

OCCASIONAL PAPER 10

*Feminist Economics of Trade:
Reflections on the Indian Manufacturing Sector*

A Report for **Focus on the Global South**

by

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS	i
ABBREVIATIONS	ii
INTRODUCTION	1
I WOMEN IN INDIA – A BACKDROP	4
II ECONOMIC LIBERALISATION: MAINSTREAM, HETERODOX AND FEMINIST PERSPECTIVES ...	8
Mainstream economic theories	8
Heterodox economic theories and feminist perspectives	9
III LOOKING AT INDIA'S MANUFACTURING SECTOR	12
Transformations and destabilization	12
Consolidation of production	15
Impact on employment	16
Gender dynamics in paid work	17
Labour rights	10
IV CLOSING REMARKS	21
REFERENCES	24
APPENDIX 1: GLOBALISATION CHART	30
APPENDIX 2: THE MYTH OF THE FREE MARKET	31
APPENDIX 3: WHAT ARE STRUCTURAL ADJUSTMENT PROGRAMMES?	32
APPENDIX 4: FROM WTO TO FTAS	34
APPENDIX 5: CONCERNS OVER INDIA'S FTAS	37

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ABBREVIATIONS

AoA - Agreement on Agriculture

FTA - Free Trade Agreement

GATS - General Agreement on Trade in Services

GATT - General Agreement on Tariffs and Trade

IFI - International Financial Institution

ILO - International Labour Organisation

IMF - International Monetary Fund

ITES - Information Technology Enabled Sector

M&A - Mergers and Acquisition

NSSO - National Sample Survey Organization

NPC - National Productivity Council

NCEUS - National Commission for Enterprises in the Unorganised Sector

SAP - Structural Adjustment Programme

TNC - Trans-national Companies or Corporation

TRIMs - Agreement on Trade-Related Investment Measures

TRIPS - Agreement on Trade-Related Aspects of Intellectual Property Rights

WB - World Bank Group

WTO -World Trade Organisation

INTRODUCTION

India's population stood at 1.03 billion in 2001, of which women constituted roughly 48% at 496 million (Registrar General and Census Commissioner of India 2001).¹ Women, as a category of the population, spend most of their time in non-market and invisible activities such as domestic work, child rearing etc., which form the back bone of social reproduction.² It is social reproduction which sustains and maintains society, and allows both men and women to be active in the market economy. Within the market economy, nearly all women in India are working in the unorganised sector.³

Gender relations in any geographical or cultural location are central to how societies assign roles, resources, responsibilities and rights to men and women. Social subordination as a derivative of patriarchal traditions has relegated women to a status that is inferior to men. The access, distribution, utilisation and control of resources are dependent on gendered power relations embedded both in ideology and practice. These gender inequalities not only affect women and men in the household, but also follow them into the work place; gender inequalities permeate the economic sphere including the labour market

Beginning in 1991, India brought forth a comprehensive package of economic reforms which significantly altered the nature of the Indian state. These reforms, rooted in mainstream economic theories, assert the rights of transnational finance capital. Based on the same theories, economic reforms related to international trade and the overall economy of the country⁴ were also pushed through the World Trade Organisation (WTO) and, more recently, through bilateral and regional trade agreements referred to as Free Trade Agreements (FTAs). This has contributed to the emergence of a global economy in which transnational capital and companies are increasingly driving domestic economies and policies. As a consequence of this process of corporate globalisation, fundamental transformations have taken place and are taking place in the Indian economy. The nature of women's work has also undergone a transformation and has been influenced by this process of corporate-led globalisation. For instance, there is greater need for employment by women: i.e., women are compelled to take up

¹ While results of the next census are awaited in 2011, population estimates by national and international agencies predict these numbers to rise to 1.39 billion, and 669 million respectively by 2025 (U.S. Census Bureau, website).

² Social reproduction is a sociological term referring to the processes that sustain and/or perpetuate the characteristics of a specific social structure over a period of time. It refers to the maintenance and perpetuation of society, including enculturation and teaching of members to take their place in society and day-to-day activities to allow members of the society to perform their work. An important characteristic of labor that distinguishes it from capital is that it bears the costs of its own maintenance and sustenance. Economic theory has generally overlooked this, one consequence being that it has neglected the distinctive role played by women.

³ According to 2004-2005 National Sample Survey (NSS) reports, 96% of women in market-based activities were involved in the unorganised sector, which mainly includes sectors such as agriculture, fisheries and export-oriented manufacturing – through home based and contractual work, as well as services such as domestic work and street vending.

⁴ The macro economy is the overall working of a national economy in terms of the total amount of goods and services produced, total income earned, the level of employment of productive resources, and the general behaviour of prices.

employment due to the very changes the economy is undergoing.⁵ Also, women's work characteristics – contractual work, unstable employment, limited unionising rights - are also interrelated with the characteristics and demands of the global economy.

While the impacts of economic liberalisation are not limited to women alone, placing women at the centre of this study has an important context. The idea is not to pit 'women against men' as special victims of globalisations, but to highlight the inter-linkages between gender inequalities, labour markets and corporate globalisation (Bhattacharya 2004: ix), and draw lessons for economic policies. Economic policies have gender-differentiated impacts, i.e., they affect women and men differently, based on gender inequalities. Hence it is important to understand these inter-linkages and assess the impacts of economic and trade policy choices on social inequalities, including gender inequalities.

The research for this paper is based on secondary literature, such as government reports, research by feminist scholars and India-based studies. The theoretical framework draws significantly on the work of feminist economists on the process of economic liberalisation. To illustrate the effect of trade liberalisation through case-studies, we have decided to limit ourselves to the export-led manufacturing sector. The reason for doing so is two-fold: firstly this sector is highly integrated with the global production and demand network, making it extremely susceptible to the volatility of market dynamics (as opposed to sectors which compete against imports in the domestic market or those which are completely disassociated with international trade, i.e. no imports no exports). Secondly, there is abundant literature and data on the high concentration of women workers in this sector, making it easier to showcase the debilitating effects of rampant trade liberalisation on the women employed here. We have also included a series of appendixes which include detailed information on India's economic liberalisation, beginning from the Structural Adjustment Programmes (SAPs) to the recent proliferation of FTAs, as the current tool of economic liberalisation.

The paper begins by delving into different forms of violence faced by women in India, giving special attention to the work sphere and the political economic order, in order to give a backdrop to the following discussion. The second section attempts to explain various economic theories from a feminist perspective, in a manner understandable by activists new to the discourse on economic liberalisation. This section also contains a critique of mainstream economic theories and points to their gender-deficiency from a feminist perspective. The third section examines the complex relationship between the social and cultural constructs of society and their linkages with an increasingly neo-liberal political economic system. This is done through an understanding of how patriarchal norms and the economic sphere interact within the export-led manufacturing sector. Here we have also included the response of the Government of India to issues regarding gender inequalities and economic liberalisation, with a special focus on the Commerce Ministry. The last section summarises the concerns that have been raised in the paper and gives recommendations based on the same.

⁵ While there has been a lot of emphasis on women entering non-traditional, mainly urban-based and previously male-dominated fields such as Information Technology, Media and Television and Public Administration, this remains a small number proportionally.

By situating the effects of economic liberalisation on women and men vis-a-vis the linkages between patriarchy and the political economic order, this paper attempts to establish the point that if it is accepted that economic policies and consequently economic liberalisation affect sets of actors differently - women and men, upper and lower castes, religious minorities and majorities; and it is also accepted that such unequal impacts are due to unequal power relations, then the theoretical framework of analysis which is used for understanding the political economy and framing economic policies needs to capture and understand these inequalities and power relations. It is not merely enough to treat the symptoms of social inequalities, but the political economy and the framework of policy making itself need to be altered.

I. WOMEN IN INDIA – A BACKDROP

The Indian Constitution grants equal rights of freedom of speech, movement and adult franchise to both men and women. However there is a contradiction between this articulated equality in laws and the reality that exists on the ground. Discrimination and violence against women in India is multi-faceted - social, economic and physical, visible within the private and the public sphere. While it is an established fact that given similar nutritional and medical attention, women tend to live relatively longer than men, this innate advantage has eluded women in India. The skewed proportion of women to men in India (933 women for 1000 men) is only one example of how patriarchy and poverty interact to threaten even the mere existence of women. Amartya Sen calculated that, in 1990, there were 32 million missing women in India (Sen 1990), and this number has increased over the years.

What is Patriarchy?

Patriarchy is a system of social structures and practices, in which men dominate, oppress and exploit women (Walby 1990). It is based on a notion of women's 'inferiority' to men. These ideas, stemming from biological differences between men and women and the creation of a hierarchy between them, lead to a conclusion where women are placed lower than men on the hierarchy of social relations. Simply put, the biological and social functions of bearing and rearing children are interpreted as women's main role in society, thus leading to the conclusion that a woman's rightful place is within the household. Man, on the other hand, is seen as the protector of women and her progeny, and as the protector and breadwinner, whose place is outside the household. The biological difference between men and women is used to accord higher social, cultural and economic value to men, and to give men control over women's lives.

Walby (1990) proposes understanding patriarchy and its effects on women as a complex combination of six different arenas – the State, the family, sexuality, male violence as a form of social control⁶, cultural institutions, and the economy of paid work

Social control over women

Patriarchy establishes social control over women's lives. This control is perpetrated through institutions such as the family, the administration, the labour market or even the economic political order. Violence against women is the most visible means of patriarchal social control.

The social control of women's sexuality has given rise to many forms of violence on women's bodies and beings. Many women in India have no control over their

⁶ Recurring themes in women's descriptions of male violence include the use of tactics of control, humiliation and degradation, the abdication of responsibility by the male abuser, and the attribution of blame to the woman.

reproductive activities i.e. how many children to have, when to have them, the use of contraception or access to the safe medical termination of pregnancy. Early marriage and so called honour killings are also examples of the lack of control women have over their life choices. The skewed logic that “women who choose their husbands” are equated to prostitutes and should be killed has been written about widely in news papers.⁷ Horrific and gruesome murders have taken place, named as ‘honor killings’. Rape, the threat of rape, and domestic violence have become means of oppression and establishing control over women, at the same time, women have become commodities, through prostitution and slavery.

Within hereditary systems, a woman is denied her right to property. Since most Indian societies are patrilocal or patrilineal, where women live with their husband’s families after marriage, women are not recognized as heirs. Additionally, the natal families of women do not recognise their rights to inherit natal property either. In consequence, women are seen as liabilities and dependent on men for their survival. The practice of dowry is another expression of seeing women as a burden, whereby the family who ‘receives’ the woman is compensated materially. Despite being illegal, the abhorrent practice of female foeticide or sex-selective abortion still practised in large parts of India also stems from similar preconceived notions regarding the girl-child. By restricting her movement outside the family, a woman’s mobility is controlled. Once a woman is confined to her home, she is held back from partaking in social and economic activities which take place outside the household.

In the field of education, girl students in India are more likely to be withdrawn from school, either to help at home, get married or save expenditure on education. Consequently, they lag behind in formal education and have difficulty in acquiring the qualifications needed for highly skilled employment, which in turn become an impediment to their independence.

Denying women ownership and access to resources represent entrenched methods of patriarchal control. For instance, while it is recognised that women contribute much of the work done in agricultural fields, they are not recognised as farmers because they do not own land and other productive assets, and hence cannot have control over agricultural production.

Women in the economy

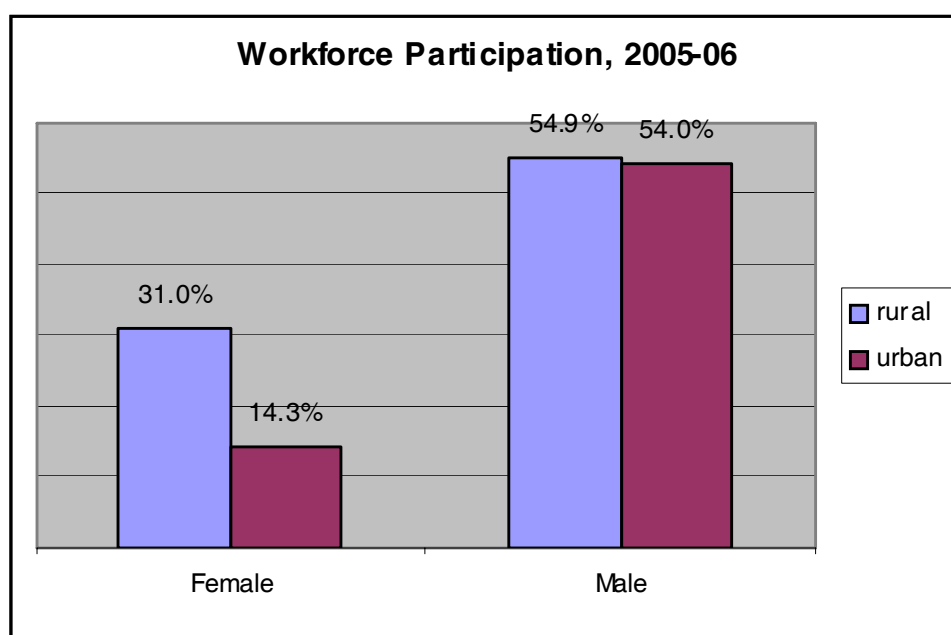
The family is not the only or main site of patriarchy and control; the state and the economy are also core sites of oppression (Walby 1990). The division of work on the basis of gender, referred to as ‘gender-based division of labour’ compartmentalises the roles of men and women into predefined activities. Some activities are regarded as ‘feminine’ and hence the role of women – for example, housework, cleaning, cooking, rearing children - while other roles are seen as ‘masculine’ such as the role of men – for example working in the job market and earning an income for the family. According to 2004 estimates, women in India spent 65% of their time, on ‘non-market’ based activities – i.e. reproductive activities like family care work, household work etc. - as opposed to only 8% by men (NPC 2009). This division of labour comes with a hierarchy,

⁷ Arshad, Sameer, ‘Only whores choose their partners’, September 8, 2009, The Times of India.

where a woman’s unpaid household work, which contributes to the welfare of the family and society at large, is considered non-productive and without economic value. In consequence, the social system arising out of such a construct is oppressive in that it attaches more importance to *masculine* activities while degrading *feminine* ones.

Women make up nearly half the ‘productive’ population, which should be reflected in the statistics on work force participation; interestingly however, statistics tell a rather different story. The work force participation of women in 2005-2006 was 31% in rural areas and 14% in urban areas.^{8,9} The Ministry of Labour in its annual report to the people, says “One of the reasons for low participation of women in labour force is the non-recognition of a number of women-centric works as economic activities.”¹⁰ A UNIFEM report adds that “statistics do not reflect the enormous amount of work done by women [...] most of the work done by women is non-marketed labour, considered “unproductive” and not included in economic statistics.”¹¹ This, points to the glaring limitation of data on women’s work force participation, which fails to recognise the varying contributions that women make. In consequence, a large part of women’s work is made entirely invisible by statistics.

Table 1



Source: Government of India, Ministry of Statistics and Programme Implementation, ‘Women and Men in India 2010’, Chapter 12, table 27.

⁸ Government of India, Ministry of Statistics and Programme Implementation, ‘Women and Men in India 2010’, Chapter 12, <http://mospi.nic.in/Mospi_New/upload/w_and_m_2010.htm>

⁹ When compared with 2001 Census, one discovers that the increase in WPR for women is marginal at the best, negligible at the worst. Researchers and policy makers keenly await the results of the next census, due in 2011 for the realities that it will highlight.

¹⁰ Government of India, Ministry of Labour, ‘Annual Report to the People on Employment 2010’, <http://labour.nic.in/Report_to_People.pdf>

¹¹ National Alliance of Women, 2008, ‘Engendering the Eleventh-Five Year Plan, 2007-2012’, <<http://www.unifem.org.in/PDF/11th%20plan%20report.pdf>>

¹² The primary sector of the economy involves changing natural resources into primary products. Most products from this sector are considered raw materials for other industries. Major industries in this sector include agriculture, agribusiness, fishing, forestry and all mining and quarrying industries.

In 2004, six out of eight women who were involved in paid work were in the primary sector¹² (mostly in agriculture), and two in the manufacturing sector and services sectors (NSSO 2007). In 2004-2005, out of the total workforce of 397 million in India, the formal economy only accounted for 28 million workers, with the remaining 92% or 369 million workers concentrated in the informal economy.¹³ Reports across the board on the working conditions within this sector reveal conditions of near-depravity, lack of social-security benefits and even proper pay/wages.¹⁴ In sectors such as manufacturing, the informal economy is linked to the formal economy through value chains or global production systems. Sometimes this work is done side-by-side with permanent workers under the same roof. Sometimes it is done by home-based workers or in micro-enterprises. But all of this work is precarious and 96% of female workers in India are employed within the informal economy (NSSO 2006).

The Report of the Special Rapporteur on Violence against Women identified global economic re-structuring as a major challenge to achieving gender equality and eliminating violence against women (Coomersamy 2000). The report states that, “capitalist free market competition has fuelled the trans-national quest for cheap sources of labour and investments that maximize corporate profits,” hence, “TNCs have exploited and deepened gender inequalities (Coomersamy 2000: para 21)”. The report then warns against the connection between the economic disempowerment of men and an increase in domestic violence against women, highlighted in South Africa (Coomersamy 2000: para 41). The report argues that by creating conditions for women’s exploitation and the deepening of gender inequalities, economic destabilisation brought about by globalisation and neo-liberal policies is increasing the extent of violence against women.

Feminist economists have long argued that gender inequalities stem from gendered power relations that permeate the whole society including the economy. This is visible in India through, among others: the oppressive gender division of labour, which assigns hierarchised roles and responsibilities for males and females; the fact that government statistics themselves define and account for “work” in ways that excludes most of women’s work, and; conditions in which most women find themselves working (this will be explored further in the section IV). As for the report of the Human Right Special Rapporteur on Violence against women, it highlights a serious contradiction between Government’s choice of certain economic policies and their commitment to address gender inequalities, oppression and even violence against women. Feminist economists have examined the relation between the larger economic order, and gender dynamics and inequalities, with the tools of economic analysis. Their work gives crucial keys to understanding, some of which are discussed in the next section.

¹³ The term ‘formal’ and ‘informal’, ‘organised’ and ‘unorganised’ are sometimes used interchangeably leading to a problem in understanding. In India, there is no standard definition of the ‘unorganised’ or ‘informal sector’. The first Indian National Commission on Labour (1966-69) defined ‘unorganised sector workforce’ as “those workers who have not been able to organise themselves in pursuit of their common interest [...]” The National Commission for Enterprises in the Unorganised Sector (NCEUS) defines informal employment as employment in which the work relationship is not subject to any law or contract. We will use formal and informal in relation to the contractual and legal nature of employment and organised and unorganised in relation to workers organisation vis-a-vis their employer.

¹⁴ Informal labour is found in urban and rural areas and across sectors. In agriculture it includes agricultural workers, in manufacturing, home based beedi workers or garment workers, in services, household or domestic workers, street vendors and more. Policy level interventions for mitigating the adverse effects of such informalisation have been seen in the recent past, with the Government of India creating social security schemes for workers in the unorganised sector.

II. ECONOMIC LIBERALISATION: MAINSTREAM, HETERODOX AND FEMINIST PERSPECTIVES

Mainstream economic theories

Mainstream economic theory draws substantially from Adam Smith's work, *The Wealth of the Nations*. According to Smith the market is a place where individuals exchange goods and through which prices are set. Thus the market is seen as a function of individual human self-interest, to the extent that human beings are motivated by the pursuit of self interest alone. Mainstream theory makes the assumption that all market-related decisions by humans are based on a 'rational economic thinking.' In seeking to maximise their gains, people seeking personal gain become part of the 'invisible hand' of the market, which, when aggregated, leads to the maximisation of the nation's wealth (Smith 1776). The idea that markets are an extension of individual pursuits has become the foundation of what is called orthodox economics, which assumes that leaving economic activities free of external interventions (like the state) so that the invisible hand of the market can take full control, is the best way to deal with economic activities.¹⁵

Neo-liberalism or neo-liberal ideology is an extension of mainstream economic theories and is the driving force behind corporate globalisation (see Appendix 1). At its core is the belief in the 'free market': a market with minimum impediments to the flow of goods, services and capital (see Appendix 2). This freedom is to be achieved through trade and economic liberalisation. Neo-liberalism seeks to transfer the control of the economy from the public to the private sector, away from government intervention but under government protection, based on the belief that it will produce a more efficient economy and thereby increase economic growth. Neo-liberalism believes that in the absence of government intervention and obstruction, market competition will be able to ensure maximum profits for all countries. This is why neo-liberal thinkers and implementers call this model of international trade, "free trade."

Mainstream theories state that a country would gain from trade if it were to concentrate on producing goods cheaply, and exchanging these goods for those that it could import comparatively cheaply from abroad (Ricardo 1817). This is called the 'principle of comparative advantage.' With the mutual advantage of trade being thus established, countries export what they are better (or more efficient) at producing and import what they are less good at producing (Heckscher-Ohlin-Samuelson Theorem). According to this theory, by utilising resources 'efficiently' and increasing the production of goods that employ unskilled labour, wages of unskilled labour increase, as the demand for unskilled labour increases in the market. This is also referred to as the distributive

¹⁵ According to Karl Polanyi, the 'economic life' was embedded the 'social life' and reciprocity and redistribution were central to earlier societies, formed on the basis of collective reasoning. According to him, capitalism is a deviation from this historical attribute, in which social relations became secondary to economic relations and the construction of a market society. In consequence, a market society can only exist if it is accompanied by changes in norms and behaviour that enable the market to function, and leads to the prevalence of the 'Rational Economic Man', the selfish individual in pursuit of his own desires through the market. And, capitalism constantly needs norms and behaviour patterns to be altered in a way that allows for more and more capital accumulation.

theory of mainstream economics. Further, in a 'perfect' market situation, the given demand and supply of a commodity will automatically lead to a price which is expected to be advantageous to both sides – as it is advantageous to both sides, it is deemed as the 'most advantageous' price. Cases in which goods are sold at prices that are disadvantageous to either side – such as farmers selling their goods below the production price - are explained by mainstream proponents by the fact that they are 'imperfect' market situations.

While there is no apparent relationship between gender and trade in the above mentioned theories, the implied benefits for women are these: Developing countries enjoy considerable comparative advantage in production which needs more labour than investment in capital or technology; women comprise a large segment of the unskilled labour forces in the so-called developing countries. Hence trade liberalisation, by ensuring a 'perfect' market situation, will benefit women workers not only by increasing their opportunities for work, but also by increasing their wages in the segments that they work.

Heterodox economic theories and feminist perspectives

Feminist economists – A perspective

Central to feminist economic theories on liberalisation is women's **Unpaid Social Reproduction of Labour**. This refers to the reproduction and maintenance of workers. Feminists developed this notion of social reproduction to argue that in the capitalist mode of production, women produce labour power itself, through their unpaid household labour. For instance, the raising of children, on the one hand, and the maintenance of workers (cooking, cleaning etc.) on the other is largely a result of the unpaid work that women do (Anderson 2001). As long as this work and its social condition is not recognised, economics will render invisible most of the women's work.

Economic theories based on the writings of Karl Marx have critiqued mainstream theories; some of their points are discussed below. Mainstream economics consider that the given circumstances of a market situation are full employment, perfect competition between actors and automatic price adjustment mechanisms. But these are far from 'real' circumstances, which exclude the possibility of a 'perfect' market situation to be reached. Further, according to economist William Milberg (Milberg 2006), the capitalist system creates conditions that exclude people from sharing income, which leads to systematic unemployment, under-employment or low-wages. In other words, the capitalist system itself creates unperfected market situations, at the cost of the most vulnerable economic actors, especially workers.

Shaikh (2007) proposes an alternative to the principle of 'comparative advantages', as he considers that "firms utilize strategy and tactics to gain and hold market share, and price cutting and cost reductions (through lower wages) are major features in this constant struggle." (Shaikh 2007:57). In other words, he understands competition as a process of proactive struggle by firms in order to ensure comparative advantages for themselves. He calls this the 'principle of competitive (absolute) advantages'. In other words, in their pro-active struggle to ensure comparative advantages for themselves, firms and other economic actors take advantage of the existence of weaker groups within a given society. This perspective is better suited to introduce an analysis of gender

inequalities within international trade, as it introduces an understanding of 'competition', that use existing and unequal power-relations within society, which also includes gender-relations. Hence, the acquisition of competitive advantage is itself a gendered process (Elson, Grown and Cagatay 2007),¹⁶ i.e it is influenced by gender-based norms.

The 'level playing field' metaphor is widely used by neoclassical economists in the discussion of market competition. It suggests that market competition can be understood in terms of a game played in an arena constructed and maintained by an external and neutral arbiter, who guarantees that the terrain of play (in this case the market) gives the same opportunities to all and that all players abide by the rules. Rejecting such overt simplifications, feminist heterodox economists argue that there is always a question of *who* gains and *who* loses from a particular way of instituting markets, i.e. of *defining* rights and obligations within the 'market.' Hence, competition is not just competition within the given structure of the market, but also competition to secure favourable structures of rights and obligations.

Feminist economists have argued that markets, especially the labour market, are 'gendered institutions'. They are institutions in which gendered formal rules and informal practices become real instances¹⁷ of the gender order prevailing in society (Elson 1999). "What may seem to be a level playing field from a male perspective is, in practice, tilted against women because of gendered prejudices, such as presumptions that women more than men, have the obligation to provide care for others" (Elson 2009). An extension of these presumptions is that men are the household breadwinners, while women only provide for an additional income to the household. Hence her income is dispensable.

A striking instance of competition and labour markets as gendered process and institutions can be seen in the export-oriented production. The increase in female employment observed in countries like Bangladesh, is a reflection of the perception of women as a docile and low-paid labour force (Elson and Parson 1981). Women being seen as 'docile' workers and providing lesser value work is based on a gendered understanding of 'feminine' work. A study of export-oriented industries revealed that Asian countries, which grew rapidly through an increase in export-production employing women workers, also has the widest gaps between wages paid to men and women (Seguino 2000), which can be linked to the presumption that woman's work is of lesser value than a man's. The assumption of a women being a 'docile' worker also leads to the 'flexibilisation' of their employment, which is visible in contractual labour patterns compounded by low bargaining terms for women workers. The assumption of her income being dispensable for the household also plays in the unstable

¹⁶ In understanding this, it is important to distinguish the ways in which gender inequality affects women as achievers of and as sources of competitive advantage. The former refers to women as entrepreneurs, owners of businesses or employing other people while the latter refers to women as unpaid family workers or employees. To achieve competitive advantage as business owners, women need to access and own land, technology, knowledge, finance, social networks and labour supply. Social inequalities that stem from cultural prejudices restrict a woman's capability to access these resources and make use of them. To imply that no woman has successfully become a business owner in India would be inaccurate. However for a vast majority of women in rural and urban areas, this access itself is hindered and obstructed.

¹⁷ Instantiation is the creation of a real instance of an abstraction, in this case of gender relations. To instantiate is to create such an instance by, for example, defining one particular variation of 'gender relation', giving it a social form and locating it in a physical place.

employment patterns offered to women, very suited to the volatility of the export sector labour demand. Thus labour by women gives export-oriented industries their comparative advantage and it is also in the benefit of these industries to maintain their advantage by continuously offering low(er) wages to women and increasing the flexibility and volatility of their employment.

Another instance of competition as a gendered process is the crowding of women in a narrow range of occupations with underpaid wages, creating segregated occupations for men and women, based on assumptions of what constitutes feminine work. According to Bergmann, such discrimination against women enhances the competitive position of firms practicing occupation segregation, by reducing their monetary costs, i.e. by channeling men and women into different types of roles and tasks two separate work forces are created, allowing firms to pay the women workforce lower wages than they would pay a workforce that includes men.

So, while proportionally more jobs have been created for women workers in the export sector, they are more likely to be employed in low-wage, insecure and seasonal jobs without any social protection (UNCTAD 2004). However for feminist economists, these labour market inequalities mirror the larger structural inequality between paid production of labour and unpaid social reproduction of labour, household, and communities.

Feminist economists reject the mainstream theory, in both its understanding and as a principle for policy making, based on the fact that it does not allow for understanding gendered characteristics of the economy. They argue that addressing gender issues calls for using alternative frameworks of analysis. While on the face of it economic or trade policies might be gender neutral, in the sense that they neither target men nor women, they will be gender biased if they fail to take into account gender inequalities that permeate economics (Elson 1995). In consequence, it is crucial to use a framework of economic analysis that allows for understanding power relations and existing structural inequalities, including those that are gender based, in order to design economic and trade policies that are not biased against women. Feminist economics offer such a framework.

Economic policies in India are increasingly toeing the neo-liberal framework line which is based on the mainstream theory that has been critiqued by feminist scholars. Neo-liberalism is adopted despite the cultural context of violence, oppression of women and gender inequality, within both the social as well as economic sphere, and representatives of various government departments have shown concerns regarding gender inequalities in the context of increased trade liberalisation.

In this context, the next section will delve into how economic destabilisation brought about by globalisation and neo-liberal policies has created new conditions for women exploitation and the deepening of gender inequalities in the Indian export-oriented manufacturing sector. This is in order to make a case for the relevance of feminist economics in the Indian context.

III. THE CASE OF INDIA'S MANUFACTURING SECTOR

In 1991, India formally declared its intention to put its economy through a process of "structural adjustments" and consequently brought forth a comprehensive package of policy measures. These structural adjustments were planned as per the Structural Adjustment Programmes (SAPs) of the World Bank group (WB) and International Monetary Fund (IMF) (see Appendix 3). By April 1994, the treaty creating the World Trade Organisation (WTO) had been signed with India as a founding member (see Appendix 4). WTO as an institution, considers increasing trade through economic liberalisation – or "free trade" as its "primary purpose."¹⁸ It aims to establish a framework for trade policies, which are exclusively neo-liberal, and in line with the prescriptions of the WB, IMF and other such neo-liberal IFIs. These economic transformations were cornerstones in the reorientation of India's economic policy. As a continuation and in the event of repeated failures of the WTO talks, the Government of India has Free Trade Agreements (FTAs)¹⁹ a new and major instrument of economic liberalisation. Like WTO agreements, FTAs are binding and shape local policy from a predominantly neo-liberal perspective, with a definite orientation towards corporate access to and use of the resources and the market within a country. More worryingly is the added attribute that FTAs go beyond the WTO because they demand deeper liberalization and cover more ground in terms of their scope (see Appendix 5).

Transformations and destabilization

The economic reform period impacted the industrial manufacturing sector which underwent fundamental transformations. The transformations in the sector were accelerated by the flow of capital across borders, partly facilitated by WTO agreements on investments (Ghosh 2001). They can be summed up as follows:

- A rapid increase in the presence of Trans-national Companies (TNC)²⁰ which are opening subsidiaries in India
- An Increase in the import of labour-saving equipment or technologies by domestic companies in order to compete with big firms, but no provisions for support and rehabilitation for the workers displaced.
- A spurt in Mergers and Acquisitions (M&A) of local companies by foreign firms (For example: Coca Cola bought the entire Thums Up group) leading to a consolidation of production resulting in an increased instability of employment and increased unemployment
- An increased control over prices of commodities by fewer, larger companies, which leads to an increasingly monopolistic production.

¹⁸ http://www.wto.org/english/thewto_e/whatis_e/wto_dg_stat_e.htm

¹⁹ These agreements have been given several names, from Comprehensive Economic Partnership Agreement (CEPA), Regional Trade and Investment Agreement (RTIA) or, as we will refer to them in this paper, Free Trade Agreements (FTAs).

²⁰ TNCs are enterprises operating in several countries to be able to benefit from the advantages of different locations and markets to maximise their profits

The effect of all of these transformations was a change in the pattern of production, with an increased and often monopolistic role played by powerful TNCs, who extended a greater control over the network of production and supply, extending and shifting across the globe according to the more profitable opportunities available to them.

An important effect of the above is also the phenomenon of 'outsourcing' – wherein part of the production is given to other companies (in either offshore or domestic locations). While outsourcing can provide new employment opportunities, these are mostly concentrated in low wage/low value added activities. In this process, countries specialize in supplying low-cost labour and not in producing specific goods. Workers involved in such activities face intense competitive pressures from other workers around the globe, which keeps wages globally low. For example, many home-based workers, who earn piece-rate wages, are tied to global production networks (Chen *et al.* 2005; Carr, Chen and Tate 2000; Chen, Sebstad and O'Connell 1999). These workers are trapped in a production patterns where the benefits of improvements in productivity translate into (or are captured as) lower prices, i.e. higher profits elsewhere along the supply chain. They do not accrue to the workers as higher wages or higher standards of living.

These transformations of the production take place in the context of greater trade liberalisation, a trend which is reinforced by the creation of the WTO. Before 1991, Indian policies towards the small-scale manufacturing sector were characterized by the protection of infant industries²¹ and other socially important industries, in order to create industrialization as well as more employment.

Trade liberalisation and local production

Trade liberalization, a part of the economic reforms package, translated into a shrinking of government protection for weaker local producers as well as an increased exposure to competition from abroad, through a reduction in the numbers of goods subject to licensing and the removal of other regulations related to the entry of imports, a reduction of the rules restricting exports, an elimination and decrease in import duties across industries.

A basic rule of WTO is that there should be lesser restriction on the influx of imports and the out-going exports. Traditionally there are two types of barriers to prevent this: import tariffs and quantitative restrictions (quotas). Under the WTO, import duties are regularly reduced, under a system of bound duties. This means that, after negotiation within the WTO, countries decrease their import duty rates on products that are of interest to other countries and bind them at a set level. After this, countries cannot ever increase import duties above the bound level agreed before, even to stabilize prices in the local market or protect local producers against imports. Since the signing of the WTO, the Government of India has significantly lowered its import duties, which has a strong impact on the Government's budget. FTAs seek to further these reductions or completely eliminate most import duties.

²¹ In economics, an infant industry is a new industry which in its early stages is unable to compete with established competitors abroad. The infant industry argument is an economic rationale for protectionism. The crux of the argument is that nascent industries often do not have economies of scale that their older competitors from other countries may have, and thus need to be protected until they can attain similar economies of scale.

Quantitative restrictions to imports, also called quotas, were used to ensure that the production of a quantity of certain items would be reserved for local “tiny or micro” and small scale industries to produce. However due to the economic reforms process, by March 31 2001, all quantitative restrictions had been removed and most products were put under the Open General License list for imports. Also, with the signing of the WTO, India had to remove its import duties on textiles imports, including on synthetic fibers and garments. This is while the increase in exports to developed countries that was expected as a result of the WTO agreements did not become a reality for traditional small-scale producers.²²

During that period, in the handloom sector, the introduction of new technologies, such as the power looms, caused hardships for handloom workers who had to compete with the production capacity of these new technologies. In addition, the power loom sector also enjoyed several benefits in the name of the handloom industry, such as being able to consume reserved textile yarn and the produce items otherwise reserved for the handloom sector.

The change in production and trade patterns, combined with technological changes and a shift in wealthier consumers choosing more synthetic textiles, had a strong effect in small villages and towns where micro-level textile production was taking place for the most part. The handloom sector, which was believed to employ about a million workers, was severely hit in the process of these transformations. For instance, in Rajasthan alone, 4000 small units had closed by 2001 (Ghosh 2001). In general, the small-scale manufacturing sector was severely hit.

Deindustrialisation

With the opening of its economy India’s manufacturing sector has undergone a process of deindustrialisation due to an increase in imports and their weight in the domestic market.²³ In the case of manufactured commodities, these imports have resulted in a double attack on employment in the local industry. On the one hand, imported products are directly sold in the domestic market, destroying the local production of these goods. On the other hand, there are goods which are still produced in the country, but they are produced differently and do not need local intermediary products in their production. This also includes products for the export sector.

The differentiated impact this has on men and women is interesting to note. According to studies, more men are impacted by employment losses associated with import

²² The withdrawal of restrictions on the export of goods from India to developed countries, such as garment export to Europe and the USA, had the potential of being a positive impact of the WTO agreements for India’s small-scale garment industries. However, small scale garment industries from countries like India and Bangladesh posed a competition to workers within destination countries. Workers put pressure on their governments and companies in the developed nations and asked for their employment to be protected. USA used the labour standard clause of the WTO and the pretext of exploitative labour conditions in the exporting countries (India and Bangladesh), and prevented cheap goods from entering its market.

²³ There was a rejection of this idea by some economists, based on the fact that after an initial (sharp) increase of the import of goods in 1993-94 and 1996-97, the value of imports stabilised. Later studies have shown that while the value of imports did stabilise, the actual volume of imports has more than doubled between 1996 and 1999 (Chandrashekar and Ghosh 2002). This means that the amount of imports has actually increased, albeit at a lower price per piece.

penetration on a global scale (Heintz 2006). This can be explained as more men were traditionally employed in the manufacturing sector. But, the studies continues to say that if men's employment declines with import penetration, women's labour supply may increase as a survival response to falling household incomes due to men's income being affected (Heintz 2006). Hence, while women's employment is less directly impacted by import penetration, the impact is transferred through the impact of a reduced men's income on the household income. Often, this indirect outcome is not recorded as impacting women's labour, as the required data is not available.

In India, in manufacturing sectors were both men and women were employed, the result of such deindustrialisation has been a disproportionate reduction in the availability of sustained or viable employment for women, even in the most ill-paid segments of the informal sector (Mazumdar 2003).

Consolidation of production

Along with de-industrialisation and import penetration, a consolidation of production²⁴ has also been observed in several Indian industries, including in the export sector. In economic jargon, consolidation means that within a specific industry, there is a decrease in the number of different companies (which compete with each other) and an increase in the size of the (fewer) companies. Large exporters, more closely linked with monopolistic retail industry abroad²⁵ can then appropriate most of the profits from the production process. In this process, industries close and change locations, so jobs are lost and reallocated. The establishment of new factories required a flourishing labour force, resulting in migration towards these centres of production. On the other hand, workers who had been laid off migrated back to their homes in a reverse flow of migration. The net result of this consolidation was not the creation of new jobs but mostly their repeated reallocation.

The garment industry is a case in point where the net result was a decline in women's employment (Mazumdar 2007).²⁶ In the electronic industry, the organised sector accounts for more than 50% of female employment within the industry. For this industry, economic liberalisation meant the promotion of hardware imports, as well as software exports, both at the cost of the local hardware manufacturing industries, which experienced wide-spread factory closures. Here too, the industry underwent a phase of consolidation, this time including investments from large foreign corporations and the increase in their direct weight in the industry. During this period of consolidation, swings in both male and female employment rates have been recorded at rates comparable to the case of garments. Closures and relocations are indicators of the volatility and insecurity of employment. A high level of job reallocation translates in a

²⁴ Consolidation is the process of merging many things into one. In business, it often refers to Mergers and Acquisitions of many smaller companies into larger ones. This can result (a) the liquidation of the acquired company's assets and the survival of the purchasing company (b) the creation a new company in which none of the previous companies survive or (c) the purchasing company acquires a majority equity of the of the acquired company (more than 50%) and both companies survive.

²⁵ Monopolistic means that there are few(er) companies involved in a specific economic activity, which gives them the capacity to influence production, be it at the level of production prices, kind of production, or time of production.

²⁶ While the number of women workers in garments manufacturing has increased substantially between 1993-94 and 1999-00, the share of employment has actually declined (from 29% to 20%, and back to 28% in 2004) (Mazumdar 2007).

high degree of uncertainty for the workers of the concerned sector (Elson et al 2007: Chapter 9). This is even as the concerned industry might be expanding, as in the case of the electronic industry. In addition, even flourishing producers present oppressive work conditions - ten hours workdays, seven days a week in an oppressing atmosphere (Mazumdar 2007).

Impact on employment

The export-oriented sector was looked upon to create employment for women in large numbers and at higher wages, an idea that is embedded in mainstream economic theory. Contrary to what the theory says, some argued that in the period of economic reforms there has been a decrease in employment creation in India, leading to more total unemployment (93-94 rates compared to 99-2000) (Breman 2003).²⁷ Data on women's employment shows decreased employment in agriculture (NPC 2009), a marginal increase within the manufacturing export sector (Mukihapodhyay and Sudarshan 2003) while textiles witnessed stagnation (NPC 2009).²⁸ In services, the availability of new opportunities, through the IT and Communication 'boom' has been limited to only a specific category of urban-based, educated women. While these fields have made women's employment more visible, the numbers do not reflect a very great boom, instead they point towards women being ghettoised at the lower end of the value chain (NPC 2009). In short, after twenty years of economic reforms one can see that "more women are in need of employment" (Womenspeak 2000).²⁹

Export-led employment has kept women in low paid and low skilled jobs under flexible terms of employment (Seguino 2000). A study of the Indian garment industry points out that a characteristic of casual and contract labour is to have lower wages than the wages for the same work under formal labour (Mazumdar 2003)³⁰ (see Table 2). Temporary terms of work without job security have been made possible by the fact that most of this employment has been generated in the informal economy, where labour laws are not implemented (CSR 2003). In other words, the use of women as flexible labour force has increased the tendency towards generally precarious conditions of employment. In addition, export related employment often tends to be volatile and short lived (Ghosh 2006). The general result of such volatility is an extreme and continuous pressure on the wages and incomes of the majority of women workers to levels far below subsistence (Mazumdar 2003).

²⁷ While there has been an increase of women's participation in the work force between 1999-00 and 2003-04, this can not make up for the losses occurred in the 1993-94 to 1999-00 period (NPC 2009).

²⁸ Census 2001 noted a rise in the female work participation rate in the period 1991-2001. However, it attributed this increase (from 22.3% to 25.6%) to an improved methodology of enumeration, where even women's unpaid activity in the household and farm enterprise was included into the calculation of work participation rate in the 2001 census, previously not done for the 1991 census. (2002) 'Big jump seen in female work force participation rate', Financial Express, Feb 18, 2002, <<http://www.financialexpress.com/news/big-jump-seen-in-female-work-participation-rate/37884/>>

²⁹ In March 2000, at the initiative of six national level women's organisation, some ninety women's groups and organisations became signatories to a document prepared for the Global March 2000. This document, Womenspeak, United Voices against Globalization, Poverty and Violence in India, was the first attempt at a comprehensive analysis of the adverse effects of IMF and World Bank dictated Structural Adjustment Policies (SAP) and globalization on women in India, by the principal national platform of the united women's movement.

³⁰ While it is true that casual workers tend to receive far lesser wages than workers in the organised sector, the situation is worse for women, who often get lesser pay for the same work than men in both sectors.

Table 2

Table: Average Daily Wage (in Rs.) of Regular and Casual Workers (15-59 years), 2004-05			
	Male Wages	Female Wages	Index of gender bias in wage payments
Regular Work			
Rural	144.93	85.53	0.59
Urban	203.28	153.19	0.75
Casual Work			
Rural	55.03	34.94	0.63
Urban	75.1	43.88	0.58
<p><i>Note: Index of gender bias in wage payments has been calculated as the ratio of female wage to male wage. Smaller ratio indicates high gender bias.</i></p> <p><i>Source: Calculated from unit level data of NSSO, 2004-05</i></p>			

Economists also argue that export-oriented employment has taken a particularly regressive form in India (Ghosh 2002). The feminization of work is actually a marginal utilization of women workers - which implies that women do not form part of the core work force, but the dispensable one – ghettoized in the lowest paid parts of the production chain.³¹ This is also marked by an organization of the production, structured around outsourcing and home based work, which consequently involves no safeguards of worker's rights, the fixing of minimum wages, or social security benefits. The ghettoisation ensures that workers are deprived of the benefits of employment outside the household (Ghosh 2002) and of most their labour rights.³² This leads to strong adverse implications on the bargaining power of women, as a social category.

Gender dynamics in paid work

Discrimination against women in paid work can be of two kinds. One is to directly give women workers a lower wage as opposed to men for the same work (called the gender wage gap). In the second case, a socially perceived difference in skills and capabilities between men and women translates into and 'justifies' a segregation of occupations between them. The reasoning offered is that women and men 'naturally' perform different tasks with the work done by women categorised as light or unskilled work (NPC 2009). This practice is called occupational segregation.³³

As said earlier, the Indian Constitution provides for equal rights for men and women, in addition to several laws that grant equal pay for equal work, making gender wage gaps illegal. India is also a signatory to the International Labour Organisation's core conventions against discrimination in payment of wages. But, as has been explained

³¹ The concept of 'feminisation of the workforce' has two connotations, one being the increased proportion of women as part of the workforce and another being the increased informalisation of conditions of work. While the first has been questioned by feminist economists and scholar working on women issues, the second is mostly accepted by economists working on women issues and even government bodies.

³² In addition, as one can see in the garment sector, the fluctuation in the share of women's employment is indicative of a continuous cycle of absorption and shedding of labour with an overall drive towards lower wages (Mazumdar 2007).

³³ In most cases the reasoning that the work performed by women is light or unskilled can be proved wrong. For instance, weeding is not a light job, but is reserved for women at the lowest of wages. Another example is transplantation of paddy, a skilled work also reserved for women, which does not receive high wages (Menon-Sen and Shiva Kumar 2001).

before, these laws only cover the formal sector and do not include the informal sector.³⁴

The literature on the relation between international competition, economic liberalisation and gender wage gaps are contradictory. According to mainstream economists, gender wage gaps are an imperfection rooted in prejudiced preferences, where employers have a 'taste for discrimination' (Becker 1971). What this means is that by preferring to employ men, employers pay a higher wage to male workers (even though women workers might be more or equally efficient), thereby increasing their own labour costs. According to such theorists, such discrimination can be curtailed only by introducing competition through trade liberalisation, where discriminating firms have no choice but to abandon prejudices.³⁵ Thus, "the gender wage gap will narrow in industries that must compete with imports produced by unprejudiced firms elsewhere" (Bhagwati 2004).³⁶ According to feminist economists, gender wage gaps and occupational segregation are symptoms of the asymmetric responsibilities arising out of the intermixing of patriarchal norms and the labour market. They reflect the larger structural inequality between paid production and unpaid reproduction of labour. In the midst of India's comprehensive trade liberalisation, there are evidences that this wage gap is only increasing (PRUS 2005).³⁷

It can be argued that women have been segregated into the export-oriented sector since a large additional pool of low wage workers with fewer rights to be used for export production has been a crucial element of the success of the so-called export-oriented development strategies, around the world.³⁸ It is the control over the flexibility of women's labour and the ability to lay-off and recruit as and when needed (based on the understanding that women are not the main income earners of the household but bring only a supplementary income) that guides the preference of export oriented firms for female labour (Shah et al 1994). Within other sectors too, occupations have been segregated in order to ensure lower costs to firms, as can be seen in the instances below.

³⁴ A distinction needs to be made however, between 'equity' and 'equality', with reference to the labour market. 'Equity' generally refers to formal equity or equity de jure - usually in reference to the laws of a country and the formal rules of institutions, including firms and factories. 'Equality' is understood as more substantive equality or equality de facto - i.e. equality in outcomes. 'Equity' is understood to mean the absence of explicitly discriminatory laws and practices, while 'equality' is understood to mean the ending of gender wage gaps and occupational segregation (Elson 2009). Hence, provide a legal framework is a must, but is not enough to ensure that such practices are not seen on the ground.

³⁵ This theory has been extended to the context of international trade by giving the example for a closed national economy in which all domestic firms are prejudiced against women. It is argued that when the economy opens to trade, non discriminating firms will be able to supply the market more cheaply than discriminating domestic firms, putting pressure on the latter to change their behaviour (Bhagwati 2004).

³⁶ Bhagwati found a confirmation of his argument in the empirical findings of Black and Brainerd (2004) on the decline of the gender wage gap in U.S.A, between 1976-93. However, this argument has been challenged as it was found that the gender wage-gap decline was the effect of the disproportionate loss of employment for low-wage women, which increased the average wages of women who remained employed, thus narrowing the gender wage-gap. See Kongar, Ebru (2007) 'Importing Equality or Exporting Jobs? Competition and Gender Wage and Employment Differentials in US Manufacturing' in *Feminist Economics of Trade* (2007) edited by Irene van Staveren, Diane Elson, Caren A. Grown and Nilufer Cagatay, Routledge.

³⁷ This study however concludes that there is little evidence to connect trade related measures as important determinants of the industry level gender wage gap (PRUS 2005). One explanation for this can be that increasingly, in many places, in trade related sectors, employment or occupational segregation seems to be an increasing contributor to wage disparities (Fontana 2003).

³⁸ See Rodrik (2000) for an analysis of the Case of Mauritius.

In the Information Technology Enabled Sector (ITES), urban educated women have benefited from the IT sector expansion in terms of new employment opportunities. Contrary to general claims and perceptions, however, the overall participation of women in this sector, especially in managerial positions and highly paid network and operating systems or software jobs remains low. Additionally, there seems to be growing segregation on gender lines with the share of women employed in low-skilled database jobs increasing, while the share of women employed in the more skilled and better paid hardware consultancy, decreasing. Hence, while ITES is moving towards becoming a higher skilled industry, the proportion of women employed is decreasing (NPC 2009).

In the fishing communities of Kerala, while men go fishing, women are involved in an array of activities which take place before and after fishing, these activities are necessary for the fish to become a product for exchange and include cleaning the fish, curing and drying, as well as marketing. In the 'new' division of labour within modern industrial fisheries, men constitute the workforce within industrial fishing fleets, and the women work in export processing units. There is clear occupational segregation on gender lines in the sector, with a wage disparity between feminine and masculine work – processing and fishing. There is also a consideration that the skills needed for performing feminine work are not really skills, but natural features i.e women by nature have little fingers and hence are faster at peeling prawns. The nature of work within a processing unit is portrayed to be unskilled within the whole global value chain, thus justifying low wages.³⁹ (Barria and Matthews 2010).

In India, studies evidence the continuation of or increase in wage disparities, despite increased competition (Pal, Sengupta and Ghosh 2004). In fact, growing competition from greater exposure to the world market is associated with an increasing pressure on the relative pay that women receive, as well as increased discriminative treatment towards women which translates into lower wages (Menon and Rogers 2008). Furthermore, feminist economists argue that inequality in wages has been used for generating trade and growth (Kabeer 2003).

While women's economic independence may be an essential prerequisite for emancipation, it is wrong to assume that it ends patriarchal oppression in either the domestic or broader social sphere. For instance, while industries like garment manufacturing, electronics or ITES are seen as entry points for generating income for women, it has been shown that issues of gender and social equality remain. The discrimination against women's work i.e. invisible reproductive work within the household has not been eliminated and the women carry the burden of their roles as agents of social reproduction.

Labour rights

A strong argument, from industrial lobbies and companies, which has run through the period of liberalisation, is the need for more flexible labour laws, in order to ensure the most effective use of labour. Hence, along with economic reforms, an attempt has been made to amend existing laws and regulations in order to create a legal framework

³⁹ Hence, in a fish-processing export unit, exporters have build part of their ability to compete in the international market on patriarchal values that have reinvented themselves within industrial fisheries.

favourable for the exploitation of labour. India has several Acts which regulate different aspects of worker's labour conditions, including overtime work, minimum wages, layoffs, closing of companies and restrictions on the use of contract labour as opposed to regular labour.⁴⁰ While there have been attempts to amend these laws, the amendments have not gone through since on one hand they need to be approved by the Indian Parliament, and, on the other hand, most of the workforce is in the unorganised sector, which remains outside the purview of most of these regulations.

A new attempt is being made to ensure that the respect of labour laws is not imposed on companies, through provisions for the "protection of investments against expropriation", which are included in the agreements India is negotiating with the European Union, Japan and that it has already signed with South Korea. According to a professor of Investment Law, ordinary government measures already in force, such as labour laws requiring a minimum wage, occupational health and safety laws can all be interpreted as the "expropriation" of benefits.⁴¹ In a context where the need of the hour is to have the large majority of the work force brought under the purview of the existing laws,⁴² undertaking such commitments at the international level is counter productive.

Trade unions play a vital role in raising awareness, monitoring abuses and campaigning for the implementation of these rights. They can also be a vital tool in negotiations with local employers, trans-national companies and in negotiating agreements for global chains. Organizing women is a critical element in their economic and social empowerment, as a means to increase their bargaining power to counter the forces that work against them (Uppal 2007). Worryingly, India has not signed the International Labour Organisation core conventions on the right to unionizing.⁴³ National laws on union recognition and rights are again limited to the formal sector. Further, the Government of India has created Special Economic Zones, which are mainly producing for export and do not recognise collective bargaining and unionization rights. It needs to be recognised that unionization is core to ensuring a framework of rights for workers, and these rights can not be left aside in the name of increasing foreign investments in the country.

⁴⁰ These are the Industrial Dispute Act, 1947; Trade Unions Act, 1926; Contract Labour (Regulation and Abolition) Act, 1970, The Payment of Wages Act and the Minimum Wages Act, 1948 (the only one of these laws applicable to the informal sector).

⁴¹ These provisions provide for investors i.e. companies, to claim monetary compensation from governments if the benefits they were expecting from their investments do not materialize. The definition of direct and indirect expropriation is not given but lies in the hands of the lawyers of the investors. The resolution of disputes related to alleged expropriation need not take place within the Indian jurisdiction, but settled in an international arbitration body.

⁴² It can be argued that ensuring existing regulations to apply to the entire work force is a needed first step before strengthening them to respond to women's specific condition. This is as the divide between the formal and informal sector has created a discriminatory context, which urgently needs to be rectified. At this stage strengthening existing regulations would be effective for only 5% of the women workforce, which is the percentage of women employed in the formal sector.

⁴³ As per the 1998 ILO Declaration on Fundamental Principles and Rights at Work, four principles were identified as "core" or "fundamental." The declaration asserts that all ILO member States have an obligation to work towards fully respecting these principles (embodied in the relevant ILO Conventions) on the basis of their membership to the ILO. The fundamental rights include freedom of association and collective bargaining, as well as discrimination, forced labour, and child labour. This means that India is bound by the principles of the core conventions on the right to unionise, despite not having signed them.

V. CLOSING REMARKS

The reforms of the Indian economy, which began in the 1990's, mark a shift towards policies based on mainstream and neo-liberal economic theories, which seek to continuously transfer economic control from the public to private hands. These transformations in the economy have impacted government policies, production and employment. The reduction in the Government's social sector spending, including on health and education, have increased the burden on the poor. An increase in the cost of such services with the entry of more private players has meant that fewer people can avail of them. More often than not, the pressure of such transformations is the greatest on socially and economically vulnerable groups, and within these groups, particularly women, as they are responsible for the social reproduction of labour.

When protection to small-scale and infant manufacturing industries was removed, it threw them into competition with global, trans-national companies. Without adequate protection and tariff restriction, these industries found it extremely difficult to survive, leading to massive losses of employment, especially in rural areas. The parallel processes of de-industrialisation and consolidation of larger industries only added to the overall lack of employment creation, and accentuated the crisis of employment. Despite being loudly touted as one of the benefits of liberalization, a dearth in the creation of employment shows a reality where more women and men are in need of work. While the need for wages puts pressure on the workforce at large, women also face the added pressure created by economic reforms on the social reproduction of labour. In addition, women workers face the challenge of the contradiction between their roles and responsibilities as women and as workers.

Empirical evidence consistently points to the fact that the formal sector employs only a small proportion of the total working population, with the bulk of the population, especially women, situated in the unorganised sector. Even within formal sector enterprises like Information Technology and Tourism, women's employment is concentrated at the low-end like data operating and house-keeping services. Unorganised employment within sectors like Agriculture, Construction, Textiles and Garment industry are characterised by high incidences of informalisation of labour and forms the most precarious kind of employment, including volatile or insecure employment, and lack of social security. Workers employed in such sectors are also extremely vulnerable to exogenous circumstances of inflation and global and local recessions, apart from earning incomes that hardly meet their subsistence needs. Innumerable studies highlight the high-risk for women to be trapped in such employment. The increase of contractual and home-based outsourcing of work, of which women again form an integral part, only further deprives them of accessing the legal benefits that would accompany formal employment.

The argument that globalisation will provide employment opportunities to and improve wages of women within the export oriented sector has been proved contrary to real outcomes. When explored further, this argument also reflects several patriarchal

underpinnings. The bias regarding women's work as of less value and as a supplement to the 'traditional income' (generated by the man) is also mirrored in these enterprises, with women workers being paid lower wages than their male counterparts for similar work, and being subjected to 'flexible' terms of employment i.e. home based, temporary and contractual work conditions. Consequently, women workers need an institutionalized structure that ensures their bargaining power, even more than men workers do.

Trade unions are core to ensuring a collective bargaining power to workers and ensuring a check on the implementation of existing labour laws. An increased thrust on export-orientation, including the creation of Special Economic Zones and the signing of multiple Free Trade Agreements, without the recognition of the right to unionise will only serve to accentuate the exploitation afflicting the export-oriented manufacturing industry, and especially the women employed in this sector.

Labour conditions and gender inequality within the export-oriented sector cannot be understood in isolation and independent of the volatile markets it caters to. The need for 'flexible' workers is in part a response to the volatility of export oriented production, which depends on (varying) international demand and is subject to intense competition. In consequence, there is a need for a legal framework with strong in this sector. Instead, while the Indian government is promoting the export oriented sector as an avenue for employing women, it is not providing a legal framework to ensure that their labour rights are respected.

Recommendations

- 1. Develop an understanding of the impacts of economic liberalization based on the work of Feminist Economists***

This is crucial in order to review foreign trade policy with a gender based lens. This could be an exercise similar to the Committee of Feminist Economists which contributed to the formulation of the Eleventh Five Year Plan (2007-2012). Interestingly the CEF did not look at foreign trade issues or the implication of economic liberalisation. It has also been argued that to secure equality (including gender equality) along with growth, economies must be wage-led, in the sense that production is oriented towards supplying a broad-based domestic market based on rising labour productivity and wages, rather than towards supplying to an export market, keeping wages constantly below productivity, and sharing the proceeds from the increase in profits (Seguino and Grown 2007).

- 2. Halt negotiations of proposed FTAs until comprehensive gender based social and economic assessments are undertaken***

The Indian Government should with immediate effect halt the negotiations on all proposed Free Trade Agreements. Further to this, a detailed and comprehensive study should be undertaken on the effects of trade liberalisation on women by concerned departments and ministries, like the Ministry of Commerce. The objective of such a study should be to initiate a broader understanding on the

issues of gender inequalities and markets. Studies done by the ministry should include a analysis of the impacts of key chapters, especially those related to investments, intellectual property rights, government procurement, as well as the impacts on household income and women's paid and unpaid work of both decreased government revenue from tariff cuts, and increased imports. The framework given by the Human Rights Rapporteur on Violence against Women can be used for the aforementioned report.

3. *Ensure that all workers are under the purview of existing labour laws*

Create mechanisms to implement labour rights within the informal and unorganised sector. These should include the provisions of an universal social security and should create mechanisms to monitor the violation of labour and trade union rights. A committee should also be formed to ensure that existing labour laws are strengthened by women specific provisions.

4. *Recognize the right of and need for unionising*

It is essential to ensure bargaining power, especially in industries where women work. While this is an established right under the ILO framework, India needs to sign the relevant conventions and ensure its implementation across the country and across industries. Special attention should be given to export oriented industries.

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APPENDIX 1: GLOBALISATION CHART

Globalisation

A phenomenon whereby different places around the world are connected and interdependent economically, culturally, politically or in other ways.

Neo-liberalism

This ideology, based on economic liberalism, favours economic policies based on neoclassical theories of economics that minimize the role of the state and maximize the private business sector. Because of the biased towards corporations, the result is often called as corporate globalisation, as economic exchanges are increasingly dominated by corporate entities.

Free Trade

This is an expression of neo-liberalism in the realm of exchanges of goods, provision of services, regime of investments and capital flows, and other areas which impact economic exchanges, like property rights regulations, state link companies and government purchases.

Trade Liberalisation

Grounded in the ideology of free trade, Trade liberalisation, along with other forms of economic liberalisation, facilitates corporate globalisation. It refers to the removal of obstacles to trade, such as import duties, quotas, and other rules and regulations on the exchanges of goods, and the provision of services.

World Trade Organisation (WTO)

The WTO is an operational arm of the neo-liberal ideology. It is the chief vehicle that creates and enforces the rules governing international trade, aimed at greater trade liberalisation.

Free Trade Agreements (FTAs)

FTAs are a newer operational tool of the neo-liberal ideology. FTAs are not only about trade liberalisation, but about corporate globalisation. They go beyond the WTO in the variety of economic and non-economic sphere they encompass.

APPENDIX 2: THE MYTH OF 'FREE MARKET'

- The market is an institution for exchange;
- It is governed by the dollar vote: if you have one million dollar, you will have one million votes; if you have one dollar, you will have one vote;
- Hence, it depends on the purchasing power of its actors, those who own the currency;
- Therefore the demand patterns in the global market are being decided by the richer actors, most of them being Trans-National Companies based in developed countries;
- The only thing the market caters to is purchasing power. Thus it has no values;
- The principle of the market is based on “consumer sovereignty” – you should have what you desire - and “more is better” – which leads to consumerism;
- As the market only caters to purchasing power, if one is marginal in the market then the marginal role will become irrelevant: the market tends to further marginalize the already marginalised;
- This marginalization leads to growing disparities in terms of incomes, wealth, social relations/inequalities and regions;
- Disparities can be rectified by interventions from outside the market, like state interventions, but then it does not remain a free market;
- In any case, most markets in the world are not actually free as they are often controlled by specific actors. For instance, the agribusiness and energy companies in the USA control markets with the help of federal subsidies that allow them to produce and sell cheaply.

Based on Arun Kumar, 2004

APPENDIX 3: WHAT ARE STRUCTURAL ADJUSTMENT PROGRAMMES?

Structural Adjustment Programs (SAPs) are economic policies promoted by International Financial Institutions (IFIs), including the World Bank group (WB)⁴⁴ and the International Monetary Fund (IMF).⁴⁵ They came about in the early 1980s and were characterized by the provision of loans that were conditional on the adoption of certain policies. SAPs reflect the neo-liberal agenda followed by IFIs and other international institutions, like the World Trade Organization (WTO). They aim to restructure the economy and reduce government intervention.⁴⁶ Although the IFIs design SAPs for individual countries, they have common guiding principles and features which include export-led growth, privatization and liberalisation, and the efficiency of the free market.

Countries adopting SAPs were told by neo-liberal proponents that such structural reforms were essential for sustaining growth and economic stability. Faced with mounting debts incurred from private banks in the 70s, indebted countries did not take the chance to be deprived of external funds needed to service their debts and instead decided to implement the measures imposed by the IFIs. While the third world's debt burden rose from \$785 billion at the beginning of the debt crisis in 1978 to \$1.3 trillion in 1992 (Singh 2011), conditional loans enabled them to keep on making interest payments to western commercial banks and assured a regular supply of repayments in the medium and long term.

In India, the deficit on the government current account increased throughout the eighties. From the mid-eighties India relied more greatly on high interest commercial loans from international banks to finance the government deficit. The net outcome was that India's external debt tripled during the decade of higher growth. This set the stage or accepting the conditional loans of the IMF and WB⁴⁷ in the 90s. Under SAPs, the WB monitors the entire macro-economy, such as balance of payments, fiscal deficit,

⁴⁴ The World Bank group is a family of five international organizations that makes leveraged loans, generally to poor countries: the International Bank for Reconstruction and Development (IBRD); the International Development Association (IDA); the International Finance Corporation (IFC); Multilateral Investment Guarantee Agency (MIGA); International Centre for Settlement of Investment Disputes (ICSID). The term "World Bank" generally refers to the IBRD and IDA, whereas the World Bank Group is used to refer to the institutions collectively. India is a funding member of the Bank, and a member of four constituents of the World Bank Group: IBRD, IDA, IFC, MIGA, but not ICSID.

⁴⁵ The IMF and WB came into existence in 1944. The IMF would provide short term financial assistance to the erstwhile colonies to overcome deficits in their balance of payments and facilitate free flow of industrial goods from the developed countries. This would ensure the global division of labour, of developed countries supplying industrial goods to the erstwhile colonies as a source of high profits and the developing countries supplying primary products to the developed at low prices. The World Bank would ensure long term loans to the developing countries which could be used to buy capital goods (including armaments) for the developed countries. As a result the developed countries would continue to maintain their high rates of growth of output, employment and income (Reddy 2004:21). Narashima Reddy also states that "The primary objective of the IMF and WB was to facilitate the continued economic domination of the imperial powers, not by exercising direct political control, but by instituting economic organizations [...]" (Reddy 2004).

⁴⁶ For more on SAPs, see: <http://www.whirledbank.org/development/sap.html>

⁴⁷ When the economic reforms were initiated, the Government denied any pressure from the Bank or IMF. Later on the Finance Minister told Parliament that the loans of the Bank and IMF actually carried conditions.

foreign investment, money supply etc. Public expenditure reviews are also a part of the WB's conditionalities. Under this review, it not only asks for cuts in expenditure but also lays out detailed instructions for such cuts in specific sectors. The policy measures launched by the Indian government as part of the economic reforms are listed below ⁴⁸ (Singh 2011):

- Devaluation of rupee (by 23%)
- New Industrial Policy allowing more foreign investments
- Opening up more areas for private domestic and foreign investment
- Part disinvestment of government equity in profitable public sector enterprises
- Closure of sick public sector units
- Reforms of the financial sector by allowing private banks
- Liberalization of the banking system
- Cuts in social sector spending to reduce fiscal deficit
- Tax reforms leading to greater share of indirect taxes
- Liberal import and export policy
- Market-friendly approach and less government intervention
- Amendments to existing laws and regulations to support reforms.

Part of the reforms package is the control of the government deficit. The consequent reductions in the Government's social sector spending have a direct impact on the burden carried by women, traditionally responsible for social reproduction and family care work. In India the benefits of welfare were not accessible to all sections of society before economic liberalisation, and it is acknowledged that the further reduction has had an adverse effect on the lives of women (Mazumdar 2007), particularly those from economically-marginalised sections. The Human Rights Special Rapporteur on Violence against Women stated in her report that neo-liberal trade, finance and economic policies have reduced the state's capacity to regulate and tax capital; thus undermining its capacity to alleviate poverty (Coomaraswamy 2000). The hardship on the traditional household income intensified the need for women's paid employment, which came at the expense of family care, social reproduction and women's own health and leisure.

Feminist criticisms of the application of SAPs were on the lines that the hardship on developing economies strengthened pre-existing gender inequalities and developed new ones (Elson 1995; Elson et al 1997). In India, it has been argued that economic reforms had a direct impact on the reduction of social welfare components of the state budget. The fiscal policy discipline required the reduction in public deficit and eventually translated into the reduction in social schemes related public expenditures. Also, public spending was redirected from subsidies to the poor, towards broad based provision of pro-growth business friendly services. The health budget is an instance of this, as it results in the exclusion of people who have either low or no purchasing power. The existing distortions of health services in India were accentuated with the Government following the SAP agenda on healthcare. The budget of 1994-95, of which health care was just 0.58% was an indication of the government's willingness to adopt those policies.

⁴⁸ All the above mentioned ingredients of SAP are based on the Anderson Memorandum titled "Trade Reforms in India" dated Nov. 30, 1990 submitted to Government of India by the World Bank. This memorandum was not shared with the then Prime Minister, Mr. Chandra Shekhar, the then Finance Minister and the Cabinet Secretary by a group of senior officials in the Finance Ministry, all who were ex-World Bank and ex-IMF employees (Singh 2011).

APPENDIX 4: FROM WTO TO FTAS

Why was the WTO needed?

By the 1990s, 70 to 80% of the national income and employment of the 7 most developed countries⁴⁹ was generated in non-goods producing sectors: the services sector (Reddy 2004). The share of agriculture and manufacturing in national income and employment diminished, while the services sector diversified and increased its share of income and employment. Developed countries came to be called “services economies”. Simultaneously, by the end of the 90s, almost 40% of the global industrial output came from newly industrializing countries (Reddy 2004). The emphasis on trade in manufactured goods was not the only central economic activity in developed countries or the growing powers within them: the corporations. Changes in technology and production patterns also increased the importance of investments⁵⁰ and intellectual property rights⁵¹ within economic activity. This created the need for a new institution with a new definition of Trade, which not only included trade in manufactured goods, as was the case with the GATT Treaty⁵² but also included trade in agricultural, services, investments, and intellectual property rights. Hence came to be the World Trade Organization (WTO)

A differentiation must be made between the two channels through which a country can open its economy: *autonomous liberalisation and bound liberalisation*. Autonomous liberalisation implies that a Government decides to implement policies aimed at a greater integration with global trade based on its internal decision-making process. In contrast, bound liberalisation through international agreements and treaties – multilateral as the WTO, bilateral or pluri-lateral as when engaging with two or more countries – means that the decision making process is beyond the scope of domestic policy. Trade policy through international trade agreements implies that a decision, once made is irreversible and also a binding commitment to other countries or institutions. In addition, the WTO, as an institution considers liberalisation or “open trade” as its “primary purpose.”⁵³ This means that while autonomous policy making allows for protectionist as well as neo-liberal trade policies, depending on the conditions in a specific economy, the WTO aims to establish a framework for exclusively neo-liberal trade policies.

⁴⁹ The Group of 7, economically most advanced countries, the G-7, was formed in 1976, when Canada joined the Group of Six: France, Germany, Italy, Japan, United Kingdom, and United States.

⁵⁰ Capital has become more mobile yet domestic regulations can affect its “entry” into the local economy and set rules for its functioning (for example FDI rules and regulations). Common regulations are called performance requirements, and include limits on foreign equity holdings in domestic companies, rules to ensure technology transfer to domestic companies etc.

⁵¹ Intellectual property rights include rules on patents aimed at ensuring royalties for technology developers and allowing them to control the use of a new technology for long periods.

⁵² The General Agreement on Tariffs and Trade (GATT) treaty, which came to exist in 1947, was the framework for the regulation of manufactured goods. The explicit aim of the GATT was to remove barriers to trade and investment between countries and open up markets favourable to particular national exports (which is also called free trade - see Appendix 2). The WTO was an extension of this treaty.

⁵³ http://www.wto.org/english/thewto_e/whatis_e/wto_dg_stat_e.htm

Starting in 1986, negotiations under the name of the Uruguay round took place within the GATT framework. Stiff resistance to broadening the scope of the GATT was expressed from large member countries, including India. The “Dunkel Draft” came as a proposal from the GATT director-general for a consensus over a multilateral system which would encompass these new areas⁵⁴ (Reddy 2004). The draft faced stiff criticism in India with over 250 Members of the Parliament and other prominent citizens of India issuing a statement against extending the scope of trade negotiations. Chief Ministers also expressed their concerns, including the Chief Minister of West Bengal, Tamil Nadu, and Orissa (Reddy 2004:23-24). Despite this, on April 1994, the Commerce Ministry of India went to sign the Marrakech Treaty, which created the WTO. This was done without taking the approval of the Indian Parliament and created a temporary limbo in India, as the Parliament took four years to sanction the agreement.⁵⁵ The whole country had to then abide by the rules of the WTO and its agreements, including the General Agreement on Tariffs and Trade (GATT 1994), the Agreement on Agriculture (AoA), the General Agreement on Trade in Services (GATS), the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the agreement on Trade-Related Investment Measures (TRIMs).

Experiencing the negotiations within the WTO and facing the fact that the United States and European Union had to be prevented from imposing their agreements on other members, developing countries learnt new negotiating tactics. Developing countries started building alliances among themselves as a way to counter the hegemony of the rich countries during trade negotiations. These came to be called the G-20, G-33 or G-90, where the “G” precedes a number that is a “Group of so-many-countries”. As a result, WTO negotiations saw the emergence of new power dynamics, which also translated into more difficult negotiations and talks that collapsed as developed countries found it difficult to push their agendas through.⁵⁶

Why FTAs for India now?

After the failure of the WTO talks at the Fifth WTO Ministerial Meeting at Cancun in September 2003, the Government of India made a major policy shift. Ex-Commerce and Industry Minister, Murasoli Maran had been instrumental in bringing together an opposition to developed countries within the WTO by bringing together developing countries. After his departure in 2002, while there was a flux in the Commerce Ministry with frequent changes in its leadership, the then Minister of External Affairs, Yashwant

⁵⁴ Despite the insistence from powerful developed countries, large developing countries could mitigate the increase in the scope of the WTO, for instance investments and IPRs were limited to “trade related” areas. During the WTO Ministerial Conference of 1996 in Singapore, attempts to yet again broaden the scope of the WTO were carried out. The new issues proposed included “transparency” in government procurement, trade facilitation (customs issues), trade and investment, and trade and competition. These were pushed at successive occasions by the European Union, Japan and Korea, and opposed by most developing countries, while the United States was lukewarm. Disagreements prevented a resolution in these issues, which are not part of the WTO, but are now generally part of FTAs, especially those by developed countries.

⁵⁵ The two major political parties of the country, the Congress and the Bharatiya Janata Party, came together and passed the necessary legislation approving India’s status as signatory to the WTO, “by sheer force of majority” (Mitra 2004).

⁵⁶ New challenges also emerged. On one side this process saw the exclusion of some groups of developing countries, reproducing the format of making decisions in small groups, excluding the participation of other members and further creating an undemocratic form lacking in transparency. On the other hand, the challenge remained of determining which agenda motivated these groupings, as the trade agendas of many developing countries were heavily dominated by the interests of farm export groups or corporations of other developing countries.

⁵⁷ These have been given several names, from Comprehensive Economic Partnership Agreement (CEPA), Regional Trade and Investment Agreement (RTIA) or, as we will use it here, Free Trade Agreements or FTAs.

Sinha, pushed for Free Trade Agreements (FTAs)⁵⁷ as the way forward into economic globalisation.⁵⁸

Like the WTO agreements, FTAs are binding agreements that shape local policy from an exclusively neo-liberal perspective and have a definite orientation towards corporate access and use of the resources of a country, as well as access to the markets within that country. In term of their scope and coverage, they go beyond the WTO as they ask for deeper liberalization and cover more ground.

As per what is available in the public domain, there was no committee set up to examine relevant aspects of this new policy shift.⁵⁹ Consultation with experts in the field was not sought and no expert committee examined how such bilateral agreements would fit into the overall multilateral trade framework. Even now, the who (?) keeps details of the recently signed ASEAN-India FTA away from the public and no discussion on the text is provided despite repeated requests by Parliamentarians and Chief Ministers. This seems to be the rule for other FTAs that India is negotiating.

Today, the Prime Minister Manmohan Singh (who was part of the team that started the liberalisation process in 1990s) is playing the central role in pushing India's FTAs as part of its Foreign Trade Policy. According to a news report, one of the first things Prime Minister Singh did after being re-elected in May 2009 was to ask his Principal Secretary T.K.A. Nair to take charge of the process of concluding the ASEAN-India FTA.⁶⁰ A person close to the PM said that "Manmohan Singh is convinced that globalisation is an irrevocable process and India has to have its share." The fact remains that the speed at which such agreements are being taken up is astonishing, especially since it is without adequate discussion and consultation with stakeholders, the general public or then within the Parliament. (By August 2009 India had signed 6 FTAs and was at various stages of talks for at least 17 more). The danger of India being left with a very small share of benefits as compared to its expectations is present among many sections of civil society and academia.⁶¹ Another reason why so many FTA negotiations are being taken up simultaneously could be that the leading administration would like to see India as a leading player in forging closer economic and political ties amongst East Asian countries, in its will to be a global political actor.⁶²

⁵⁸ The Ministry of External Affairs was then headed by Yashwant Sinha (from July 2002 to May 2004) who had previously been Finance Minister. The support of the Principal Secretary to the Prime Minister, Brajesh Mishra, was certainly crucial to this endeavour. According to sources, the Ministry of External Affairs (MEA) took the initiative and the Commerce Ministry was merely asked to follow the direction and sign the agreements. See A K Bhattacharya, *FTAs: Who did the homework?*, August 10th, 2004.

⁵⁹ It began with a FTA with Sri Lanka, with which negotiations to deepen the existing agreement in goods to include services started in April 2003. Subsequently, similar comprehensive FTAs have been proposed with Thailand (on hold, but FTA in goods with ASEAN has been signed in August 2009), Singapore (signed in 2005), Korea (signed in August 2009) and even Japan (under negotiations but close to finalization). For three years, India has also engaged in negotiations for FTAs with industrial power houses, including the European Union, Japan, the European Free Trade Association

⁶⁰ Udit Misra, *Inside Story of India ASEAN FTA*, October 22nd, 2009

⁶¹ For India, China is an important factor in many policy decisions including its foreign trade policy. China has massive trade relationships in Asia. It is also moving rapidly to take control of the region's markets through FTAs. In 2003, the same year India initiated FTA talks with ASEAN, China too began similar discussions with the bloc. China signed a FTA in goods with ASEAN in 2004, on services in January 2007 and concluded an investment agreement in August 2009 - on the same day that Delhi signed its FTA in goods with ASEAN. China has been able to negotiate its FTAs much faster with ASEAN than India, which is still in talks for an FTA in services with ASEAN. This has come as a surprise for India which is looking to complete its negotiations ahead or close at the heels of its neighbour and competitor.

⁶² India has a unique reputation in international areas regarding trade negotiations as being the principal "spoiler" and at the forefront of a group of about hundred developing countries (G-90) in the stalled Doha round of talks of the WTO. The government, including the Prime Minister has been facing scepticism at many international forums for India's inability to conclude negotiations. India has been seen especially by rich nations, as a "deal breaker."

APPENDIX 5: CONCERNS OVER INDIA'S FTAS

1. FTA negotiations *lack transparency, public debates and a democratic process*. The Government of India (Prime Minister and Commerce Minister) has kept the details of these negotiations secret except for revealing their nature to select allies, avoiding democratic scrutiny over India's FTAs. While there have been consultations with industry bodies like CII and FICCI, there are no genuine initiatives to engage with the stakeholders of such agreements, such as farmers, trade unions and civil society, in addition even the Parliament is kept in dark.
2. FTAs threaten the *federal polity and autonomy of State governments*, as FTAs include provisions that impact state subjects, such as fisheries and agriculture. Despite this, there is no appropriate consultative mechanism with State governments on the issue. In the case of the ASEAN-India FTA, even the Kerala State Government's opposition to the signing of the agreement was ignored.
3. While corporate interests in capturing markets are pushed in the name of national interest and prosperity for all, *workers and small producers are put in direct competition with each other, resulting in livelihoods being squeezed at both ends*.
4. *Trade preferences in goods and services obtained through FTAs might not materialize* in economic gains as most countries are negotiating with various other economic partners, including competitors in the same product range. On the other hand, *adverse socio-economic and environmental impacts of FTAs will be long lasting*.
5. FTAs with developed countries include provisions on the protection of patents holders' rights (Intellectual Property Rights) which will have *adverse effects on the access to medicine, collective ownership over biodiversity and traditional knowledge and farmer's rights to seeds*.
6. Provisions related to foreign investments, government purchases and policies of economic competition in the domestic market will require *crucial changes in Indian national laws. Economic policies will constraint state activities and its ability to favour peoples' interest over corporate interests* and have far reaching consequences on India's policy space and peoples' lives and livelihoods.
7. Developed countries ask India to *reciprocate equally effectively hiding the asymmetry that exists between developed countries and India*. In the context of the present economic crisis it is essential to review FTAs' objectives.
8. Developed countries are using FTAs to bring into place an *international trade regime on terms conducive to them, but not to developing countries*. For instance, issues like their massive agricultural subsidies given to their own farmers by developed nations are not on the agenda for negotiations. Accepting this will erode India's position in the WTO negotiations. Once sufficient FTAs are in place, the new regime can be pushed through multilateral forums, like the WTO more easily.

Forum against FTAs - www.forumagainstftas.org