

# Transactions Costs Approach to Brothel Based Sex Work: Case of GB Road, New Delhi

## Abstract

*This paper attempts to understand the market of brothel based sex work in New Delhi's biggest red light area at Swami Sharadananda marg, better known as GB Road through the lens of Transactions Costs Economics. In transaction costs economics, actors are seen to be facing costs for being in the market, which they try to minimise by forming contracts with others. Sex workers incur transaction cost because of the legal framework as well as the social stigma around the trade. This further makes way for the set of intermediaries with whom the sex worker enters into various unequal contracts. These contracts are informal, oral and are subject to the bargaining power that each agent holds in the market. The sex workers, because of their precarious position caused by lack of legal and social sanction, often have minimal power, making them vulnerable to exploitation by other agents including clients, madams, pimps and police. Three kinds of brothels were observed in GB Road, characterized on the basis of the business attracted, the relative presence of men, and the kinds of services provided. Transaction costs vary according to the nature of the brothel.*

Key Words: Sex work, transaction cost economics, contract

## Introduction

Sex work involves the exchange of sexual and related services, including emotional services, for money.<sup>1</sup> Though the central players of the market constituting the supply and demand sides are respectively the sex worker and her client, there is a range of other agents whose interrelations and interactions form the market. The legal and social framework attached to the trade creates the circumstances for the extraction of transaction costs from the sex worker, and thus makes way for the set of intermediaries with whom the sex worker enters into various unequal oral and informal contracts. This paper attempts to understand the market of brothel based sex

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<sup>1</sup> Narratives of sex workers published in *Namaskar*, (2006) indicate that sexual services include penetrative and oral sex. Foreplay and pretending orgasm might be included in the service that the sex worker is expected to provide. Non sexual care activities might also be included in sex work. In the same issue women also recount experiences of men who had paid them only to spend some time with them and talk about their troubles.

work in New Delhi's biggest red light<sup>2</sup> area at Swami Sharadananda marg, better known as GB Road where about 5,000 sexworkers reside in brothels located in 20 buildings on GB Road<sup>3</sup>, through the lens of Transactions Costs Economics. Thus the market is understood through contracts formed between various agents in the market who try to minimize the cost of facilitating the trade.

It is important to outline the legal framework within which sex work is situated to get a better picture of the political- economy of this market. In India, sex work is regulated under the law Prevention of Illegal Trafficking Act (1986). Sex work per se is not illegal but a 'prostitute' is liable to be criminalized through acts/ conditions accompanying sex work that are illegal. The act deems it illegal to solicit in public (Section 7 (a & b)), making women dependent on pimps for securing customers. The legislation also criminalizes brothels. The residence and workplace of the sex worker, the "brothel" is defined by the law to "...include(s) any house, room, conveyance or place or any portion of any house room, conveyance or place, which is used for purposes of sexual exploitation or abuse for the gain of another person or for *the mutual gain of two or more prostitutes.*" (Section 2(a) of PITA (1986), emphasis added). This makes the sex workers vulnerable to dislocation and loss of place of work. Additionally, the last part of the definition makes it difficult for two sex workers to share an accommodation, whether or not they use this accommodation as a place of work also. In fact, this legislation renders it difficult for sex workers to rent any accommodation since it can criminalize 'brothel keepers' i.e., owner/ manager/ renter/ lessee if he/she 'knowingly' rents out for sex work. Thus any woman who is suspected of being a sex worker would find it difficult to rent any accommodation. The legal prohibition in soliciting and ability to rent out rooms for living and working together with the social stigma attached to sex work, perpetuates the requirement of the red light area, which acts as a zone where the societal and legal restrictions to sex work are violated through the formation of illegal and informal contracts. There is thus an agent whom we will call a *pimp* who specializes in procuring customers and

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<sup>2</sup> Red light areas are locations within the urban limits that form a conglomeration of brothels, which are usually work place as well as place of residence of sex workers.

<sup>3</sup> This is according to a report by Bharatiya Patita Udhara Sabha, an NGO working in that area. The report on which these figures are based is undated. However, according to the officials of the organisation the report is not more than four years old and the numbers are reasonably accurate.

another agent, the *madam* who specializes in managing the niche and illegal institution of the brothel<sup>4</sup>. The legislation vests the police with significant amount of power to search brothels and/or search/arrest women without warrant (section 15). This makes it very difficult for women to carry condoms because that might be used as evidence against them. (Solanki and Gangoli, 1995). Raids by Police needs to be accompanied by a female officer, but in case no female officer is available, they may make do with any “respectable female inhabitant and in case of interrogation, lady member of recognized welfare organisation/ institution.” (ibid) The police therefore become rent seeking agents in the sex market, and the sex worker enters into informal and unequal contract with them either directly or through the pimp or the agent.

### **Theoretical framework: Transaction cost economics to understand brothel based sex work in GB Road**

The provision of sex work in the context of a brothel may be conceptualized in terms of transaction costs. The concern of players in the market, as understood by Transaction Cost Economics is to economise on both *ex ante* and *ex post* costs of transactions, that is, the cost of being a player in the market. This, they do by forming contracts with other agents or actors/ decision makers in the market. The underlying unit of analysis is an employment contract, especially the kind between the sex worker and the madam. Contracts are bi-lateral relations between employer and employees and other players in the production process that involve reciprocal expectations and behaviour (Noorderhaven, 1992).

Transaction costs analysis maintains that it is impossible to concentrate all of the relevant bargaining actions at the *ex ante* contracting stage. Bargaining is a process that carries on over time and thus the requirement to devise a system, which will minimise transaction through contracts. Control (ratification and monitoring) of decision is, to a certain extent, separate from management (initiation and implementation) of decisions and both involve different sets of transaction costs.

Transaction cost economics assumes that agents are subject to *bounded rationality*- i.e., human beings are rational and try making the most of the opportunity available,

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<sup>4</sup> We will discuss the roles of these and other agents in details in the following section.

but limitedly so. The limitation is set by social norms and practices and the agents' embeddedness within them. The assumption further is that the agents try to minimize their transactions costs (or the costs of forming negotiations) as best as they can given this bounded rationality. Two concepts that need to be dealt with regarding self interest orientation within TCE are opportunism and incomplete or distorted disclosure of information. Opportunism in transaction cost economics is similar to utility maximisation, but is limited by the societal norms that the individual agent is subject to. Incomplete information is relevant especially regarding calculated efforts to mislead, distort, disguise, obfuscate or otherwise confuse thus using incomplete information for the agents benefit in the contract, whether short term or long term. Thus, a contract formulated by economic agents is moulded by their opportunism looking to minimize transaction cost brought about by incomplete information.

Williamson (2002, 1985) uses a framework to identify four basic types of contracts between employer and employee that might come in effect in the organization of labour within a firm. If the employee has low degree of specific skills or what Williamson calls *human asset* and these skills are separable from the firm (in the sense that whatever skills the labourer may have, are not exclusively useful and likely to be developed in that firm), the transaction that will be realized will be of the nature of *internal spot market*. In such cases neither the worker nor the firm will have efficiency related interests in each other and no particular structure will be devised to maintain such a relationship. If however the level of skills is low, but inseparable from the firm, that is the worker's skill level increases and can be used in specifically useful ways by the firm, then Williamson terms the form of relation a *primitive team*. If the worker has specific skills that are not enhanced within the team relation, the worker will have the incentive to move out of the team while the firm will have to devise ways of retaining the worker. Such a relation is termed as *obligational market*. Finally where the skills are significant and are enhanced by team aspect, the contract will be what Williamson terms as *relational team*.

What are the possible contracts in brothel based sex work? The sex worker in a brothel does not operate independently and has to interact with various agents in the market. The market exists because of her interaction with the client, that is the demander of sex work but it may be through various other agents in the market. With the purpose of simplification we identify three more agents, who are usually

important part of brothels. There is usually a madam in a brothel, who may herself also be a sex worker. The madam plays a managerial role in the brothel and her task is to supervise the working of the brothel. Another agent of importance is the pimp whose task is to access clients to the sex workers, and who might also be used to provide security, negotiate with police and recruit new sex workers. The pimp may enter into contracts with the madam and with sex workers separately, depending on the organization of the brothel. Where the sex worker has relative independence, she may directly be in touch with pimps and may have agreements with them with respect to the supply of clients. On the other hand, where a sex worker is dependent on the brothel and has little means of her own, it is the madam who has agreements with pimps for the supply of clients. Finally, since sex work is heavily regulated by the legal system, the police is also an agent in the market. The sex worker has to be in constant negotiation with the police, either directly or through the madam or the police for her to be able to operate in the brothel setting.

The market for sex work on G.B Road is characterized by several kinds of transactions costs incurred by sex workers on agents, who facilitate a trade that is significantly constrained by the lack of full legal recognition. The various actors involved in the trade - the sex worker, her client, the madam, the pimps and the police were observed to enter into informal and oral contracts that give shape to a market in sex work but the exchange of sexual services itself usually involved spot market transactions. This market is characterized prominently or centrally by the brothel's hierarchical organizations of sex workers that are managed by a madam.

The linkages between actors within the market on G B Road, held together through informal contracts, are illustrated in flow chart 1. The core transaction that takes place in the market is between the client and the sex worker. It is to facilitate this core transaction that different linkages are made through informal contracts. The client approaches a brothel with a demand for sex work, which is supplied to him in the brothel in exchange for money by the sex worker. The demand of the client can be affected by various factors including price of the service, the class back ground of the client, and age of the sex worker, cultural / ethnic background of the sex worker, normative conceptions of femininity and social construction of desire.

In GB Road the interaction between the sex worker and the client usually takes the form of a spot market transaction, where the client walks into a brothel and may choose among the sex workers available after some preliminary negotiations. The client then purchases sexual services from the sex workers he chooses. Alternatively, he may approach pimps who solicit in the street, and the pimp would lead him to the sex worker that he thinks best fits his requirements. The nature of transaction between sex workers and clients may also take the form of longer -term contracts, where the client would frequent the same sex worker over a period of time in exchange of cash and other benefits. As the interaction between the two is more sustained, the exchange between the two may be somewhat more elaborate than in one-time spot market transactions. The legal framework and social context, informed by patriarchy, shape the boundaries within which all these transactions take place, enabling but also delimiting them. Thus the state and society shape the outer boundary or the broader environment in which sex work is defined and provided through the market as shown in the flow chart.

Many brothels in GB Road were managed by owners of the building and / or madams, who maintained informal contracts with the sex workers. Often they are managed only by madams, who enter into contracts with the owners for the use of the premises. The madam may be seen to be in the position of an employer of the sex worker since she recruits her, supervises her work, maintains relations with other sex workers/clients, and sometimes even pay her a weekly/monthly amount. Their contract with the sex workers can be expected to be of two types, based on the position the sex workers are in the hierarchy of the brothel. The first type is with sex workers who are bonded to a particular brothel because of debt incurred on entry, and the second type is with women who don't have (or have already returned) such a debt, but yet stay and work at a particular brothel. The debt incurred may constitute the amount paid to the family of the sex worker, the recruiter, cost of transportation, possibly the cost of bribing and weapons necessary for carrying on illegal trafficking, cost of food and other daily requirements of the sex worker (Debabrata, 1998). In the first case the contract will be continuous in nature in an obligational market. Here the sex workers are bound by the 'contract' till the debts are paid off and usually aren't part of the making of the contract. The contract gives the sex workers a place of

residence, place of work, takes care of their subsistence needs and inputs necessary for work (clothes, makeup, condoms etc.). Children of sex workers are also taken care of by the madam. Asymmetric and distorted information plays a part in the formation of this contract as the madams may rely on lack of education, knowledge about the city for the sex workers who usually have migrated from villages far off and incorrect information about the amount of debt to control the mobility and earnings of these sex workers. This contract holds for as long as it takes for the sex worker to pay off her debts. Once the contract gets over, the sex worker may be free to leave as and when she chooses. The contract that she now holds with the madam is of the second kind and may be considered to be of the relational type described earlier. Usually in such cases the contract is that the sex worker is given place to stay, work, food, access to customers and some level of security at old age in exchange of a certain proportion of their income. As long as the sex worker is earning well the madam has incentive to retain her and will try to enforce the contract. Once she passes her peak period the sex worker may not be as lucrative to maintain the contract with and the madam may consider breaching the contract as the optimal recourse given her bounded rationality. However, the madam may consider enforcing the contract as a superior option than breaching it in two situations. First, if the sex worker, over the period of her work in the brothel has come to be in a position to assist the madam in management role and if the madam considers her a possible heir, and secondly, if the sex worker has children who may in future join the market.

Pimps may play a part in soliciting for clients but also may assist the madam in managerial works. The sex worker, depending on her position in the brothel, may contract directly with pimps where she is provided information about clients and security in exchange of cash and sexual services. In a way, the madam looks after the 'inside' and the pimp looks after the 'outside' when it comes to organisation of the brothel, exhibiting a sexual division of labour.

The sex worker may also be directly or indirectly in contact with police, to whom she may provide unpaid sexual services in exchange of 'protection' from harassment or arrests. It is more likely that the madams and pimps may be directly interacting with the police by providing them cash and sexual services in exchange of guarantee that

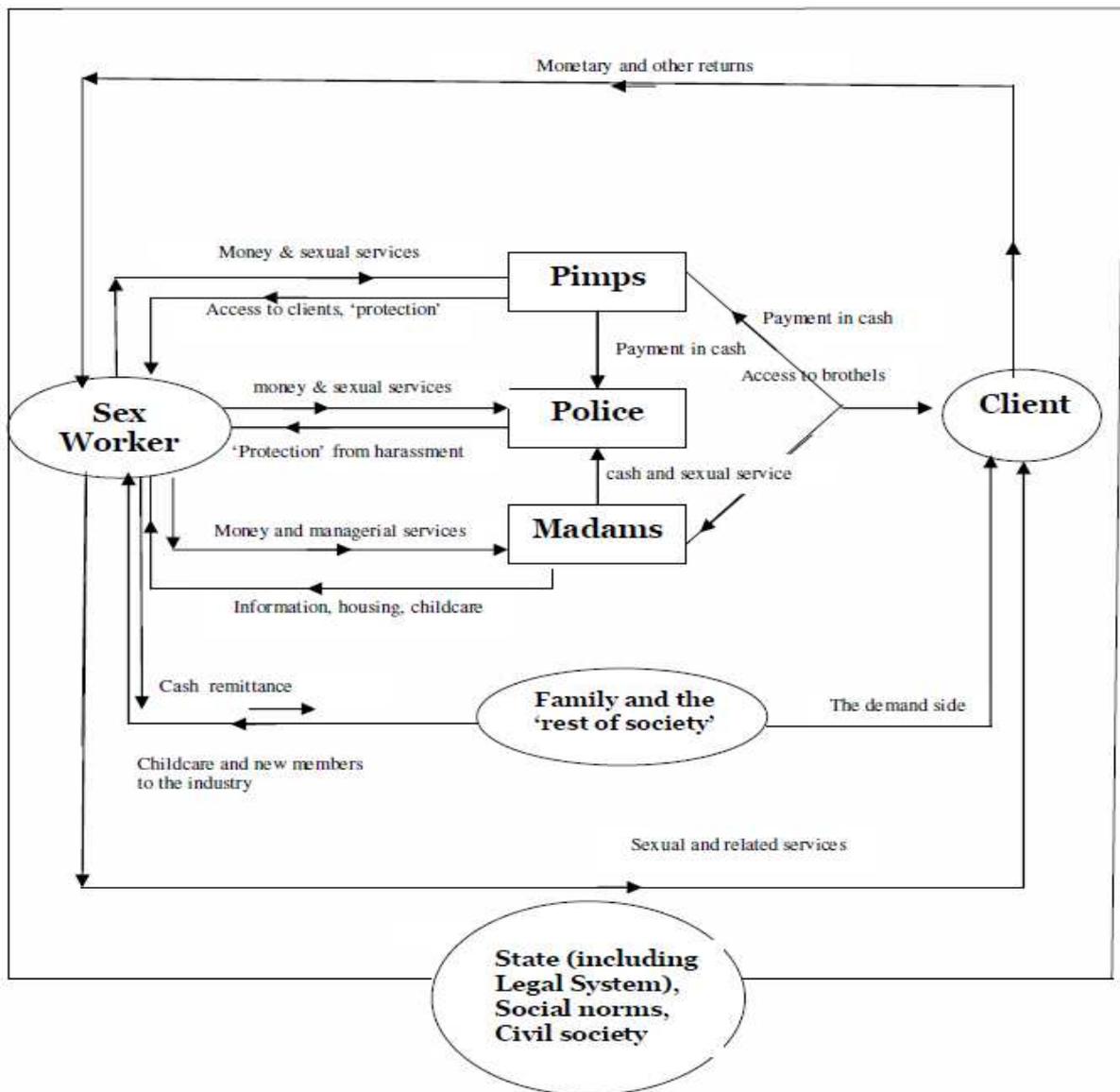
they can run the brothel without serious obstruction from the police.<sup>5</sup> Here too the contract may be subject to asymmetric information especially about the PITA (1986). The sex worker maintains her links with her family by sending cash remittances in exchange of childcare services provided by the family. Families and communities also serve as sources of new recruits to brothels.

The client in receiving services of the sex worker also has to incur transaction costs including costs to pimp to have access to sex workers, threat of getting robbed and vulnerability to sexually transmitted diseases. As a consequence, he may form contracts with the pimp through which he may access sex workers.

### **Flow chart 1: The Market for Sex Work in GB Road**

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<sup>5</sup> Debabrata (1997) gives an account of how the Police is involved in sex trade, especially of children by conducting fake raids, arresting girls and creating chargesheets with increased age of the girl. This would be done in exchange of hefty bribe from the brothel.



## Findings

The study is based on detailed interview with thirty eight sex workers and observation of the working in nineteen brothels. Most of the thirty eight women interviewed were only sellers of sexual services, some were also singers and dancers. One woman amongst them was additionally a *thekedar* (literally meaning caretaker, and implying madam). Additionally, interviews were conducted with one madam who wasn't an active sex worker, one male security guard, and one male owner of a brothel who is

also an official of an NGO. Of the women interviewed, thirty one said they did only sex work<sup>6</sup>.

For the sake of convenience, the brothels in GB Road are divided into three distinct categories. Two of these categories of brothels offer sexual services only and comprises most of the brothels in the area. We have referred to them as higher end and lower end brothels. The third category is mujra (performance) houses, which have women who provided entertainment by way of dance and song and may or may not engage in sex work.

### **Higher-end Brothels**

In terms of layout, the 'higher-end' brothels, characterised by the presence of larger numbers of younger women and with a relatively large male presence, are on one extreme of the road. These brothels are relatively neat and better maintained brothels with nicely painted walls and often with marble floors. One would usually find two rooms, which resemble halls with benches used for seating that have cupboards under them. All the women (on average between twenty and thirty) and store their belongings in the cupboards. These rooms are also the sites of a range of market related activities. Clients go up to these rooms to meet the sex workers, they interact with the sex workers here, which involves small talk and casual flirtation and sometimes some amount of physical touch – exchanges of hugs and kisses. Once a deal is reached the woman escorts her client to one of three or four little cubicles where sexual services are provided. As the number of cubicles is limited to three or four in each brothel, time keeping is rigid and at the end of a session lasting fifteen to twenty minutes if they do not vacate the cubicle the managers or other sex workers are likely to remind them by banging on the door. In the high end brothels, there were

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<sup>6</sup> It was relatively more difficult to conduct interviews with the relatively younger sex workers, the newer entrants as they seemed to be under immense physical or psychological pressure. Thus the sample is biased towards older sex workers, who were relatively freer from the influence and coercion of madams and pimps. The sample is not representative of the profile of sex workers in the brothels of GB road nor is it used in the study to make generalizations. Rather the field experience is used to provide a description and analysis of the processes involved in the constitution and working of the market for sex work especially with respect to the provision of sexual services and the implications for the sex workers.

sex workers of different regions staying together. However, often there were two or more women of the same community living in the same brothels. In this category of brothels, both men and women are involved in the day to day management. Men usually take up the activities related to procuring clients, providing security, working as accountants, procuring and selling alcohol for use in the brothels, cooking for residents and dealing with the police.

There is a pyramidal structure of authority in the brothels. At the top is an older woman, 'the madam', usually a former sex worker herself who is addressed as *didi* (literally meaning elder sister) or aunty. The house is usually sublet in her name, and she manages affairs and looks after the 'interests' of the women. Her job includes maintaining peace in the house, orientation of new girls in the ways of the brothel, and overseeing the work of all the other people involved in managerial or other roles. Below the older woman, who is something of a 'head' of the house, there are women who have been residents for sometime and are older sex workers. They are entrusted with the work of monitoring and keeping vigil over the new recruits and reporting their activities to the madam. Often, there are other older women who are in charge of cleaning and looking after children.

Financial dealings vary greatly among brothels and even among women within the same brothel, depending upon their position in the hierarchy or the nature of their affiliation to the brothel. Not all women have direct access to their earnings. At the bottom of the pyramid are the new recruits into the brothel, who are not paid directly, instead their food and other needs are met by management. At the time of entry, the women often live the life of bonded labourers until the cost incurred on their recruitment, which is treated as a debt they owe to the brothel, is paid for. Incomplete and distorted information, in addition to using direct coercion, is used to ensure that the new entrants are restricted to the limits of the brothel. A new entrant, who has usually migrated from a distant rural location, is usually kept unaware of the location of GB Road in the city. She usually also has no information of the debt incurred in her entry, and the earning that she brings to the brothel for the sexual service she provides. The cooking is usually done by a man who cooks for all the women. There are often lots of traders selling food, clothes, makeup etc. in the higher end brothels. This is accentuated by the limited access that women in the brothels enjoy to the outside world and results in salesmen hiking up prices

## **Lower-end Brothels**

The larger number of the brothels on G.B. road belong to the 'lower end' category. Seven of the brothels we observed had women from the same communities usually from Rajasthan, Karnataka and Nepal clustered together. Of the rest, two had women from two or more communities grouped together (Karnataka and Rajasthan in one, and West Bengal and Rajasthan in another). The rest of the lower end brothels had women from all over the country cohabiting together. Often, in the lower end brothels regional identities were the basis upon which sex workers organised their day to day lives, women from the same place of origin lived together and collectively cooked food.

These brothels would strike an observer as being relatively unclean with dark and congested rooms. The profile of women in these brothels is also somewhat different – with many more older women than in the higher end brothels. Each of these brothels had fewer women i.e., about eight to ten. Most of the brothels had one or two men present, but compared to the higher end brothels the presence of men is less. In some cases men are employed by the owners to maintain security. Many of these houses have very old or physically handicapped men who help in the daily chores - running errands but also taking care of accounts. There were also brothels that did not have any men present, and where women managed all activities. In such cases the task of procuring clients too was undertaken by older women who had long been in the trade, thus doing away with the need for male pimps.

Our observation revealed that the location of the lower end brothels was important in terms of the nature and quantum of clients they attracted. Those of them located at one end of the street and/or close to the higher end brothels appeared to have a larger number of clients. Sales men attempt to enter these brothels to sell their wares but are usually not entertained. While avoidance of salesmen may be because the women in these brothels have less money to spend on 'feminine' ware, like clothes, make up, perfume etc., even though they are essential in their trade, it is also true that women in these brothels have more access to the outside compared to higher end brothels and hence are better aware of the price obtaining in the market. Hence, the salesmen are less able to take advantage of them. Cooking in these brothels was done either

collectively or individually depending on the presence of women from same community/region/religion.

### **Mujra houses**

The third category of brothels are the mujra houses which provide entertainment through dance and song but in addition to this may also provide sexual services. The Mujra Houses are clustered together and located on the opposite side of the street from the other two categories of brothels. The women in these houses belong to the tradition of '*tawaiifs*', who are dancers and singers. There are four buildings with mujra houses in GB Road. Each building has three or four brothels, which are relatively spacious with a mujra (performance) room included. In the three mujra houses we observed there were women from a single community clustered together. They were respectively from Madhya Pradesh (bedia community), Rajasthan (chedi community) and Uttar Pradesh. The practice is for the women to share rooms, and while the settings of the building suggested little 'privacy', the women did not have complaints regarding this. A house of 4-5 rooms and a *mujra* room is usually shared by eight to ten women and often there are also in residence male relatives of older, 'retired' women. No children were noticed during the field work in any of these *mujra* houses. However, many women did have children who were looked after by the women's parents and were living in her natal home.

There is relatively less male presence in these brothels except during performances. The women themselves generally do the managerial work. In some of these brothels there is no apparent hierarchy between the women. The women in the mujra houses said they did not pay a rent to any one<sup>7</sup>, but shared costs and collectively maintained the place. In the mujra houses the women seemed free to come and go as they pleased both in terms of having greater access to the public domain as well as regarding freedom to exit the trade as they chose. Some of the women entered into long term relationships with the customers. However, there is no movement of women between the *mujra* houses and the other brothels. On the contrary women in the *mujra* houses

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<sup>7</sup> The system of rent collection if any was not clear, with the women in the mujra houses asserting that there was no rent levied on the houses they stayed in, and that the maintenance costs and costs of electricity were shared by all the women residing.

claim that they are 'respectable' compared to the other brothels and cite as evidence for this the police protection provided to the mujra houses but not to the other brothels. The women in the mujras claimed that the police protection was to restrict rowdy customers of the non-mujra brothels who were likely to create trouble, indicating that they catered to a different clientele from the other brothels.

### **Profile of Respondents**

Twenty-two of the women (across the three categories of brothels) have never been to school. Of them eighteen are illiterate. Nine women in all had been in primary or upper primary school (between classes I to VIII). One woman from the lower end brothel said she had been to secondary school (class IX and X) and one from the higher end had completed +2. It is also notable that the women in Mujra had all gone to school, though not beyond primary and upper primary level. For most of the women, sex work was the first and only occupation they have been involved in. They reported no other training but also that they did not think they would be accepted socially in any other profession. Of the women interviewed only five were earning before joining the brothels on GB road. Two of the women worked as domestic help before coming to GB Road, two worked as manual labourers, one was an agricultural worker, one was an auxiliary care worker (an *ayah*) and one was bar dancer in Mumbai, until the bars were closed down<sup>8</sup>.

### **Age of Sex workers**

The mean age of the interviewees in our sample is relatively high at 34 years but within a range of 21 to 60. More often than not, women make their entry into the GB road brothels when they are very young usually in the mid to late teenage. A large proportion of women resident in the brothels, according to our observation, was young, in their teens and early 20s. This was more pronounced in the higher end brothels. However, the mean age in our sample is high because of difficulties encountered in accessing younger women. It is significant that the relatively younger women occupy the higher end brothels, whereas the lower end brothels have women of a more diverse age profile. Also there is a tendency for women to move from the

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<sup>8</sup> Dance bars in Mumbai were banned from 15<sup>th</sup> August, 2005 following a signature campaign by 150,000 pro ban women to Maharashtra State Assembly. (See Agnes, 2005)

higher end to the lower end brothels as they get older, a shift that may be less voluntary than it is first made to seem. The age profile and residence of women interviewed for this study would bear this out despite the fact that we had limited access to women from the higher end brothels as against the lower end brothels to which we had relatively easier access.

**Table 1 Type of Brothel and Age**

		Type of Brothel			Total
		Mujra	Higher end	Lower End	
Age	20-25	1	2	2	5
	25-30	3	2	6	11
	30-35	3	1	5	9
	35-45	0	1	8	9
	45-60	0	0	3	3
	60+	0	0	1	1
<b>Total</b>		<b>7</b>	<b>6</b>	<b>25</b>	<b>38</b>

**Recruitment of Sex Workers**

The interviews with the women reveal a range of channels of entry into the occupation. We have categorised mode of entry reported by sex workers into four. Eight women reported that this was their *khandani* occupation, that is their community occupation and they have been categorized under the *hereditary / community channel*. The second category is that of women entering because of *adverse conditions*. These were women who said poverty and the lack of alternative occupations that would pay as well as sex work was the reason for entering the profession. These women used networks of other women from the same geographical location in order to enter the brothels. The nineteen women in this category had all insisted that there had been no coercion in their entry, though they would not have entered the profession had there been alternative sources of income.

The third category of women responded by saying they had come on their own and they refused to comment further on their situation. In deference to their response they have been put under the category of women entering the trade as “*own choice*”.

However there were indications in the last case that they were under some constraint, external threats or internal reluctance owing to emotional pressures that was preventing them from providing information. It seemed likely that force was being used to keep at least some of them in sex work. Notably it was the women in the higher end brothels that said they entered sex work of their ‘own choice’. However, three women related accounts of deception and coercion that they had gone through indicating that they were forced into taking up sex work at least initially. Such women have been categorised as women who were *coerced* into joining the profession.

**Table 2 Mode of Entry into sex work according to brothel type**

		Mode of Entry				Total
		Coerced	Hereditary	Adverse Circumstances	“Own Choice”	
Brothel Type	<i>Mujra</i>	0	5	0	2	7
	Lower end	2	3	19	1	25
	Higher end	1	0	0	5	6
<b>Total</b>		<b>3</b>	<b>8</b>	<b>19</b>	<b>8</b>	<b>38</b>

In Table 3, one noticeable observation is that the women who claimed to have entered by “own choice” are relatively younger whereas the women saying they had been coerced into joining the profession were all older women. The age profile of women reporting entry on account of adverse condition has a more or less normal curve. The women saying they were coerced into the profession were in the middle of the age spectrum with two of the three women in this category being in the age group of 30-35 and one being above 60. There is an indication from table 3 that younger women who are newer in the business and have more clients are more likely to have been restrained from revealing their mode of entry. Thus, each type of brothel is marked by a dominant mode of entry as reported by the sex workers – in the higher end brothels it is ‘own choice’, whereas in the lower end brothels it is adverse circumstances and in the *mujra* houses it is hereditary. Thus there is an indication that the higher end brothels are characterized by obligational contracts (between the sex workers and

whoever is in the managerial role) whereas the contracts<sup>9</sup> in the lower end brothels are more relational in nature.

**Table 3 Mode of Entry into Sex work and Age of Sex workers**

		Mode of Entry				Total
		Coerced	Hereditary	Adverse Circumstances	“Own Choice”	
Age	20-25	0	0	2	3	5
	25-30	0	3	4	4	11
	30-35	2	4	3	0	9
	35-45	0	0	8	1	9
	45-60	0	1	2	0	3
	60+	1	0	0	0	1
<b>Total</b>		<b>3</b>	<b>8</b>	<b>19</b>	<b>8</b>	<b>38</b>

Fifteen women had one or more members of their family residing on GB road, of which 11 women had relatives in sex work, usually a sister, aunt or niece. The participation of members of family in the same trade is more apparent among the women in the *mujra houses*. Amongst the women doing sex work only, women from the same family tend to reside together. In two cases however, women reported that members from their family were in the profession and residing in a different brothels. It was observed that in many of the lower end brothels and the *mujras*, the family often served as a source of new recruitments to sex work. Women who have arrived earlier form a network, which is used to draw in at a later time their relatives such as sisters/ nieces/ cousins. In some cases the women who had already spent some years in the brothel or the older women were observed to be soliciting and negotiating on behalf of newer women. There were cases where the older women shared living expenses with younger members of their family who they had helped recruit thereby

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<sup>9</sup> The lower end brothels are often managed by the sex workers themselves. The sex workers in such cases can be seen to be self employed, and within the employer- employee contract framework they can be seen theoretically to be in a contract with themselves.

allowing them to live off the latter's earnings when they were no longer able to earn well.

In cases where there were more than one family member, women usually reported that sex work was *khandani* or hereditary, bringing in a dimension of community occupation. The information collected suggests that the sex workers tended to be drawn from specific communities in each geographical location. Thus community networks between GB road and various geographical locations served as conduits into sex work. One woman from the *mujra* reported that entry into the trade followed a matrilineal process where women joined their mothers and aunts in the profession. She pointed out also that these women were expected to stay unmarried and anyone wanting to marry had to leave the profession. Further if a sex worker wants her daughter to stay out of the profession she would look for an alliance within the community for her daughter enabling her to get married and thus to avoid entry into the profession. However, there was general acceptance of children of unmarried sex workers and they mostly grew up with the mothers' families. As the *mujras* did not have the pyramidal structure of authority that characterized other brothels, older women in the brothels played the role of madams in an informal way.

### **Sex Work, Family and Marriage**

If family / community served as an important source of recruitment of sex workers into the brothels on G B Road, the family of the sex workers also played other supportive roles. The less visible role that the institution of family plays in the profession is in the care labour it provides to the children of sex workers. Sex workers in turn send money home. The relationship that these women have with their families plays an important role in the way their expenditure pattern is determined. Many of the women have a relationship marked by reciprocity and with their families back at home<sup>10</sup>. Only 11 women reported that they had other earning members in their family and all the women reported that they sent money back home. Five women said that they had bought land or built a house for their family. Twenty nine women had children of whom only two women had their children living with them. The children

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<sup>10</sup> During my field work I observed one woman who, while leading her customer into a cubicle to provide sexual services was also very respectfully answering a phone call made by her father!

the rest were living with the women's family in their natal home. All the women provided for their children. Thus the relationship that these women had could be looked at as an informal contract where the role of the family is to provide both child care for the children of the sex workers. Children are sent to their grandparents or other relatives who are not in sex work to be taken care of. As adults they may join their mothers in the profession as sex workers or as men in auxiliary services.

### **The presence of men**

Men were present in the brothels as customers, as workers in auxiliary services (pimps, bouncers etc<sup>11</sup>) and as service providers (pimps, salesmen). The presence of males suggests two kinds of things. On the one hand, a high presence of men usually implied more clients and hence more business, and on the other hand, it implied less involvement by women in managerial tasks. The high-end brothels were observed to have high male presence where as lower end brothels may or may not have a high presence of men, depending on the location of the brothel on the road and organizational structure. The classification of male presence was based on observation during field visits, which were usually in the afternoon. The male presence in the *mujra* houses was low. This was partly because the time of the field visit did not coincide with their work hour, (9 pm to 12 am). The women in the *mujra* houses also claimed that their customers were generally older men and long term clients, which according to them reflected a distinct and unique taste and preference which was depleting over time. The mode of payment however is different in the *mujras* from the other brothels and therefore, earnings are not necessarily lower despite lower male presence. In the other brothels however, the male presence seemed to have a direct impact on the payment / remuneration, with higher male presence suggesting higher earnings and better management in terms of turnover of business.

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<sup>11</sup> The role that these men played was documented from the information received from the sex workers as well as from interviews with these men.

**Table 4 Brothel Type and Male Presence**

		Brothel type			Total
		Higher end	Lower end	<i>Mujra</i>	
<b>Male Presence in the brothel of the respondent</b>	Very Low	0	8	0	<b>8</b>
	Low	0	0	3	<b>3</b>
	Medium	0	1	0	<b>1</b>
	High	1	2	0	<b>3</b>
	Very High	4	0	0	<b>4</b>
	<b>Total</b>	<b>5</b>	<b>11</b>	<b>3</b>	<b>19</b>

Source: based on observation during field work

Further, a high proportion (seventy nine percent) of the women who have come into the trade because of adverse conditions could be observed in brothels with very low or low male presence while majority of the women who were not willing to reveal their mode of entry were in brothels that had very high male presence. If we consider the possibility that some level of force was used to bring into the trade women who said that they were there of their “own choice” we see that fifty four percent of women may have been forcefully integrated in to the trade (including women who had said that their entry was either by ‘own choice’ or were coerced) were in brothels that had high business. Two characteristics of the trade might explain such a trend. On the one hand, forced entry is into an entrenched network where business is high and there is a higher level of investment into the infrastructure of the brothels. There is also higher input cost on account of forceful appropriation of (generally young) women in the trade, possibly including payment of recruiters, bribes, transport. This is in contrast to women entering due to adverse conditions who in our sample were usually older women. Since on entering they usually do not have the means to invest much in making themselves and their brothels attractive to clients, the male presence is lower in the brothels that they occupy.

### **Transaction costs and Earnings**

As may be expected, the younger sex workers have the highest number of customers per working day. Many of the women in the 20-25 and 25-30 age groups reported that they provided sexual services to as many as eight to ten clients every day. However,

there were women in the 25-30 age group who reported that they had less than three customers<sup>12</sup>. These women were in the lower end brothels. As we go up the age groups the number of customers per day reduces. Another noteworthy aspect is that more than 40% of all women reported to have between 0 and 3 customers a day.

**Table 5 Average Number of Customers by Age**

		Average Number of Customers in One Working Day				Total
		0-3	4-7	8-10	NA	
Age	20-25	0	1	3	1	5
	25-30	3	0	3	5	11
	30-35	3	4	1	1	9
	35-45	6	2	0	1	9
	45-60	3	0	0	0	3
	60+	1	0	0	0	1
	<b>Total</b>	<b>16</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>38</b>

The rates charged per customer varies according to a number of factors, important among which is the type of brothel the sex workers is attached to. All the women in *mujras* reported being paid between Rs 200 & 300 per customer. Of this the accompanying musicians (usually 3 men) are paid 40% of the earning. The women in *mujras* reported that they would perform on demand from customers. The rate charged was generally Rs 200 for a song and Rs 300 for one dance. Though the payment is made for the whole group, it is indicated towards one singer or dancer of the customer's choice, who is accompanied by the rest. Payments thus made to a particular sex worker would also include suggestion of the customer's demand for

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<sup>12</sup> There were 5 women in this category for whom information was not available. They were mostly women in *mujras*. There are two distinct yet interrelated activities they perform, that of entertainment and of sexual service. The activity that is more of a spot market transaction is the entertainment, which is by nature a group activity, therefore it is hard to say how many customers *each* woman has. Sexual services in these cases is more of a contract than a spot market activity, and hence number of customers each night isn't a significant variable.

sexual services for the same sex worker (generally going into long term nature) which would have been partly paid for during the performance and would partly be paid for in the long term. However, given limitations of this study, I wasn't able to look deeper into the nature of payment of these longer-term clients in case of *mujras*.

The longer term or regular customers may be of various types. Interviews with the women from *mujras* revealed that they would enter contracts (sometimes monogamous from the woman's point of view) with customers, where they would provide sexual and care services to the customer *outside* the brothel in exchange of the cost of their upkeep. When in the contract the sex worker may not be performing in the brothels. However we came across women who did perform while in a contract. This might be to hold on to their place in the brothel and also to earn additional income. They may continue performing looking for new customers. Longer term customers were seen in the other brothels as well. In one lower end brothel, one sex worker reported that she had one customer who had got into a month long contract whereby she had to be his 'wife' for a month in Kolkata, and at the end of the month he brought her back to GB Road. In another lower end brothel there was one customer (also a clothes vendor) who was a long term customer to the *brothel* rather than any particular sex worker. The nature of his interaction seemed somewhere in between spot market and contract. He entered spot market transactions with sex workers from the brothel, possibly with the women undercutting each other, however he was a 'regular' to the brothel and possibly provided his ware for cheaper rates for women he purchased sexual services from.

The higher end brothels also charged relatively higher rates as where the earnings per customer was reported to be Rs 150 or higher. For the lower end brothels, ten of the women reported to have usually charged less than Rs 100 per customer. The rate generally seemed to vary from woman to woman within a brothel. In the brothels where there were pimps and madams looking after the organization, there seemed to be some standard with respect to rates set by the managers based on characteristics like age or perception of beauty. In the lower end brothels there was little intervention by the management / senior woman and the rates depended on the women's capacity to haggle and the level of competition the women in the brothels were able to

generate. In the following table I have shown the rates charged per customer according to the type of brothel they were affiliated to.

**Table 6 Rates of sex workers by Brothel Type**

		Brothel type			Total
		<i>Mujra</i>	High Class	Lower End	
<b>Rates per Customer<sup>a</sup></b>	≥50	0	0	1	<b>1</b>
	50-100	0	0	9	<b>9</b>
	100-150	0	0	7	<b>7</b>
	150-200	0	1	5	<b>6</b>
	200+	7	4	2	<b>13</b>
	NA	0	1	1	<b>2</b>
<b>Total</b>		<b>7</b>	<b>6</b>	<b>25</b>	<b>38</b>

a. this is specifically earnings per customer in spot market transaction as opposed to earnings from customers with long-term contract

If we look at the age profile of the women and compare it with the rates charged per customer, sixty percent of the women in the youngest age class charge Rs 200 or above per customer (excluding tips). Though there was indication that women might be tipped by customers, we were not able to generate more structured information on this aspect. Over fifty per cent of women in the next age group (25-30) charged Rs 200+ per customer. However, 27 per cent of sex workers in this age group were charging much less per customer (between Rs 100 & 150). These were mostly younger women in the lower end brothels.

**Table 7 Age and Rates per Customer**

		Rate per customer (in Rs)						Total
		≥50	50-100	100-150	150-200	200+	NA	
Age	20-25	0	0	0	1	3	1	<b>5</b>
	25-30	0	1	3	1	6	0	<b>11</b>
	30-35	0	1	2	2	4	0	<b>9</b>
	35-45	0	4	2	2	0	1	<b>9</b>
	45-60	0	3	0	0	0	0	<b>3</b>
	60+	1	0	0	0	0	0	<b>1</b>
<b>Total</b>		<b>1</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>13</b>	<b>2</b>	<b>38</b>

The rate per customer cited here is not the amount that the women actually get to keep for themselves. The gross earnings of the women as well as the surplus they are able to make varies across brothel type, age and bargaining power of the women. For the women in the *mujras*, the total earnings per night of performance is collected together. Forty per cent of the total earnings goes to the accompanying musicians, who are men, and rest is shared among all the women in the brothel, including women who have retired and who perform managerial duties, work as servants or stay at the charity of the workers. There are no deductions made at this stage for ‘protection’ or ‘rent’. The expenses of maintenance of the house and occasional ‘gifts’ to the police paid by the women to ensure that there was no trouble, are shared. In houses where there are adult male relatives of retired women, their costs also seem to be borne by these women. In the brothels where women engage in sex work only, there were costs borne by the women emerging from the nature of the market for sex work. These costs include both what can be termed as ‘transaction cost’ and what might be called ‘input cost’. The rent may be seen as a transaction cost for two reasons. First, it is virtually impossible to separate the rent paid for housing from the other costs incurred in the payment made by sex workers to the brothel management or from the deductions made by the management before paying the sex worker. The transaction cost incurred in the brothels includes payment for a variety of services including contributions to the cost of pimps, police and payment to any men employed by the

owner to ensure security and protection against harassment. Second, and more importantly, the brothel is a technical arrangement that seeks to overcome the barriers faced in transacting sex for cash openly. The barriers as we have already seen in the previous section are legal and social. A woman may face a number of problems in operating as a full time sex worker from an independent house (rented or one that she owns) anywhere in the city. Nor do we find an arrangement where sex workers commute to GB road for work and go back home after work. Hence, the payment for housing i.e., literally rent, is also underpinned by the specificities of the sex work market. The argument here is that the social stigma attached to sex work and the criminalization of soliciting are fundamental to the shaping of a red light area or a zone dominantly known for the provision of sexual services but also one where women as the providers of sexual services are virtually interned (even when they are able to move within it). In this sense, the rent too is a transaction cost given the specific nature of the occupation and the characterization of women engaged in it.

In the higher end brothels the women who have only recently been oriented into the trade do not get any money in hand. Transactions costs seem to be the highest here, because of the large number of intermediaries and low bargaining power of the sex workers. The customers either directly pays the management or the women are expected to submit the money they receive from the customer to the management<sup>13</sup>. In these cases the deal is made and money is paid before the service is provided. In such cases the daily expenses such as food, clothes and cosmetics are taken care of by the management. Withholding payment to the newer women allows the management to further control their movement and their access to the outside, over and above the strict vigilance already kept on them.

In some lower end brothels the women pay a lump sum amount every month to the owner. In these cases the owner of the house, who is generally absent, has neither any incentive to make the brothel attractive to clients nor hire pimps as it doesn't benefit the owners if there are larger number of customers coming to their brothels. Investments to improve the brothels, if any, have to be made by the women themselves. Women from these houses are often seen soliciting on the street below

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<sup>13</sup> This information was gathered from observation of transaction in the brothel, narrations of sex workers in brothels with management and from one man in management from the higher end.

their brothel, something the women from the higher end brothels do not do. In these brothels, the older women were also observed acting as pimps for the younger women and in such cases the younger women paid a part of their earnings to the older women (as they would have otherwise paid to the pimps). In some lower end brothels, the sex workers pay a percentage of all earnings to the absent owner of the house. In this mode there is often a possibility that women will underreport and hence there are often men employed, though not as frequently as in the higher class brothels, to monitor the number of clients. In such cases the owners have some incentive to invest on maintenance and in hiring pimps. There were also some brothels at the lower end that had one female manager or *thekedar* who herself either is or was a sex worker. In these cases the clients directly pay the *thekedar* a rate that she decides with the client and the *thekedar* pays a monthly income to the sex worker (Rs.3000 -4000) based on the number of clients they provided their service to that month and total revenue and expenditure.

In the higher end brothels, some women earn as monthly income, where they are paid at the end of the month by the madam or manager based on their performance and the performance of the brothel as a whole. Where the women get earning per day, monthly earning is their earning per day multiplied by 30. Net earnings of the women in the higher end brothel ironically is in the lowest brackets. This was because some of the women were not paid at all, as their earnings went to pay of debts incurred. For all the women whose monthly incomes were available fell in the categories less than Rs 6,000, including one woman who reported that she didn't receive any income whatsoever. The transactions costs seemed to be lower in the *Mujras* as there were fewer intermediaries. All the women interviewed in *mujras* earned a relatively high amount, above Rs 10,000 and more than 70 % earned between Rs 20, 000 and 30,000. For the lower end brothels, even though 40 per cent earned in the lower category, about 30% reported to have earned 10,000 or more. Of this there was one woman who reportedly earned about Rs 60,000 per month. This young woman however, was the only woman in her brothel who reported earning such a high amount. It was apparent that older women in the brothel, who shared a familial and/ or caste kinship with her, shared her income. Here too the transaction cost was reasonably high, though not as high as the higher end brothels. This, together with lower income, results in significantly lower income for the women.

**Table 8 Net Earnings per Month of sex workers by Brothel Type**

		Brothel type			Total
		<i>Mujra</i>	High Class	Lower End	
<b>Net Earnings per month (Rs)<sup>a</sup></b>	>3000	0	1	1	<b>2</b>
	3000-6000	0	3	9	<b>12</b>
	6000-10000	0	0	3	<b>3</b>
	10000-20000	2	0	6	<b>8</b>
	20000-30000	5	0	0	<b>5</b>
	30000+	0	0	1 <sup>b</sup>	<b>1</b>
	NA	0	2	5 <sup>c</sup>	<b>7</b>
<b>Total</b>		<b>7</b>	<b>6</b>	<b>25</b>	<b>38</b>

- a. Net Earning Monthly is what the women earn per month less costs of the trade (rent, cuts by pimps, payment to accompanying musician etc.).
- b. This figure corresponds to a young women who lives in a lower end brothel with older women and her income is shared by all the older women who earn a relatively lower amount
- c. One woman whose monthly income is unavailable is the wife of an owner (who is the present manager of the brothel)

### **Conclusion**

It is important to recount that there are two types of transactions on the market in G B Road, a) contracts entered into to minimize transactions costs and b) spot market transactions entailing exchange of sexual services for payment on a one time basis. Transaction cost economics provides a useful tool for analyzing the transactions in the market for sexual services. In transaction costs economics, actors are seen to be facing costs for being in the market, which they try to minimise by forming contracts with others. In case of sex work, these contracts are informal and oral and are also subject to the bargaining power that each actor/agent holds in the market. The sex workers, because of their precarious position caused by lack of legal and social sanction, have the least power, making them vulnerable to exploitation. Transaction costs varied according to the nature of the brothel.

Three main categories of brothels were identified in GB Road. These are interpreted as representing different but interrelated responses of the market to social and legal processes. There are interrelated because there is a certain amount of movement from one category to another but not vice versa. Each category is marked by distinguishable forms of organization, power relations, and recruitment practices of sex workers and cater to somewhat different demands for sex work or clientele. The three categories are the higher end brothels, the lower end brothels and the *mujras* houses. It was observed that after some years of working in the higher end brothels a sex worker may move to a lower end brothel. However, this was not the only entry of sex workers in the lower end brothels, which also recruited younger workers directly through community / regional networks. *Mujras* are houses of musicians and dancers but which also engage in sex work. The women in *mujras* were all observed to have entered the trade through hereditary community lines and there was no movement between the *mujras* and the other brothels.

In the Indian context, the legal position (in addition to their social status) of the sex worker creates the circumstances for various intermediaries to come into the organization of the brothel. Provisions in the law on sex work create her dependence on pimps and madams and give the police the authority to extract rent out of the sex worker. These together with the social stigma associated with sex work results in the sex worker having lower bargaining power than other agents. Simultaneously, the lack of social sanction means that most sex worker do not have resort to the legal system or a social support system to fall back upon and are therefore vulnerable to cheating and coercion. The brothels where the effect of this is felt the most are the higher end brothels where while the business is the highest, the sex workers have the least bargaining power and have to part with the highest proportion of income. The women in the *mujras*, who have some level of social sanction and support of families, exhibited the least amount of cuts from their incomes and the seemed to have the highest amount of bargaining power among the brothels. The lower end brothels were in between, with the women facing considerable amounts of deductions from their earnings, and lower number of customers per sex worker but displaying higher autonomy and bargaining power with agents.

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