



THE WORLD BANK



WORKSHOP

Growth and Inclusion: Theoretical and Applied Perspectives

Session III Part 1

Presentation

Growth from the Bottom Up

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Growth and Inclusion: Theoretical and Applied Perspectives

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Session 3: Growth from the Bottom Up

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SEWA

ECONOMIC ROLE OF INFORMAL SECTOR

- Globalisation has led to a spurt in opportunities in businesses all over the world. Competition has increased; threatening the existence of millions of small micro enterprises
- These informal sector workers get low wages, no regular work and delayed payment. They Lack access to market information, infrastructure, non-availability of raw material. This hinders their ability to produce and sell their products.
- The poor Informal sector women are not recognised as workers. They have limited voice in worker's forum and women have even more limited voice.

SEWA' S VIEWS

- To address the issue of poverty, the active role of women in the economy needs serious consideration.
- The informal sector workers are often invisible workforce that is largely unrecognised in labour statistics and unprotected by legislation.
- SEWA experience shows that these informal economy workers are highly productive, economically active and enterprising even when very poor. The contribution of the informal sector in India is significant. ***Therefore this informal sector can be considered as the economic motor, with wheels within the pyramid, running a significant part of the Indian economy.***

- SEWA believes in the primacy of local ownership and knowledge. Capacities of the members are built to make them owners and managers of their own trade. SEWA works on building members own economic org. and have grown into a family of economic organisations
- Responding to the challenge of globalization and changing expectations SEWA members are increasingly putting emphasis on business-oriented approach.
- SEWA entered / facilitated various partnerships between private sector organizations and economic enterprises owned and managed by poor producers and service providers. These partnerships aimed at increasing the effectiveness of poverty reduction programs and livelihood initiatives in SEWA.

SEWA'S APPROACH TO LIFT THE INFORMAL SECTOR WORKERS OUT OF POVERTY

- SEWA tries to meet the market by providing access to financial services and marketing services to the members and their own economic organisations. We call it as capitalisation at the grassroots which is credit plus or livelihood finance – investing in building organization of poor, for the poor that ensures livelihood security.
- **Two Major Approaches include Livelihood Finance and Partnerships**

LIVELIHOOD FINANCE

- Microcredit as a one-point intervention, in most of the situations, is not enough to pull a poor household out of poverty.
- Complete livelihood finance package is made up of organizing and institution building , Credit and other financial services (like insurance, pension), Productivity improvement services, Market linkages, Marketing services, Human development services

PARTNERSHIPS

- There is a need to build partnerships—internal and external.
- The integrated approach of SEWA fosters internal partnerships.
- SEWA has been working on building partnerships with the private sector for more than 7 years with the main objective to develop joint business opportunities.
- For SEWA and its economic organisations in terms of newer employment, or increased incomes of better processes and systems, or technology or tools and equipments or new markets.

ENSURING FOOD SECURITY FOR THE POOR THROUGH RUDI

- Informal sector workers who are unskilled, need to be provided with some skills in order to help them earn a sustainable livelihood.
- SEWA entered in a partnership with HUL to provide skills and thereby sustainable livelihoods.
- Pilot initiated in 1 district and then upscaled.
- SEWA members have set-up their own agri business company RUDI which has set-up its own Rural Distribution Network.
- Through this network RUDI directly procures from about 125000 small and marginal farmers and sells locally through a cadre of barefoot saleswomen called RUDI bens.

- **Experience**

- RUDI procures agri commodities from the rural producers providing them direct and assured market for their products, provides employment to the women in processing activities at the processing centers and as RUDI sales women.
- RUDI emerges as a alternative model of ensuring work and food security to the rural poor members.
- Helps in eliminating the middlemen → farmers get better returns, consumers get good quality products at affordable rates and RUDI sales women and the team working at the processing centre gets employment.

- **Outcome**

- The poor informal sector workers who did not have any skills and therefore no regular employment now have the skills in processing and/or marketing of the products.
- This has resulted in both wealth generation and wealth distribution at the grass root level.
- So far 36,758 small and marginal farmers have been organized into farmers collectives under RUDI and 1500 women work as rural procurement and sales managers called RUDIbens for the Rural Distribution Network generating an income of Rs. 3500 – 4000 p.m. and total a turnover of Rs. 7,62,40,305

GITANJALI COOPERATIVE OF THE WASTE PAPER PICKER MEMBERS OF SEWA

- Waste picking is considered to be one of the lowest trades and is taken up by workers who do not have any skills or other means of livelihood. It is pre dominated by women belonging to the lower strata of the society. The life of the waste picker is full of hardships.
- In spite of putting in so much hardwork, these waste paper pickers earn an amount of Rs. 30-50 which makes it difficult to make two end meet. Added to this are the occupational hazards.

- Experience
- The recent financial crises has added to the woes of these waste paper pickers as the prices of the recycled waste have gone down by half. This has adversely affected the nutritious diet and education of the children
- SEWA has initiated a cooperative of these waste pickers called the Gitanjali Cooperative. This cooperative got the work of door to door waste collection and segregation. This resulted in sustainable income for 400 women from Rs.3000/- to Rs. 3500/- per month for 5 hours of work. However, due to privatization and mechanization, these workers were again displaced.
- Immediate requirement for these waste paper collectors was livelihood.
- The Gitanjali Cooperative, turned towards stationary making with support from SEWA.

- Outcome
- These women learned the work of making stationery from the paper which also has a good market.
- These women started making pens, note books and files and entered into the main stream markets.
- These provided the women with the decent livelihood, skills, self respect and status in the society.
- Their identity as a worker was established, they developed confidence and their contribution to the economy & environment was recognized. These women started making products according to the market demand.
- SEWA has organized 31505 women workers who are waste paper pickers. Groups of these women are working on production of paper stationery

CONCLUSION

- The women producers need an uninterrupted access to trade in larger markets to raise their income.
- In order to make the process of globalization pro poor, the government and the private sector have a major role to play especially build partnerships with the membership based organizations of the poor for transfer of systems and processes, to build a robust supply chain which will help generate livelihoods as well as business opportunities for the private sector. This also enables the organizations to go to scale whereas the business houses can source directly from the producers.
- The private sector has a major role to play in the area of skill development which then leads to market led skill building.

- The trade is globalised. To access national and international markets, women producers organisations if provided with adequate resources and trade-links, they can make a dent into the global markets.
- They need investments in different sectors of market infrastructure. They need promotion in terms of raising productivity, particularly in setting up multi-skill development schools.
- The women producers organisations need access to adequate capital, suitable market links and better terms of trade.
- They need institutional facility that develops research and development of their products for improvement and diversification.

- They want to use Information Technology to keep pace with the fast moving global trade.
- They need to build up more organisational and managerial capacities to run their businesses profitably and trade firmly.
- They need active supporters in the Governments for creating more enabling policies.
- There is a need to set-up management schools where the poor women can get the necessary managerial skills to run and manage their own enterprises.
- The private sector should invest in building business organization of the poor.
- Institutions such as World Bank should invest in livelihood fund and also encourage women in trade.

THANK YOU