



# Social Upgrading in Global Value Chains: A Longitudinal Study of Home-Based Workers in India (1999–2018)

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**Abstract.** Home-based workers (HBWs) form a major part of India's informal workforce, especially in global value chains (GVCs). This paper examines whether GVC participation has led to social upgrading for HBWs, using five decent work indicators: earnings, job contracts, paid leave, social security, and unionisation. Based on unit-level data from five survey rounds (1999–2018), it finds modest wage gains alongside a decline in enabling rights, particularly for rural and female HBWs. The study highlights a disconnect between economic and social upgrading and calls for stronger labour regulation and social protection for non-standard workers.

**Keywords:** Home-based workers, Global Value Chains, Social upgrading, Decent Work, Informal employment

## 1 Introduction

Most of the production nowadays occurs across the globe and is generally conceptualised in terms like global commodity chains (GCC), global value chains (GVC), or global production networks (GPN). The key feature of these chains and networks is that the lead firms located in the north dominate as they outsource the production to developing countries while retaining high value-added activities such as designing, branding and marketing (Gereffi & Kaplinsky, 2001). The outsourcing of production is done in order to take advantage of cheap labour and raw materials in developing countries (Jha & Yeros, 2019). According to the World Investment Report of UNCTAD, the share of these Multinational Corporations (MNCs) in global gross exports is 80 %.

Large MNCs retain only a core workforce in the formal sector while outsourcing most of their production to informal or unregistered firms. This has resulted in a decline in decent-wage jobs and a rise in the 'non-standard' forms of employment, including home-based workers (HBWs) (ILO, 2002). As of 2018, 61 % of the global workforce is informal; in emerging countries, it is as high as 91 %. One of the central features of India's economy is the predominance of the informal sector. The informal sector contributes almost half of the country's GDP, while more than 90% of the workforce is engaged in the sector. As per the Economic Survey (2018-19), around 93 % of India's workforce is employed in the informal sector. However, the majority of

the informal workers face several challenges in the form of adequate employment opportunity, sufficient legal rights, social protection and freedom of association and representation (the four pillars of decent work given by the ILO).

HBWs are among the most vulnerable sections of workers in the informal sector. They constitute a significant proportion of the urban workforce, and the majority of them are women. There are two categories of HBWs: one is the self-employed or own account workers who take their product to the market and also buy raw materials and equipment by themselves; the second is the homeworkers/out workers whom the contractors or intermediaries generally employ through various outsourcing arrangements.

With the increasing transnationalisation and informalisation, the use of HBWs is increasing everywhere. HBWs are involved in all kinds of activities such as stitching garments, shoes, gloves, and footballs; weaving textiles; preparing food items (such as papad and pickle); rolling bidi, cigars, incense sticks; assembling automobile products, pharmaceutical products, electronics; doing laundry, packaging; carpenters; mechanical repairs; and clerical and profession work.

HBWs are situated in the lower rungs of these value networks. They are inserted into these complex production networks through various outsourcing arrangements. In most cases, they are employed by the contractors, and in some cases, they are directly contacted by the companies. HBWs are preferred by the employer as they do not have to incur any non-wage costs, which allows the firms to lower their cost of production. In the process, they suffer from decent work deficits, some of which include low wages, delays in payments, insecure and unstable work arrangements, lack of health and safety measures, long working hours, no social protection, lack of freedom of association or presence of union (Broembsen & Harvey 2019 and Chen 2014).

This paper analyses trends in decent work indicators among home-based workers (HBWs) in India and systematically connects these empirical patterns to existing debates in the literature on global value chains (GVCs) and informal labour. Specifically, it investigates whether HBWs have experienced social upgrading or downgrading over time, using key decent work indicators. To provide a more nuanced understanding, the paper further disaggregates these trends by gender and location, and explores the intersectionality between the two dimensions.

## 2 Methodology

The study uses the three rounds of employment-unemployment survey (EUS) and the first periodic labour force survey (PLFS), which are nationally representative surveys conducted by the National Sample Survey Organisation (NSSO). The study uses the 55th (1999-00), 61st (2004-05), and 68th (2011-12) rounds of EUS. NSSO has been conducting EUS (27th round) since 1972 quinquennially. The 55th round was chosen as the starting point, as the question related to the workplace location was introduced, which helps identify the home-based workers. The PLFS has now replaced the EUS from 2017-18 onwards, and the study also uses the PLFS of 2017-18. The EUS and PLFS are nationally representative surveys that provide regular and reliable data on the labour market at the national and state levels. The 55th round of NSS had a sample of 165244 households; the 61st round had a sample of 124680 households, and the 68th round had a sample of 101724 households, and the PLFS of 2017-18 had a sample of 102113 households spread across all the states and union territories.

HBWs are defined as those who carry out remunerative work from their home. 'Home', referred to above, is defined as (i) a dwelling unit and/or (ii) a structure attached to the dwelling unit and/or (iii) an open area adjacent to the dwelling unit.

The study uses decent work indicators to measure the social upgrading/downgrading of HBWs. If there is improvement in most of these indicators, it can be argued that HBWs have undergone social upgrading, but if there is a decline in these indicators, then HBWs are said to have undergone social downgrading. The variables related to these indicators, which are available and used for the study, are the wages of the workers, nature of employment (whether it is temporary or permanent), type of job contract, the entitlement of paid leave, availability of social security benefits, and presence and membership of the union. Within the category of HBWs, only the regular workers are considered, as the data available and collected are for these workers only.

### 3 Literature Review

#### 3.1 Economic and Social Upgrading in Global Value Chains

For developing and underdeveloped countries, the question is not whether to participate or not in these value networks but rather under which conditions they should participate, which can benefit them. Also, these networks provide opportunities and challenges to developing countries for higher growth (Barrientos et al., 2011a). The Economic Survey of India (2019-20) also argued for aggressive participation in the value networks to generate employment opportunities for unemployed youth.

With the rapid increase in the GVCs and GPNs, the resulting impact of participation by the developing countries on the firms and workers has been disputed. The existing literature on the value chains and networks has treated labour differently. On the one side, development economists have argued that the emergence of the global value chains has provided opportunities for the low- and middle-income countries to increase their competitiveness. The increased competitiveness through higher productivity will allow the countries to move into higher-value-added activities. Therefore, "economic upgrading" plays a central role in this kind of literature. On the other hand, it has been argued that the improvements in the productivity and competitiveness of the firm may not be transferred into better conditions for workers in terms of employment, wages and improved working rights. This has been termed as the "social upgrading" (Salido & Bellhouse, 2016). So, there is a clear disjuncture between these two types of literature.

The proponents of GCC and GVC measured the upgrading in the value chains in economic terms by taking the firm as the primary unit of analysis and considering labour only as a factor of production. They did not consider the role of labour explicitly. Capturing higher economic gains from production among these value chains was considered upgrading. Various types of economic upgrading have been defined. A) Process upgrading- this involves increased production using more efficient techniques. This upgrading is driven by the incentive to increase efficiency and reduce per-unit costs. B) Product upgrading implies an increase in revenue through the movement from low-value-added products to high-value-added products along the different nodes of the chains. C) In Process upgrading, firms move on to undertake more lucrative activities than they already undertake in the value chains. All of these upgrading comprise movements happening within a particular value chain. However, in D) Chain Upgrading- the firm may move to a new

advanced value chain altogether. For example, a firm producing leather shoes initially moved into the production of leather interiors for the automobile industry (Humphrey & Schmitz, 2000; Strugeon, 2006).

Measuring social upgrading has always been difficult.<sup>1</sup> Quantitative and qualitative methods have been used for the measurement. Barrientos, Gereffi, and Rossi (2011) have defined social upgrading as the increase in wages, improvement in the terms and conditions, and increasing social protection and dialogue, as mentioned in the concept of decent work.

There can be two components of social upgrading: measurable standards and enabling rights. Measurable standards are those which are observable and can be measured easily, including the type of employment, wages, social protection and working hours. Enabling rights for workers can include freedom of association, non-discrimination, participation in decision-making, and the right to collective bargaining. These enabling rights and measurable standards are closely interlinked (Elliot & Freeman, 2003; Barrientos et al, 2011b).

The concept of “decent work” given by the ILO can also be used to operationalise social upgrading. Anker, Chernyshev, Egger, Mehran, & Ritter (2003), while providing objective measurement of decent work, noted that “The volume of employment generated by an economy at any point in time does not tell us much about the quality-of-life or ‘person-enabling’ characteristics of that employment”. The four important components of decent work as conceptualised by the ILO are employment, social protection, workers' rights and social dialogue (Ghai, 2003). The 17th International Conference of Labour Statisticians lists around 29 basic indicators of decent work under 10 headings representing key elements of decent work (ILO, 2003; ILO, 2017). These include Employment opportunities, acceptable work, Adequate earnings and productive work, Decent hours, Stability and security of work, Balancing work and family life, Fair treatment in employment, Safe work environment, Social protection, Social dialogue and employers and workers representation. (for details, see Anker et al, 2003)

### 3.2 Relation between economic and social upgrading

Initially, it was assumed that the economic upgrading would, in turn, result in social upgrading. However, the findings from the evidence suggest mixed results in terms of the impact that GVCs have on the quantity and quality of employment (Knorringa & Pegler, 2006; ILO, 1999). Economic upgrading is necessary but not sufficient to translate into social upgrading.

The logic of looking for cheap and flexible labour has initially created jobs, especially in the poorer regions. This has attracted everyone towards GVCs as these jobs are obviously better than the existing conditions of the workers at many places. However, it has also been a fact that the insertion into the value chains over time has resulted in segmentation and various types of non-standard work. The increased competition over time will put physical and emotional stress on the workers, and those on the lower ends of these value chains will face precarious and vulnerable working conditions (Nadvi, 2004).

Some workers may be undergoing upgrading while others may find it difficult in the same factory. As shown by Rossi (2011), in the Moroccan garment industry, high-skilled workers in

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<sup>1</sup> This has been the focus of literature in Global Production Networks. The terms GVCc & GPNs/GVNs are conceptually different but we will be using GVCs in the paper from now onwards.

the factory can achieve social upgrading where the lead firms are concerned about the labour standards and brand reputation. Meanwhile, low-skilled or unskilled workers may be left behind in order to remain competitive. Similarly, the regular workers are more likely to undergo social upgrading, while the irregular workers, including the HBWs, will not benefit from the economic upgrading of the firms.

However, there are also studies which show that economic upgrading does not lead to social upgrading and rather can occur with social downgrading, too. This can be seen in the case study of the Foxconn factory in China. It is a Taiwanese contract manufacturer and is one of the leading electronics manufacturers. It employs more than a million workers in China. It caters the demand from some international brands such as Apple, Nokia, and Xiaomi. SACOM (2010) found that even after the rise in the workers' employment, the workers' overall standards (actual working and living conditions) deteriorated over time. Workers were earning below living wages and working excessive hours in a depressing environment; they were also exposed to dangerous chemicals that had detrimental effects on their health, and faced occupational hazards. All this has resulted in a series of suicides by the workers in the factory.

Many studies have also found that insertion into the GVCs negatively impacts the workers' welfare. Instead of supporting the long and sustainable development of the workers, these chains worldwide are making the majority of the workers more insecure and vulnerable in different industries and sectors (Kaplinsky, 1998; Raworth, 2004; Oxfam, 2010; CAFOD, 2004; Barrientos et al, 2011b; Kritzinger, 2004).

It is also argued that social upgrading can be a pre-condition for economic upgrading (Ismail & Schhrer, 2019). Moreover, without implementing the necessary public and private policies, it is not possible to have social upgrading (Anner, 2014). So, there is no straightforward link between economic and social upgrading. In some cases, given particular conditions, economic upgrading might lead to social upgrading, and in other situations, it might lead to social downgrading, too.

4     **Measuring Social up/downgrading of the HBWs through Decent Work indicators**

The data relating to the following indicators of decent work is captured in the different NSS rounds and PLFS (Table 1). However, not all the variables are available for the entire period, as some of these variables have been dropped, and some were introduced later. Only data regarding employment and wages2 has been collected in all the rounds.

**Table 1.** Indicators of social upgrading and decent work

| Variable/Indicators  | 1999-00(55th) | 2004-05(61st) | 2011-12(68th) | 2017-18(PLFS) |
|----------------------|---------------|---------------|---------------|---------------|
| Number of HBWs       | Yes           | Yes           | Yes           | Yes           |
| Wages/Earnings       | Yes           | Yes           | Yes           | Yes           |
| Nature of employment | Yes           | Yes           | Yes           | --            |
| Type of Job Contract | --            | Yes           | Yes           | Yes           |

<sup>2</sup> The information regarding the earnings including those engaged in self-employment is collected for the first in PLFS 2017-18. Before that, wages for workers excluding self-employed were available.

|                          |     |     |     |     |
|--------------------------|-----|-----|-----|-----|
| Paid leave               | --  | Yes | Yes | Yes |
| Social security benefits | --  | Yes | Yes | Yes |
| Existence of a Union     | Yes | Yes | Yes | --  |
| Membership of the union  | Yes | Yes | Yes | --  |

\*The dashed columns show that the data is not available for these variables for that particular year or the variable has been removed from the NSS questionnaire.

## 5 Distribution of the regular HBWs across sectors and gender

Most regular workers are found in urban areas; their share has recently increased (Figure 1). In 1999-00, around 66 % of the regular HBWs were in the urban sector, which remained almost the same until 2011-12 and increased considerably in 2017-18 to 78.7 %. The share of regular workers has declined from 34.1 % in 1999-00 to 21.3 % in 2017-18.

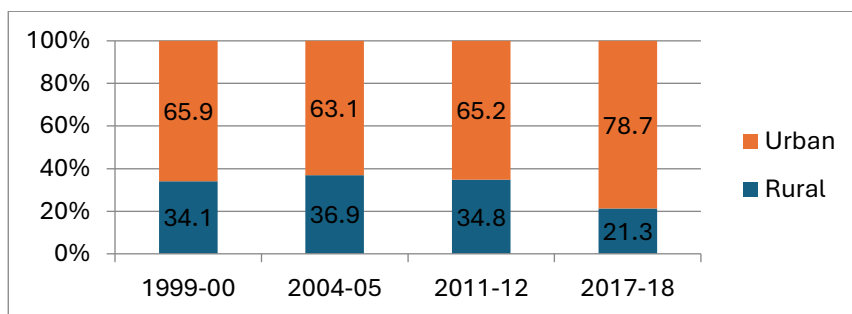


**Fig. 1.** Distribution of regular hbws across sector (based on PLFS/EUS data)

*Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18*

Looking at the gender-wise distribution of the regular HBWs, it is found that the majority of them are male workers. Although the share of male workers has declined from 85 % in 1999-00 to 78.1 % in 2017-18, the share of female workers has increased from 15 % to 21.9 % during the same period (Figure 2).

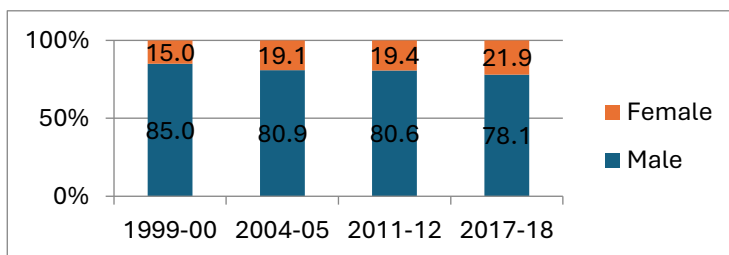


**Fig. 2.** Distribution of regular hbws across gender (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

So, most of the regular HBWs are male, and the majority of them are located in the urban sector. Higher and higher numbers of female workers are drawn into home-based work on a regular basis. The home-based work is increasingly becoming regular in the urban sector, and specifically for females. This again shows the pattern towards feminisation and urbanisation of the HBWs.

## 6 Monthly earnings of the HBWs

Another attribute of quality work is that the earnings from the work must be remunerative enough. It must be sufficient for the worker and his/her family members to meet their basic needs and necessities, therefore not compromising the personal development of the worker (Ghai, 2003; Anker et al., 2003). However, what is remunerative differs from country to country. Gender equality is also one of the important dimensions of social upgrading (Milberg & Winkler, 2003) and wage differential captures the prevalence of gender discrimination (Ghai, 2003).

Many studies have studied the trends in wages of casual and regular workers in India, but none of them has attempted to analyse the wages of HBWs. The analysis of the NSS data shows that the average real monthly earnings<sup>3</sup> of the HBWs have increased from Rs 2571 to Rs 4196. The increase in urban areas is much higher than in rural areas (Figure 3). These trends resonate with Milberg & Winkler (2011), who argue that economic upgrading through global integration does not always translate into higher real incomes or decent wages for workers, especially at the bottom of the value chain (Milberg & Winkler 2011).

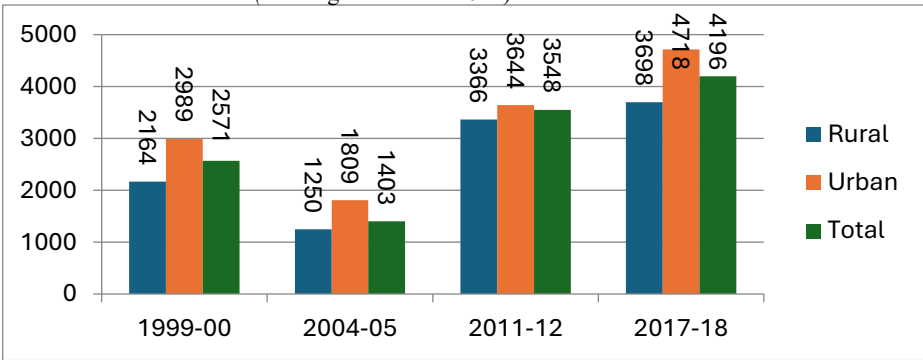


Fig. 3. Monthly earnings of the regular HBWs (average in Rs) (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The gap in the wages of the rural and urban workers was narrowing up to 2011-12 which is similar to what has been observed by other studies for the casual and regular workers as a whole (ILO, 2018). However, this trend has reversed as the gap between rural and urban wages has

<sup>3</sup> The nominal wage figures have been adjusted for inflation by using the CPI (Non Agricultural workers) since only the non-agricultural worker has been considered for the analysis.

widened again (Figure 4); the monthly wages of rural workers are 22 % lower than those of urban areas.

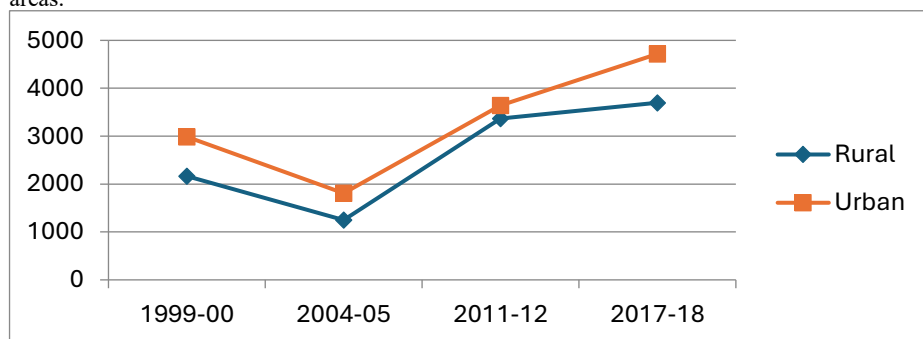


**Fig. 4.** Rural and urban monthly wages (average in rs) (based on PLFS/EUS data)

*Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18*

Median is also one of the good indicators of wages, as extreme values do not influence this. It is particularly good for countries where the outlier values affect the wage values. It also provides the middle value of workers' wages in the given wage distribution. As expected, the median values of the wages are much less than the mean wages (Table 2). The median wages are almost 25 % lower than the mean wages. The difference is much higher in urban areas (33%) than in rural areas (14%). The higher difference in the mean and median values of wages in the urban areas is indicative of the presence of more extreme values in the urban sector. As of 2017-18, the average monthly wage received by the workers is 4196, but 50 % of the workers receive monthly wages equal to or less than Rs. 3164.

**Table 2.** Sector-wise Median wages of the HBWs

| Male +Female | 1999-00 | 2011-12 | 2017-18 |
|--------------|---------|---------|---------|
| Rural        | 1520    | 2419    | 3164    |
| Urban        | 2083    | 2695    | 3164    |
| Total        | 1953    | 2468    | 3164    |

*Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18*

Since the median wages vary significantly from the mean wages, it reflects that the wages are highly skewed, where most of the workers are earning very low wages. Around three-fourths of the workers earn less than Rs 10000 (Figure 5), while 28 % earn less than Rs 5000. These earnings are very low compared to the minimum wage of Rs 18000 prescribed by the 7th Pay Commission for permanent workers (GoI, 2016). Around 90 % of the workers are earning less than the minimum wage of Rs 18000. However, these wages are prescribed for salaried government employees. Recently, the government of India set up an Expert committee to determine the national minimum wage, which has recommended the minimum national wage to be Rs 9752 “irrespective of sectors, skills, occupations and rural-urban locations” (GoI, 2019). In comparison to this, 61.3 % of HBWs are earning below this minimum wage. So, the real wages might have

increased over time, but the majority of these workers are earning well below the minimum wage, let alone the living/decent wages.

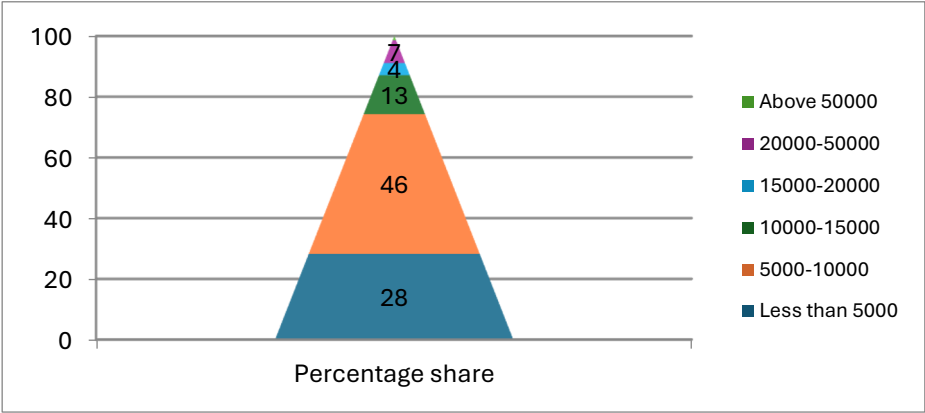


**Fig. 5.** Distribution of the percentage share of HBWs according to the income (based on PLFS/EUS data)

Source: PLFS 2017-18

7 Nature of Employment

The data related to the nature of employment is available till 2011-12 since this question has been dropped in the recent PLFS of 2017-18. The figures show that the share of workers reporting permanent jobs is high and has increased from 65.1 % in 1999-00 to 68.3 % in 2011-12 (Figure 6). However, even in 2011-12, more than 31 % of the workers were working temporarily. The share of permanent jobs for workers in the rural areas has declined from 71.1 % in 1999-00 to 61.3 % in 2011-12, and for urban workers, the share of permanent jobs has increased from 57.6 % in 1999-00 to 73.1 % in 2011-12.

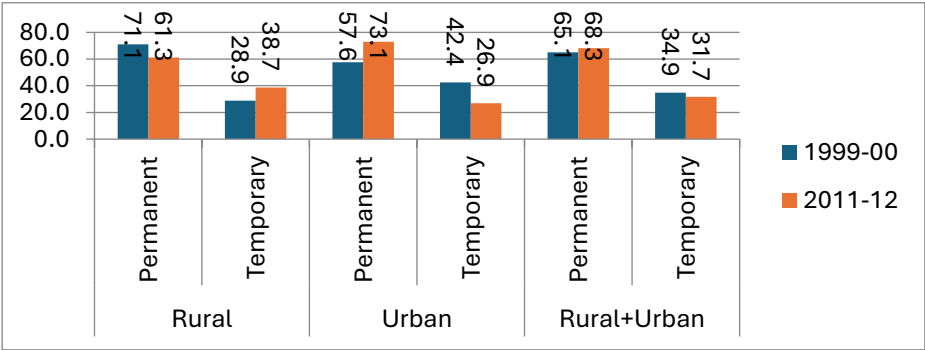


**Fig. 6.** Sector-wise distribution of HBWs according to the nature of employment (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds

If we look at the gender-wise distribution of the workers, then we see that the share of male workers reporting permanent jobs has increased from 59.7 % in 1999-00 to 76 % in 2011-12 while at the same time, the share of female permanent workers declined significantly from 60.6 % in 1999-00 to 50.7 % in 2011-12.

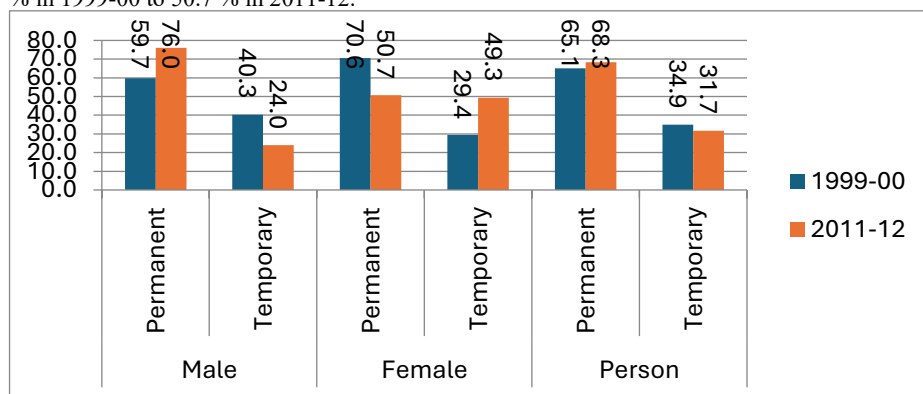


**Fig. 7.** Gender-wise distribution of HBWs according to the nature of employment (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds

From the above discussion, it seems that there has been some improvement in the conditions of the workers as the share of workers with permanent jobs has increased over time. But there is a catch here; according to the NSS data, a worker will be counted to have a permanent job if that person is “likely to continue in the same employment”<sup>4</sup>. Now, this is a very vague and open-ended way of categorising the nature of employment in terms of permanent and temporary. While a rise in permanent jobs may suggest stability, these figures need critical examination. As per ILO (2016), such employment often falls into “non-standard employment” with little social protection or contract security. No time period or any other criteria have been specified which can be taken as a benchmark to count the employment as permanent in nature. If we dig deeper into the data, then it can easily be seen that these so-called permanent jobs are part of the “non-standard” forms of employment as defined by the ILO (ILO, 2016). As figure (9) below shows, as of 2011-12, more than 77 % of these workers are not eligible for paid leave, 72.7 % of them are not eligible for any social security benefits, and 78.3 % of them do not have written contracts. This warrants the need to relook at the definition of permanent employment as used by the NSSO, and this question should again be introduced in the recent surveys of the government.

<sup>4</sup> [http://mospi.nic.in/sites/default/files/publication\\_reports/ins68-sch10.pdf](http://mospi.nic.in/sites/default/files/publication_reports/ins68-sch10.pdf)

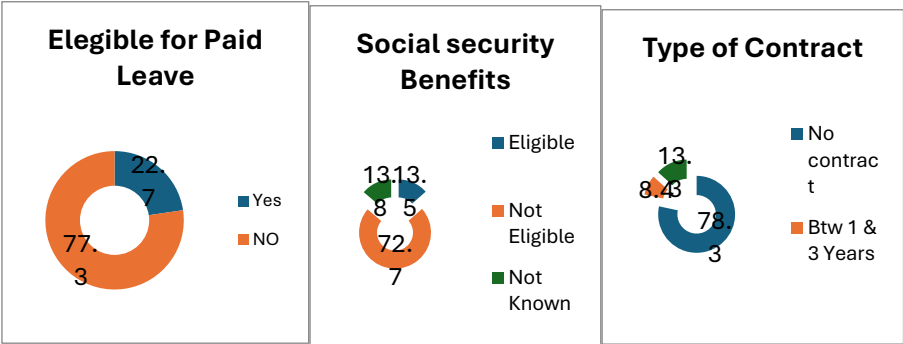


**Fig. 8.** Distribution of permanent workers according to paid leave, social security benefits and type of contract (2011-12) (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

8 Type of Job Contract

The kind of job contract a worker has reflects the stability of his/her job. The data shows that the percentage of workers who do not have any written contract has always been high, and it has further increased over time from 84.3 % in 2004-05 to 88.4 % in 2017-18 (Figure 9). The share of workers who had contracts for more than three years has been declining over time from 14 % in 2004-05 to 6.3 % in 2017-18. The proportion of workers having written contracts for more than a year and less than three years increased from 1.8 % in 2004-05 to 6.7 % in 2011-12, but it again declined to 5.3 % in 2017-18.

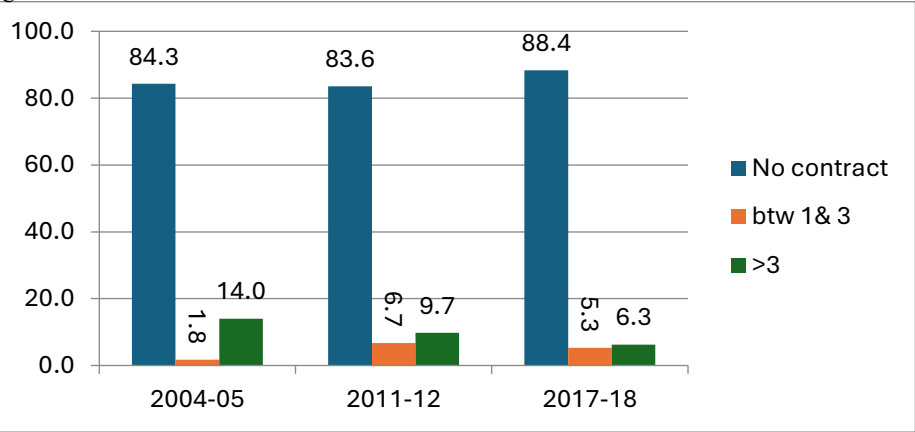


**Fig. 9.** Distribution of the HBWs according to the type of job contract (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The share of workers without any contract has increased in rural areas, and it has declined slightly in urban areas (Figure 10). The share of rural workers working without written contracts increased from 82.19 % in 2004-05 to 88.15 % in 2017-18. The share of workers having written contracts between one and three years increased significantly from 1.41 % to 7.67 % between 2004-05 and 2017-18, but at the same time, the share of workers having written contracts for more than three years declined sharply from 16 % in 2004-05 to 4.18 % in 2017-18. Urban workers' share without written contracts declined from 89.93 % to 88.63 % during 2004-05 and 2017-18. The share of workers having written contracts between one and three years remained almost the same, but the share of workers having written contracts for more than three years increased slightly from 7.38 % in 2004-05 to 8.63 % in 2017-18.

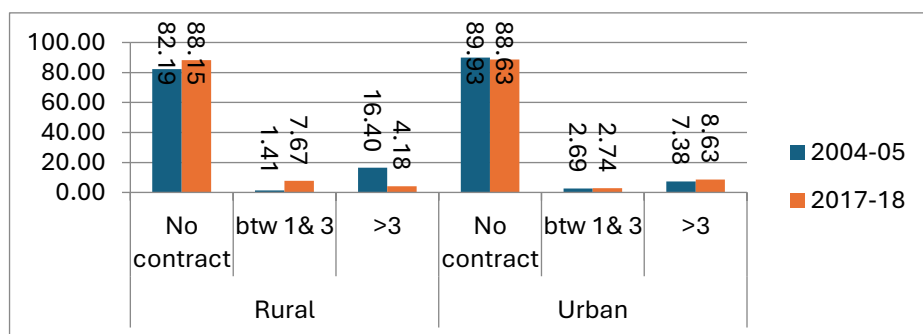


**Fig. 10.** Sector-wise distribution of the HBWs according to the type of job contract (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The share of male workers without any contract has increased from 77.55 % in 2004-05 to 88.89 % in 2017-18, while that of female workers has declined from 89 % to 85 % during the same time period. The share of male workers having written contracts between one and three years has increased from 2.8 % to 6.18 %, while that of female workers declined from 1 % to 0.50 % between 2004-05 and 2017-18. The share of male workers having a written contract for more than 3 years has declined considerably from 19.65 % to 4.92 % and that of female workers has increased from 9.98 % to 14.02 % between 2004-05 and 2017-18 (Figure 11).

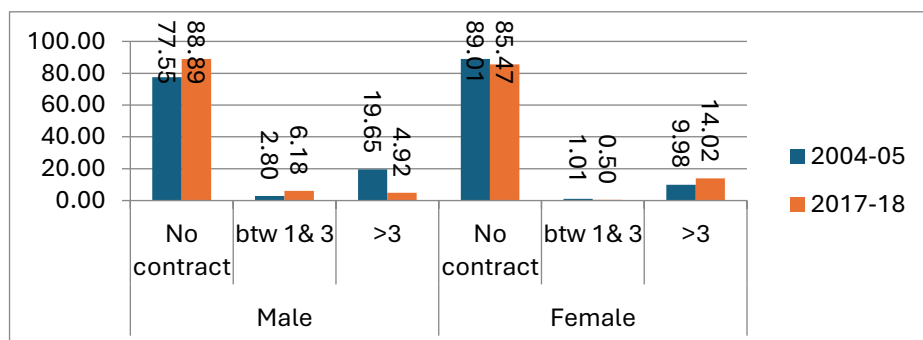


**Fig. 11.** Gender-wise distribution of the hbws according to the type of job contract (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

So, in terms of job contracts, the situation of these HBWs has worsened over time. The share of workers without written contracts increased from 84.3 % in 2004-05 to 88.4 % in 2011-12. Also, there has been an increase in short-term contracts, which further promotes instability in their jobs. The share of workers having written contracts for more than three years has declined, and those who have written contracts between one and three years have increased. This continued informalisation of work corroborates the broader findings in the global value chain literature that stress how firms at the lower tiers—especially those engaging home-based work—tend to externalise risk and responsibility (Barrientos et al., 2011).

## 9 Paid Leave

Paid leave is one indicator that reflects the workers' working conditions. Every worker must be entitled to have some limited paid leave. Decent work also encompasses paid leave as one of the indicators of quality employment. Lack of access to paid leave underlines the vulnerability of HBWs. This mirrors what Ghai (2003) emphasised about the multidimensional nature of decent work and the persistent failure of informal sectors to deliver it.

The proportion of workers entitled to paid leave is very low within the HBWs, and it has declined in the recent period. The share of workers who were entitled to paid leave was 20.97 % in 2004-05, which increased to 24 % in 2011-12, but it has again declined to 17.40 % (Figure 12).

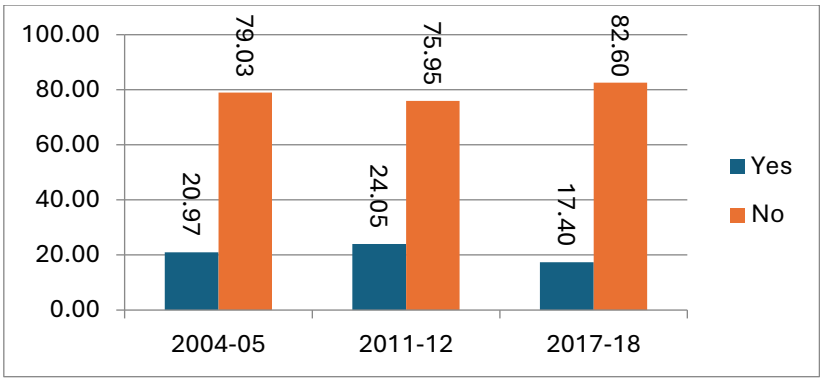


Fig. 12. Workers entitled for the paid leave (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The proportion of workers eligible for paid leave declined more in the urban areas, while in the rural areas, it declined slightly. In urban areas, the share declined from 17 % in 2004-05 to

13 % in 2017-18, while in rural areas, it declined by one percentage point from 22.3 to 21.3 % during the same period (Figure 13).

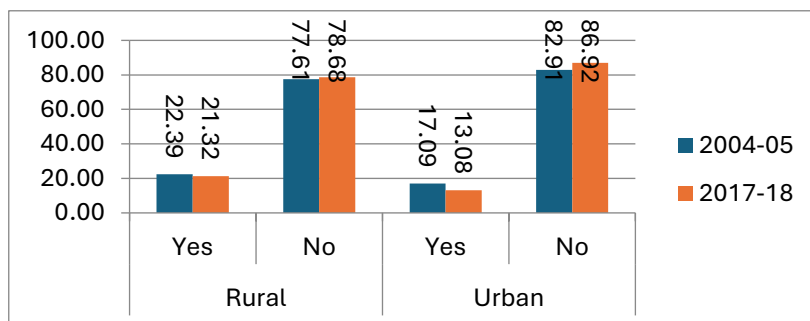


**Fig. 13.** Sector-wise distribution of workers entitled for paid leave (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The share of male workers eligible for paid leave declined, while that of female workers was almost the same between 2004-05 and 2017-18. The share of male workers entitled to paid leave declined from 24.9 % in 2004-05 to 17.1 % in 2017-18, while the share of female workers hovers around 18 % (Figure 14).

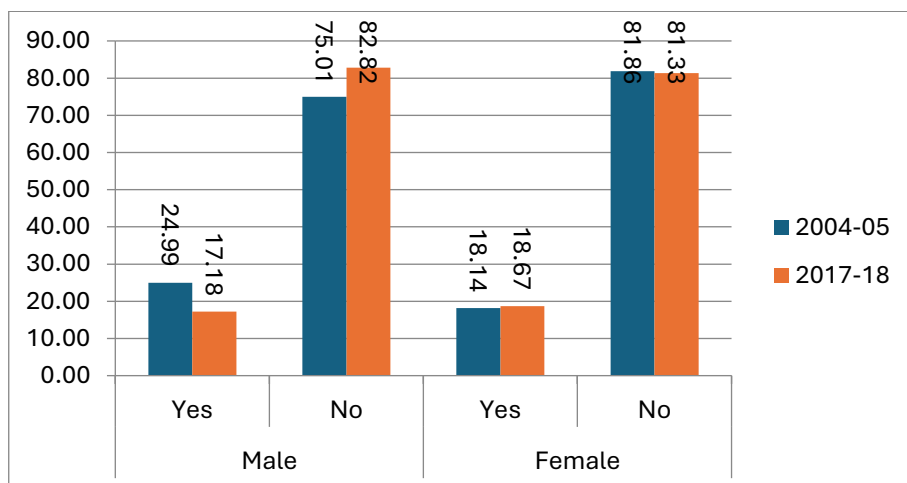


**Fig. 14.** Gender-wise distribution of workers entitled to the paid leave (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

In terms of paid leave, the conditions of the HBWs have worsened over time. The share of workers who are not entitled to paid leave has increased from 79.03 % in 2004-05 to 82.6 % in

2017-18. However, this increase has disproportionately been in the urban sector and for male workers.

10 Social Security Benefits

Social security benefits to the workers include provident funds or pensions, gratuities, healthcare, and maternal benefits. The proportion of workers receiving any of these benefits has declined over time, although it has increased in the recent period. It declined from 23 % in 2004-05 to 11 % in 2011-12, but it picked up again and increased to 15.7 %, which is still very low compared to the 2004-05 figures (Figure 15).

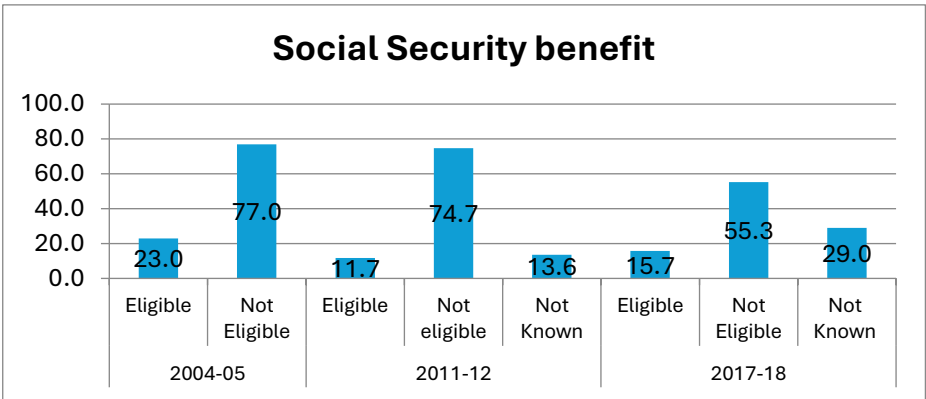


Fig. 15. Distribution of workers according to social security benefits (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

The decline was very sharp for the urban workers, from 19.3 % in 2004-05 to just 4.8 % in 2017-18. The share of rural workers receiving any social security measures has declined from 24.4 % in 2004-05 to 17.7 % in 2017-18 (Figure 16).

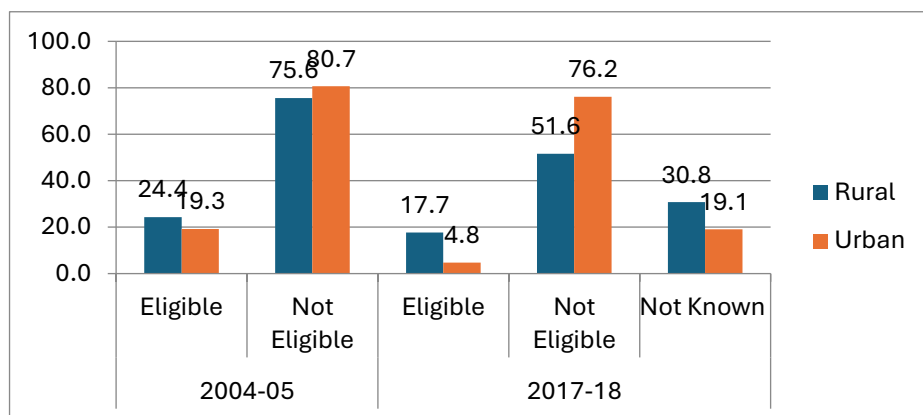


**Fig. 16.** Sector-wise distribution of workers according to social security benefits

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

Female workers disproportionately bear the reduction in the share of workers eligible for social security benefits. The share of male workers who were eligible for social security benefits declined by around 5 percentage points between 2004-05 to 2017-18 from 20.1 to 15.9 while the share of female workers eligible for the same benefits declined by almost 10 percentage points from 25 % in 2004-05 to 15.6 % in 2017-18 (figure 17).

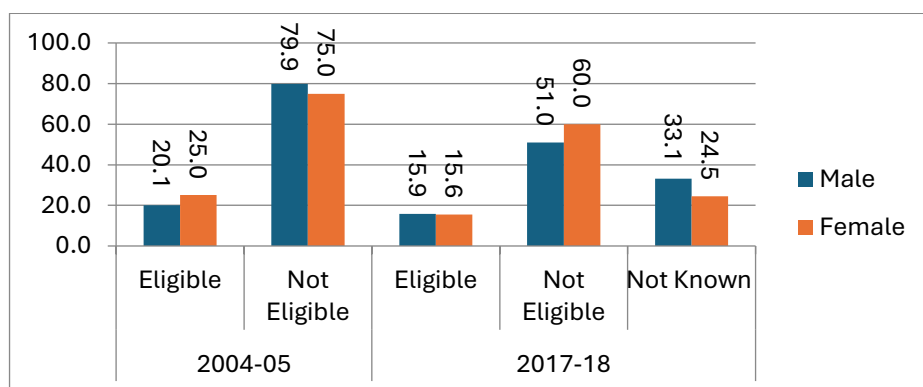


**Fig. 17.** Gender-wise distribution of workers according to social security benefits (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds and PLFS 2017-18

So, regarding the social protection of the HBWs, it has deteriorated over time. The share of workers eligible for any social security benefits has declined from 23 % in 2004-05 to 15.7 % in 2017-18. Moreover, this decline is disproportionately higher for the urban sector and female workers. The declining share of HBWs with access to social security resonates with findings by

Chen (2014), who documented limited coverage and exclusion of informal workers from social protection across multiple global contexts.

11 The presence of the union in their activity

The presence of the union/association for the HBWs has been very low throughout the period. Also, it declined significantly between 1999-00 and 2011-12 from 37.69 % to 19.20 %, respectively (Figure 18). This reflects that HBWs are being left out of any social dialogue with their employer, which significantly lowers their bargaining power and makes them vulnerable.

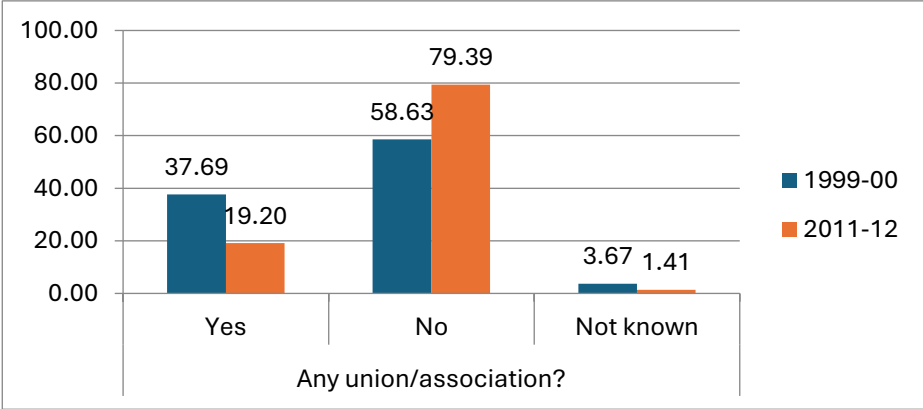


Fig. 18. Presence of the union/association in the activity of the work (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds

It should also be mentioned that unions/associations for the HBWs were higher in rural areas in 1999-00 than in urban areas. 42.64 % of the workers reported the existence of unions in rural areas, while the share in urban areas was only 31.20 %. This has reversed over time, as in 2011-12, only 12 % of the rural workers reported the existence of the union, while 24 % of the HBWs in urban areas reported the presence of the union (Figure 19).

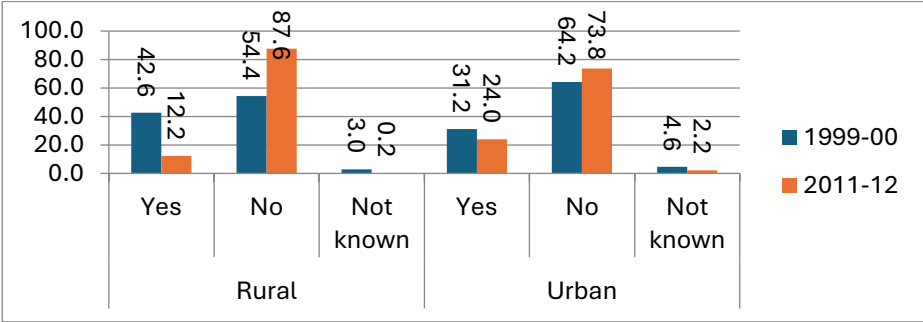


Fig. 19. Sector-wise distribution of the workers with union/association (based on PLFS/EUS data)

Source: Various NSS (55th, 68th) rounds

Looking at the presence of unions across genders, in 1999-00, the proportion of workers who reported the presence of unions in their activity was higher for female workers than male workers. This also reversed as in 2011-12, the share of male workers reporting the presence of the union declined to 24.95 % from 35.89 % in 1999-00. At the same time, the share of female workers reporting the presence of unions has declined significantly from 39.58 % in 1999-00 to 6.22 % in 2011-12 (figure 20).

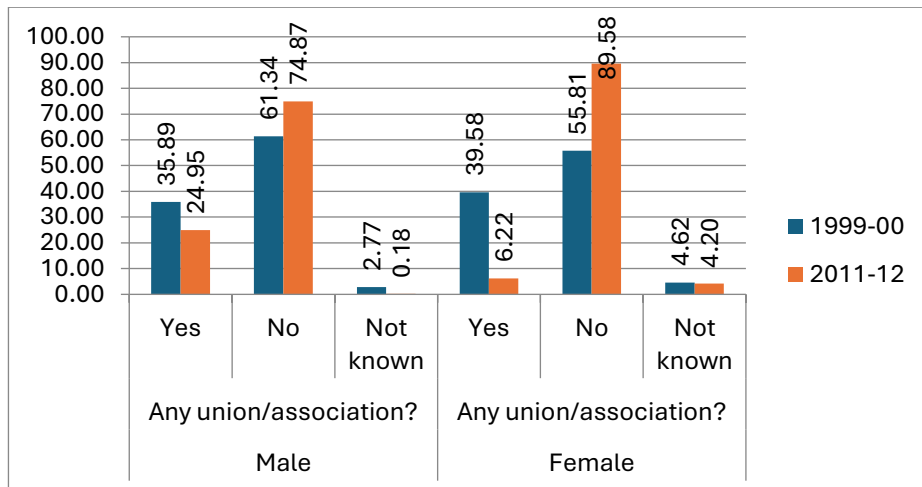


**Fig. 20.** Sector-wise distribution of the workers with union/association (based on PLFS/EUS data)

Source: Various NSS (55th, 61st, 68th) rounds

### 11.1 Membership of the union

The presence of the unions does not capture the enabling rights of the workers. The workers are always free to join the unions, but may choose not to do so. So now we look at the workers' membership. It has already been seen that the presence of unions has deteriorated over time; the proportion of workers who reported to be union members has also declined significantly from 84.61 % in 1999-00 to 33 % in 2011-12 (Figure 21).

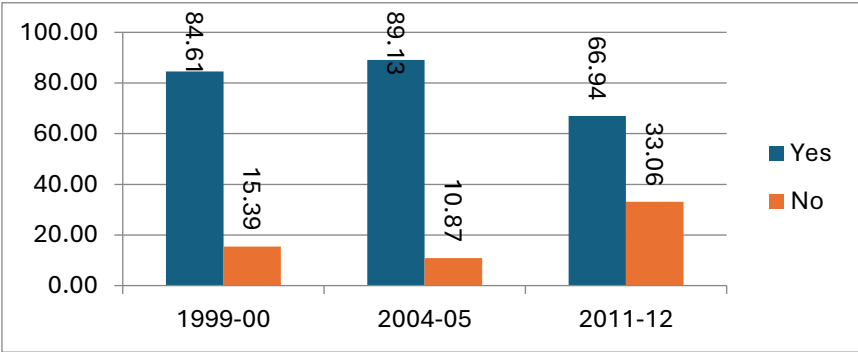


**Fig. 21.** Workers with the membership of the union (percentage) (based on PLFS/EUS data)

*Source: Various NSS (55th, 61st, 68th) rounds*

The union membership has declined in rural and urban areas; however, the decline in rural areas is very sharp. In rural areas, it declined from 87 % in 1999-00 to 39 % in 2011-12, and in urban workers, it declined from 79 % to 76 % between 1999-00 and 2011-12 (Figure 22).

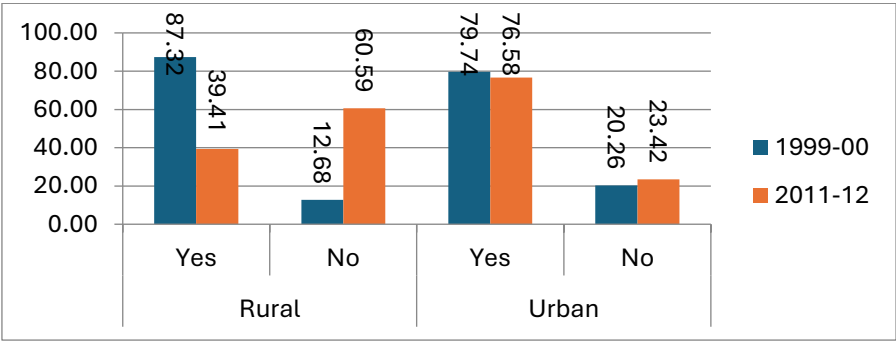


**Fig. 22.** Sector-wise distribution of the workers with memberships of the union (based on PLFS/EUS data)

*Source: Various NSS (55th, 61st, 68th) rounds*

The decline in membership has been sharp for both male and female workers. For the male workers, membership share declined from 86.4 % in 1999-00 to 13.6 % in 2011-12, while for the female workers, it declined from 82.9 % to 17 % during the same time period (Figure 23).

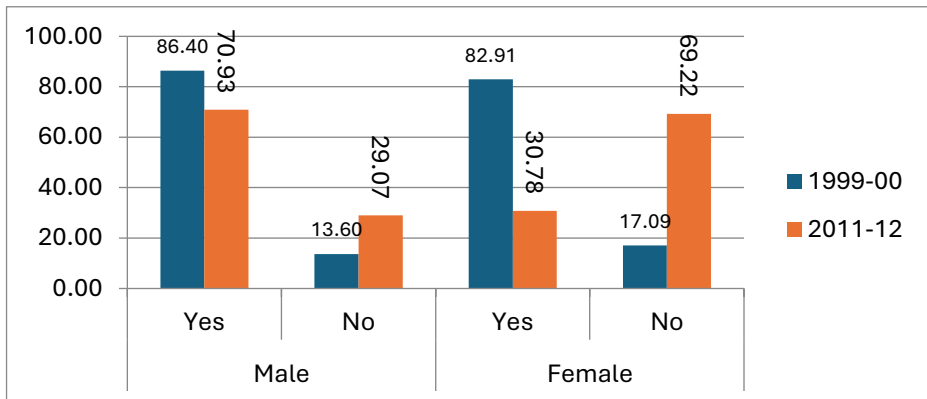


**Fig. 23.** Gender-wise distribution of the workers with memberships of the union (based on PLFS/EUS data)

*Source: Various NSS (55th, 61st, 68th) rounds*

The declining presence of the union and the decline in membership clearly show that the possibilities of social dialogue have declined over time. With the further rise in informalisation, it can be expected that this has declined further in recent years, for which data is not available. This reduces the bargaining power of the workers to demand fair wages and working conditions from their contractors or employers. Declining union presence among HBWs also aligns with observations made by Elliott & Freeman (2003), who argue that enabling rights like collective representation are hardest to achieve for fragmented, home-based, and informal workers. The lack of unionisation and active participation of workers clearly reflects the social downgrading of the regular HBWs, and this makes these workers more vulnerable.

## 12 Implications for Policy and Research

The findings of this study demonstrate that economic integration into Global Value Chains (GVCs), in the absence of targeted interventions, is insufficient to improve the working conditions of home-based workers (HBWs) in India. The persistent deficits in decent work—across indicators like earnings, social protection, job security, and voice—require a comprehensive rethinking of labour and industrial policies.

First, strengthening regulatory frameworks is imperative. India must develop a labour governance regime that specifically includes non-standard and home-based forms of employment. Although the ILO's Home Work Convention (C177) sets international standards for home-based work, India has not ratified it. Ratification and subsequent legislative adaptation could establish employer obligations around contracts, fair wages, occupational safety, and social security provisions tailored for HBWs (ILO, 1996).

Second, there is a need for inclusive labour market institutions. The erosion of trade union presence and membership among HBWs, especially women, weakens their bargaining power and hampers social dialogue. Supporting the formation of producer collectives and women-led trade

associations—as recommended by Chen (2014)—can create institutional mechanisms to amplify the voice of HBWs in policy decisions.

Third, public policy must adopt a social upgrading lens in industrial strategy. The current focus on export competitiveness through flexible labour must be balanced with a rights-based approach. Drawing from the decent work agenda, state-level industrial policies should mandate living wages, maternity benefits, pension schemes, and dispute resolution mechanisms even for outsourced and subcontracted work. Governments can look to the example of South Africa's Clothing Industry Bargaining Council, where compliance with labour standards is enforced along the supply chain (Godfrey et al., 2016).

Fourth, data systems must be improved. The discontinuation of certain questions in the PLFS limits the visibility of HBWs' realities. Reinstating modules on union membership, job contracts, and workplace conditions is vital for tracking social upgrading. As Anker et al. (2003) emphasise, statistical indicators should not merely track employment quantity but assess "person-enabling" dimensions such as dignity, rights, and protection.

Finally, future research should explore causal pathways linking economic upgrading to social upgrading. Mixed-method longitudinal studies could assess under what conditions participation in GVCs leads to improved livelihoods. Researchers should also investigate the role of lead firms' codes of conduct, CSR initiatives, and multi-stakeholder initiatives in shaping labour outcomes in outsourced and home-based settings (Barrientos et al., 2011).

In sum, sustainable integration into global production networks necessitates not only competitiveness at the firm level but also protections at the worker level. The state, market actors, and civil society must collaborate to ensure that HBWs—often hidden yet essential contributors to global supply chains—experience tangible and measurable social upgrading.

## 13 Conclusion

This study reaffirms the disconnect between economic and social upgrading as articulated by Knorringa & Pegler (2006) and Anner (2014). It emphasises that India's integration into global production networks has not translated into social gains for HBWs, as articulated by Knorringa & Pegler (2006) and Anner (2014). Even as HBWs contribute to India's integration into global value chains, the quality of their employment—assessed via decent work indicators—has largely deteriorated. These findings underline the argument of Anker et al. (2003) that measuring employment solely by volume ignores vital concerns of job quality.

Policies must not just facilitate India's participation in GVCs but ensure it is accompanied by social upgrading. As Barrientos et al. (2011) suggest, achieving decent work outcomes in GVCs requires deliberate interventions targeting both measurable standards and enabling rights.

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