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Advancing cooperation among women workers in the informal economy: The SEWA way

SUMMARY REPORT



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*Advancing cooperation among women workers in the informal economy: The SEWA way
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Cover photographs: Women workers in the member cooperatives of the Self-Employed Women's Association (SEWA) Cooperative Federation in India. Photo Credit: SEWA Cooperative Federation.

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Introduction

The Self-Employed Women's Association (SEWA) is a national union of 1.5 million women working in the informal economy in 14 states of India. SEWA was founded in 1972 by Ela Bhatt, a lawyer and a labour organizer. SEWA members are all women workers in the informal economy who are engaged in a wide variety of occupations. The SEWA Union organizes tens of thousands of women across the country with poor women workers as leaders. The union defends the rights and interests of its members against low wages, poor working conditions and the lack of social protection.

As the central issue for its members is to ensure livelihood security, the union also encourages and supports them to form their own cooperatives. By helping them form cooperatives, the union supports its members toward attaining social protection as well as work, income and food security. SEWA members, then, are not only union members but also members of their cooperatives. These cooperative activities enable them to pursue their livelihoods and access services with dignity.

Beginnings of SEWA's engagement with cooperatives

The first cooperative promoted by SEWA was the SEWA savings and credit bank, SEWA Bank, in 1974. In 1977, the first trade-based cooperative of quilt-makers was formed. The first few cooperatives were set up in Ahmedabad, where SEWA first started working. Later SEWA began to support the formation of cooperatives of agricultural producers and weavers in rural areas.

By 1991, there were 33 such cooperatives, and SEWA decided to form a federation of these primary cooperatives to support them and foster their growth. The Gujarat State Women's SEWA Cooperative Federation Limited was registered in 1992 as a secondary level cooperative to strengthen its primary cooperative members.

Since then, SEWA Cooperative Federation has supported the creation of at least 115 cooperatives across the country, of which 106 are in the state of Gujarat. These 106 cooperatives have organized 300,000 women and have an annual turnover of 3 billion rupees (INR) or US\$ 46.8 million. Some of these are labour cooperatives, others are producer and service cooperatives.

Why SEWA supports cooperatives

A fundamental reason for choosing the cooperative form of economic organizing is SEWA's strong commitment to institutions that are owned, used and managed by the women workers in the informal economy themselves. Cooperatives are democratic, membership-based and member-driven organizations and enterprises, and thus are a natural organizational choice for SEWA, along with the union. Further, the strategy of joint action of unions and cooperatives can increase the collective strength and bargaining power of the self-employed to raise their incomes and more. Cooperatives can provide a pathway to formalization for the workers in the informal economy and increase recognition for their work.

SEWA's innovation in the area of cooperatives

SEWA's cooperatives have been innovative on two fronts. First, the cooperatives' members are all women who have limited formal education and skills, and who come from economically poor backgrounds. Second, the informal economic activities promoted through the cooperatives are, in many cases, 'a first ever' effort toward organizing and formalizing them. For both of these reasons SEWA faced resistance from the cooperative offices at the beginning of its operations, as the concerned officials did not always understand the nature of these cooperatives and the products they were selling. They were often not familiar with the notion that women who are barely literate could manage their own cooperatives and make them financially viable.

SEWA's role vis-à-vis the cooperatives

India is still a deeply patriarchal society, and in mixed cooperatives of women and men, women are often not allowed to participate as equals and are side-lined.¹ Wherever mixed cooperatives exist, women members tend to remain silent due to social norms. In cases when women members do speak out, their voices are often drowned out. Therefore, taking part in a women's cooperative gives them the opportunity to build

¹ This has been widely observed in the mixed village panchayats (elected village councils) where women comprise at least one-third of the local body by law.

up their confidence and leadership skills in a space that is culturally appropriate and non-threatening.

In this context SEWA's role in relation to these cooperatives has been three-fold.

The first role has been to organize the members, help them think through their proposed cooperative's by-laws and support them until they are registered, have their first general meeting and elect their governing board. Since 1992, SEWA Cooperative Federation has been incubating new cooperatives, registering them and supporting the boards of trustees in each cooperative through capacity-building. Some of the cooperatives are quite independent, while others remain more closely linked to the SEWA Cooperative Federation and count on its support and advice for incubation.

The second role of the SEWA Union and the SEWA Cooperative Federation has been to link the members of the cooperatives within their network to different services. While each cooperative is an independent entity, the cooperative members are often members of more than one cooperative. They are referred to the services of the other cooperatives within the SEWA cooperative network according to their needs (e.g. healthcare, childcare, insurance and other financial services).

The third role of the SEWA Cooperative Federation and the SEWA Union is that of policy advocacy for the women members of the cooperatives. They represent the issues and challenges of the cooperatives in policy fora and keep these primary cooperatives linked to the wider labour, cooperative and women's movements.

Achievements of the cooperatives

SEWA's support of the cooperative model has resulted in positive outcomes for the work carried out by the women members of these cooperatives.

- A key achievement has been formalization, through cooperatives, of a wide variety of economic activities carried out by women in the informal economy. SEWA was the first organization to include many of the activities such as healthcare, childcare, and insurance into the cooperative movement.
- The dual strategy of struggle and development through the union and cooperatives, and the way in which the larger union incubated the cooperatives initially as pilot initiatives, is noteworthy for purposes of replication. This strategy combined the targeting of livelihood promotion with the broader affiliation to the world of workers in the informal economy and the labour movement.
- As a part of this dual strategy, the SEWA Union has stepped in to help individual cooperatives at times of crisis. The union has represented individual cooperatives

at the national level and in courts of law when they have faced external challenges. The support of the larger and more powerful union has protected the individual cooperatives in difficult times.

- Another important achievement has been SEWA's integrated approach for its members through the various cooperatives. An individual worker is often a member of various cooperatives that not only support her livelihood activities but also provide insurance, healthcare and financial services.
- Up to 80 per cent of the cooperatives have achieved financial and organizational sustainability. The remaining cooperatives are linked with the SEWA Cooperative Federation for purposes of incubation until they can become self-sufficient.
- Another achievement has been the formation of cooperatives that are run for, and by, poor women with limited literacy and numeracy skills. Many cooperative members not only became leaders in their cooperatives, but also became better managers in running their own businesses. The cooperatives have supported the development of numerous women leaders who have gone on to take leadership positions in other civic and political bodies.
- These cooperatives are enterprises where the social dimension complements the economic functions of the cooperative. They have brought a sense of self-worth and confidence to their members. They provide a professional standing to the work done by their members, giving them a sense of identity as workers with pride in their work.
- An important outcome of cooperative formation has been growth in women's ownership and control of assets, both at the individual and collective levels, in a society where this is not the norm.

Challenges faced by the cooperatives

The building of SEWA's cooperative movement has faced challenges. Many of these challenges are related to factors in the external environment. These not only create difficulties for the cooperatives in relation to other organizations, but they also affect the internal stability and growth of the cooperatives.

Resistance from cooperative officials

SEWA has observed that a challenge faced by many of the earlier cooperatives was resistance from the officers in the cooperative registrar's office. They initially refused to register these cooperatives, not believing that poor women could manage their own

cooperatives. They also did not understand the social nature of activities that SEWA promoted under these cooperatives, such as healthcare and childcare. This situation has improved in recent years.

Exclusion of cooperatives from the “new economy”

SEWA has noted that cooperatives in India may not be considered as part of the “new economy”, even though they represent an important strategy for joint and democratic production of goods and services especially among the poor in the urban informal and rural economies. While most economic policies are quite supportive towards the growth and expansion of private enterprises in general, the regulatory environment remains more stringent for the formation and expansion of cooperative enterprises.

Tensions between political alliances and ethical practices

The SEWA cooperatives have avoided political affiliations although the organized membership of cooperatives is often seen as a potential support base by political parties. SEWA approach underlines the need for cooperatives to maintain their autonomy and independence from political interventions. The SEWA cooperatives follow ethical practices in their production of goods and services, which can at times put them at a disadvantaged position compared to other private operators in the market.

Bureaucratization and politicization of cooperative departments

SEWA has observed the bureaucratization and politicization of the cooperative departments in several states of India. Even though the government of India has promoted the formation of cooperatives as a constitutional right for all Indians since 2012, the promotion and support for the growth and development of existing and new cooperatives remain limited.

Limited financial assets of cooperatives

An important challenge for cooperatives is limited access to finance. The challenge may appear internal, but it is the result of non-conducive environmental factors such as the lack of financial support available for cooperatives. Engaging with external public and private actors to raise awareness about these new types of cooperatives to secure support emerges as an area for follow-up action for the SEWA Cooperative Federation.

Management skills as a challenge to reaching scale in the cooperatives

A challenge some cooperatives have faced in recent years is around increasing the scale of operations and outreach. This is in part due to limited managerial capacities of the current leaders who have found it difficult to take care of larger operations. Managing growth emerges as a key area for deeper learning and exploration for cooperatives supported by SEWA.

Lessons learned

- Organizing and managing a cooperative is a fundamental and crucial strategy for addressing social and economic well-being of workers in the informal economy. It is an effective way to organize workers in the informal economy and formalize their work.
- Through the cooperative, members earn a regular income, start saving and take loans when needed, thus joining the formal financial system.
- Cooperatives promote decentralized, democratic governance, and can be considered schools for democracy. In a country like India which became independent only 70 years ago and where, until recently, most people did not have first-hand experiences of practicing democracy, the contribution of cooperatives to deepening people's understanding of democracy is significant.
- Educating cooperative members about cooperative values and principles as well as about the specificities of their business is central to the success of the cooperatives. This is critical for establishing and maintaining the cooperative in the face of external competition.
- An integrated approach is needed. SEWA has always advocated for an integrated, comprehensive approach for its members, recognizing that women workers in the informal economy need access to a range of services for full employment and self-reliance.

Recommendations

Advocate for an enabling regulatory environment with greater recognition of women's cooperatives

The policy and legal framework needs to become more conducive to the establishment and growth of cooperatives. First, there is a need to ensure greater autonomy and independent decision-making in the functioning of cooperatives. Government functionaries in the cooperative departments need to recognize that cooperatives are member-owned and member-managed organizations that should be allowed to function free of government interference.

Further, there is a need for stronger recognition and support for the start-up and growth of new types of cooperatives that are motivated by protecting the rights of workers,

members and users of cooperatives. Cooperative officers need to be sensitized and trained on the social innovation exhibited in these cooperatives. Women's cooperatives should especially be promoted, recognizing the social and developmental roles they play in their communities.

Strengthen education and capacity-building for cooperatives

There is a need to provide education to cooperative members in a variety of areas including rights and opportunities available for them. There is also a need to build the managerial capacity of cooperative board members and leaders to enable them to run competitive and viable enterprises. This is especially true for innovative cooperatives in non-traditional activities. While developing educational tools and materials for cooperative members, their suitability for adult learners with varied educational backgrounds also needs to be ensured.

Support the financial viability of cooperatives

Cooperatives need support to attain financial viability and develop computerized systems. The types of cooperatives discussed in this report started out with limited resources and found it hard to compete with larger enterprises. Public and private financial institutions need to be oriented to understand the work of these cooperatives and invest in them for achieving both social and economic goals.

Promote public education on cooperatives

Cooperatives are often seen as an organizational form of the past. There is a need to create awareness among young people about the value of cooperatives for inclusive growth, sustainable development and social change. This public education can be done through the media, events in schools and colleges, and educational courses on cooperative formation and management.

Summaries of the cooperative case studies

Pasunj Mahila Dudh Utpadak Sahakari Mandli

The Pasunj Mahila Dudh Utpadak Sahakari Mandli was registered in 1981 and has 125 members. The members are dairy farmers who collect and sell milk through their primary cooperative to a larger milk-producing federation of cooperatives. When the women members had formed the cooperative they had no idea how to run it. The members,

along with their then president, worked hard to get this first women's dairy cooperative up and running. Challenges faced by the cooperative include competition from private dairies and interference from male family members in the running of the cooperative.

Shree Gujarat Mahila Lok Swasthya SEWA Sahakari Mandli Limited

The Shree Gujarat Mahila Lok Swasthya SEWA Sahakari Mandli Limited was registered in 1984 and has 1,800 members. This first of its kind healthcare cooperative was formed with the objective of providing healthcare services to SEWA members. Key activities of the cooperative include health promotion through health education, diagnostic and referral services, manufacture and sale of Ayurvedic products and provision of technical services to other organizations. The cooperative has faced numerous challenges over the years including setting up low-cost medicine shops with external competition and convincing women with little or no formal education to become community healthcare workers.

Shree Sangini Mahila Childcare Cooperative

The Shree Sangini Mahila Childcare Cooperative was registered in 1986 and has 624 members. The cooperative runs childcare centers for infants and young children up to six years of age. The childcare centers provide safe and hygienic childcare, early childhood education, and a nutritious diet. They also do the growth monitoring of children in the centers. Recently, the cooperative has started organizing educational tours for children and their parents. A key challenge is reaching financial viability, as the costs of providing quality childcare are much more than the members can afford to pay.

Shree Saundarya Safai Utkarsh Mahila SEWA Sahakari Mandli Limited

The Shree Saundarya Safai Utkarsh Mahila SEWA Sahakari Mandli Limited was registered in 1986 and has 500 members. The cooperative provides cleaning services to building complexes and large organizations. All members are either former waste pickers or daughters and daughters-in-law of former waste pickers. The cooperative contributes towards the insurance and pension of its members, so that they receive a monthly sum on retirement. Some of the challenges faced by the cooperative include inadequate assets for business growth and competition from young men and non-members who are willing to work for lower wages.

Swashrayee Mahila Sakh Sahakari Sanstha Maryadit, Indore

The Swashrayee Mahila Sakh Sahakari Sanstha Maryadit, Indore was registered in 1989 and has 14,210 members in the Indore district of Madhya Pradesh. This is a savings and credit cooperative that serves SEWA members in Indore city and the surrounding rural areas. The cooperative has formed small informal groups of 6-10 members; each group meets monthly and deposits a fixed amount towards their savings. The cooperative encourages its members to save regularly and offers financial literacy training to its members. The cooperative faces challenges from microfinance organizations that offer

easy loans without the requirement to save. The cooperative also faces interference from the cooperative department's officials.

Pethapur Mahila Dudh Utpadak Sahakari Mandli

The Pethapur Mahila Dudh Utpadak Sahakari Mandli was registered in 1994 and has 379 members. Like the Pasunj cooperative, the members sell milk to this primary cooperative. Membership is not required to sell milk to the cooperative, and there are more than 2,000 women who sell milk to the cooperative. One of the challenges faced by the cooperative is the increasing urbanization in the area, which results in fewer livestock owners and thus less milk sales to the cooperative.

Surat Credit Cooperative Society

The Surat Credit Cooperative Society was registered in 2001 and has 12,761 members in and around Surat city of Gujarat. The society was formed to enable slum dwellers in Surat city to accumulate savings and take loans for upgrading their homes and getting sanitation and water facilities. It is a challenge to retain members in the cooperative as the membership is made up of migrant workers who come to Surat city from other Indian states in search of work. The cooperative leaders noted that starting the savings and loans activity through self-help groups laid a good foundation toward forming a cooperative.

National Insurance VimoSEWA Cooperative Limited

The National Insurance VimoSEWA Cooperative Limited is the first national level insurance cooperative in India. The cooperative was registered in 2009 and currently provides insurance to over 100,000 members. VimoSEWA provides social protection coverage for SEWA members and other workers in the informal economy for the various risks they face such as death, disability, sickness and loss of assets. VimoSEWA has been a pioneer in providing insurance to low-income families and has provided guidance to several later microinsurance programmes. VimoSEWA leadership would like to set up its own insurance company and design microinsurance products suited to poor families. Current regulation, however, requires a prohibitively high capital amount which prevents microinsurers from setting up their own independent insurance organization.

Shree SEWA Homecare Mahila Sahakari Mandli Limited

The Shree SEWA Homecare Mahila Sahakari Mandli Limited was registered in 2010 and currently has 142 members. The cooperative provides childcare, elderly care, patient care and housekeeping services to middle and upper middle-class families in the wider community. The cooperative maintains regular contact with the clients to ensure satisfactory services and provides fair working conditions for its members. Key challenges faced by the cooperative are caste and religious prejudices among the customers and balancing the supply and demand for home care services.

Ruaab SEWA

Ruaab SEWA was registered as a producer company in 2010 in Delhi and has 650 members. Ruaab manufactures and markets garments for the domestic and export markets. Most of Ruaab's members are home-based artisans engaged in sewing and embellishment of garments. Ruaab was registered as a producer company because the registration of a cooperative is a long and arduous process in the state of Delhi. Ruaab trains its members and upgrades their skills. One of the challenges faced by Ruaab is the competition from manufacturers who keep their rates low by flouting ethical norms and minimum wage stipulations.

SEWA Ekta Swahyata Sahakarita Cooperative

The SEWA Ekta Swahyata Sahakarita Cooperative is an all-women's cooperative of farmers that was registered in 2013 and has 780 members. The cooperative supports the members in the production and marketing of organic agricultural products. The cooperative has provided a range of trainings to its members on new techniques in organic farming. One of the challenges faced by the cooperative has been its limited assets, which has prevented it from getting loans for business expansion. The cooperative applied for organic certification over a year ago, but is still awaiting a certificate due to the long drawn-out government processes of certification.

Tapi District Megha Adivasi Mahila Agriculture Producer's Cooperative

The Tapi District Megha Adivasi Mahila Agriculture Producer's Cooperative was registered in 2014 and has 997 members. This cooperative of indigenous women farmers in South Gujarat is the first of its kind women's cooperative in the district. SEWA's experience has demonstrated the importance of providing multiple inputs to effect significant changes in the members' lives. From the beginning, therefore, the Megha cooperative engaged in five key activities, including livelihood support, healthcare, childcare, housing and financial services. Simultaneously, members received capacity-building and leadership training.



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