THE ANNAPURNA MAHILA MANDAL OF BOMBAY: A CATERERS' PARADISE OR A CASE OF INVOLUTIONARY GROWTH IN THE INFORMAL SECTOR?

by

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SUBMITTED TO THE DEPARTMENT OF URBAN STUDIES AND PLANNING IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN CITY PLANNING at the MASSACHUSETTS INSTITUTE OF TECHNOLOGY June, 1985

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Kathy A. Richman
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Submitted to the Department of Urban Studies and Planning
May 28, 1985 in partial fulfillment of the
requirements for the Degree of Master in City Planning

AbstrAcT

The Annapurna Mahila Mandal, a grassroots, working-class women's
organization in Bombay, India has developed over ten years into an
effective agent for change for over 5,000 home-based caterers, the
Annapurnas. It has gained recognition and status for the work its
members perform, has acted as an intermediary between banks and its
members to get them access to low-interest loans, and has provided
them health care, legal, and social services. Through AMM Annapurnas
have managed to stabilize their businesses, increase their bargaining
power, and lessen their vulnerability to both domestic and business
problems.

The focus of this papar is two-pronged in its attempt to estimate
the extent of change AMM projects can effect in its members' lives.
One focus is on the nature of the caterers' work and their role in the
economy. A review of radical and liberal theories about the nature of
the informal and formal sectors provides the framework for analysis.
The other focus is on the nature of AMM projects and the benefits
members have experienced thanks to them. An understanding of the role
the caterers play in the economy offers one explanation of why AMM's
successes lie in changes in social relationships as much as in its
efforts to expand employment opportunities for its members. This
analysis seeks an explanation as much in the nature of the economy in
which the Annapurnas function as in the nature of the AMM
organization.

The case raises questions about definitions of development, the
relative importance of increased earnings, and the choice of
activities policy makers might pursue in assisting poor people in
developing countries. A review of the changes AMM has effected in the
lives of its members and an analysis of factors influencing the
strengths and limitations this indigenous organization faces may shed
some light on just what results we can expect from efforts to improve
the income of poor self-employed people in developing countries.

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ACKNOWLEDGEMENTS

Many people have contributed in different ways to the accomplishment of this work. I especially would like to thank Elizabeth Coit of International Programs at the Unitarian Universalist Service Committee for the opportunity to learn from practice in the field and from her example. Professors Judith Tendler, Bish Sanyal, and Lisa Peattie have offered me intellectual challenge, guidance, valuable criticism, and a great deal of encouragement. I also want to offer special thanks to Professor Frank Jones for his support and sensitivity during the last two years.
INTRODUCTION

As a grassroots, working-class women's organization, the Annapurna Mahila Mandal of Bombay, India could be the envy of any agency involved in Third World development. The Annapurna Mahila Mandal (AMM) has grown from fourteen original members to an enormous active membership of over 5,000 in a decade. It has gained recognition and status for the work its members, all home-based caterers (called Annapurnas) perform, has acted as an intermediary between banks and its members to get them access to low-interest loans, and has provided health care, legal, and social services to them. Through AMM Annapurnas have managed to stabilize their businesses, increase their bargaining power, and lessen their vulnerability to both domestic and business problems.

The business-related efforts AMM has undertaken closely resemble those which various private voluntary organizations based in the United States and in countries all over the Third World have initiated, often with support from major funding agencies like the Inter-American Development Bank and the United States Agency for International Development. A review of the changes AMM has effected in the lives of its members and an analysis of factors influencing the strengths and limitations this indigenous organization faces may shed some light on just what results we can expect from efforts to improve the income of poor self-employed people in developing countries.

The focus of this paper will be two-pronged in its attempt to estimate the extent of change AMM projects can effect in its members' lives. One focus will be on the nature of the caterers' work and
their role in the economy. A review of radical and liberal theories about the nature of the informal and formal sectors** will provide the framework for analysis. The other focus will be on the nature of AMM projects and the benefits members have experienced thanks to them. An understanding of the role the caterers play in the economy offers one explanation of why AMM's successes lie in changes in social relationships as much as in economic gains and why the organization has had only limited success in its efforts to expand employment opportunities for its members. This analysis seeks an explanation more in the nature of the economy in which the Annapurnas function than in the nature of the AMM organization, though this is also important to some extent.

This paper suffers the disadvantage of relying on secondary data since I have not visited the organization and its members myself. As a result there are sometimes contradictions and variations in the data that I cannot resolve. In response, I have settled on the figure most frequently cited or one in the middle range while still reporting the two extremes. An organization as old, successful, and well known as the Annapurna Mahila Mandal often develops a kind of mythology about

**A note about the choice of vocabulary: certain words used to describe people in different occupations and firms in developing countries reflect specific theoretical views which imply various interpretations of the nature of economies in those countries. The use of "informal sector" and "formal sector" usually indicate a liberal or neo-classical analytical framework while radical or neo-Marxist theorists often refer to the same workers and firms in terms of class or their role in the international economy. For the sake of simplicity, I will use "informal sector" to refer to businesses and workers which are not registered or enumerated by the State and "formal sector" to those which are. This is not meant to imply that there exist two separate and distinct sectors with no linkages connecting them. For a more detailed description of the theoretical debate of this issue, see Chapter III.
it which can exaggerate certain of its important qualities. I have relied on my own previous work on women and development in India, my familiarity with AMM from my job, and information from several funders involved with the organization to discern myth from reality. Because the paper does not attempt an evaluation of the organization, but rather uses a theoretical analysis of the members' work to understand the capacity of organizations of its type to enhance income, the data available seem adequate for the task.

The paper has five sections. Part I describes the socio-economic status and work of the Annapurnas, along with the history and accomplishments of the Annapurna Mahila Mandal. Part II contains an analysis of the relationships between the Annapurnas and other actors, their customers, suppliers, families, and each other, and how participation in AMM has changed their interactions with them. Part III provides an overview of radical and liberal theories of the informal sector. It contains a theoretical analysis of the role of the Annapurnas' work and places the project efforts of AMM in the context of theoretical debate. Part IV discusses the rationality of AMM's choice of direction and the limitations the organization faces in light of the radical analysis of the nature of growth in the informal sector. Part V concludes with thoughts about definitions of development, the relative importance of increased earnings, and the choice of activities policymakers might pursue in assisting poor people in developing countries.
CHAPTER ONE

THE ANnapurna MAhilA MAndAL -- A BRIEF HISTORY OF THE ORGANIZATION AND ITS MEMBERS

In Bombay thousands of women prepare and sell meals in their homes to migrant male textile workers who live in the city without their families. The khannawallas, or "food givers" as the women are called, are very poor and carry out their work under conditions that are characteristic of many self-employed people in the informal sector.

Khannawallas produce in their homes, which typically are rooms six feet by six feet in the crowded areas of central Bombay, near the textile mills. They work with no proper ventilation or lighting, and water, sewerage, and trash service either do not exist or are inadequate.\(^1\) They have to wait in line for water at taps long distances from their home and carry it back for both business and family use.

As is common in many small informal sector enterprises, the distinction between inputs for the business and goods for household consumption is blurred.\(^2\) The khannawallas feed themselves and their families from the food they prepare for their boarders, which makes it difficult to calculate their actual income. But according to sample budgets of some caterers prepared by the Annapurna Mahila Mandal, a typical monthly net income in cash is Rs. 83.50.\(^3\) This figure is

\(^*\)Rs. 10.5 = U.S. $1.00 in 1984.\(^4\) The consumer price index for Bombay in 1982 was Rs. 2,082 per month (1934 = 100).\(^5\)
arrived at by subtracting expenditures on supplies from boarders' payments. Another study reports the average net daily income to be between Rs. 15 and Rs. 20, though the authors warn that the figures should be treated as very rough estimates. The discrepancy between the figures may be due in part to some range in size of business or to whether or not they include the value of the food from the catering business that the family consumes, which has been estimated to be between Rs. 400 to Rs. 500 per month. Three hundred rupees has been estimated elsewhere to be the income of an average size catering business, and we will use that as a mean.

Since the caterers often work from five in the morning until ten at night to accommodate their boarders' work schedules and many time-consuming tasks, the per hour remuneration for their labor is very low, especially compared to the minimum average daily wage of Rs. 30-45 for skilled workers in the state of Maharashtra. Returns to labor are even lower when one counts the work contributed by the women's daughters and daughters-in-law, who work along with them. No fixed rate of pay is recorded for these assistants; they probably receive only shelter and food for contributing to household income. The extremely long hours, lack of weekly holidays, and use of female family labor reflect the blurring between business and home production characteristic of informal sector business. The blurring may be especially strong in this case because the job, meal production, duplicates services usually provided in the home, outside of the market economy.

Khannawallas are not, however, the most destitute of self-employed workers in Bombay. According to a survey of khannawallas
carried out in 1979, 50% of the sample had husbands with steady employment, often in the textile industry (at least before the 1982 textile strike), and could depend on a second income for the family.\(^9\)

After the strike, though, only 25%-30% had an additional wage-earner in the family.\(^10\) Fifty percent reported a monthly family income of less than Rs. 500. The caterers' businesses also reportedly earn more than those of other self-employed women who produce utensils or glass, or who work as vendors, though the figures from this study conflict with the findings of another.\(^11\)

Like many self-employed people in the informal sector, **khannawallas** borrow from informal sector moneylenders or buy on credit from their food suppliers. They have problems with cash flow because they sometimes let their customers eat on credit, because money for business often must be diverted to family expenses, and because they earn so little that they have very little margin for savings. The interest rate on loans from moneylenders reportedly runs between 120% and 300% per year. The interest rates are so high that the caterers have great difficulty getting out of debt because the money they repay covers only the interest; the principal is thus never reduced.\(^12\)

Caterers serve two meals per day to between 15 and 50 boarders. The men pay for their meals on a monthly basis, using either money or government-issued ration cards. The monthly cost for meals in 1984 was recently Rs. 170 for those who paid cash and Rs. 160 for those using ration cards. The caterers use these cards to purchase staples at government ration stores, where prices are 25-50% lower than in wholesale markets; retail prices are undoubtedly even higher.\(^13\)

Until a strike against the textile industry in 1982, male textile workers constituted a very reliable market for the caterers. The 1981
census of Bombay shows only 773 women per 1,000 males; people involved with the Annapurna Mahila Mandal cite this as an indication of the great number of males who migrate without their families from rural areas to Bombay in search of work. They come alone in part because of the shortage and high cost of housing in the city.

It is these lone males who, because they have no family to cook for them, board with the caterers. As Everett and Savara point out, the caterers do not compete for customers with large businesses (even "rupee hotels" prove too expensive for these workers), but rather with the "domestic sector," that is, private families; khannawallas can not attract as customers the men who have brought their families to Bombay.

The 1982 strike of 250,000 textile workers against the mills in Bombay changed this steady market for the caterers' services, taking away a great deal of their business. Common knowledge has it that many of the workers who were without work during the strike returned to their places of origin. Those who lost their jobs because their mills closed for good during the strike or because they were ostensibly unskilled to operate the new machinery installed in others did the same or went to other cities in search of work. Because of the strike, according to Everett and Savara, "it is likely that there will be a permanent reduction in the size of the textile labour force, pointing to decreased income earning opportunities for khannawallas in the future." Though the caterers still have textile workers as boarders, they are trying to find other markets for their skills to replace the demand that has been lost.

The Annapurna Mahila Mandal came into being in 1975 to help the
khannawallas address the difficulties they had faced in their work and family lives for over two decades. It has proved to be a responsive organization, continuing to help its members face new circumstances in their lives as they arise. The very name of the organization reflects the type of change in status and recognition it hoped to bring about for the caterers. Annapurna, the Hindu goddess of food, replaced the somewhat derogatory khannawalla as the name the caterers chose to be called. The Annapurna Mahila Mandal (AMM) thus translates to something roughly like the Caterers' Charitable Society.

Prema Purao, a long-time trade union organizer for the Communist Party of India, established the organization when the caterers' role in supporting the textile workers during a 1973 strike came to her attention. The caterers fed the striking textile workers even though they could not pay. The women went deeper into debt, pawning their jewelry and cooking utensils to continue their business during this period of non-payment. Purao said she "realised that these women were enabling the workers to continue their struggle" and wanted to organize an effort in support of the Annapurnas.

Purao arranged for Annapurnas to have access to subsidized loans from nationalized Indian banks under a government program called the Differential Rate of Interest scheme, which lends to self-employed entrepreneurs from the lower classes at an interest rate of 4% per year, far lower than the 12.5% charged for regular business loans. This is actually a negative interest rate, since the rate of inflation in the first quarter of 1975 was 23%, and 10% in 1984. To qualify, monthly family income must be less than Rs. 3,000. Purao wanted the Annapurnas to have an alternative to borrowing from moneylenders and grocers at high interest and under coercive conditions. The new
source of working capital would allow them to buy inputs more cheaply and less often. Though the women would have been eligible to borrow on their own, most were either unaware of the program or, more likely, were reluctant to deal directly with the banks.

In 1975 Purao persuaded fourteen women to take out individual loans on a co-guarantor basis. According to this system, group members guarantee each other's loans as a substitute for more traditional forms of collateral, which poor women generally lack. From those fourteen women, AMM has grown to include anywhere from 5,000 to 8,000 members,\textsuperscript{22} many of whom have borrowed and repaid loans averaging Rs. 2,000 more than once.\textsuperscript{23}

AMM prides itself on being a working class women's organization. Women can join AMM only if they take a loan, which, because of eligibility requirements, effectively ensures that all members are working class women. Members pay Rs. 3 to join AMM and Rs. 12 annually as administrative charges for a loan. The loan period is twenty-four months, with payments made monthly at neighborhood AMM Centers. Borrowers put Rs. 200 from the loan proceeds into a compulsory savings scheme, which serves as an additional personal guarantee in case of default.

The rate of default on loans is quite low at 10\% and is lower than that of other khannawallas who participated in the same DRI program through another intermediary. Everett and Savara attribute the better rate to the Annapurna Mahila Mandal's "holistic" approach to dealing with the needs and problems of self-employed women.\textsuperscript{24} The high repayment rate is especially significant since they also note that banks do not take legal action against defaulters because of the
relatively small sums of money involved and because 90% of DRI loan defaults are guaranteed by the Government of India. It is also reported that during the 1982 textile strike, banks granted concessions to defaulters.

The Annapurna Mahila Mandal is structured to encourage the greatest level of grassroots participation possible. The members run the organization themselves, which founder Prema Purao says "gives these women a sense of participation in this movement for positive change in their lives." AMM consists of eighteen Centers in different locations around Bombay where caterers live. Each Center serves as the magnet for groups of borrowers in its area. Group members elect representatives to a local committee for each Center and also choose the sixty Annapurnas who make up the Executive Committee. It is the local Committee which reviews applications for loans from prospective new members in the Center's area. From the members of the Executive Committee, fifteen are elected to serve as the officers of the organization. They meet regularly to plan and implement new programs which respond to the needs expressed by the members at large.

As part of its "holistic" approach to facilitating change in the Annapurnas' lives, AMM addresses problems of health, child care, desertion by husbands, alcoholism, and domestic violence. At its Multi-Purpose Center, which has been operating since December 1983, AMM provides access to legal services, has its own small shelter for women in transition after leaving physical or mental abuse, a small day-care center, a medical clinic, and library. Women also can participate in vocational and literacy training. The scale of these services has been limited though, and inadequate for 5,000 to 8,000 families. Provision of services has been made on an ad hoc basis, and
no clear model has been established as yet for service delivery. A welfare fund and an insurance scheme also provide some security for emergencies.

AMM has also been trying to respond to changes which have affected the Annapurnas' business, most notably the limited and declining demand for their services by textile workers and the "credit squeeze" which may result in the drying up of DRI loans. Besides, according to one funder, the organization realized that providing access to credit could benefit the caterers only up to a point and that other business needs had to be addressed to increase their earning capacity and improve their quality of life. AMM has been trying to do this by "upscaling" the catering business, finding alternative markets, and reducing the drudgery of the work by introducing new technology.

AMM sought to accomplish this by establishing a kitchen workshop/training center in its new Multi-Purpose Center in January, 1984. In training classes twenty caterers have learned to prepare different products for their new, middle class customers and to maintain a very uniform standard of quality. The Annapurnas work collectively at the Center, producing snacks, lunches, pickles, and catered meals for a mainly white-collar market, including employees of the banks from whom AMM its members borrow.

The demand for the Annapurnas' new products has been sporadic though. It is difficult to say whether this is because it takes time to develop a market or whether other producers already satisfy demand. Because orders are small and sporadic and because of limited space at the production center, only about forty of the five to eight thousand
AMM members have participated in caterers' training or food production at the new Center. Over the eight months between the beginning of production and August, 1984, the collective efforts of twenty trainees who work at the Multipurpose Center netted Rs. 9,550, with Rs. 45,878 in sales. This works out to approximately Rs. 60 per woman per month, though each is paid between Rs. 250 and Rs. 325. One can compare these earnings, though they are for part-time work, to Rs. 300, the medium-range estimate of earnings for full-time, home based catering.

Planners on AMM's Executive Committee intended collective food production based at the Multi-Purpose Center to reduce some of the drudgery of the work involved, offer a better work environment, free women from the isolation they experience working at home, and help them produce quality goods for alternative markets. The equipment in the kitchen, including grinders and a cooking range, does make for less drudgery. But Srinavasan suspects that rather than lightening the participating Annapurnas' work load, working at the Center may increase it. Because demand, and therefore production, is only sporadic, these Annapurnas must continue cooking for what boarders they do have while they work at the Center. They cannot afford to abandon their current, though possibly declining, market until the new one stabilizes.

Donors to AMM have suggested that the current method of production needs to be made more businesslike if earnings are to be raised. At present, when there is an order to be filled, more Annapurnas than necessary show up to work on it and all want to participate whether that is more productive or not. Srinavasan believes that the AMM food service must run less like a social service
agency, which emphasizes "self-confidence" and "solidarity," and more like a business, which emphasizes efficiency and where only the optimal number of people are allowed to be involved in production. 

This approach would no doubt be more efficient and provide higher earnings for those who participate, but it also has implications for the number of women who can benefit from the AMM food service component.

All the same, AMM proudly points out that the Annapurnas have learned to use modern equipment successfully despite predictions to the contrary and have transferred improvements in working conditions to their homes. Obviously, even with higher incomes they could not afford the more modern equipment at the Center on an individual basis. But many caterers have used some of the capital made available to them or some of their higher earnings to pay for simple improvements, as the following example illustrates:

I used to cook sitting on the floor. Since then I've built this table, and I keep the stove there. I feel it is safer because the children are always moving around and if it is on the floor, then I have to keep paying attention that they do not come too close.

This sounds like an improvement that may be attributed to more money at least as much as to training. AMM is currently lobbying, though, to get gas connections in all the Annapurnas' homes to facilitate their production.

The Annapurna Mahila Mandal recognizes that only a limited number of all Annapurnas can participate in food production based at the Center, though the organization has plans to increase that number to three hundred when it move to yet a larger building. To enable even more Annapurnas to tap new markets, AMM plans to experiment with
constructing stalls throughout Bombay where they could sell snacks and tiffins (dinners) to passersby, mainly to working class customers. Representatives of the organization are negotiating with the local government to get permission for construction. The response has been favorable, in part because of the reputation and high visibility of AMM.

The women involved in this component would produce the food at home because of the limited space at the Multi-Purpose Center and use the booths as their outlets. AMM would eventually like to establish eighteen booths, one for each location where there is a local AMM Center, at an estimated costs of Rs. 10,000 each. The proposal for this component envisions five to six Annapurnas working per booth, with estimated earnings of Rs. 400 per person.36

The demand for the foods which these booths would supply is uncertain, which is why AMM will phase them in over five years on an experimental basis. As Martha Chen of the New Delhi office of Oxfam-America pointed out, AMM must proceed carefully in entering new markets, especially in a city like Bombay which is known for its entrepreneurial spirit, because the perception is that "every vacuum in the market is already filled."37

The expected earnings of Rs. 400 per month from the booth far exceed Srinavasan's estimate of the home-based Annapurnas' income but range from Rs. 50 to Rs. 200 less than Everett and Savara's calculation of their net income in 1982, based on a thirty-day work month. The work hours per day might be shorter for women working in the booths than the seventeen-hour days put in by home-based caterers, but the project proposal does not specify this. There are advantages
and disadvantages to women leaving the house to work; the trade-off, in its most simplistic form, is between the advantage of less isolation and the difficulty of accomplishing household work and child care tasks. The problem of drudgery and poor work conditions presumably would continue for booth vendors because production would still take place in the home.

AMM has another plan to relieve some of the drudgery involved in food preparation for home-based caterers and Center-based workers alike. It has proposed a centralized space for the procurement, storage, and sale of a few staple ingredients which require grinding, a tedious task when done on a small scale with rudimentary equipment. There is some question, though, whether AMM can provide this service to its members as cheaply and efficiently as the distributors who already perform these services. As long as freedom from debt to suppliers removes the exploitative element from the transactions between them and the Annapurnas, this plan might prove redundant.

The Annapurna Mahila Mandal has other plans on its agenda for future action. It hopes to extend assistance to khannawallas in Pune, Belgaum, and other cities so that they too can have access to bank credit and establish a strong organization to deal with their problems. Donors apparently are encouraging the organization to postpone this expansion until it has carried out its efforts to solidify its production-related activities in Bombay.

AMM wants to develop the strength of participation and leadership skills that already exist in the Bombay organization. It has planned workshops for representatives and regular meetings for area leaders. It also wants to fund visits to and workshops with other women's organizations like itself, such as the Self-Employed Women's
Association in Ahmedhabad and the Working Women's Forum in Madras, so that they can learn from each other's experience.

AMM is working to gain greater visibility and increase its influence with policy makers. It is planning mass rallies by the Annapurnas as well as a monthly newsletter. This is the next step in promoting respect for the caterers and appreciation for their work which began with their decision to call themselves Annapurnas rather than khannawallas. Increased recognition should also give AMM more leverage when it must deal with government officials to expand its programs and may also help it with marketing its members' new products to the public. Marketing now apparently depends a great deal on Prema Purao's personal reputation and influence.

The Annapurna Mahila Mandal has developed over twelve years into an organization which does much more than provide its members with access to subsidized credit. While it is recognized (though not well documented) that credit has increased the Annapurnas' earnings somewhat, AMM has looked beyond credit to address other conditions that affect business such as loss of customers, poor working conditions, and isolation. The organization provides experience in group decision making and offers social services which open up new options for women who need to deal with personal and social problems. This may prove to be where the true strength of AMM lies; the impact of its social activities seem to be at least as important as the opportunities for economic gain which it offers.


7. Interview with Martha Chen, Field Representative in India for Oxfam-America, Boston, April 18, 1985.


17. Ibid., P. M-115.

18. Srinavasan, Evaluation of Grant, p. 3.
22. Interview with Chen; Annapurna Mahila Mandal, Project Proposal, p. 3.
23. Srinavasan, Evaluation of Grant, p. 3.
28. Srinavasan, Evaluation of Grant, p. 3.
29. Interview with Martha Chen.
32. Ibid., p. 5.
37. Interview with Martha Chen.
38. Interview with Martha Chen.
39. Interview with Martha Chen.
CHAPTER TWO

THE NATURE OF ANNAPURNAS' INTERACTIONS WITH OTHERS

One way to understand the professional lives of the Annapurnas and their role in the overall economy of Bombay is to consider their relationships with the people with whom they have steady contact: their customers, their suppliers, their creditors, their families and each other. Looking at these relationships both before and after the advent of the Annapurna Mahila Mandal also offers a different way of evaluating the impact of the organization on its participants besides measuring changes in income, length of work day, and working conditions.

The initial change that the Annapurna Mahila Mandal (AMM) instituted, the opportunity for home-based women caterers to borrow small amounts of working capital from nationalized Indian banks, had its most immediate impact on the relationship between the caterers and their creditors. As is common for many informal sector small-scale producers and vendors in Third World cities, the women caterers in Bombay had no access to formal sector lending institutions and borrowed from informal sector money lenders at high interest rates to be able to buy their inputs, the raw foodstuffs they transformed into meals for their textile worker clients. Sometimes they pawned their jewelry, which in India serves as a nest egg for financial emergencies, and sometimes the very utensils with which they cooked to raise working capital to stay in business.

The interest rates of 12% to 25% per month charged by informal sector lenders may seem exploitatively high when compared to the
market rate of banks. But at least part of the difference between informal and formal sector interest rates reflects the high risk perceived in lending to very poor people who have no significant collateral, the risk of lending directly to women with no male intermediary, and the time cost to the lender involved in lending and collecting small amounts of capital for short periods of time. High interest rates do not necessarily constitute the exploitative part of the relationship between money lenders and the caterers.

All the same, the extremely high interest rates which money lenders charge the caterers do contribute to the low profits earned by the women. By joining the AMM and borrowing their working capital at a subsidized rate of 4% per year from Indian banks, caterers have been able to realize significant savings in their production costs.

The AMM loan program does more than answer the caterers' need for cheaper working capital. By providing an alternative source of credit, it has changed the nature of the relationship between the caterers and their moneylenders, who are often their raw food suppliers as well. The more exploitative element in this relationship is not the high interest rates, but rather the power the supplier/ moneylenders hold over their customers. Before the loan program, women caterers who had bought on credit from their suppliers were obliged to continue buying from them and could not lower their production costs by shopping around for better prices from other grocers. When caterers fell deep into debt, suppliers sometimes demanded sexual favors from the women in return for continuing to sell to them on credit so that the women could stay in business. When Prema Purao first began to organize the caterers, grocers used their
monopolistic position and threatened to refuse to supply any women who
joined AMM and borrowed from banks instead of from them. They also
played on the caterers' fears by warning them that participating in
the program would subject them to government inspections and forced
family planning. The caterers first began to realize their new power
in relation to the grocers when these dire predictions did not come
ture and they got their loans. Prema Purao's influence among the
women encouraged them to take the risk and apply for credit.

Participating in the AMM loan program has equalized the balance
of power somewhat between the caterers and the supplier/moneylenders
by increasing the caterers' bargaining power. With an alternative
source of credit, the women no longer depend on the largesse of a
certain grocer to sell them supplies. No longer indebted to the
grocers, the Annapurnas are not prey to their sexual harassment. The
caterers are also in the position to bargain with suppliers for better
prices for their inputs because they are no longer obligated to buy
from ones who offer them credit. The access to subsidized credit
which AMM provides thus offers Annapurnas benefits on two levels: the
possibility of lower production costs through lower interest payments
and cheaper inputs, and greater bargaining power and less
exploitation in their relationship with suppliers.

The relationship between the home-based women caterers and their
customers, single males who work primarily in the textile mills in
Bombay, goes beyond a simple exchange of meals for money. Boarders
arrange to eat two meals cooked by the caterers. They eat at least
one meal in the caterers' homes and often have a meal sent to them at
work. The boarders may be single or married, but in either case they
live without their families in Bombay; many are migrants from rural
areas. In a society like India's in which the family provides workers with food and other services as well as emotional support, unmarried men like the caterers' clients must purchase in the market what female family members usually do for them as part of the unstated family contract.

Except when disputes over payment arise, boarders generally eat with the same caterer for long periods of time rather than switch from one to another. A situation develops in which the caterers and their homes serve as surrogate families for boarders. For example, it is there that boarders find care when they are ill. The emotional support and extra services boarders receive from the caterers and their households fall outside the contract for meals in exchange for money. They go beyond what even a regular customer in a neighborhood restaurant could expect from the proprietors and staff.

This aspect of a surrogate family providing emotional support may be one of the reasons single workers in Bombay choose to eat with caterers rather than in more established, inexpensive restaurants such as "rupee hotels." Another, probably more immediate, reason is that eating in a caterer's home costs less than eating in even a very cheap establishment. A third reason is that the home-based caterers extend credit to their customers, enabling them to eat even when they cannot pay cash. In fact, many informal sector producers and vendors whose clientele is very poor sell on credit for that is the only way their customers can afford to consume their products regularly.

Two elements in the relationship between the caterers and their clients, providing a surrogate family and meals on credit, came together when the latter went on strike against the textile mills that
employed them. The strike was a particularly bitter and famous one, lasting nearly two years from January, 1982 till the end of 1983. During the prolonged strike may caterers continued to feed their boarders on credit. They supported in a way the unpaid workforce in their dispute with their employers while at the same maintaining their customers and gaining their loyalty for future times when the workers would be able to pay. During the strike many workers left Bombay, presumably for their rural homes, because they were no longer able to support themselves in the city. By feeding them on credit, the caterers in a way preserved the market for their product during a period when effective demand could have dropped to almost nothing.

Many of the caterers' husbands worked for the textile factories and were striking at the time. Without their husbands' income and with little or no payment from their boarders, many caterers faced unusually hard times during the strike. The work of the AMM was especially important at this time in offering an alternative source of working capital to caterers.

Despite the fact that the caterers continued to feed their textile worker customers on credit during the 1973 strike, labor organizers and workers criticized them at the time for charging too much for meals, for "making money off the workers," as one male unionist said, and accused them of not supporting the strike. This blame seems misplaced, since caterers earn a fraction of what the workers do and enjoy no fringe benefits.

One explanation for the criticism of the caterers by labor may have to do with the role of surrogate family they play for the textile workers. Because the caterers fill a role normally played by unpaid female family members in the Indian family, labor organizers and
workers, and perhaps even the members of the caterers' family, may have seen the caterers' work more as an extension of their role as supportive and self-sacrificing female family members than as businesswomen. The task of working and serving meals falls more neatly into the category of unpaid activity than that of an economic endeavor which provides income to those who undertake it. In fact, because cooking in this case is an extension of women's work in the home, people might not see the need to calculate the caterers' earnings in terms of how much they make per hour, or how much they sell their labor for. Critics of the home-based women producers thus used different criteria for them than for the male wage laborers they were supporting. An additional factor may have been that many of the caterers were married, and others might have considered that whatever income they earned was secondary to their husbands', a kind of "pin money," and so need not be high.

Another source of conflict between the caterers and their customers which bears no relation to the textile workers' strike arises from clients building up a debt with one caterer and, unwilling or unable to pay, leaving her to begin a new arrangement with another. Individual caterers had very little leverage with a truant customer and few means to enforce payment of a debt. (One might note that suffering nonpayment for the provision of meals is another way in which caterers enable textile workers to live on a low wage.)

Since the organizational growth of the AMM, this situation has changed. Individual caterers have gained bargaining power with delinquent customers by agreeing with other caterers not to accept a new client until they have found out with whom he last boarded and
checked that he owes that caterer no money. This solidarity among Annapurnas gives individual caterers collective strength to use in collecting the debts owed them and makes it difficult for boarders to escape payment.

When producers attempt to collect debts from workers, one might assume that the balance of power leans in favor of the producer, but in this case, before they organized under AMM, the caterers seem to be the party with less power. The bias giving male wage workers the benefit of the doubt over female home-based producers described before probably contributes to this. Also, in India as elsewhere, men and women of the same class do not wield equal influence. Thus individual women caterers have little recourse, except perhaps for help from male family members, in trying to collect debts from clients. The collective action of AMM members is thus an appropriate response to exploitative behavior on the part of their male customers and serves to balance the power between the two sets of actors.

Membership in AMM has brought about changes in the relationship between caterers. One example of this surfaces in their decision to support each other against abuses by their customers. Before AMM, when customers changed caterers without paying a debt, the women would argue with each other about the situation rather than recognizing and pursuing the client as the wrong-doer. Now they protect each other, and themselves, by making sure that no new customer owes money to the last Annapurna with whom he boarded.

Guaranteeing each other's loans requires a great deal of trust, and belonging to an organization that brings together other women like them who previously worked in isolation has affected the caterers' attitudes towards each other. The relationship between Annapurnas has
evolved from one of competition to a more cooperative one.

Annapurnas work less in isolation than they did before joining AMM and come together for various activities. They buy their cooking supplies collectively, produce snacks for sale together at the AMM Multi-Purpose Center, and take short trips together to other parts of India. They also come together at local AMM meetings to discuss their suggestions and their needs, which may relate to business or social and family problems, and to decide what they would like their representative to bring up at Bombay-wide meetings.

AMM meetings serve three purposes. First, women who normally spend most of their day working inside their homes have the opportunity to meet outside on a regular basis for a socially sanctioned purpose. This is important, for even in urban areas in India the movement of women, depending on class, is generally restricted to purposes of accomplishing household chores or paid work. Socializing with other women is considered frivolous, and spending more time than necessary in public places casts aspersions on the honor of a woman's family.5

Second, by discussing their situations with other caterers, Annapurnas can realize that the personal and business-related issues they face are shared by others. AMM meetings provide a rare forum for bringing up problems like alcoholic husbands, physical abuse by husbands, desertion, and other problems that are not readily discussed in Indian society, or for that matter in others. As AMM members, women have also begun to support rather than criticize each other when facing family problems. They have broken with the common wisdom that "a good wife is one who takes everything from her husband, beating
and all without saying anything back" and have become less suspicious women's behavior. 6

The third benefit of AMM meetings is that they offer women an opportunity to practice speaking and voicing their opinions in public. They can develop this skill in a relatively supportive atmosphere, among women who are their peers, and those who are elected representatives get practice presenting the proposals of their constituency.

Perhaps the most radical activity the Annapurnas carry out through AMM is the recreational trips they take together to places outside Bombay. The visits provide an opportunity for the women to know each other better, to learn more about their country, and to escape their unrelenting 18-hour-per day schedule at home. The trips offer a leisure and learning experience that is normally unheard of for poor women both because of their poverty and their sex. The organized visits express the women's freedom of movement and go against convention in a society where women's movement is limited and sanctioned for only certain prescribed reasons.

AMM thus provides its members with many economic incentives to work together and many social benefits from interacting together. It has helped the Annapurnas see each other as allies and co-workers rather than only as competitors by establishing situations in which they benefit from supporting each other.

Many of the aspects of the relationships between the Annapurnas and their families that are relevant to the AMM have been touched upon in previous sections. The nature of these relationships before the advent of AMM has not been well documented, but one can get a feeling for it by looking at the changes the organization has brought about.
Each of the changes is a break with tradition in its own way. Annapurnas report high aspirations for their daughters' employment opportunities and a greater interest in their education and training since the daughters have begun participating in the vocational training program in sewing held at the AMM Multi-Purpose Center. Often Indian parents, including mothers, tend to concentrate their hopes and resources on the education of their sons at the expense of their daughters. The logic is threefold: that an investment in sons will yield a higher return since men earn more than women in the labor market; that the closer to home daughters find work, the less risk there is that they will tarnish the family honor; and that daughters usually help their mothers with household work or paid, home-based work and their labor would be missed.

The organized trips break with tradition too because they are unchaperoned, women-only excursions in a society where among certain classes only men have the prerogative to travel alone and for pleasure. In a way they are a subtle assault on the male monopoly on public space in India. To my knowledge, AMM has not documented the effects of women's higher earnings on the relationship between them and their husbands, though other women's income-generating projects often use this as one measure of success.

What the organization does, though, is provide services that reduce its members' vulnerability to abusive treatment by their husbands. By offering access to legal services, a women's shelter for temporary refuge, and even just a place where they can discuss their problems openly with little fear of criticism, AMM offers women an out from situations in which they would have little choice but to remain
passively in a relationship. These services fill a gap for poor women in Bombay; although they are not unique, they are indeed very rare. Again, the options made available by AMM shift the balance of power a little by offering women some leverage in bargaining that they did not have before.
FOOTNOTES

6. Ibid., p. 35.
CHAPTER THREE

A THEORETICAL ANALYSIS OF ANnapurnas' WORK:
DOES AMM FACE LIMITS?

To understand the Annapurnas' work and the activities of the Annpurna Mahila Mandal, it is necessary to place them in the context of the debate about the nature of work in the informal sector and its relationship to the formal sector. This section will cover briefly the evolution of liberal theory about the informal sector and policies to deal with it, and contrast this with neo-Marxist analysis of economies in developing countries.

Liberal as well as neo-Marxist analysis first identified the street vendors, rag pickers, repair-persons, and other people not employed by industry in Third-World cities as "marginal," operating totally outside the "modern" economy and retaining many of the customs they had supposedly brought with them from rural areas. Later studies demonstrated that in fact these people were integrated into the "modern" economy and city life, either by working on and off in formal sector businesses or producing goods and services that were purchased by established firms. Some found that many informal sector workers were quite productive and implied that with some changes they could become even more so.

Liberal theory then characterized informal sector enterprises in the following way: ease of entry; use of indigenous resources; family ownership; small scale; labor intensive; and operating in unregulated and highly competitive markets. It viewed the high level of competition among producers as a very positive feature and identified
it as one of the sources of high productivity in the sector. Given this productivity and the low capital-to-labor ratio found in unregistered, small-scale producers, the informal sector came to be seen as the one which could provide employment to the majority of urban workers who had not been and would not be absorbed by "modern" industry. It also began to see the urban economy in Third World countries as a continuum of enterprises rather than as two distinct sectors.\(^4\)

Policy members identified several ways to enhance productivity in the informal sector and enable it to grow in order to employ more people. Some policies focused on supply. These included providing access to credit from formal lending institutions, improving informal producers' access to steady supplies of high quality inputs, and improving the distribution of informal sector goods. Other policies sought to increase demand for the goods and services of the sector. These included incentives or requirements to formal sector private firms and the public sector to purchase from the informal sector. Another policy proposed the revocation of government policies, such as overvalued currency, which subsidized the cost of production in the formal sector and gave it a falsely competitive advantage over informal sector production. This was intended to increase demand for informal sector goods by making them more competitive.

All of these policies are based on the assumption that the linkages between firms in the formal and informal sector are benign, and that strengthening them will be advantageous for both, but especially for the informal sector. Higher productivity in the informal sector and increased demands for its products are expected to result in evolutionary growth in the sector.\(^5\) That is, liberal
theorists predict that the informal sector will be able to employ the large numbers of people in urban areas which "modern," formal sector firms have not expanded enough to employ.

The efforts undertaken and planned by the Annapurna Mahila Mandal are expressions of liberal policies to assist informal sector producers. The Differential Rate of Interest bank loan program in which AMM participates is a governmental program to provide credit to borrowers who are normally ineligible. Its Center-based catering project is designed to raise the Annapurnas' productivity through access to improved technology and new work arrangements, and it seeks to supply the demand of formal sector (in this case white-collar) workers. The proposed vending booth project seeks to improve distribution of the home-based Annapurnas' product so that they can reach a new market with it. Finally, the proposed staples distribution center would give the Annapurnas access to more refined inputs, which would effectively improve their productivity by relieving them of part of the production process.

Neo-Marxist theory views the informal sector very differently, though it too no longer recognizes a split of Third World urban economies into two separate sectors. It sees these economies as consisting of a continuum ranging from poor, small producers and vendors to large, heavily capitalized industries owned by capitalists. The theory contends that not only do "informal sector" producers not operate in a totally separate sphere from "formal sector" firms, but that the latter are able to produce at a profit because of the linkages between smaller and larger producers. Contrary to liberal theory, neo-Marxist theory contends that these
linkages are exploitative rather benign, and it does not foresee that strengthening them would benefit poorer producers.

Neo-Marxist analysis bases its explanation of the informal sector-formal sector relationship on the opposing interests of capital and labor. The profits to capitalists in the industrial sector of the Third World depend on keeping payments to labor low, in part so that their products will be competitive in the international market. At the same time, they depend on a reliable skilled labor force and cannot substitute workers at will with others from the reserve army of labor when wage demands go too high.\(^7\) This skilled force thus enjoys relatively high wages and benefits unavailable to informal sector workers, yet it earns a fraction of what their counterparts in First World countries earn.\(^8\)

Capitalists need to keep the cost of this skilled labor force to a minimum to maintain their rate of profit, and they depend on informal sector producers to do this in two ways. First, according to Portes and Walton, they keep the number of workers directly employed by formal sector firms to a minimum, contracting out as much production as possible to piece-workers and small informal sector firms. The highly competitive nature of the informal sector, which keeps the price of these inputs low, depends on very low returns to labor, or the extraction of a high rate of surplus value. Neo-Marxist theory thus considers this competition a negative factor while liberal theory views it as a highly positive factor.

Second, informal sector products and services cater to the "poverty life-style"\(^9\) of manual or temporary workers employed directly or indirectly by formal sector firms. Portes and Walton note that the cost of basic goods and services in the formal market in Third World
countries equals and even exceeds the cost of the same goods in First World countries, yet the wages of industrial workers in the Third World are much less than those in the First World. According to neo-Marxist theory, Third World industrialists depend on the informal sector to subsidize the cost of its labor force by producing inexpensive goods and services. This allows workers to survive on their earnings and reduces their demands for higher wages. Third World capitalists' comparative advantage in the international market depends on lower wage rates than those in industrialized countries. If wage rates were to rise, their profits would decline.

The neo-Marxist theory provides a useful framework by which to analyze the work of the Annapurnas and their role in the larger economy. The fact that they produce informally for formal sector workers at very low rates of remuneration makes for a very rich case. It is interesting to see what implications a neo-Marxist analysis of the Annapurnas' work has for the role of the organization established to assist them when it carries out projects based on liberal policies.

The world-system perspective that Portes and Walton describe in Labor, Class, and the International System permits a different analysis of the Annapurnas' work and the prospects for increasing their income than does liberal theory. The world-system perspective provides a framework which explains the significance of relationships between the caterers and other actors in the Bombay economy and allows us to go beyond questions of project implementation methods in understanding the areas of strength and weaknesses in the Annapurna Mahila Mandal program for business upgrading. The relationship between the caterers and their customers is the key element in the
world-system analysis of the case of the Annapurnas.

In 1984 Annapurnas charged Rs. 160 to Rs. 170 per month per worker for two substantial meals. With a textile worker's average salary at Rs. 713, this means he spends roughly 25% of his income for food. According to AMM documents, workers choose boarding over even cheap restaurants because the caterers charge less and serve better quality, plentiful food.

The low price of the textile workers' meals depends in part on Annapurnas' accepting low earnings and their unpaid family labor accepting food for work. Annapurnas earn little, if any, cash income from catering. They use the workers' payment to buy cooking supplies. The majority of their monthly earnings show up directly as food for their family's consumption, and they receive little cash surplus. Using the Rs. 400 per month estimate, Annapurnas earn Rs. 13 per day based on a sixteen-hour per day, seven-day work week. Caterers' work nearly double the formal sector work day every day of the week. They even neglect health problems because they cannot afford to lose work time to visit a doctor. They take no annual vacation either. They enjoy none of the benefits that unionized employees of the formal sector often do. They have no health insurance, and their poverty and low profits preclude them from saving for retirement. Finally, the rudimentary technology and lack of ventilation and services in their home-based kitchens make their work physically difficult, hazardous, and time consuming.

The characteristics which make the Annapurnas more competitive than more formal restaurants turn out to depend on the extraction of a high rate of surplus value from the caterers and their assistants. But who benefits from this surplus value? One might think that the
textile worker customers benefit. After all, they spend approximately 25% on food, a little more on inexpensive housing (either in barracks-type lodging or with an Annapurna's family), and have the rest to spend or save. But most are migrants from rural areas and, presumably contribute to their families' support there while establishing themselves in Bombay in preparation for their families' arrival. The Annapurnas' low prices permit part of this savings or transfer of resources to boarders' rural family members to take place. If Annapurnas raised their prices in order to improve their working conditions and earn more per hour, the textile workers might be unable to support their rural families or establish savings on their current wages. They would either have to earn more or stop contributing to their families' income.

In other words, Annapurnas subsidize the cost of food to the textile workers who board with them, ultimately relieving some pressure for higher wages the workers might place on their formal-sector employers. As Portes and Walton explain:

Informal sector activities result therefore in an output of goods and services at prices lower than those that could be offered under formal production arrangements. Although the most obvious interpretation of this price edge is that it permits the survival of informal enterprises, the most important aspect is that it maximizes surplus extraction by reducing labor reproduction costs for firms in formal sector.\footnote{Portes and Walton describe the class structure of urban} According to this analysis, it is the textile industry capitalists who ultimately profit from the surplus value of the Annapurnas' work since the latter permit the reproduction of the formal sector labor force at low cost.

Portes and Walton describe the class structure of urban
economies in developing countries in terms of four categories: domestic and foreign capital owners, executives and managers; professionals and technicians; clerical and manual wage labor in public enterprises and private industry and services; and casual wage labor and the self-employed in petty production and trade. The authors point out that the first class is dependent on the rate of surplus value, which "translates in turn into a consistent drive against the portion of the product going as salaries and wages to Classes 2 and 3." In the case of the Annapurnas, the textile industrialists (Class 1) use the caterers (Class 4) to "cheapen the cost of reproduction and reduce upward pressures on wages" from textile workers (Class 3) and, via the AMM Center-based catering project, from bank employees (Classes 2 and 3).

In the case of poor formal sector employees, cheap basic necessities allow them to survive on their wages, support their families and perhaps save a little. For slightly wealthier classes, the Annapurna's inexpensive though high quality food may contribute, along with the goods of other informal sector producers, to a more comfortable, if not "seignorial," level of consumption than they would otherwise be able to afford. One detail indicates that at least some textile industrialists recognize the role the Annapurnas play in supplying cheap food to their employees and the use the caterers make of government-issued ration cards. According to Martha Chen, textile firms have been known to use their influence to make sure that ration shops were located in areas where textile workers lived and ate, and that these were well supplied. This makes it more convenient for Annapurnas, as well as
married workers' wives, to exchange their boarders' (or husbands') ration cards for supplies. Firms thus support not only access to subsidized goods, but easy access, to keep their workers' food costs down. The location of ration stores in the neighborhood keeps down the time, energy, and money costs of getting some inputs for Annapurnas and further encourages them to accept ration cards as payment.

The State also has an interest in good relations between the labor force and industry. It demonstrates this by subsidizing the cost of workers' living expenses, or cost of reproduction, by providing them with ration cards that can be used to purchase certain supplies at below-market prices. This gesture is an expression of concern for the population's standard of living or an attempt to obtain its support, but in the case of the textile workers, it also may have helped to keep wage demands by labor on industry from disrupting production.

The Annapurnas play a role in supporting the cost of reproducing part of the formal sector textile workforce not only under everyday conditions, but also when the demand for the labor force drops off or it is out of work. The caterers contributed to the maintenance of the reservoir of inactive skilled labor when textile workers called a strike against their industry both in 1973 and 1982.

During both strikes Annapurnas continued to feed their boarders even though they could not pay. Whatever the impetus for the Annpurnas' support, whether it was due to class solidarity, kinship or affective ties, or a need to preserve customers for better days in the future, their action lends itself to two analyses. On the one hand, Annapurnas enabled the striking workers to survive physically without
wages longer than they might otherwise have been able to. This enabled workers to extend the period of bargaining power with the firms. As the 1982 strike wore on, however, no settlement was reached and workers gradually trickled back to their jobs, if firms still accepted them. Many reportedly lost their jobs and left the city. On the other hand, the Annapurnas maintained their textile worker customers at no wage cost whatsoever to the firms, which had access to the same pool of skilled workers after the strikes, if they chose to rehire them. This is not to say that the strikes cost the firms nothing in lost production; they did. But the firms were not responsible for the cost of maintaining the work force during those periods.

It is significant, in terms of the world system perspective, first that Annapurnas supported the workers financially during the 1982 strike and later that many workers eventually returned to rural areas after the strike dragged on and finally petered out. Annapurnas carried out in a modified way the role of the traditional subsistence economy as a mechanism for the reproduction of part of the out-of-work urban labor force.

Theorists such as Samir Amin believe that traditional rural subsistence enclaves support urban workers who return to their rural origins during times of low demand for their labor. They argue that the surpluses of rural subsistence economies thus relieve industrialists of the cost of the reproduction of the surplus labor force upon which they can draw again when they require workers.\textsuperscript{16}

Portes and Walton believe that the role of the traditional subsistence economy is "fundamental but not exclusive" in explaining
the maintenance of the Third World labor force worldwide. The two authors point out that the subsistence agricultural sector has been declining or stagnating worldwide and find it difficult to explain how a declining sector can "reproduce and eventually absorb a continuously expanding urban labor force." They also cite migration studies which do not show large-scale return migration to rural areas. Portes and Walton propose that the same mechanism of the subsistence sector supporting the mass of surplus urban workers does exist, but that it occurs within urban areas.

The case of the Annapurnas and textile workers is one in which both the rural subsistence sector and its modified urban equivalent play a role. Annapurnas absorbed the cost of the striking or "surplus" textile workers until other living expenses or the prospect of never being re-hired forced them to return to their rural places of origin or seek jobs in other cities. Because the Annapurnas' work (selling cooked food) was so close in nature to a subsistence activity (a family member providing cooked food) and was more essential to the reproduction of the workers than, say, credit from a shoemaker, striking workers were able to remain in Bombay without resources longer than they might have had they no source of food.

After a time the Annapurnas' support must have been insufficient, and other needs forced some of those workers from rural areas to return there and be maintained by the rural subsistence sector. The Annapurnas, then served as sort of an intermediate step in supporting the costs of the reproduction of the textile workers. It seems logical that workers would eventually look elsewhere for support (or another source of employment) since Annapurnas, who are deeply integrated into the cash economy of the city, could only support the
cost of feeding the workers for so long before their own need for cash income for their own and their family's survival would force them to stop feeding their striking boarders.

Interestingly enough, the State at this point intervened in the relationship between workers and industry in another, albeit indirect, way. The nationalized banks agreed to forgive extra interest charges that Annapurnas incurred when they could not repay their loans on time because of their foregone income during the strike. This occurred after AMM interceded on behalf of its members, who previously had repaid very regularly. This grace undoubtedly relieved the economic pressure on Annapurnas to some extent and perhaps permitted them to continue their support of the striking textile workers longer than they might otherwise have been able. The State thus assisted the Annapurnas in their support of the workers and contributed to the maintenance of the striking labor force at no direct cost to the textile industry.

Analyzing the Annapurnas' situation in light of Portes and Walton's world-system perspective enables us to understand their work not just as the efforts of individual poor women to use their skills and meager resources to earn income for themselves and their families but also as the activity of a class of workers who carry out a very specific role in the urban, national, and international economies. According to Portes and Walton's framework, Annapurnas absorb part of the cost of reproducing members of one segment of the industrial labor force by charging them only for the value of the food they prepare and almost nothing for their own labor. The surplus value extracted from the caterers' labor is channeled through the textile workers, who
enjoy part of it by being able to support their rural-based families or save on their modest salaries, to the textile industrialists. The firm owners can extract greater profit from their business thanks to the Annapurnas' self-exploitation because it allows their workers to survive on lower wages than they would need if the costs of their reproduction were not subsidized and had to be purchased in the formal economy. The surplus value extracted from the Annapurnas reduces the conflict between labor and capital to some extent, but it is insufficient to prevent the eruption of disputes between them, as the 1973 and 1982 textile strikes demonstrate.

The relationship between Annapurnas and their suppliers of inputs and credit can also be examined in light of neo-Marxist theory. Contrary to liberal theory, which indicates that the links between informal sector producers and formal sector suppliers of inputs and credit are for the most part benign and can be enhanced through policy, neo-Marxist theory focuses on the essentially exploitative nature of the relationship between the actors and denies that reformist policy can engender any significant change. Evidence from the Annapurnas' case seems to fall somewhere in between these two views.

For one thing, the business people who supply the caterers with staples and credit cannot be categorized as belonging to the formal sector. Their businesses are larger and more lucrative than the Annapurnas; but they may not be registered or legal. The suppliers and lenders fall somewhere on the continuum stretching from "stable wage-work" to "true self-employment" that Bromley and Gerry describe.¹⁹ What matters more in this case is that these entrepreneurs are wealthier, not whether their businesses are registered or not.
Suppliers and creditors may be of the same caste as the caterers, but their greater wealth, their place in the hierarchy of supply channels, and their sex gives them the advantage in their relationship with the caterers.

Not all elements in the relationship between the suppliers of inputs and the Annapurnas are exploitative. No evidence indicates that suppliers restricted the caterers' access to certain goods or sold them inferior quality inputs. Suppliers charge higher prices for staples than wholesalers or subsidized, government-run ration shops, but this is normal and reflects a charge for the service they provide as retailers; they sell in small amounts and save their customers expense in time and transport cost by locating in convenient areas.\textsuperscript{20}

An exploitative element enters the relationship between caterers and suppliers because of the former's lack of sufficient working capital. With sufficient individual capital or by joining together with others, caterers can afford to buy in larger quantities and take advantage of wholesale prices. Without it caterers can fall into debt, slip into a weaker position vis-a-vis their creditors, and fall prey to exploitation. In debt to a supplier, caterers must accept his price because they cannot purchase their inputs elsewhere. Debtors may also face a form of extra-market exploitation, sexual coercion, which reflects not only the greater economic power of suppliers and creditors, but also their favored position as men in a sexist society.

The results of the intervention of the Annapurna Mahila Mandal confirm the liberal view that policies and programs can improve the relationship between informal sector producers and their suppliers. The access to credit at low interest rates and the social
infrastructure that facilitates group buying which AMM offers equalize to some extent the relationship between its members and the suppliers. These features provide the caterers with some bargaining power, as was discussed in Chapter 2, and enables AMM members to become price-makers rather than price-takers and avoid the incidence of sexual coercion. The cooperation of a group of poor women enables them to approximate the market power of individual suppliers in a monopolistic position.

AMM interventions also offer Annapurnas the opportunity to bypass the supplier altogether and buy directly from wholesalers. When the organization experiments with bulk buying and distribution, and small groups of Annapurnas buy collectively, they seem to benefit from savings in the cost of inputs. What they are really doing, however, is taking on the work previously performed by the retailer. Whether or not this actually saves the Annapurnas any money when they count the value of their time and effort has not been calculated.

However policies and programs may alter the power relationship between Annapurnas and their suppliers, this change will not affect the Annapurnas' role in the economy of Bombay or India in any significant way. In that sense, the tendency for policy makers to identify moneylenders and middlemen as the major sources of exploitation in the lives of informal sector producers is misguided. To believe that simply altering the nature of the relationship between suppliers and producers will enable producers to expand their businesses in a significant way seems inadequate, especially in light of the world-system framework. Simply modifying the terms of trade will not change the function of informal sector producers in the overall economy; they will most likely continue to face severe limitations in improving their income.
limitations in improving their income.

The neo-Marxist as well as liberal theories about the informal sector deal with the relationship among self-employed producers in terms of competition with each other and ultimately in terms of whether the sector will experience evolutionary or involutionary growth. Evolutionary growth means that a larger labor force can be incorporated into the sector at higher average income levels. Involutionary growth means either that more people can be employed, but at lower incomes, or that higher average income could be earned only if fewer people were incorporated.

The liberal theory views strong competition as a positive aspect, which will spur greater productivity in the sector. Because it believes in the potential for higher productivity and assumes that the linkages between the formal and informal sectors are benign, the liberal theory foresees the capacity for evolutionary growth in the informal sector. Neo-Marxist theory views severe competition as negative because it is based on cutting production costs, which depends to a great extent on the ability of producers to keep remunerations to labor at a minimum. It predicts that growth in the informal sector will be involutionary.

The evidence from the Annapurna Mahila Mandal case provides support for the involutionary growth argument. Though AMM does not (at least as yet) restrict membership, it can offer opportunities for scaling up caterers' earnings and businesses in a significant way to only a fraction of its membership. The experience of the organization indicates that more caterers may join, but that only a few will earn an income greater than average and that the majority will at best
maintain or slightly increase their current level of income.

AMM does not try to limit competition among caterers by excluding new members. In fact, it encourages cooperation among members and has sought to involve as many home-based caterers in Bombay as possible. AMM differs in this respect from other associations of informal sector workers described by Lisa Peattie, which organize to improve their working conditions and gain recognition from authorities. These limit competition in one of two ways: they either make membership a prerequisite for working in the trade and strictly limit new members, or members enjoy such significant business advantages that non-members cannot compete effectively in the market.

The AMM approach, in contrast, has been to expand from fourteen to over five thousand members and to continue to accept other Bombay caterers as members. As noted in Chapter 2, membership in AMM seems to have decreased rather than increased competition among home-based caterers who are members. Annapurnas have seen the benefits of cooperation, including buying collectively in bulk and cracking down on indebted boarders. The cost of competition among Annapurnas does not appear to be high. Members do not seem to use the savings from lower interest rates and cheaper input costs to cut their prices to customers, which would be one way to compete for boarders. They seem instead to use the savings to stabilize their businesses. Also, caterers may not need to cut prices to compete for boarders because of the familial nature of the arrangements between caterers and boarders. This may deter shifts from one caterer to another despite a decrease in demand. Caste, village, or family ties may bond a boarder to a certain caterer until unusual circumstances, such as great indebtedness, arise.
AMM also has plans to organize caterers in other cities so that they too will have access to bank loans and greater bargaining power. Including Annapurnas from the other cities in AMM will not create competition for customers among Bombay-based Anapurnas, though it could conceivably increase competition for capital now that funds for the subsidized DRI bank loans may be drying up.

Feminist beliefs and an ideology of class solidarity account at least in part for the tendency of AMM to be inclusive rather than exclusive. The organization has had to sacrifice these beliefs somewhat, though, in undertaking its new economic components, which are designed to provide alternative markets to caterers in the face of declining demand from textile workers. The evidence from AMM efforts to establish a catering service for middle class consumers and a series of booths for selling food to working-class passersby indicate the necessity to select a tiny minority of Annapurnas who will benefit from the activities. At present, women who have been hardest hit by the strike or family problems have priority in participating in the new Center-based catering activity, though it is not clear how the final selection is made.23

After a year of operation in 1984, only twenty out of over five thousand AMM members have participated in the program to train caterers to produce snacks and meals for a middle class clientele. Between twenty and forty Annapurnas currently produce food at the AMM Multi-purpose Center. Though AMM staff attributes the low number of participants to this being a relatively new component, they plan to employ no more than fifty, or possibly 300, caterers even when the operation will be in full swing.
Several factors determine the limited number of women who can expect to earn a living from the Center-based catering business. For one, in an attempt to improve the Annapurnas' working conditions, their productivity, and the uniform quality of their product, AMM decided that production for this business should take place at the Multi-Purpose Center rather than in the caterers' homes. The kitchen/workshop space at the Center physically limits the number of women who can work there, and the cost of its sophisticated equipment and of space in Bombay preclude any expansion that would allow for the employment of a significantly greater number of Annapurnas.

Another problem involves demand. So far AMM has not received enough orders to employ even forty women consistently. This can be attributed to the difficulty new businesses experience in building up a clientele. Only time will tell whether AMM will be able to compete with other producers in the market providing food to middle-class consumers. The caterers may find that the only way to compete with the other producers' prices will be to minimize their own labor costs. This will certainly create a dilemma for an organization whose goal is to enable women to improve their earnings and work conditions.

The Center-based catering component provides evidence that supports this theory that earnings will not reflect the value of the Annapurnas' labor. Caterers earn Rs. 250 per month while training and Rs. 325 for their work after training.* The latter figure compares favorably with home-based caterers' estimated earnings; it actually exceeds them because of the shifts at the Center are five hours long.

*This policy correctly assumes an opportunity cost for the women's training time and recognizes that most could not afford to lose current income while training to earn future income.
much shorter than the home-based caterers' sixteen-hour days. AMM caterers also save the expense of using their own equipment at home and enjoy a healthier work environment.

AMM currently must subsidize these earnings, though, since net profits from food sales do not yet cover them. Profits over the first ten months ranged from Rs. 368 to Rs. 3,357 per month, which cover the earning of from one to ten caterers. At this point AMM absorbs the loss but obviously cannot continue to do so if it is to function as a business.

AMM recognized that the Center-based catering operation could only reach a fraction of its members and has sought to develop alternative markets for even more Annapurnas by proposing the establishment of eighteen booths around Bombay to sell food to working-class passersby. It is not lack of production space in this case that will limit the member of Annapurnas who benefit from the booth project, but rather the uncertainty of entering the market for street foods, which is new to them. Even if initial market tests involving Annapurnas in booths go well, the full project of eighteen booths will only provide a market for 108 women. The estimated earnings of Annapurnas staffing booths compare well with those from home-based production. Proposals do not specify the number of work hours per day though, and women would still produce in their homes.

AMM predicts that the existence of these booths would alleviate somewhat the problem of no weekly day off for home-based caterers without increasing competition. Home-based caterers could recommend the booths to their regular clients as a once-a-week substitute for home-based catering. Project proposals predict that Annapurnas could
thus enjoy a day off without risking a permanent loss of customers to competitors, but they do not specify why booths would not capture the home-based caterers' market.

Two ambitious elements of the AMM economic program to help Annapurnas adjust to declining demand from textile workers, the Center-based catering project and the establishment of booths, thus will reach only about 160 women out of over 5,000. The organization recognizes the limitations of these projects and proposes to establish an AMM center for storing, grinding, and distributing several staple inputs which it says would benefit the rest of the Annapurnas who cannot participate in the "up-scaled" projects. But the economic efficiency of this last proposed plan is dubious and thus may never benefit them.

The four economic components of AMM take the form of a pyramid, starting at the top with Center-based catering, vending booths, staples distribution center, and the loan program. The one involving the fewest Annapurnas, the most sophisticated equipment, and the greatest change in work conditions is at the top and the one involving all members but the least change in income and work conditions at the bottom. The other two fall along the spectrum in between.

Center-based caterers have access to the training, technology, and organized marketing that allow them to reach a new, slightly wealthier market. Their productivity is presumably higher because of the equipment at the Center, and their earnings and work hours reflect this.

Annapurnas who will sell their homed-cooked food in booths will also try to tap a new market, but they will only benefit from improved distribution channels for their products, not from better technology.
and higher productivity. The level of quality of the food they currently produce presumably will satisfy the working-class market for street food which they hope to supply. Their production conditions will remain the same; the only difference will be that these Annapurnas will have the opportunity (or difficulty) of working outside their homes at least part of the time.

The activities of the AMM staple supply center would affect many more Annapurnas, though it will probably not be large enough to serve all of them. The availability of pre-ground grains and spices is designed to lessen the drudgery, or increase the productivity of home-based caterers who otherwise perform this task themselves.

Finally, the loan program benefits all AMM members, and membership is open to all female home-based caterers who want to join. The changes it has prompted have already been discussed. Generally, though, it seems at best to have increased income only slightly and in most cases to have stabilized Annapurnas' businesses.

The current or projected results of these four efforts indicate that only a fraction of AMM members can enjoy higher earnings (or the same pay for fewer hours), improved technology, and access to different markets. The AMM experience suggests that at least in the food service part of the informal sector, growth will be involutionary rather than evolutionary.

AMM finds itself in a dilemma. It is committed to including as many home-based caterers in Bombay as want to join and to helping them improve their earnings and work conditions. But AMM can offer significant changes to only a few Annapurnas because of uncertain demand in an already crowded economy and because of the high capital
technology in a "formal sector" building like the Multi-Purpose Center. AMM does not show the characteristics of involutionary growth by excluding caterers; rather, it includes a greater number of caterers, the majority of whom suffer declining or constant incomes, while only a few can take advantage of new markets and higher productivity to increase theirs. This dilemma of AMM has implications for the focus of its future efforts and the relative importance of its social and economic programs.
FOOTNOTES


5. Ibid., p. 37.


8. Ibid., p. 85.


10. Annapurna Mahila Mandal, Project Proposal, p. 2.

11. Portes and Walton, Labor, Class, p. 86.

12. Ibid., p. 103.

13. Ibid., p. 104.


15. Interview with Martha Chen.

16. Portes and Walton, Labor, Class, p. 73.

17. Ibid.

18. Ibid.


23. Interview with Martha Chen.

CHAPTER FOUR

DILEMMAS AND CHOICES: QUESTIONS FOR AMM'S FUTURE

The difficulties that the Annapurna Mahila Mandal has encountered in its attempts to help its members maintain or increase their income in the face of declining demand for their services suggest support for analyses which predict involutionary growth in the informal sector. Proposals for the projects creating vending booths and the staples distribution center reveal the organization's realization that on the one hand, bank loans alone are insufficient to deal with the economic situation most Annapurnas find themselves in, and on the other hand, that the elaborateness of AMM's first attempt to counter this problem limited to a fraction of all members the number of Annapurnas who might benefit from it.

The multiple goals of AMM reveal the dilemma the organization finds itself in. Its philosophy is based on outreach and the inclusion of as many participants as want to join, so it proposes to expand AMM to other cities. At the same time it seeks to improve the income and working conditions of its current members. Yet limited resources and market demand restrict the number of women AMM can benefit with its most change-inducing projects, so it proposes other less costly efforts whose benefits will be more widespread but will promote less dramatic changes than the Center-based catering business.

AMM is not alone in this quandary of how to assist with the greatest impact the largest number of self-employed informal sector producers. At least in the short-run, the implementation of programs for small-scale enterprise which reflect the liberal analysis that
there exists a potential for greater productivity, higher demand, and thus evolutionary growth in the informal sector results in a similar paradox. Programs may increase or stabilize the productivity and income of part of a group of producers within the informal sector, but they must, by nature of their limited staff and funding, exclude the majority. The programs born to promote evolutionary growth seem to be able to function because they select an elite among the informal sector self-employed, who then enjoy advantages that make competition among other producers more fierce.

The nature of the Annapurnas' role in the informal sector offers an explanation of why the Annapurna Mahila Mandal's more ambitious programs can reach only a fraction of its members. AMM has followed programs primarily based on liberal theories which predict evolutionary growth in the informal sector. Yet these programs result in conditions characteristic of involutionary growth: a minority of producers with the potential for growth and higher incomes and a majority without the means to improve their business and compete for new markets.

At first glance, the goals of AMM to include the greatest number of Bombay's Annapurnas in the organization and to implement projects to improve their incomes and working conditions do not seem contradictory. But the expense involved in capitalizing producers (with the Multi-Purpose Center and its equipment) and the uncertain demand in new markets have forced AMM to accept the realization that its goals are in conflict and that it cannot extend the benefits of change to the majority of its members. If it continues to expand, new members will enjoy a minimal level of benefits, including solidarity from organization, access to social and medical services, bank loans,
and perhaps prepared staples. Even if AMM curtails its expansion, the majority of current members will still have access to only those benefits. This is not to say that these projects have insignificant impact; Chapter 2 points out in detail the important gains achieved by Annpurnas thanks to AMM action. Rather, the point is to recognize the limitations to the extent of AMM's success in economic areas and to consider in this light the importance of its other, more directly social achievements.

In its attempts to expand, AMM has sought financial support from international agencies involved in development. Oxfam-America, the Unitarian Universalist Service Committee, the Ford Foundation and others have provided varying amounts of assistance over the last few years and in part made possible the construction of the Multi-Purpose Center and the probable move to an even larger building. With assistance come advice and negotiations about proposed activities and the future direction of the organization. Much of this has encouraged AMM to concentrate its efforts on current members and become more business-like in the operation of its economic components.

According to Marty Chen of Oxfam-America, the representatives of various funding agencies who work with AMM have suggested to Prema Purao that the organization postpone indefinitely its plan to set up branches in Pune and other cities. They feel that AMM may spread itself to thin if it tries to accomplish all of its proposed activities at the same time and recommend that AMM focus its energy and resources on carrying out economic projects to assist its current members. Though probably a wise and practical idea for the successful survival of the organization, the donors' advice against expansion in
favor of concentration represents the tendency toward involution, with advantages being concentrated on a limited minority rather than on all of a group of producers in the sector.

Viji Srinavasan of the Ford Foundation in her evaluation of a recent AMM proposal for funding notes that the Center-based catering operation needs to run more like a business, with standard work shifts, and have less of an atmosphere of a social service agency. She emphasizes the need to stress efficiency over notions of "solidarity" and "self-confidence" if the business is to succeed. She offers the example of too many women showing up to fill a particular order, all anxious to "participate" though their numbers will make the process inefficient.² Again the observation has merit, but its implications run counter to the philosophy of inclusion upon which the organization is based.

As AMM attempts business projects that go beyond its original role of intermediary between banks and their members, Chen reports that funding agencies have encouraged the organization to enlist the services of people trained in business administration. They will carry out feasibility studies and cost-benefit analyses to see whether the vending booth and staple distribution center projects are worth pursuing and which products of the Center-based catering project are the most lucrative and should be emphasized. They also will try to determine the break-even point for the optimal number of participants in each project. These analyses are important for the success of the business; no one will benefit if the projects are not financially viable. But limiting the scale of operations of the booths and the catering service to an optimal size will obviously have implications for the number of women who can participate. And if the staple
distribution center should prove economically infeasible, AMM will need to come up with another option for improving the work conditions of the majority of Annapurnas, who cannot take advantage of the more exclusive catering service and vending booth businesses.

How can we understand the tendency for AMM to mix attitudes of solidarity and social welfare into the implementation of its income-generation projects to such a degree as to provoke a call from its donors to behave less like a social service agency and more like a commercial enterprise? AMM is not alone in this confusion of goals, and Mayra Buvinic offers several explanations of why economic programs for women often turn into welfare action in her paper *Projects for Women in the Third World: Explaining Their Misbehavior*.

In brief, in her paper Buvinic seeks to explain why most income-generation projects for women evolve from production goals to welfare activities during implementation. She does not try to identify problems at the planning stages, but rather seeks to pinpoint factors in the project environment and certain project characteristics that may explain the shift in focus. Of the many reasons she suggests for the tendency of women's projects to slip from their productive objectives to service activities, those having to do with the nature of the implementing organization and its staff are of greatest relevance to the case of AMM. Though these may explain in part the behavior of AMM, the neo-Marxist analysis of the Annapurnas' role in the economy and the signs of involutionary growth, with its limits to economic gain, suggest additional reasons why AMM chooses to concentrate a good deal of its resources on services which are seemingly unrelated to business development.
Among the elements in the project environment that the paper identifies, the one most relevant to the case of AMM has to do with the nature of the organization. Buvinic cites the separate development of economic growth institutions, relief agencies, and women's organizations after World War II and contends that most organizations which implement women's projects developed out of the latter two groups. She notes that the experience of these organizations lies in welfare and community development projects and that their staffs are ill equipped to deal with a shift to projects promoting business. Many are generalists and lack the technical skills necessary to run the new projects. When the new income-generation efforts do not do well, Buvinic believes, staffs react rationally by falling back on what they knows how to do best; they "translate production objectives into welfare actions."3

Buvinic also attributes the failure of income-generation projects to the tendency of staff, especially those who are middle-class volunteers, to misjudge the easiness and transferability of work believed to be stereotypically female and to encourage work that is unprofitable in the market. She also points to the "participatory group styles" common to many women's income-generation efforts, which encourage women to produce collectively, as contributing to the "welfare slant" in the projects.4

Buvinic characterizes the "typical" women's project as small-scale, situation-specific, and using limited financial and technical resources. It also involves a lot of group participation and group discussions to promote self-awareness and skills training.5
In many ways AMM does not fit this description, though some characteristics apply. The organization's membership is huge and its projects relatively ambitious. It serve as an intermediary between individual Annapurnas and major sources of funding, both banks and development agencies, and can afford to seek technical assistance. AMM bases its existence on group participation and elected representation. It provides an important forum for expressing the concerns its members share and serves as a training ground where working class women can gain experience expressing themselves in public, a role whose importance Buvinic recognizes.

In its efforts to help members, AMM has not imposed a stereotypical task on Annapurnas but rather has set up projects to improve the work conditions and income from their current work. AMM's founder was a trade union organizer for the Communist Party of India before taking on her new role and thus probably has less of a chance of misunderstanding the nature of productive, marketable work than most middle-class women. The organization does not employ middle-class volunteers, but instead steadfastly remains a working-class organization. AMM rather pointedly makes it known that it prefers to accept the help of literate, working-class men than middle-class women.6

Then how does Buvinic's analysis enlighten the great importance of social benefits and group participation to the organization and the tendency for this bent to show up in the new economic components AMM has initiated and proposed? One possible explanation that fits within her framework is that AMM's original role was as a successful intermediary organization. It organized borrowers and pre-screened
them for subsidized bank loans, but it has had no previous experience in enterprise creation. In response to changing economic conditions it has experimented with and planned different ways for Annapurnas to earn a living, but its staff may not be adequately experienced and trained to carry out project as businesses. In response, they are hiring business consultants to complement their own skills.

In her paper Buvinic asks, "Why is it that development projects for poor women in the Third World assume welfare features in their execution when they have income-generation objectives and respond to production-oriented policies?" I would propose two explanations, one that has to do with AMM's concept of what constitutes "development" and another that derives from the economic and social context in which the members of AMM find themselves. These explanations do not have to do with organizational weaknesses and deficiencies, nor the nature of the projects. Rather, they reflect the nature of the task which AMM has chosen for itself within a certain economic context.

As I have discussed before, AMM may have difficulty running its new economic components in a businesslike way because this requires exclusion of most of the Annapurnas, which is anathema to AMM philosophy. Group participation is not just a philosophical goal for AMM; it is also the basis for many of its major accomplishments and its strength. The grassroots, democratic participation of members in the organization has led to women learning to express their needs and defend their positions in public. AMM's huge membership and the commonality of members' concerns constitute a relatively potent political base and lend the organization the public exposure and credibility it needs to deal effectively with the State. Solidarity
among Annapurnas also has enabled them to improve their bargaining position with their boarders. Cooperation is the basis of their access to subsidized loans, which has reduced their vulnerability vis-a-vis their suppliers and creditors both in terms of access to inputs, price, and incidence of sexual harassment.

The services AMM offers may be considered "welfare" services, but actually they play as important a role in reducing the Annapurnas' vulnerability, strengthening this bargaining power, and increasing their options as their access to loans has. Offering otherwise inaccessible legal services and providing a temporary shelter in particular has a value that goes beyond mere welfare activities. They open up alternatives and provide bargaining power to women in a context where the norm dictates that wives submit to their husbands' and in-laws' will, be it abusive, exploitative, or unreasonable. Day-care, medical services, and literacy classes all have economic benefits in terms of freed-up time, time saved, and greater potential for employment. The overall theme connecting these various components is that they increase Annapurana's chances for achieving dignity and independence (though not isolation). Economic gains have contributed to the achievement of these benefits, but the experience of AMM suggests that increased income can be a means to development rather than its primary goal.

AMM is organized to enable women to express their needs and have those needs be incorporated into its programs. The non-economic components respond to problems presumably identified by members, though there is no way to verify this. The inclusion of more social service components in women's projects may reflect the number of

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problems poor women face that their male counterparts do not. Women are vulnerable to sexual harassment and physical abuse, and in most societies they are the people primarily responsible for children's health and well-being. It is important to plan programs that recognize poor urban women's need to earn an adequate income and that look beyond women's role as parents and care takers. But until women are able to share those responsibilities with men, it would be unresponsive to fail to recognize women's need for social services and incorporate them into projects whenever possible.

A second explanation for AMM's heavy emphasis on "welfare" activities concurs with Buvinic's belief that it is a "rational" response on the part of the organization. Carrying out non-economic activities is rational for AMM not because the organization has had more experience with welfare activities but because the limitations to economic gains, which are determined by the nature of the Annapurnas' role in the economy, make these activities significant complements to income generation. AMM probably recognized the importance of social services to its members before it realized the limits to increased income its members faced. Now that AMM has recognized that those economic components which promise the greatest changes in income and work conditions can benefit only a fraction of its members, the organization may value even more its ability to offer social services, even on a limited scale.

The experience and predictions about AMM's new economic components suggest that their ability to reach only a minority of Annapurnas is quite possibly due to the involutionary nature of growth in the informal sector, not just to inexperienced management or the trials facing a new projects. If one accepts the radical analysis of
the role of self-employed informal sector producers in the economy and the limitations to improving the economic situation of the majority of them, it makes sense for organizations to pursue development simultaneously on more than one front. The analytical framework of neo-Marxist theory offers an explanation of environmental factors which may influence women's organizations to shift their focus from income-generating projects to social service efforts.

Projects based on liberal theory seem to at least stabilize the earnings of some informal sector producers and increase their negotiating position. Income-generation projects also provide an activity of immediate concern around which to organize participants. But income-generation projects seem to have a limit to their effectiveness, so organizations that can afford it act quite rationally when they simultaneously carry out income-generation projects and social service delivery, because the latter to complements meager income gains for the majority of its informal sector members who will not benefit from a dramatic increase in income. For the majority, social services may provide primarily non-economic ways to decrease their vulnerability, strengthen their bargaining power, and increase their options.
FOOTNOTES

1. Interview with Martha Chen.

2. Srinavasan, Evaluation of Grant, p. 5.


4. Ibid., p. 25.

5. Ibid., p. 5.


CONCLUSION

The major accomplishments of the Annapurna Mahila Mandal have involved lessening the vulnerability and broadening the opportunities for self-determination of the home-based caterers who are its members. It has achieved this by offering programs which stabilize their businesses, offer opportunities for self-expression and learning, and alter the relationships between the caterers and the people with whom they interact on both a personal and professional basis.

AMM has enabled Annapurnas to increase their bargaining power in their relationships with suppliers, creditors, customers, husbands, and in-laws through a combination of efforts. Access to credit at subsidized rates, access to legal services and a shelter for abused women, and solidarity among members, which is demonstrated in moral support and collective action, all contribute to a greater degree of self-determination and reduced vulnerability for the women.

The income-related projects of AMM have directly addressed the weak economic position of the Annapurnas by helping them stabilize their businesses and offering them alternative ways to earn money in response to changing circumstances that threaten their livelihood. AMM also has created a forum for free expression and decision making by consensus. This can build a base for social movements with a broader focus that may enable the Annapurnas to enter the political arena as an organized body to pressure the State for changes that increase their stability in other ways.

AMM has been able to engender change on so many different fronts because it takes a multi-faceted approach to development. But as it
grows, the organization faces a dilemma about what kind of balance it should establish between social issues, and goals of productivity and economic growth. The conflict becomes particularly clear as AMM attempts to implement more elaborate economic schemes which are intended to effect more than basic changes in the caterers' work. These more elaborate projects seem to be able to benefit only a fraction of AMM members because of their greater requirements of capital and physical space, but the organization derives much of its effectiveness from the philosophy of inclusion and cooperation upon which it is based. The limitations of AMM's more ambitious economic projects raise the question of how much the organization should concentrate on expanding its membership to offer the more basic programs and social benefits to larger numbers of people and how much it should attempt to change radically the work situations of a relatively small number of members.

The struggles and successes of the Annapurna Mahila Mandal raise several questions facing planners and organizations involved in Third World development. The major question deals with the very definition of development and the relative importance of social issues on the one hand, and productivity and economic growth on the other.

AMM has had great success with its income-related projects, all of which have had an important impact on the lives of AMM members. But although the income-related projects have been successful, their limitations in being able to do more than stabilize or slightly increase the incomes of the majority of AMM members point up the structural barriers to accumulation which place ceilings on the extent of change that economic projects can effect for the majority of very poor people. Planners need to acknowledge, as some major funders have
begun to, that the upgrading of poor people's income reaches "absolute limits"\(^1\) and that "income stabilization or a greater predictability in the conditions of work may be the only feasible goals" of projects.\(^2\)

The question thus arises whether development can come from a critical mass of relatively small projects or whether efforts to bring about deeper, structural changes are needed.

The recognition of limitations to economic improvements point to the importance of other ways of lessening poor people's vulnerability and increasing their opportunities for self-determination. Without ignoring the need for a stable and adequate income that poor people, and especially poor women, in Third World countries express, it is important for organizations to address non-economic problems with projects that can change relationships and the balance of power between poor people and others. Focusing on relationships rather than conditions of poverty takes the onus of problems off of poor people.\(^3\) It also can help those in weaker positions become less dependent on those who are more powerful, whether because of gender, wealth, or caste, and shift the balance of power in relationships that traditionally have been disadvantageous to them.

The case of AMM also raises the question of how much poor people must rely on their own efforts and organizations to increase the stability of their situations, for example through private insurance schemes, health care services, and other mutual assistance, and how much they can expect from the State. Usually it is relatively small pockets of better off and better organized poor people who manage to establish these services, which leaves the problem of how the majority can enjoy greater stability and reduced vulnerability. That
organizations of poor people feel the need to establish their own services even when the government provides them (as AMM did with health care) indicates that the government services are inadequate in some way. The inadequacy may be due to lack of funds or the fact that the design for their delivery does not take into consideration the many restrictions that instability places on the users and their ability to take advantage of the services. This seems to indicate that at least in the short run, organizations like AMM address very real needs of their members by providing services that are not directly economic in nature.

Evidence from the case of the Annapurna Mahila Mandal supports a definition of development that is neither wholly economic nor wholly social; it is the capacity to shape one's own destiny by reducing one's vulnerability. People can approach this goal by carrying out a combination of social and economic efforts which may also serve as a base for building social movements to eventually bring about change in the political arena.
FOOTNOTES


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