediaries, programs of support for advice, training, and organization of home-based workers. They had lobbied governments, publicized the issue, and informed the public. The Most importantly, they had continued to organize home-based workers to ensure that their voices are heard.

For long period, in this way labour activists including the Self-Employed Women's Association and the international alliance of home-based workers, HomeNet, lobbied for an international convention. Finally the delegates to the 83rd ILO Conference approved a text on homework, in June 1996. The text recognized that homeworkers constitute an expanding sector of the labour market and should be entitled to minimum wage and occupational conditions, embodied in an international convention which is later known as ILO Convention no 177. The ILO Convention on Homework, 1996 (No.177) recognized homeworkers as workers who are entitled to just reward for their labour and sets a standard for their minimum pay and working conditions, including occupational health and safety. (Jhabvala, Renana and Tate Jane,1996).

The ILO Convention No. 177 of 1996 represents a watershed in the progress of the movement of home-based workers for recognition and human rights. The ILO Convention supported by a recommendation, can be the most important instrument in pressuring national governments to ratify the Convention, enable visibility, enjoin protective legislation and extend various welfare benefits. Among other recommendations, the ILO Convention on Homework, 1996 (No177) calls for improved statistics on homework. The Homework Convention (C177) became an international regulatory, comprehensive framework which aims to treat home-based workers equally to other wage earners.

The Conditions of Work Digest of the ILO used the term homemaker as incorporating the following criteria:

Homework implies an *employment relationship*, between the home worker and the employer, subcontractor, agent or middleman. The agreement may be implicit or explicit, verbal or written, as specified in the national legislation.

The *place of work* is outside the premises of the employer. However, not all forms of homework are necessarily 'home-based'. They can be carried out from workstations, workshops or premises which do not belong to the employer. This also implies that there is very little supervision or regulation of methods of work by the employer.

The *form of payment* is usually by the piece or unit of production, but not all piece-rate workers are home workers.

As regards the *supply of materials and tools*, in some cases home workers own their tools, while in others the employer provides the tools on loan or on hire purchase basis. In a similar way, some workers may buy their raw materials on the market or from the employer or subcontractor and sell the finished or semi processed products back to him or her.

This definition was further refined in Convention No 177 of the ILO (1996) which defines homework as:

- a) work carried out by a person, to be referred to as a homemaker,

- i.) in his or her home or in other premises of his or her choice, other than the workplace of the employer;
  - ii.) for remuneration;
  - iii.) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, as long as this person does not have the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions;
- b) the term ‘employer’ means a person, natural or legal, who either directly or through an intermediary, if any, gives out home work in pursuance of his or her business activity

As ILO has cited its Convention no. 177 as Homework Convention which applies to all persons carrying out home work within the meaning of Article 1. Article no 3 of this convention mentions, each Member country which has ratified this Convention shall adopt, implement and periodically review a national policy on home work aimed at improving the situation of homeworkers, in consultation with the most representative organizations of employers and workers and, where they exist. Some of the issues raised by stakeholders regarding definitional controversy on informal sector and home-based work are presented below.

The most current definition of homework is that contained in ILO Convention No. 177 (1996). However, it needs to be noted that the term ‘homework’ defined by the ILO convention above excludes many types of home-based work undertaken in the third world. It refers only to ‘homeworker’ namely, those workers who carry out paid work from their home. Home-based work is a broader term which includes workers like the crafts worker or the potter, or the tailors, who are self-employed own account workers. Homework essentially is a sub-set of the broad term home-based work, which includes own account workers who do their own marketing. ‘Home-based workers’ refers to three types of workers who carry out remunerative work with their homes-dependent subcontract workers, independent own account producers, and unpaid workers in family businesses, whereas the term ‘homeworker’ refers to the first category only.

Unni (2006a) in the course of study on informal sector in India puts a question on the definition of the informal sector as adopted by ICLS 1993 which was adopted in the new System of National Accounts, 1993. The author argues that the definition excludes informal workers who

are unreachable. According to the author, the ICLS definition is useful for National Accounts and in estimating the gross value added accruing from the two sectors, formal and informal. The problem with the enterprise-based definition arises when it is used in an establishment/enterprise survey to distinguish the unit, such as the unorganised manufacturing sector surveys in India. This definition tends to leave out more invisible groups of own-account enterprises such as those operating on the streets or in their homes.

Heikel (2000) in his study in Paraguay finds the two approaches given by ILO convention and Paraguay Labour Code have similarities regarding the fact that the worker works in his/her home or in premises other than the employer's work place and for remuneration. But they differ in regard to the dependence relationship, particularly as per the instructions regarding the work to be carried out. Convention No. 177 refers expressly to the fact that the employer gives the work specifications, while the Labour Code of Paraguay refers to the absence of supervision or direct instructions. The author states this is one of the aspects that has contributed most to the confusion existing between the concept of home work and that of work carried out for a third party. All the sectors consulted by the study, clearly experienced difficulties in defining home work. It is argued that although it has been long since the Paraguayan legislation regulated homeworkers, it is rather the lack of experience in recording this form of work in statistical terms, which results in the absence of studies and debate on the subject.

Bernabe (2002) gives a view that on the one hand, small-scale income-generating activities raise issues of poverty, employment and labour market regulation while on the other hand, large-scale tax evasion and organized crime undermine the legal system hinder the national government's ability to manage the economy and provide as social safety net. The author so opines, a conceptual framework is needed which is based on activities instead of 'units' (i.e. 'enterprises') and which distinguishes between informal activities undertaken to meet basic needs and underground activities deliberately concealed from the authorities for the evasion of taxes and regulation. This definition tends to leave out more invisible groups of own-account enterprises such as those operating on the streets or in their homes.

Khan and Kazmi (2003) in their study in Pakistan find it difficult to find out the exact size of home-based workers in Pakistan because the operational definitions utilized in the Labor Force

Surveys exclude the kind of home-based work that is the subject of their paper. Home-based work in four sectors has been documented in Pakistan with a particular emphasis on the remuneration of home-based workers and how this compares to other links in the value chain. The research problem set out to explore was that of quantifying the extent to which the home-based workers are deprived of the revenue they create. The four sectors studied by this survey were: Incense stick making (agarbatti), prawn shelling, carpet weaving and bori (sack) stitching.

Following the ILO convention no. 177, Henrequez, Riquelence, Galvez, Seleml (2001) have excluded self-employed from their definition of homeworkers. The study took precaution that the same work might be carried out under these two employment modalities. For these reasons, the two criteria taken were: the product should not be directly marketed by the home worker; and the worker is subordinate to or bound by the orders of the person who hands out the work. However, this survey has adopted a restricted definition of homework in order to avoid any overlap with other similar work situation. The restrictive criterion the study has taken is thus not fully inclusive.

Nevertheless, although not identified by ILO convention, principally, there are two main types of home-based workers:

1. Piece-rate workers : those working for an employer or intermediary and
2. Self-employed (Own-account workers) : those who do their own marketing

It is important to distinguish between them, both conceptually and statistically. While all those who carry out market work at home or in adjacent grounds or premises, as paid workers, are home workers of the piece-rate variety. Those home-based workers who carry out paid work for firms/businesses or their intermediaries, typically on a piece-rate basis, constitute piece-rate workers. Piece-rate workers receive work from subcontractors or intermediaries, an employer, a trader or a firm and are paid on a piece rate, according to the items produced. These workers do not have any direct contact with the markets for the goods they produce. Often, they have to buy the raw material from the factories or contractors and also arrange for tools. The cost of electricity, infrastructure, and raw material can cut into their earnings. They can be engaged by international chains of production (garments, footwear, electronics, plastic footballs) or work for national or local markets (garments, bidi, agarbatti, textiles). Certain forms of craft-work, while

apparently traditional, are now done on a subcontracted basis (weaving, basket work). This trend is also growing in non-manufacturing areas, such as agro-processing (cashew nut, cotton, horticulture, floriculture and animal husbandry).

Self-employed (own-account workers) are workers who are generally in direct contact with the market and buy their own raw material. They face competition from larger and more powerful corporate houses and often do not have access to credit. Since they cannot buy large quantities of raw materials, per unit cost of their products is higher. As subsistence agriculture decreases and farming becomes more commercialized, women are increasingly using traditional skills to earn a cash income (embroidery, weaving). Often living in remote rural areas, they generally rely on the agents, contractor or the middle persons to sell their goods directly in the markets. In terms of earning and working conditions, they are not much better off than piece-rate workers.

The own account worker, equally vulnerable and also without any access to social security nets, as is the piece rate worker, must be included in the definition of the home-based workers, if the process of empowering the vulnerable and powerless is to be at all meaningful.

However, it is often difficult to make a sharp distinction between the two types of home-based workers, as many self-employed home-based workers are economically dependent on outside forces, while many women do both kinds of work depending on what is available. Also, many own account workers sell their products and the distinction between home-based work and vending gets blurred in such instances. The reality of home-based work, however, is less clear cut.

In the context of Nepal, as information provided by Home Net Nepal, stakeholders are following the same definition which is followed in network of home-based workers in South Asia. It defines thus, home-based workers are: Own-account workers, and contributing family workers helping the own-account workers, involved in the production of goods and services for the market, in their homes or in nearby areas; and workers carrying out work in their homes or nearby areas for remuneration, resulting in a product or service as specified by the employer(s), irrespective of who provides the equipment, materials or other inputs used; and those contributing family workers helping such workers. However, home-based worker as a labour

category is still not recognized at the government level, in either of the national labour force surveys.

The operational definition used for the present study has been discussed earlier in chapter Methodology.

### **4.3 Regional Policy Seminar**

Since 1995, the Aga Khan Foundation Canada and UNIFEM had supported a series of research, documentation and training initiatives to promote women's economic empowerment in the South Asia Region. It was then realized that, if sustainable improvements are to be realized, much more attention needs to be paid to the aspect: structural changes and the policy environment for women's economic empowerment. Accordingly, it was decided to organize a Regional Policy Seminar at which such issues could be discussed jointly by policy makers, NGOs and organizations of women workers which are heavily involved in advocating for policy changes which most deeply affect women in the informal sector.

In order to give focus to the meeting, it was decided to concentrate on one (the largest category) on non-agricultural informal sector workers, women home-based workers. The reason for choosing this focus was to be able to explore the potential advantageous impact on home-based workers of changing labour policies as a follow-up to the ILO Convention on Homeworkers approved in 1996.

Accordingly, the South Asian Regional Meeting on Women Workers in the Informal Sector: Creating an Enabling Environment, participated by the Governments of India, Nepal, Pakistan and Sri Lanka, Bangladesh and by trade unions, non-governmental organizations, relevant UN and international organizations from these countries was held in Kathmandu on 18-20 October 2000.

The Kathmandu Declaration spelled out following major areas:

- Formation of national policy on home-based workers by each country.

- Minimum protection, which would include right to organize, minimum remuneration, occupational health and safety, statutory social protection, maternity, childcare, skill development and literacy programmes.
- Access to market and economic resources including raw material, marketing infrastructure, technology, credit and information. Setting up social funds for home-based workers, which would provide insurance against risk of illnesses, death, old age, accidents, loss of livelihood assistance and contingencies as locally required.
- Incorporation into official statistics baseline data regarding various categories of workers in the informal sector.
- Urging SAARC to address the issues of home-based workers in the region and take measures to enable them to deal with the risks and opportunities of globalization.

The steps recommended by Nepal country team were follows:

1. Formation of advocacy groups comprising all stakeholders
2. Formation of network
3. Research for data base creation
4. Inclusion of home-based workers in national policies and programmes
5. Implementation and follow-up of review of home-based workers
6. Experience sharing across the region
7. Key sectors: food processing, bamboo crafts and wood carving; spinning and weaving; jewellery; forest products, herbs, honey, incense, matches; bidi making

This seminar proved to be a landmark to look at the policy environment affecting home-based workers in the region, with special emphasis on labour policies and legislation, with a view to making recommendations for policy, research and action to improve their position.

#### **4.4 Problems in Home-based Work Including Complexity in Measurement**

Though both men and women work from home, a large number of home-based workers were predominantly women and their numbers continues to rise. Many women do both kinds of work, depending on what is available. Women doing handicraft work may be economically dependent on traders or moneylenders. Because their home-based work is irregular or seasonal, many

women combine it with other forms of paid work, such as waged work in agriculture or part-time cleaning jobs thus making it technically difficult to measure their service as well as their products.

The problems and constraints faced by self-employed home-based workers and homeworkers are quite different, although both typically lack bargaining power and have to provide their own social protection. Home-based workers are often forced by circumstances to work for low wages without secure contracts or fringe benefits and to cover some production costs (in particular, equipment, space, utility costs. Most self-employed home-based workers, except high-end professionals, face limited access to and/or competition in relevant markets.

Available evidence from around the world suggests the following pattern: women are more likely than men to work at home in manual activities; and among home-based workers women are far more likely than men to be engaged in low-paid manual work. The available evidence also suggests that home-based women workers in manual jobs are among the lowest paid workers in the world. (ILO, 2002)

Mostly home-based women workers are from the poorest communities. The working and living conditions of home-based worker is perhaps the most vulnerable. As compared to other sections of the informal sector like street vendors and manual labourers, home-based workers often earn much less. This is despite the fact that many home-based workers, particularly those in sectors like crafts and weaving may be very skilled. Among various segments of labour force, the home-based women workers who are living in almost every low-income urban localities as well as in remote rural areas, are amongst the most exploited group of workers today. They earn low wages, have little or no legal and social protection, poor working conditions, minimal or no workers benefits. (Sinha, Shalini, 2006)

Home-based workers often face problems of exploitation while the self-employed often face problems of exclusion. The strategies to address problems of exploitation in labour markets- such as collective bargaining for higher wages-are different than the strategies to address problems of exclusion in capital and product markets- such as providing access to financial, marketing, and business services. (ILO, 2002)

Despite their numbers, and despite the growing interest in their situation, there are few good estimates of home-based workers. This is due to problems of enumerating work carried out in the home, especially by women. This is also due to the fact that the 'place of work' variable used to identify persons working at or near their home, is not included in many labour force and population surveys. Even when it is included, the results have often not been tabulated in official analyses. In addition, to obtain the information needed to understand the nature and scope of the problems they face, home-based workers need to be classified according to appropriate employment status categories and by industry or sector (ILO, 2002).

A second problem is the difficulty in identifying the specific firm for which the home-based worker works and determining the characteristics of that firm, it is not clear which firm should be considered as the employer of the home-based worker, the intermediary that directly places work orders, the supplier that puts out work to the intermediary, the manufacturer that outsources goods from the supplier, or the retailer that sells the goods? There is a parallel legal problem: namely, which unit in chain should be held accountable for the rights and benefits of workers down the chain? Many labour lawyers and activists argue that the lead firm that initially put out the work should be considered the equivalent of the employer. Operationally, the home-based worker often does not know which firm puts out the work or sells the finished goods. (ILO, 2002)

## **4.5 Statistics on Home-based Workers**

Home-based workers form a significant part of the informal sector in any developing economy. And, not only in developing countries, but are found in developed countries as well. They constitute a major segment of labour deployment in the informal sector of an economy (ILO, 2002).

### **4.5.1 Developing Countries**

As estimated by ILO, available statistics for developing countries suggest that over 10% of non-farm workers in most countries and as high as 20-25% in some countries are home-based.

Working at home has always been the reality of work for many people in developing countries. However, statistics on this phenomenon remain very poor. Compilation of official statistics from

the early to mid-1990s on home-based work from 14 developing countries suggest that there is considerable variation in the incidence of home-based work. In Benin, which has made special attempts to improve its official statistics in this area, the share of home-based work is non-agricultural employment was very high (66%). In seven of the countries, home-based workers represented between 10 to 26% of the non-agricultural workforce: Guatemala (26%), India (16%),

**Table 4.1: Home-Based Workers in Fourteen Developing Countries: Number, Share of Non-Agricultural Employment, and Proportion of Women**

| <b>Countries/<br/>Categories of<br/>Workers</b> | <b>Number of Home-<br/>based Workers</b> | <b>Percent of Non-<br/>Agricultural<br/>Workforce</b> | <b>Women as percent<br/>of total</b> |
|---|--|---|--------------------------------------|
| <b>Only Homeworkers Covered</b>                 |  |   |                                      |
| Chile (1997)                                    | 79,740                                   | 2   | 82                                   |
| Philippines (1993-5)                            | 2,025,017                                | 14  | 79                                   |
| Thailand (1999)                                 | 311,790                                  | 2   | 80                                   |
| <b>Only Self-Employed Covered</b>               |  |   |                                      |
| Brazil (1995)                                   | 2,700,000                                | 5   | 79                                   |
| Costa Rica (1997)                               | 48,565                                   | 5   | 45                                   |
| Morocco (1982)                                  | 128,237                                  | 4   | 79                                   |
| Peru (1993)                                     | 128,700                                  | 5   | 35                                   |
| <b>Both Categories Covered</b>                  |  |   |                                      |
| Benin (1992)                                    | 595,544                                  | 66  | 74                                   |
| Guatemala(2000)                                 | 721,506                                  | 26  | 77                                   |
| India (1999-2000)                               | 23,496,800                               | 17  | 44                                   |
| Kenya (1999)                                    | 777,100                                  | 15  | 35                                   |
| Mexico (1995)                                   | 5,358,331                                | 17  | 43                                   |
| Tunisia (1997)                                  | 211,336                                  | 11  | 38                                   |
| Venezuela (1997)                                | 1,385,241                                | 18  | 63                                   |

Source: *Women and Men in the Informal Economy: A statistical picture*, Tab 3.5, ILO, 2002.

Kenya (15%), Mexico (17%), the Philippines (14%), Tunisia (11%) and Venezuela (18%). In one of these countries, the Philippines, only home-based workers were counted, while in Guatemala, India, Kenya, Mexico, Tunisia and Venezuela attempts were made to count all home-based workers, both those who are self-employed and homeworkers.

In other six countries, the share of home-based workers in non-agricultural employment was quite small: Brazil (5 per cent), Chile (under 2%), Costa Rica (5%), Morocco (4%), Peru (5%), and Thailand (2%). However, for two of these countries- Thailand and Chile- only homeworkers

were counted and in the other four – Brazil, Costa Rica, Morocco and Peru- only the self-employed were counted (ILO, 2002).

In Bangladesh, 71% of non-agricultural women work force is home-based workers. In Pakistan, 65% and in India, 51% of non-agricultural women work force is home-based workers. (HNSA, 2006)

#### **4.5.2 Developed Countries**

Working at home is also the reality of work for many people in developed countries. In the mid-1990s, home-based workers are also the reality of work for many people in developed countries. In the mid-1990s, home-based workers here defined as persons who work more than half of their working hours at (or from) their home-represented between four to eleven per cent of the total workforce in eight out of twelve European countries surveyed: Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, and Netherlands. In the remaining four countries, the share of home-based workers in the total workforce was as follows: Greece (one percent), Portugal (four percent), Spain (one percent), and the U.K. (three percent). For the twelve European countries taken as a whole, the share of home-based workers represented between four and five percent of the total workforce. (ILO, 2002)

In the United States, home-based work grew between 1980 and 1990, after falling significantly between 1960 and 1980. Factors in this growth include advances in information and communication technology and the need to balance work and family by the growing numbers of two-career families. Based on 1991 national survey results one percent of all non-farm workers worked entirely at home. Two-thirds of these workers were women. In contrast to on-site workers, home-based workers were more likely to be self-employed, to work non-standard hours, and to live in rural areas. Analysis showed that workers who need or prefer flexible work hours or to work at home-the disabled; women, especially those with young children; and those living in rural areas with long commutes to on-site jobs-had greater representation among home-based workers. However, the associated flexibility came at a cost. The average hourly wages of home-based workers of either sex were below those of on-site workers, even when one controls for employment status, hours worked, or urban/rural residence. However, comparing earnings is complex because there are additional work-related costs on the part of both on-site workers

(travel, costs of family care, etc.) and home-based workers (overhead for work place, utilities and equipment) (ILO, 2002).

The following factors are the reason for rising trend in home-based work: The first is that global competition increases pressures on firms to cut costs through more flexible work contracts or sub- contracting production. The second is that information technology, particularly computers, allows and encourages many clerical, technical, and professional workers to work from their home rather than at another work-site. The third is that an increasing lack of formal employment opportunities and to capital-intensive patterns of economic growth, forces many workers to take up wage employment and self-employed work, often at or from the home (ILO, 2002).

#### **4.6 Home-based Work in Today's Global Informal Work Context**

Home-based work was considered to be an obsolete and residual form of employment in developed economies. In developing societies it was equated with informality, marginality and exclusion. It was meant to decline and disappear, as a result of modernization. Recent economic developments break with this model. Technological advances is reviving and giving rise to new occupations and new forms of labour relations. Temporary work, part-time jobs, outsourcing and subcontracting of homeworkers have become the focus of new labour management strategies.

In addition, the process of globalizing production activity has incorporated home-based work, together with other informal occupations. While a single product is part of a production chain that stretches over several countries and continents, the geographical location of profit becomes increasingly unclear. This encourages companies to adopt tax avoidance strategies. The internationalization of production offers entrepreneurs two major advantages: it promotes global competition between dear labour and cheap labour and between tax conditions. Many companies benefit simultaneously from a low level of taxation in poor states and a high standard of living in rich states. They pay taxes where the tax burden is lower and live where the quality of life is higher, taking advantage of expensive infrastructure facilities.

Recent researches have revealed some new developments in regard to home-based work. These include:

#### **4.6.1 Heterogeneity of Production and Employment Patterns**

A survey carried out in six European Union countries elicited a wide range of situations. In Italy, for example, a small artisan company manufacturing children's footwear for a large United Kingdom retailer was identified. The company, in turn, hired both independent artisans and home-based workers who were not all registered. This case is typical of the region consisting of small enterprises which responded to the crisis of the Italian industry by consolidating the process of decentralization and specialization of production. A slightly different case was identified in Portugal where homeworkers worked for subsidiaries of large firms based in Northern Europe, producing only one component of the footwear that was assembled in France. In Spain, a company combined two production approaches. Their standard products were made in Asia, while the quality and fashion line was produced nationally, with part of the production process being outsourced to small establishments employing homeworkers. These examples serve to demonstrate that home work is a crucial solution in achieving flexibility, including small enterprises. Home-based work may take the form both of independent craftwork or salaried employment, which may or may not be registered, and which produces a component of a product or a finished product. (Lavinias et al., 2001).

#### **4.6.2 Home Work as Part of an International Production Chain**

The pressures of international competition have caused companies to seek similarly internationalized production spaces, taking advantage either of the skills of workers in different parts of the world or of lower rates of pay. In addition to the above examples, which are confined to Europe, mention may be made of the outsourcing practiced by the clothing and footwear industry as far afield as Asia (China and Viet Nam), North Africa and Turkey and, more recently, the countries of Central and Eastern Europe. Home-based work has assumed an important place in corporate strategies under the new economic order. These two features of heterogeneity and internationalization of home work appear to go hand in hand, at least with regard to the industrial sector, with the characteristics of high female participation and low quality of employment that are traditionally associated with this occupational modality. Women continue to predominate in home-based working, as a result of the obstacles which they encounter in terms of access to permanence and mobility within the labour market as per the

occupations which are considered to be suitable for women, the gender division of tasks with regard to domestic and family responsibilities, and their strong links with the community, women account for the majority of home-based workers.

Likewise, when compared with the usual jobs in the industrial sector, home-based work may be considered to be of low quality. It is not only a precarious occupation, but frequently offers no protection under labour legislation and few possibilities of training and advancement. Home work is part of an extremely heterogeneous context including, at one extreme, enormous, highly concentrated companies that operate at the world level, in terms of both supply and demand and, at the other, relatively vulnerable and unprotected forms of occupation (Carnoy et al., 1997).

#### **4.7 Nepal's Experience**

Home-based work is not a new phenomenon in Nepal. It existed in craft- based community of family units from long history. Due to the structure and nature of the society, there are large numbers of home-based workers in Nepal. Nepal is rich in its cultural diversity. Many tribes and ethnic communities' have been using their inherent and significant cultural and traditional skills to make their earning. For example, sarki (a cobbler), kami (a blacksmith), damai (rural based tailors), sunar, (metal works), pahari (bamboo workers) etc.

In Nepal, home-based work is confined to agriculture as well as non- agricultural sectors. One of the largest non-agricultural sectors which absorbs large segment of home-based works are: Tailoring, knitting and weaving followed by production of edible foods and products. Home-based works are also found engrossed in handicrafts, bead work, ornamental wares, metal works, pottery/ceramics, handmade paper works, wood sandstone carving, bamboo works, traditional paintings, leather laundry. These production hierarchies of this trait are usually and very closely confined to family bases. The skill is usually transferred from family to family and thus the tradition has still been kept alive. In compliance to the concurrent demand the home-based work also have begun forging into non-traditional sector as well as fashion designing, labeling, packaging, organic farming, floriculture, apiculture, interior decorations, landscaping etc. In the Nepalese context, all these skillful producers basically work at home, fulfilling their household and traditional needs, and thereby making a living. Thus home-based work is an ever growing sector and needs to be looked upon as an engine of economic growth.

As in other developing countries, Nepal too has a large number of people working at their homes. Traditional skills, local sources and informal sector of these home workers contribute largely to the development of the country. But the contributions of these workers have not been mentioned anywhere. In a sense they have been invisible and unheard of to the responsible organizations and industries.

It is surprising to note that in spite of large proportion of informal workers in the economy, the government till date has not been able to incorporate the home based workers in any of government documents. The government appears to have failed to reach out to these illiterate, ignorant and marginalized communities with its development activities and tools which are largely insufficient and highly urban centered. Regarding the non-agricultural informal sector, the two national Labour Force Surveys has covered informal sector in broad. But the operational definition of both of the labour force surveys do not cover home-based workers as a category of labour, although the methodology of surveys has covered different types of work as home-based work in both of the labour force surveys.

The issue of home-based work and workers in informal sector in Nepal has been surfaced, and a recognition of their existence made, only after the Kathmandu Declaration. The Kathmandu Declaration was enunciated with an intrinsic objective of bringing 177 Convention into motion. Thus it is considered to be one of the most significant instruments to foster and facilitate the welfare and development of home-based work.

However, before Kathmandu declaration, so far, a study titled "Surfacing the Ignored Ones: A Study of Home-based Women Workers in the Informal Sector of Nepal" was conducted by BISCONS in 1999. The study estimated the presence of about 30,000 women home-based workers in Nepal within the strict definition of ILO, which excluded self-employed category of home-based workers. It estimated an amount of Rs.40 million being disbursed per month in 13 different kinds of wage work classified as industrial items, art and gift items which were available for women home-based workers. The study concluded that women home-based workers in Nepal are characterized by the lack of a number of elements of social justice such as strength to demand fair wages, opportunity to organize for skill development, and social security (BISCONS, 1999).

Around the same time, an institutional mapping was also commissioned by UNIFEM. Mapping was done of 71 institutions, mostly NGO and few private institutes, which were located within the Kathmandu valley. These institutions were involved in, amongst others, activities related to training, marketing, micro credit, providing work to home-based workers and others in the informal sector (Thapa, ...) .

The overview and findings of both of these mappings were presented at the Regional Meeting on Women Workers in the Informal Sector in south Asia in Kathmandu in 2000. These are probably the most extensive research work on home-based workers of its kind in Nepal.

ILO 177 was promulgated in 1996 and it has been proposed ratification in South Asian Nations including Nepal. The South Asian Regional Meeting on Women Workers in the informal sector which was conducted in Nepal has deliberated on the issues to bring home-based workers into national economic mainstream in accordance with ILO Convention 177.

The Kathmandu Declaration recommended the structuring of a network at the regional level to work as an agency. Thus the Home Net South Asia (HNSA) was formed. The responsibility delegated to HNSA was to:

- Create and strengthen the South Asia Network of home-based workers and their organizations.
- Make home-based work and their issues visible
- Advocate the national policies for home-based workers in each country.
- Strengthen the grassroots and particularly the membership based organizations of home-based worker in each country.

Accordingly, respective Home Nets were formed in India, Pakistan, Bangladesh, Sri Lanka and Nepal. The functions to be performed by the Home Nets were to

- Formation of advocacy groups comprising all stakeholders
- Formation of a network
- Research for data base creation
- Inclusion of home-based workers in national policies and program
- Implementation and follow-up of review of home-based work

- Experience sharing across the region.

Right after the enunciation of the Kathmandu Declaration, an advocacy group comprising of all the stakeholders was formed. It operated as an advocacy group in the initial phase. This advocacy group was later on renamed as Home Net Nepal and registered in 2001 under the Societies Registration Act. This was probably the first document which provided legitimacy to home-based work and home-based workers. It resolved that available evidence suggests that home-based work is an important source of employment especially for economically disadvantaged women.

Home Net Nepal has managed to accomplish the initial commitments and challenges. The initial period was mostly concentrated in providing visibility and voices to the home-based workers. Home Net Nepal use organizing and networking as effective tools to attain these goals. From a small contingent of 25 now it has total membership strength of approximately 25,000 members who are represented from over 35 districts of the country are mostly involved in 14 broad sectors.

Home Net Nepal had undertaken the project on mapping and organizing of home-based workers in Nepal in 2004, under the support and assistance of UNIFEM and HNSA. This covered a sample size 1000 respondents in 20 districts. Second mapping project was simultaneously undertaken in 2005, whereby 10 additional districts were covered.

Home Net Nepal after having undertaken the mapping project, has been equipped with primary sources of information regarding 'need-identification', category and pattern and trend of home-based workers in the sample districts, volume and trend of their activities, prevalent environment, social security conditions, existing status of the home-based workers and their strength and weakness.

A greater understanding of the size and scope of home-based workers in Nepal has been achieved by the mapping reports of Home Net Nepal and UNIFEM. The mapping reports have highlighted not just the large number of organizations of home-based workers in the country but also use case studies and individual interviews to show the diversity of home-based work and the issues facing home-based workers. Mapping has also proved to be an excellent organizing and

advocacy tool. This paved the course of action for the concerned organizations including Home Net Nepal.

Along with Home Net Nepal, during the 2000s, various trade unions, grassroots organizations, and non-governmental organizations working with home-based workers began to establish linkages in Nepal. These organizations came together to form a network of women home-based workers in the informal economy. Remarkable of them are: GEFONT, NTUC, Home-based Workers Concern Society, SABAH etc. The movements of these organizations are discussed in the following unit of this chapter. However, the issues of home-based workers are still need to be introduced among the concerned stakeholders and government officials.

#### **4.7.1 Size of Home-based Work**

Conjectural estimate reveal that the size of home-based workers in Nepal is estimated to be around 2.2 million.(Kathmandu Declaration, 2000). It was estimated that the size of the home-based workers in the world is around 100 million (UNIFEM's six month report (2007) on the Regional Home based Workers Programme) and in South Asia alone there are over 50 million home-based workers. Noting this figure, it is estimated that around 80% are women, who carry out remunerative production and services in their own homes and include own account or self-employed workers as well as those who do work for contractors or employers at the piece-rates. 51% of the women home-based workers are under 30 years of age. A comprehensive data base of home-based workers has been established in Nepal. A detail fact sheet of about 935 home based workers and about 135 institutions working with home-based workers are in the data base. Information incorporated in the data base has been collected mostly from the primary sources (UNIFEM and HNN, 2004).

The NLFS 2008 estimates that more than 11 million persons aged 15 years and above are employed in the informal sector, the share of which to the total employment comes around 96.2%. The survey also shows that of this total informally employed population, more than 76% are engaged in the agricultural sector, whereas about 24% are employed in non-agricultural informal sector. Home-based workers with a total representation of over 2.2 million does occupy a very significant role in the national economy. The proportion of this sector is very high in urban areas. As reported by National Labor Academy, home-based workers alone count about

more than 3,20,000 in Kathmandu valley merely in 10 sectors whereas 2, 00, 000 alone with in Kathmandu Metropolitan City (NLA, 2008).

However regarding the holistic statistics of home-based workers, there is a complete absence. One of the challenges therefore would be to bring a holistic statistics of home-based workers in Nepal.

#### **4.7.2 Situation and Problems of Home-based Workers in Nepal**

In spite of their potentials to booster the national economy if they are properly harnessed, home-based workers still remain vulnerable and are being subjected to various forms of exploitation both social and economic.

- They are exposed to various forms of social exploitation largely because they fall within the segment of 'informal community and thus remain 'invisible' and 'unrecognized' in the society and by the society.
- They are not covered by the national social security net, and thus they remain emancipated from the national social security package which is being delivered to the workers in the formal sector.
- Home-based workers, most of the time is being looked upon as a supplementary source of employment and thus is not considered to be a permanent source of earning in the domestic household (with certain exception).
- Irregularity of market arrival of the products being produced by the home-based workers leads to failure to gain confidence to market them by the professional traders and business communities.
- Lack of professional skill leads to production of products lacking quality control and thus the products are usually rejected from the market or by employer in case of piece rate workers.
- Being in the informal sector they remain 'unorganized' and their products lack specific trademark/ patenting/branding and thus fail to attract the market.
- Being unorganized they are widely distributed and their voice remain unheard and even when resounded they remain muffled.
- They are not protected legally by any official and legal labour acts, regulations and laws.

- They are economically exploited by the 'intermediary' to sell their products at a low price which in turn they sell it to the buyers at high price.

## **4.8 Home-based Workers are Getting Organized in Nepal**

In this unit of the chapter, efforts being taken by organizations like trade unions, or organizations associated with home-based works to fight jointly against every kind of abuses, social oppression and discrimination to make decent and prosperous life for them is discussed.

### **4.8.1 Organising Home-based Workers: a Challenge**

Informal economy is growing in Nepal especially due to the fact the formal sector is either stagnant or deteriorating by recent political change. There are many sectors growing in urban areas including home based activities. Not recognized by the state, home -based workers are a fast growing part of the work force in Nepal. A large section of women workers in Nepal work from their home producing for some big export items like woolen carpets, garments, embroidery and handicrafts and increasingly they are becoming linked to the global economy. Although their products are appreciated, the workers themselves remain invisible, unprotected and poor. Home-based women workers are highly abused, deprived from rights and facing extreme social oppression. They have long working hours, meager pay. The workers have poor bargaining power due to the lack of organization or unionisation.

Home based workers lack worker rights, in large part, from the absence of a clear or ongoing employment relationship and failure by government, business and others to recognize the home based workers as 'workers'. The absence of a clear employer-employee relationship, non-existence of a common work place as in the organized sector, high incidence of under employment, multiple employers, absence of protective laws etc. form the major hurdles in organizing women workers.

Home-based workers work in isolation. In some instances, the women themselves and their work are often hidden within long production chains. Many are so busy surviving that finding the time to devote to an organization is hard. They are also weighed down by the double burden of income generating work and unpaid care work.

Organizing women workers in the in the informal economy is not easy, as attested many times by trade unions, worker co-operatives and other associated organizations. The challenges faced in organizing home-based women workers are deeper and more complex. However, workers themselves are now becoming more aware, organizing themselves, asking for better policies, and reaching directly into markets as organizations are campaigning to make aware home-based workers that they should get organized for recognition as worker, for elimination of labour exploitation, for ensuring social protection, for mainstreaming concerns of home-based workers s into the national development.

Building genuine and effective representation is a challenge for any organization, as it is for the organizations of women home-based workers. The key underlying challenge of an organization of the home-based women worker is to be able to recruit and retain members, build, maintain and sustain the organization.

One of the most powerful barriers to organizing is that of fear. Women have been brought up in fear of their men, their employers, and their communities. They live in constant fear of losing their livelihoods, of losing their children to illness and of being thrown out of their houses if gone against male opinions. Women have also grown up in a world in which they are constantly cheated by others and they are, therefore, distrustful of the motives of organizations which claim that they wish to help them.

#### **4.8.2 Efforts Being Done**

It has been a long road from Kathmandu in 2000 where the historic Kathmandu Declaration was signed to The National Home-based workers Policy Conference, and addressed in New Delhi in January 2007. Visibility and voice to the home-based workers and the emergence of a regional movement have been the hallmarks of this journey. The first key achievement is the formation of Home Net South Asia. Today, Home Net South Asia has emerged as a dynamic and vibrant network of 600 organizations representing over 3,00,000 home based workers from five countries in South Asia- Bangladesh, India, Nepal, Pakistan and Sri Lanka (UNIFEM and SEWA, 2007). Home Net South Asia has forged several partnerships with international and regional agencies in its advocacy efforts with WIEGO to highlight the needs of urban informal sector workers.

At present, the networks of home-based workers have been formed at the country level in many countries. Nepal has registered its network, formulated its constitution and formed sub-committees of home-based workers to guide them through their work. In addition, small producers basically related to craft production are also in existence like Fair Trade Group. On an international level, mentionable is Home Net Nepal, its sister organization SABAH closely associated with Home Net South East Asia, Home Net South Asia and WIEGO, Home-based Workers Concern Society associated with Homeworkers Worldwide. These organizations have close links with informal sector workers through Trade Union Confederations of Nepal, particularly with GEFONT.

Almost all country networks have built contacts with key government departments, ministry of labour, small cottage industry, ministry of finance etc. Several linkages with trade unions-national and international- have been forged. Home Net Nepal works closely with GEFONT. Some major trade unions, GEFONT, NTUC, HNN, HBW Concern Society, SABAH, WEAN, Kumbheswar Technical School, FTG Groups have already begun their organizing activities with a view to develop stronger unions and membership base in home-based work. These organizations have given an opportunity for the home-based workers to understand how far the organization is necessary and what sort of activities are necessary to keep up the group active in organizing themselves. Trade fairs, exhibitions and crafts mela have been organized by these organizations. These programmes have facilitated home-based workers, specially own account workers, to access markets and establish linkages with international and national associations that promote fair trade practices.

These networking have greatly assisted in providing financial resources and access to markets. An effective micro finance network of women is providing access to external information, services and resources, sustained motivation, mutual sharing and learning and encouragement from women's leadership. The movement of home-based workers' organizations in Nepal are discussed in brief below.

### ***Trade Union Initiatives***

Nepal's national trade union bodies GEFONT, the Nepal Trade Union Congress (NTUC) and their affiliated federations have been addressing the social protection issues. Trade union like

GEFONT is continuously raising voice for compensation of accident and for medical expenses to recover health from the occupational hazards, sickness and diseases for informal workers. GEFONT affiliated Nepal Home-based Workers Union NEHWU has started to provide some money as a maternity expenses to its members, in case of scissoring birth case.

It seems that no specific governmental measures have been taken to address the need of maternity protection of women workers in the informal economy. At the community level, organizations like GEFONT, have initiated some measures to address the maternity care need of their women workers in the formal and informal economy. However these initiatives are still at a preliminary stage. They require a lot of support to make them fully operational. The health micro-insurance schemes are focused on the community as a whole rather than workers in the informal economy.

In relation to maternity protection services, it is imperative to look at the situation in the labour market, and the country's existing labour laws in which women workers are supposed to get adequate protection, especially during the maternity period. As reported in the status of Labour Act enforcement in Nepal, concerning the basic health care provision, only 50% of enterprises have the provision of sick leave, and only 33% of enterprises have the facility for maternity leave for 45 days (GEFONT, 2001)

A study conducted by GEFONT revealed that many enterprises have parts of the labour laws even in those areas where trade unions are very active, such as Kathmandu valley. According to the same study, the type of enterprises defying basic labour rights are carpet industries (52%), followed by manufacturing industries (30%). It is important to note that the majority of workers in carpet industries are women (GEFONT, 2001).

Although not adequate in terms of coverage, some maternity protection efforts that have been put in place by health institutions at the community level is an initiative one. It can be built upon for replication for a larger section of the population in the future. However, very limited steps have been taken in targeting the women workers in the informal economy.

From the very beginning, GEFONT has been working in informal sector considering the overwhelming majority of workers involved in informal employment. GEFONT has started the

task of organizing since 1990 but scattered under various federation. Later it tried to organize separately since 2005. First national gathering of HBW was organized in April, 2007. Nepal Home-based Trade Union NEHTU as National trade union federation was formed in under trade union act. Nepal Home-based Workers Union (NEHWU) is one of the youngest GEFONT affiliates registered as 165<sup>th</sup> federation in the country. This Federation has more than 1030 members engaged for weaving socks, sweaters, spinning wools, cotton, embroidering, making insane, candles, pickles etc. The nature of this federation is mainly women dominated and self-employed.

After establishment of union, a charter of demand is submitted in Ministry of labour. The main demands put are recognition of home-based worker as worker, coverage in social protection system, coverage by law and legal protection. The way forward and next steps the union is to take include: effort for finalization of policy on home-based work, organizing to the maximum possible extent, right base and skill trainings, registration in local bodies (VDCs and MNCPs) as informal economy workers, effort for coverage under social protection measures, motivation for own schemes of social protection (e.g. by developing micro co-operatives) awareness creation on ratification of ILO convention 177.

GEFONT's this youngest affiliates- NEHWU organized first National Conference of Nepal Home-based Workers Union in March, 2010 with slogan "Social Justice and Decent Work-Campaigns of Home-based Workers." Conference has adopted various important resolutions of public concern issues.

The Occupational Safety and Health (OSH) programmes run by Nepal's trade unions, and supported by the ILO, stands out as an important initiative towards developing effective social protection mechanisms for workers in the formal and informal economy. In addition, the non-formal and formal educational support provided by trade unions to the working community, in co-operation with international agencies like the ILO, Friedrich-Ebert-Stiftung (FES) or the Global Union Federations, can also be considered as indirect forms of social protection. The Trade Union Committee for Gender Equality and Promotion (TUC-GEP), a coordinating body comprising representatives from of Nepal's three trade union confederations, has played a vital role in addressing policy issues relating to social protection and gender equality at work.

### ***Home Net Nepal***

Established in 2001 and registered in 2002, Home Net Nepal is a network of home-based workers organizations with 51 Membership based organizations (MBOs) out of 147 organizations. It is now spread from east to west and north to south of the country consisting as many as 22 thousand home-based workers (of which 75% are women) from 51 Membership based organizations of different categories. Home Net Nepal being a national level apolitical, social organization has to play two different roles: first is to act as an autonomous national level organization and second is to operate as a Country Chapter of Home Net South Asia (HNSA) in Nepal.

Home Net Nepal is a consortium of NGOs, INGOs, research and training institutions, trade unions, donors, home-based beneficiary's group, promoters, private entrepreneurs, and home-based workers. Currently Home Net Nepal has a total of 16000 home-based workers, 48 NGOs, 34 MBOs, 14 cooperatives, 4 federations, and 9 institutional members.

### ***Home-based Workers Concern Society***

Home-based Workers Concern Society is associated with Homeworkers Worldwide. This organization has close links with informal sector workers through Trade Union Confederations of Nepal, particularly with GEFONT. This organization is effectively working at the grassroot level.

### ***Employers' Organizations***

Employers' organizations at the national level in Nepal are the Federation of Nepalese Chamber of Commerce and Industries (FNCCI) and the Federation of Nepalese Cottage and Small industries (FNCSI), which lobby for the interests of private formal establishments. However, some enterprises of informal character are also covered and represented by FNCSI.

Federation of Handicraft Associations of Nepal is a service oriented non-profit organization of private sector business and artisan community. It helps its members to improve their productivity, explore markets and introduce them to the international arena. It also works as liaison between its members and the Government and Non-Government Organizations.

### ***FTG Groups***

As defined by IFAT in 2002, fair trade is a trading partnership based on dialogue transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers. Fair Trade Group Nepal (FTG Nepal) is a forum of craft based organizations committed to World Fair Trade Organization (WFTO). FTG Nepal is a consortium of Fair Trade organizations working with the aim to uplift socio-economic status of underprivileged and marginalized producers of Nepal. It was informally established in 1993, was formally registered as an NGO in 1996 and in 1997 the FTG Nepal secretariat was established. Fair Trade Group Nepal is a member of World Fair Trade Organization, country coordinator of WFTO in-country members in Nepal, and founder member of WFTO-Asia. FTG Nepal aims to develop constructive collaboration among the Fair Trade organizations to influence policy makers to adopt Fair Trade friendly policies and to promote Fair Trade practices in Nepal.

Of the total 16 FTG in Nepal, 4 organizations are listed here which are established to support small scale and home based artisans and craft producers.

### ***Sana Hastakala***

Sana Hastakala was established with the financial and technical support from the UNICEF with the objective to meet the marketing requirements of handicraft producers who are mainly women and operating in a very small scale, usually from their homes. It is a nonprofit sharing organization established mainly to support the small scale and home based artisans and craft producers of Nepal who are mainly women and economically disadvantaged. It is registered with Nepal Government as NGO.

Sana Hastakala is the founder member of Fair Trade Group Nepal. As a member of WFTO and FTG Nepal, Sana Hastakala adheres to the fair trade code of practice set by WFTO. Sana Hastakala is an organization dedicated of fostering the resurgence of traditional craft skill as well as the application of modern techniques to generate income for neglected and underprivileged craft producers. The lovely crafts item are displayed in its sales outlet which in itself is a work of art. Sana Hastakala, a fair trade organization, which provides business development and

community development programs to under privileged groups, micro and small producers with the aim of uplifting of their social economic condition.

### ***Association for Craft Producers***

Association for Craft Producers (ACP) is a non-profit Fair Trade organization providing a full cycle of services-design, technical, management and marketing-to low income craft producers, primarily women, which result in regular adequate wages to supplement family income and improve the overall standard of living.

ACP provides services to more than 1200 handicraft producers (90% women) from 15 districts all over Nepal of 22 skill categories and employs 60 full time staff. ACP has introduced various benefits for the economic and social development of its producers for example, girl child education allowance, clothing allowance, paid maternity leave, for 90 days, paternity leave for 15 days, emergency allowance, health camps for preventive and curative measures, informal education on pertinent matters like health, education, social issues etc.

### ***Kumbheshwar Technical School***

Kumbheshwar Technical School (KTS), established in 1983, is a non-profit making non-governmental organization established to support socially and economically deprived people, specially for the low caste 'Pode' community. Kumbheshwar Technical School is an educational and vocational training institute catering to the needs of the low income families throughout the country.

KTS runs a free primary and nursery school and shelter for homeless children. It provides vocational training opportunities with allowance to socially and economically disadvantaged young people in hand knitting, carpet weaving and furniture making. It provides vocational training for women and young men in carpet weaving, hand knitting and carpentry.

### ***Mahaguthi***

Mahaguthi Craft With a Conscience is a Fair Trade non- profit organization working since 1984. It aims at economic empowerment of people via fair trade. It works with small producers and artisans and provides various services in order to produce, process and market various handicraft

products. It has been exporting to many fair trade organizations around the world and participating in fair trade campaigns. It is the founder member of Fair Trade Group Nepal, member of Asia Fair Trade Forum and International Fair Trade Association (IFAT)

Mahaguth Craft With a Conscience is a fair trade organization which produces, markets and exports Nepalese crafts. Adhering to the fair trade values and principles, Mahaguthi provides technical, social and financial services to underprivileged target groups, especially women, and sell their handicraft to domestic and international markets.

### ***WEAN***

Women Entrepreneurs Association of Nepal (WEAN) was established in 1987 as an autonomous, voluntary and nonprofit organization by a group of few prominent Nepalese women entrepreneurs who shared a common vision of helping other women to set up new business enterprises and grow in their established business.

Through the years, WEAN has broadened its vision to that of achieving full participation of women in nation building through entrepreneurship development. It intends to achieve this vision by advocating for policy changes that promote Women entrepreneurship and by designing and undertaking result-oriented and sustainable programmes for existing and potential women Entrepreneurs. In short, WEAN's mission is economic empowerment of women through Entrepreneurship Development. The Target Group of WEAN are: Women entrepreneurs, potential women entrepreneurs, low income level women.

### ***SABAH Nepal***

In line with, the Self-Employed Women's Association (SEWA), India and HomeNet South Asia (HNSA) have been assigned a project by the SDF to carry out the mission of women's empowerment in the region, by targeting poor and marginalized home based women workers from the informal sector of all SAARC member states except India. As one of the first outcomes of implementing this initiative, the home based workers expressed a need to create a business organization, hence the birth of the SAARC Business Association of Home-based Workers (SABAH).

SABAH focuses on strengthening the livelihood opportunities of the home-based workers, especially the women, living in the SAARC region, primarily through awareness and exposure development. SABAH-Nepal is working to bring these women to the forefront as, according to it, their immense contribution to Nepali economy has gone unseen and unrecognised.

A leading self- sustained social business organization, owned and managed by the women home-based workers, SABAH committed to the creation and strengthening of self- sustaining livelihood through effective organizing, capacity building and economic empowerment. SABAH Nepal provides three core services namely capacity building, production facilities and marketing services by building grassroots system maximizing home-based workers' motivation, productivity and the quality of their work.

### ***The Himalayan Natural Fiber Foundation***

The Himalayan Natural Fiber Foundation (HNFF) is non-profit organization, affiliated to the Social Welfare Council, established in 2063B.S. HNFF was founded by a group of indigenous people from Sankhuwasabha and Solukhumbu *Allo*, a natural fiber-producing districts of Eastern Nepal.

The mission of HNFF is to make one of the major high quality natural fiber products suppliers, so that indigenous disadvantaged and marginalized people from remote fiber producing districts can benefit economically, culturally and environmentally. HNFF strives to achieve the highest standards of governance, accountability to stakeholders, representation of the natural fiber sector and services to fiber-producing communities in the Himalayan region.

#### **4.8.3 What Needs to be Done**

However, still much has to be done for enrolling membership and strengthening home-based workers' capacity to bargain with the employers. Social security is a crucial need for all home based workers. But home-based workers have little or no legal and social protection, poor working conditions, minimal or no workers benefits. A large proportion of home-based workers are women and thus child-oriented needs become increasingly important.

Many different interpretations and definitions of the term 'social protection' exist. However, the term social protection is usually used to describe the way arrangements are made for those people and communities who encounter adverse contingencies.

To talk at national level, at present, an ever-increasing need for health care services has started to be addressed by community-based, non-statutory, health micro-insurance schemes and community-based health financing initiatives. But these are not only new initiatives but also small in terms of scope, coverage and the contribution capacity of vast majority of home-based workers.

The ideas of organizing this activity are for developing the capacity of workers and raise their collective voice for better working conditions. The organizations are making effort to highlight importance of informal economy and its importance in terms of organizing workers and develop strategies, activities and methods for organizing home-based workers in Nepal .The following are some of the strategies of the above mentioned organizations for the benefit of home-based workers.

- Enhance and increase their professional skills. This calls for development of trade schools, technical centers, training organizations etc. which caters delivery of professional skills to them.
- By maintaining social identity of the home-based workers and providing them with 'visibility', to bring them into national mainstream
- Access to resources: Provision has to be developed to provide them with an easy access to credit.
- To provide with basic 'social protection'
- To develop national plan of action and bring it into motion.
- To be regulated by the National labour and employment policy of the government.
- Provide them with adequate market for their product
- To empower them socially and economically
- Assure them safe and sustainable livelihood.
- To train them with methods of organizing home-based workers in Nepal

- To conclude, despite the international recognition of the phenomenon, a serious attempt at understanding the dynamics of the home-based workers is yet to be instituted in Nepal.

ILO has recognized that home-based workers, like any section of the workforce, are entitled to minimum standards laid down by international law. However, Nepal cannot conceivably contemplate ratification of the convention at this point, but it should definitely consider the socio-economic implications of the home-based work and the women workers in this informal sector in the national context. They need to be recognized. Their visibility is it that can make their participation in economic activities and their contribution in the national economy recognized. This huge but invisible workforce has not yet been recognized in Nepal.

## **CHAPTER 5**

### **WORKING IN INFORMAL SECTOR: A GENDER PERSPECTIVE**

#### **5.1 Background**

The conditions under which women work, and women's access to employment and productive resources, can differ considerably from those of men. In every country in the world, under every economic system, women face constraints in the realm of paid work, be it formal or informal, simply because they are women. Their access to highly paid job is typically less than that of men. They face greater social demands on their time than men do (notably to carry out unpaid care work), and they face greater social constraints on their physical mobility than men, so giving them less opportunity to work in highly paid formal jobs. To fully understand the status of women's employment in informal sector, in this chapter, an integration of analysis of gender with other relationships and other sources of disadvantage is explored. Estimates of size and composition of women workers in informal work worldwide as provided by ILO is examined here. In the context of Nepal, data provided by two labour force surveys conducted by Central Bureau of Nepal is used to examine the existing situation of women in informal sector in Nepal.

As observed in the Beijing Platform for Action, almost everywhere, women are now working more outside the home, but there has not been a parallel lightening of their responsibility for unremunerated work in the household and community. For women in paid work, obstacles remain that hinder them from achieving their potential, and women are poorly represented in economic decision-making, as well as in certain occupations and sectors. Unemployment and underemployment are serious problems in many countries, especially for women. Where formal employment opportunities are not accessible, women often seek livelihoods for themselves and their dependents in the informal sector, some becoming self-employed or owners of small-scale enterprise (Beizing Platform, 1995).

Women who are not engaged in farming are found as own-account workers, as street vendors, independent home-based workers, industrial outworkers, contributing family workers in non-agricultural family business or domestic workers in the homes of others. Many women are also engaged in waste collecting or small-scale mining and construction, or as employers in small

scale enterprises. Although these jobs are very different in the activities performed, modes of operations and earnings are part of informal operations. It is necessary to understand why women are over-represented in the informal sector and why women are concentrated in certain segments within the informal sector.

There is an overlap between working in the informal economy and being marginalized. A higher percentage of people working in the informal sector, relative to the formal sector, are poor. This overlap is even greater for women than for men. Informal workers typically lack the social protection afforded to formal paid workers and they work under irregular and casual contracts. The majority of women in the informal sector are own account traders and producers or casual and subcontract workers, relatively few are employers who hire paid worker. (Unni and Rani, 2003).

The gender gap in income/wages appears higher in the informal sector than in the formal sector and exists even when women are not wage workers. The relatively large gender gap in income/wages in the informal sector is largely due to two interrelated factors: One is, informal incomes worldwide tend to decline as one moves across the types of employment: employer, self-employed, casual wage worker, sub-contract worker. The other is, women worldwide are under-represented in high income activities and over-represented in low income activities, notably, subcontract work (UNIFEM, 2005).

At the other place, for a revolutionary transformation to take place, working women have to be well organized, not only as workers. But also as women focusing on the root causes of their oppression as women. Organised working women would need to challenge the patriarchal practices and power-dynamics of the organizational movement itself. Once women workers are better organised as women, they should take possible strategies for benefit of women informal workers.

## **5.2 The Female Informal Workforce Worldwide**

In general, labour force surveys and establishment surveys capture the more formal types of economic activity better than the non-formal types of economic activity. The production of goods and services for household consumption is done by women more than by men. Although

included in the United Nations System of National Accounts (SNA), work of this nature is often under recorded. Women also perform most of the unremunerated domestic and income-generating work that are not part of the SNA. A significant part of the activities performed by women in the informal sector of the economy tend to be underreported in official statistics.

Those who have worked closely with women in the informal sector, argue that the informal sector is even larger than official statistics suggest. The argument is based on the fact that much of women's paid work, not just their unpaid housework, is not counted in official statistics. If the magnitude of women's invisible paid work, particularly home-based remunerative work, were to be fully counted, both the share of women and the share of informal workers in the work force would increase.

Recognizing and, more importantly, counting women's invisible remunerative work would challenge the empirical understanding not only of the informal sector but also of the economy as a whole. Estimates of the size, contribution, and composition of the informal sector vary widely, according to what size of enterprises are included, whether agriculture is included, and how much of women's informal work is included (Unni and Rani, 2003).

International Labour Organization has prepared the statistics on the size, composition, and contribution of the informal economy in developed and developing countries. It is stated by ILO that the task was an extremely difficult exercise since very few countries have undertaken regular surveys on the informal sector. Secondly, few countries have prepared estimates of the contribution on the informal sector to GDP.

### **5.2.1 Developing Countries**

As estimated by ILO, in all regions of the developing world informal employment (outside of agriculture) represents nearly half or more of total non-agricultural employment. It ranges from 48% in North Africa, to 51% in Latin America, 65% in Asia and 72% in Sub-Saharan Africa. If data were available for Southern Asian countries, other than India, the regional average for Asia would probably be still higher. Informal activities in agriculture were not included in the estimates of employment in the informal economy reported by ILO. Since agricultural activities are an important source of employment, especially for women, their exclusion reduces the

overall estimate of the size of the informal economy. In most countries outside of North Africa for which data are available, the proportions of women workers in informal employment (outside of agriculture) is larger than for men (ILO, 2002).

Informal employment, as estimated by the ILO is comprised of both self and wage employment. In all regions, mentioned above, self-employment is a larger share of non-agricultural informal employment than wage employment. But in these countries, more than half of women in informal employment are wage workers. Moreover, in all but one of these countries, South Africa, women are more likely to be wage workers than men. Self-employment is more important as a source of employment among women workers than among men workers. In 1990/2000, in every sub-region of the developing world a greater proportion of women than men in non-agricultural employment were self-employed (ILO, 2002).

In the two Sub-Saharan African countries, women are the majority of workers in non-agricultural informal employment, specifically 60% of workers in Kenya and 53% in South Africa. In Mexico women also comprise a large share of workers in non-agricultural informal employment (38%). In India and Tunisia women's share is significant but much smaller (20% and 18% respectively). In Kenya and South Africa, women's share of informal employment outside informal enterprises is especially significant. They comprise 79% of these workers in Kenya and 61% in South Africa. In these two countries, women also represent over 40% of workers in informal enterprises. In Mexico women's share in each of the two components of informal employment is about equal. In India women's share is the same in each of the components; whereas in Tunisia women's share of informal employment outside the informal enterprises (22%) is higher than their share in informal enterprises (15%).

In Africa and Latin America, roughly 50% of women in contrast to about 35% of men are self-employed. However, because many more men than women are in the labour force, men comprise a larger share of self-employed non-agricultural workers than women world-wide: 64% in contrast to 36%. The only exception is Latin America where 51% of self-employed non-agricultural workers are women and 49% are men (ILO, 2002).

With the establishment of the definitions of informal sector and informal employment and the recognition of the importance of informal employment, an increasing number of countries are

now collecting data on informal employment and informal sector directly through household surveys. Not many countries have fully analysed their data, but data for seven countries, Brazil, Ecuador, India, Mali, Republic of Moldova, South Africa, and Turkey in different regions are shown to illustrate the importance of informal employment not just in the informal sector but also outside of it.

The proportion of women's non-agricultural employment that is informal in the above mentioned seven countries ranges from a low of 18% in the Republic of Moldova to a high of 89% in Mali. In most of the countries, informal employment comprises more than half of women's non-agricultural employment. Further, in all of them except the Republic of Moldova informal employment is a greater source of employment for women than for men (ILO, 2002).

### **5.2.2 Developed Countries**

It is now recognized that an increasing share of the workforce in developed countries works under non-standard arrangements, including part time and temporary work and self-employment. As with informal employment in developing countries, many of these non-standard arrangements offer limited worker benefits and social protection.

At present, on the basis of available data on certain categories- notably, part-time work, temporary work, and self-employment can be compared cross nationally, as presented below.

The main occupations of part-time workers are service and sales, clerical and low-skilled labour. Women part-time workers are concentrated in service and sales (33% of women's total part-time employment and 12% for men) and clerical work (25% for women and 12% for men). Men in part-time work are usually employed as low-skilled labourers (26% of men's total part-time employment and 23% of women's (ILO, 2002).

Temporary employment encompasses all short of term employment arrangements, whether through an intermediary (e.g. a temp agency) or by direct hire for a fixed term. More so than part-time work it is associated with few (if any) benefits. In many countries of the European Union the majority of workers in temporary employment are women. In nine of the fifteen European Union countries, women account for about half or more of temporary employment. In six of these, women comprised a solid majority: Sweden (59%), Ireland (58%), Belgium (57%),

United Kingdom (55%), Netherlands (54%), and Denmark (52%). The countries of the European Union with the lowest shares are: Spain (38%), Austria (43%), Greece (44%) and Germany (45%).

For the United States, temporary workers (temporary agency, contract, on-call/day labourer, part-time, and full-time workers) were about 4.1% of all employed in 1999. In Japan temporary employment (temporary, day labourers, and some temporary agency workers) was about 12% of all employed 1997 and the majority of these workers were women (66%). (ILO, 2002)

Self-employment is the third major category of non-standard work in developed countries. Women comprised one out of every three self-employed workers for OECD countries overall in 1997 and this proportion is growing. From 1990 to 1997 annual average growth rates of female self-employment surpassed those of men in 10 out of 18 countries where data are available. To some extent, this mirrors the increase in the proportion of women in total employment as a whole; however the growth rate of women in self-employment outpaced that of women in total employment in the 1980s, then stabilized in the 1990s (ILO, 2002).

In many African countries, almost all women in the informal sector are either self-employed or contributing family workers. In many countries in Latin America and Asia, although the majority of workers are self-employed or contributing family members, at least 20% of women in the informal sector are casual wage workers. In this way the composition of the female informal workforce varies somewhat across regions.

Women are thus over-represented in the informal sector worldwide. This basic fact has several dimensions. Firstly, the informal sector is the primary source of employment for women in most developing countries. Existing data suggest that the majority of economically active women in developing countries are engaged in the informal sector. Secondly, the informal sector is a larger source of employment for women than for men. Thirdly, women's share of the total informal workforce outside of agriculture is higher than men's share.

Compared to the male informal workforce, women in the informal sector are more likely to be own account workers and subcontract workers and are less likely to be owner operators or paid employees of informal enterprises. These gender-based differences in employment status within

the informal sector have implications for relative economic and non-economic factors, as will be discussed in following units of this chapter.

Here are some facts pointed out about women in the Informal Sector as a conclusion of this unit.

- Women are over-represented in the informal sector worldwide.
- The informal sector is the primary source of employment for women in most developing countries.
- The majority of economically active women in developing countries are engaged in the informal sector. In some countries in Sub-Saharan Africa, virtually all of the female non-agricultural labor force is in the informal sector.
- The informal sector accounts for over 95% of women workers outside agriculture in Benin, Chad, and Mali.
- In India and in Indonesia, the informal sector accounts for nine out of every ten women working outside agriculture.
- In ten Latin American and four East Asian countries, for which data are available, half or more the female non-agricultural workforce is in the informal sector.
- The informal sector is a larger source of employment for women than for men (UN 2000). The proportion of women workers in the informal sector exceeds that of men in most countries.
- Women's share of the total informal workforce outside of agriculture is higher than men's share in 9 out of 21 developing countries for which data are available.
- Compared to the male informal workforce, women in the informal sector are more likely to be own account workers and subcontract workers and are less likely to be owner operators or paid employees of informal enterprises.
- Much of women's paid work - not just their unpaid housework - is not counted in official statistics. If the magnitude of women's invisible paid work, particularly home-based remunerative work, were to be fully counted, both the share of women and the share of informal workers in the work force would increase.

## **5.3 Nepal's Experience**

### **5.3.1 Introduction**

The informal economy is informal in the sense that it is not regulated by government under any statute. Since there is very little state control over informal economic activities, the probability of exploitation is very high. Some of the overriding characteristics of the informal economy on the basis of review in Nepal are:

- Low and limited structure and coverage of organization;
- Low levels of fixed investment and labour-capital mix, where the investor him/herself works as self-employed worker and hires additional wage-labour in accordance with the requirements;
- Difficulties in separating business and personal or household or household expenses leading to insecure working capital;
- Range of production from petty commodity to small factories;
- Hierarchy of intermediaries;
- Easy decapitalisation due to the lack of entrepreneurial skills and also because of vulnerability to risks;
- Lack of access to training leading to low productivity (thin profit margins) as informal workers generally lack skills;
- Labour relations based on verbal contracts dominated by casual employment and social relationships as opposed to formal contracts;
- Home-based- family based pattern of production
- The owner assumes all financial and non-financial obligations;
- Lack of capacity to identify, understand, reach, or use specific markets;
- No social protection to workers against contingencies;
- Diverse character of wages and high wage differentials with domination of piece rate wages;
- Lack of innovation because of isolation and lack of research and development;
- Output not fully accounted for in the national accounts;
- Low coverage by trade union movement;
- Increasing number of immigrants in informal economic activities;

- Workers under various kinds of harassment in comparison to the formal sector

Women hold fewer formal jobs in Nepal than males because of various reasons related to education, household work, and family restrictions and hence they are compelled to join more insecure informal work for their living. Women workers in the informal economy in Nepal are most likely to work in low skilled, manual and repetitive jobs at the bottom of the working hierarchy. A lack of education, training opportunities, employment biases and limited mobility due to social responsibility tie women to these lower works. Most women continue to be paid less than men for the same work (ILO, 2004).

Thus, women are double sufferers as they are disadvantaged in all conceivable socio economic situations, and receive biased treatment in informal jobs in the form of wages and working conditions.

Various categories of informal sector women workers in Nepal are as follows:

- Self-employed individual women workers – price earners
- Casual daily wage women workers
- Piece rate wage - workers under sub-contracting
- Attached to male workers -joint wage conditions and unpaid helpers
- Unpaid family workers of self-employed families and family businesses

Low paid wages, long hours of work, no fringe benefits, no incentive earnings and fast increasing home-based character are the major features of working condition in informal sector, which victimize women workers first before than male workers.

### **5.3.2 A Review on Agenda of Women in Nepal's Plan and Policy**

A national action plan was prepared for the development of women in accordance with the declaration of the International Year of the women 1975 A.D. For the development of women, this action plan has specified the areas of education, health, employment, agriculture, cooperatives and legal matters (where women can participate) and stated the basic objectives and policy measures for the development of women.

Keeping in view the importance of women's participation in national development for the first time in the Sixth Plan, policies to increase the participation of women in national development were laid down. Similarly, the Seventh Plan also adopted national level policy and working policy for women development to increase their participation by raising their social and economic status.

In the Eighth Plan, 14 different policies were adopted to make women participate in the main stream of development, to increase their involvement in every sector of development, to improve their social, economic, academic, political and legal status, to provide productive employment opportunities by increasing their efficiency through appropriate knowledge and skills, to create the appropriate environment and infrastructures so that they are provided with the opportunity to play a decisive role from the local to the national level. During the Ninth Plan, for the first time period, emphasis was accorded to women's empowerment. The Ninth Plan has made women as the target for achieving its overall aim of poverty alleviation and human resources development. The primary objective of the Tenth Plan was to create egalitarian society based upon women's rights by improving GDI (the Gender Development Index), and by abolishing all sorts of discriminations against women for the realization of economic growth and poverty eradication goals of the Tenth Plan. The realization of the effectiveness and substantial differences in gender equality and women empowerment were the areas of concern in the Interim Plan, the Three Year Interim Plan. The special feature of this plan which was not done in previous plans was that it had also adopted the process of recognition and monitoring and valuation of women's works and their roles in the entire economy by engendering macro-economic framework and the development process and by making them gender sensitive of women in all sectors of development.

Long term vision set by Three-Year Plan (2009/10 - 2012/13) is to build prosperous, just and gender inclusive and equitable new Nepal by ensuring the fundamental and equal rights of the women. And the objectives as are:

1. To strengthen the role of women in sustainable peace and development process by socially, economically and politically empowering the women of all classes and regions.
2. To eliminate various forms of gender-based violence and discriminations against women.

At the other place, regarding labour act, there are some special rights for women workers incorporated within the Labour Act, 1992 and accompanying labour regulations. Women are legally entitled to equal pay for similar jobs and enjoy a series of gender related privileges, such as maternity leave, feeding intervals during working hours and crèche facilities. In practice, women workers, most of whom are concentrated in the informal economy, do not enjoy such rights. Furthermore, the act covers only those women who are on a permanent pay roll, which is not the case for most women workers. The existing legislation has a similarly limited scope in relation to maternity protection. The Labour Act, 1992, is silent on issues related to pregnancies, cash benefits, dismissals and discrimination in employment relating to maternity protection. Such legislative lacunae could be addressed by the measures in ILO Convention 183 on Maternity Protection which has not been ratified by the government of Nepal. Nepal's currently deteriorating economy, combined with the impact of neoliberal economic policies and the process of globalization have left very few options for the state provision of effective social and health security for informal women workers.

Although efforts are made for the women's political, economic and legal empowerment as seen from plan and policies, and labour act, it is inadequate in terms of coverage and quality standard of women working in informal sector in particular. Plans and policies do not address the problems particularly faced by women in informal sector.

#### **5.4 Size and Distribution of Women in Informal Sector in Nepal**

In many developing countries, informal sector activities account for a significant proportion of total employment and income generation, and Nepal is no exception. The informal economy in Nepal is characterized with a serious lack of consistent definitions and information. So it is difficult to precisely determine its economic magnitude. Among the national surveys, only the Nepal Labour Force Survey 1998/99 (NLFS 1998/99) and Nepal Labour Force Survey 2008 (NLFS 2008) has specifically defined and collected a limited set of information on informal activities and workers, which is extensively used in this chapter.

The NLFSs has closely followed the ILO international standard definition of the informal sector. In these surveys, the informal sector has been defined only in respect of non-agriculture. For operational purposes, in both the surveys, informal sector has been defined as follows: in terms

of current economic status, those currently active have been classified into one of three codes: 'agriculture', 'non-agriculture informal', and 'non-agriculture other sectors'. A person whose main job is not in agriculture has been counted as working in the informal sector if his or her present job satisfies each of the conditions shown in a single row in Box 5.1

**Box 5.1: Basis for Classifying Non-agricultural Sector Jobs as 'Informal' Adopted by Nepal Labour Force Survey 1998/99 and 2008**

| Employment Status   | Institutional Sector                  | Number of employees |
|---|---------------------------------------|---------------------|
| Paid employee   | Private unregistered company or Other | Less than 10        |
| Operating own business with no Employees  | -                                     | -                   |
| Operating own business with regular paid employees or Contributing family member without pay or Other | -                                     | Less than 10        |

Source: *Report on Nepal Labour Force Survey, 1998/99 and Nepal Labour Force Survey, 2008*, Central Bureau of Statistics, National Planning Commission Secretariat, Nepal.

In 2003, the International Conference of Labour Statistics added a new concept to the set of international standards. This was the concept of informal employment. The concept has been discussed in detail in Chapter 2, in review of literature. Whereas the determination of informal sector depends on the characteristics of the enterprise in which a person works, the determination of whether a person is in informal employment or not depends on the characteristics of the person's job.

The NLFS-2 survey includes the measurement of this new concept. The informal employment includes the following:

1. All own account workers without employees
2. All employers in the informal sector.
3. All contributing family workers
4. All employees in informal jobs ( where an informal job is defined as not having paid annual leave or where the employer does not pay social security contributions for the worker).

NLFS-2 adopted the definition of Informal Employment according ILO guidelines concerning a statistical definition of informal employment provided by ILO in International Conference of Labour Statisticians in 2003. The international standards of the measurement of informal

employment were only adopted by the International Conference of Labour Statisticians in 2003. The addition of questions to identify informal employment was a new feature of the 2008 NLFS survey.

According to NLFS, 1998/99 of the 2260 thousand workers in the non-agricultural sector, 1657 thousand (73.3%) have informal jobs. This includes 1052 thousand male and 605 thousand female in the informal non-agricultural sector. The NLFS 2008 has estimated around 2142 thousand people aged 15 and over to be currently employed in the non-agricultural informal sector (70% of total non-agricultural employment) as compared to 1657 thousand in 1998/99 (73% of total non-agricultural employment). This includes 1379 thousand male and 763 thousand female in the informal non-agricultural sector. This shows distribution by sex show that males employed in the non-agricultural informal sector increased by 31.1% and for females by 26.1%. During the previous nine years the currently employed population in the non-agricultural informal sector grew by 29.3%.

As mentioned above, the survey has also measured a new additional topic on informal employment. It is estimated that there were 11332 thousand people (96.2% of the currently employed aged 15 years and above) who were informally employed in all industries. After excluding the agriculture and fishing industries, the number of non-agricultural informally employed persons was 2655 thousand (or 86.4% of total non-agricultural employment). Among male non-agricultural employed, 83.8% were informally employed and among female non-agricultural employed, 91.8% were informally employed (NLFS, 2008).

#### **5.4.1 Occupational Distribution**

Table 5.1 below shows the distribution of informal sector jobs by main occupation separately for males and females, as well as the proportion of total jobs outside the agricultural sector that are in the informal sector.

In 1998/99, occupationally, informal employment is highest in service workers (93.7%) followed by crafts and related trade (89.3%), agriculture (86.3%), and elementary occupations (78.2%). This shows that the majority of the informal workers have low paid and blue-collar jobs. The proportion of female workers having such jobs is even higher (Table 5.1)

**Table 5.1: Persons Aged 15 Years and over Currently Informally Employed in the Non- agricultural Sector by Sex and Occupation of Main Job in 1998/99 (in thousands)**

| Occupation                      | Both sexes      |                |             | Male            |               |             | Female          |            |             |
|---------------------------------|-----------------|----------------|-------------|-----------------|---------------|-------------|-----------------|------------|-------------|
|                                 | Non-Agro sector | In-formal Jobs | % informal  | Non-Agro sector | Informal Jobs | % informal  | Non-Agro sector | Informal   | % informal  |
| <b>Total</b>                    | <b>2262</b>     | <b>1660</b>    | <b>73.4</b> | <b>1563</b>     | <b>1054</b>   | <b>67.4</b> | <b>699</b>      | <b>606</b> | <b>86.7</b> |
| Legislators/senior Officials    | 12              | 6              | 50.0        | 11              | 5             | 45.5        | 1               | 1          | 100.0       |
| Professionals                   | 37              | 4              | 10.8        | 33              | 4             | 12.1        | 4               | 0          | 0.0         |
| Technicians                     | 203             | 41             | 20.2        | 162             | 37            | 22.8        | 41              | 4          | 9.8         |
| Clerks                          | 106             | 5              | 4.7         | 95              | 4             | 4.2         | 11              | 1          | 9.1         |
| Service Workers                 | 487             | 457            | 93.8        | 325             | 298           | 92.0        | 163             | 159        | 97.5        |
| Agricultural workers            | 13              | 12             | 92.3        | 8               | 7             | 87.5        | 5               | 5          | 100.0       |
| Craft and related trade workers | 557             | 497            | 89.2        | 395             | 346           | 87.6        | 162             | 151        | 93.2        |
| Plant and machinery operators   | 102             | 60             | 58.8        | 89              | 48            | 53.9        | 13              | 12         | 92.3        |
| Elementary Occupations          | 740             | 578            | 78.1        | 441             | 305           | 69.2        | 299             | 273        | 91.3        |
| Armed forces                    | 5               | 0              | 0.0         | 5               | 0             | 0.0         | 0               | 0          |             |

Source: *Report on Nepal Labour Force Survey, 1998/99* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal, 1999. Table 11.2

In 2008, of those in employment, a much higher proportion of women than men are to be found working in the informal sector. Thus, 77.5% of females and 66.0% of males have main jobs in the non-agricultural informal sector. In absolute numbers, women have about 984 thousand jobs outside agriculture, but 763 thousand of these are in the informal sector. It can be observed in (Table 5.2) that (with the exception of major group 4 'Clerks') large proportion of jobs requiring low skill levels are in the informal sector. Of the five low-skill occupation groups the largest proportion can be seen in the group 5 'Service workers' which has 90.7% jobs in the informal sector. It can also be observed that women have a large share of informal sector jobs at the lower skill levels (up to 91.0% for 'Craft workers') while the share is negligible in the higher skills level in group 2 "Professionals" (10.9% for both sexes) and group 3 'Technicians' (21.0% for both sexes).

**Table 5.2: Persons Aged 15 Years and over Currently Informally Employed in the Non- agricultural Sector by Sex and Occupation of Main Job in 2008 (in thousands)**

| Occupation                      | Both Sex        |                |             | Male            |               |             | Female          |            |             |
|---------------------------------|-----------------|----------------|-------------|-----------------|---------------|-------------|-----------------|------------|-------------|
|                                 | Non-Agro sector | In-formal Jobs | % informal  | Non-Agro sector | Informal Jobs | % informal  | Non-Agro sector | Informal   | % informal  |
| <b>Total</b>                    | <b>3074</b>     | <b>2142</b>    | <b>69.7</b> | <b>2090</b>     | <b>1379</b>   | <b>66.0</b> | <b>984</b>      | <b>763</b> | <b>77.5</b> |
| Legislators, senior officials   | 70              | 59             | 83.6        | 57              | 47            | 83.3        | 13              | 11         | 85.0        |
| Professionals                   | 203             | 22             | 10.9        | 155             | 19            | 12.2        | 48              | 3          | 7.0         |
| Technicians                     | 228             | 48             | 21.0        | 147             | 38            | 25.9        | 82              | 10         | 12.2        |
| Clerks                          | 117             | 10             | 8.3         | 96              | 7             | 7.4         | 21              | 3          | 12.4        |
| Service workers                 | 854             | 775            | 90.7        | 512             | 448           | 87.5        | 343             | 328        | 95.6        |
| Agricultural workers            | 10              | 7              | 74.2        | 8               | 6             | 75.1        | 2               | 1          | 70.4        |
| Craft and related trade workers | 915             | 793            | 86.7        | 626             | 530           | 84.7        | 298             | 263        | 91.0        |
| Plant & machine operators       | 150             | 78             | 52.1        | 140             | 73            | 52.0        | 10              | 5          | 53.5        |
| Elementary occupations          | 519             | 350            | 67.5        | 342             | 211           | 61.8        | 177             | 139        | 78.5        |
| Armed forces                    | 8               | 0              | 2.2         | 7               | 0             | 2.3         | 0               | 0          | 0.0         |

Source: *Report on Nepal Labour Force Survey, 2008* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal. (Table 12.2)

#### 5.4.2 Regional Distribution

Of the 1657 thousand informal sector jobs, 1282 thousand are in rural areas and 375 thousand in urban areas in 1998/99. Of the total informal jobs 22.63% are concentrated in urban area. 36.51% female are involved in informal jobs, 35.73% female work in urban area and 36.73% female informal workers are rural dwellers.

Of the 2142 thousand informal sector jobs, 1465 thousand are in rural areas and 677 thousand in urban areas in 2008. Of the total informal jobs, 31.60% are concentrated in urban showing an increasing tendency in informal jobs compared to earlier survey. 35.62% female are involved in informal jobs. 38.26% female work in urban area and 34.47% female informal workers are from rural area. Although number of informal jobs in total show an increasing trend, female participation in informal sector does not seem to change significantly in the context of Nepal. (Table 5.3)

**Table 5.3: Number of Persons Aged 15 years and Over Currently Employed in the Informal Sector by Sex and Locality of Main Job (in thousands)**

| Survey year | Total |      |        | Urban |      |        | Rural |      |        |
|-------------|-------|------|--------|-------|------|--------|-------|------|--------|
|             | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| 1998/99     | 1657  | 1052 | 605    | 375   | 241  | 134    | 1282  | 811  | 471    |
| 2008        | 2142  | 1379 | 763    | 677   | 418  | 259    | 1465  | 961  | 505    |

Source: Derived from *Report on Nepal Labour Force Survey, 1998/99 and 2008* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal.

### 5.4.3 Distribution on the Base of ISCO/NSCO Codes

A more detailed occupational breakdown of informal sector jobs has been done in both of the surveys which is presented in Table 5.4 here.

**Table 5.4: Most Important Minor ISCO groups (those with at least 25,000 workers in the informal sector) (In thousands)**

| Occupational Group                                   | Total       | Male       | Female     | Female percent |
|--|-------------|------------|------------|----------------|
| Total number   | <b>1379</b> | <b>833</b> | <b>538</b> | <b>39.01</b>   |
| Housekeeping and restaurant service workers          | 99          | 51         | 49         | 49.49          |
| Shop salespersons and demonstrators                  | 332         | 226        | 107        | 32.23          |
| Building frame and related trades workers            | 116         | 113        | 2          | 1.72           |
| Blacksmiths, toolmakers and related trades workers   | 33          | 31         | 2          | 6.06           |
| Handicrafts workers in wood, textiles, leather, etc. | 86          | 37         | 48         | 55.81          |
| Wood traders, cabinet makers and related trades      | 30          | 29         | 0          | 0.0            |
| Textile, garment and related trades workers          | 32          | 5          | 26         | 81.25          |
| Tailors, dressmakers and hatters                     | 80          | 46         | 34         | 42.5           |
| Street vendors and related                           | 29          | 17         | 13         | 44.82          |
| Domestic and related helpers, cleaners, launders     | 28          | 15         | 12         | 42.86          |
| Messengers, porters, doorkeepers and related workers | 26          | 24         | 2          | 7.69           |
| Fetching water                                       | 57          | 6          | 51         | 89.47          |
| Mining and construction labourers                    | 162         | 123        | 39         | 24.07          |
| Manufacturing labourers                              | 36          | 13         | 23         | 63.88          |
| Transport labourers and freight handlers             | 62          | 53         | 10         | 16.12          |
| Collecting firewood                                  | 165         | 44         | 120        | 72.72          |

Source: *Report on Nepal Labour Force Survey, 1998/99* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal. Table 11.3

According to the type of informal work based on minor ISCO grouping in 1998/99, highest share of females in such jobs was in fetching water (90%) followed by textile works (84%), collecting firewood (73%) and handicrafts (56%). No women were involved in woodwork. The share of

females in street vending jobs was 41.4%. Larger share of males were in woodworks (100%), small trading (98%), blacksmithing (94%) and messenger/porter (92%). (Table 5.4)

In 2008, a more meaningful occupational breakdown of informal sector jobs is done highlighting those specific jobs identified by the (NSCO 3-digit code) making it suitable to Nepalese work standard. The largest group of informal sector workers was the 524 thousand shop salespersons and demonstrators (three digit code 522) as shown in (Table 5.5). Other important groups were the 220 thousand bricklayers, carpenter, etc. (code 712). Similarly, food processing and related trades workers (code 741) and Textile, garment and related trade workers (code 743) have identical number with 134 thousand persons with main jobs in the informal sector. There are 128 thousand in code 512 that includes housekeeping and restaurant service workers and is composed of cooks, waiters and bartenders as well as people providing housekeeping services in private households.

**Table 5.5: Most Important Minor NSCO groups (those with at least 25,000 workers in the informal sector)**  
(In thousands)

| Occupational Group                                 | Total       | Male        | Female     | Female percent |
|--|-------------|-------------|------------|----------------|
| Total no.  | <b>1806</b> | <b>1096</b> | <b>710</b> | <b>39.31</b>   |
| General managers/managing proprietors              | 53          | 44          | 9          | 16.98          |
| Housekeeping and restaurant service workers        | 128         | 56          | 72         | 56.25          |
| Shop Salespersons and demonstrators                | 524         | 315         | 209        | 39.88          |
| Stall and market salespersons                      | 92          | 53          | 39         | 42.39          |
| Building frame and related trades workers          | 220         | 212         | 8          | 3.63           |
| Building finishers and related trades workers      | 29          | 27          | 2          | 6.89           |
| Handicraft workers in wood, textiles, leather etc. | 57          | 21          | 36         | 63.15          |
| Food processing and related trades workers         | 134         | 29          | 105        | 78.35          |
| Wood treaters, cabinet makers and related trades   | 70          | 51          | 19         | 26.76          |
| Textile, garment and related trades workers        | 134         | 58          | 76         | 56.71          |
| Motor vehicle drivers                              | 47          | 46          | 1          | 2.1            |
| Street vendors and related                         | 37          | 22          | 15         | 41.66          |
| Domestic and related helpers, cleaners, launderers | 34          | 14          | 20         | 58.82          |
| Garbage collectors and related worker              | 96          | 26          | 70         | 73.68          |
| Mining and construction labourers                  | 98          | 70          | 28         | 28.57          |
| Transport labourers and freight handlers           | 53          | 52          | 1          | 1.88           |

Source: *Report on Nepal Labour Force Survey, 2008* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal. (Table 12.3)

The share of female is highest in food processing and related jobs followed by garbage collecting, handicrafts, textile and garment production, and market salespersons. The share of female is negligible jobs like driving, transport works and building works (Table 5.5).

As mentioned above, a new measure within international statistical standards was introduced in 2003. This is the concept of “informal employment” which depends on the characteristics of a person’s job, rather than of the enterprise as with informal sector employment.

It is useful to consider the percentages of the non-agricultural currently employed who were informally employed. Among male non-agricultural employed, 83.8% were informally employed and among female non-agricultural employed, 91.8% were informally employed. In rural areas, the percentages were 85.3% (males) and 93.5% (females). In urban areas, the percentages were 80.7 non-agricultural employed males being informally employed and 88.9% non-agricultural employed urban females being informally employed (Table 5.6).

**Table 5.6: Informally Employed Population Aged 15 and Over (excluding agriculture and fishing industries), by Sex, Age and Urban-Rural (Percentage of employed who are informally employed)**

| Sex/Urban-rural | Age Group   |             |             |             |             |             |             |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                 | Total       | 15-19       | 20-24       | 25-29       | 30-44       | 45-49       | 60+         |
| Total no.       | 2655        | 297         | 423         | 426         | 913         | 439         | 157         |
| <b>Total</b>    | <b>86.4</b> | <b>96.1</b> | <b>91.2</b> | <b>89.2</b> | <b>82.7</b> | <b>78.6</b> | <b>96.8</b> |
| Urban           | 83.5        | 96.3        | 90.3        | 87.7        | 79.2        | 75.2        | 94.6        |
| Rural           | 87.8        | 96.0        | 91.6        | 90.0        | 84.8        | 80.3        | 97.6        |
| <b>Male</b>     | <b>83.8</b> | <b>95.3</b> | <b>89.8</b> | <b>87.0</b> | <b>80.3</b> | <b>75.9</b> | <b>95.9</b> |
| Urban           | 80.7        | 95.9        | 90.5        | 85.2        | 75.8        | 71.2        | 93.5        |
| Rural           | 85.3        | 95.0        | 89.4        | 87.8        | 82.8        | 77.9        | 96.7        |
| <b>Female</b>   | <b>91.8</b> | <b>97.3</b> | <b>93.1</b> | <b>93.4</b> | <b>88.4</b> | <b>88.4</b> | <b>99.4</b> |
| Urban           | 88.9        | 96.9        | 90.0        | 92.2        | 85.8        | 85.6        | 97.6        |
| Rural           | 93.5        | 97.4        | 94.6        | 94.0        | 90.4        | 90.3        | 100.0       |

Source: *Report on Nepal Labour Force Survey, 2008* Central Bureau of Statistics, National Planning Commission Secretariat, Nepal. (Table 12.8)

## 5.5 Profile of Informal Sector Workers in Nepal

On the basis of the available data provided by Nepal Labour Force Surveys some of the demographic and socio-economic profile of informal sector workers has been prepared here. While analyzing the existing situation of informal sector in case of Nepal, the available data source provided by NLFS 1998/99 and NLFS 2008 has been recoded as per the requirement of

the objectives of this chapter. The currently employed population in the non-agricultural informal sector, that is around 1657 thousand as estimated by NLFS-1 and around 2142 thousand people aged 15 and over by as estimated by NLFS-2, is selected for recoding to prepare the profile. As estimated by NLFS-2, 2655 thousand number of non- agricultural informally employed persons aged 15 years and above, which is the total measured with a new additional topic on informal employment is not selected, so as to make the results from two data set comparable.

### 5.5.1 Age and Sex by Literacy

**Table 5.7: Informal Sector Workers by Age Group and Literacy (in percentage)**

| Age Group | 1998/99  |        |            |        | 2008     |        |            |        |
|-----------|----------|--------|------------|--------|----------|--------|------------|--------|
|           | Literate |        | Illiterate |        | Literate |        | Illiterate |        |
|           | Male     | Female | Male       | Female | Male     | Female | Male       | Female |
| 15-19     | 58.6     | 41.4   | 45.1       | 54.9   | 57.8     | 42.2   |            |        |
| 20-24     | 71.8     | 28.2   | 38.1       | 61.9   | 58.7     | 41.3   | 100.0      |        |
| 25-29     | 76.5     | 23.5   | 47.6       | 52.4   | 66.9     | 33.1   | 57.3       | 42.7   |
| 30-34     | 79.1     | 20.9   | 44.9       | 55.1   | 68.2     | 31.8   |            |        |
| 35-39     | 76.6     | 23.4   | 50.7       | 49.3   | 76.1     | 23.9   | 100.0      |        |
| 40-44     | 89.1     | 10.9   | 50.8       | 49.2   | 80.2     | 19.8   |            | 100.0  |
| 45-49     | 88.5     | 11.5   | 55.0       | 45.0   | 88.6     | 11.4   |            |        |
| 50-54     | 93.0     | 7.0    | 51.5       | 48.5   | 87.8     | 12.2   | 100.0      |        |
| 55-59     | 93.8     | 6.2    | 53.5       | 46.5   | 90.6     | 9.4    | 100.0      |        |
| 60-64     | 99.7     | .3     | 57.5       | 42.5   | 94.7     | 5.3    | 100.0      |        |
| 65& over  | 96.7     | 3.3    | 58.6       | 41.4   | 96.1     | 3.9    |            |        |
| Total     |          |        |            |        | 70.1     | 29.9   |            |        |

Source: Compiled from NLFS, 1998/99 and 2008 data base.

Informal workers are found almost equally distributed for male and female. However the percentage of women shows less on the base of literacy to the age group 45-64 and over. (Table 5.7)

### 5.5.2 Educational Background

On the educational ground of informal workers, on the base of NLFS-1 data base, women are less educated than men. Women are less in number in the group of literates in all age groups. The data on highest level of educational level attained show women are less in number in all the educational level. Among those who have attained higher educational level, the percentage of

women are found to be only 6.3. On educational ground, informal workers, women are less educated than men according to NLFS-2 also. Women are less in number in the group of literates in all age groups similar to the data shown by earlier labour force survey. The data on highest level of educational level attained show women are less in number in all the educational level. Compared to the data of 1998/99 however the percentage of women in all the educational level seem to be rising (Table 5.8).

**Table 5.8: Informal Sector Workers by Educational Level Attained (in percentage)**

| Educational level       | 1998/99 |        | 2008 |        |
|-------------------------|---------|--------|------|--------|
|                         | Male    | Female | Male | Female |
| Less than primary       | 78.3    | 21.7   | 69.9 | 30.1   |
| Primary                 | 73.8    | 26.2   | 73.2 | 26.8   |
| Lower secondary         | 74.7    | 25.3   | 68.7 | 31.3   |
| Secondary               | 76.5    | 23.5   | 69.0 | 31.0   |
| Higher secondary        | 82.9    | 17.1   | 66.7 | 33.3   |
| Degree level            | 93.7    | 6.3    | 84.5 | 15.5   |
| Literate and non-formal |         |        | 55.1 | 44.9   |

Source: Compiled from NLFS, 1998/99 and 2008 data base

### 5.5.3 Marital Status

On the marital status of workers, the information collected by both the surveys show that on the present marital status of informal workers, the highest number fall into married status followed by never married, widowed, and separated/divorced. The information collected by NLFSs on the present marital status of informal workers reveal that the highest number fall into married status followed by never married, widowed and separated/divorced (Table 5.9)

**Table 5.9: Marital Status of Informal Sector Workers (in percentage)**

| Marital Status      | 1998/99 |        | 2008  |        |
|---------------------|---------|--------|-------|--------|
|                     | Male    | Female | Male  | Female |
| Never Married       | 16.7    | 16.6   | 17.3  | 15.1   |
| Married             | 79.5    | 74.7   | 80.1  | 78.3   |
| Widowed             | 3.5     | 7.6    | 2.2   | 5.6    |
| Separated/ Divorced | 0.4     | 1.1    | 0.4   | 1.0    |
| Total               | 100.0   | 100.0  | 100.0 | 100.0  |

Source: Compiled from NLFS, 1998/99 and 2008 data base

#### 5.5.4 Ethnic Background

The number of Chhetri is highest and Limbu is lowest among ethnic character of informal workers as shown by (Table 5.10) in case of both the surveys. The number of Hindu is highest as shown by (Table 5.11). NLFS-1 data revealed highest percentage of informal workers fall into Hindu religion. The employment in informal work according to ethnic group does not pronounce any sense from these information. Information on religious background was not collected in NLFS-2.

**Table 5.10: Ethnic Background of Informal Sector Workers (in percentage)**

| <b>Ethnicity</b> | <b>1998/99</b> | <b>2008</b> |
|------------------|----------------|-------------|
| Chhetri          | 11.6           | 12.4        |
| Brahmin          | 9.4            | 10.4        |
| Magar            | 4.8            | 6.1         |
| Tharu            | 6.2            | 5.3         |
| Newar            | 9.8            | 11.0        |
| Tamang           | 5.1            | 5.7         |
| Kami             | 6.6            | 4.0         |
| Yadav            | 1.2            | 2.4         |
| Muslim           | 5.5            | 5.9         |
| Rai              | 3.1            | 2.0         |
| Gurung           | 2.3            | 1.8         |
| Damai/Dholi      | 4.1            | 3.2         |
| Limbu            | 0.9            | 0.9         |
| Sarki            | 2.2            | 1.6         |
| Thakuri          |                | 1.5         |
| Others           | 27.2           | 25.8        |

Source: Compiled from NLFS 1998/99 and-2008 database

**Table 5.11: Religious Background of Informal Sector Workers**

| <b>Religion</b> | <b>Number</b> | <b>Percent</b> |
|-----------------|---------------|----------------|
| Hindu           | 1418001       | 84.6           |
| Buddhist        | 146359        | 8.7            |
| Islam           | 92918         | 5.5            |
| Christian       | 10152         | 0.6            |
| Others          | 9597          | 0.6            |
| Total           | 1677027       | 100.0          |

Source: Compiled from NLFS, 1998/99 database

### 5.5.5 Occupational Background

Occupationally, informal employment is higher for men in occupations such as legislators, professionals and technicians which is more than 90% in NLFS-1 and more than 80% in NLFS-2. The percentage of women in subsistence agriculture is 48% and elementary occupations are 47% in NLFS-1. (Table 5.12) shows less number of women in white collar jobs. However, the percentage of women in these occupations have rose in these occupations than the NLFS-1 in NLFS-2 from 4.7 and 9.5 to 19.0 to 14.8. The percentage of women in elementary occupations has also fallen down from 47.2% to 39.7%. (Table 5.12) shows less number of women than men in white collar jobs.

**Table 5.12: Current Occupation of Informal Sector Workers (in percentage)**

| Current Occupation            | 1998/99 |        | 2008 |        |
|-------------------------------|---------|--------|------|--------|
|                               | Male    | Female | Male | Female |
| Legislators                   | 90.0    | 10.0   | 81.0 | 19.0   |
| Professionals                 | 95.3    | 4.7    | 85.2 | 14.8   |
| Technicians                   | 90.5    | 9.5    | 79.2 | 20.8   |
| Clerks                        | 85.5    | 14.5   | 73.5 | 26.5   |
| Services                      | 65.2    | 34.8   | 57.7 | 42.3   |
| Market agriculture            | 61.6    | 38.4   | 81.2 | 18.8   |
| Crafts & related trade worker | 69.7    | 30.3   | 66.8 | 33.2   |
| Plant & machine operators     | 80.2    | 19.8   | 93.4 | 6.6    |
| Elementary occupations        | 52.8    | 47.2   | 60.3 | 39.7   |
| Total                         | 63.6    | 36.4   | 64.4 | 35.6   |

Source: Compiled from NLFS, 1998/99 and 2008 data base

Table 5.12 shows informal women workers are found highest in number in contributing family members group in the job status identified by Nepal Labour Force Survey-1 and 2. Most women portrayed as self-employed are actually working as unpaid family workers because their unpaid work in households, farms and other household enterprises are also counted in self-employed category.

**Table 5.13: Current Job Status of Informal Sector (in percentage)**

| Current Job Status              | 1998/99 |        |       | 2008  |        |       |
|---------------------------------|---------|--------|-------|-------|--------|-------|
|                                 | Male    | Female | Total | Male  | Female | Total |
| Paid employee                   | 29.7    | 8.4    | 21.9  | 34.05 | 9.48   | 25.30 |
| Self-employed without employees | 3.4     | 0.4    | 2.3   | 5.73  | 1.52   | 4.2   |
| Self-employed with employees    | 51.5    | 35.6   | 45.7  | 47.95 | 40.32  | 45.23 |

|                             |      |      |      |       |       |       |
|-----------------------------|------|------|------|-------|-------|-------|
| Contributing family members | 14.1 | 54.1 | 28.7 | 11.49 | 48.04 | 24.51 |
| Other                       | 1.4  | 1.5  | 1.4  | 0.78  | 0.64  | 0.71  |

Source: Compiled from NLFS, 1998/99 and 2008 database

Basis for employment is more guaranteed for male workers than for female as shown by the Table 5.14.

**Table 5.14: Basis for Employment for Informal Sector Workers**

| Job Status        | Male   |         | Female |         | Total  |         |
|-------------------|--------|---------|--------|---------|--------|---------|
|                   | Number | Percent | Number | Percent | Number | Percent |
| Permanent         | 17883  | 84.6    | 3254   | 15.4    | 21137  | 100.0   |
| Fixed time basis  | 389281 | 88.6    | 50291  | 11.4    | 439572 | 100.0   |
| Lump-sum contract | 62551  | 76.9    | 18824  | 23.1    | 81374  | 100.0   |

Source: Compiled from NLFS-2008

### 5.5.6 Pay Frequency

Most of informal workers receive their remuneration on daily basis in both of the gender group. The next most commonly practiced system is monthly basis followed by piece-rate basis. The system of time-rate basis is less practiced in informal sector in Nepal. Most of informal workers receive their remuneration on daily basis in both of the gender group. The next most commonly practiced system is monthly basis followed by piece rate basis. The system of time-rate basis is less practiced in informal sector in Nepal. The system of pay frequency for informal workers does not seem to have changed in between the two survey period. (Table 5.15)

**Table 5.15: Pay Frequency the Informal Sector Workers Receive On Time and Piece Basis**

| Pay Frequency | 1998/99 |        | 2008 |        |
|---------------|---------|--------|------|--------|
|               | Male    | Female | Male | Female |
| Daily         | 51.1    | 46.0   | 55.4 | 34.0   |
| Weekly        | 7.7     | 6.6    | 7.2  | 2.7    |
| Monthly       | 23.8    | 19.5   | 21.7 | 40.7   |
| Time rate     | 1.4     | 1.8    | 0.4  |        |
| Piece rate    | 15.7    | 25.1   | 15.3 | 22.6   |
| N.S.          | 0.4     | 1.0    |      |        |

Source: Compiled from NLFS, 1998/99 and 2008 data base

### 5.5.7 Migration

The NLFS-1 has not measured the number of migrants and long-term household absentees. The questions on these subjects were included in the 2008 NLFS. In NLFS-2 "migrants" are defined as any household member who was not born in their current place of residence but who moved to their current residence from another VDC or municipality or from other country. The survey asked questions on reasons for migration. As shown in Table 5.16, most women showed "marriage was the main reason for their movement from their birth place. Women's reason for migration is also seen bigger for "political conflict" and "other family reasons". Female percentage in reason for migrating like attractive salary/wage, new service business, looking for work is very low compared to male informal workers.

**Table 5.16: Reasons for Leaving Birth Place by Informal Sector Workers (in percentage)**

| Reasons                | Reason for living birth place |        | Reason for migration |        |
|------------------------|-------------------------------|--------|----------------------|--------|
|                        | Male                          | Female | Male                 | Female |
| Marriage               | 2.4                           | 97.6   | 3.6                  | 96.4   |
| Other Family reason    | 56.6                          | 43.4   | 50.4                 | 49.6   |
| Attractive Salary/Wage | 94.1                          | 5.9    | 93.1                 | 6.9    |
| New Service/Business   | 92.6                          | 7.4    | 87.4                 | 12.6   |
| Service Transfer       | 89.8                          | 10.2   | 93.0                 | 7.0    |
| Study/training         | 77.1                          | 22.9   | 76.9                 | 23.1   |
| Looking for work       | 91.8                          | 8.2    | 87.5                 | 12.5   |
| Easier lifestyle       | 89.0                          | 11.0   | 74.5                 | 25.5   |
| Natural disaster       | 99.2                          | .8     | 89.8                 | 10.2   |
| Political conflict     | 80.1                          | 19.9   | 61.3                 | 38.7   |
| Others                 | 93.6                          | 6.4    | 90.4                 | 9.6    |

Source: Compiled from NLFS-2008 database

### 5.5.8 ISCO and NSCO classification

A more detailed breakdown of informal sector jobs, showing the numbers highlighting those specific jobs identified by the International Standard Classification of Occupation (ISCO 3-digit code) that occur most often has been done additionally in NLFS-1. ISCO-88 (the international classification) was used for the 1998/99 NLFS. While in NLFS-2 all jobs were classified according to their occupation using Nepal Standard Classification of Occupations (NSCO), with coding being done at the three-digit level. The NSCO classification was based on the production

as defined in the 1993 SNA. The Nepal Standard Classification of Occupation (NSCO) follows international standards in which broad skill levels are assigned to different occupations.

Using the available data as provided by NLFS surveys it is found that, the employment of males is higher in occupational categories: (1) shop salespersons and demonstrators, (2) blacksmiths, toolmakers and related trades workers (3) wood treaters, cabinet makers and related trades (4) messengers, porters, doorkeepers and related workers (5) mining and construction labourers (6) transport labourers and freight handlers. Women's employment is higher in (1) textile, garment and related trades workers (2) fetching water (3) manufacturing labourers and (4) collecting fire-woods. In the rest of categories, the gender difference is not seen significant. A more detailed breakdown of informal sector jobs, showing the numbers according to age group and highlighting those specific jobs identified by the Nepal Standard Classification of Occupation (NSCO-3 digit code). In most minor ISCO groups, (the groups with at least 25000 workers in the informal sector according to NLFS report), the data disaggregated form by sex shows the employment of males is higher in occupational categories: (1) General managers/managing proprietors (2) Building frame and related traders (3) Building finishers and related trade workers (4) Transport labourers and freight handlers (5) mining and construction labourers. (6) Mining and construction labourers while women's employment is higher in (1) Food processing and related traters worker (2) Garbage collectors and related workers.

To understand the living status of informal workers monthly income of minor ISCO/ NSCO groups is calculated from the original data of both surveys. It showed those who earn less than Rs.2000 monthly are higher in number in all the type of occupations, which shows poor economic situation of these informal workers, both men and women.

On the basis of data from both labour force surveys it is found that the informal employment outside agriculture is more concentrated in rural areas. Most of informal workers, both men and women, are located in rural area in all types of occupational categories in case of minor ISCO groups as seen from NLFS-1 and in case of minor NSCO groups except for domestic and related helpers, cleaners, launderers in which the number is almost equally distributed.

### 5.5.9 Social Protection for the Women in the Informal Economy in Nepal

The constitution of the Kingdom of Nepal, 1990, includes no direct social security provisions or extending social protection for the excluded. In Nepal's Civil Code, the Jyala Majdoriko Mahal( chapter on wage and remuneration of Nepal) includes provisions aimed at securing justice for workers in case of the non-payment of due wages. The Labour Act, 1992, is applicable in the formal sector and covers workers in any enterprises where there are more than 10 employees. For this reason, much of the informal economy is excluded from protection under existing labour laws. However, trade unions are struggling to apply the provisions of labour legislation provisions outside their strict legislative limits.

The Labour Act outlines gratuities, provident funds, sick leave, medicare and compensation following accidents and injuries at work. Yet, even in the formal sector there is no integrated system to ensure, manage, or provide these different forms of social security. Given the poor condition of social security mechanisms in Nepal's formal sector, there is little hope to see the country's informal sector to be benefitted by these protection measures. As an evidence, here (Table 5.17) shows there is negligible provision of social security and compensation as provided by NLFS-2 survey results.

**Table 5.17: Availability of Social Security Contribution to Informal Workers**

| Type of Informality                     | Yes | No   |
|---|-----|------|
| Employees without formal condition      | 1.5 | 98.5 |
| Employers and others in informal sector | 9.9 | 90.1 |
| Self-employed without employees         | 2.2 | 97.8 |
| Contributing family worker              | 0.4 | 99.6 |

Source: Compiled from NLFS-2008 database

## 5.6 A Gender Perspective in Informal Work with Concentration to Home-based Work

In this unit of the chapter, the most important general statement that can be made about women workers in the informal economy with concentration to home-based workers has been discussed. The over representation of women in the informal economy in countries is linked to the persistence of patriarchal power relationships in society where women are seen as a second-tier workforce. Women's unequal status on the labor market and their concentration in the most

precarious salaried jobs make them the prime victims of economic downturns. In this context, the organization of women workers in the informal economy into unions is an act of self-empowerment both as workers and as women.

#### **5.6.1 Contribution of Women in Informal Sector**

For those countries where data is available, the contribution of women in the informal sector to total GDP is greater than their share of employment in the formal sector. Women informal traders contribute a significant share (20-65%) of GDP in the trading sector. This is because women are more likely than men to engage in multiple activities in the informal sector (ILO, 2002).

A study conducted by ILO in seven countries revealed that size of home-based workers is between 10 to 26 per cent of the non-agricultural workforce: Guatemala (26%), India (16%), Kenya (15%), Mexico (17%), Philippines (14%), Tunisia (11%) and Venezuela (18%). Regardless of the industry location the vast majority of home-based workers are women, about 90% of bidi workers (cigarette rollers) in India and 90% of home-based workers in Europe (Germany, Greece, Ireland, Italy and the Netherlands) are women. 85% of home based workers in the clothing and footwear industries in Argentina are women. About 80% of the 50 million home-based workers in South Asia are women. (ILO, 2001b).

The contribution of this big labour force to national output (GDP) is important as the sector provides basic goods and services, which are cheap and therefore easily accessible to the majority of the low-income earners. The products produced by home-based workers include all types of light manufacturing products, processed food, tailoring and clothing, repair services, wood-work products, handicrafts products, metal fabricated products, commerce, and retail trade and other personal services.

In case of Nepal also, if we want to address the issue of contribution the active role of women in the economy needs serious consideration. Women disproportionately face the severe financial difficulty despite their significant contribution to national income. Also when we look at the employment sector, the vast majority of the country's working population is engaged in the informal sector, which is already discussed in the previous unit of this chapter. Actually, home-

based workers are a major portion of the informal sector although not mentioned as a category in both of the NLFS surveys. Growing but, often invisible workforce, home-based workers is largely unrecognized in labour statistics and unprotected by legislation.

As women, they are usually classified as housewives in census data or are assumed to be making only 'supplemental' income, which justifies their very low earnings and lack of support, even though they are often the main breadwinners or co-breadwinners in the family. In many cases, they receive none of the earnings and work simply as unpaid family labour and have no idea how much their products earn in the market, or what they could possibly do to improve their working and living conditions. (HNSA/ISST, 2006)

Home Net studies have included home-based workers at various levels in this hierarchy, with some selected as relatively well-off, and others representing the poorest of the poor. In South East Asia, for example, the survey of 1000 households in the Philippines and 933 in Thailand revealed that the home-based workers interviewed ranged from very poor to relatively well-off, using household and individual income data, but that the great majority of home-based workers are poor. For example, income figures for home-based workers interviewed in Thailand are reported as follows:

The comparison on family income shows that three out of four families earned less than an average of 10,000 baht while some between 10,000 -15,000 baht monthly. The remaining earned an income higher than 15,000 baht. There were only four families who had extraordinarily higher incomes ranged from 100,000 baht to 360,000 baht per month. Based on the average income of those surveyed (not including the four unusually high income families), the respondents from the two groups, those who were organized into informal workers' groups and those who were not, earned incomes that were not very different from one another. For example, the organized group earned an average monthly income of 8,295.77 baht while the unorganized group earned 7,561.90 baht. This amount is not much when compared with the present cost of living in Thailand. More importantly, these figures are small, taking into account that they are the combined income of both husband and wife.

The average incomes earned by the home-based workers (individually) in both groups were not much different. The organized group earned an average monthly income of 2,979.66 baht while

the unorganized group earned 3,151.82 baht. As this income is included in the average family income previously mentioned, it can be concluded that the income from home-based work has become essential for the family. (UNIFEM and SEWA, 2007).

Regarding the average monthly family income, the greatest number of respondents (32.1%) are clustered in the 2,501-5000 peso category (about US\$50-100). On the subject of indebtedness, some 48% have problems with small loans, mostly PhP 5000 and below (from banks, co-operatives, PATAMBA WEED and micro finance programs, friends and relatives), and most find it difficult to pay back due to lack of income. About half of the respondents claim not to have any savings at all. (HNSA/ISST, 2006)

### ***Contribution of Home-based Workers to Trade and Exports: Nepal Experience***

The prevalence of home-based work in industrial (and less industrial) countries in both urban and rural areas is evidence that home-based work is an important source of informal work in the garment and textile industry. Chen (1999) suggests that the invisible informal workers, namely home-based workers or industrial outworkers, contribute more to global trade than other sectors of the informal economy.

In case of Nepal also, although poor home-based workers' work are fuelling valuable national export growth, they are systematically being denied their fair share of the benefits brought by export. Home-based workers comprise a significant share of the workforce in key export industries, particularly those involving simple manual tasks such as labour-intensive operations, simple machines or portable technology such as handicrafts, handlooms and textiles etc.

In Nepal, the production of handicraft is an age-old practice. The handicrafts of Nepal are produced in a traditional way, from generations to generations leading the footpath of ancestors and this continuity has given the survival to Nepalese handicrafts. This is preserving their heritage, cultural values, aspects and tradition. More recently, these arts and crafts is one of the major exporting industry of Nepal, earning foreign exchange and providing employment to thousands of Nepalese craftsmen, artisans, promoters and businessmen generating revenue to government.

The informal sector, which includes handicrafts, has been described by International Labour Organization (ILO) as a part of economic activity characterized by certain features like reliance on local available resources and skills, family ownership, small scale operations, and labour intensity. Handicraft was first introduced in Nepal with the financial and technical support of UNICEF with the objective to meet the marketing requirements of handicraft producers who are mainly women and operating on a very small scale, usually from their homes. (Federation of Handicraft Associations of Nepal, 2011)

The global trade in textiles and handicrafts has shown tremendous growth in the South Asian region including Nepal. In India the total exports of handicrafts have grown to register a growth of 53% during 2002-2006 and total exports in homebased products registered a growth of 32% over the same period. (Mohapatra , Sharmistha, 2007)

In Nepal, textiles and handicrafts has shown tremendous growth in the trade. Handicraft exports surged 31.22% to Rs.1.38 billion during the first three months of the fiscal year 2012-2013 compared to the same period previous year. Export in 2011 amounted Rs. 903.52 million. Handicraft exporters attributed the rise in exports to Nepal Tourism Year 2011 and increased participation by handicrafts association in international trade fairs.

According to the Federation of Handicrafts Association of Nepal, exports to textile products including pashmina, woolen goods, felt products and silk posted a growth of 32.93% to Rs.618.83 million, non-textile products such as silver jewellery, metal craft, handmade paper products and wood craft increased 29.40% to Rs.566.78 million. The contribution of handicrafts products to export is shown in **Annex-11** Most of the exports come from textiles, handicrafts, silver jewellery, handmade paper products. All of these have a strong contribution from home-based workers. Export of handicrafts products to India from Nepal is presented in Table.5.18.

**Table 5.18: Table4: Export of Handicrafts products to India from Nepal:**

| <b>Year</b> | <b>Values in US \$Million</b> |
|-------------|-------------------------------|
| 2001-2002   | .94                           |
| 2002-2003   | 281.76                        |
| 2003-2004   | 286.04                        |
| 2004-2005   | 345.83                        |
| 2005-2006   | 379.85                        |

Source: *Women, Work and Poverty*, "Increasing Employment Through Trade", Sharmistha Mohapatra , New Delhi, 2007.

Thus handicraft has stood as a key export item of Nepal. It is here very well to be noted that handicraft producers actually include women home-based workers who are left invisible in labour market. The handicraft producers have urged the government to extend incentives to help them raise their exports . This sector needs more similar kind of incentives. With a view that the handicraft items prepared by the artisans from urban and also remote areas earn a market access, they should be counted as a labour.

### **5.6.2 Persistently Expanding Informal Work for Women: Causes and Consequences**

While studying to understand why women are over-represented in the informal sector, on the basis of present review, it is seen that women are less able than men to compete in labour, capital, and product markets because they have relatively low levels of education and skills. In addition, they are less likely to own property or have market know-how. Other reason is that women's time and mobility are constrained by social and cultural norms that assign the responsibility for social reproduction to women and discourage investment in women's education and training.

In today's globalizing world, various demand factors are also at work. An increasing share of informal work is subcontracted from the formal sector. The low costs of subcontracted work contribute to profits in the formal sector. In their pursuit of global competitiveness, employers favor the kinds of employment relations associated with women, namely those with insecure contracts, low wages, and few benefits. Self-employed women producers are also affected by such kind of trends. Given the rapid shifts in market demand, both domestically and globally, self-employed women producers find it difficult to retain their traditional market.

While many factors help explain the persistence and expansion of the informal economy, urbanization and globalization are of particular concern. There is ample evidence to suggest that many of those who migrate to cities in search of jobs find work in the informal economy rather than formal. For example, these trends have put pressures on the efforts by home-based workers to earn their livelihoods. The large brand name firms subcontract out production all over the

world and the women home-based workers who produce from their homes are chains for these subcontracting by big companies. (Unni and Rani, 2003).

The patriarchal nature of societies is another basis for the process of driving women out of the formal economy. The tendency for women to be squeezed out of the labour market, originates in their lack of economic power in a patriarchal society. The second-class status of women in a patriarchal society facilitates their marginalisation into these types of work.

The fact that so many women who cannot get jobs in the formal economy are so desperate for an income that it makes them easy prey for employers who are wanting labour on cheaper terms than in the formal sector. These invisible sectors of work are usually subject to super-exploitation. Normally these workers are isolated and unorganised, and therefore are not in a strong bargaining position. Even in countries where there is legislation to protect such workers, there is often difficulty in implementing such legislation due to the invisibility of the sector of work, and the workers remain vulnerable to high levels of exploitation as long as they are not organised.

### **5.6.3 Risks, Insecurities, Irregularity and Seasonality of Work in Informal Work for Women: Some evidences**

Here at this point of the chapter, some evidences are presented to review some of the vital problems that women informal workers face worldwide.

A UNIFEM supported study of women in the informal economy in Bulgaria asked women informal workers (through interviews and focus-group discussions) to assess the risks and insecurities associated with work that they face. As ranked by respondents, the greatest risks were becoming impoverished upon retiring from work and the inter-generational transfer of poverty: respondents explained that they could not afford to bring up their children properly and would have to rely on their children to supplement their meagre social pensions when they retired (Horn, 2004).

Another UNIFEM supported study of home-based workers in poor urban communities in Bolivia and Ecuador developed an index of informality (high, medium, low) based on the regularity and stability of employment. Among economically-active persons in their sample, 95 per cent in

Bolivia and 79 per cent in Ecuador were in a main occupation that was moderately or highly informal. In both countries, women were more likely than men to be in the most informal employment. (Horn, 2004).

This issue was also explored in a study in a black township in Kwa Zulu Natal province, South Africa. Classifying wage workers into most formal, semi-formal and most informal, the study found that while income levels in general were very low, the median income for the self-employed was around half that for wage workers. However, there were differences among wage workers, with the most informal wage workers having a median income well below that of the self-employed. Controlling for age, education and experience, women earned significantly less than men. (Horn, 2004).

What people earn is a function not just of their level of earnings but also of the period of time over which these earnings are sustained. For example, findings from a random-sample survey of 104 men and 507 women in low-income slums in Ahmedabad City, India suggest that within the informal workforce, the self-employed have more days of work per year on average than do casual day labourers or homeworkers.

These averages disguise marked gender differences in unemployment. Within each employment status category, women reported fewer days of work and more days of unemployment per year than men. Overall, women averaged 124 days of unemployment per year while men averaged only 74 days of unemployment per year. Also, fewer women (83%) than men (92%) reported that their main activity was regular and more than twice as many women (37%) as men (15%) reported that they carried out two economic activities per day. (Rani and Unni, 2000)

Studies that control for hours and days of work, as well as for other factors such as education and experience, find that on average women earn less than men within the same type of work, often due to the perception of women as being somehow less skilled or as being able to rely on a male breadwinner. (Kantor and Nair, 2005)

Thus women are over-represented in forms of informal work that are associated with significant costs, most notably as industrial outworkers who have to absorb all of the non-wage costs of production while enjoying very little of the value added. It is unlikely that a revolutionary

transformation of the position of women in the economy will take place without strong organisation spearheaded by women. In order to overcome such resistance it is important that the process of change be driven by organised working women themselves.

#### **5.6.4 Global Movement of Women in the Informal Sector with Concentration to Home-based Workers: How It Began**

During the 1980s, various trade unions, grassroots organizations, and non-governmental organizations working with home-based workers and street vendors began to establish linkages. In the mid-1990s, at two separate meetings in Europe, these organizations came together to form two international alliances of women in the informal economy: one for home-based workers called Home Net, the other of street vendors called Street Net.

At the first Home Net meeting in 1994, the founding members planned a global campaign for an international convention that would recognize and protect home-based workers. The culmination of that campaign was the June 1996 vote at the annual general conference of the International Labour Organization (ILO) in favor of an international convention on homework. During the final year of the campaign, Home Net commissioned researchers at Harvard University to compile available statistics on homework for dissemination at the 1996 ILO annual conference and requested the United National Development Fund for Women (UNIFEM) to convene a policy dialogue in Asia with government delegations to the ILO conference. These initiatives contributed to a complicated negotiation process leading to the eventual ratification of the ILO Convention on Homework in 1996.

Recognizing the power of the joint action of grassroots organizations, research institutions, and international development agencies, the founders of Home Net and representatives from UNIFEM decided to establish a global research-policy network to promote better statistics, research, programs, and policies in support of women in the informal economy. This network called Women in Informal Employment: Globalizing and Organizing (WIEGO) was established in early 1997. Through a consultative planning process, WIEGO identified five priority areas for its work:

1. urban policies to promote and protect street vendors;

2. global trade and investment policies to maximize opportunities and minimize threats associated with globalization for home-based workers;
3. social protection measures for women who work in the informal economy;
4. organization of women in the informal economy and their representation in relevant policy-making bodies and institutions at the local, national, and international levels;
5. Statistics on the size and contribution of the informal economy.

Home Net now has active member organizations in over 25 countries and publishes a newsletter that reaches organizations in over 130 countries. WIEGO now has affiliates in over 25 countries as well as project partners and activities in over a dozen countries. At the international level, WIEGO has been effective at raising the visibility of the informal economy in public policy and at working with the ILO and the UN Statistics Division to improve statistics on the informal economy.

Then after, the Government of India asked representatives of the Self-Employed Women's Association (SEWA) who are also founding members of Home Net, and WIEGO - to participate in a process to formulate a national policy on home-based work.

The global movement comprised of Home Net, and WIEGO and their affiliates is a unique example of the joint action of grassroots organizations of the poor with research institutions and international development agencies. More importantly, it represents a fast-expanding international movement of low-income women who work in the informal economy.

#### **5.6.5 Organizations Associated with Informal Economy Today**

Workers in the informal economy are often referred to as the unorganised sector. However this is not an accurate description, as there are many instances of organisation of workers in the informal economy. Not surprisingly there are examples of organisation along trade union lines which have emerged among workers in the informal sector in different parts of world, and informal organisations with strong links with the trade union movement.

When it comes to organizing workers in informal employment, the gender issue is crucial. In some circumstances, the legitimacy of women's unions as unions has been challenged, especially in the case of organizations in the informal economy where the employment relationship is not

always clear. Women's unions have been misrepresented as NGOs. Their recognition, together with access to the institutions of the trade union movement, support and solidarity, have been denied. For example when SEWA in India sought international affiliation in the early 1980s, certain other Indian unions would describe it as "not a real union" and a "women's NGO" to discourage its acceptance by international trade union bodies.

But at the other end, there have also been more positive developments, where unions of women in informal employment have become members of representative national trade union bodies and have received their support. In all such instances, there has been awareness and acceptance of the importance of the gender issue, as well as acceptance of a sufficient degree of autonomy of women's organizations in terms of structure and policy making.

Today, women workers' organizations in the informal economy are many, of different origins and types. They can be independent organizations that have arisen outside the framework of the traditional trade union movement, or independent unions within established trade union structures, or part of unions originating in the formal economy organizing informal workers. They cover a great variety of industrial sectors and services, as well as agriculture and rural occupations. Women workers' unions have also formed international networks, sometimes including NGOs and individuals.

Some of the important organizations currently associated with informal workers worldwide are listed below.

### ***Research Organizations***

1. The Institute of Development Studies, University of Sussex, is leading a major research programme on value chain analysis as part of its globalisation research programme.
2. The North South Institute (NSI) in Ottawa hosted the March/April workshop and has a long association with WIEGO as well as broader work on trade liberalisation and gender issues.

### ***International Organizations***

1. The International Labour Organisation (ILO) has kept the textiles, clothing and footwear sectors under review at international tripartite sectoral meetings, which provide a forum for

discussion and consensus formation. The conclusions and resolutions they adopt provide guidance for policies in these sectors. Also at ILO, is the ILO's In Focus Programme on Boosting Employment through Small Enterprises Development (SEED), set up in January 2000. SEED's mission is to help governments, social partners and communities unlock the potential for creating more and better jobs in the small enterprise sector.

## 2. Women in Informal Employment: Globalizing and Organizing (WIEGO)

WIEGO is a global research-policy network that seeks to improve the status of the working poor, especially women, in the informal economy. It does so by highlighting the size, composition, characteristics, and contribution of the informal economy through improved statistics and research; by helping to strengthen member-based organizations informal workers; and by promoting policy dialogues and processes that include representatives of informal worker organizations. WIEGO is linked to the SEWA-inspired international movement of women in the informal economy. WIEGO is part of a growing international movement in support of the working poor, especially women, in the informal economy. Much of the impetus and inspiration for this growing movement has come from the SEWA of India, a trade union of working poor women founded in India in 1972 together with its allies in this international movement.

## 3. Home Net

Home Net is an international network set up formally in 1994 made up of organisations of home-based workers, some of which are trade unions and others NGOs. The network grew out of links established between people working with home-based workers in different areas.

It is an international solidarity network to improve the working and living conditions of home-based workers and their organizations in Asia, Africa, North and South Americas, Australia and Europe. Home Net's experience is with one part of the informal sector, home-based workers, both those working for subcontractors or employers, and those who market their own products, who are called own account home-based workers.

### ***National Organizations/Non-governmental organisations***

## 1. India

Self-Employed Women's Union (SEWA) is a trade union registered in 1972. It is an organization of poor, self-employed women workers. SEWA's main goals are to organize women workers for full employment and self-reliance. SEWA organizes women to ensure that every family obtains full employment.

SEWA has extensive experience in organising self-employed and home-based women workers. Its members include women who work in a various areas, such as embroidery, food processing and minor forest products. SEWA organizes women into production and marketing cooperatives to help women gain access to emerging markets.

The Self Employed Women's Association (SEWA), which is based in Ahmedabad, Gujarat, grew out of the Women's Wing of the Textile Labour Association (TLA), India's oldest and largest union of textile workers founded by a woman, Anasuya Sarabhai, in 1920. The inspiration for the union came from Mahatma Ghandi, who had led a successful strike of textile workers in 1917.

The SEWA Academy, established in 1991, stresses the self-development of the member so that their latent talents may be encouraged and developed. It offers programs in organizing, leadership training, research, writing, planning and communication. It also runs programs to develop practical skills such as literacy, marketing, budgeting, book-keeping, conducting a meeting etc.

## 2. South Korea

Korea Women's Trade Union (KWTU) was formed in 1999. It grew out of Korean Women Workers' Association United (KWWAU), a network of six regional women's organizations founded in 1992. KWTU strives to unite women workers across company and industry borders and assist them in their common struggles for equal opportunities, legal rights and against discrimination.

## 3. South Africa

Self Employed Women's Union (SEWU) was formed in 1993 in South Africa, based on the SEWA model, it was an unregistered union of women in the informal economy until its

dissolution in 2004, mainly street vendors, home-based workers, small agricultural producers, cardboard collectors. SEWU was formed as an independent union unaffiliated to any of the three national trade union centers in South Africa.

## 2. Netherlands

The Clean Clothes Campaign (CCC) started in the Netherlands in 1990 and has national organisations across Europe. It aims to improve working conditions in the garment and sportswear industry. The Clean Clothes Campaigns in each country are coalitions of consumer organisations, trade unions, human rights and women rights organisations, researchers, solidarity groups and activists. Every national campaign operates autonomously, although there is coordination on international action. The campaigns co-operate with organisations all over the world, especially organisations of garment workers (in factories of all sizes), homeworkers and migrant workers (including those without valid working papers). CCC activities consist of monitoring and lobbying companies; developing codes of conduct; solidarity work; legal challenges and consumer awareness. CCC is also involved in research and publications work.

## 3. Australia

Fair Wear Campaign addresses the gross exploitation of workers who make clothing at home in Australia, through raising consumer awareness, and organising campaigns of letter writing as well as protest actions. The campaign works with key partners to combine information, industry knowledge, homeworker involvement, and to include a broad network of supporters to maintain a critical voice around the garment industry.

## 4. Canada

Maquila Solidarity Network (MSN) is a Canadian network promoting solidarity with groups in Mexico, Central America, and Asia organizing in *maquiladora* factories and export processing zones to improve conditions of workers and win a living wage. It supports groups in the North and South working together for employment with dignity, fair wages and working conditions, and healthy workplaces and communities.

## 5. United Kingdom

Women Working Worldwide is a UK based organisation which supports the struggles of women workers in the global economy through information exchange and international networking. It has conducted research and campaigning work on subcontracting in the garments industry and has also held a number of meetings and conferences related to this topic.

## 6. Bangladesh

Bangladesh Homeworkers Women Association (BHWA) is an NGO working with women homebased workers in the country since 1986 towards improving their socio-economic status. Its activities encompass all aspects of developmental work related to women homeworkers in Bangladesh. Along with its fight for worker rights issues, it also works towards increased awareness and financial independence for women homeworkers in collaboration with like-minded international agencies. BHWA has repeatedly presented statistics to show that though individual homeworker contributions might be negligible, the vast numbers of homeworkers make the total contribution to the national economy quite substantial.

## 7. Philippines

PATAMABA (with UNIFEM support) commenced their mapping efforts in November 2001, targeting 500 of its home-based worker members in four areas: Bulacan, Rizal, Iloilo, and the National Capital Region. In addition to a survey, PATAMABA area leaders conducted focus group discussions with their members and documented best practices. An important component of the mapping project is the built-in training for PATAMABA leaders and staff in computer-based data encoding, processing, and analysis, a step forward in their own empowerment in the area of research.

## 8. Brazil

Sindicato das Costureiras de São Paulo e Osasco is a union of home-based and self-employed garment workers (all women); because of the low revenue, most of them also work as street vendors. The union has branch offices in São Paulo, Osasco and Rio de Janeiro. It provides occupational health information, support in negotiating with municipal authorities, financial,

legal and trade union consultancy, access to micro-credit and participation in traveling fairs. A significant proportion of its members enjoy social security cover. It is affiliated to Força Sindical.

#### 9. Chile

Sindicato Interempresas de Trabajadores Textiles de la Confección y Vendedores de Patronato is a union of home-based garment workers, organized in response to the closure of garment factories with massive redundancies. It is affiliated to Central Unitaria de Trabajadores del Peru (CUT).

#### 10. Peru

Asociación de Mujeres Campesinas de Huancabamba is established in 1989, affiliated to the Central Unitaria de Trabajadores del Peru (CUT) since 1995. It represents some 4,000 rural women workers in Piura (Northern Peru) who do not own the land they work (in some cases they rent it). They are self-employed, selling produce in towns as well as crafts objects they manufacture themselves. The Association has an agricultural production center and self-managed breeding facilities, as well as several small businesses providing services and vocational training. It is also part of a national network of rural women (Red Nacional de la Mujer Campesina) and has two representatives on the CUT Executive Committee, one of which is the Women's Secretariat.

#### 11. Portugal

Sindicato dos Trabalhadores da Indústria Bordados, Tapeçarias, Têxteis e Artesanato da RAM (STIBTTA) is a union on the Portuguese island of Madeira, which started out with 700 workers in one textile plant and, since 1976, has been organizing home-based embroidery workers and, for the last four years, wicker weaving workers. It currently has about 5,000 members, almost all of them women. It is affiliated to the Confederação Geral dos Trabalhadores Portugueses (CGTP).

## 12. Republic of Moldova

Moldova-Business-Sind is established in 1989 and affiliated to the Confederation of Trade Unions in the Republic of Moldova (CSRМ)). It organizes self-employed workers, mostly street and market vendors, some home-based workers .

### 5.6.6 Nepal's Experience

The findings of the present research indicate that it is crucially important for home-based women workers to become organized, in order to ensure access to even basic levels of social protection. Home-based and other informal workers' organizations provide information to and a voice for their members. But, in fact, it is not clear that effective policies will be implemented or sustained in consideration to this 'voice' raised by these well established and ongoing organizations at the current politically instable situation in the nation.

It has been a long road from Kathmandu Declaration, 2000 to date for Nepal. Visibility and voice to the home-based workers and the emergence of a national movement have been the hallmarks of this journey. The first key achievement after the Kathmandu Declaration is the formation of Home Net Nepal. Home Net Nepal has emerged as a dynamic and vibrant network of organizations representing over home-based workers from districts in Nepal.

Home Net Nepal also works closely with trade unions, NGOs. Trade unions GEFONT, NTUC, NGOs and Fair trade organization in the country have built contacts with key government departments, ministry of labour, small cottage industry, ministry of finance etc. Several linkages with trade unions national, SAARC level and international have been forged. The home-based workers were a non-issue at the time of inception of Home Net Nepal , that is a decade back. Today it has come a long way.

However there is still long way to go ahead. Organising women informal workers is the one important strategy to provide them right and justice. Organisations of working women must be sure that their representatives play a leading role in, policy-making and decision-making for job-creation programmes and strategies intended to transform the marginalized position of women informal workers in the labour market. In the context of Nepal, these strategies are important for putting women at the centre of the economy which are listed below:

1. Make visible the work that all women informal workers are doing. Organise women in the invisible work sectors to campaign around their recognition and legal accommodation as workers.
2. Develop leadership, negotiating and lobbying skills among women in the low-skill, low-pay occupations in informal sectors of the economy.
3. Advocate and negotiate changes to legislation so as to broaden the definition of informal workers to include the peripheral categories of work in which women are often employed.
4. Advocate and negotiate policies and practices which facilitate mobility of women into more mainstream positions in the economy like including mobility into more skilled work and mobility from informal to formal sector work.
5. Undertake negotiations to revalue and restructure 'women's work', and the entire structure of jobs in all sectors of the economy.
6. Break down the stereotypical division of labour through extensive affirmative action programmes, training and education, occupational and industrial restructuring, etc.
7. Break down popular and disempowering misconceptions about the position of women in the informal sector, by building organisations of women workers in this sector who speak for themselves, instead of always being spoken for by the better-off entrepreneurs in the sector.
8. One of the factors, among others, which keeps women in low-income jobs is the lack of skills to do anything else. Therefore there should be job-creations programmes and training in new skills. Very often women do not present themselves for such training because they do not believe that they will get employment in these occupations. So job-creation programmes are the most important action to be taken to promote women taking up jobs in these non-traditional sectors of work. The programmes should ensure their placement in such jobs, and advertise for women to present themselves for these jobs and skills training.

## **CHAPTER 6**

### **SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OF THE RESPONDENTS**

This chapter describes the demographic and socio-economic profile of respondents interviewed during the field survey. Understanding various parameters like age, marital status, family size, education and training, ethnic groups, migration, primary occupation and earnings, it provides a perspective of the social status of these women workers. In addition, information was also collected on respondents' perception and future prospects towards home-based work. A description of background characteristics of the total 375 women home-based workers, as collected from field survey, is presented in tabular form below. And regarding to their perception, along with some tables, most of the information collected on the qualitative method base is narrated as to their own words. Among the total 375 respondents 97 women fall into self-employed group and the remaining 278 are piece-rate workers.

This chapter provides information on general characteristics of the respondents. This information will be useful in the interpretation of findings and analyzing the results in later chapters.

#### **6.1 Ethnic Background of the Respondents**

Nepal's population is multi-ethnic and multilingual. Each community has its own rules and regulations as far as women's mobility, marriage options, access to resources and social status are concerned. So these characteristics of respondents are studied as these may affect their participation and contribution in home-based work. For example Newar community is one in which women are highly tied by traditional norms, so providing them less opportunity to work outside home. This kind of traditional norm is pronounced in the present study to see the highest percentage of Newar women in home-based work than other ethnic groups.

Table 6.1 shows majority of respondents that is 69 % are Newars. In case of religious faith, the highest that is 67% follow Hinduism as their religion. More than half of the respondents' mother language is Newari that is 69%.

**Table 6.1: Percent Distribution of the Respondents by Ethnic Background**

| Background characteristics | Self-employed | Piece-rate workers | Total      |
|----------------------------|---------------|--------------------|------------|
| <b>Cast/ethnicity</b>      | Percent       | Percent            | Percent    |
| Newar                      | 48.45         | 76.26              | 69.06      |
| Brahmin                    | 15.46         | 3.95               | 6.92       |
| Chhetri                    | 8.24          | 4.64               | 5.5        |
| Dalit                      | 11.36         | 0.71               | 3.45       |
| Tamang                     | 3.09          | 6.13               | 5.32       |
| Others                     | 13.4          | 8.31               | 9.75       |
| <b>Religion</b>            | Percent       | Percent            | Percent    |
| Buddhist                   | 20.62         | 33.09              | 29.87      |
| Hindu                      | 78.35         | 64.03              | 67.73      |
| Christian                  | 1.03          | 2.88               | 2.40       |
| <b>Mother Language</b>     | Percent       | Percent            | Percent    |
| Newari                     | 48.45         | 75.90              | 68.80      |
| Nepali                     | 38.14         | 10.79              | 17.87      |
| Tamang                     | 3.09          | 6.47               | 5.60       |
| Others                     | 10.32         | 6.84               | 7.73       |
| Total number               | <b>97</b>     | <b>278</b>         | <b>375</b> |

Source: Field Survey, 2011.

## 6.2 Educational Background of the Respondents

A common hypothesis in early informal sector literature is

that educationally disadvantaged labour largely make up the informal sector labour force. This hypothesis has been confirmed by many studies in Asia and elsewhere (Amin, 2002). The present study also supports the fact realized so far as only 12% of respondents are found to have higher education as shown in Table 6.2 and Figure 6.1.

Education is one of the most important factors in the socio-economic development of the society and the country. Unfortunately the education does not seem to be of priority to women home-based workers of this survey. It is observed that home based workers are less productive because they are less educated, less mobile and less dynamic. 28% of the respondents have gained non-formal education in adult informal school to become literate where almost 10% are illiterate. 44% of them have done up to secondary school, 16% of the respondents have gained upto SLC but never entered higher education. A big portion that is 33% are found who have never gone to school. Almost all that is 97% of the respondents have dropped school studies.

**Table 6.2: Percent Distribution of the Respondents by Educational Background**

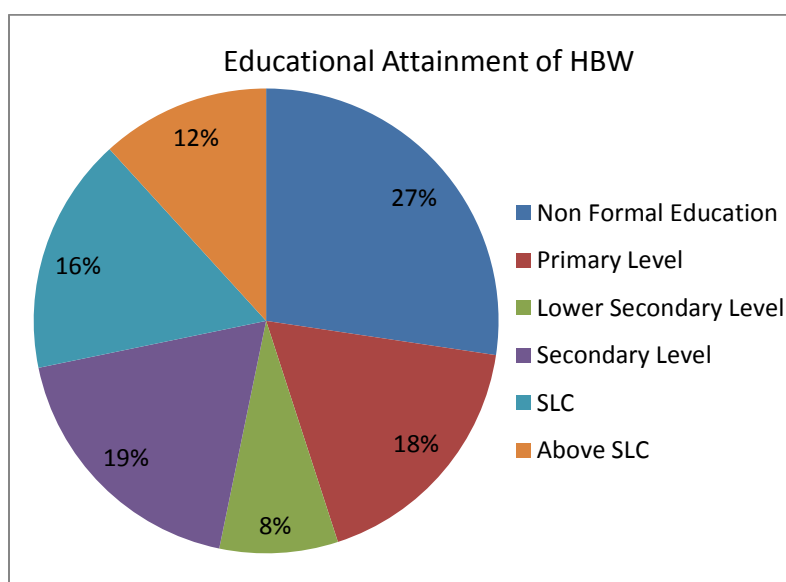
| Background characteristics | Self-employed | Piece-rate workers | Total      |
|----------------------------|---------------|--------------------|------------|
| Total number               | <b>97</b>     | <b>278</b>         | <b>375</b> |
| <b>Literacy</b>            | Percent       | Percent            | Percent    |

|   |         |         |         |
|---|---------|---------|---------|
| Illiterate                                  | 13.40   | 7.91    | 9.33    |
| Literate                                    | 86.60   | 92.09   | 90.67   |
| <b>Educational attainment</b>               | Percent | Percent | Percent |
| Non-formal education                        | 35.72   | 24.61   | 27.35   |
| Primary level                               | 11.91   | 19.53   | 17.65   |
| Lower secondary level                       | 10.71   | 7.42    | 8.25    |
| Secondary level                             | 16.66   | 19.14   | 18.53   |
| SLC   | 10.73   | 18.40   | 16.47   |
| Above SLC                                   | 14.27   | 10.93   | 11.75   |
| <b>Vocational training</b>                  | Percent | Percent | Percent |
| Yes   | 6.32    | 6.52    | 6.47    |
| No  | 93.68   | 93.48   | 93.53   |
| <b>Ever gone to school</b>                  | Percent | Percent | Percent |
| Yes   | 59.79   | 69.78   | 67.20   |
| No  | 40.21   | 30.22   | 32.80   |
| <b>Currently enrolled to school/college</b> | Percent | Percent | Percent |
| Yes   | 3.09    | 3.26    | 3.22    |
| No  | 96.91   | 96.74   | 96.78   |

Source: Field Survey, 2011.

*Note: In case of the answer to ever gone to school, illiterate and non-formal education group is included in 'No' group and those who have attained primary to higher education is included in 'Yes' group*

**Figure 6.1: Educational Attainment of the Respondents**



Source: Field Survey, 2011.

### **6.3 Demographic Background of the Respondents**

Table 6.3 shows on the distribution of respondents, the highest frequency falls into age group 30-34 followed by age group 35-39. The average age of home-based workers in the survey is 34 years. Obviously this is the age, when big responsibility of taking care of children and household chores fall upon women. Women find home-based work as a cushion to fall back for a financial support for her family.

Among the respondents of the survey, more than three fourths that is 81% are married, 12% are unmarried. Only few 4.8% and 1.8% are widowed and separated respectively. It shows women mostly get involved in home-based work after getting married. The average household size covered by the survey is 5 which is close to national average 4.70 as provided by census, 2011. Size of family affects the income and expenses of home-based workers significantly which will be presented in later chapter.

Nepalese society is patriarchy based. Patriarchy is prevalent in society of most castes and ethnic groups in Nepal. Living in a socio-economic environment based on patriarchy has significant implications for women in the survey. It is pronounced in their relation to head of household. Half of the respondents that is 50% have husbands as their head of the household, 16% of them have their father in law as head of the household. Data showed 76% of families in the survey have male member as head of the family. An observation showed female become head of the family only after the expiry of male head of the family. Only 9 percent of the respondents are found to be head of the households. So the respondents of the present study are also influenced by the practice of a patriarchal society where women are seen as weak and dependent on men, mainly head of the family which derive their social status including inheritance rights, ritual status, decision making right, and access to property.

Early marriage is prevalent in Nepalese society. Girls are married off earlier for the need to perform household and farm activities in Nepal. Data from the survey here shows majority of women, 81.82% are married before they are of 22 years. Mean age at marriage is found to be 19.51. Mean numbers of children ever born to them is 2.25.

**Table 6.3: Percent Distribution of the Respondents by Demographic Background**

| <b>Background Characteristics</b>                        | <b>Self employed</b> | <b>Piece-rate workers</b> | <b>Total</b>   |
|--|----------------------|---------------------------|----------------|
| <b>Total number</b>                                      | <b>97</b>            | <b>278</b>                | <b>375</b>     |
| <b>Age</b>   | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| 15-19  | 1.03                 | 2.16                      | 1.87           |
| 20-24  | 10.3                 | 8.63                      | 9.07           |
| 25-29  | 17.52                | 19.78                     | 19.2           |
| 30-34  | 22.68                | 27.34                     | 26.13          |
| 35-39  | 20.62                | 17.98                     | 18.67          |
| 40-44  | 11.35                | 13.3                      | 12.8           |
| 45and over   | 16.5                 | 10.81                     | 12.26          |
| <b>Mean age</b>  | <b>35yrs</b>         | <b>34yrs</b>              | <b>34yrs</b>   |
| <b>Marital Status</b>                                    | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| Never married  | 9.28                 | 12.95                     | 12             |
| Married  | 83.51                | 80.58                     | 81.33          |
| Widowed  | 6.19                 | 4.32                      | 4.8            |
| Separated/Divorced                                       | 1.03                 | 2.16                      | 1.87           |
| <b>Average family size</b>                               | <b>5</b>             | <b>5</b>                  | <b>5</b>       |
| <b>Relation of respondents to the head of the family</b> | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| Self   | 7.22                 | 8.99                      | 8.53           |
| Husband  | 59.79                | 46.76                     | 50.13          |
| Father   | 7.22                 | 8.99                      | 8.53           |
| Father-in-law  | 13.4                 | 16.91                     | 16             |
| Mother   | 2.06                 | 4.68                      | 4              |
| Mother-in-law  | 6.19                 | 10.07                     | 9.07           |
| Others   | 4.12                 | 3.6                       | 3.74           |
| <b>Head of the family by gender</b>                      | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| Female   | 16.49                | 26.26                     | 23.73          |
| Male   | 83.51                | 73.74                     | 76.27          |
| <b>Age at marriage</b>                                   | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| 22 years and below                                       | 85.23                | 80.57                     | 81.82          |
| Above 22 years   | 14.77                | 19.43                     | 18.18          |
| Mean age at marriage                                     | 18.99yrs             | 19.70yrs                  | 19.51yrs       |
| <b>Mean no. of children ever born</b>                    | <b>2.41</b>          | <b>2.88</b>               | <b>2.25</b>    |
| <b>Mean no. of alive children</b>                        | <b>2.27</b>          | <b>1.99</b>               | <b>2.06</b>    |
| <b>Current stay</b>                                      | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| Urban  | 29.9                 | 45.65                     | 41.55          |
| Rural  | 70.1                 | 54.35                     | 58.45          |
| <b>Place of birth</b>                                    | <b>Percent</b>       | <b>Percent</b>            | <b>Percent</b> |
| Urban  | 19.59                | 34.17                     | 30.4           |
| Rural  | 80.41                | 65.83                     | 69.6           |

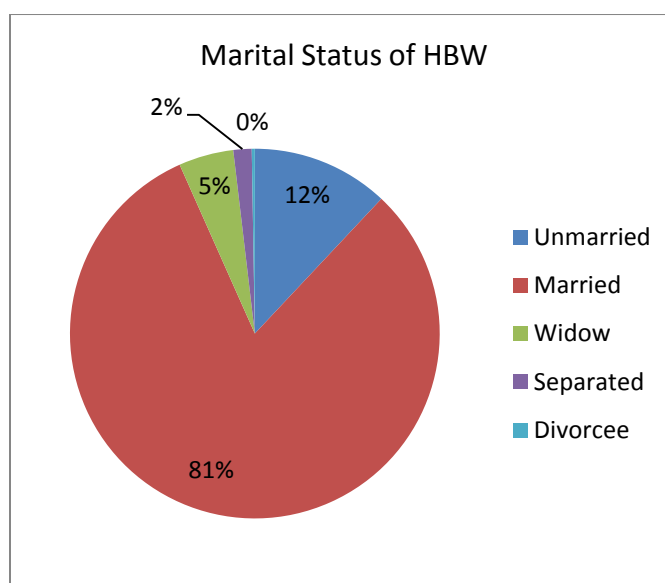
| Background Characteristics    | Self employed | Piece-rate workers | Total   |
|-------------------------------|---------------|--------------------|---------|
| Migration from place of birth | Percent       | Percent            | Percent |
| Yes                           | 59.79         | 55.76              | 56.8    |
| No                            | 40.21         | 44.24              | 43.2    |
| Reasons for migration         | Percent       | Percent            | Percent |
| Marriage                      | 71.9          | 58.7               | 62.5    |
| Search of work                | 17.5          | 21.7               | 20.5    |
| For better life/family reason | 14.1          | 23.8               | 21      |
| Study/ Training               | 0             | 4.2                | 3       |
| Others                        | 8.8           | 6.07               | 5.5     |
| Total                         | 112.3         | 108.4              | 112.5   |

*Note: In case of 'reasons for migration' total exceed more than 100 due to multiple response.*

Source: Field Survey, 2011.

Figure 6.2 shows most of the respondents are married showing a close relationship with women in home-based work and their currently married status.

**Figure 6.2: Marital Status of the Respondents**



Source: Field Survey, 2011.

## 6.4 Living Condition of the Respondents

The situation of basic need in the context of ownership of house, land and other materialistic possession determine the status of the living of these women workers which is tried to present in Table 6.4 below. 73% of the respondents' family own land either in valley or outside the valley. 92% of the respondents own a house to live in with. 69% of women own a set of jewellery.

Television is the most popular media for entertainment or recreation for majority of the workers. 93% of the respondents' household own a TV set. However, only 23% can afford a refrigerator.

**Table 6.4: Percent Distribution of the Respondents by Asset and Domestic Possession**

| <b>Background characteristics</b>       | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|---|----------------------|---------------------------|--------------|
| Total number                            | <b>97</b>            | <b>278</b>                | <b>375</b>   |
| <b>Current Residence</b>                |                      |                           |              |
| Rented room                             | 71.43                | 82.86                     | 80.22        |
| Apartment                               | 23.81                | 8.57                      | 12.09        |
| Relative's house                        | 4.76                 | 8.57                      | 7.69         |
| <b>Possession of land</b>               |                      |                           |              |
|   | Percent              | Percent                   | Percent      |
| Yes                                     | 78.13                | 70.76                     | 72.65        |
| No                                      | 21.88                | 29.24                     | 27.35        |
| In Kath valley                          | 71.23                | 73.05                     | 72.55        |
| Out of valley                           | 28.77                | 26.95                     | 27.45        |
| <b>Possession of house</b>              |                      |                           |              |
|   | Percent              | Percent                   | Percent      |
| Yes                                     | 92.78                | 92.09                     | 92.27        |
| No                                      | 7.22                 | 7.91                      | 7.73         |
| In Kath valley                          | 78.88                | 74.21                     | 75.43        |
| Out of valley                           | 21.12                | 25.79                     | 24.57        |
| <b>Possession of Jewellery</b>          |                      |                           |              |
|   | Percent              | Percent                   | Percent      |
| Yes                                     | 70.10                | 68.34                     | 68.80        |
| No                                      | 29.90                | 31.66                     | 31.20        |
| <b>Possession of domestic materials</b> |                      |                           |              |
|   | Percent              | Percent                   | Percent      |
| Television                              | 90.72                | 94.24                     | 93.33        |
| Radio                                   | 46.39                | 50.00                     | 49.06        |
| Motorcycle                              | 38.14                | 28.77                     | 31.20        |
| Refrigerator                            | 23.17                | 23.38                     | 23.46        |
| Computer                                | 24.74                | 27.69                     | 26.93        |

Source: Field Survey, 2011.

## **6.5 Occupational Background of the Respondents**

As an occupational background, the respondents who are currently engaged in home-based work are asked on the type of work they are involved. Further they are asked if they are involved in any other occupation than home-based work. The cases of those who are involved in other occupation is very negligible. So this information is not mentioned here. Home-based work is found to be the only prime occupation for them. Therefore occupational background for them is the only home-based work in which they are involved in. Women are also found to be involved

in more than one type of home-based work. So the question was also asked to find their primary products or the primary work. The results are presented in Table 6.5 and Table 6.6.

The survey indicates that most of the respondents who are self-employed are found to be engaged in tailoring while for piece rate workers the percentage is high in knitting job. More than 50% of the piece-rate workers are involved in knitting while for self-employed group, tailoring is the main job which stands to 42%. The three major types of occupations for the present respondents are knitting, tailoring, and carpet weaving. Women are less likely to involve in other type of works as shown by low percentage in other type of works. Knitting is found to be the primary work for the highest number of respondents which is followed by tailoring. Although women home-based workers are found to get involved in variety of home-based works, tailoring for self-employed and knitting for piece-rate workers are the prime occupation as reported by them. Of the type of works, carpet weaving, embroidery are next important work for them while bead works, bamboo works, metal works, dhaka weaving are also done by noticeable number of them.

**Table 6.5: Type of Home-based Work the Respondents Currently Engaged (in percentage)**

| <b>Occupation</b>    | <b>Self- employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|----------------------|-----------------------|---------------------------|--------------|
| Total number         | <b>97</b>             | <b>278</b>                | <b>375</b>   |
| <b>Type of work</b>  | Percent               | Percent                   | Percent      |
| Bamboo work          | 10.64                 | 0.37                      | 3.02         |
| Dhaka weaving        | 3.19                  | 2.22                      | 2.47         |
| Carpet weaving       | 0.00                  | 9.26                      | 6.87         |
| Tailoring            | 41.49                 | 23.70                     | 28.30        |
| Embroidery           | 5.32                  | 4.07                      | 4.40         |
| Knitting             | 6.38                  | 52.22                     | 40.38        |
| Wood Carving         | 0.00                  | 2.22                      | 1.65         |
| Bead works           | 1.06                  | 4.44                      | 3.57         |
| Clay material making | 0.00                  | 2.59                      | 1.92         |
| Metal work           | 9.57                  | 1.11                      | 3.30         |
| Food processing      | 5.32                  | 0.00                      | 1.37         |
| Fabric painting      | 2.13                  | 1.11                      | 1.37         |
| Others               | 24.74                 | 12.94                     | 16.0         |
| Total                | 110.55                | 116.25                    | 114.62       |

*Note: Total exceeds more than 100 due to multiple responses.*

*Note: 'Others' include the type of works: paper work, fiber products, handi crafts, felting, radi making, decoration dolls, stone biting, mithila paint, jewellery making, dhoop making.*

Source: Field survey, 2011.

**Table 6.6: Production Works that is Currently Primary for the Respondents (in percentage)**

| Occupation           | Self- employed | Piece-rate workers | Total      |
|----------------------|----------------|--------------------|------------|
| Total number         | <b>97</b>      | <b>278</b>         | <b>375</b> |
| Type of work         | Percent        | Percent            | Percent    |
| Bamboo work          | 10.3           | 0.00               | 2.66       |
| Dhaka weaving        | 2.06           | 1.79               | 1.86       |
| Carpet weaving       | 0.00           | 8.27               | 6.13       |
| Tailoring            | 39.17          | 21.58              | 26.13      |
| Embroidery           | 4.12           | 3.23               | 0.26       |
| Knitting             | 4.12           | 46.76              | 35.73      |
| Wood Carving         | 0.0            | 2.15               | 1.6        |
| Bead works           | 1.03           | 3.23               | 2.66       |
| Clay material making | 0.0            | 2.51               | 1.86       |
| Metal work           | 9.27           | 1.07               | 3.2        |
| Food processing      | 5.15           | 0.0                | 1.33       |
| Fabric painting      | 1.03           | 1.07               | 1.06       |
| Others               | 23.75          | 8.34               | 15.52      |
| Total                | 100.0          | 100.0              | 100.0      |

*Note: 'Others' include the type of works: paper work, fiber products, handicrafts, felting, radi making, decoration dolls, stone biting, mithila paint, jewellery making, dhoop making.*

Source: Field Survey, 2011.

## **6.6 Qualitative Output: Linkage between Background Characteristics of the Respondents and their Work**

From the observation, it is found that most of the Newar women workers who are dwellers of Kirtipur, Khokana, Bungamati, Thecho, Thankot are hard workers who never stay idle. In addition to their usual farming works, they get engaged themselves in some kind of home-based work like knitting, tailoring or carpet weaving. For example women in Kirtipur, mostly aged women are engaged in carpet, fabric , and Sukul weaving and knitting while young women are engaged in tailoring. Women in Kirtipur are fully occupied with their family farming job and their personal home-based work. Newar women in Khokana also are hard workers. In Khokana, people start to work at a very young age, and even school children are involved in a kind of work. Anyone staying idle faces shame in the community. There are some non-Newar migrants in Khokana who stay idle. Newars of Khokana so call them lazy people.

According to Home-based Workers Concern Society, a NGO associated with home-based worker, it is their experience that, mostly their training programmes has been fruitful in area of Newar dwellers. They find women in Newar community is earning good income from different

types of home-based work. Mostly in areas where non Newars are dwellers, women usually do not utilize the skill after the trainings. This experience as shared by stakeholders of Home-based Workers Concern Society supports the highest number of Newar women to be found in home-based work as presented in the Table 6.1.

The majority of married women have expressed their satisfaction over their role as earning women to support their husbands financially in raising children and performing other household work. Those unmarried home-based workers are found to be satisfied as they are independent financially for self-expenses. But almost all ethnic and religious groups in the survey are also found implemented by patriarchal rules of the society. They have less right on taking decision in family matters. In the case of bamboo workers in Badikhel for example, home-based women workers have little incentive to work hard as they do not have the right to spend their incomes at their own discretion. In most cases, either the heads of the households or their husbands take away their income.

However, the respondents expressed that they now are not keen to rejoin school in education at this stage of life, even if they were given the opportunity for further studies. Their opinion is that education does not have any bearing on their work. Instead, they are interested to go for training to uplift their skill in handicrafts. As seen above in Table 6.2 also, 97% of the respondents are not currently enrolled to any educational institute.

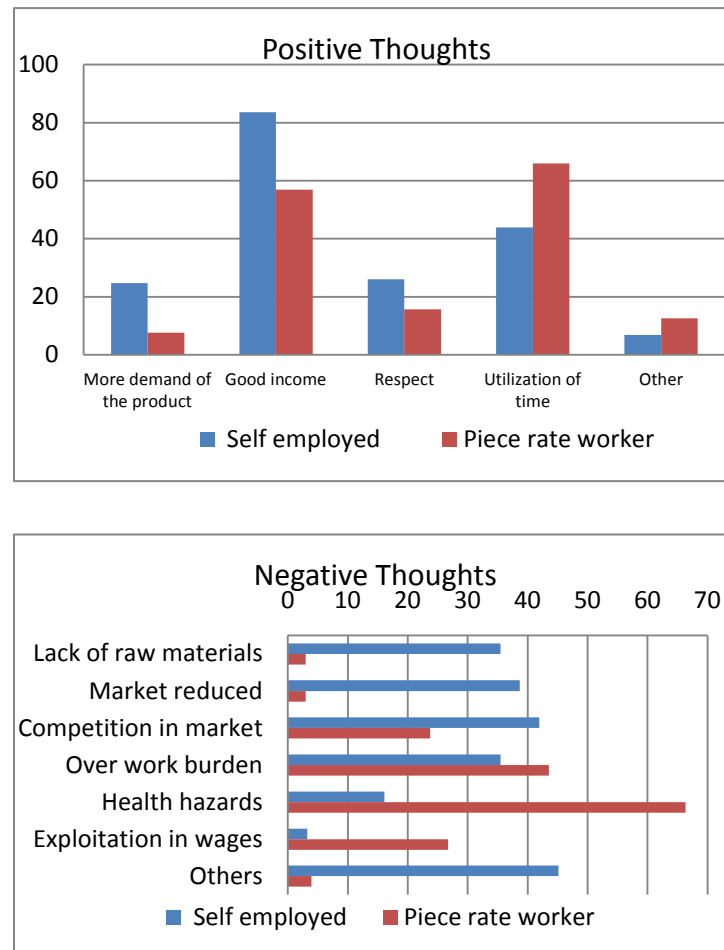
While asking the question if they change the primary work or shift from one type of home-based work to another, their response shows various reasons. Home-based workers switch off from one type of work to another for different reasons. Most of the reasons are health related. Women in Matsegaon and Thimi explained the reason for switching jobs from carpet weaving to knitting is mainly due to health-related problems. Women in Khokana who are now embroidery workers have shifted from metal works as they found metal work is heavy to handle for a female body.

Some of the information collected by qualitative method on general characteristics of respondents is presented in **Annex 12**.

## 6.7 Perception of the Respondents Towards Home-based Work

Some questions were asked in the survey to understand their perception towards their profession. The answer includes positive thoughts, negative thoughts or both in different cases depending upon their experiences.

**Figure 6.3: Perception of the Respondents Towards Home-based Work**



*Note: 'others' include self-dependency, self-satisfaction etc. for positive attitudes and family dispute, humiliation in society etc. for negative attitudes.*

Source: Field survey, 2011.

For example, some respondents doing tailoring complain of health hazards like eye injuries, back pain and leg cramps from the long hours of work at the sewing machines. Sometimes they even feel like closing down the business. But at many places the respondents have positive attitude towards their profession mainly as they are satisfied because their home-based work has become

a supplementary income source for the family. They also consider that getting involved in home-based work is a good utilization of time. Figure 6.3 is presented to show their responses.

## **6.8 Qualitative Output: Attitude and Future Perception of the Respondents Towards their work**

The responses as given by the respondents regarding their satisfaction to their job or future prospects is not found consistent. In some cases they are found highly satisfied so willing to continue, while at other place they are dissatisfied with problems and difficulties so thinking to quit, and again in some cases they are found indifferent. Some of the reported information is narrated below:

Women in Badikhel are not satisfied with their traditional work. They consider this work is not remunerative enough. Shortage of bamboo adds to their production cost and their products do not fetch adequate prices in the market. Additionally, plastic products have emerged as a substitute for bamboo goods. As a result, they do not find this profession attractive and would like to explore other economic opportunities.

One common problem faced by all workers in tailoring as explained by them in focused group discussion in Kirtipur is the frequent power cuts which adversely affect their production activities. Due to this reason, they are often unable to serve their customers effectively and timely. carpet weavers in Kirtipur explain a negative impact of home-based work on families, that is health-related problems. Wool dust causes chest infections and allergies even in the case of children. Children often complain about discomfort caused by the wool dust, which also spoil their food. Women usually comfort their children by explaining to them the need for compromising such discomfort for the much needed income.

Carpet weavers and knitters in Matsegaon have inferiority complex as their work is perceived as degrading by society, as compared to farming which is considered more decent. However, the women tend to ignore such perception by society and find satisfaction in being able to financially support their families. Moreover, they find home-based work convenient given its flexibility allowing them to also attend to household chores

Embroidery workers in Khokana find the work has a good market except during off seasons. But they are not satisfied because income is less compared to labour inputs compared to other type of home-based work. To increase income from embroidery the work consumes long hours of work which is hazardous to health especially eye. Embroidery work could be profitable enough to make a livelihood only if done on a large scale basis as big businessmen in Kathmandu do. Women in Khokana so take their work only as a reason to pass time. They earn Rs.100 net per day which is not justifiable to hard labour inputs. They are satisfied for the only reasons that family fully support them to run the business, society also approves it, and more importantly, they are able to attend to household chores along with the embroidery work. Thus, the work is convenient for the time being.

The condition of embroidery workers in general is not satisfactory. Some unmarried workers in Bungamati express they have become self-sufficient with this work, but for the mothers of children the income this type of work generates is not sufficient enough to serve as a livelihood. Their complaint is that, there is no legal protection for their labour rights from government in cases of cheating by sellers in market.

Women in Sipadol are usually busy with farm work and livestock. So they have indifferent perception towards home-based work. They are not much interested in the type of home based works. They find knitting is good to do only during the off season of farming as income from knitting cannot stand as a livelihood, it could be only supplementary income. According to respondents in Sipadol, knitting generates nominal income, so knitting is good only to avoid staying idle. The trade union GEFONT is initiating women in Sipadol to participate in home-based work and other activities of the organization.

Women in Chhampi are not attracted to and indifferent to home-based work. They do not find this work remunerative enough. They are instead attracted to day labour jobs in agriculture which is apparently a good source of income for the people in Chhampi. So, women are mostly engaged as day labourers which pay them Rs.300 per day on average.

The explanation of women in Kirtipur are not consistent. Some of them are satisfied for the reasons they give like: they get family support, working time is flexible and household chores can be adjusted with work schedule, they earn respect in society, etc. However, some

respondents face certain difficulties such as the lack of support from their family, the pressure on them to attend to family chores as a matter of priority, labor problems, non-payment by customers, and their sensitivity to prices. These factors contribute to a very stressful situation for the self-employed workers.

Women in Bouddha are found to be engaged, in stitching the goods that are used in Buddhist monasteries for religious rituals. Goods like chopan, cover of damaru, fiti, om mani, thanka, cover of dhengra, damaru etc. are the main source of their work order which actually comes from Buddhist monasteries. Buddhist women in Bouddha make a solid income by making those stuffs used in Buddhist Monasteries. They are satisfied for being able to financially support the family from this work since last 15 years.

Tamang women of Boudha, although feel heavy work burden to cover big orders, are satisfied with stitching Buddhist stuffs because their income covers all the expenses for the children including education and all the transportation expenses for the family. They are also satisfied as they get wage paid timely. They are also satisfied with the work as they get family support. Besides working time is flexible so making it easy to manage time schedule for household chores and stitching work. In addition, there is no problem of leaving children alone at home unsecured, as they work at home. For all these benefits, they are in a thought to continue the work in the future also.

Home-based workers in Kirtipur explained tailoring work offers good business prospects. Clothing is one of the basic needs of human beings. Additionally, people's changing tastes for new designs of clothing means expanding markets. Those who buy readymade garments also need tailors' service for altering new dresses for proper fitting. This means tailors will hardly face the issue of lack of market. Given the good business prospects, they unanimously want to continue the tailoring profession.

But carpet weavers in Matsegaon do not expect to continue their work until old age due to the adverse health impacts. As carpet weaving is physically strenuous, so not suitable for old people.

Women engaged in felting handicraft work also do not expect a bright future from this work as the work is too much health hazardous. Chemicals used in the production process are very

harmful to health. Although the workers are very much satisfied with the present employers, they want to leave felting work for fear of health damage. Actually they wish to continue their work even for old age if there be no health problem. In fact, felt handicraft can generate high income if done on a large scale as the product has a good market in tourism business. However, remaining as a piece-rate worker can give them only a nominal income. So, the employers themselves encourage their workers to start a new business of their own.

Ceramic products have good market demand, due to which home-based workers in Thimi see good prospects in this profession. Workers are confident about continuing the work until their situation allows. As ceramic work has always been beneficial to them and their families, the workers have no thoughts on leaving their jobs.

Carpet weavers in Kumbheshwar do not have the intention of continuing the work for long into future due to the adverse health impacts. Most of them plan to continue work only until their children completes the free primary schooling provided by the employers.

From the qualitative information a new dimension is found on the perception of respondents. Unlike most other women home-based workers, women engaged in felting handicraft work in Kathmandu and ceramic goods producers in Thimi, and carpet weavers in Kumbheshwar, Patan are satisfied with their employers as they are very well treated by the employers.

Workers are found satisfied with employers' behavior in ceramic works in Thimi. They are satisfied with the wages they get. They are even paid extra wage for overtime work. Surprisingly, they have nothing to complain about the employers' behavior. They do not have any problems as workers are treated as a family. Given the nature of production process, workers in some units have to face glaze dust which is harmful for the chest. But the employers are cautious about their workers' health. They are provided with face masks and never allowed to work without the masks. They are also provided with other extra facilities so no question of exploitation in wages. Employers provide money whenever they need, and they even get non-interest bearing loans to buy land and other property. They are unaware of the problems of other home-based workers in outer world. So to say a weak side of them that they have no knowledge of labour rights, government's policies and programmes, etc.

Women who work for a felting company in Kathmandu are also found quite satisfied with their employers who are all women. They are treated as family members, and there is no question of exploitation in this organization. All the workers find the home-based work from this company as a blessing.

Not all, but some of the workers in Kumbheshwar have also expressed similar experience. They explained although wage rate is low, they get other facilities such as healthcare, free schooling for children, etc. The company has also established a provident fund. Highly skilled workers are also given the opportunity to visit international handicraft expos. Workers are, therefore, satisfied with the employers in Kumbheshwar.

Some of the information collected from qualitative information during field survey and focused group discussion is presented in Annex 12.

## **CHAPTER 7**

### **PROBLEMS AND CHALLENGES ENCOUNTERED BY HOME-BASED WORKERS**

In this chapter, problems faced by the home-based workers are documented on the basis of information collected from field study and the available secondary sources. The problems of home-based workers originate from a lack of precise definition and a harmonized methodology to measure their work which causes invisibility of this kind of labour force. The lack of recognition in official labour statistics with no formal contracts gives rise to other insecurities for home-based workers like access to credit, raw material, infrastructure facilities etc. Women home-based workers are invisible on several counts. The problem is the difficulty in identifying the employer- whether it is the intermediary- the contractor- who directly places work orders, the supplier that puts out work to the intermediary, the manufacturer that outsource goods from the supplier, or the retailer that sells the goods and subsequently which unit in the chain should be held accountable for the rights and benefits of workers.

Due to intrinsic heterogeneity nature of work, there are many ways of defining the informal economy so leaving definitional controversy still persistent as discussed earlier in review. It must be clear which groups or segments are referred to when the informal economy is discussed. Further, it is not enough to have an international definition, but it is also necessary to develop an international / harmonized methodology to measure informal employment.

The lack of data on the informal sector and informal employment in official statistics often results in distorted estimates of the real economy. For example, without taking into account informal activities, estimates of female economic participation rates could be implausibly low, gross domestic product (GDP) significantly underestimated, and the share of population living below national poverty line overestimated. These data and measurement problems, in turn, weaken the formulation, implementation and evaluation of policies and programmes aimed at promoting decent work for all working in informal sector. Problems of home-based workers, in addition to definitional and measurement issue, is also related to trade.

In today's world, one of the best known features of globalization is the massive creation of jobs in export-led manufacturing in developing countries, particularly in South East/ East Asia and in Central and South America. These trends have led to the creation of new employment opportunities for women in the countries concerned. It has enabled them to be integrated into the global economy. But several issues need to be taken into consideration when evaluating their benefit. (Lund and Nicholson, 2004)

While export-led industrialization has created new jobs for women in many countries, the quality of this employment needs to be questioned. Typically wages are very low, working conditions are very bad, written contracts are rarely concluded and there are unlikely to be any benefits , such as maternity leave, sick leave, annual leave or health insurance. The position of homeworkers in global commodity chains is even more precarious, as big companies tend to hide them for cheap labour. They are intentionally isolated by companies than factory workers and have a less tenuous link with their employer.

Two studies conducted by Home Net South Asia and Home Net South East Asia emphasize that although modernization and globalization have benefitted some home-based workers who are in a position to respond to new opportunities (usually those with more education and more access to resources), it has also resulted in a crisis for most low-income home-based workers, particularly those who now face new competition in both international and domestic markets. As experienced in South East Asian countries in particular, the 'boom' of home- based subcontracted jobs tied to factory production is usually short-lived as factory and affiliated home-based jobs move away toward even lower-cost countries, resulting in the loss of international markets. (HNSA/ISST, 2006)

In both South and South East Asia, new sources of competition from both legal and illegal imports also take away the domestic markets that the vast majority of home-based workers have always relied on for their livelihoods. Home-based workers in Asian countries, as has been true for poor artisans and informal workers all over the world, the loss of domestic markets due to legal and illegal imports has been devastating and is likely to remain so, unless systematic interventions allow them to become more competitive in order to survive. Moreover, as in South Asia, many home-based workers in South East Asia report that they can no longer get access to

good quality raw material. Technological change in the form of machines that can replace work previously done by hand is fuelling this process of displacement as well. In addition to these problems, both the Home Net South East Asia and Home Net South Asia study and more recent research highlight the fact that imports are driving out the goods made by local home-based workers (Donna, 2007).

As in other low-income people in developing countries, informal home-based work is one of the few options open to people in Nepal, especially women. Their option is to work either as subcontracted piece-rate workers, as self-employed workers or some work together with combination of the two. But as with others working in the informal economy, women home-based workers in Nepal usually are not covered by laws regarding labour or social protection. The laws either do not exist, or they are not implemented. Home-based workers generally work in the background, out of the public eye, have been a largely invisible and uncounted part of the workforce.

The invisibility of home-based workers in Nepal manifests itself in several ways. One of the main reasons for their invisibility is the lack of an authentic definition at national level and a harmonized methodology to measure home-based workers' contribution. No policy for home workers exists. Labour law in Nepal is designed for the protection of wages and working conditions of workers in the organized sector. When the work place is at home, such laws cannot offer protection to the workers. They are designed for the 'employee' or for a labour market where the employer employee relationship is very clear. Working from home, home-based workers tend to remain isolated from other workers and, therefore, have less voice.

In the following units of this chapter, findings from the field survey, both from quantitative and qualitative method, on the issue of problems faced by the respondents is discussed. Some of the problems are common to both types of home-based workers while some are quite different. Additionally, experiences shared by employers and stakeholders at the one side and the workers at the other side is presented as a new dimension and or new thought learned from the present study.

## 7.1 Problems/Challenges Encountered by Piece Rate Workers

Exploitation in wages, long hours of working, cheating by middlemen and difficulty in managing time for home-based work are some of the major problems piece-rate workers face in particular. 34.1% said their problem is low payment, 26.0% reported problem of time management and 24% complained on long working hours. In addition, they suffer from middlemen, 5.84% reported they have been cheated by employer and middlemen. Unsafe and unhealthy working environment, bad health impact for children and family members due to nature of work are their additional problems (Table 7.1).

**Table 7.1: Problems/Challenges Encountered by Piece Rate Workers**

| <b>Nature of problems</b>   | <b>Number</b> | <b>Percentage</b> |
|---|---------------|-------------------|
| Total number of respondents   | <b>278</b>    |                   |
| Low paid  | 199           | 71.58             |
| Long working hours  | 140           | 50.35             |
| Unsafe and unhealthy working environment                                    | 28            | 10.07             |
| Difficult to manage time for household chore and work                       | 154           | 55.39             |
| Cheating by middle person and employer                                      | 34            | 12.23             |
| Adverse health impact for children and family members due to nature of work | 27            | 9.71              |
| Total   |               | 209.93            |

*Note: The total exceeds more than hundred due to multiple responses.*

Source: Field Survey (2011)

### 7.1.1 Problems with Middlemen

A related problem particularly to piece-rate type of home-based work is that a category of worker associated with the sub-contracting of work. Sub-contracting by a manufacturing or retail firm often involves one or more intermediaries and sometimes involves a long, complex chain of intermediaries. These intermediaries or sub-contractors typically receive work orders and raw material from firms or other intermediaries. They then put out work to small production units or to homeworkers. Many such intermediaries are themselves home-based. They store raw materials at their home and allocate work orders from their homes. In addition to putting out work to others, some intermediaries operate small production units themselves: thereby, taking on the additional status of self-employed outworker. Unlike the independent employer who hires others to work in his/her enterprise, the intermediary depends on a firm or another intermediary for work orders and raw materials. They usually sub-contract, rather than hire, workers. Like an

independent employer, however, the intermediary assumes some economic risk: notably, responsibility for storing raw materials, overseeing the quality of production, and delivering finished goods. For these reasons, intermediaries are better considered as semi-independent workers, rather than fully independent employers. So these steps of subcontracting works does not fit conventional categories of employment status.

Depending on the number of intermediaries in any given sub-contracting chain, the links between the homeworker and the lead firm for which they work are often obscure. In long complex chains of intermediaries, bargaining for higher wages is complicated by the distance between the homeworker and the lead firm and the ambiguity over who is responsible for providing higher wages (ILO, 2002).

As found by the present study also, piece rate workers who have been totally dependent on middlemen to sell their products both in the national and international market, are exploited more than those who do their own marketing. Women who have neither the knowledge nor the capacity in international marketing are exploited more by middlemen than those who have direct contacts with their international buyers.

One of the common exploitative practices adopted by the middlemen as responded by the respondents is to deduct wages for 'rejection'. Many a times, the middlemen withhold partial payment to maintain a hold on the worker and to discourage the worker from going to other middlemen.

If they displease the middlemen, the middlemen deliberately find many faults in their products or they do not buy the products at all and this leads to great loss in home-based workers' small business.

#### **7.1.2 Qualitative Output: Problems Caused by Middlemen's Misbehaviour**

As the story told by the respondents in Matsegaon, in the past, middlemen, used to take a big share of their wages leaving marginal portion in their hand. Because of these middlemen, the workers neither knew their real employer nor had any idea where to meet him. Because of the extremely low wage rate, many women abandoned carpet weaving. Due to shortage of labor, one day the employer himself visited Matsegaun in search of carpet weavers. That visit of the actual

employer proved to be a blessing for them, as they told, because it gave them an opportunity to negotiate double the wage rate directly with the employer without any middlemen. Otherwise they had to accept low wage, as middlemen used to threaten them not to give further order.

The main problem of home-based workers in Dhapashi/Khadipakha area is also cheating by the middlemen. Middlemen make many tricks for them to never meet the real employer. Whenever these women tried to reach the employer, middlemen misled them in many ways. Middlemen take a big share of their wages as business is in subcontracted form. Because of deduction of wages by middlemen, they hardly get a hundred rupees for a full day work. If they could have met the real employer, they would have got fair wages, as they explained.

Some of the examples of problems with middlemen, as reported by women, during qualitative information collection are presented in Annex 12.

## 7.2 Problems/Challenges Encountered by Self-employed

Self-employed group of home-based workers have their own difficulties. Their main problems are lack of market, high competition in market, lack of necessary finance etc. In addition, lack of opportunity of trainings to upgrade their skill, late payment by customers, difficulty in managing raw materials are the particular problems and challenges to them. To improve their situation they need the capacity to bargain in market. On the basis of the primary findings, the main problems they face is competition in market, lack of finance and lack of market followed by others as shown in Table 7.2.

**Table 7.2: Problems/Challenges Encountered by Self-employed**

| Problems                          | Self employed |       |
|-----------------------------------|---------------|-------|
| Total number of respondents       | <b>97</b>     |       |
| Lack of market                    | 36            | 37.11 |
| High competition in market        | 47            | 48.45 |
| Unable to learn new skill         | 15            | 15.46 |
| Lack of training                  | 13            | 13.40 |
| Lack of necessary finance         | 43            | 44.32 |
| Late payment by sales person      | 20            | 20.61 |
| Difficulty in raw material supply | 18            | 18.55 |
| Total                             |               | 197.9 |

*Note: Total exceeds more than 100 due to multiple responses.*

Source: Field survey, 2011.

The problems related to self-employed type of home-based work in particular is discussed here separately.

### **7.2.1 Low productivity, Poor Technology, Lack of Capital**

Many of the production and service activities in the home-based work are of low productivity consequently yielding low incomes. The concentration of workers in low productivity activities is in part a reflection of entry barriers to other big scale activities because they cannot afford. Because big scale activities require not only technical and entrepreneurial skills, but also capital. The fact home-based workers to be concentrated in these low income activities is not by choice, but due to a lack of opportunities to more remunerative occupations.

Low productivity is there because of the low levels of technology used by the home-based workers. Their remuneration is irregular and so it is difficult to save money to invest in new machinery or in training. For example, garment making for export markets requires a range of sophisticated cutting and sewing machines. Here almost all of the respondents who run small units of tailoring business operate with simple sewing machines capable of doing mainly one or at most two kinds of stitches. This reduces the productivity and also limits the nature of markets to which the sector can cater.

The self-employed workers face the insecurity in undertaking financial sources in their operations. Many of these activities do not have a legal recognition mainly due to their location at home or home premises. This constrains the workers from approaching formal institutions for accessing credit. Poor home-based workers venturing into self-employment need enough financial resources in combination with other inputs such as technical and marketing assistance. Home-based women workers are found to have no assets to start any business or income generating activities. They need to take the permission from their husband or guardian to use the property, which is a very common feature of a male dominated patriarchic society. Sometimes guardians keep the property in the name of women just to avoid tax, but women are not given authority to handle the property. Small scale home-based workers are unable to take bulk orders because of the lack of financial sources and the physical capacity of their factory.

### **7.2.2 Less Access to Exposure to Markets/ High Competition in Market**

Concerned mainly to self-employed home-based women workers, accessing markets is a major challenge. Globalization and trade liberalization has created new opportunities and the demand for many of the products that is produced by home based workers, particularly in the crafts sector. But the benefits of these do not accrue to the real producers of those products. They are not able to reach these new and expanding markets because they remain isolated, dispersed, and have restrictions on mobility. They do not have appropriate market information, lack exposure to marketing, especially regional, national or international levels. In many cases, though exceptionally skilled, they are constrained by poor designs, inadequate skills and outdated technology.

It has been observed during field survey that even skilled home-based workers with good quality products face problems in selling their goods due to the lack of access and opportunities to advertise their products. Advertisements through the media are too expensive. Thus due to lack of advertisement and exposure, even good products are not finding a national or international market.

This is a true fact that in many places, weaving, garments, papermaking, ceramic utensils, products are growing rapidly in urban areas and even in international markets. But for home-based workers' segment of the industry it is in declining trend. These results from two sources: competition and changes in demand/ tastes with modernization and cultural change for example, readymade garments to ones that are locally stitched. Even at very low prices, for example, preferring new types of plastic goods to traditional crafts or utensils by the consumers has left home based workers difficult to compete in market. If the women had the capacity to reorient their production toward the growing segments of the market, their economic status would improve. However, given their poverty and lack of access to resources and information, this is not possible for the great majority of home-based workers.

### **7.2.3 Problems in Supply of Raw Materials**

Due to lack of transportation and road access, it becomes very difficult and expensive to produce raw material required. The raw materials that are imported from local market usually do not tend

to be of the same quality all the time. That hampers the quality of the finished products and such inconsistencies in the quality of the products have a negative effect on orders.

#### **7.2.4 Qualitative Output: Problems in Production/ Marketing**

Some of the experiences of self-employed respondents as expressed by them during field work are noted below.

##### *Low productivity, poor technology, lack of capital*

Self-employed Dhaka weaver women say profit margin is very low. Unexpected rise in prices of factors of production creates questions on sustainability of Dhaka weaving business because they have no access to big capital to invest in large scale.

##### *Exposure to market/competition in market*

The products of bamboo workers in Badikhel fetch nominal and varying prices in the market because of the lack of a well-functioning market for their products. They are compelled to accept low prices sometimes even half of their expectations because of their dire needs for incomes to meet their household expenses for raising their children, medical treatments for work-related accidental injuries, etc.

Bamboo workers in Badikhel face an unfavorable market for their products. Their products are often returned from the market resulting in additional transportation costs for them. Ideally, they would like to sell their products to a single buyer which would be more convenient and cost effective for them.

Customers in Kirtipur are reluctant to pay the same price for tailoring as in Kathmandu because they perceive poor quality stitching in Kirtipur. As a result, their profit is low compared to that of their counterparts in Kathmandu.

The prevailing system of credit sales in Kirtipur is difficult to avoid. As most of the customers belong to their own community and are friends or relatives, it is difficult to deny them to give on credit. The customers are eager for the delivery of the goods but are often negligent about clearing their payment dues. Hence, they need to be continuously reminded for the payment.

Women usually earn low profits due the expensive raw materials in Kathmandu and the interest costs of their loans. They also face difficulties in transporting their products to the market. And the market prices are low relative to their production costs, particularly their significant labor inputs.

As there is no market place in the village, embroidery workers in Khokana take their products to Kathmandu to sell. They get work order from sellers in Kathmandu who supplies sarees. The embroidered products are returned if the work is not fine enough.

Home-based women workers in Sita Paila look for big orders to produce in large scale so that they can get good market. But they have no access for it.

In Jhor, women are gradually quitting home-based work. In the past, women were able to earn profitably from carpet weaving which supported their families financially. However, most of the carpet factories are closed now so leaving women jobless. Although they get opportunity of training, women are now not keen in the carpet weaving business due to weak market demand.

Producers of bone products in Alapot enjoy a good market for their products as it is popular among tourists. Another positive aspect of this business is the timely payments by the sellers. However, the downsides of this business are low sales during off seasons, very laborious production process, and the high cost to transports raw materials and finished products.

Metal workers in Alapot find it easy to sell their products (khukuri', 'knives', 'kuto', 'kodalo' and other agricultural equipment) in the market, although it pays low. The production process is, however, difficult and unsafe. It is even more difficult during the hot summer days as the production process involves working with fire.

#### *Availability of raw materials*

Bamboo workers in Badikhel face a major raw material constraint, especially good quality bamboo, for their work. Even if they are able to find the required bamboo of satisfactory quality, they lack proper facilities to store them, due to which they are stolen by other bamboo users such as vegetable producers and vendors and poultry vendors. They have no access to financial

services for procuring adequate supply of raw materials and scaling up their production. Ideally, large-scale bamboo farming is necessary for ensuring a reliable supply of bamboos.

Tailors in Kirtipur find transporting raw materials from the market problematic to them when big packets are to be ported to upper hill area as bus service does not reach up to there.

Embroidery workers in Khokana have no problem in buying raw materials. The stuff needed for embroidery are easily available in Lagan Khel and Ason bazaar in Kathmandu and as these are small and tiny goods it is quiet easy to carry them. But the problem is with cost it bears as these are expensive pieces.

### **7.3 Common Problems of Both Categories of Home-based Workers**

#### **7.3.1 Long Working Hours and Difficulty in Time Management**

Even though home-based workers work as equal to full time workers up to ten hours a day on average, their work is always considered as part-time work. Carpet weavers are found to work 15 hours a day on average. (on the basis of qualitative enquiring). Invisibility of home-based worker's effort is due to the tendency to view home based work as marginal or peripheral economic activity. This is far from the truth. The present study has pointed out that women home based workers spend on average 7.32 hours a day, 25.52 days a month and 10.9 months a year to conduct their home-based work suggesting that home-based workers are full time rather than part time workers.

The findings from the survey on the time allocation done by women home-based workers are presented in detail in the following Table 7.3. It shows almost 83% of the respondents work as a full time worker, 10-12 months in a year. Only 2% of the respondents work less than 3 months. Almost 63% work 26 to 30 days in a month as full time worker. 45% of them work 8-11 hours in a day. Home-based workers in Nepal, as elsewhere hold responsibility of house holding and income earning. Home-based workers work even longer hours than full time workers. 6.67% of them work from 12 to 18 hours. From the survey it is found that carpet weavers work for the longest hours. So the work burden of home-based workers is much heavier than the full time workers in formal sector. Further because of the domestic and maternity role they have to play, they have dual work load.

It is to be noted that despite working as high as 10 hours a day on an average, their income is very low Rs.54,248 per annum (Field survey). It is mainly because their work is in a kind of informal setting where women have less bargaining power for a fair remuneration.

**Table 7.3: Time Management for Home-based Work by the Respondents**

| <b>No. of months respondent work in a year</b> | <b>No. of respondents</b> | <b>Percent</b> |
|--|---------------------------|----------------|
| Total number of respondents                    | <b>375</b>                |                |
| Less than 3 months                             | 8                         | 2.13           |
| 4-6 months                                     | 27                        | 7.20           |
| 7-9 months                                     | 29                        | 7.73           |
| 10-12 months                                   | 311                       | 82.94          |
| <b>No. of days respondents work in a month</b> | <b>No. of respondents</b> | <b>Percent</b> |
| Less than 10 days                              | 15                        | 4.00           |
| 11-15 days                                     | 25                        | 6.66           |
| 16-20 days                                     | 45                        | 12.00          |
| 21-30 days                                     | 290                       | 77.34          |
| <b>No. of hours respondents work in a day</b>  | <b>No. of respondents</b> | <b>Percent</b> |
| Less than 3 hours                              | 30                        | 8.00           |
| 4-7 hours                                      | 153                       | 40.80          |
| 8-11 hours                                     | 167                       | 44.53          |
| 12-18 hours                                    | 25                        | 6.67           |

Source: Field Survey, 2011.

### 7.3.2 Lack of Education and Trainings

Illiteracy or low levels of education leading to low productivities occupations are severe problems for women in general which is true in case of home-based workers also. Low level of education among women handicaps them when they try to enter the formal labour market, compelling them to enter informal works paying low income.

Most of the women home-based workers are from the grassroots level and therefore they are hardly literate if not totally illiterate. They usually start their business after being motivated by some organization and or friends. But as they are uneducated, they hardly have any knowledge about marketing and market networking and as such so face a great disadvantage. Women generally have less mobility, less training, fewer leadership opportunities and these have hampered the networking amongst women.

Regarding skill upgrading trainings, actually, the skill involved in home-based work is not very technical but labour skill-based, mostly handmade, that can be done with the use of less advanced production technologies. Respondents usually acquire their skill either through experience or traditionally inherited depending upon type of work. Some of the home-based work are traditional like bamboo works, metal works, jewellery making, ceramic pottery making

etc. are done easily by few days practice from other experienced workers. The respondents who are involved in those traditional type of work, inherited their skill from their ancestors without any training and have been involved in the activities for quite some time. There are some other non-traditional works which are learnt by home-based workers without training. For example the nature of felting handicraft work is such that workers do not require specific training. Old or experienced workers can easily teach the technique of production to new comers. Therefore to many types of home-based work, training for skill upgrading is less important.

Therefore, the low levels of skill, due to lack of training with which they operate, lead to low level of earnings is applicable to only few types of works like tailoring, embroidery works etc.

**Table 7.4: Exposure to Training/Duration of Training**

| <b>Trainings</b>                     | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|--------------------------------------|----------------------|---------------------------|--------------|
| Total number of respondents          | <b>97</b>            | <b>278</b>                | <b>375</b>   |
| <b>Ever participated in training</b> | Percent              | Percent                   | Percent      |
| Yes                                  | 50.53                | 43.87                     | 45.60        |
| No                                   | 49.47                | 56.13                     | 54.44        |
| <b>Weekly duration of training</b>   | Percent              | Percent                   | Percent      |
| 1 week                               | 50.0                 | 42.31                     | 43.33        |
| More than 1 week                     | 50.0                 | 57.69                     | 56.67        |
| <b>Monthly duration of training</b>  | Percent              | Percent                   | Percent      |
| 1 month                              | 15.38                | 11.63                     | 12.80        |
| More than 1 month                    | 84.62                | 88.37                     | 87.20        |
| <b>Yearly duration of training</b>   | Percent              | Percent                   | Percent      |
| 1 year                               | 50.00                | 66.67                     | 60.00        |
| More than 1 year                     | 50.00                | 33.33                     | 40.00        |

Source: Field Survey, 2011.

The non-traditional home-based workers are rather new to trade which need training. For example some kinds of works like handicrafts, knitting, and tailoring require good skill. Trainings could help them to uplift their skill and efficiency in work. However, only 46 percent of the present respondents got opportunity of training. Training duration ranges from one week to one year (Table 7.4).

Women involved in the occupations like tailoring, embroidery, knitting, handicrafts expressed their desire to uplift skill from further trainings so that they get to learn new designs from training and be able to compete in fashion market. Although some short durations training

programmes are conducted by NGOs and Trade unions which are associated with home-based workers, that is not adequate to cover vast majority of home-based workers spread in wider geographical area.

### **7.3.3 Invisibility in Society**

Similar to the case with other countries, women home-based workers in Nepal are invisible on several counts. Home based worker, never counted as a category in Labour Force Survey, is a category of workers who remain invisible, particularly the subcontracted and the homeworkers. The problem is actually the difficulty in identifying the employer. Whether it is the intermediary, the contractor, who directly places work orders, the supplier that puts out work to the intermediary, the manufacturer that outsource goods from the supplier, or the retailer that sells the goods. At many times, it is difficult to identify which unit in the chain should be held accountable for the rights and benefits of workers.

The invisibility of home based workers manifests itself in several ways. No policy for home workers exists. Labour Law in Nepal is designed for the protection of wages and working conditions of workers in the organized sector. When the work place is at home, such laws cannot offer protection to the workers. They are designed for the 'employee' or for a labour market where the employer - employee relationship is very clear. Working from home, home based workers tend to remain isolated from other workers and, therefore, have less voice.

### **7.3.4 Social Problems**

More than half of the respondents in the present survey face social problem of different kinds, their main problem is related with health as shown in (Table 7.5)

**Table 7.5: Social Problems / Challenges Encountered in the Job**

| <b>Social problems</b>              | <b>Self-employed</b> | <b>Piece-rate worker</b> | <b>Total</b> |
|-------------------------------------|----------------------|--------------------------|--------------|
| <b>Experience of social problem</b> | Percent              | Percent                  | Percent      |
| Total number of respondents         | <b>97</b>            | <b>278</b>               | <b>375</b>   |
| Yes                                 | 59.79                | 58.99                    | 59.20        |
| No                                  | 40.21                | 41.01                    | 40.80        |
| <b>Nature of social problems</b>    | Percent              | Percent                  | Percent      |
| <b>Total number of respondents</b>  | <b>58</b>            | <b>164</b>               | <b>222</b>   |
| Disturbance in work in family       | 0                    | 5.48                     | 4.05         |
| Lack of social security             | 2.06                 | 2.15                     | 2.13         |
| Adverse effect on health            | 94.82                | 93.9                     | 94.14        |
| Others                              | 1.72                 | 2.43                     | 2.25         |
| Total                               | 98.6                 | 103.96                   | 102.57       |

*Note: Total exceeds more than 100 due to multiple responses.*

*Note: 'Others' include: humiliation in society, barriers from in-laws.*

Source: Field Survey (2011)

### **7.3.5 Health Problems**

It is a well-recognized fact that access to health services is inadequate among the majority of people in most low and middle-income countries, including Nepal. The Government in such countries cannot keep up with the health needs of their population. Therefore, private health providers are increasingly playing an important role. But the services are too expensive for the majority of the people.

In the context of Nepal, the current deteriorating economy has left very few options in providing social and health security in the country. Privatization of health facilities is taking place at a faster pace. Inadequate quality of public health care services and expensive health care services in the private sector have made the self-financing of health care for families really difficult. Most of the women workers in Nepal, in particular those working in informal economy, face various and significant constraints in accessing affordable and quality maternity care. With so many women working in the informal economies, a country's economic productivity is highly linked to the health of working women.

**Table 7.6: Nature of Health Problem Faced by the Respondents**

| <b>Nature of health problem</b>        | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|--|----------------------|---------------------------|--------------|
| <b>Total number of respondents</b>     | <b>97</b>            | <b>278</b>                | <b>375</b>   |
| Back pain                              | 19.58                | 31.29                     | 28.26        |
| Eye problem                            | 23.71                | 33.09                     | 42.44        |
| Headache                               | 12.37                | 18.34                     | 16.8         |
| Mental pressure/depression             | 36.08                | 37.41                     | 37.06        |
| Anemia due to lack of nutritional food | 4.12                 | 12.94                     | 10.66        |
| Asthma                                 | 6.18                 | 7.19                      | 6.93         |
| Effect on children's health            | 1.03                 | 3.95                      | 3.2          |
| Others                                 | 12.37                | 5.39                      | 7.2          |
| Total                                  | 115.44               | 149.6                     | 152.01       |

*Note: Total exceeds more than 100 due to multiple responses.*

*Note: 'Others' include leg cramps, burning in hands, injuries in hands.*

Source: Field Survey, 2011.

In the primary survey, the home-based women workers' suffer from occupational diseases is mainly observed in the form of weakening eyesight, orthopedic like back pain, hands pain as shown in Table 7.6. Asthma is common diseases for carpet weavers and Dhaka weavers (Qualitative output).

Health of these workers in general is affected by various reasons/ causes in any of the workplace. Among the causal factors, major ones are smoke, dust, chemicals machine, and heat. Wool dust for the carpet weavers and knitters, chemicals for felting workers and unsafe machine and heat for metal workers is the major factor that causes health hazards.

Occupational safety and health is one of the major issues directly concerning the workers right. But most of the Nepali workers in formal sector and almost all in informal sector are still unaware of its reality. In the study area, a significant number of workers were affected by occupational diseases at their workplace. (Table 7.7)

**Table 7.7: Effect of Health on Working Capacity for the Respondents**

| <b>Negative effect on efficiency of work due to poor health</b> | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|---|----------------------|---------------------------|--------------|
|   | Percent              | Percent                   | Percent      |
| Yes   | 29.09                | 56.49                     | 49.28        |
| No  | 70.91                | 43.51                     | 50.72        |
| <b>Visited doctor</b>   | Percent              | Percent                   | Percent      |
| Yes   | 100.00               | 89.65                     | 91.26        |
| No  | 0.0                  | 10.35                     | 8.74         |
| <b>Reason for not visiting doctor</b>                           | Percent              | Percent                   | Percent      |
| Don't know about doctor   |                      | 11.11                     |              |
| No money  |                      | 22.22                     |              |
| No time   |                      | 33.33                     |              |
| No health facility available                                    |                      | 11.11                     |              |
| Others  |                      | 22.22                     |              |

Source: Field Survey, 2011.

It is found that for the 50 percent of the respondents' efficiency are affected by poor health. Respondents are however found to be health conscious as 91% person reported they consult with doctors when they fall sick. The reason for not visiting doctors as they reported does not show any significant sense given to less number of cases found.

### **7.3.6 Lack of Legal and Social Protection**

The overall problems and challenges of informal workers is a part of government's weak policy and implementation. As mentioned in chapter review of literature earlier, the government of Nepal has never separately and exclusively planned for the informal part of the economy. The informal economy's concerns are addressed in general terms on sectoral and thematic lines only.

Social security is a crucial need for all home based workers as equal to other type of labour. But home-based workers have little or no legal and social protection, poor working conditions, minimal or no workers benefits. A large proportion of home-based workers are women and thus child-oriented needs become increasingly important.

There are some special rights for women workers incorporated in the Labour Act and Labour Regulations 1993 as mentioned in earlier chapter. Women are legally entitled to equal pay for similar jobs and to enjoy a series of gender related privileges, such as maternity leave, feeding intervals during working hours and creche facilities.

But in practice, women do not enjoy such rights, as most of them are concentrated in the informal economy. Moreover, women are often considered as unskilled labour despite the job requiring specific skills such as carpet weaving, embroidery, knitting etc.

Of the workers surveyed, almost all that is 93.17% said that there are no health facilities or preventive measures used to save the workers from health hazards at their work place. Home - based workers in all types of work are found suffering frequently from one or more diseases or frequent sickness but only negligible proportions of the sufferers are getting financial support from employers.

Cheating and exploitation either by employer or middlemen is another severe problem that home-based workers are not getting to escape. From the primary survey it is found that 12% of respondents have faced cheating experiences of delayed payment, cheating behavior and exploitation in wages but they never claimed for justice (Table 7.8). This is one example of their lack of voice.

**Table 7.8: Cheating/ Exploitation Encountered by the Respondents**

| <b>Cheating/exploitation encountered</b> | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|--|----------------------|---------------------------|--------------|
|  | Percent              | Percent                   | Percent      |
| Yes                                      | 17.52                | 10.07                     | 12.00        |
| No                                       | 82.48                | 89.93                     | 88.00        |
| <b>The ways of cheating</b>              | Percent              | Percent                   | Percent      |
| Delay in payment                         | 52.94                | 27.02                     | 35.18        |
| Cheating behavior                        | 35.29                | 24.32                     | 27.77        |
| Exploitation in wages                    | 11.77                | 48.66                     | 37.05        |
| <b>Claimed for justice</b>               | Percent              | Percent                   | Percent      |
| Yes                                      | 0.00                 | 0.00                      | 0.00         |
| No                                       | 100.00               | 100.00                    | 100.00       |

Source: Field Survey, 2011.

The cases of accidents are found only 5.18%. In case of piece rate workers, compensation for the accident from employer or social security from employer is negligible. (Table 7.9)

**Table 7.9: Accidents Encountered by the Respondents During Work**

| <b>Accidents during work</b> | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|------------------------------|----------------------|---------------------------|--------------|
|                              | Percent              | Percent                   | Percent      |
| Yes                          | 16.49                | 0.71                      | 5.18         |
| No                           | 83.51                | 99.28                     | 94.82        |

|  |         |         |         |
|--|---------|---------|---------|
| <b>Get any social security</b>                       | Percent | Percent | Percent |
| Yes  |         | 5.76    |         |
| No   |         | 94.24   |         |
| <b>Contract paper with employer</b>                  | Percent | Percent | Percent |
| Yes  |         | 6.84    |         |
| No   |         | 93.16   |         |
| Health facility/ Maternal health service by employer |         | Percent |         |
| Yes  |         | 6.83    |         |
| No   |         | 93.17   |         |

Source: Field Survey, 2011.

### 7.3.7 Qualitative Output: Problems Related to Occupational/Familial/Social/ Legal Matters

#### *Low Wage*

Carpet weavers in Thechu, dissatisfied with their job, are staying in this job only because it provides flexibility for doing household chores and it is better than staying idle. As explained by them, initially, the carpet factory owners themselves come to install tools, later on middlemen are sent to manage for supplying raw materials and deliver the final products. Actually, company owners adopt this kind of management in their companies with an intention to hide cheap labour. Due to subcontracting system in home-based work, workers face this kind of problem.

Some women in Matsegaon said they used to weave for 17 hours from 4:00 am to 9:00 pm. So carpet weaving has become a good source of income in the past. The situation has, however, changed for them now. After marriage because of family responsibilities, they are unable to finish even 6 inches of carpet per week. Further, they get less work order as demand for carpets (galaincha) has declined in the market. So now their earning is nominal.

Carpet weavers in Matsegaon earn Rs.3,000 per month despite working for 15 hours a day, from 5:00am to 8:00pm. Employers assure to raise the wage rate, but in practice, they reduce wages citing unfavorable business environment. They can ill afford to stay idle, they are often left with no choice but to accept the given low wage rates.

Respondents' answer regarding wage is contradictory in Thankot. Some respondents are satisfied with wage paid by facilitator who is the main work supplier to home-based workers in the

community. She provides them money in time of need, pays extra wages for complicated knitting patterns and also assists the workers in their learning process.

Some of the home-based workers in Thankot are dissatisfied with the wages they get paid. They feel the wage rate is relatively low compared to wages paid in other types of work. Wages is very low but they are compelled to accept because of their dire needs of income to meet household expenses as male partner's income does not cover all the family expenses. A notable problem they put ahead is that they are not in condition to let their children to get enrolled as Science students in colleges as fees are high in Science Faculty. So they regret their children do not get opportunity to make good career despite having interest and capacity.

Knitting could provide good income only if they can start a business of their own. Income from piece-rate work is nominal. Although wage rate is raised slightly higher than before, it is not enough to cope with hiking price in valley. For example, transport costs has increased making it costlier to transport raw materials. Similarly, snacks expenses has increased necessitating a commensurate increase in the knitting wage rate. Further, knitters (home-based workers) do not get any kind of social security benefits such as compensation for healthcare, accidents, maternity, etc. from employer.

### ***Work Burden***

The respondents' report regarding work burden as they provided during qualitative information collection procedure is presented in Annex 11.

### ***Education and Skills***

Training is important to bamboo workers for improving their skills which are necessary for efficient production. However, the respondents are skeptical about such training due to the lack of opportunities for enhancing their production and a proper market for their products. As a result, they feel training is not very useful.

Most of the knitters in Thankot have not had any kind of trainings. They developed their skills with the help of friends. Although they themselves have not had any formal training, their skill

is developed by their long work experience. They recognize that training could provide them with new skills for producing better quality products.

Training is critical for the tailoring profession according to tailors in Kirtipur. Drafting skills, for example, are important for producing fashionable dresses to cater to the tastes of the fashion-conscious women. Normally in tailoring, training of at least six months period is necessary to make workers fully skilled although some smart ones learn quickly.

The workers in Matsegaon explain the nature of work does not require special training for carpet weaving. Workers upgrade their skills on their jobs. In case of knitting, training helps them to enhance their skills and produce better quality goods with new designs or patterns. The nature of felting handicraft work is also such that workers do not require specific training. Old workers can easily teach skills to new comers within a few days.

The production process in ceramic products is mostly based on the sample keys. So, ceramic workers do not really need specific training. In the beginning, workers get low salary, but once they learn the necessary skills after a few days of practice, they are paid the same rate as to the old workers.

Training is provided to beginners in carpet weaving in Kumbheshwar. But once the workers are trained and start work, further training is not necessary.

Training is necessary for embroidery work, especially for creating new designs which customers always look for. Training can help them gain confidence and make new items.

HomeNet Nepal has conducted many training programmes in Khokana. But women do not continue to work accordingly due to low wage and lack of market. Many women are quitting from the profession.

Prabhavati Saving has organized many training programs on different types of home-based work in the past. Although women participate in these training programs, they are not motivated to follow up with work in these areas due to various reasons like lack of separate space for work, disruption of work by children, lack of availability of regular work, etc. As they do not work on a regular basis, it is difficult to upgrade their skills. Committee members of Prabhavati Saving

realize that if women are provided with adequate work orders and market access, they could be attracted to home-based work. Actually, the organization itself lacks access to a big market for the products of local home-based workers.

### ***Invisibility in Society***

Women in Thankot explained their income covers children's school expenses, tea and milk, or daily necessities like soap, oil, vegetables, etc. Usually at the end of month when male member's income is difficult to meet the expenses, women's income supplements to meet the household expenditure gap. Women's income's proportion is almost half of the total income of household.

Despite their visible contribution to household budget, society does not recognize them. Many people underestimate them by commenting that women gather together, gossip and pass time. Women are even charged by family members that taking knitting needles in hand, they make an excuse to escape from household responsibilities. People in the community should recognize the financial support that home-based workers are providing to families. Unfortunately, they do not.

### ***Social Problems***

In Thechu, due to the traditional Newari culture, women hesitate to tell about their home-based work instead of being proud of it. They tend to have an inferiority complex and fear being looked down upon by society as the Newari culture does not encourage female members of a family to be involved in income generating activities. Lumanti, a popular NGO, had organized an awareness programme for a group of women workers in Thechu. However, the programme was not effective as the participants were not progressive and aware of their rights. Even men who are highly educated compared to women are very traditional and do not have liberal thinking.

A single progressive woman of Thechu, who is trying to promote their women friends, is facing many challenges in doing so. She has an access to a company which can provide work order for women home-based workers in Thechu, but she faces difficulty in convincing them. This facilitator agrees with numerous problems such as exploitation by companies in terms of low wages, delayed payments, harassment by permanent staff, and high transportation costs for collecting raw materials and delivering the final products etc. Nonetheless, this facilitator has been repeatedly trying to convince women not to step back but to face these challenges head on.

### ***Health Related Problems***

Felting handicraft work brings many health problems of chest pains and allergy from raw dust and injuries in eye and hands caused by chemicals. Even face masks do not protect them from such problems. However, workers in this case do not blame the employers for this but accept this is due to the nature of work.

Workers in Kumbheshwar find wool dust causes serious chest pains. Even face masks are not helpful in protecting against this health hazard. Long hours of sitting in one position also causes back pain and cramps. Carpet weaving is also strenuous for the eyes. As they cannot find other work opportunities and also because they have been staying in that area for many years, working in Kumbheshwar is convenient for them. Further, their rented rooms are also near their work place. So they choose to continue to work there despite those health hazards.

Eye problems, back pain, and chest pain are unavoidable health problems to embroidery workers in Khokana. The work is stressful. They need energy to concentrate both physically and mentally, for which they need nutritious food. Some of carpet weavers in Matsegaon, who had started to work since the age of 15 years, now are suffering from back and chest pain at the age of 40s. They complain that they do not get health benefits from employers. Many of their contemporary workers have quit because of health problems.

### ***Lack of Legal and Social Protection***

A knitter in Balambu once faced cheating by employer and had to lose Rs.65000.

In the absence of contracts with employer, home-based workers face many problems which is presented here as detected from qualitative information method.

The information collected on their problems as reported, in their own voice, during field survey and focused group discussions is presented in Annex 11.

## **7.4 A New Thought/ A New Dimension Identified from Qualitative Information**

Although country government is not taking any notable action to enable better access or to make specific policy measures for informal workers including home based workers, at the other end,

there have been some notable positive developments. Many organizations, co-operatives at the grassroots levels of women in informal employment have become members of representative national trade union bodies and have received their support. Even some business enterprises which are welfare based are promoting informal workers. In such instances, there has been awareness among workers themselves on gender issue, as well as acceptance of a sufficient degree of autonomy of women's organizations in terms of structure and policy making.

In Nepal today, women workers' organizations in the informal economy are many, of different origins and types, which are already discussed in Chapter 5. Some of them are independent organizations that have arisen outside the framework of the traditional trade union movement. Some are independent unions established within trade union structures, or part of unions originating in the formal economy organizing informal workers. They cover a great variety of enterprise sectors and services, as well as handicraft and entrepreneurial occupations. Women workers' unions have also formed international networks, sometimes including NGOs and individuals. Trade unions, grassroots organizations, and non-governmental organizations working with home-based workers have also began to work a global policy network to promote better statistics, research, programs, and policies in support of women in the informal economy.

The national and global movement comprised of Home Net, FTG Group, Trade Unions, and their affiliates, co-operatives, some welfare based business enterprises is a unique example of the joint effort done for the benefit of the poor low income women who work in the informal economy. In this context, the organization of women workers in the informal economy into unions is an act of self-empowerment both as workers and as women. These home-based and other informal workers' organizations provide information to and a voice for their members.

Adhering to the fair trade values and principles, FTG group provides technical, social and financial services to underprivileged target groups, especially women, and sell their handicraft to domestic and international markets. Organisations namely WEAN, SABAH Nepal, The Himalayan Natural Fiber Foundation, Federation of Handicraft Associations of Nepal etc. are providing core services like capacity building, production facilities and marketing services. These organizations associated with women mainly home-based workers and handicraft producers are working to promote micro enterprises, build capacities of small artisans, to

improve their level of performance both in terms of quality and quantity, lobby, advocate, practice and promote fair trade for sustainable trade development. These organizations have provided larger opportunities to those who are facing problems of invisibility, lack of voice and poor working conditions.

Workers in the informal economy, including home based work workers are often referred to as the unorganized sector. However, this is not an accurate description, as there are many instances of organization of workers in the sector at present. From the observation and qualitative information collection, in the present survey, the following grounds for home based workers joining together and organizing are identified.

1. To address problems and demands that members cannot solve individually and state is unable to meet.
2. To overcome business constraints
3. In response to government or non-government programmes to deal with specific problems
4. In response to support provided by donor and development agencies to initiatives aimed at combating gender discrimination and inequalities

#### **7.4.1 From the View of Stakeholders/ Employers**

With an objective to assess qualitative nature including policies and changing priority on the issue and their impact on informal sector including home based workers, the present study conducted face to face interviews with the key stakeholders, interaction meeting with knowledgeable/experienced key persons dealing with organizations like Trade Unions, NGOs, Fair Trade Groups, industrialists associated with home based workers. Some of the experiences shared by stakeholders during field survey has been presented here.

##### ***Home based workers concern society***

Ms. Kamala, vice chairman of Home-based Workers Concern Society, shares her experience that this organization is lobbying for fixing minimum wage for piece rate workers with Ministry of Labour. But there is problem in identifying home based workers itself as ILO definition covers home-based worker partially, self-employed, excluded. For example, some piece rate workers when they are financially better off start business with their own cost and marketing turning into

self-employed type. Besides, they discontinue their home-based work during seasons of farming for months.

Usually home-based workers work at their convenience when they are free from household chores. Since home-based workers do not have fixed hours of work unlike factory workers, it is impractical to fix minimum wage for them. In the case of factory workers, a minimum wage is fixed for eight hours of work. Ministry of Labour is asking for a clear definition of home-based workers, at least, to formulate a minimum wage policy for them. These practical difficulties are logical, as a result of which organizations and stakeholders find it difficult to facilitate in favour of home-based workers. According to the vice-chairman, given ILO's definition, they are now lobbying for an alternative method to fix minimum wage, that is, on the basis of units of finished products.

### ***Association of Craft Producers***

This organization is production as well as marketing oriented. It conveniently provides home-based workers with work, raw materials and technical and marketing support.

An important feature of this association is its policy of hiring workers on the basis of traditional skills. For example, it hires many workers from different castes and ethnicity such as damai, sarki, bishwakarma, kumale, etc. Since these occupational groups already have some traditional skills, it is easy to train them and upgrade their skills.

Recently, the association has adopted a policy of upgrading its technology for the benefit of the workers. New machines have been installed for the production of raw materials. The final products, however, continue to be handmade. The new technology has greatly benefitted the workers as they cannot afford the associated investment on their own.

#### **Box 7.1: Contribution of ACP: Story of Bishnu Devi**

Bishnu Devi Maharjan started Dhaka weaving since the age of 12 years. She later joined ACP from where she is highly benefitted.

Bishnu Devi could also arrange job for five of her friends at ACP who are also home-based workers.

Bishnu Devi's family life is very painful. Despite working hard to make a livelihood for the family, she is continuously tortured by her drunkard husband. Her husband never recognized Bishnu Devi's contribution to the family. Her husband, a construction worker, earns some but spends all of his income on alcohol. Bishnu Devi says she would have already committed suicide had it not been for her children, who are also suffering due to their father's ill nature. ACP is providing free primary schooling for Bishnu's children. She has no idea about how to manage funds for the children's education beyond primary level. Bishnu Devi is much obliged to Madame of ACP who is very kind to her. ACP is providing many facilities to her. During her maternity days, even her husband was given a job at ACP, but the irresponsible person did not continue work.

Notably, the chairperson of the association informed that the investment in the new technology was made from the turnover of workers' own profit and savings, not from donations or other sources. The operations system of this association follows a systematic management. Group leaders are appointed for each type of work, who coordinates with ACP and workers working at their homes. These co-ordinators manage to collect raw materials and deliver final products for them. There are more than 70 workers appointed as ACP staff as full-time job holders whose job is to check quality of the products before dispatching to market.

#### ***Sana Hastakala***

Since the last five years, Sana Hastakala is seeing a change in the workers' attitude-workers are becoming more serious with their work.

#### ***Mahila Adarsha Sewa Kendra***

Mahila Adarsha Sewa Kendra, is providing micro credit facilities to women home-based workers so as to enable them to start small businesses. A total of 64 centers within Kathmadu, Lalitpur and Bhaktapur are operating under Mahila Adarsha Sewa Kendra. In each centre, around 30 to

40 members are led by four motivators. The centre also organizes awareness and social benefit programmes for its members.

Women have been economically empowered through these micro-credit programmes. Many women have successfully run small handicraft businesses like Dhaka weaving, tailoring, and agricultural products. The provision of loans is not based on collateral but on the basis of group guarantee of 30 members among themselves. The centre takes the responsibility of repaying the loan as debtors do not pay installment timely.

### ***Griha Shramik Pancha Kumari Sheepmulak Mahila Sahakari Sanstha***

The main objective of this organization is to benefit mass marginalized women by protecting them from middlemen's exploitation. This organization is inspiring women home based workers to make a livelihood from this work.

### ***S.S. Woolen Handicrafts***

S.S. Woolen Handicrafts was established with an objective to provide a livelihood for the local people by giving employment opportunities in knitting work.

This enterprise, which is social welfare-oriented rather than commercial, is at present providing employment for 150 workers. The enterprise provides scholarships to the workers' children. The employer was satisfied that his enterprise is able to employ these workers.

The enterprise works with agents and has good production units. As an export company, it is working with "Nepali Bazar", a renowned fair trade company in Japan. The products of S.S. Woolen Handicrafts are different from other handicrafts producers as its products are demand-based. S.S. Woolen Handicraft's products are particularly designed for the Japanese market, and hence, its products in the local market are distinct from those of other producers. The products of this enterprise has a good demand in foreign market. According to the employer, women home-based workers employed in this enterprise supplement their family budget to a big extent. For some of the workers the work has proved to be a livelihood.

From the employer's point of view, however there is a problem in fixing price as unfortunately, customers do not give much importance to the efforts of the creative workers. Importers do not

give much importance to quality handicraft products and tend to prefer cheap products. Quality handicraft products need creative hands. The importers, therefore, need to be sensitized.

The employer's business is not fully stable. Although there is good demand for his products in the foreign market, he is not able to meet such demand mainly due to the lack of consistent and adequate supply of labor. The workers do not tend to give full-time. They work only at their convenience in between their household chores. It is very difficult to motivate them to take up full-time work. Workers attitude towards this work need to be changed. They should be made aware of the demand in the international market. They should be motivated to work full-time by making them realize that their home-based work could provide a livelihood for their families.

Employer tries to attract workers in different ways, but women are constrained by their own household chores. As workers are not serious at their work, employer faces problem to dispatch the products timely.

### ***Creative hands***

Creative Hands registered as company in 2011 is currently providing employment to 15 workers in felting handicraft section and 12 workers in carpet weaving. The company as relies on export companies of Kathmandu valley for market and raw materials is exploited by exporters and so affecting its profits margin. So, Creative Hands is planning to establish a direct contact with importers in foreign companies for a more profitable business. A key problem faced by employers relates to the workers although the company tends to benefit its workers. Carpet weavers refuse to work without wage in advance. Some workers even leave their jobs without any prior notice. Such labor problems make it difficult to deliver orders within the stipulated time.

### ***Window and Wood Carving Centre***

Wood Carving Centre operating under a co-operative system as a welfare-based enterprise aims to provide benefit to employees rather than profit. For example, the wage system of the enterprise is based on workers' needs. Extra wages are provided to the employees at their urgency. Since this enterprise is being run on a social welfare basis, with nominal profit it earns,

it has less capacity to hire permanent workers. Most of the employees are, therefore, engaged on a part-time basis.

A special feature of this welfare based enterprise is that it facilitates its workers to a new highly paid better jobs when workers get upgraded in skills. It also organizes skill development training programmes for disabled persons.

Problems noted by this enterprise are:

1. Due to the deteriorating tourism industry in Nepal, demand for tourism products including wooden products has decreased. High competition in market restricts raising price of products. But the purchasing of wood as raw material has become more costly than before.
2. The main problem is with managing raw material, that is getting a quality wood. Due to increasing trend in wood smuggling, government has restricted wood supply. Wood import is also restricted. Due to government's restrictions policy in wood supply, middle class enterprises are hit bad. So illegal acts of high profilers in wood smuggling are making genuine wood suppliers victim. So wood carving enterprises, which are dependent on wood suppliers for quality wood, face problem of raw material crisis.
3. Salary distribution is based on inclusive decision of workers themselves. There is no question of wage exploitation. Given less profit margin, employer usually faces problems in covering cost of production.

### ***Yak and Yeti Handicrafts***

The emerging trend of people, including women, leaving the country for foreign employment has created in-country labour shortage, including the handicraft industry. Due to scarcity of skilled labour, companies find it difficult to deliver products of order timely. Yak and Yeti Handicraft enterprises which has been operating since 1980, is now facing a problem of labour crisis. The Government, which has always been dependent on foreign aid, has not shown any interest in resolving the serious labour issue.

Nepal's handicraft innovation has a unique position in the international market. Nepal's creative and traditional handicraft and quality craftsmanship, e.g., Nepali style jewelry, are being copied in many foreign countries. Still, it is difficult for Nepali products to compete in the world market

as competitive pricing is constrained by the Government's revenue policy. For example, the Government does not provide any subsidy for export of quality products unlike in other countries. Further, due to the landlocked geographical position of Nepal, transportation cost for exports is high. Also, handicraft industry which is totally skilled labour-based does not enjoy any kind of favorable labour policy, requiring handicraft enterprises to bear various additional labour costs. All of these lead to high prices of the final products, making it difficult to compete in the world market.

Despite these problems, and although not registered with the Fair Trade Group, Yak and Yeti Handicrafts follows fair trade principles. For example, the enterprise provides various benefits to its workers, including provident fund, one month paid leave, health facilities, special allowances for festivals, etc. Due to these additional costs, Nepali handicrafts products face difficulty in competing with lower priced products in the international market.

### ***Kumbheswar Technical School***

Kumbheswar technical school is operating under Fair Trade principles. The company provides health facilities; free schooling up to primary school for the workers' children, and day care center for small children. So workers have no complaints against the employer.

### ***Thimi Ceramic***

From employer's perspective

1. The main problem of ceramics industry is the scarcity of skilled labour. Labourers usually develop skills only after working three to four years, and once they develop the skills, they seek new modern jobs. Further, new workers are not interested in the work as it is untidy. Skilled hands are essential for the carving work, although the rest of the processing can be done by machines.
2. Lack of quality clay is another problem for ceramic producers. The municipality's town planning has restricted collection of clay from town planning areas creating supply of quality clay. Clay from other places is of inferior quality and unsuitable for the production of quality ceramics.

3. Thimi Ceramic has been producing modern ceramic products since 1982. The employers were trained in modern ceramic techniques under a Nepal Government and GTZ joint venture project in 1982. However, there are some technical problems in adopting modern technology. For example, clay and straw are the only raw materials needed for traditional ceramic products, whereas for modern ceramic products, all the raw materials except clay need to be imported from India. Nepali clay is suitable for earthenware type of products only. However, for stoneware type of products, even clay needs to be imported from India because Nepali clay cannot tolerate high temperatures. Government has never provided customs exemption or other subsidies to overcome the ceramics industry's such technical problems.

Despite these difficulties, Thimi Ceramics follows FTG principles. FTG groups like Sana Hastakala, Association of Craft Producers and Mahaguthi are providing counseling and marketing facilities, as a result of which there are no marketing problems.

The institutional setup is very systematic. Meetings are conducted between workers and employers twice a month. Employers take suggestions from workers before taking new orders. Employers take new orders only if workers are ready to work. When labourers find it difficult to finish items of new designs, the delivery schedule is postponed so that labourers do not feel the pressure.

Recently, the employer replaced an old machine with a new one primarily because the old machine was spewing lots of dust posing a health hazard for the workers. Usually, the employer takes the initiatives of resolving problems even before the workers complain.

Employers take workers to participate in big exhibitions organized in five star hotels like Hyatt and Yak and Yeti. Workers are very enthused by the opportunity to participate in such exhibitions and sell their products to high-profile customers. Workers in Thimi Ceramics enjoy homely environment at the workplace.

#### **7.4.2 Respondents' Awareness on Importance of Organization**

It is true that as home-based women workers work at home, they have no chance of interacting with outer world. They are not aware of worker's right and so giving chance employer to exploit. Employer easily deny to give additional facility just saying they can hire other workers.

However this kind of situation has changed to a considerable extent in recent years. Responding to the efforts done by stakeholders associated with different organizations, home-based workers are now being aware of the importance of being organized. They are now not completely ignorant about labour rights and they know a lot of things to say on this subject. Some of their responses as collected from qualitative techniques in the present survey is presented here.

Respondents in Matsegaun are aware of the importance of being organized as GEFONT has been continuously organizing and guiding home-based workers. Respondents have come to understand that they need to be united and organized to raise their voice.

There is one noticeable response from discussants of focused group discussion in Matsegaon. Rather than blaming the employer, the workers appreciate the constraints of the employer the Maoists' threat and extortion. Having encountered with the Maoists themselves, home-based workers appreciate the employer's problem and feel he should not be pressured to meet all their demands. 'After all, the employers are middle class businessmen', they say.

Carpet weavers of Matsegaon do not entirely blame their employer for their plight as they have seen occasions when their employer incurred losses due to their own inability to finish their production in time to meet his orders from importers. Therefore, they do not expect wage increases under such circumstances. There are, however, occasions when they do get bonuses for completing their work in time for the employer to meet his export orders.

Women in Matsegaon are aware of labour rights now by the continuous campaigning done by GEFONT. In their view, home-based workers should be treated as regular labourers. According to workers they are not in a position to raise their voice for a fair wage in the absence of a union that could strengthen their bargaining power. While discussing with them, they give one example of Banepa where workers work in one place jointly, so keeping them united and organized.

The respondents in focused group provided an interesting example of Khokana where the size of carpet weavers is comparatively big and also well united and organized. On one occasion in Khokana, more than 400 hundred carpet weavers went on strike demanding higher wages from their employers, demonstrating the strong unity of the workers in Khokana and their capacity to resist the exploitation by their employers. The strike continued until their demand was met,

Voice of workers in felting handicrafts in Kathmandu include the issues like: handicraft workers, who work in the informal sector, have no legal rights, there are many other informal workers who face the same problems. They have no access to effective ways to plead for their rights. The government should recognize women's work. Women are discriminated everywhere, and their multiple roles are not recognized. Unity is important for labourers to be strong.

Interestingly, although they speak on vulnerability of women home-based workers in general, they are very much satisfied with their own employers. They are totally dependent on their employers who actually treat them as their own sisters.

Women in Khokana realize there should be groups or organizations to make women home-based workers strong. Individually, no one can fight for their right. In Khokana, "Mahila Jagaran" is making efforts by organizing different programmes to make women aware.

There is no unity among bamboo workers in Badikhel to agree upon a uniform selling price for their products. Government's support in fixing a floor price would be beneficial for them. Home Net (an NGO) has been supporting bamboo workers in this regard.

Respondents in Badikhel feel the need for support from the government or NGOs for proper management of the transportation of bamboos from the suppliers to their site of production. This would help enhancing their production as well reducing the production costs. Recently, HomeNet Nepal helped establish the Nepal Home Based Workers Union of Bamboo Workers in 2064 which has been conducting training programmes for the bamboo workers and tuition classes for their children.

Women engaged in tailoring business put a voice for the need to fix a fixed rate for their products. Government should take steps to maintain a fixed price in the tailoring market. In absence of government regulation, due to the lack of a well-functioning market, they are compelled to accept the prevailing low prices. There should be a legal provision to run the market smoothly.

Actually the programmes of women organizations are not effective. Members are not active enough to group and organize women workers. They have vested interests and do not practice democratic values and principles in their organizations. On the other hand, married women

cannot manage their everyday lives to be able to attend meetings or programmes conducted by organizations. Although there are some women's organizations in Khokana, their objectives have not been met.

Ceramic workers in Thimi do not have any idea of the importance of being organized. They have no vision of women organizing themselves because they are fully pre-occupied with their heavy work load. Women who belong to ceramic producing families have to continuously assist their male family members. Additionally, they are busy in farming, and hence, they pay no attention to getting organized for further benefit.

Only some of the respondents know about other women who are involved in women's organizations. According to them, in other communities where women do not have much work to do, they explore financial sources for starting a business. In case of ceramic work, women are already very busy with their family business and do not feel the necessity of grouping. The ceramic workers do not consider the necessity of being organized into groups. According to them, the very nature of their work is self-sufficient. The ceramic workers understand however at least that they should be strong.

Another group of handicraft workers in Thimi have created a group of themselves which has helped them to establish good contacts with exporters and even with foreign buyers. They earn a good income by working in group. They have no expectations from the government as they see that legal provisions are not really helpful for the common people. Laws are not effectively enforced in favor of the poor.

Women in Kumbheshwar expressed that by getting organized, workers' vision could be widened. Their understanding is that the concept of co-operative saving is innovative. This could help women in time of financial need. Their view rests on the subject that workers should be united and be associated with organizations. Savings groups could empower women economically and strengthen their capacity in dealing with employers. Women although not well educated, their vision is wide for gender right. They keep a view that women should not be economically dependent to men. They should get united to become strong.

Women in Thankot are aware of importance of getting organized. Their version: If we get organized, we can put our voice for legal protection, social security, fair wage etc. For that we must get organized. We have been exploited because we are not organized. If we could establish a union of knitting groups, we can give pressure to employers for fair and fixed wage, timely payment and additional facilities.

According to the discussants of Focus Group in Thankot, employer had become successful to cheat them in the past because they lack union. They had no place to complain. GEFONT is now making effort to systemize home- based work. Women in Thankot are now keeping records according to GEFONT's guidance. They have learnt a lot about systems from GEFONT. According to them other NGOs could help them in the same manner.

## **CHAPTER 8**

### **CONTRIBUTION OF HOME-BASED WORKERS TO HOUSEHOLD ECONOMY**

In the absence of official statistics of home-based workers in Nepal, the measurement of their work and production, and also contribution of home-based workers' production in national product is a long way task to be done. Therefore, to fully measure the size of home-based workers, their production and contribution is a big conceptual and methodological challenge in the context of Nepal at present.

This chapter visualizes the contribution of home-based workers to household economy on the base of the present survey data collected from 375 numbers of respondents as sampled from the master sample framework. Actually, home-based workers in Nepal have generally not been recognized as workers in spite of the fact that they are frequently the sole provider for their families. The fact is supported by the findings of the present survey which is presented in the following units of the chapter. Using survey data, it is found that both type of home-based work, self-employed and piece-rate work generate substantial incomes to family and contributes to household expenses.

To note the methodology used here, questions were asked separately on income generation from their home-based work, on expenses and saving done from income generated from home-based work. Additionally, to understand different aspects of their household based income generating activities, information were collected on the type of work they are involved in, the system of management, the size of labour input, access to financial management etc. In order to compute share of home-based workers' income in total household income, a separate question format is designed to collect information on their familial source of income. It is noticeable here that, on the question 'reason for involvement in home-based work', most of the respondents gave reason for adding a supplementary income to family.

## **8.1 Complexity in Measuring Contribution of Informal Sector, Including Home-based Work to Economy**

Although there are internationally defined measurement methods to define the size and contribution of the informal economy to national accounts, actually estimating the size of the informal economy has remained problematic. Measurements of the informal sector and informal employment are important in improving labour statistics as well as in contributing towards exhaustive measures of GDP. Despite their overwhelming importance of contribution of the informal sector and informal employment are poorly covered, if at all, by official statistics.

It is in fact due to the limitations in official statistics in accounting for the informal sector, including home-based worker that the contribution of informal sector is usually not counted. Although the evidence, as found from review, shows that this sector plays a key role in national economy specially in export-oriented industry, statistics of countries do not classify home-based work as such: who earn a substantial income by working from their homes as own-account producers or subcontract workers. It is necessary to improve the statistics of home-based workers to create an awareness of its contribution to economies and thereby to arrive at a better understanding of the impact of policies on this sector.

In this unit of the chapter, some of the literature is presented which speak on complexity on measurement issue of informal sector that causes the invisibility of this big labour force. Hussman (2009) has mentioned different measuring methods of informal sector as listed below:

- (1) Direct measurement methods
- (2) Indirect methods or “indicator” approaches
- (3) The model approach
- (4) Indirect/Indicator/Proxy Methods

### **1. Direct Measurement Methods:**

- (a) Surveys
  - (b) Tax auditing
- (a). Surveys

1. Household surveys
  - 1.1. Labour force surveys
  - 1.2. Household income and expenditure survey
2. Informal Sector Surveys
  - 2.1. Enterprise and establishment survey
  - 2.2. Mixed household and enterprise surveys
  - 2.3. Independent and informal sector surveys
  - 2.4 Informal sector modules attached to household surveys
  - 2.5. Integrated surveys
3. Time use Surveys

## **2. Indirect Measurement Methods**

One indirect method of estimating informality is to attribute the discrepancy between aggregate income and expenditure from the National Income and Product Accounts, which capture economic activity, to the informal sector. Another indirect method commonly employed is the physical input (electricity consumption) approach. A third indirect method that has also been commonly employed is the currency demand approach.

## **3. Modeling Approaches to Estimating Aggregate Informality**

The third group of methods is the model approach (Latent Variable Methods). These are multiple regression models with a non-observed dependent variable and a number of observed explanatory variables.

Variants are:

LISREL (Linear Independent Structural Relationships): models of Joreskog and Sorbom (1993)

MIMIC approach (Multiple Indicator Multiple Cause approach) : models of Frey and Weck-Hanneman(1984)

DYMIMIC (the dynamic multiple-indicators multiple-causes approach)

#### **4. Indirect/Indicator/Proxy Methods**

1. Labor Market Analysis
2. Currency Demand Analysis
3. Neighborhood Proxies Approach
4. Labour Input Method

Hussman has listed the names of countries which have used

1. Establishment censuses and surveys
2. Independent surveys of the informal sector (or closely related concepts) in using the mixed household and enterprise survey approach
3. Surveys of household economic activities, household industries, or home-based work
4. The modular design
5. Countries which attached the informal sector survey to a labour force survey
6. Countries which attached labour force survey to a household income and expenditure survey.
7. Countries which used an integration of three surveys: in these surveys, the first phase was a labour force survey, the second phase an informal sector survey based on a sub-sample of the labour force survey, and the third phase a household income and expenditure survey conducted in returning to the original labour force survey sample.

Thus evidence is that a large number of countries use labour force surveys, establishment surveys, household surveys, a combination of different measure and so on. It is argued, however, that these different measures somehow tends to miss out certain categories of single person own account enterprises, because it is difficult to identify such worker as enterprises. For example, it is usually not easy to capture street vendors, gardeners or home-based workers as enterprises. Netting them as workers is not enough, as there is also a need to estimate their production and contribution to the economy. In other words there is a need to link the worker approach and the enterprise approach to measure the informal economy adequately. Establishment cum household surveys or mixed surveys is therefore seen as useful survey technique to some extent for capturing informal workforce so far.

Rani and Unni (2000) estimated that in 1997-98, Ahmedabad employed 1504033 persons and generated an income of about Rs. 60130 million. The informal sector accounted for 77% of the employment generated in the city and 46.8 per cent of the income. The authors pointed out that the reason for these large number of informal sector enterprises and workers to be captured is due to two reasons. First, the adoption of a clear definition for the informal sector (SNA, 1993) which encompasses a wide range of informal sector activities. Second, the adoption of a new methodology of a linked household-cum enterprise survey which helped in identifying even the invisible groups of workers, such as homeworkers, street vendors, etc. which are not captured in the usual unorganized surveys.

Hussman (2004) recommended that in order to obtain an internationally agreed definition of the informal sector, which would be acceptable to labour statisticians as well as national accountants, the informal sector has to be defined in terms of characteristics of the production units (enterprises) in which the activities take place rather than in terms of the characteristics of the persons involved or of their jobs.

Haider and Tahir (2004) found that while household type surveys serve best for measuring the size of informal employment, the establishment-type surveys are indispensable for measuring its productivity for its contribution to domestic product.

Unni (2006a) stated that although time use surveys are not a substitute for Labour Force Surveys, systematic and sound methodological comparison of results of time use surveys and labour force surveys should be encouraged.

Raley and Wight (2006) also examined the time use patterns of parents who work at home by assessing the relationship between home-based work and when work takes place, time spent with family members, and time spent on oneself in leisure and personal care activities like sleep. This study although does not speak directly to the behavioral and emotional outcomes of work at home, it provides rich description of the time use patterns that may be the "mediating" factors between work at home and both positive and negative outcomes for workers and their families.

Similarly, Hirway and Charmes (2006) states time use survey technique is likely to be more useful than the other prevalent surveys, including household cum enterprise survey, in estimating

and understanding informal economy because this survey technique is likely to net informal workers employed in market base economic work, it is likely to be useful in estimating workers engaged in the production of goods for self consumption and it is likely to throw useful light on the characteristics of the different categories of informal workers in the flexible labour market.

Unni (2006b) concluded that under the classification system of home-based work, questions like: place of work, how work orders were received and method of payment need to be included in the census and labour force surveys. Further to calculate the contribution of home-based workers, cross-classification of the home-based worker category with the gross value added by three-digit industrial group is required.

Ahmad Jessree Kamaruddin and Noraliza Mohamad (2006) suggest labour input method as the most significant supply based procedure which can be used for measuring the contribution of the informal sector to GDP.

Beneria (1993) and UNIFEM (2005) state since the 1970s a number of women's organizations and feminist scholars have focused on improving the way in which women's work is conceptualized and measured, highlighting five distinct types of work: formal market work, informal market work, subsistence production, unpaid care work and volunteer work. Only formal market work is adequately measured by conventional data collection methods.

In official statistics, the measurement of work and production is based on the boundary set by the System of National Accounts (UN, 1995 and UN, 2000). Work that falls within the boundary is considered 'economic' while work that falls outside the boundary is considered 'non-economic'. Those who perform only 'non-economic' activities are considered 'economically inactive'. Formal market work falls clearly and neatly within the production boundary. Informal market work and a large part of subsistence production have always fallen within the production boundary only in principle. But conceptual and methodological challenges to fully measuring and properly classifying women's informal activities remain unmet.

While pressing for change in statistical concepts and definitions, women's advocates have also requested new methods of data collection that can capture more fully women's subsistence and informal production, which tend to be undercounted in national censuses and surveys. Even

though the average earnings of women in the informal sector are low, the female informal workforce contributes significantly to gross domestic product, which should be counted.

In the context of Nepal, the labour force surveys do not provide estimates of the informal industrial production by sector. Suwal and Pant (2009) have made an estimation. The estimates of informal sector value added is derived using the information on per unit labor cost and gross value added from various surveys such as small scale manufacturing establishments, benchmark surveys (some 30 surveys covering different industries for benchmarking national accounts estimates) conducted by CBS in 2006. The rates and ratios estimated from those surveys are used to arrive at the estimates of the share of informal sector in GDP as provided in the following Table 8.1.

**Table 8.1: Estimated Share of Informal Sector to Total GDP in Nepal**

| <b>Year</b>  | <b>2008</b> |
|--|-------------|
| Value added per labor (Rs.)                        | 41357       |
| Informal sector employment (000)                   | 11332       |
| Estimated GVA in informal sector (Rs. Millions)    | 468654      |
| Estimated GVA from informal sector ( Rs. Millions) | 910523      |
| Contribution of Informal sector to GDP (%)         | 51.47       |

Source: “Measuring the Informal Economy in Developing Countries” Paper Presented at the Special IARIW-SAIM Conference, Suwal, R. and Pant, B. (2009).

The estimates of overall unit labour cost were made using data from the small scale manufacturing and business surveys. The estimates were carried forward / interpolated using GDP deflators for the remaining years. The overall unit labour cost and contribution of informal sector in GDP was computed as:

$$\text{Informal sector GVA} = \text{No of informally employed persons} * \text{Value added labour ratio} * (\text{per labour cost})$$

As per the estimation based on the value added per labor and the total number informally employed persons, the share of informal sector to total GDP is estimated to be around 51.47%. Thus it is evident that the contribution of informal sector to the total economy of Nepal is highly significant (Suwal and Pant, 2009).

## **8.2 Literature on Contribution of Home-based Worker's Income to Household Economy**

Although small in scale, home-based businesses make a significant contribution to their household economy. It helps them to provide economic support to their households. The present survey has conclusively shown that the home-based work is the major source of income for women. It helps them to provide economic support to their households. The survey showed that over 50% of the women are the sole economic supporters of their households. It is therefore recommended in the study that women home-based workers be recognized by the local authorities as an integral part of labour force, a group which has a contribution to make.

Some of the literatures are presented here as reviewed in the study which supports the concept.

Chen et al., (1999) argue, the most invisible informal workers, homeworkers or industrial outworkers, contribute the most to global trade. This is because homeworkers often comprise a significant share of the workforce in industries, particularly those that involve simple manual tasks, labour- intensive operations, simple machines, or portable technology. For instance, homework is predominant in clothing and textile in key export industries, the leather and footwear industries, carpet making, felting works etc. In Asia and Latin America, for example, homeworkers account for 30-60% of the workforce in key export industries such as textiles, garments, and footwear

Heck et al., (1995) estimated that home-based businesses generate incomes in excess of \$10 billion annually in the rural South of United States.

Fury and Radhakrishna (1993) stated the income earned from home-based work was found quite adequate for a majority (77%) of home-based workers in Pennsylvania. Their study provided baseline data on home-based work in Pennsylvania like for present and potential home-based workers, the findings are indicative of possible employment opportunities and realistic earnings from home-based workers.

Bajaj (1999) has on the basis of study on home-based workers in five South Asian countries Sri Lanka, India, Bangladesh, Pakistan and Nepal found that women play a key economic role in the production process. Some of the facts the author has brought are:

- (1) The agarbatti industry contributed roughly US \$ 240 million annually to national income in India, had an export value of US \$112 million in 1993-94 and employed approximately 500,000 workers, 90% of the labour in the industry is supplied by women, 80% of them home-based workers.
- (2) The garment industry in Bangladesh contributes over Tk.2,700 crores per annum to the economy, is the country's principal export earner and fourth largest employer, 80% of the labour used by the industry is that of women workers.
- (3) Pakistan is the single largest manufacturer and exporter of match grade footballs in the world and accounts for over 80% of total world production. It is estimated that the industry earns approximately Pk. Rupees 3 billion in foreign each year. An estimated 58% of football stitchers in the industry are home-based women workers.
- (4) The medicinal plant and other non-timber forest products trade from Nepal has an estimated annual value of Rs. 500 million. The sector employs over 100,000 people and contributes around 4% of the share of forestry to the national GDP, while no data is available on the gender division of labour in this sector forest product collection is predominantly the work of women.
- (5) Women held a very important position in the coir sector in Sri Lanka historically but there has been a decline in their participation in this activity following the modernization of the industry. The industry employs between 4.91 to 5 lakh workers, of which 80% are women.

Kuenzi and Reschovsky (2001) have shown importance of home-based workers in family income in US as it has proved families with at least one member working at home had significantly higher incomes than families without a home-based worker.

Khan and Khan (2007) highlight the contribution of working women (in the age group of 16-60 years) in their household budget who are involved in informal economy. Employing the OLS model on 1780 observations in Bahawalpur district of Pakistan, it was found by the authors that women as head of household, women's education, ownership of assets by woman have positive effect on their contribution. First the contribution increases and then decreases by increase in the age of the woman. Married women contribute more to household budget. Individual

characteristics of the women influence the level of her contribution in household budget. Education is perceived as the major characteristics for the process. The authors' opinion is that women as head of household have been found to contribute more in household income but they are more vulnerable to poverty.

With the background of these empirical references, the following units of this chapter discusses on the issue that home based work demands attention on the income earned from their home-based work which contribute significantly to household budget. Most of the home-based products such as handicrafts, handlooms and textiles, felt products have significant employment and export potential. In the context of Nepal, the income earned from their invisible hands in export statistics is seen as presented by data provided by Handicrafts Association of Nepal, which is already discussed in the earlier Chapter 4. Based on the findings of the present study, this chapter puts the fact forth that, if accounted in a technically sound procedure, contribution of this invisible workforce would have been visible.

### **8.3 Contribution of Home-based Worker's Income to Household Economy**

To fulfill the objective of assessing the contribution made by the present respondents to their household economy, their income from home-based work is computed using the following methodology.

Income of piece rate workers is computed by incorporating questions: Q.5.3, Q.5.4, and Q.5.5; (that is working hour per day, days per month, and months per year) and questions Q6.11 and Q6.12 (that is quantity produced per day, per month, and per piece rate) The standard measurement followed is: 8 hours working in a day is considered as one day, monthly income is computed by multiplying the money income earned per day by the number of days the respondent works in a month. Yearly income is computed by multiplying thus derived monthly income by the number of months the respondents work in a year.

Income of self-employed is computed by incorporating the questions Q.6.7, Q.6.8, and Q6.9 which provided information on price of their products and the cost of production.

It is important to find out the total household income of respondents to find out their share in it. Therefore, familial income is computed by incorporating questions: Q2.7, Q7.5, Q7.6, Q7.7, Q7,

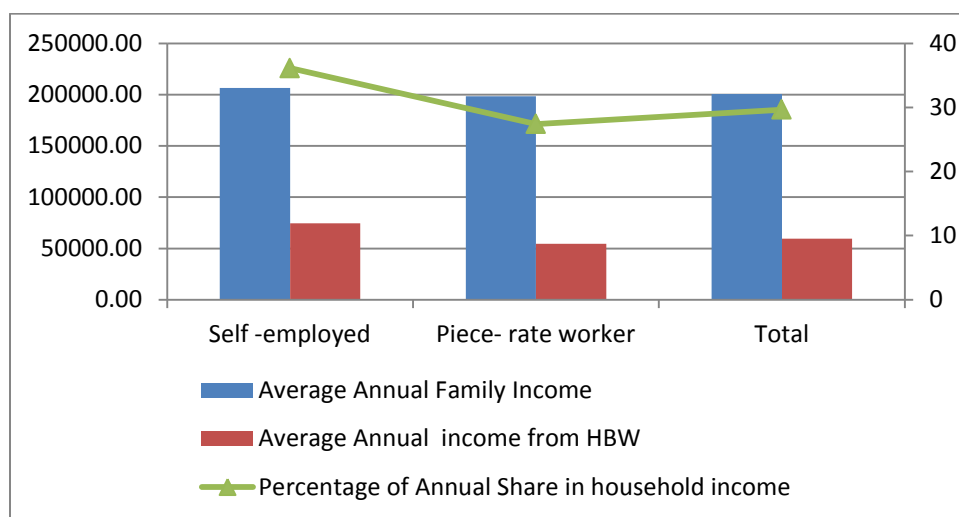
Q8, Q7.9 that is number of family members who earn, income from different type of occupations they are employed. In case of agricultural products, farming and livestock, the yearly produced products have been monetized. The process of monetization is based on the general price level produced by Department of Agriculture, Government of Nepal. (Ministry of Agriculture and Cooperatives, 2067). The average price is computed for different items on the basis quality and regional basis as produced by department of agriculture.

Conversion units is also followed on the base as provided by the Department of agriculture, Ministry of Agriculture and Cooperatives, 2010 which is discussed in chapter Methodology. Some samples of computation of income figures are presented in Annex 9.

In the total family income thus computed from respondents' other income earning members, respondents' income from home-based income is added to finally total out the household income of each respondent. One clarification to be noted is that monthly income and annual income are computed separately because the very nature of home-based work does not allow to compute yearly income by simply multiplying monthly income by number 12 for twelve months.

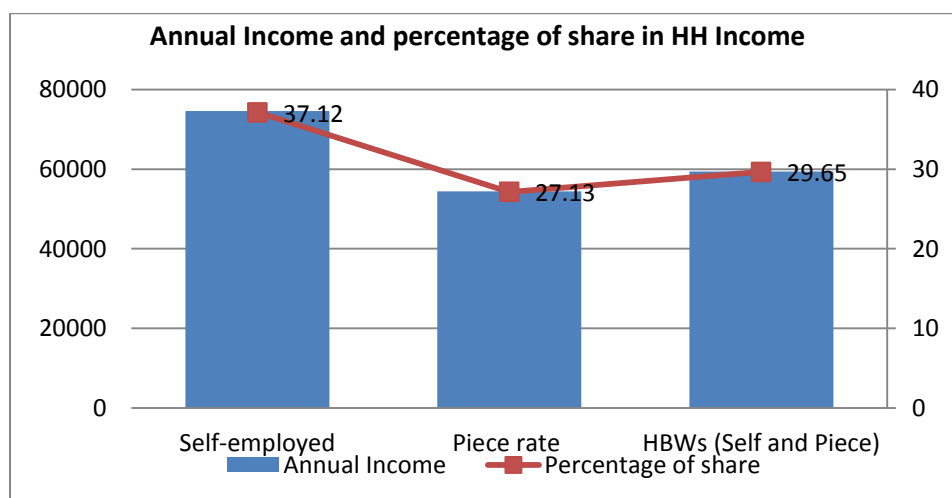
Women home based workers income comprises a significant part of the household budget that is 30 percent. So their contributions to their household economy is substantial. As shown in Figure 8.1 and 8.2 their share in household income is found to be 29.65 %. The share of self-employed in household income is even higher 36.12% than that of piece rate workers which is 27.42%. When contribution of home-based workers is related to total household combined, it is found 37.12 for self-employed and 27.13 for piece-rate workers. Obviously, self-employed have their own decision on pricing of their products, while in case of piece-rate workers, their wage is fixed by employers who are mostly of exploitative nature. Further, middlemen are there who take away big portion of their income in the course of facilitating.

**Figure 8.1: Share of the Respondents' Income in Total Household Income**



Source: Field Survey, 2011.

**Figure 8.2: Contribution of the Respondents' Income to Total Household Income**



Source: Field Survey, 2011.

On the question 'if they contribute to family expenses', 94% of respondents gave answer as 'yes'. The responsibility to spend their money income for the household needs in case of self-employed and piece-rate workers show no significant difference, which is found in their share in income.

**Table 8.2: Contribution of the Respondents's income on Family Expenditure**

| Use of HBW income<br>in HH expenses | Self employed |         | Piece rate worker |         | Total |         |
|-------------------------------------|---------------|---------|-------------------|---------|-------|---------|
|                                     | No.           | Percent | No.               | Percent | No.   | Percent |
| Yes                                 | 92            | 94.85   | 259               | 93.17   | 351   | 93.60   |
| No                                  | 5             | 5.15    | 19                | 6.83    | 24    | 6.40    |

|                        |    |        |     |        |     |        |
|------------------------|----|--------|-----|--------|-----|--------|
| Total                  | 97 | 100.00 | 278 | 100.00 | 375 | 100.00 |
| No expenses for family |    |        |     |        | 24  | 6.4    |
| Expenses for self only |    |        |     |        | 43  | 11.5   |
| Expenses for children  |    |        |     |        | 45  | 12.0   |
| Sole supporters        |    |        |     |        | 193 | 51.4   |
| Expenses as livelihood |    |        |     |        | 70  | 18.7   |

Source: Field Survey, 2011.

From the computation of the primary data it is found that, of the respondents, 6.4 percent do not spend at all, 11.5 percent of the total respondents, mostly unmarried to be noted, responded that they dispose their income for their own personal consumption only. 12.0 percent of the total respondents spend specially for children, 51 percent of the respondents are the sole economic supporters of their households. The remaining 18.7 percentage are those whose income has stood as livelihood for the family. (Table 8.2).

From the qualitative information during the course of survey it is found that, the home-based workers interviewed strongly felt that they need to be fully recognized as 'workers' and as 'co-breadwinners' or 'heads of households' instead of it being assumed that they provide only supplementary income.

#### **8.4 Reasons for Women's Involvement in Home-based Work**

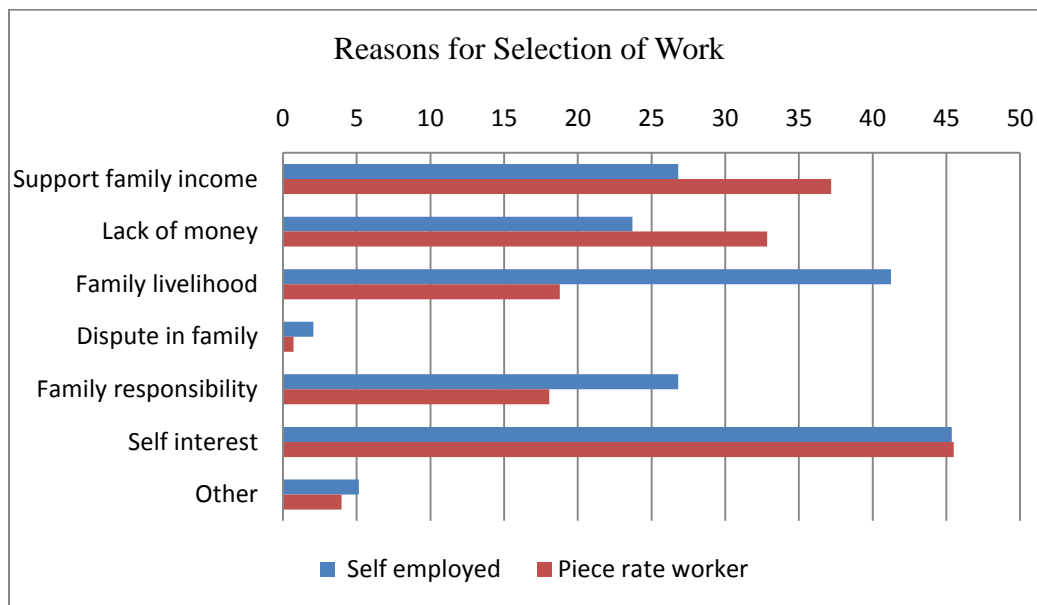
Women turn to home-based work for a number of reasons. Lack of necessary qualifications and formal training, absence of child care support, social and cultural constraints and absence of alternatives are some of the reasons. The social dimension is similar across South Asia that is women greatly prefer to work at home, partly a result of a culture that barriers female mobility, partly a way of combining paid work with the demands of family care and nurture. Families need cash incomes for their survival. Loss in formal employment and reduced returns from agriculture often result in men migrating to urban centres, or foreign countries leaving behind women and children. With home-based work being the only alternative available to poorest communities, it is not only confined to women but also involves children, especially girls. There are positive aspects to home-based work as well. Home-based work gives women opportunity to combine work with domestic chores, flexible hours and sometimes better working conditions.

Given the worldwide trends toward trade liberalization, more and more women have had to take out a living at home or on the streets rather than in factories, fields and offices. Workers in the formal sector, such as in garments firms, are being laid off by the thousands as enterprises close down due to intense competition in both the local and international markets. The increasing lack of formal employment opportunities forces many workers to take up self-employed work, often at or from the home. On the other hand, global marketing is forcing many to cut costs through subcontracting thus leading to an increase in the number of women employed as piece rate workers. And the existence of social networks and cultural norms that makes it more acceptable for women to work from home.

The survey indicates, most of the respondents engage themselves in home- based activities to supplement their household income in order to raise their own as well as their family's quality of life. For many, it is a compulsion and the only source of earning for the household. For others, it is a source of additional income to the household but still a compulsion as their family income source is not adequate to cover the total household expenses. For many women, it is the major source of livelihoods. For some, it is a self-interest to utilize time.

For a few, mostly those unmarried, it is a source of 'pocket money' which they use for personal expenses, usually not for basic expenses of the family. (Qualitative data) Very few number give reason of dispute in family for engaging themselves in home-based work which is shown in Figure 8.3.

**Figure 8.3: Reasons for Selection of Home-based Work by the Respondents**



Source: Field Survey, 2011.

Note: 'Others' include: unemployed, to earn for self-expenses, because it is traditional work of their family.

#### 8.4.1 Qualitative Output: Reasons for the Respondents to Get Involved in Home-based Work

Most of the respondents are found to be involved in different types of home based work mainly for the financial support of their families when male member's income is not sufficient to meet all the household expenditures. Women are engaged in this profession mainly to meet expenses for the children and other minor household needs. For them home-based work is an addition to their regular household and farm work, and they are compelled to work although they are overburdened with work. As male members' incomes are not adequate to cover all family expenses, women consider home-based work a good option for them to earn a living as they do not hold any educational degree. Most of the respondents from the surveyed area unequivocally said that they are engaged in home-based work to make an earnings for the financial support of the family.

For some of the carpet weavers in Kumbheshwar, the work has stood their livelihood. As incomes of their male family members is nominal, women need to work to raise children. Most of the workers there are from outside Kathmandu valley who have been continuously working since

they have migrated to Kathmandu. In Kumbheshwar, the facility of free education to workers' children and medical facilities are the main attraction for the workers to stay there.

According to the bamboo workers of Badikhel, they are engaged in this profession, because this has been a traditional livelihood since a long ago and that they have no other alternative source of income. They are keen to quit this profession if there are other alternative opportunities.

Women in Kirtipur are mostly engaged in tailoring work for their own interest. Some of them have even dropped out schooling just to join tailoring work while some of the unmarried women engaged in felting work in Kathmandu are continuing school studies as well.

Women in Khokana, most of them unmarried, choose to open embroidery workshops for their own interest although they have experience in other types of home-based work. Their interest is to earn for their own expenses rather than helping their families. Mostly young women are found interested in embroidery work.

A noticeable and interesting finding from the survey is that, these respondents keep a wide vision that women should also earn some. Women from many areas have a similar liberal thought not to be always dependent on husbands' income. They find satisfaction in being able to meet some of the family needs to cope up with the hiking prices in the market. They feel proud for being able to earn independently rather than staying idle at home just waiting for their husbands to bring money.

Some of their individual stories are presented in Annex 12.

## **8.5 Income Generated by the Respondents**

This section of the chapter is focused on the income generation pattern of respondents and source of income of their family.

As shown in Table 8.3 below, the self-employed group earns an average income of Rs.6413 per month, while the piece rate group earns Rs.3938 per month. Combined both of the groups, monthly income of the respondents is Rs.4572 and annual average income is Rs. 59436.6 which is close to per capita income of a Nepali which has reached US\$ 742.00. Average income of home-based worker is very low for both groups which is not justifiable to hard labour inputs.

The income of piece rate workers is even lower compared to self-employed (Table 8.3). The main reason for piece-rate workers' income to be low is due to their dependency on employers and middlemen who exclusively exploit them in wages. They are either exploited by deducting wages or cheated by refusing to deliver back the ordered products giving unnecessary reasons. Further, if they try to put a voice for raising wages, they are threatened to fire out from the work. While in case of self-employed, they have their own right to fix prices for their products until they loose market.

**Table 8.3: Average Daily, Monthly, Annual, Daily income of the Respondents (in Nrs.)**

|               | Monthly Income | Annual income | Daily income |
|---------------|----------------|---------------|--------------|
| Self employed | 6413.31        | 74605.82      |              |
| Piece Rate    | 3938.21        | 54393.05      | 165.82       |
| Total         | 4571.83        | 59436.6       |              |

Source: Field Survey, 2011.

**Table 8.4: Other Source of Income than Home-based Work for the Respondents**

| Other source of income          | Self-employed  |         | Piece-rate workers |         | Total          |         |
|---------------------------------|----------------|---------|--------------------|---------|----------------|---------|
|                                 | Number         | Percent | Number             | Percent | Number         | Percent |
| Yes                             | 51             | 52.58   | 146                | 52.52   | 197            | 52.53   |
| No                              | 46             | 47.42   | 132                | 47.48   | 178            | 47.47   |
| Total                           | 97             | 100.0   | 278                | 100.0   | 375            | 100.0   |
| <b>Type of Source of income</b> |                |         |                    |         |                |         |
| Total number                    | 51             |         | 146                |         | 197            |         |
|                                 | <b>Percent</b> |         | <b>Percent</b>     |         | <b>Percent</b> |         |
| Agriculture                     | 71.43          |         | 71.03              |         | 71.13          |         |
| Business                        | 20.41          |         | 6.9                |         | 10.31          |         |
| Salary                          | 4.08           |         | 12.41              |         | 10.31          |         |
| Rent                            | 2.04           |         | 2.76               |         | 2.58           |         |
| Others                          | 12.24          |         | 15.17              |         | 14.14          |         |
| Total                           | 110.20         |         | 108.27             |         | 108.47         |         |

*Note: Total exceeds more than 100 due to multiple responses.*

*Note: 'other' includes:*

1. Pension
2. Housemaid
3. Contractor
4. melapata
5. Finance collector
6. designer in handicraft
7. Traditional work.

Source: Field Survey, 2011.

## 8.6 Other Source of Income that Respondents Hold

More than half of the respondents that is 53% hold other source of income than home-based work (Table 8.4). The result showed high for answer 'yes' because women home-based workers are mostly involved in their familial income generating activities like farming, livestock, family business, rental income of the family. These are not actually their personal job so having less access on these income despite paying labour for it. In fact, very few cases were found where women home-based workers actually hold a job on which she has her own right.

On the base of their response, the income from other source is computed, which is Rs.3402 monthly and Rs.11917 yearly. 46% of respondents said other source of income is 'less than home-based work income' and 54% of the respondents responded 'more than home-based work' (Table 8.5). In reality, for them home-based work is more important than other source of income because they have right on only on income generated from home-based work. Here also, respondents in the survey are found implemented by patriarchal rules of the society. They have less right on income of family despite working full time to assist familial income generating activities. From qualitative cross question, it is found that respondents are not satisfied as they do not have the right to spend family incomes at their own discretion. In most cases, either the heads of the households or their husbands take decision on household budget.

**Table 8.5: Income of the Respondents other than Home-based Work**

| <b>Income</b>                             | <b>Self employed</b> | <b>Piece rate worker</b> | <b>Total</b> |
|---|----------------------|--------------------------|--------------|
| Monthly income                            | 3539.00              | 3349.00                  | 3402.00      |
| Yearly income                             | 19251.00             | 17250.00                 | 11917.00     |
| <b>Income compared to home-based work</b> | <b>Self employed</b> | <b>Piece rate worker</b> | <b>Total</b> |
| Total number                              | <b>51</b>            | <b>146</b>               | <b>197</b>   |
|   | Percent              | Percent                  | Percent      |
| Less                                      | 54.90                | 42.46                    | 45.68        |
| More                                      | 45.10                | 56.84                    | 54.32        |

Source: Field Survey, 2011.

## 8.7 Saving done by the Respondents from Income from Home-based Work

On the question if they are able to save from income generated from home-based work, 64% of respondents said 'yes' and 36% of the respondents said 'no'.(Table 8.6). On the further question

where do they save, the answer to 'others' is highest that is 66%. The 'others' include saving in co-operatives or "Samuha" as the respondents pronounce.

From the qualitative enquiring it is found that these 'Samuha' are organizations which are associated with home-based workers, working for their benefit. These small co-operatives are making effort to help home-based workers financially. A compulsion rule made by these small co-operatives to save at least Rs. 50 or Rs.100 by members have developed saving habit in women home-based workers. This is the reason for higher percent of them to be able to save. Actually, those who take loan from these organizations find it difficult to pay back due to lack of adequate saving. (Qualitative output). Their average amount of saving is very low, as shown in Table 8.6, that is average monthly saving of piece-rate workers is only Rs.565 and Rs.1322 for self-employed group. To note, mostly the respondents have no actual calculations of yearly saving. As discussed in earlier chapters on organizations of home-based workers in Nepal, it is seen here from the experience of present field survey also that those so called 'Samuha' are making beneficial schemes, although in small scale, for women home-based workers.

Table 8.7 further shows 38% of women home-based workers keep their saving in bank deposits, 2.47% buy shares, 3.29% enjoy buying jewellery. Self-employed group compared to piece-rate workers are able to deposit in banks while piece-rate workers mostly keep small amount in 'Samuha'. In case of saving also, self-employed are in better position than piece-rate workers. Self-employed are the group who have at least some saving to invest in business, be it a small home-based business. Table 6.4 is presented in Chapter 6 to study their living condition. From the findings shown in Table 6.4, it is revealed that the condition of piece-rate workers is inferior to self-employed group.

**Table 8.6: The Respondents who save from Income Generated from Home-based Work**

| <b>Savings from home-based work</b> | <b>Self employed</b> |         | <b>Piece rate worker</b> |         | <b>Total</b> |         |
|-------------------------------------|----------------------|---------|--------------------------|---------|--------------|---------|
|                                     | Number               | Percent | Number                   | Percent | Number       | Percent |
| Yes                                 | 67                   | 69.07   | 176                      | 63.31   | 243          | 64.80   |
| No                                  | 30                   | 30.93   | 102                      | 36.69   | 132          | 35.20   |
| Total                               | 97                   | 100.00  | 278                      | 100.00  | 375          | 100.00  |
| <b>Average amount of saving</b>     | <b>Self employed</b> |         | <b>Piece rate worker</b> |         | <b>Total</b> |         |
| Monthly savings                     | 1322.1               |         | 564.6                    |         | 762.8        |         |

**Table 8.7: Use of the Respondents Income in Saving**

|                  | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b> |
|------------------|----------------------|---------------------------|--------------|
| Total number     | <b>67</b>            | <b>176</b>                | <b>243</b>   |
| Use of saving    | Percent              | Percent                   | Percent      |
| Buying jewellery | 4.48                 | 2.84                      | 3.29         |
| Buying shares    | 5.97                 | 1.14                      | 2.47         |
| Bank deposit     | 47.76                | 34.09                     | 37.86        |
| Others           | 56.72                | 71.03                     | 66.66        |
| Total            | 114.93               | 109.1                     | 110.28       |

*Note: 'Others' include: depositing in 'Samuha', buying land, give loan to others, repay loan, invest in business.*

*Note: Total exceeds more than 100 due to multiple responses.*

Source: Field Survey, 2011.

## **8.8 Family Income of the Respondents**

As shown in Table 8.8, 98% of the respondents have their other family members earning to contribute in household budget. Only few cases are found where respondents are deprived from family income, either because of family dispute or because they are living separately (Qualitative output). Average annual income of these respondents' family is found to be Rs.200461 including the respondents' income from home-based work. This figure is low in the context of Nepal for given hiking prices of goods and services and low monetary value of Nepalese currency. For this reason, women get involved in home-based income generating activities to support family. Although 98% of the respondents have other family members who earn, home-based income generating activities are compulsion for them, as shown also from Table 8.2 above.

**Table 8.8: Annual Average Household Income of the Respondents (in Nrs.)**

| <b>Source of income of family members</b> | <b>Self employed</b> |                | <b>Piece rate worker</b> |                | <b>Total</b> |                |
|---|----------------------|----------------|--------------------------|----------------|--------------|----------------|
|   | <b>No.</b>           | <b>Percent</b> | <b>No.</b>               | <b>Percent</b> | <b>No.</b>   | <b>Percent</b> |
| Yes                                       | 94                   | 96.90          | 274                      | 98.56          | 368          | 98.13          |
| No  | 3                    | 3.10           | 4                        | 1.44           | 7            | 1.87           |
| Total                                     | 97                   | 100.00         | 278                      | 100.00         | 375          | 100.00         |
| <b>Average Family source of income</b>    | <b>Self employed</b> |                | <b>Piece rate worker</b> |                | <b>Total</b> |                |
| Monthly family income                     | 14206.8              |                | 12536.2                  |                | 12968.4      |                |
| Yearly family income                      | 206537.0             |                | 198370.0                 |                | 200461.0     |                |

Source: Field Survey, 2011.

## 8.9 Work Management in Respondents' Home-based Work

This unit of the chapter presents the work management system of self-employed respondents' own-account business. This is to find out the challenges they face to operate their small business regarding financial and labour inputs. At the other hand it will show the relationship between the number of workers and their total income. Table 8.9 shows that respondents usually make use of unpaid family labor to help them in home-based work. Only 23% of them can afford to hire employee while 77% of them operate the business by self alone or with the help of unpaid family members.

**Table 8.9: Types of Workers Involved in Self-employed Job of the Respondents**

|  |   |
|--|---|
| Work Management  | Total number of self-employed respondents is <b>97</b>        |
| <b>Mangement</b>   | Percentage  |
| Managed by self alone  | 28.86   |
| Unpaid family labour   | 35.06   |
| Paid labour and unpaid family labour   | 13.40   |
| Paid labour  | 22.68   |
| <b>Number of paid labour</b>   | Total number of respondents who hire paid labour is <b>22</b> |
| 1 no. of employee  | 42.89   |
| 2-3 no. of employee  | 48.56   |
| 4-6 no. of employee  | 8.55  |
| <b>Number of unpaid labour including respondents</b>                               | Total number is <b>97</b>                                     |
| 1 person   | 53.60   |
| 2-3 persons  | 41.25   |
| 4-6 persons  | 5.15  |
| <b>Total number of persons involved including respondents and other categories</b> | Total number is <b>97</b>                                     |
| 1 person   | 25.77   |
| 2 persons  | 36.10   |
| 3 persons  | 22.68   |
| 4 persons  | 10.30   |
| 5-7 persons  | 5.15  |

Source: Field Survey, 2011.

Of the 23% of them who manage to hire labour, 43% hire only one number of employee. Only three cases of respondents that is, 8% of them can afford to hire employee ranging from 4 to 6 persons. The number of unpaid family members are found to be in number from 1 to 6 persons,

depending on the scale of the work. In case of self-employed it is found that amount of average income responds to the number of persons engaged in the work, either hired or family members (Table 8.10).

**Table 8.10: Average Income of Self-employed According to Manpower Involved (in NRs.)**

| <b>No. of workers</b> | <b>Monthly income from home-based work</b> | <b>Yearly income from home-based work</b> |
|-----------------------|--|---|
| One person            | 5355.28                                    | 60975.48                                  |
| 2-3 persons           | 6879.57                                    | 79031.91                                  |
| 4-5 persons           | 9215.60                                    | 110587.20                                 |

Source: Field Survey, 2011.

The home-based workers showed themselves to be among good entrepreneurship capacity in their societies. The survey indicates that, if encouraged and given real opportunities, they could make an even greater contribution to economic progress of family. Table 8.11 below shows the responsibilities taken by the respondent herself and the way of her family assisting as unpaid labour for the operation of their small home-based business.

**Table 8.11: Responsibility Taken by the Respondents and Unpaid Family Member**

| <b>Responsibility taken by respondent</b> | <b>Total number 97</b> |
|---|------------------------|
| Management                                | 11.34                  |
| Marketing                                 | 4.12                   |
| Keeping account                           | 1.03                   |
| Managing raw materials                    | 3.09                   |
| All mentioned above                       | 86.59                  |
| Total                                     | 106.17                 |
| <b>Types of family support</b>            | <b>Total number 75</b> |
| Marketing                                 | 30.66                  |
| Keeping account                           | 17.33                  |
| Managing raw materials                    | 25.33                  |
| Producing the products                    | 37.33                  |
| All mentioned above                       | 13.33                  |
| Total                                     | 123.98                 |

*Note: Total exceeds more than 100 due to multiple responses.*

Source: Field Survey, 2011.

For the Financial management, as found from qualitative measure, most workers get credit facility from co-operative. Most of the women rely on loans as the main source of finance because they do not have adequate savings of their own. However they are able to repay their loans by their

income. When financed by co-operatives, women do not face financial problem as co-operative finance provides loan facility without mortgage. Some of the respondents are fortunate whose families provide finances for investment. Women at many places are found running business in a partnership system.

## **8.10 Qualitative Output: Contribution of the Respondents' Home-based Work**

Based on the information collected by qualitative method, this unit of the chapter discusses on the contribution made by respondents either as a supplementary income source and/or a sole livelihood. The benefit that women home-based workers provide to family from their income is the main focus of discussion here.

### **8.10.1 Contribution/Livelihood/ Benefit to Family**

Workers in ceramic handicrafts in Bhaktapur contributes significantly to their family budget from their income from ceramic work. Workers in Kirtipur also are quite satisfied to benefit family from the women's earnings. The biggest challenge women tailors face is during major festivals such as Dashain. Ironically, while the whole community takes time to enjoy such festivals with special food and new clothes, hard working women tailors do not even get to enjoy a proper meal. Even family members complain with them for not cooking special dish to celebrate Dashain.

Workers in Thimi Ceramic get a fair wage rate and in a timely manner. During emergencies, they also get advance payment. Workers get even loan facility without interest payment. Working hours are very flexible. They can adjust their work schedule to suit their household responsibilities. There is no system of wage cuts for missing few hours of work. Salaries are deducted on a pro-rata basis only when workers take leave for a few days. As a result, the workers and families are benefitted in every respect.

Women workers in Kumbheshwar say their families benefit as their income help to support them in case of urgency. When husbands' incomes are in due, the women workers' income comes handy to meet family expenses.

Embroidery workers in Khokana are satisfied with the work as their family benefit financially. However children need to be looked after carefully and protected from the small needles and

other equipment at the work place. Embroidery work is new in communities in Khokana. So they are well respected in society. The study result shows a co-relation between marital status of respondents and their contribution to family budget. Unmarried women usually do not spend their income for household expenditure. Their income is at their own disposal for personal expenses and savings.

In Matsegaon also usually, unmarried women do not provide their earnings for family expenses. They keep their income for personal expenses and save. Mostly unmarried workers are financially independent for personal expenses.

Unmarried embroidery workers respondents feel their future is uncertain. Their future work will depend on market demand. Customers should be attracted with new designs, but when customers' taste change, it becomes difficult to sell. They narrated a story of three women who had started embroidery business for the first time in Khokana. These women had to struggle hard to sustain their business; they even sold their jewellery to invest. As the market demand was weak, they incurred a loss. Now that embroidery fashion has become popular, their business has flourished.

Some of their individual stories and a series of success stories are presented here.

### **A Series of Success Stories**

#### ***Meera Shakya, Pulchowk***

Meera Shakya got married at an early age of 15 years. One year later, she got a son. Her husband had affairs with other women since when she became pregnant. She got a daughter when her son was 7 years old. Her husband left home to live with another woman when her daughter was 2 years old. Her husband never took responsibility of the children. Meera struggled hard in life while rearing the children. Her main income source was her handwork skills and she was well supported by her relatives—her in-laws as well as her maternal family members. Her husband did not participate in her daughter's "Ithee" ritual to perform 'kanyadan', after which Meera cut off her relation with her husband for good. She started her own business of handicraft in the name of her son—Sagun Handicraft—with three sewing machines, a block print and other necessary instruments. She supplied her products to Sana Hastakala for marketing. A courageous

lady, Meera even joined college after her SLC degree which she achieved during her struggle for life. She realized that her talent and skills lie in handicraft work rather than academics, and, therefore, discontinued her studies. Later, she got an opportunity to attend a training session—Confidential Course—organized by WEAN for which she paid Rs.1,000, although expensive given limited income. However, Meera expressed her feelings that the course boosted her self-confidence, which helped her to ignore all those obstacles and sufferings she had been facing because of her irresponsible husband she worked even harder thereafter.

As a coincidence, Meera's brothers were then on the board of directors of Sana Hastakala. Meera was then already supplying products, mostly handcrafted shoes, to Sana Hastakala with which she had a good relationship. She then applied for a job in Sana Hastakala through her brother.

Thus, she entered Sana Hastakala 16 years ago (2051 B.S.). In the beginning, she started a crochet training for two months. The items she did were different from the common items. So, the training, which was participated by around 40 women, became a big success as it gave training for new work. Meera's salary was then Rs.3,000 which was high compared to prevailing market wage rate. Some of those trainees are continuing to work in Sana Hastakala. At that time, Sana Hastakala was not operating a production unit. It was Meera, who with her hard work, started a production unit in this organization.

Now her son Sagun with a Bachelors degree is engaged in business with her uncle and her daughter is pursuing a Masters degree in Finland. Currently Meera's designation in Sana Hastakala is Production-in-Charge and Handicrafts Designer. Meera tells her story with pride that she earned success in work and good recognition in society due to her own skills and talents which she used as a home-based worker.

### ***Manju Shrestha, Sita Paila***

Manju Shrestha (Kumal) left home, came to Kathmandu unknowingly with the company of a friend when she was a student. In Kathmandu, she got married to a person who is a slum dweller. Manju had to struggle to survive. Somehow she came in contact with friends who introduced her to handicraft work. She started knitting and tailoring. Now she is earning well as a home-based worker. She is running a tailor shop on her own. She is also doing knitting work on a piece-rate

basis. As a courageous woman, Manju is now even running a grocery shop as she has saved enough from her home-based work earning. She even managed to buy a piece of land in Kathmandu as she has three sources of income. Manju's husband unfortunately is unskilled and uneducated and straightforward is dependent on her wife, Manju. Manju says women should learn to earn themselves, should not always be dependent on their husbands' income. Manju proudly says, "My husband says even if he dies, he need not worry for the family now that he has such a capable wife."

### ***Maya Tamang, Chanakhel***

According to Maya Tamang, there is gender discrimination in Brahmin society in Chalnakhel. Her own mother-in-law died after being denied medical treatment for giving birth to three daughters, not a son. Another woman in her society was denied even food for not bearing a son. The woman later left home to seek work abroad. Maya says if women were economically empowered, they could have survived in their effort.

Maya was brought up in a well-off family where gender discrimination is relatively less compared to that in a Brahmin society. So she experienced a very difficult life in the initial years of her marriage. With little education and skills and capacity, her husband is a very docile person, and his family is very poor. Further, her parents' family does not support their daughters once they are married off. Then it became a big challenge for her to survive with children to rear up. After the separation from her extended family, she courageously started a tailoring business. She managed finance from a micro-credit institution. In the initial years, it was difficult for her to even break even. However, now she has become a successful tailor. She is supporting her husband in every way. She also started a grocery shop which she let her husband manage. Maya was once recognized with a certificate of good debtor by the financial institute that had provided her a credit facility initially. She has no financial constraints now. She has bought a piece of land and even built a five-room house on it. Her children are enrolled in a good boarding school. Now, even her family members, who had treated her inhumanely, have started to respect her.

In Maya's words, 'Home-based work is good for women. Even if uneducated, they can earn by developing certain skills. In Brahmin and Chhetri society, due to the suppression by their in-

laws, women are often discouraged to go ahead in life. In such situations, women should gather courage and build their own capacity, Maya, now established as a good tailor, is keen to do social work for marginalized women. She despises lip service. Very much aware of gender rights, Maya supports her women employees to stand up for their rights

### ***Purna Maya Maharjan, Kirtipur***

Purna Maya Maharjan, married to a farmer family in Kirtipur, Panga, is a successful home-based worker, fully occupied with tailoring and knitting along with farming work. A unique story of Purna Maya is that she had handled all of her husband's responsibility of earning for family just to let her husband complete his studies. She assisted her husband to achieve Master's degree in all possible way. Along with her usual responsibility of all household chores and taking care of children, she did knitting, tailoring and even all farm works. Now her husband, a master degree holder is the Principal of a local school. Purna Maya's son is studying BA and daughter has completed MA. Interestingly, Purna Maya is the only earning member of her family, meeting all educational expenses, including her husband's.

Purna Maya's family had difficult days financially. Her husband did not even own a spare shirt; he would cover himself with a shawl while his shirt goes in laundry. Even under such circumstances, Purna Maya used to say to her mother-in-law, "I will do all the work for him. Please let him continue his studies." Thus, home-based work has been the main source of income for Purna Maya's family since long ago.

### ***Dil Maya Bajracharya, Bungamati***

Dil Maya Bajracharya, a wood carving worker had to struggle in the initial stages of wood carving profession as the society was not ready to accept women to see in this male-dominated profession. Dil Maya courageously took up the profession, inspiring even other women of her community to join in. These women in Bungamati have succeeded in changing the society's perception of women's work. Now many women in Bungamati are fully engaged in wood carving. Their skills and working capacity are not inferior to those of men. Women are now happy for being able to earn a substantial income from wood carving.

### ***Gyani Maya, Thankot***

Gyani Maya's life is painful. She had left home with her husband and child to stay in her 'Maiti' because she could not tolerate her step mother-in-law's torture.

Her husband had encountered a road accident and has been in bed for the last eight years. Her mother suffers from mental disorder and father physically disabled. Further, she has to take care of her younger siblings. She even lost her first child during those miserable days and had no support to fall back on. During those difficult days, she came across a friend who arranged knitting work for her, which helped to some extent. Later she visited many places in Thamel area in search of big work orders. Somehow she found work and became able to earn Rs.18,000 per month from big employers. Her knitting work has been the only source of livelihood for her family including her new born children. Her husband is still not in a condition capable to work.

After 9 years of work experience, she has developed many contacts with big handicraft exporting companies. She now co-ordinates between exporting companies and more than 50 women workers of Thankot, who work under her supervision. These women gather at her house to work, knitting continuously for more than eight hours. They do not receive any training from outsiders. Since Gyani Maya has an extra ordinary talent for knitting without any training, she can guide these workers, most of whom are her friends and relatives. Despite the stiff competition in the handicraft market, Gyani Maya's group is earning Rs.170 per day per person on average. She helps workers in every possible way to avoid employers' complains about quality or delays in delivery.

In the past, she has worked in many places in search of a good income. She found a good source of order for knitting and started giving work to many women of her community. Unfortunately, the employer cheated her by not paying money at all. Women who work under her started complaining. After that event only 7 women stayed to work with her and the others left. Subsequently, she found a good employer again, who helped her to resume work. She earned well under the new employer and accordingly paid all her workers who had suffered losses earlier. Her business is doing well now. More than 50 women are continuously engaged in knitting and all of them earning well. They are satisfied with the wage rate.

Gyani maya is conducting large transactions of around Rs. 60,000-70,000 per month with the company. She is a prime producer in that factory, but her employer treats her only as a piece-rate

worker. He is not ready to give her any other kind of facilities as a permanent worker. The company never considers such workers as its main producers. Sometimes, when the workers in her circle need money for urgent purposes, Gyani Maya pays them in advance from her own pocket. She has to attend to her friends' needs as her employer is reluctant to advance any money. She did not get any advance payment from the company when she needed money urgently for example for treatment of her sick father's medical treatment.

She says, "We are paid only on the basis of our production, we are not treated as labourers. We do not get any benefits such as health insurance, bonuses, paid leave, etc., and there is no place where we can raise our voice."

### **8.11 Multi Variate Analysis**

The bi-variate analysis in earlier chapters indicate that women home-based workers' income contribute to their household economy and their participation is affected by a number of socio-economic variables. This bivariate analysis of data lend support to the hypothesis that the main driver of women's participation in home-based work is their dire need to supplement inadequate family income. So the main hypothesis here is that women's income from home-based work contributes significantly to household income which is governed by multiple socio-economic factors. The chapter highlights the effects of socio-economic background of women workers, and particularly their income from home-based work on their contribution in family income. What are the determinants of their contribution in their household economy to make survival of the families is the core of this chapter.

The financial hardship to cover household expenses, inadequacy of income of male members as breadwinners, women's self interest to support family financially are the major causes of their home-based work. This draws attention to analyze their contribution in household income. The core of the present study is to analyze the contribution of women home-based workers' income in their household income which is usually a neglected aspect of the working women in official statistics.

Here estimation of contribution of women home-based workers' income in the household income is done through Linear Regression Model. The variables included in the model are concerned with

the individual characteristics of women and some socio-economic variables that may affect the contribution.

#### **8.11.1 Some Related Literature**

A brief review of some related studies done in other countries is presented here, before going into the analysis, so that it gives some inputs for our discussion. No related study is found to review, in the context of Nepal. There is no study done in Nepal so far, which explores the estimation of women home-based workers' contribution in household economy.

Malik and Khan (2009) highlight the effects of family composition of women workers (16-60 years) in informal sector on their contribution in family income. It is found by the authors that family size and number of old age persons (more than 60 years) in the family, dependency ratio and if the eldest sibling of the main couple is male have positive effect on contribution. The number of infants, number of male and female children (5-15 years) in the family, number of male and female prime-age children (more than 15 years) and number of adult males in the family have shown negative effect on the contribution of women in the family income. The ratio of male to female children (5-15 years) and the number of working children also affect the contribution of women negatively.

George (2012) showed that women's labour force participation was strongly affected by marital status, the occupation of the husband and the presence of young children in the household.

Khan and Khan (200a) showed the contribution increases by increase in age but on the later age the contribution decreases. Their study also concluded that married women contribute more to household budget as compared to single women.

Khan and Khan (2007b) found that women as head of household, women's education, and ownership of assets by woman have positive effect on contribution. Age of the woman has a non-linear effect on woman's contribution. First the contribution increases and then decreases by increase in age of the woman. Married women and women living in nuclear families contribute more to household budget. The household per capita income and number of children (5-15 years) in the household have shown negative effect on contribution of women in household budget. The household's economic vulnerability due to unemployment of husband and lower productivity

caused by lower education of husband is also largely shared by the urban informally employed women, i.e. they struggle more for family survival.

Johnson and Annette (2005) showed that there is no statistically significant gender earnings gap between self-employed women and men in the informal economy in Bogota. Earnings determinants for self-employed women, results showed only one variable was statistically significant: the number of household members (paid and unpaid) helping with the business.

### 8.11.2 Materials and Methods

Home-based work is defined as the self-employed and piece rate work in the present study. Here in this unit also for the regression model, models are designed for the both type of home-based work separately and a combined one in order to understand the effect of explanatory variables in depth.

To capture the contribution of respondents in the household economy, Linear Regression Model is estimated in which contribution of a woman is a function of the characteristics of women. The contribution of woman in household income is defined as the ratio of the woman's earned income from home-based work to the total income of the household. As the wage rate or/and working hours in home-based work is much fluctuated, the ratio of the yearly income to household income is taken as contribution of women in household income. In the computation of total family income, income of respondents from home-based work is added to income earned by other members of the respondents' family from different sources.

1. For the analysis, a very simple model of the contribution of home-based work that consists a set of variables to determine the causes of contribution is built. The variables used to predict the contribution of home-based workers are age, levels of education, family size, marital status, wealth quintile, working hours, yearly income of women from home-based work. Dummy variables were created for some of explanatory variables like type of of home-based work, ethnicity groups, current residence, relationship of respondents with the head of the household, respondents' attitude towards home-based work. For example, regarding attitude towards home-based work if the response is

positive, it is explained with reference to otherwise. The detail of dummy variables is given in Annex 14.

The inclusion of variable vocational and skill training could be effective in determining the income generated from the economic activities from home. It could be more effective than education and level of schooling in terms of nature of home-based work. But as only 40 percent of the respondents have had training which is of duration of only seven days on average. So the training they get have insignificant effect. So the variable is dropped during step wise regression process. The linear regression model is used for estimation of the coefficients for each dependent variable separately on 375 number of observation.

Before applying regression analysis and t-tests, a multi-correlation test has been done among the explanatory variables. Only the variables whose correlation is significant at 0.05 level (2-tailed) has been chosen for regression analysis.

The models designed are following:

**Model 1:**  $COHW = f(X1, X2, \dots)$

**Model 2:**  $YIF = f(YIH, X1, X2, \dots)$

**Model 3:**  $YEH = f(YIH, X1, X2, \dots)$

Where, **COHW** is the ratio of the woman's earned income from home-based work (YIH) to the total income of the household (YIF),

**YIF** is the yearly income of family including income of home-based workers,

**YEH** is the expenses from income earned from home-based work, and

**X1, X2,...** are individual and socio-economic variables.

The variables that are used in Regression Analysis are:

#### *Dependent variables*

4. Contribution of home-based workers to household budget (COHW) -The ratio of the home-based work earned income (YIH) to the total income of the household (YIF)
5. Yearly income of family (YIF)
6. Yearly household expenses from income earned by home-based work (YEH)

#### *Explanatory variables:*

2. Type of home-based work
3. Age of respondents
4. Cast and ethnicity of respondents
5. Family size of respondents
6. Marital status of respondents
7. Current stay of residence
8. Educational qualification attained by respondents
9. Wealth quintile
10. Relationship of respondents with the head of the household
11. Respondents' attitude towards home-based work
12. Working hours of the respondents
13. Yearly income of women from home-based work

### 8.11.3 Results and Discussion

For women home-based workers in study area, a positive impact of explanatory variables such as that type of work, age, ethnicity groups, family size, marital status, number of children, stay of residence, educational attainment etc. is predicted on contribution of home-based work and other dependent variables. The summary statistics and regression results are given in the following tables. The coefficients indicate the direction and strength of the relationships between the independent and dependent variables. The main characteristics of respondents is presented in Annex13. Definitions of dependent and explanatory variables used in the model is presented in Annex 14.

**Table 8.12: Mean Annual Income and Expenses according to Selected Characteristics for all Respondents (in NRP)**

|                        | <b>Income HBW</b> | <b>Family Income</b> | <b>Expenses from HBW</b> |
|------------------------|-------------------|----------------------|--------------------------|
| <b>Age group</b>       |                   | **                   |                          |
| 18-24                  | 54856             | 200354               | 29082                    |
| 25-34                  | 62117             | 216966               | 45639                    |
| 35-44                  | 61306             | 200741               | 44963                    |
| 45-66                  | 45998             | 138842               | 36748                    |
| <b>Caste/Ethnicity</b> | *                 |                      |                          |
| Newar                  | 56290             | 201181               | 40287                    |
| Brahman/Chhettri       | 70341             | 227863               | 40796                    |

|   | Income HBW | Family Income | Expenses from HBW |
|---|------------|---------------|-------------------|
| Janajaties/others                           | 62511      | 177639        | 52440             |
| <b>Religion</b>                             |            |               |                   |
| Hindu                                       | 58251      | 199491        | 42941             |
| Non-Hindu                                   | 61951      | 202522        | 41641             |
| <b>Family size</b>                          | **         | ***           |                   |
| <5  | 52624      | 158174        | 42278             |
| 5-6   | 59940      | 220776        | 46728             |
| >6  | 68052      | 270586        | 34825             |
| <b>Marital status</b>                       | **         |               | *                 |
| Married and cohabiting                      | 56790      | 201742        | 45108             |
| Not married/Not cohabiting/widow/er         | 70268      | 194975        | 31466             |
| <b>Number of living children</b>            |            |               | ***               |
| 0   | 67758      | 233568        | 27251             |
| 1   | 66287      | 206438        | 55313             |
| 2   | 57511      | 195353        | 42190             |
| 3+  | 49471      | 177064        | 42380             |
| <b>Place of residence</b>                   |            |               |                   |
| Urban                                       | 63985      | 201528        | 44307             |
| Rural                                       | 56215      | 199701        | 41255             |
| <b>Education</b>                            |            | ***           |                   |
| Never attended in formal education          | 47082      | 152569        | 44987             |
| Up to 10 years of schooling                 | 59515      | 193862        | 42045             |
| Completed SLC or more                       | 72437      | 274697        | 39996             |
| <b>Relation with the head of household</b>  | *          | ***           |                   |
| Self  | 54475      | 136018        | 45415             |
| Husband                                     | 53653      | 181016        | 45021             |
| Other family member                         | 65330      | 233575        | 39143             |
| <b>Financial reasons to select the work</b> | **         | ***           | **                |
| No  | 60144      | 248943        | 31682             |
| Yes   | 58016      | 184472        | 46101             |
| <b>Land Ownership of family</b>             |            |               |                   |
| Yes   | 57520      | 209698        | 40341             |
| No  | 62396      | 177919        | 47853             |
| <b>Wealth Quintile</b>                      |            |               |                   |
| Lowest                                      | 49339      | 139101        | 44537             |
| Second                                      | 56800      | 176290        | 39446             |
| Third                                       | 41819      | 157987        | 34740             |
| Fourth                                      | 60940      | 223471        | 39909             |
| Highest                                     | 83734      | 324174        | 54332             |
| <b>Attitude towards future work</b>         |            | **            |                   |
| Negative                                    | 47631      | 161243        | 41251             |
| Positive with criticism                     | 63008      | 217046        | 42793             |

|   | Income HBW | Family Income | Expenses from HBW |
|---|------------|---------------|-------------------|
| Positive  | 58653      | 182438        | 42985             |
| <b>Received Training</b>  | *          | *             | *                 |
| Yes   | 52144      | 183869        | 40597             |
| No  | 68587      | 220043        | 44800             |
| <b>Working Hours</b>  | **         | **            | **                |
| Eight hours or less   | 54550      | 198728        | 36175             |
| More than eight hours   | 73621      | 205359        | 60471             |
| <b>Negative effect on efficiency of work due to poor health</b> |            | *             | *                 |
| Yes   | 58310      | 203742        | 41367             |
| No  | 63373      | 186887        | 47312             |
| <b>Other Source of income</b>                                   |            |               | **                |
| Yes   | 62873      | 204069        | 44806             |
| No  | 55914      | 196675        | 40131             |
| <b>Type of HBW</b>  | ***        |               | ***               |
| Self-employed   | 74605      | 206537        | 61928             |
| Piece-rate workers  | 54393      | 198370        | 35848             |
| <b>Total N</b>  | 59436      | 200461        | 42524             |

\*= $P < 0.05$

**Table 8.13: Mean Annual Income and Expenses according to Selecte Characteristics for Self -employed Group (in NRP)**

|                                     | Income HBW | Family Income | Expenses from HBW |
|-------------------------------------|------------|---------------|-------------------|
| <b>Age group</b>                    |            | **            |                   |
| 18-24                               | 55053      | 203898        | 42327             |
| 25-34                               | 74645      | 218133        | 60876             |
| 35-44                               | 92833      | 228485        | 76867             |
| 45-66                               | 51003      | 132960        | 48160             |
| <b>Caste/Ethnicity</b>              | *          |               |                   |
| Newar                               | 78236      | 220883        | 78236             |
| Brahman/Chhettri                    | 68784      | 210157        | 68784             |
| Janajaties/others                   | 71581      | 176090        | 71581             |
| <b>Religion</b>                     |            |               |                   |
| Hindu                               | 70289      | 201980        | 56905             |
| Non-Hindu                           | 90884      | 222811        | 79866             |
| <b>Family size</b>                  | **         | ***           |                   |
| <5                                  | 76141      | 198697        | 63799             |
| 5-6                                 | 78358      | 235028        | 70202             |
| >6                                  | 53867      | 161568        | 33230             |
| <b>Marital status</b>               | **         |               | *                 |
| Married and cohabiting              | 73305      | 212788        | 66648             |
| Not married/Not cohabiting/widow/er | 77788      | 175279        | 38325             |

|   | Income HBW | Family Income | Expenses from HBW |
|---|------------|---------------|-------------------|
| <b>Number of living children</b>                                |            |               | ***               |
| 0   | 88084      | 236152        | 34960             |
| 1   | 65221      | 209580        | 76600             |
| 2   | 28257      | 228804        | 71429             |
| 3+  | 55161      | 157875        | 53211             |
| <b>Place of residence</b>                                       |            |               |                   |
| Urban   | 87902      | 200965        | 77650             |
| Rural   | 68830      | 208831        | 55454             |
| <b>Education</b>  |            | ***           |                   |
| Never attended in formal education                              | 65774      | 167963        | 68788             |
| Up to 10 years of schooling                                     | 90557      | 232796        | 64690             |
| Completed SLC or more   | 62898      | 245506        | 43671             |
| <b>Relation with the head of household</b>                      | *          | ***           |                   |
| Self  | 57708      | 141824        | 59700             |
| Husband   | 66361      | 188956        | 61142             |
| sOther family member  | 91409      | 249685        | 63700             |
| <b>Financial reasons to select the work</b>                     | **         | ***           | **                |
| Yes   | 76794      | 201508        | 71044             |
| No  | 63491      | 226916        | 24984             |
| <b>Land Ownership of family</b>                                 |            |               |                   |
| No  | 70706      | 209066        | 55156             |
| Yes   | 85468      | 198949        | 82241             |
| <b>Wealth Quintile</b>  |            |               |                   |
| Lowest  | 56948      | 141100        | 62261             |
| Second  | 63358      | 180251        | 67253             |
| Third   | 44435      | 162886        | 47491             |
| Fourth  | 88128      | 241051        | 54909             |
| Highest   | 110250     | 301726        | 74605             |
| <b>Attitude towards future work</b>                             |            | **            |                   |
| Negative  | 51672      | 151533        | 70742             |
| Positive with criticism   | 82182      | 227841        | 58915             |
| Positive  | 71398      | 182064        | 63876             |
| <b>Received Training</b>  |            |               |                   |
| Yes   | 66366      | 190053        | 59693             |
| No  | 83164      | 223020        | 64162             |
| <b>Working hours</b>  | ***        |               | ***               |
| Eight hours or less   | 64642      | 205737        | 46117             |
| More than eight hours   | 92910      | 207994        | 90758             |
| <b>Negative effect on efficiency of work due to poor health</b> |            |               |                   |
| Yes   | 72414      | 201151.79     | 58690             |
| No  | 30380      | 240920        | 82600             |
| <b>Other Source of income</b>                                   |            |               |                   |
| Yes   | 78902      | 206173        | 68933             |

|                | Income HBW | Family Income | Expenses from HBW |
|----------------|------------|---------------|-------------------|
| No             | 69638      | 206949        | 53988             |
| <b>Total N</b> | 74580      | 206537        | 61928             |

\*= $P<0.05$

**Table 8.14: Mean Annual Income and Expenses according to Selected Characteristics for Piece-rate Workers Group (in NRP)**

|  | Income HBW | Family Income | Expenses from HBW |
|--|------------|---------------|-------------------|
| <b>Age group</b>                       |            | **            |                   |
| 18-24                                  | 54799      | 199054        | 24226             |
| 25-34                                  | 58400      | 216618        | 41101             |
| 35-44                                  | 51435      | 190854        | 33594             |
| 45-66                                  | 43356      | 141687        | 31225             |
| <b>Caste/Ethnicity</b>                 | *          |               |                   |
| Newar                                  | 51820      | 196812        | 35310             |
| Brahman/Chhettri                       | 71229      | 244860        | 31656             |
| Janajaties/others                      | 57015      | 178561        | 41061             |
| <b>Religion</b>                        |            |               |                   |
| Hindu                                  | 53325      | 198454        | 37122             |
| Non-Hindu                              | 56353      | 198218        | 33532             |
| <b>Family size</b>                     | **         | ***           |                   |
| <5                                     | 44589      | 142414        | 33908             |
| 5-6                                    | 54013      | 215881        | 38666             |
| >6                                     | 67528      | 296830        | 35209             |
| <b>Marital status</b>                  | **         |               | *                 |
| Married and cohabiting                 | 51229      | 197797        | 37414             |
| Not married/Not cohabiting/widow/er    | 67456      | 200705        | 29471             |
| <b>Number of living children</b>       |            |               | ***               |
| 0                                      | 61229      | 232724        | 24737             |
| 1                                      | 66654      | 205280        | 47470             |
| 2                                      | 50120      | 186736        | 34658             |
| 3+                                     | 44840      | 188403        | 35979             |
| <b>Place of residence</b>              |            |               |                   |
| Urban                                  | 58741      | 201651        | 37013             |
| Rural                                  | 50814      | 195589        | 34861             |
| <b>Education</b>                       |            | ***           |                   |
| Never attended in formal education     | 38598      | 144780        | 32946             |
| Up to 10 years of schooling            | 52266      | 183392        | 35955             |
| Completed SLC or more                  | 75187      | 282869        | 38966             |
| <b>Relation with head of household</b> | *          | ***           |                   |
| Self                                   | 53067      | 133436        | 39066             |
| Husband                                | 48792      | 177815        | 38524             |
| Other family member                    | 58828      | 229261        | 32568             |

|   | Income HBW | Family Income | Expenses from HBW |
|---|------------|---------------|-------------------|
| <b>Financial reasons to select the work</b>                     | **         | ***           | **                |
| Yes   | 51552      | 178073        | 36731             |
| No  | 59041      | 254597        | 33401             |
| <b>Land Ownership of the family</b>                             |            |               |                   |
| Yes   | 52587      | 209932        | 34842             |
| No  | 56479      | 171981        | 38143             |
| <b>Wealth quintile</b>  |            |               |                   |
| Lowest  | 46101      | 138235        | 36856             |
| Second  | 55074      | 175229        | 31998             |
| Third   | 41328      | 157023        | 32228             |
| Fourth  | 49077      | 215063        | 32735             |
| Highest   | 72022      | 332977        | 46382             |
| <b>Attitude towards future work</b>                             |            | **            |                   |
| Positive  | 55273      | 182542        | 37443             |
| Positive with criticism   | 56413      | 213120        | 36930             |
| Negative  | 45989      | 164659        | 30874             |
| <b>Received training</b>  |            |               |                   |
| Yes   | 63041      | 218891        | 37305             |
| No  | 47890      | 181953        | 34683             |
| <b>Working Hours</b>  | ***        |               | ***               |
| Eight hours or less   | 51753      | 196706        | 33308             |
| More than eight hours   | 63553      | 203959        | 44381             |
| <b>Negative effect on efficiency of work due to poor health</b> |            |               |                   |
| Yes   | 58317      | 175180        | 39666             |
| No  | 52839      | 204723        | 34802             |
| <b>Other source of income</b>                                   |            |               |                   |
| Yes   | 51656      | 193325        | 35612             |
| No  | 57149      | 203308        | 36079             |
| <b>Total N</b>  | 54393      | 198370        | 35848             |

\*= $P < 0.05$

**Table 8.15: Summary Statistics and Regression Results for the Respondents' Contribution in Household Budget**

| Predictors                                    | Self Employed             |          | Piece-rate Workers        |           | Total                     |           |
|---|---------------------------|----------|---------------------------|-----------|---------------------------|-----------|
|   | Standardized Co-efficient | T-values | Standardized Co-efficient | T-values  | Standardized Co-efficient | T-values  |
| Type of HBW                                   |                           |          |                           |           | -0.172                    | -3.350*** |
| Age   | 0.014                     | 0.103    | 0.051                     | 0.690     | 0.048                     | 0.767     |
| Caste/ethnicity                               | -0.011                    | -0.109   | -0.058                    | -0.835    | -0.032                    | -0.578    |
| Number of family                              | -0.151                    | -1.320   | -0.159                    | -2.583**  | -0.162                    | -3.127*** |
| Marital Status                                | 0.270                     | 2.175**  | 0.142                     | 1.903*    | 0.153                     | 2.606**   |
| Place of residence                            | 0.245                     | -2.089** | 0.013                     | 0.181     | 0.041                     | 0.721     |
| Education                                     | -0.220                    | -1.554   | 0.155                     | 2.224*    | -0.048                    | 0.799     |
| Wealth quintile                               | 0.032                     | 0.267    | -0.182                    | -2.665*** | -0.117                    | -2.099**  |
| Relation with HHH                             | -0.122                    | 0.985    | 0.106                     | 1.175*    | 0.037                     | 0.702     |
| Attitude towards HBW                          | 0.083                     | 0.747    | 0.091                     | 1.601     | 0.086                     | 1.778*    |
| Working hours                                 | 0.341                     | 3.054*** | 0.246                     | 4.265***  | 0.245                     | 4.961***  |
| Negative effect of health on working capacity | -0.047                    | 0.441    | -0.131                    | 2.314*    | 0.080                     | 1.659     |
| Constant                                      |                           | 0.590    |                           | 1.491     |                           | 2.448**   |
| R squared                                     |                           | 0.279    |                           | 0.219     |                           | 0.218     |

*T test was performed at \*= $P < 0.05$  \*\*= $P < 0.01$ , \*\*\*= $P < 0.001$ .*

**Table 8.16: Summary Statistics and Regression Results for Annual Income of Family**

| Predictors                        | Self-employed             |          | Piece-rate Workers        |           | Total                     |           |
|-----------------------------------|---------------------------|----------|---------------------------|-----------|---------------------------|-----------|
|                                   | Standardized Co-efficient | T-values | Standardized Co-efficient | T-values  | Standardized Co-efficient | T-values  |
| Type of HBW                       |                           |          |                           |           | 0.087                     | 2.155*    |
| Age                               | 0.038                     | 0.383    | 0.102                     | 1.755*    | 0.066                     | 1.362     |
| Caste                             | -0.063                    | -0.866   | -0.114                    | -2.100**  | -0.094                    | -2.225**  |
| No. of family                     | 0.064                     | 0.794    | 0.253                     | 5.238***  | 0.219                     | 5.447***  |
| Marital Status                    | 0.104                     | 1.145    | 0.094                     | 1.595     | 0.107                     | 2.340**   |
| Place of residence                | 0.125                     | 1.499    | 0.082                     | 1.507     | 0.072                     | 1.631     |
| Education                         | 0.143                     | 1.434    | 0.163                     | 2.939***  | 0.147                     | 3.149***  |
| Wealth quintile                   | 0.176                     | 2.002**  | 0.232                     | 4.310***  | 0.228                     | 5.200***  |
| Relation with HHH                 | -0.009                    | -0.108   | -0.005                    | -0.103    | 0.005                     | 0.132     |
| Attitude towards work             | -0.003                    | -0.036   | -0.035                    | 0.773     | -0.029                    | 0.782     |
| Working hours                     | -0.140                    | 0.1.749* | 0.029                     | 0.639     | -0.009                    | -0.242    |
| Negative effect of health on work | 0.094                     | 1.251    | -0.105                    | -2.352**  | 0.066                     | -1.749*   |
| Yearly income of HBW              | 0.696                     | 9.016*** | 0.461                     | 10.120*** | 0.535                     | 13.788*** |
| Constant                          |                           | 0.777    |                           | -1.405    |                           | -1.244    |
| R squared                         |                           | 0.645    |                           | 0.522     |                           | 0.533     |

*T test was performed at \*= $P < 0.05$  \*\*= $P < 0.01$ , \*\*\*= $P < 0.001$ .*

**Table 8.17: Summary Statistics and Regression Results for Annual Expenses from Income Generated from Home-based Work**

| Predictors                        | Self-employed             |          | Piece-rate Workers        |          | Total                     |           |
|-----------------------------------|---------------------------|----------|---------------------------|----------|---------------------------|-----------|
|                                   | Standardized Co-efficient | T-values | Standardized Co-efficient | T-values | Standardized Co-efficient | T-values  |
| Type of HBW                       |                           |          |                           |          | -0.119                    | -2.684**  |
| Age                               | 0.007                     | 0.064    | 0.060                     | 0.878    | 0.032                     | 0.606     |
| Caste                             | -0.076                    | -0.965   | 0.007                     | 0.115    | 0.019                     | 0.399     |
| No. of family                     | 0.042                     | 0.481    | -0.129                    | -2.275*  | -0.072                    | -1.633    |
| Marital Status                    | 0.228                     | 2.334*   | 0.153                     | 2.213*   | 0.147                     | 2.934**   |
| Place of residenc                 | 0.060                     | 0.674    | 0.053                     | 0.824    | 0.005                     | 0.093     |
| Education                         | -0.101                    | -0.942   | 0.023                     | 0.357    | -0.40                     | 0.773     |
| Wealth quintile                   | -0.174                    | -0.1845* | 0.065                     | 1.025    | 0.005                     | 0.114     |
| Relation with HHH                 | 0.052                     | 0.551    | 0.043                     | 0.758    | 0.039                     | 0.870     |
| Attitude towards work             | -0.153                    | -1.814*  | 0.003                     | 0.048    | -0.027                    | -0.661    |
| Working hours                     | 0.097                     | 1.131    | 0.146                     | 2.705**  | 0.125                     | 2.929**   |
| Negative effect of health on work | 0.015                     | 0.184    | -0.008                    | -0.149   | -0.003                    | 0.069     |
| Yearly income of HBW              | 0.698                     | 8.420*** | 0.529                     | 9.905*** | 0.575                     | 13.464*** |
| Constant                          |                           | 0.458    |                           | -1.455   |                           | -0.708    |
| R squared                         |                           | 0.589    |                           | 0.341    |                           | 0.436     |

*T test was performed at \*= $P < 0.05$  \*\*= $P < 0.01$ , \*\*\*= $P < 0.001$ .*

The majority of the results is consistent with the theoretical predictions of woman's contribution on household economy. But the result also shows non-significant effect of some of the explanatory variables. The explanatory variables are found less pronounced for the model 2 that is for the dependent variable yearly income of household (YIH). The following features of the results are worth noting.

#### Type of home-based work

One of the significant variables is the type of home-based work. Unfortunately hardly any studies are done on these two distinct groups of home-based work. Supporting the bivariate result earlier, the present analysis also shows that self-employed group is in better position in regards to income, saving and, their contribution to household economy than piece-rate workers. Unlike piece-rate workers who are dependent on employer and worse than that, dependent on middlemen at many places, self-employed group at least own a small business on which they have their own right. On this understanding, one hypothesis may be postulated that, among two

groups of home-based workers, self-employed are in a better financial position than piece-rate workers so to make a bigger contribution than piece-rate workers.

While checking the proportion of women's income in family income, women involving in two types of home-based work, it indicated the type of piece rate work is negatively associated to proportions to household budget compared to self-employed. Income of self employed rises along with the number of persons engaged in their work. On the two types of women home-based workers taken, the results explained piece rate workers' contribution is less significant to household budget.

#### Age of respondents

A general hypothesis is that workers' age is positively related with productivity as the worker gains experience or skill. When a worker enters the labour market in the beginning he/she has no experience of work and consequently contribute less, as the age increases he/she gets experience and contribute more.

In the present study also, for the women in age bracket of (18-66) years, women's participation shows an increase in the later age as mean age is 34 years. It explains that work experience also counts in home-based work. Obviously the kind of home-based work is that workers gain skill and talent on the base of practice. The explanation has one aspect to see. In the older-age group when the women have adult offspring, she spends more time for home-based and contributes more to the household income. Actually, age factor shows higher significant relation to income and expenses of home-based workers and income of their family as well.

#### Caste/ Ethnicity background

The bivariate result showed a notable participation of Newar women in home-based work. However the present multi-variate analysis does not support this. Here it is to be understood that, this is only due to large number of cases to concentrate in this group of caste/ethnicity background. This kind of social background does not show significant effect on either proportion of women's income to household income. Only in case of piece rate workers for household expenses caste shows significant positive result which is obviously because large number of respondents to fall into Newar caste.

### Size of family

It is found that two dependent variables proportions of respondents' income (COW) and expenses to household (YEH) is negatively related with family size. As also supported by bi-variate table also that, bigger the family size, less is the contribution of women in family expenses. Big family size shows a significant positive relationship with family income. The result explains that in a big family where the number of income earners are many so women home-based workers' income earning has lesser role to play in family's financial management. However, this factor shows something different effect for self-employed group in case of family expenses. Usually self-employed women who earn higher income than piece-rate workers contribute to family budget irrespective of family size.

### Marital Status of the Respondents

In general, socio-economic status of an individual within household is determined by his/her marital status. In the informal sector, the employment pattern of working women in their marital status is highly related to income earning jobs specially in low income occupations. Majority of the women in this strata works only after marriage as found in this study, 81 percent of the respondents are currently married. They do not have prior commitment to their work but after marriage they are forced by their circumstances to seek employment in order to support their growing families. In the absence of opportunity in formal jobs, women choose home-based work as a solution to the financial difficulties in family.

The result of the present study shows a positive relationship of proportion of income of home-based workers to family income with married and cohabiting women. It supports the notion that circumstances force the currently married women to contribute in household economy. So contribution of currently married women to household expenses is also seen significantly positive.

### Wealth quintile

This is an important indicator of the socio-economic standing of working women in informal sector. The higher degree of wealth quintile implies a relatively high degree of security to women and household. It determines household expenditure and budget. Theoretically the ownership of wealth may impact the contribution of women in a way that, the wealth and assets

make the household richer and financially stable and women are less likely to spare time for paid work.

The result shows there exists a linear negative relationship between wealth quintile and women's income from home-based work and positive relationship with income of family. The possible explanation is that the ownership of assets by family enhance the productivity in other family members, ultimately respondents have less to contribute for the household. Wealth quintile however shows a significantly positive relationship with annual household income, as generally understood.

### Education

We have used model to estimate the relationship between contribution of women home-based workers with some socio-economic variables along with individual and regional characteristics. A hypothesis set is that individual and regional characteristics of the women of the present study influence the level of her contribution in household budget.

For example, education is perceived as the major characteristics for the process. The educational level of a woman may work in many ways to affect on the allocation of her time in market and at home. If education increases and so opportunity cost of staying at home is larger, then she would devote time in income generating work. To capture the effect of women's education on their income, continuous variable representing the number of completed years of education of women is included. In the present analysis educational factor of respondents shows a positive relationship to household income which is a generally understood phenomenon. Educated women should be efficient even in the type of home based work also. But compared to piece-rate workers education of self-employed women shows a negative relationship with contribution to household budget. This shows highly educated women get involved themselves to other works than home-based work.

The possible explanation is that a common educational phenomenon is not applied in case of women home-based workers. For example a common hypothesis is that the level of education among women implies to improve their skill through training. It creates an opportunity for them to adopt changing technology. The highly educated and better-trained women lead to increased productivity and wages. The other aspects of effect of women's education on her contribution is

seen as education increases a woman's efficiency in households tasks and reduces the time in home production, so more time is devoted to paid work and more contribution is done in household income. The better educated women also belong to higher-income households, and social norms tend to increase their contribution to household budget.

However present respondents' involvement in self-employed home-based workers is not affected by these common educational phenomenon. The income as well as expenses from home-based work is not statistically significant with level of education. Mostly these women with lower level of education or no-education have work aspirations simply to get paid and contribute in household budget. Educational qualification has less influence on this type of workers' decision to work. In the course of collecting qualitative information also women are found to reply they prefer to have skill upgrading vocational training related to their work instead of studying further which is already mentioned in earlier chapter.

#### *Head of Household*

The present objective of including women as head of household, as an explanatory variable, is to see if the women's contribution in household budget in such households is significantly different from their counterparts where heads of household are other than the respondents. There is an explanation for the phenomenon that in the absence of sole income earner in the family and having more dependents as children or old-age members in the family, as a head of the household, women take a big burden of household members and specifically children's needs compel them to contribute more and more in household budget. The present result shows a positive relationship of respondents as head of the household and their significant contribution to household income and expenses. The result is same for both of the groups, that is, self-employed and piece-rate.

On the subject of heading the family, some possible explanation is that given the barriers created by patriarchic society norms, sometimes women do not act as head of household, even when woman is sole source of economic support in the household. Life is difficult for female-heads, because of prejudice and social stigma. They have more difficulty in maintaining their families because in case of self-employed they have less access to market economy, for piece rated

workers even do they earn, wages are very low. Women home-based worker are less likely to go outside home in search of higher income generating activities.

A possible explanation for the phenomenon of stay of residence is also related to women's less mobility. For example women who spend much of time in their home either doing household chore duties or some small income generating activities, is less likely to be influenced by outer world factors. In most cases, both in urban and rural areas, piece-rate workers stay at home waiting for employer or middlemen to bring work order and deliver back the products. Their mobility to outer world is less seen. In the case of self-employed also, their visit to urban market is limited. Usually male members of the family do a favour for them by visiting market either for getting raw materials or for the sale of the products. So respondents' residential stay in either urban or rural shows no significant difference on their contribution on household income and expenses.

#### *Place of Residence*

Life style of people is influenced by the regional environment where their residence is located. So the needs of urban dwellers and that of rural dwellers should be quiet different. On this base, respondents' current stay of residence is also included in the model as an explanatory variable. In the present study area, those who are urban dwellers significantly contribute to household income and expenses. This is due to the fact that mostly rural women spend much time for farm works so having less time to finish their home-based type of works whereas urban dwellers spend longer hours for home-based work.

#### *Attitude towards work*

Another possible variable is women's their own attitude towards their work. An assumption is that with positive attitude, women contribute higher to family.

As also seen by bivariate results, respondents are indifferent in their attitude towards job. Those who keep positive view towards the benefits that their family getting from their income have equally negative attitude towards difficulties in their work mainly related to health hazards, wage exploitation, and competition in market etc. This is possibly a reason for women's positive

attitude not showing a significant effect on household income and expenses. Their positive attitude is in most cases neutralized by negative attitude.

However a positive attitude towards their job shows a positive relationship with contribution to household income and expenses in case of piece rate workers although the result is weak for self-employed group. This explanatory variable does not pronounce well for yearly income of family.

### *Working Hours*

Working for long hours is the only option for women home-based workers to earn more in the absence of other facilities from employer in case of piece-rate workers. While for the self-employed lack of good markets and other facilities for production compel them to work hard for longer hours. So longer the hours they work, higher will be their income thereby contribution to family. Multi variate result shows very significant relationship between working hours and economic contribution of the respondents.

### *Negative effect of poor health on working efficiency*

The bivariate result showed that on the enquiry of social problems to respondents, 94 percent of them replied that they face health hazards due nature of their work. But only nearly half of them replied health problem create inefficiency to work. The result here shows health problem is more problematic to piece-rate workers than self-employed women.

### *Income from home-based work*

The main hypothesis of this research that women's income from home-based work contributes significantly to household economy which is governed by multiple socio –economic factors is supported strongly by positive significant results for all of the three models for both type of home-based workers. In all cases, the results are found positively significant. On the basis of results supported by bivariate and multivariate results also, it may be concluded that women home-based workers choose to do some kind of income generating activities at home solely to support family financially. So their contribution to household economy would be visible if assessed by following a sound and harmonized measurement method.

## **CHAPTER 9**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **9.1 Summary of Findings**

The main findings of the present survey are listed below.

1. According to NLFSs data, informal workers are found almost equally distributed for male and female. However the percentage of women shows less on the base of literacy to the age group 45-64 and over.
2. The data on highest level of educational level attained show women are less in number in all the educational level. Compared to the data of 1998/99 however the percentage of women in all the educational level seem to be rising.
3. The information collected by NLFSs on the present marital status of informal workers reveal that the highest number fall into married status followed by never married, widowed and separated/divorced.
4. The number of Chhetri is highest and Limbu is lowest among ethnic character of informal workers as shown by the result in case of both the surveys. The highest percentage of informal workers fall into Hindu religion. The employment in informal work according to ethnic group does not pronounce any sense from these information.
5. The percentage of women in subsistence agriculture is 48% and elementary occupations are 47% in NLFS-1. The result shows less number of women in white collar jobs. However, the percentage of women in these occupations have rose in these occupations in NLFS-2 than in NLFS-1.
6. More than 90% women showed "marriage was the main reason for their movement from their birth place. Women's reason for migration is also seen bigger for "political conflict" and "other family reasons". Female percentage in reason for migrating like attractive salary/wage, new service business, looking for work is very low compared to male informal workers.

7. There is negligible provision of social security and compensation as provided by NLFS-2 survey results.
8. Majority of respondents, that is 69 percent are Newars. In case of religious faith, the highest, that is 67 percent follow Hinduism as their religion. More than half of the respondents' mother language is Newari that is 69 percent.
9. 28 percent of the respondents have gained non-formal education in adult informal school to become literate where almost 10 percent are illiterate. 44 percent of them have done up to secondary school, 16 percent of the respondents have gained upto SLC but never entered higher education. A big portion that is 33 percent are found who have never gone to school. Almost all that is 97 percent of the respondents have dropped school studies.
10. The demographic distribution of respondents shows the highest frequency falls into age group 30-34 followed by age group 35-39. The average age of home-based workers in the survey is 34 years.
11. Among the respondents of the survey, more than three fourths that is 81 percent are married, 12 percent are unmarried. Only few 4.8 percent and 1.8 percent are widowed and separated respectively. It shows women mostly get involved in home-based work after getting married.
12. Half of the respondents that is 50 percent have husbands as their head of the household, 16 percent of them have their father in law as head of the household. Data showed 76 percent of families in the survey have male member as head of the family. Only 9 percent of the respondents are themselves the head of the family.
13. Data from the survey here shows majority of women, 81.82 percent are married before they are of 22 years. Mean age at marriage is found to be 19.51 Mean number of children ever born to them is 2.25.
14. 58 percent of the respondents are currently staying in urban area. 69 percent of the total respondents' place of birth is rural area. Large number of women that is 63 percent have migrated from their birth place after marriage. Those who shifted in search of work showed a significant number that is, 21 percent. Another 21 percent have shifted for family reason.

15. On the study of living condition of the respondents, it is found that 73 percent of the respondents' family own land either in valley or outside the valley. 92 percent of the respondents own a house to live in with. 69 percent of women own a set of jewellery. Television is the most popular media for entertainment or recreation for majority of the workers. 93 percent of the respondents' household own a TV set. However, only 23 percent can afford a refrigerator.
16. Of the different types of work occupied by home-based workers, knitting is major work for piece-rate workers while tailoring is for the self-employed. 52.22 percent of the piece-rate workers are involved in knitting while for self-employed group, tailoring is the main job which stands to 41.49 percent.
17. Major problems that piece-rate workers face in particular are: 34.1 percent said their problem is low payment, 26.0 percent reported problem of time management and 24 percent complained on long working hours. In addition, they suffer from middlemen, 5.84 percent reported they have been cheated by employer and middlemen.
18. In case of self-employed, main problems are : 48.45 responded problem of high competition in market, 15.46 percent find problem being unable to learn new skills, 13.4 percent says problem of lack of training, 44.32 percent find problem of financing, 20.61 percent have problem of late payment by sales person, 18.55 percent have difficulty in raw materials supply.
19. The present study has pointed out that women home based workers spend on average 7.32 hours a day, 25.52 days a month and 10.9 months a year to conduct their home-based work suggesting that home based workers are full time rather than part time workers.
20. The study shows almost 83 percent of the respondents work as a full time worker, 10-12 months in a year. Only 2 percent of the respondents work less than 3 months. Almost 63 percent work 26 to 30 days in a month as full time worker. 45 percent of them work 8-11 hours in a day.
21. 46 percent of the respondents have participated in skill development trainings.
22. 59.20 percent of the respondents in the present survey face social problem of different kinds, their main problem is related with health.

23. 50 percent were affected by occupational diseases at their workplace.
24. Almost all 93 percent workers surveyed, said that there are no health facilities or preventive measures used to save the workers from health hazards at their work place.
25. Women home based workers incomes comprise a significant part of the household budget and their contributions to their household economy is substantial. Their share in household income is found to be 29.65 percent. The share of self-employed in household income is higher, that is, 36.12 than that of piece rate workers which is 27.42.
26. 93.6 percent of respondents contribute to family expenses' who gave answer as 'yes'.
27. The survey indicates, 51 percent of the respondents are the sole economic supporters of their households while 18.7 percentage are those respondents whose income has stood as livelihood for the family.
28. The self- employed groups earn an average monthly income of Rs.6413, while the piece rate groups earn monthly Rs.3938. Combined both of the groups, monthly income of the respondents is Rs.4572 and annual average income is Rs.59436.6.
29. For the reasons to get involved in home-based work, 54.81 percent responses are for supplementary income source for family, 24.60 percent responses are for livelihood of family and 45.45 percent are for self-interest.
30. 52.3 percent of the respondents hold other source of income than home-based work.
31. The income from other source of respondents is Rs.3402 monthly and Rs.11917 yearly.
32. 46.62 percent of respondents find their other source of income is 'less than home-based work income' and 54.32 percent of the respondents' responded 'more than home-based work'.
33. 64.8 percent of the respondents are able to save from earning from home-based work and 35.2 percent of the respondents are not. The average amount of monthly saving done by piece-rate workers is Rs.565 and self-employed save on average monthly Rs.1322.

34. 37.86 percent of women home-based workers keep their saving in bank deposits, 2.47 percent buy shares, 3.29 percent buy jewellery.
35. 98.13 percent of the respondents have their family members earning to contribute in household budget.
36. Average annual income of the respondents' family is Rs.200461.0 including the respondents' income from home-based work.
37. Only 22.68 percent of them can afford to hire employee while 77.32 percent of them operate the business by self alone or with the help of unpaid family members. Of the 22.68 percent of them who manage to hire labour, 42.89 percent hire only one number of employees. Only three cases of respondents that is, 8.55 percent of them can afford to hire employee ranging from 4 to 8 persons.
38. Supporting the bivariate result earlier, the present analysis also shows that self-employed group is in better position in regards to income, saving and, their contribution to household economy than piece-rate workers.
39. Age factor shows higher significant relation to income and expenses of home-based workers and income of their family as well.
40. The kind of social background does not show significant effect on either proportion of women's income to household income.
41. The result shows that, bigger the family size, less is the contribution of women in family expenses.
42. The result of the present study shows a positive relationship of proportion of income of home-based workers to family income with married and cohabiting women.
43. The result shows there exists a linear negative relationship between wealth quintile and women's income from home-based work and positive relationship with income of family.

44. The income as well as expenses from home-based work is not statistically significant with level of education.
45. The result shows a positive relationship of respondents as head of the household and their significant contribution to household income and expenses.
46. Those who are urban dwellers significantly contribute to household income and expenses.
47. A positive attitude towards their job shows a positive relationship with contribution to household income and expenses in case of piece rate workers although the result is weak for self-employed group.
48. The result shows very significant relationship between working hours and economic contribution of the respondents.
49. The main hypothesis that women's income from home-based work contributes significantly to household economy which is governed by multiple socio –economic factors is supported strongly by positive significant results for all of the three models for both type of home-based workers.

## **9.2 Conclusion**

The informal sector represents an important part of the economy, and particularly of the labour market, in many countries, especially developing countries, and plays a major role in employment creation, production and income generation. The informal sector tends to absorb most of the growing labour force in the urban areas. Informal sector employment is a necessary survival strategy in countries that lack social safety nets such as unemployment insurance, or where wages and pensions are too low to cover the cost of living. The huge population base and its continual growth in countries with large surplus labour in rural agricultural sector have been some of the reasons for the informal sector's large size and rapid growth around the world.

One dimension of world economy today is the reorganization of production into global production systems. The best known issue is global value chains and export processing zones. But employment in global value chain is often precarious, as lead companies are likely to shift the location of production from one country to another, in search of low cost informal set up.

These factors help explain the persistence and expansion of the informal economy where exploitative labour practice is high.

By its nature, it is necessarily difficult to observe, study, define and measure informal economy. No single source readily or authoritatively defines informal economy as a unit of study. There are almost as many definitions of the informal sector as there are writers about the informal sector. The phenomenon includes various and numerous kinds of activities, which makes it hard to analyse labour market changes. A problem is always faced by stakeholders that how to classify and address the issue of the informal sector, with so few available statistics and such varied definitions and understandings of the informal economy. To show the bigger picture of informal sector workers across the world, and statistical evidence to estimate contribution of informal sector to GDP in countries and to explain for the predominance of women in this sector has been a subject of concern for labour staticians as well as gender specialists.

There is a link although not a complete overlap between working in the informal economy and being poor. This is because those who work in the informal economy are generally not covered by labour legislation or social protection and earn less, on average, than workers in the formal economy.

A particular category of informal work, which has been given attention in the ILO in recent years is home-based work. It is difficult to determine the extent of home-based work internationally as few countries collect national-level statistics on this form of employment. One difficulty is the lack of international statistical guidelines that define homework. This hinders the collection of such data and makes international comparisons of existing data difficult. Moreover, whatever official statistics exist probably underestimate the number of home-based workers because such activities are often invisible.

Small-scale studies from around the world show that within the manufacturing sector, home-based workers continue to play a vital role in the clothing and textile industries, the leather industry, handicrafts products, bidi (cigarette) rolling, candle making, and carpet making etc. The large brand name firms subcontract out production all over the world and the home-based women who produce from their homes are chains for these subcontracting by big companies. But home-based workers are generally poorly paid.

The prevalence of home-based work in countries in both urban and rural areas is evidence that home-based work is an important source of informal work, especially for women. Informal economy includes activities and workers that are less visible and, even, invisible. These least visible workers are not confined to developing countries, they are to be found around the world. Among these home-based activities is the one and the majority of least visible home-based workers are women.

Women who are not working in the formal economy are by no means all housewives who have chosen to stay at home and be full-time mothers and/or wives, supported by the income of a responsible male head of the family. Very many of them are women who need to earn an income. But they are insufficiently skilled or educated to be considered for jobs in the formal sector of the economy. Many of them are the sole supporters of their families, and many others have to earn incomes to supplement the low wages earned by their husbands or sons. However, this is a fact which is not usually recognized in economic statistics. Therefore the unemployment statistics for women is far from reliability.

In case of homebased workers at many places women do not even know actual work providers or employers. They are so double sufferers as they are cheated by middlemen in the first stage and then by actual employer. Since neither the State nor the formal private sector is a major employer of working people in home based work, social protection policies for making the work decent work require fundamental changes in conception and implementation. For self-employed own account workers also there is no market and enterprise security. Security measures for workers in the informal sector rest solely with employers. The compensation laws are absent and compensation practices are sporadic.

Employer-employee relationships or labour relations are very difficult to analyse in case of home-based workers. Generally, an employer hires women home-based workers informally. In such cases informal labour relations can be highly exploitative both from the viewpoint of working hours and wages.

More invisible informal workers, namely home-based workers or industrial outworkers, contribute more to global trade than other sectors of the informal economy. Home-based workers comprise a significant share of the workforce in key export industries, particularly those

involving simple manual tasks such as labour-intensive operations, handicrafts, simple machines or portable technology. This is largely applicable to the textile, garments and footwear industry. But they are not able to get adequate benefits. Longer and constantly changing subcontracting chains causes invisibility of home-based workers and lack of their voice in the value chain.

Some of the literature collected and reviewed to support the significance of the present study, which is concerned with above mentioned issues, have been presented above in the chapter 'Review of Literature'. From the entire review a conclusion could be drawn that most studies are concerned mainly with different problems faced by informal workers like exploitation, legal aspect, insecurity, poverty etc. although very few studies make an effort to estimate contribution partly. Therefore assessing economic contribution of home-based workers became main issue of the present research.

There is ample evidence to suggest that many of those who migrate to cities in search of jobs find work in the informal economy rather than formal. These trends have put pressures on the efforts by home-based workers to earn their livelihoods. Yet the fact is less considered that home-based workers produce goods at low costs and contributes to the competitiveness and profits of the large companies who subcontract out production.

In fact, on the demand side there is a tremendous potential for top-end handcrafted and specialized products such as fashion goods, embroideries, embellishments etc. even in international markets. Specialization in these products adds to the competitive position. Available data do not always accurately reflect the extent of women's involvement in the informal economy. This is because much of women's informal work is uncounted in official statistics, or unpaid or both. Attention should be paid to the enforcement of labour laws so that all women workers can effectively exercise their labour rights. So a national policy for development of the informal sector workers is recommended here.

The laws on work vary from one country to another. But in general, whether there is a law or not, homebased workers are not covered by any employment or social security protection.

Now it is the time for the informal sector to be seen from a labour perspective. The ILO decent work paradigm has created a new opportunity to scrutinize all informal work. It calls for social

responsibilities pertaining to such work. Since neither the State nor the formal private sector is a major employer of working people in informal work in developing countries, social protection policies for making all work decent work require fundamental changes in conception and implementation.

Ratification of the ILO Convention by member states will not automatically improve the pay and working conditions of home-based workers. But it will set an international standard for minimum pay and working conditions as well as providing them with recognition as workers. Member governments will then have to be pressured to translate the provisions of the treaty into national law and policy.

But even then, home-based workers will still have to be organized to ensure that they actually receive the protection laid down by national law. They should be involved in the process of implementing the law. It could also bring unorganized workers, the majority of whom are women, into unions in large numbers. In general homebased workers are not organised by traditional trade unions and therefore have no representation. Without organisation, it is not possible for them to influence policy, local or national, or for their voices to be heard.

Of course, there are some difficulties for them to get organized. Again, organizing workers at the local level only is not enough. For a policy influence, there is a need to federate to higher levels. Organizations should operate in a fully democratic and participatory way. Therefore, various possible organizational structures have to be explored in accordance with the needs of the sector and the area of work. Trade unions are the most powerful but co-operatives, self help groups, mothers groups, women's organizations and other types of specific interest groups for special purposes can be formed and mobilized.

Recently more explicit reference is now made to the informal sector by officials in Nepal. Trade unions have begun to enter the informal world. NGOs have also come into the scene, particularly after 1990 and have started to work on some issues of the self-employed population and on some labour issues where unfair and exploitative practices are visible. However the task is vast and definitely takes a long way to go. An area based organization of informal workers for example informal workers' organization based on geographical region within the country may be one acceptable solution which has not yet been practiced in Nepal as most organizations are

enterprise / occupation/ethnic based. Since informal workers do not have the same legal rights as their counterparts in the formal economy, there is all the more need to organize themselves into cooperatives or area-based organizations.

Nepal will not develop without developing the informal part of the economy. Poverty in Nepal will not be reduced if issues within the informal economy are not addressed. It should be noted that the informal economy does not exist in isolation from the formal sector. Many workers in Nepal have been performing formal and informal activities simultaneously with one or the other as the main job.

The number of workers in Nepal in the formal sector is small and is flowing towards an informal structure of employment. The informalization of workplace and workforce has become a common phenomenon. The informal economy in Nepal is very big and growing. It is transforming itself gradually from subsistence economy to a market based commercialized economy. But still it remains grossly neglected by the state. Hence the people engaged in this sector have to face uneven competition, low remuneration, poor working conditions and all possible sorts of economic and social exploitation. The national surveys in Nepal have not explored why people involve themselves in informal work and what is their actual problem and solution.

From the findings it shows that informal economy, particularly home-based work has both virtues and vices. Women work in as to their own choice or compulsion. Women involve themselves in informal work due to lack of access in the formal sector, lack of academic qualities, training and skills required for formal jobs. At the other end, they choose to work in home in a informal set up due to easier and more flexible working conditions. Women both knowingly and unknowingly, work as home- based workers. Some by their family tradition, due to the failure in getting a formal sector job or due to their critical skill in the same field and because of lack of mobility and so on.

As found from primary survey, some of the respondents engage themselves in home- based activities as a self interest. But for many, it is a compulsion and the only source of earning for the household. For many women, it is the major source of livelihoods. For some to supplement their household income in order to raise their own as well as their families quality of life. For many

others, it is a source of additional income to the household but still a compulsion as their family income source is not adequate to cover the total household expenses.

Since the size and contribution of their income is large in their household economy, the issue is not of the formalization of informal sectors, but how to count their contribution, ensure minimum wages, extend social protection, promote more efficient working environments, develop decent work culture, minimize exploitative and unfair labour practices and ensure a quality life to them.

### **9.3 Recommendations**

A national policy on home-based workers should be formulated to address the specific needs of the women home-based workers in the informal sector of the country. For this, a task force in the form of a committee with representation of the government, the employers, trade unions, NGOs and representatives of home workers should be set up with the specific objective of addressing the needs of the workers. The key components of these policies will include gender specific data, organization, access to market, economic resources, legislation, social protection, and voice and governance as presented below:

1. Understanding the multi dimensions of women workers in the informal sector of the economy and the social structure of the country is needed. For this, in depth studies and base line surveys should be conducted for targeted groups of work and locations at the national level. The national policies of home-based workers should be supported by appropriated measures to collect basic statistics on them. A detailed survey of informal work including all the sub groups of informal sector and employment should be carried out. It should cover their working and living conditions, so that a broad and nationwide picture will be available on the basis of which strategies, programmes and work-plans could be designed both by the government and non- governmental actors.
2. A systematic collection of data on home-based workers and their contribution to the national economy should be carried on. Women home-based workers should be made part of the official statistics, computing a value for their work and acknowledging and recognizing their contribution to the economy of the country.

3. Organizations with basic emphasis on trade union organizations and micro co-operatives should be promoted. All type of organizations including Trade Union affiliated unions needs to be acknowledged as the representational body of home- based workers of policies, implementation and monitoring of programs concerning all aspect of home based workers lives and work. Organizations of home-based workers should be promoted to enable them to put a voice and governance including giving workers access to collective bargaining , recognition of home-based workers voice, resource support to enable them to organize, lobby, advocate and campaign.
4. The market has become less and less accessible to the working poor in home-based informal works. Hence to make it people friendly, new initiatives and support for the informal economy market are essential. For self-employed entrepreneurs trying to compete in national and global markets, the key policy instrument would be to offer financial services, business development services and incentive packages to promote their access to and competitiveness in markets systems. Again these services should be ideally be offered through some combination of private sector and non-governmental organizations, with government supervision, subsidies and other incentives.
5. Exclusive retail platforms for home based products in the country should be built. For this, trade promotion initiatives specific to home-based products should be undertaken as a part of the mainstream trade promotion initiatives. Home-based workers should be provided economic resources including raw material, marketing infrastructure, technology including information technology, skill training, market protection for their products.
6. To make home-based workers able to compete in market, the key policy instrument should be skills upgrading. The service should be provided by an appropriate context specific combination of private sector and non-governmental organizations, with government supervision and support. Trade related capacity of home based producers through investment in the areas of skill upgradation, technology upgradation should be built up. Efforts to upgrade skills through government, private sector and co-operative mechanisms have become essential.

7. The major factors that need to be addressed to ensure that home-based workers benefit from their work as they deserve are liberalize trade of hand made products which are specifically products of home-based workers and provide non tariff barriers.
8. By recognizing the rights at work and by enforcing standards through national law and practice in resemblance with the ILO convention, rights of informal workers should be enhanced. Exploitative practices and worst forms of labour should be minimized. Minimum wages to workers should be guranteed and a fair wages based on skill and productivity should be ensured. Minimum protection should be provided which would include minimum remuneration, including adoption of a national minimum wages for the piece rated home based workers.
9. In order to allow more women working in the informal economy to enjoy one of the most basic human rights, such as adequate and quality health care services, especially maternity care, necessary amendment in the present legislation should be made. For piece rate workers, the key policy instrument should be to extend labour standards and social protection measures. This should be done by promoting a context of specific mix of collective bargaining agreements, national labour legislation and international standards, including ILO Conventions 177.
10. Health micro-insurance schemes with a comprehensive maternity protection component would help to secure better health among poor women home based workers. Therefore, provision for maternity care in a community-based health micro-insurance scheme is needed. Social protection which could include insurance, access to health care, child care, pension, maternity benefit, disability benefit. Social protection extension and promotion to the traditional protective activities for workers are to be emphasized in order to protect them from difficulties.
11. The government should adopt a broader strategy for informal workers including home-based workers such as encouraging the organizations of the poor, provision of credit, capacity building, establishing linkages with private and public agencies, facilitating access to information and markets and helping to resolve various other issues related with informal workers.

## ANNEXES

### Annex 1: Kathmandu Declaration

Kathmandu Declaration (18-20 October, 2000) is an outcome of South Asian Regional Meeting on Women Workers in the informal sector, participated by Government of Nepal, India, Pakistan and Sri Lanka, and by trade unions and NGOs, from these countries, and relevant UN and international organizations. Arising out of the deliberations of the meeting, a Kathmandu Declaration was finalized as follows:

Women workers in the informal sector, unorganized and agro-based sectors contribute significantly to the economic development of their respective countries. The meeting had recommended two major inputs to bring home-based workers into the national economic mainstream in accordance with ILO convention no. 177.

A. Formulation of a National Policy and a Plan of Action on Home Based Workers by the government of the South Asian Region in consultation with the stakeholders, with the following components.

1. Minimum protection, which would include right to organize, minimum remuneration, occupational health and safety, statutory social protection, maternity, child care, skill development and literacy program.
2. Access to markets and economic resources including raw materials, marketing infrastructure, technology, credits and information.
3. Set up, social funds for home based workers, which would provide insurance against risks of illness, death, old age accidents, loss of livelihood assets and contingencies as locally required.
4. Incorporate into official statistics baseline data regarding various categories of worker in the informal sector and in particular home-based workers and their contribution to national economies.

5. Urges SAARC to address the issues of home based workers in the region and take measures to enable them to deal with the risks and opportunities of globalizations by
  - i. Setting up a Technical Committee for informal sector workers and home-based workers to promote: National Policies, Bilateral Co-operation, Regional Co-operation
  - ii. Promote increased integration of markets at the regional level so as to create
  - iii. Include homebased products in the SAFTA priority list.

## **Annex 2: Organizations Associated with the Present Primary Survey**

1. Home-based Workers Union, GEFONT
2. Skills Development Resource Center
3. Mahila Adarsha Sewa Kendra
4. Mother's Group
5. Gyan Jyoti Mahila Utthan Saving and Credit Co-operative
6. Hamro Chinari
7. Jyoti Mahila Sansar
8. Prerna Mahila Utthan Saving and Credit Co-operative
9. Didi Bahini Sewa Samaj
10. Khokana Mahila Saving and Credit Co-operative
11. Sabah Nepal
12. Thechu Mahila Jagaran Saving and Credit
13. Nepal Mahila Kalyankari Samaj
14. Nava Ashta Saving and Credit
15. Mahaguthi
16. Prabahvati Saving and Credit-cooperative
17. Sana Hastakala
18. Champa Devi Women Development Co-operative
19. Kumbhewhwar Technical School
20. Home based Workers Concern Society
21. Dhaneshwar Women Development Co-operative
22. WEAN Co-operative
23. Saraswati Women Development Co-operative
24. S.S. Woolen
25. Griha Shramik Pancha Kumari Sheepmulak Mahila Sahakari Sanstha Ltd.
26. Bishnu Devi Mahila Bachat Sahakari Sanstha
27. Jhor Mahila Samuha
28. Yak and Yeti Handicrafts
29. Boudha Mahila Samuha
30. Thimi Ceramic

31. Griha Shramik Sarokar Bajrajogini Sangh
32. Thankot Mahila Utthan Saving and Co-operative
33. Mahila Kalyankari Samaj
34. Padmavati Sahakari
35. Nepal Ghar Adharit Mahila Mahila Jagaran
36. Thankot Mahila Jagaran
37. Creative Hands
38. Pabitra Mahila Samuha
39. Kageshwari Sipmulak Mahila Samuha
40. Siddhikali Bachat
41. Griha Shramik Union
42. Association for Crafts Products

### **Annex 3: Toles Selected for Sample as Clusters**

#### **Kathmandu**

1. Thankot
2. Matsegaon
3. Balambu
4. Kirtipur
5. Chalnakhel
6. Sankhu
7. Alapot
8. Naradevi/Bhedasingh/ Ason
9. Lazimpat
10. Dallu
11. Khadipakha/Maharjgunj
12. Boudha
13. Jhor/ Tokha

#### **Lalitpur**

1. Khokana
2. Bungamati
3. Thechu
4. Kupandole
5. Mangal Bazar/Sundhara
6. Chhampi
7. Badikhel

#### **Bhaktapur**

1. Surya Binayak
2. Pepsicola/ Gothatar/Dadhikot
3. Duwakot
4. Thimi
5. Sipadol

**Annex 4: Questionnaire**

**VISIBLE CONTRIBUTION OF INVISIBLE HANDS**

**IN INFORMAL SECTOR OF NEPAL**

**WITH SPECIAL REFERENCE TO HOME-BASED WOMEN WORKERS**

**Questionnaire**

**Consensus of Respondents:**

(Instruction to enumerators: Read out the following lines before asking questions. If there be any enquiry from the side of respondents, make them clear. Go ahead administrating the questions only after their consent confirmed.)

Namaste: I am..... We are here in the course of field survey, conducted for a Ph. D. research. This research is a study of women home-based workers in Nepal. The objective of the present survey is to find out the real facts of women-home-based workers in social, economic, demographic and legal aspects. The main focus of the present survey is to assess the economic contribution made by these women in their household income. Therefore we request you to provide us a detail information on your income generating activities along with other aspects mentioned above.

Be highly confident that, the responses made by you will never be exposed anywhere. Your name will not be mentioned at any place in the report. Your factual information will provide a very meaniful assistance for the analysis of the present research. May I start interview now with your consent?

Signature of the enumerator.....

Date.....

**Section I: Identification of the Respondent**

| Q.N. | Questions   |
|------|---|
| 1.1  | Area :        1.Kathmandu        2.Lalitpur        3.Bhaktapur                                      |
| 1.2  | Name of the respondent: .....   |
| 1.3  | In which category of home based work do you fall?<br>1. Self employed        2. Piece- rate workers |
| 1.4  | Are you involved in any organization? 1.Yes        2.No   |

|     |  |
|-----|--|
| 1.5 | If yes, please tell me the name of the organization..... |
|-----|--|

Section2: (Social and Familial Questions)

| Q.N. | Questions   |
|------|---|
| 2.1  | What is your Age? (Give in completed years) -----   |
| 2.2  | What is your caste/ethnicity? .....   |
| 2.3  | What is your Religion? 1.Buddhist 2.Hindu 3.Christian 4.Muslim 5. Other   |
| 2.4  | What is your mother language? .....   |
| 2.5  | What is your relation to head of the household?<br>1. Head 2. Wife 3. Daughter 4.Daruhghter –in -law 5.Sister 6.Sister-in-law 7.Mother<br>8.Mother-in-law 9.Other |
| 2.6  | How many members are there in your family? (Family means sharing one kitchen)   |

Question2.7: Give detail information of your family members.

| S.N.  | 2.7.1 | 2.7.2   | 2.7.3              | 2.7.4   | 2.7.5     | 2.7.6  | 2.7.7          |
|---|-------|---|--------------------|---|-----------|--|----------------|
|   | Name  | Sex 1.Male<br>2.Female  | Relation to<br>you | Age   | Education | Marital<br>Status  | Occupati<br>on |
| Code for 2.7.3  |       | Code for 2.7.5  |                    | Code for 2.7.6  |           | Code for 2.7.7   |                |
| 1.Self 2.Husband<br>3.Father<br>4.Father –in law<br>5.Mother<br>6.Mother –in-law<br>7.Sister<br>8.Sister-in-law |       | 9.Brother<br>10.Brother-<br>in law<br>11.Daughte<br>r<br>12.Daughte<br>r -in-law<br>13.Son<br>14.Grandso<br>n<br>15.Grand<br>daughter |                    | 1. Primary level (Class1-<br>5)<br>2. Lower secondary (6-7)<br>3. Secondary (Class 8-<br>10)<br>4. S.L.C.<br>5. Intermediate (11-12)<br>6. Bachelor level<br>7. Master's level<br>8. Informal education |           | 1. Never married<br>2. Married<br>3. Widow<br>4. Separated<br>5. Divorced                            |                |
|   |       |   |                    |   |           | 1. Agriculture<br>2. Business<br>3. Service<br>4. Day labourer<br>5. Traditional<br>Work<br>6.Others |                |

Section3: Demographic Questions

| Q.N. | Questions  | Code   | Go to... |
|------|--|--|----------|
| 3.1  | What is your marital status?   | Never married (1), Married (2) Widowed (3)<br>Separated /Divorced(4) (Note: Tally with question<br>no. 2.7.6 |          |
| 3.2  | Age at your marriage   | Years.....   |          |
| 3.3  | Children ever born to you?   | Total number.....  |          |
| 3.4  | Of them, how many are still alive?   | Number of live children.....   |          |
| 3.5  | What is the place of your current<br>stay?   | Urban area..... 1<br>Rural area..... 2   |          |
| 3.6  | What is your place of birth?   | Urban area..... 1<br>Rural area..... 2   |          |
| 3.7  | Have you ever migrated from<br>place of birth?   | Yes..... 1<br>No..... 2  | Sec4 →   |
| 3.8  | If yes, what is the main reason for you to leave place of birth?<br>1.Marriage 5.Transferred by employers 8.Natural disaster<br>2. Family reason 6.Study/training 9. Political conflict<br>3. Better salary 7. Seeking for job 10. Others (Specify)<br>4.Start a new job 8.Easier life style |  |          |

Section4: Educational Questions

| Q.N. | Questions | Code | Go to |
|------|-----------|------|-------|
|------|-----------|------|-------|

|     |   |                         |        |
|-----|---|-------------------------|--------|
| 4.1 | Can you read?   | Yes..... 1<br>No..... 2 |        |
| 4.2 | Can you write?  | Yes..... 1<br>No..... 2 |        |
| 4.3 | Have you ever gone to school?   | Yes..... 1<br>No..... 2 | 4.6 →  |
| 4.4 | Are you currently enrolled in any school/college?   | Yes..... 1<br>No..... 2 |        |
| 4.4 | What is your highest educational attainment level?<br>1.Primary ( Class 1-5)                      5.Inter level (11-12)<br>2.Secondary (Class 6-7)                      6.Bachelor<br>3.Secondary (Class 8-10)                      7.Master' level<br>4.S.L.C.    8.Informal education |                         |        |
| 4.6 | Have you ever had vocational training?<br>(For example CTEVT)   | Yes..... 1<br>No..... 2 | Sec5 → |
| 4.7 | If yes, What is its educational equivalency? .....  |                         |        |

#### Section 5: Occupational Questions

| Q.N. | Questions  |                         |                         |                          |
|------|--|-------------------------|-------------------------|--------------------------|
| 5.1  | Which of the following work are you currently involved in?<br>(Note: Possibility of multiple answers)<br>1.Paper work                      10.Embroidery                      19.Stone carving<br>2.Bamboo work                      11.Knitting                      20.Mithila paint<br>3.Allo                      12.Wood carving                      21.Boutique<br>4. Herbal medicine                      13.Food processing                      22.Jwellery making<br>5. Cotton work                      14.Decoration/dolls                      23.Agarbatti making<br>6. Dhaka weaving                      15.Fabric painting                      24.Metal works<br>7.Carpet weaving                      16.Honey making                      25.Thanka painting<br>8.Radi making                      17.Bead works                      26.Others<br>9.Tailoring                      18.Ceramic/pottery making |                         |                         |                          |
| 5.2  | Of the above, what is your primary product? (Note: Use code of question 5.1)<br>1.Product (Specify).....<br>2.Product (Specify).....<br>3.Product (Specify).....   |                         |                         |                          |
| 5.3  | How many months in a year do you get engaged in this job?<br>(Note:Use code of Q.N.5.1 into the bracket)   | 1.Production<br>(.....) | 2.Production<br>(.....) | 3.Prodiction<br>(.....)  |
|      | Total months   |                         |                         |                          |
| 5.4  | How many days per month do you get engaged in this job?<br>(Note:Use code of Q.N.5.1 into the bracket)   | 1.Production<br>(.....) | 2.Production<br>(.....) | 3.Production<br>(.....)  |
|      | Total days   |                         |                         |                          |
| 5.5  | How many hours per day do your work for this job?<br>(Note:Use code of Q.N.5.1 into the bracket)   | 1.Production<br>(.....) | 2.production<br>(.....) | 3.Production<br>(.....)  |
|      | Total hours  |                         |                         |                          |
| 5.6  | Have you ever had training related to current job?<br>(Note:Use code of Q.N.5.1 into the bracket)  | 1.Production<br>(.....) | 2.(Productio<br>n)      | 3.(Production<br>(.....) |

|     |  |                                  |                                    |                               |
|-----|--|----------------------------------|------------------------------------|-------------------------------|
|     |  |                                  | (.....)                            |                               |
|     |  | Yes.....1<br>No.....2            | Yes.....1<br>No.....2              | Yes.....1<br>No.....2         |
| 5.7 | What was the time duration of the training?<br>(Note:Use code of Q.N.5.1 into the bracket)   | 1.Production<br>(.....)          | 2.Production<br>(.....)            | 3.Production<br>(.....)       |
|     |  | Week...1<br>Month..2<br>Year...3 | Week...1<br>Month...2<br>Year....3 | Week.1<br>Month 2<br>Year...3 |
| 5.8 | What is your place of work?<br>1= Home and home premises      4=No fixed location<br>2= Rented place                      5=Others (Specify)<br>3=Shop and shop premises |                                  |                                    |                               |

Section 6: Questions on Income Generation from  
Home-based Work

Questions to be asked to Self-employed (Tally with Question1.3)

| Q.N. | Questions   |  |   |   |
|------|---|--|---|---|
| 6.1  | How do you run, manage the above mentioned works or business?   | 1.Production<br>(.....)  | 2.Production<br>(.....)                               | 3.Production<br>(.....)                               |
|      | 1= Operating own business without paid employees  |  |   |   |
|      | 2= Contributing family members without pay  |  |   |   |
|      | 3= Operating own business with regular paid employees and Contributing family members without pay   |  |   |   |
|      | 4= Operating own business with regular paid employees   |  |   |   |
|      | 5=Others (specify)  |  |   |   |
| 6.2  | What is your main role or responsibility in work?<br>1. Organizing or managing( )      4. Managing raw materials ( )<br>2. Marketing ( )                      5. All mentioned above ( )<br>3. Keeping account ( )  |  |   |   |
| 6.3  | How do your other family members help you in work?<br>(To be asked to (2) and (3) categories in Question 6.1)<br>1=Manging the business( )      4=Producing the items ( )<br>2=Keeping account ( )              5=All mentioned above ( )<br>3=Managing raw materials ( )      6=Others (Specify) |  |   |   |
| 6.4  | How many persons including yourself usually work in your enterprise?<br>Number <input type="text"/> <input type="text"/>  |  |   |   |
| 6.5  | How many of them are family members and how many are paid employees?  | No. of family member <input type="text"/> <input type="text"/><br>No. of employees <input type="text"/> <input type="text"/> |   |   |
| 6.6  | What is the total number of workers by gender?  | Number of female <input type="text"/> <input type="text"/><br>Number of male <input type="text"/> <input type="text"/>       |   |   |
| 6.7  | What is the annual transaction and turnover   | 1.Production<br>(.....)  | 2.production<br>(.....)                               | 3.Production<br>(.....)                               |
|      | 1=Total production  | In unit.....<br>Per unit price.....<br>In Rupees.....  | In unit.....<br>Per unit price.....<br>In Rupees..... | In unit.....<br>Per unit price.....<br>In Rupees..... |



|      |  |                         |                         |                         |
|------|--|-------------------------|-------------------------|-------------------------|
| 6.15 | Do you yourself or the employer manage for raw materials and other expenses?   | 1.Production<br>(.....) | 2.Production<br>(.....) | 3.Production<br>(.....) |
|      | 1= Self                  2=Employer  |                         |                         |                         |
| 6.16 | If you manage yourself, please tell me the expenses in detail.   |                         |                         |                         |
|      | Expenditure  | Monthly                 | Yearly                  | Per unit                |
|      | 1.Raw material   | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 2. Fuel  | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 3.Water  | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 4.Rent   | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 5.Transportation   | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 6.Interest   | Rs.....                 | Rs.....                 | Rs.....                 |
|      | 7. Others  | Rs.....                 | Rs.....                 | Rs.....                 |
| 6.17 | Can you calculate the income generated from your work? Please do.  | 1.Production<br>(.....) | 2.Production<br>(.....) | 3.Production<br>(.....) |
|      | Per day  | .....                   | .....                   | .....                   |
|      | Per month  | .....                   | .....                   | .....                   |
|      | Per year   | .....                   | .....                   | .....                   |
| 6.18 | What are the problems you have to face in this work?<br>1=Low paid wage ( )<br>2= Heavy work burden or long working hours ( )<br>3=Insecure work place and unsuitable environment to health ( )<br>4=Difficult to manage time and situation for household chores and home-based work<br>5=Exploitation from middlemen and employer ( )<br>6=Negative impact on health of children and other family members due to the nature of work ( ) |                         |                         |                         |

Section 7: Questions on Familial Income Source

| Q.N. | Questions  | Code  |          |          |          |
|------|--|---|----------|----------|----------|
| 7.1  | Do you have any other source of income besides this work?  | Yes.....1<br>No.....2 ( Go to 7.4) <span style="float: right;">→</span> |          |          |          |
| 7.2  | If yes, what is the source of income? (Possible of multiple responses)<br>1. Agriculture ( )    3. Salaried work ( )    5.Traditional work ( )<br>2. Business ( )    4.Income from rent ( )    6. Others (Specify) ( ) |   |          |          |          |
| 7.3  | How much income do you earn from above mentioned sources?  | Monthly.....<br>Yearly.....   |          |          |          |
| 7.4  | Is the income from these sources high or low than income from home-based work?   | Low.....1<br>High.....2   |          |          |          |
| 7.5  | Do your family members have other source of income?  | Yes.....1<br>No.....2   |          |          |          |
| 7.6  | If yes, please give detail information on the source of income of each income generating member  | Member 1  | Member 2 | Member 3 | Member 4 |
|      | (Note: Ask the income per day or per month or per year according to nature of occupation.)   |   |          |          |          |
|      | (Note: There is a separate question below for agriculture. So do not ask here)   |   |          |          |          |
|      | 1=Business (Per.....)  |   |          |          |          |
|      | 2= Service (Per.....)  |   |          |          |          |
|      | 3= Day labourer (Per.....)   |   |          |          |          |

|     |  |                         |                |                        |  |
|-----|--|-------------------------|----------------|------------------------|--|
|     | 4=Traditional occupation (Per.....)  |                         |                |                        |  |
|     | 5=Others ( Specify)  |                         |                |                        |  |
|     | 6=Total  |                         |                |                        |  |
| 7.7 | If any one of your family member is engaged in farming, give detail information of annual crop production. (Note:Ask per unit price at the time of production) | Total production        | Per unit price | Total self consumption |  |
|     | 1=Paddy  | .....                   | .....          | .....                  |  |
|     | 2=Maize  | .....                   | .....          | .....                  |  |
|     | 3=Wheat  | .....                   | .....          | .....                  |  |
|     | 4=Millet   | .....                   | .....          | .....                  |  |
|     | 5=Vegetables and fruits  | .....                   | .....          | .....                  |  |
|     | 6=Others (Specify)   | .....                   | .....          | .....                  |  |
|     | 7=Total  | .....                   | .....          | .....                  |  |
| 7.8 | Do your family have livestock farming?   | Yes.....1<br>No.....2 → |                |                        |  |
| 7.9 | If yes, what is the income from livestock?   | Total Production        | Per unit price | Total self consumption |  |
|     | 1=Milk   | .....                   | .....          | .....                  |  |
|     | 2=Ghee   | .....                   | .....          | .....                  |  |
|     | 3=Eggs   | .....                   | .....          | .....                  |  |
|     | 4=Yoghurt  | .....                   | .....          | .....                  |  |
|     | 5=Meat   | .....                   | .....          | .....                  |  |
|     | 6=Animal products (Fertilizing animals,wool, bone)   | .....                   | .....          | .....                  |  |
|     | 7=Others (Specify)   | .....                   | .....          | .....                  |  |
|     | 8=Total  | .....                   | .....          | .....                  |  |

**Section 8: Questions on Household Expenditure, Saving and Debt**

| Q.N. | Questions  | Code  |         |         | ....Go to |
|------|--|---|---------|---------|-----------|
| 8.1  | Do you cover any of the below mentioned family expenses by income from your home-based work? | Yes.....1<br>No.....2                             |         |         | 8.3 →     |
| 8.2  | If yes, give the detail as mentioned below.  |   |         |         |           |
|      | Expenditure  | Daily   | Monthly | Yearly  |           |
|      | 1.Food   | Rs.....   | Rs..... | Rs..... |           |
|      | 2. Clothes   | Rs .....  | Rs..... | Rs..... |           |
|      | 3.Education  | Rs.....   | Rs..... | Rs..... |           |
|      | 4.House rent   | Rs.....   | Rs..... | Rs..... |           |
|      | 5.Medicinal expenses   | Rs.....   | Rs..... | Rs..... |           |
|      | 6.Pay loan (If any)  | Rs.....   | Rs..... | Rs..... |           |
|      | 7.Others   | Rs.....   | Rs..... | Rs..... |           |
| 8.3  | Do you keep any saving from the income from home-based work?                                 | Yes.....1<br>No.....2                             |         |         | Go to 9   |
| 8.4  | If you save, how much do you save?   | Monthly saving Rs. ....<br>Yearly saving Rs. .... |         |         |           |

|     |  |   |  |
|-----|--|---|--|
| 8.4 | How do you keep the saving amount?<br>1.Purchase asset<br>a.Purchase jewellery<br>b.Purchase land<br>c.Purchase house<br>d.Buy share | 2. Bank deposit<br>3.Give loan to others<br>4. Others (Specify) |  |
|-----|--|---|--|

Section9: Questions on Social Perspectives

| Q.N. | Questions   | Code                  | Go to     |
|------|---|-----------------------|-----------|
| 9.1  | Why did you choose this job?<br>1. Financial reason<br>a.Support family financially ( )<br>b.To solve financial difficulties ( )<br>c. Familial livelihood ( )<br>2. Family conflict ( )<br>3.Familial responsibility ( )<br>4.Own choice ( )<br>5. Others (Specify) ( )  |                       |           |
| 9.2  | Do you face any social problem related to this work?  | Yes.....1<br>No.....2 | Go to 9.8 |
| 9.3  | If yes, what are the problems?<br>1.Family barrier ( )<br>2. Lack of social security ( )<br>3.Negative impact on health ( )<br>4.Others (Specify)   |                       |           |
| 9.4  | What are the health problems brought by your work?<br>1.Asthma ( )<br>2.Back Pain ( )<br>3.Eye problem ( )<br>4.Negative impact on health of small children at home ( )<br>5.Head aching ( )<br>6.Emotional and mental stress ( )<br>7. Malnutrition and anemia due to social rule that women should not eat earlier than the rest of family members ( )<br>8.Mental stress because the nature of work requires concentration and hard work ( )<br>9.Depression due to workload ( )<br>10. Difficulty in concentration in work ( )<br>11.Others (Specify) |                       |           |
| 9.5  | Do these health problems affect your working capacity negatively?   | Yes.....1<br>No.....2 | 9.8→      |
| 9.6  | If yes, do you visit doctor for the treatment?  | Yes.....1<br>No.....2 | 9.8→      |
| 9.7  | If no, what is the reason for not visiting doctor?<br>1.No idea about doctor ( )<br>2. No money to pay fees<br>3.Cannot manage time to go<br>4.There is no health clinic nearby ( )<br>5. Others (Specify) ( )  |                       |           |
| 9.8  | Do you get any health service and maternity protection service from employer? (To be asked to piece-rate workers)   | Yes.....1<br>No.....2 | 9.10→     |
| 9.9  | If yes, what kind of service do you get?<br>.....   |                       |           |
| 9.10 | What is your future perspective on this job?  |                       |           |

|      |   |
|------|---|
|      | Positive.....<br>Negative.....  |
| 9.11 | <p>Why is your answer so?</p> <p><u>Positive perspective</u></p> <p>1.High demand of product ( )<br/>2.Good source of income ( )<br/>3.High prestige ( )<br/>4.Utilization of time ( )<br/>5.Others (Specify) ( )</p> <p><u>Negative perspectiv</u></p> <p>6. Lack of raw materials ( )<br/>7. Lack of good market ( )<br/>8.Availability of substitute goods in market ( )<br/>9.Heavy work burden ( )<br/>10.Negative effect on health ( )<br/>11.Exploitation in wages ( )<br/>12.Others ( )</p> |

#### Section 10: Questions on Legal Protection

| Q.N.  | Questions   | Code   | Go to     |
|-------|---|--|-----------|
| 10.1  | Have you ever been victimized or cheated by anybody in relation to work?                                      | Yes.....1<br>No.....2  | 10.4 →    |
| 10.2  | If yes, how were you victimized?  | <u>Difficult to get payment,</u><br><u>delayed payment</u><br><u>Cheating behavior</u><br><u>Exploitation in wages</u> |           |
| 10.3  | Did you make any effort to get compensation legally?  | Yes.....1<br>No.....2  |           |
| 10.4  | Are you employed on the basis of a written contract or agreement?<br>(Note:To be asked to piece-rate workers) | Yes.....1<br>No.....2  | 10.6<br>→ |
| 10.5  | If yes, what is the provision of contract?<br>.....   |  |           |
| 10.6  | Have you encountered any accident in the course of working?   | Yes.....1<br>No.....2  | 10.9 →    |
| 10.7  | If yes, did the employer provide any compensaton or security legally?<br>(To be asked to piece-rate workers)  | Yes.....1<br>No.....2  | 10.9<br>→ |
| 10.8  | If yes, what are the benefits and compensation you got?<br>.....  |  |           |
| 10.9  | Do you get any social security?<br>(To be asked to piece-rate workers)  | Yes.....1<br>No.....2  | Sec.11 →  |
| 10.10 | If yes, what are those social securities?<br>1).....<br>2).....<br>3).....                                    |  |           |

#### Section11: Questions on Living Standard and Poverty

| Q.N. | Questions                            | code                  | Go to     |
|------|--------------------------------------|-----------------------|-----------|
| 11.1 | Do your family own any land?         | Yes.....1<br>No.....2 | →<br>11.4 |
| 11.2 | If yes, how much land do your family | .....Ana .....Ropani  |           |

|      |   |   |        |
|------|---|---|--------|
|      | own?  |   |        |
| 11.3 | Where is land located?                                | Kathamdu valley.....1<br>Outside Kathmandu valley.....2             |        |
| 11.4 | Do your family own a house?                           | Yes.....1<br>No.....2   | 11.6 → |
| 11.5 | If yes, where is it located?                          | Kathmandu valley.....1<br>Outside Kathamndu valley.....2            |        |
| 11.6 | If no, where do you stay?                             | Rented room.....1<br>Apartment.....2<br>In house of relatives.....3 |        |
| 11.7 | Do your family possess any jewellery?                 | Yes.....1<br>No.....2   |        |
| 11.8 | Do your family possess any of the following durables? | Yes                      No   |        |
|      | a.T.V.  | 1                      2  |        |
|      | b.Radio   | 1                      2  |        |
|      | c.Motorbike   | 1                      2  |        |
|      | d.Refregerator  | 1                      2  |        |
|      | e.Computer  | 1                      2  |        |

**Annex 5: Name of Enumerators**

1. Ms. Upama Rai
2. Ms. Babita Thapa
3. Ms. Urmila Acharya
4. Ms. Narayani Silwal
5. Ms. Rukmani Bista
6. Ms. Rita Sharma
7. Ms. Neeru Shreshtha

## **Annex 6: Check- list of Focus Group Discussion**

### **Piece-rate workers' Group:**

1. Why did you choose home-based work? How long have you been engaged in this work? What is the reason behind your choosing this work, please answer in detail.
2. What is your comment on the wage paid to you? Are you satisfied with the behavior of the employer?
3. How are you treated by Middlemen while getting work order from them?
4. What are the problems and challenges you have to encounter due to family, society and health reasons?
5. What are the solutions you suggest to solve these problems?
6. Why do you shift from one type of work to other?
7. How are you benefitted from the trainings related to your work? How much is training necessary for upgrading your skill in work?
8. Is your family benefitted economically and socially or they loose due to your occupation in home-based work? Are you satisfied with your work?
9. What is your future perspective on the home-based work? What is your vision towards the possible benefit or loss from your occupation?
10. Are you satisfied with the present economic, social and legal situation of home-based workers? Please explain with reasons?
11. What should be the strategies of governmental and non-governmental organizations to uplift the situation of women home-based workers?
12. What kind of efforts should be done to make home-based workers get organized?

### **Self-employed Group**

1. Why did you choose home-based work? How long have you been engaged in this work? What is the reason behind your choosing this work, please answer in detail.
2. What is the market situation for your self-employed business?
3. Is there any problem in availability of raw materials?
4. How do you finance your business?
5. What is your work experience as a self-employed home-based worker? Are you satisfied?
6. What are the problems and challenges you have to encounter due to family, society and health reasons?
7. What are the solutions you suggest to solve these problems?

8. Why do you shift from one type of work to other?
9. How are you benefitted from the trainings related to your work? How much is training necessary for upgrading your skill in work?
10. Is your family benefitted economically and socially or they loose due to your occupation in home-based work? Are you satisfied with your work?
11. What is your future perspective on the home-based work? What is your vision towards the possible benefit or loss from your occupation?
12. Are you satisfied with the present economic, social and legal situation of home-based workers? Please explain with reasons?
13. What should be the strategies of governmental and non-governmental organizations to uplift the situation of women home-based workers?
14. What kind of efforts should be done to make home-based workers get organized?

**Annex 7: Groups Chosen for the Focus Group Discussion on the base of Type of Home-based Work, Type of Occupation, and Location**

| <b>Group</b> | <b>Area</b> | <b>Type of home-based work</b> | <b>Type of their occupation</b>                            | <b>No of home-based workers participated</b> |
|--------------|-------------|--------------------------------|--|--|
| Group 1      | Badikhel    | Self-employd                   | Bamboo workers   | 7  |
| Group 2      | Thankot     | Piece-rate worker              | Knittng  | 8  |
| Group 3      | Kirtipur    | Self-employed                  | Tailoring  | 9  |
| Group 4      | Matsegaon   | Piec-rate workers              | A mixed group of knitters, carpet weavers and felt workers | 8  |
| Group 5      | Kathmandu   | Piece-rate workers             | Felting handicrafts  | 8  |
| Group 6      | Bhaktapur   | Piece-rate workers             | Ceramic products   | 7  |
| Group 7      | Lalitpur    | Piece-rate workers             | Carpet weavers   | 8  |
| Group 8      | Khokana     | Self-employed                  | Embroidery workers   | 8  |

## **Annex 8: Methods Applied to Compute Income of Home –based Workers**

### **Example1:**

Carpet weaver Sapana Gauttam (Dweller of Alkohiti, Kumbheswar, Lalitpur) weaves from 5'o clock early morning to 7'oclock evening, that is 14 hours a day. She weaves one piece of carpet jointly with another weaver. It takes them 15 days to complete one piece and for one piece they get Rs.3317.00. So Sapana gets half of it, that is, Rs.1658.00 in 15 days. It looks as if she earns Rs.110.58 per day. But taking into consideration she works 14 hours a day, she earns Rs 63.00 per day when converted into 8 hours. Sapana works 30 days a month and 12 months in a year. So her monthly income figures out to be Rs.1890.00 and yearly income Rs.22680.00.

### **Example 2:**

Knitter Bhim Maya Maharjan (Dweller of Dallu, Kathmadu) earns Rs.200 for one sweater. It takes 3 days for her to complete one sweater. She knits 5 hours a day. Taking these information into consideration, her daily income is computed to be Rs.105.60. (She earns Rs.67.00 a day by working for 5 hours a day. When converted into 8 hours of working as one day, her daily income figures out to be Rs.105.60 ). She works 20 days a month. So her monthly income is computed to be Rs.2112.00. She works only 3 months a year. So her yearly income is computed to be Rs.6336.00.

- Income of self-employed is computed by incorporating questions: Q6.7.Q 6.8, Q6.9 (that is produced quantity, sold quantity and cost of production).

### **Example1:**

It costs Rs.500.00 to buy raw materials like fabric, needle, embroidery tools to Handicraft (Doll) maker, Saraswati Lohala (dweller of Sipadol, Bhaktapur). She can finish making dolls with these materials within 5 days and she earns Rs.900.00 for these stuff. So her income for 5 days stands to be 400.00. So her daily net income is Rs.80.00.

### **Example 2:**

Food processor, maker of Achar, sukuti and masyaura (mas ko sukuti), Hera Mayaju Dangol of (Dweller of Khokana, Lalitpur) spends Rs.6000.00 for raw material, Rs.200.00 for transportation,

Rs.1000.00 for salary to one worker, and Rs.500.00 for fuel which is Rs.7700.00 in total. She can sell products from these stuff to earn Rs.15000.00. in a month. So her net income per month is Rs.7300.00.

Example 3:

Dhaka weaver, Pasi Sherpa, (dweller of Chhapro, Bhaktapur) spends Rs.1000.00 on average daily for different costs. She earns ranged Rs.400.00-Rs-2000.00 daily. She makes an account on the basis of the length of Dhaka she and her employee could weave per day. This shows loss also in her production. But on average she earns Rs.1200.00 per day. Her net income is thus computed to be Rs.200.00 per day.

Example 4:

Bamboo worker, Sun Kumari Pahari (dweller of Badikhel, Lalitpur) spends Rs.1000.00 to purchase bamboo, ropes and colour etc. in one lot. She earns around Rs.4000.00 in one lot after deducting cost. When she gets bamboo damaged by insects, she has to bear a loss. She responses her net income to be around Rs. 2000.00 per month on the basis of her own mental account.

Example 5:

Bone made handicraft maker, Maya Sunar (dweller of Alapot) spends Rs.6000.00 in purchase of one lot of raw materials and transportation. In one lot she can make 100 piece of bone made jewelleries. She earns net Rs. 4500 .00 per month from these products as there is good tourist market for her products.

Example 6:

For Tailor, Babina Khadka Pant (dweller of Mulpani, Kathmandu), it costs Rs.5000.00 for fabric, tailoring tools, salary to workers, rent, fuel etc. per month. She accounts net income of Rs.2000.00 per month.

**Annex 9: Conversion (units) Followed on the Base as Provided by The Department of Agriculture.**

Rice: 1 Muri = 72kg.

Wheat: 1 Muri = 63kg.

Maize: 1 Muri = 72kg.

1 Quintal = 100kg.

1 Pathi = 3kg. (All on average)

Potato: 1 Bora = 60 kg., 1 Dharni = 2.393kg.

Price per unit

Rice (per kg.)

Kathmandu: Rs.48.86

Lalitpur: Rs.43.91

Bhaktapur: Rs.52.60

Potato (per kg.) - Rs. 28.00

Onion (per kg.) - Rs.40.60

Paddy (per muri)

1Muri Paddy = Rs.3517.92 (Kathmandu)

1Muri Paddy = Rs.3161.52 (Lalitpur)

1Muri Paddy = Rs.3600.00 (Bhaktapur)

Wheat (per quintal) = Rs.2433.33

Maize (per quintal = Rs.1391.67

## **Annex 10: Some Clarifications on Code "Others"**

### *Q.5.1 Question on Primary products*

In 'others' code, responses include: Handicraft, Felting, Making dolls, making decorations stuffs.

### *Q.7.1: Question on is there any other source of income than home-based work:*

There are two responses on "yes". But are not included in family income because these respondents work for landlord and for that they get discount in rent. They do not get cash at hand. So it is not convenient to add in family income.

### *Q.7.2: Question on other income than home-based work or respondents. Responses are:*

1. Pension 2. Housemaid 3. Contractor 4. *melapata* 5. Finance collector 6. Designer in handicraft

### *Q.8.2: Question on how do you spend income from HBW for the family benefit. Responses are:*

1. Give money to mother (7 responses)

### *Q.8.5 Question on how do you use your saving. Responses are:*

1. Repay loan (3responses) 2. Invest in business (2 responses)

### *Q.9.1: Question on cause of selection of HBW in 'others' code: Responses are:*

1. Unemployed 2. To earn for self-expenses 3. Because it is traditional work of their family

### *Q.9.11: Question on future prospects: Responses are:*

1. Can earn for self-expenses

## ***Some more clarifications***

### *a) Q.7.2: Traditional work includes*

1. making tea leaf 2. bamboo work 3. carpenter 4. barber 5. metal work 6. bone made handicraft

### *b) Q10.10 Question on social security:*

1. Transportation facility

### *c) In inclusion of family members' other sources:*

- i.) If respondents family earn from agriculture in out of valley home and respondent do not get to consume that portion of family income, then that income is excluded from her family income.
- ii.) If in joint family, other member's income is not consumed by the respondent then that portion of family income is excluded from her family income.

- iii.) In one case, one of the sons never contributed his income to family budget, so that income is not included in family income of the respondent.
- d) From the code 'others' in Q.8.2, responses are categorized in three groups for additional analysis.
  - i. Self-expenses
  - ii. Expenses for children only
  - iii. Whole of the family expenses (livelihood)
- e) The cases where family income totals to zero :
  - ii. Respondent does not get penny from family income
  - iii. Respondent's home-based workers' income is the only source of her family budget.
- f) The cases where home-based workers' expenditure to family budget is zero:

Respondent keeps her income from home-based work for her own consumption or saving. She does not contribute to family budget.

**Annex 11: Yearly Comparison Data of Handicraft Goods Exported**

| <b>Fiscal Year :2009/010 and 2010/011</b> |                                      |                      |                      |   |   |
|---|--------------------------------------|----------------------|----------------------|---|---|
| <b>Month : (June-July)</b>                |                                      |                      |                      |   |   |
|   |                                      |                      |                      | <b>(Amount in NRs.)</b>                       |   |
| <b>S.N.</b>                               | <b>Description</b>                   | <b>F/Y 2009/010</b>  | <b>F/Y 2010/011</b>  | <b>Increase /Decrease of Export (percent)</b> | <b>Contribution to Total Export (percent)</b> |
| <b>A</b>                                  | <b><u>Textile Products:</u></b>      |                      |                      |   |   |
| 1   | Pashmina Products                    | 473,602,373          | 331,314,430          | (30.04)                                       | 10.65   |
| 2   | Woolen Goods                         | 450,418,841          | 495,403,331          | 9.99  | 15.93   |
| 3   | Felt Products                        | 352,446,853          | 376,913,040          | 6.94  | 12.12   |
| 4   | Silk Products                        | 102,183,447          | 84,878,824           | (16.93)                                       | 2.73  |
| 5   | Cotton Goods                         | 100,454,954          | 113,760,173          | 13.24   | 3.66  |
| 6   |                                      | 22,502,437           | 19,260,122           | (14.41)                                       | 0.62  |
| 7   | Allo Goods                           | 2,088,597            | 1,102,579            | (47.21)                                       | 0.04  |
| 8   | Dhaka Products                       | 2,023,297            | 1,731,635            | (14.42)                                       | 0.06  |
| 9   | Misc.Textile Products                | 7,598,847            | 12,061,534           | 58.73   | 0.39  |
|   | <b>Sub Total :</b>                   | <b>1,513,319,645</b> | <b>1,436,425,669</b> | <b>(5.08)</b>                                 | <b>46.18</b>                                  |
|   |                                      |                      |                      |   |   |
| <b>B</b>                                  | <b><u>Non Textile Products :</u></b> |                      |                      |   |   |
| 1   | Silver Jewellery                     | 368,721,494          | 330,935,531          | (10.25)                                       | 10.64   |
| 2   | Metal Craft                          | 366,210,568          | 679,324,028          | 85.50   | 21.84   |
| 3   | Handmade Paper Products              | 270,501,358          | 310,145,680          | 14.66   | 9.97  |
| 4   | Wood Craft                           | 48,453,059           | 70,169,158           | 44.82   | 2.26  |
| 5   | Glass Products                       | 60,956,613           | 71,301,587           | 16.97   | 2.29  |
| 6   | Bone & Horn Products                 | 34,035,802           | 42,704,465           | 25.47   | 1.37  |
| 7   | Crystal Products                     | -                    | 5,556,193            |   | 0.18  |
| 8   | Ceramics Products                    | 23,486,380           | 30,263,285           | 28.85   | 0.97  |
| 9   | Leather Goods                        | 9,862,405            | 12,140,982           | 23.10   | 0.39  |
| 10  | Incense                              | 17,353,347           | 19,447,789           | 12.07   | 0.63  |
| 11  | Plastic Items                        | 9,509,351            | 11,223,694           | 18.03   | 0.36  |
| 12  | Paubha (Thanka)                      | 10,583,503           | 9,292,329            | (12.20)                                       | 0.30  |
| 13  | Beads Items                          | 7,279,476            | 12,757,003           | 75.25   | 0.41  |
| 14  | Stone Craft                          | 3,439,165            | 7,109,234            | 106.71  | 0.23  |
| 15  | Bamboo Products                      | 1,515,971            | 2,235,728            | 47.48   | 0.07  |
| 16  | Miscellaneous Goods                  | 38,993,118           | 59,440,256           | 52.44   | 1.91  |
|   | <b>Sub Total :</b>                   | <b>1,270,901,610</b> | <b>1,674,046,941</b> | <b>31.72</b>                                  | <b>53.82</b>                                  |
|   | <b>Grand Total</b>                   | <b>2,784,221,255</b> | <b>3,110,472,610</b> | <b>11.72</b>                                  | <b>100.00</b>                                 |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
| <b>Misc. Textile Products</b> include products made from Rayon, Polyester, Velvet and Jute                                 |  |  |  |  |  |
| <b>Miscellaneous Goods</b> include goods/products other than classified above  |  |  |  |  |  |
|  |  |  |  |  |  |
| <b>Increase/Decrease of Export</b> is based on export of each handicraft goods comparing to previous year                  |  |  |  |  |  |
| <b>Contribution to Total Export</b> is based on share of each products to total export of handicraft goods in F/Y 2010/011 |  |  |  |  |  |
| <b>Source: Federation of Handicraft Associations of Nepal, 2011</b>  |  |  |  |  |  |

## **Annex 12: Information Collected from Qualitative method of Survey**

### **Qualitative Output: Linkage between Background Characteristics and their Work**

Women regret for not being well educated. Chandra Shova of Khokana for example, regrets she has no courage to travel in search of new opportunities as she is illiterate. Sometimes courageously she visits town with her friends, in search of new works, but only to spend transportation costs.

Chakra Devi Maharjan of Balambu started tailoring instead of bead works because bead work paid very low income in addition to eye problem. Many women in Sita Paila have switched off from bead work and joined knitting for health related problems mainly eye problem.

Nanda Laxmi Shreshtha of Matsegaon shifted to tailoring from candle making because price of wax is raised, so making business profitless. Tailoring has become convenient to her. Nirjana Dangol of Sankhu found fabric painting is costly to prepare. So she shifted to tailoring. Thus knitting and tailoring are found the most favored type of home- based work by the respondents.

### **Qualitative Output: Attitude and Future Perception Towards their work**

Rizi Khadki of Kusunti, engaged in both knitting and tailoring, feels they do not get opportunity to apply their talent. She wishes to make designs by her own skill or she wants to suggest for designs. But she is never given an opportunity to make final products at her own decision.

Neeta Maharjan of Dhapasi, an unmarried respondent, does not wish to borrow money from her brothers for her personal expenses. So she choose to do tailoring to become financially independent and she is happy for it. However, she finds in tailoring, it difficult to satisfy customers.

Ganga Maya Tamang of Boudha used to get order of amount Rs. 3 lakhs per year in the past. But now due to high competition in business, she gets less amount of order. Still she is satisfied with her income which she gets to earn by working at her own home. Unmarried Som Maya uses her income at her own disposal and is satisfied for herself. Contradictory to perception of other women, only Richang Maya Tamang is dissatisfied with the same work as she says she is continuing these type of works just to avoid staying idle at home.

Hira Devi Mahrjan of Balambu, a tailor is working in piece rate. She has positive perspective for the work. She at present is willing to learn cutting technique and start a tailor shop of her own.

In Sita Paila, Sabita Timilsina's tailoring shop offers good business prospects. She is making an income of around Rs. 7000 per month. Most of her customers, who are ladies, are satisfied with her quality service. She wants to expand her business by installing a tailor shop in Kathmandu city. But she finds no access to take loan from bank as her business operates in an informal setting. Sarita Adhikari, a candle maker of Sita Paila finds it difficult to compete in market as customers want in cheap price, but it is not profitable to sell in low price. However she sees good prospects in this profession. She is confident about continuing the work and eager to expand business in large scale.

Sangeeta Dangol, a knitter in Matsegaon complains quality control is very strict in export companies. Their products are repeatedly denied. So she does not want to continue this low paid job if there is another opportunity.

Geeta Kumari Chowdhary of Thimi is satisfied by employer's treatment. She has no complain at all as everything is fine for her in the profession. She bought 5 kattha land and constructed one small house with the saving made from income from ceramic work. Chakana Shreshtha also fully satisfied, praises about the employers that the employers inspire the workers to achieve success. They are repeatedly encouraged by employers that with a joint effort of all workers and employers they could earn well. Labourers never needed to put a voice for high wage. It is always increased at frequent intervals by employers' own decision.

### **Qualitative Output: Problems Related to Occupational/Familial/Social/ Legal Matters**

A worker in Sana Hastakala has negative perspective on the current job. She is willing to leave job if there is another opportunity. She wants to continue job only if higher wage is paid. Durga Kunwar, another worker in Sana Hastakala says wage is low, despite working for long hours.

Maya Maharjan of Matsegaon has no alternative than to be exploited in wages since there is no other opportunity. Surya Kumari Shreshtha carpet weaver in Matsegaon complains on health problem mainly eye problem due to overload of work. She says if new technology for carpet weaving is brought, it would generate higher income than now.

Gyani Maya: Gyani maya is conducting large transactions of around Rs. 60,000-70,000 per month with the company. She is a prime producer in that factory, but her employer treats her only as a piece-rate worker. The employer is not ready to give her any other kind of facilities of a permanent worker. The company never considers such workers as its main producers. Sometimes, when workers in her circle need money for urgent purposes, Gyani Maya pays them in advance from her own pocket. She has to attend to her friends' needs as the employer is reluctant to advance any money. She never got any advance payment from the company whatever be the urgency. In Gyani Maya's own voice "We are paid only on the basis of our production; we are not treated as employees. We do not get any benefits like health insurance, bonuses, paid leave, etc., and there is no place where we can raise our voice."

Bidya Laxmi Napit of Khokana, with multi-dimensional talent in handicrafts, is engaged in tailoring, knitting, decoration stuffs and bead works. Her complaint is that her motivation to work has decreased than before as the employer pays lesser wage now.

Ganga Maharjan of Thechu is very much dissatisfied with her employer company. The company exploits workers extremely in wages. Quality control is very strict on the other place. They have to tolerate misbehavior of company staffs. They are treated as if to beggars when they go for collecting money wage which is actually their right. They have to visit company repeatedly for wage payment only to cause them unnecessary transportation expenses. Ganga complains that company does not respect their skill. In Ganga's own words: 'Can they run company if we do not work for them?'

Raijanti of Thankot finds it difficult to manage time to handle household chores and knitting. She also faces problem of remaking items when employer returns showing low quality. The time consumed for remaking is not counted. So she is keen to learn new skills in knitting so that there would be no mistakes while knitting.

Anita Shreshtha of Sankhu finds heavy work burden when there is big order. They have to spend sleepless nights as employer continuously gives pressure to finish work but wage in Sankhu is less compared to Kathmandu.

Padma Kumari Khadka of Dallu finds it difficult to satisfy employer. Checking is very strict. Working hours is not counted while remaking those returned items.

The case of Beni Maharjan of Matsegaon is different however. She does not work heavily. She works only 6 hours a day. So she does not feel much burden.

Jalpa Devi of Dallu shows the problem of irregular work. There is no certainty of getting work. They have to spend unnecessary transportation costs to visit office in search of work. Actually they get work only for 15 days a month. She demands workers should be paid on salary based rather than wage based.

Bimala Rai of Lazimpat and Muna Shreshtha of Thankot complains same story that they are cheated by employer by not telling wage rate while giving order. At the time of delivery if they refuse to take low wage, they are threatened to fire out from the work. In addition, the employer fixes same price for all kinds of items, not even making a distinction between heavy and light works. They would have refused to take work order if they know the rate earlier.

Hera Mayju Dangol of Dallu, a self-employed processed food producer, was badly cheated by a business dealer (sahu). In her own words, "The dealer is polite in behavior but delays payments or would not pay. I had invested large amounts to install expensive equipment like a solar power system. In the beginning, the dealer behaved sincerely until he captured the market from my products which is of higher quality than other local goods. Then my income was sufficient enough to support my family. Now due to cheating behavior of the dealer I am facing loss. The market is also flooded with cheaper and inferior quality products. At the same time, my partners left the work after they got married, aggravating my problems."

Urmila Basnet of Khokana, involved in Felting Handicrafts complains on health related problems. Hands are injured and so burns badly by the chemicals of liquid soap that is used in the production process. Jamuna Dangol, knitter of Sankhu has problem of chest pain because of wool dust.

Bhagavati Rasaili of Alapot complains of chest problem due to iron smoke. Hand injuries are common among metal workers. Yamuna Lohar says metal products pay nominal prices in

villages as she cannot go to markets in the city. Income is low compared to the heavy work. Sometimes serious injuries cost huge medicinal expenses.

Gyani Maya of Thankot regrets in these words “I have been knitting for a livelihood of my family for years. I continued to work even during maternity care days. People even try to humiliate me saying that I look like a coolie carrying those wool packs.”

Similarly, Indira Nepal of Mulpani regrets her contribution is not counted by family despite her tailoring work has become a livelihood for the family since last many years.

In Sankhu a worker named Sharmila Shreshtha also reported that as she has never met her actual employer she has to face all kinds of misbehavior from middlemen.

Rewati Thapa of Duwakot is covering her family expenses for vegetables and school tiffin for children. She thinks she can meet additional expenses if she is not cheated by the middlemen. Neema Rai of Alapot has also same story who is repeatedly cheated by middlemen She gets very low wage despite working for long hours.

Sharu Shakya of Bungamati finds it difficult to sell metal products. Customers look for a cheap price. But as cost of production remains high it is not profitable to sell in low price. Market prices are low relative to their production costs, particularly to their significant labour inputs. However they are compelled to continue the profession in the absence of other opportunities.

Shanta Thapa Maharjan of Khokana finds it difficult to satisfy customers in tailoring work. Pamfavati Maharjan on the other hand finds the problem of compulsion to sell on credit.

Mathura Bista, a bead worker in Chalnakhel used to do good business, even by exporting her products. However, bead work now is not profitable as in the past. The wage rate it pays is too low for the hard work it takes to produce. So women tend to shift to other types of home-based work

Jeevan Maharjan, a producer of felting handicrafts of Thechu finds work order is decreased now than before as entrance of workers in felting handicrafts has increased. They have to be dependent to employer for work order. Felting handicrafts could be profitable enough to make a

livelihood only on a large scale basis as bug businessmen in Kathmandu. Krishna Kumari Shreshtha of Balambu also finds problem of competition in felting market.

### **Qualitative Output: Reasons for Women to Get Involved in Home-based Work**

Sabina of Thechu puts her own words: "It has been more than six years since I have been engaged in knitting. I continued knitting even during the final months of my pregnancy and post natal period (Sutkeri). When my husband was out of the country for years, people started to say that my husband is sending money, so you do not have any financial problems. Actually, this was not true. In those days, I managed all the family expenses with my own earnings. When my husband came back, he insisted that I continue my work. Actually, I am fully supporting my husband."

It has been thirteen years since Gyani Maya of Thankot got married. For eight years, her husband lied on bed after encountering a serious road accident. Her in-laws did not let her live in the house. She is living in Maiti with family. Her father is physically disabled and her mother is mentally disordered. In addition, Gyani Maya has her younger siblings to take care of.

She has worked in many places in search of a good income. She finally found a good source of order for kinitting and started giving work to many women of her community. Workers who work under her supervision are satisfied with the wage.

Some respondents do home-based work to make some savings for the family as the income from other source of income is all spent for the family needs. For those whose families are financially sound take the work as just a utilization of time.

### **Contribution/Livelihood/ Benefit to Family**

Purna Maya Shakya, a worker in S.S. Woolen has been doing knitting job since last 20 years, when she was pregnant with her youngest child. Her income from knitting met all the expenses for rearing children .It has been a livelihood for her in the past. Now her children are grown up and well educated. So also given her age factor, Purna Maya now works less hours than before.

Sanu Kansakar of Sita Pailaa, agarbatti maker has fully supported family financially. She has no problem of marketing as shop keepers themselves come to collect and pay for ready item in her own house. Sanu Thapa of Sita Paila gets engaged in home-based work to generate some

income. She says ' as a parent it is my duty to ensure the future of my children' Kabita Budhathoki of Sita Paila, a candle maker, stands financially independent from her candle production. She is even supporting her army retired husband. She has never asked for money with her sons or daughter in laws. Meena Khadka, also a candle maker in Sita Paila got training of candle making in Mahila Samuha. She is now confident and courageous to work. She supports family financially by selling candles. Meena used to work in Pashmina factory. She then earned well ranging between Rs.6000 to Rs. 14000 per month. The owner of pashmina factory started to fire out many workers as his business fell down because of competition in market. Meena also had to loose that job in the same case, so shifted to garment factory. Now candle making has become her primary occupation. Very courageous Meena works in four groups of women, has good livestock farming, runs a shop financed by co-operative credit.

For Meena Darshandhari, a carper weaver in Matsegaon, carpet weaving has become a source of livelihood. Despite health problems like body aching, eye problem she weaves 12 hours a day to meet family expenses. Her irresponsible husband does not earn well.

Pancha Maya Maharjan, a fabric weaver in Matsegaon also works hard to make a livelihood for the family. A tuberculosis patient, her husband is disable to earn. She has been the only breadwinner for rearing children and medical treatment of her sick husband. Now her children are grown up, earn some income for themselves. So now life has become much easier for her than in the past.

Sharda Shreshtha of Matsegaon, now 42, has been doing tailoring work since when she was 14 years old. Then it was her interest, but now tailoring has become her livelihood. She is highly skilled in tailoring work by both training and practice. Her husband is always busy in social work. Sharda is the only income generator in the family. She earns 20,000 per month from tailoring. She had financed tailor shop by bank loan in the beginning. Now she has been able to repay all loan in installment basis. Sharda feels proud to take family responsibility as a breadwinner and also handling all household chores.

Asmita Maharjan of Bungamati who is unmarried, is taking all responsibilities to educate her younger sisters and brothers. Her irresponsible father does not earn well. Her mother's income

covers food and shelter, but not enough to pay educational fees. Asmita's income from knitting is covering education expenses to younger members of the family.

Vidaya of Matsegaon in her own words "It has been more than six years since I have been doing knitting. I continued knitting even during the final months of my pregnancy and post natal period (Sutkeri). When my husband was out of the country for years, people used to say that my husband is sends money from abroad, so I did not bear financial difficulties. Actually, this was not true. In those days, I managed all the family expenses with my own earnings. When my husband came back, he insisted that I continue my work. Now I am fully supporting my husband."

Gyanu Pariyar of Chalnakhel and her husband were denied their ancestral property by their step-mother's family. Gyanu's earning from tailoring is the only income for her poor family. With her income, they have now even repaid all bank loans which they had used to build a small house in those difficult days when family left them homeless.

Radha Nepali of Chalnakhel, who was also denied her family property after her husband's death at a young age, is surviving on her income from tailoring work.

Sita a dweller of Chalnakhel, who is very active to handle bamboo works, tailoring, bead works, and metal works fully supports her family. Her big extended family including married daughters share one kitchen. Sita has been working since she was 22 years old to support her family. For her heavy work burden, she says 'ke garnu karma ma lekheko?'

Tailoring work has been a livelihood for Chandra Shova Maharjan's family in Khokana. Her income covers almost all of her family expenses as her husband's income from farming is nominal, which often incurs losses. She has received extensive training in tailoring. Her family does not own any ancestral property. Additionally, being a member of the Newar community, her family expenses on social rituals are substantial.

Laxmi Mali of Bungamati says wood carving is not actually traditional work of Bungamati. Increasing construction activities in cities has resulted in increased demand for carved windows and doors. The profession of wood carving became popular in Bungamati only since mid-1980s. Dwellers of Bungamati, both men and women, are now benefitting from this occupation. In Bungamati, Hera Maya Maharjan's husband who remarried another woman has stopped

providing any financial support to Hera Maya and her son. Thus, wood carving has become a livelihood for her to survive. Krishna Maya Dangol says she is financially independent as she is earning adequately from wood carving. Home-based work (knitting) has become a livelihood for Sharala Shakya of Bungamati

Sharda Maharjan, a very talented handicraft worker in Khokana is involved in tailoring, embroidery, knitting, fabric painting, agar batti making, handicrafts. She also works as a trainer. She earns a total of Rs.10,000 per month from these works. She is planning to start a new handicraft business. Her sister-in-law who is also a home-based worker encourages and assists her.

Saraswati Lohla has been living in Surya Binayak, Sipadol since the last 22 years. She used to make woolen articles before. Later on, she received training in doll making. She enjoys doll making as she has the skills and the interest. As a self-employed home-based worker, she earns Rs 800 net in five days and is keen to do this work on a larger scale. Although her husband, a construction worker (dakarmi), earns Rs.400 per day, he spends all his income on alcohol (a Jandyaha). Saraswati never depended on husband's income. Her only income has always met her children's education expenses.

Shanti Nepali, tailor in Alapot is surviving on her own income. Her sons who have migrated to city never gave money to her although earning well for themselves. Banai Sunar of Alapot says 'haddi ko kam' is popular in Alapot, although requires heavy and insecure working process. Women usually assist men who perform the heavier part of the production process. The producers bring animal bones from butchers. The manufacturing process also involves some machine work.

Knitting work has become a livelihood for Krishna Kumari Dangol's family in Jhor. Her irresponsible and carefree husband works on the farm only partially. Krishna Kumari takes full responsibility of the family farm along with the income generating from knitting. Her children, now grown-ups, have started working partially to pay for their own education as her income cannot cover children's expenses for higher education. She has a positive attitude towards her home-based work.

Man Kumari Shreshtha, a knitter in Balambu is very talented in handicraft work. She arranges work order for her friends in Balambu area. This profession has been a livelihood for the family. Her husband suffers from paralysis, and her father-in-law is also sick. Although Man Kumari's son earns Rs. 6,000 per month, it is adequate only for the medical expenses of the two sick members of family. Thus, it is only Man Kumari's income that helps to meet all other household expenses.

Ratna Hera Shakya of Ason, Kathmandu says she is able to financially supplement for the expenses that her husband's income cannot cover. She works hard, sometimes throughout the night, and is satisfied that despite being illiterate, she is capable to support her family financially by her income from home-based work. Urmila Shreshtha, also a city dweller of Kathmandu says she is satisfied with her work as it has made her financially independent.

**Annex 13: Characteristics of the Respondens**

| <b>Characteristics</b>                     | <b>Self-employed</b> | <b>Piece-rate workers</b> | <b>Total</b>      |
|--|----------------------|---------------------------|-------------------|
| <b>Age group</b>                           |                      |                           |                   |
| 18-24                                      | 11.5                 | 10.8                      | 10.9              |
| 25-34                                      | 40.6                 | 47.0                      | 45.3              |
| 35-44                                      | 32.3                 | 31.2                      | 31.5              |
| 45-66                                      | 15.6                 | 11.1                      | 12.3              |
| <i>Mean age (SD)</i>                       | <i>34.74(9.3)</i>    | <i>33.94(8.5)</i>         | <i>34.15(8.7)</i> |
| <b>Caste/Ethnicity</b>                     |                      |                           |                   |
| Newar                                      | 49.0                 | 76.0                      | 69.1              |
| Brahman/Chhettri                           | 25.0                 | 9.0                       | 13.1              |
| Janajaties/others                          | 26.0                 | 15.1                      | 17.9              |
| <b>Religion</b>                            |                      |                           |                   |
| Hindu                                      | 78.1                 | 64.5                      | 68.0              |
| Non-Hindu                                  | 21.9                 | 35.5                      | 32.0              |
| <b>Family size</b>                         |                      |                           |                   |
| <5   | 51.0                 | 45.2                      | 46.7              |
| 5-6  | 35.4                 | 35.5                      | 35.5              |
| >6   | 13.5                 | 19.4                      | 17.9              |
| <i>Average HH size (SD)</i>                | <i>4.77(1.9)</i>     | <i>5.20(1.7)</i>          | <i>5.1(2.1)</i>   |
| <b>Marital status</b>                      |                      |                           |                   |
| Married and cohabiting                     | 83.3                 | 80.3                      | 81.1              |
| Not married/Not cohabiting/widow/er        | 16.7                 | 19.7                      | 18.9              |
| <b>Number of living children</b>           |                      |                           |                   |
| 0  | 15.6                 | 16.5                      | 16.3              |
| 1  | 21.9                 | 20.4                      | 20.8              |
| 2  | 35.4                 | 47.3                      | 44.3              |
| 3+   | 27.1                 | 15.8                      | 18.7              |
| <i>Mean number of living children (SD)</i> | <i>1.9 (1.4)</i>     | <i>1.7(1.0)</i>           | <i>1.7(1.1)</i>   |
| <b>Place of residence</b>                  |                      |                           |                   |
| Urban                                      | 29.2                 | 45.9                      | 41.6              |
| Rural                                      | 70.8                 | 54.1                      | 58.4              |
| <b>Education</b>                           |                      |                           |                   |
| Never attended in formal education         | 44.8                 | 30.5                      | 34.1              |
| Up to 10 years of schooling                | 33.3                 | 42.7                      | 40.3              |
| Completed SLC or more                      | 21.9                 | 26.9                      | 25.6              |
| <b>Relation with the head of household</b> |                      |                           |                   |
| Self                                       | 8.3                  | 6.5                       | 6.9               |
| Husband                                    | 56.3                 | 48.0                      | 50.1              |
| Other family                               | 35.4                 | 45.5                      | 42.9              |

|   |             |              |              |
|---|-------------|--------------|--------------|
| member  |             |              |              |
| <b>Financial reasons to select work</b>                     |             |              |              |
| Yes   | 80.2        | 73.5         | 24.8         |
| No  | 19.8        | 26.5         | 75.2         |
| <b>Land Ownership of family</b>                             |             |              |              |
| Yes   | 75.0        | 69.5         | 70.9         |
| No  | 25.0        | 30.5         | 29.1         |
| <b>Wealth Quintile</b>                                      |             |              |              |
| Lowest  | 27.1        | 21.5         | 22.9         |
| Second  | 15.6        | 20.1         | 18.9         |
| Third   | 13.5        | 23.7         | 21.1         |
| Fourth  | 22.9        | 16.5         | 18.1         |
| Highest   | 20.8        | 18.3         | 18.9         |
| <b>Attitude towards work</b>                                |             |              |              |
| Positive  | 13.5        | 17.6         | 16.5         |
| Positive with Criticism                                     | 66.7        | 63.1         | 64.0         |
| Negative  | 19.8        | 19.4         | 19.5         |
| <b>Received Training</b>                                    |             |              |              |
| Yes   | 50.0        | 44.4         | 45.9         |
| No  | 50.0        | 55.6         | 54.1         |
| <b>Working hours</b>  |             |              |              |
| 8 hours and less  | 64.6        | 77.1         | 73.9         |
| More than 8 hours   | 35.4        | 22.9         | 26.1         |
| <b>Negative effect of poor health on efficiency of work</b> |             |              |              |
| Yes   | 13.5        | 21.5         | 19.5         |
| No  | 86.5        | 78.5         | 80.5         |
| <b>Other Source of Income</b>                               |             |              |              |
| Yes   | 46.9        | 49.5         | 48.8         |
| No  | 53.1        | 50.5         | 51.2         |
| <b>Total</b>  | 97<br>100.0 | 278<br>100.0 | 375<br>100.0 |

**Annex 14: Definitions of Dependent and Explanatory Variables Used in the Model**

| <b>Dependent Variables</b>                     | Definitions (1 is tested variable and 0 is reference variable)                           |
|--|--|
| COW (Woman's contribution in household income) | Ratio of woman's earned income from home-based work to the total income of the household |
| YIF ( Yearly income of family)                 | Yearly income of the family including income of the respondents                          |
| YEH (Yearly expenses from home-based workers)  | Yearly expenses to household spent from the income of the respondents                    |
| <b>Explanatory variables</b>                   |  |
| Type of home-based work                        | 1 for self-employed, 0 for piece-rate workers  |
| Age  | Respondents' age in completed years  |
| Castes   | 1 if she is Newar, 0 for others  |
| Family size                                    | Number of family members of the respondents  |
| Marital Status                                 | 1 if she is married/ cohabitating, 0 for otherwise                                       |
| Current stay of residence                      | 1 if she lives in urban, 0 if she lives in rural   |
| Educational attainment                         | Her completed years of education   |
| Wealth Quintile                                | 1 is for highest, 0 for others   |
| Relation to head of household                  | 1 if she is head of household, 0 otherwise   |
| Future attitude towards work                   | 1 if she has positive attitude, 0 otherwise  |
| Working hours                                  | Total number of working hour per day   |
| Negative effect of health on working capacity  | 1 for answer 'yes', 0 for answer 'no'  |
| Yearly income from home-based work             | Woman's earned income from HBW   |

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