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The Indian Journal of Industrial Relations

Vol. 48

No. 3

January 2013

# THE INDIAN JOURNAL OF INDUSTRIAL RELATIONS

## A REVIEW OF ECONOMIC & SOCIAL DEVELOPMENT

Special Issue on

### Unorganized Workers

Guest -Editor

### Renana Jhabvala



Vol. 48

No. 3

January 2013

## About the Guest - Editor



**Renana Jhabvala**

which has 1.3 million members and for her writings of issues of women in the informal economy. She was awarded Padma Shri in the year 1990.

Renana Jhabvala joined SEWA in 1978 after her education in Delhi University and Harvard University in Mathematics and Yale University in Economics. She worked as elected Secretary of SEWA in Gujarat under Smt. Ela Bhatt for many years during which time she initiated SEWA across India. She was Chair of SEWA Bank from 2003 to 2009, and is presently on its board. She was instrumental in forming SEWA Bharat, a National Federation of SEWAs now in nine States of India and is presently its President.

Renana Jhabvala has been active at the international level and represented SEWA at the International Labour Organisation (ILO) and other international forums. At the South Asia level she was instrumental in forming Home Net South Asia bringing together organisations in South Asian countries and is presently its Chair. She is one of the founders and present Chair of WIEGO (Women in Informal Employment and

Organizing) based at Harvard University, USA.

She has been active in many Government committees and task forces which have formulated policies ranging from National Policy for Street Vendors to the Law for Social Security of Unorganised Workers. At present she is Member, Prime Minister's National Skill Development Council and Member, Steering Committee on Urbanization, India's Planning Commission. She has also been nominated as Chancellor Gandhigram Rural Institute (deemed university).

She has written many articles and some books on SEWA and on informal economy. Some of her books are:

1. 'Social Income and Insecurity: A Study in Gujarat' Co-authored with Guy Standing, Jeemol Unni, and Uma Rani; Routledge, 2010
2. 'Empowering Women in an Insecure world: Joining SEWA makes a difference' Co-authored with Sapna Desai and Jignasa Dave; SEWA Academy, 2010.
3. 'Membership-Based Organization of the Poor' Co-edited with Martha Chen, Ravi Kanbur and Carol Richards: Routledge, 2007
4. Women, Work and Poverty, Chen, Vanek, Lund, Heinz, with Jhabvala and Bonner, UNIFEM, New York, 2005
5. The Unorganised Sector: Work Security and Social Protection, Co-edited with R.K.A. Subrahmanya, Sage Publications, New Delhi, 2000

# The Indian Journal of Industrial Relations

## A Review of Economic & Social Development

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NUMBER 3

JANUARY 2013

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**By Invitation**

## **Informal Workers & the Economy**

**Renana Jhabvala**

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*Although informal workers were always a majority in India, they were only 'discovered' with the advent of liberalization. Their vulnerabilities and insecurities need to be addressed through social security policies which recognize their specific needs and through laws which are not confined to labor, but include commercial law as well as regulations which cover specific sectors of the economy. However, organizing and advocacy of the informal workers cannot be confined to specific needs but must be a movement towards a better society and a fairer economy.*

**Renana Jhabvala** is with SEWA, Ahmedabad.  
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### **Discovering the Informal Economy**

The informal economy has always existed in India, but it was seen neither as an important part of the economy, nor as a theoretical category that needed to be developed and explored. Although, the term "informal sector" was adopted internationally by the ILO in the mid-1970s, it retreated to the margins of both research and policies, until only a little over a decade ago. In 2002, the International Labor Conference finally debated a recommendation, which coined the term "informal economy", and recognized both self employed and wage workers to be part of this economy. It also recognized the unprotected and insecure nature of work in this economy and committed the ILO to working towards social security and various forms of protection of these workers.

In India, the term "unorganized" rather than "informal" has been used when referring to these unprotected workers. This has caused considerable confusion as "unorganized" implies a lack of organization, and many commentators have in fact used it this way. The same term "unorganized" has also been used by the Central Statistical Organization to describe enterprises rather than workers, and it defines unorganized enterprises as

those employing 10 or more workers with power, and 20 or more if there was no power being used (NCEUS, 2007:2). However, a lot of this confusion was cleared up by the seminal work of the National Commission on Enterprises in the Unorganized Sector, when it clearly conflated the terms “informal” and “unorganized” and defined both terms to mean those workers in unorganized enterprises, including the self employed, and those in the organized formal sector without any employment or social security benefits (NCEUS, 2007:2).

It has been a long journey for these workers from the margins towards the centre, which has happened not because of any changes in the conditions of the workers and but far more due to the changes in perception that have come about with the historical shifts due to globalization.

The attitudes which marginalized the informal workers reflected a larger perspective, which defined a worker as one who conformed to the image of the ‘laboring or industrial man’. This was a full time, generally male worker, with one skill and one occupation, working for a well defined employer in a factory or office, a workplace under the control of the employer. This worker, or employee, sold his labor to the employer and received a wage or salary in return. It was the security of this ‘industrial worker’ around which the systems of security or social protection were based. Although, it was recognized that most workers in India did not fit this model, the general wisdom was that as the Indian economy grew and in-

dustrialized, the informal economy would gradually shrink and most workers would conform to the industrial prototype.

But in the eighties and nineties there were rapid changes taking place internationally with the ascendancy of the forces of globalization and trade liberalization. The macro-economic changes in industrialized countries were supported by the rise of neo-liberalism which shifted the emphasis from security to growth. Regulations which promoted security were seen as inimical to economic growth, and ‘deregulation’ was to be promoted in order to facilitate the working of the market. According to the Chicago School of law and economics, statutory or institutional regulations can be justified only if they promote, or do not impede growth. If they do not do that, they are impediments to efficiency, and therefore, because efficiency and growth are equated with improvements in social welfare, most regulations are suspect. This perspective was to become pervasively influential (Standing, 2002:75).

In India, this school of thought gradually began to gain ascendancy in the mid to late eighties, and became the dominant school of thought with the debt crisis in 1991. The main target of this new school of thought was the public sector undertakings, the visible face of the socialist economy. In addition, there were persistent demands for the ‘deregulation’ of markets, which included delicensing of industry, lowering import and excise taxes and removal of reservations and quotas for categories such as small scale industries. The popular image of the ‘Li-

cense-Permit Raj' caught the imagination not only of the industrialists, but of middle classes as well as the poor, all of whom continually suffered under the high-handed treatment and corruption of the entrenched bureaucracy.

The statutory regulatory system for labor too came under attack with demands for 'exit' policy to increase the 'flexibility' of firms and allow them to compete internationally. More and more came to be written about the privileged position of formal sector labor. The focus began to shift towards workers who were not part of the formal sector.

### **Agency & Organizing**

Self Employed Women's Association (SEWA), was perhaps the first trade union to consciously begin to organize workers in the informal economy. Initially, in the early seventies, SEWA found a great deal of resistance even to the idea of organizing women in this sector. Most people believed that to qualify as a worker a person had to be an employee, the problem being compounded by the belief that women were not workers but only wives and mothers. The initial resistance to SEWA came from the Labor Commissioner who refused to register SEWA as a trade union. Firstly, he said, these workers had no definite employer, so they did not fit the traditional definition of a worker. Who would they bar-

**Most people believed that to qualify as a worker a person had to be an employee.**

gain with? Secondly, these workers had no fixed occupation. They went from one kind of work to another; they did a number of different types of work together. A proper worker had only one permanent occupation, and Trade Unions were formed by occupation. And finally, these workers often had no fixed place of work, such as a factory, so how would it be possible to organize them. Interestingly, the Trade Union Act does not in fact specify all these conditions, but the officials had a certain type of worker in mind and the women we brought to them did not fit into their idea of a worker.

In fact, women did not fit into anyone's idea of a worker. In India there is a very large category of home-based workers making a variety of goods in their own homes either for direct sale or for a contractor or employer. When we first started organizing the women garment stitchers we were told by the employers that these women were not workers but just housewives who were stitching in their 'leisure time'; whereas we found that they were working anywhere between eight to ten hours a day. We were also told by the labor commissioner's office that since there was no direct employer-employee relationship between the employer and the women, they were not covered by any labor laws, although we found that there was a complete control of production by the employers. Even the husbands of the workers said 'my wife does not work' but only does this as a 'hobby'. Statistical agencies too ignored these women and their work did not appear in population censuses.



**Within the prototype of the “industrial” or “laboring” man is subsumed the housewife woman.**

These attitudes towards women informal workers reflected the general thinking. Within the prototype of the “industrial” or “laboring” man, is subsumed the housewife woman. The industrial man through his earnings supports a family, and the woman’s role is nurturing the worker and his children. These norms were reflected even in the labor laws for example, the recommended guidelines for fixing the minimum wage, was that one wage earner should support three consumption units, which would include the man himself, his wife and two children. (Man is one consumption unit, woman is .8 consumption unit and children are .6 consumption units each).

Unfortunately, even today, in spite of the changes that have taken place in the world economies, and in spite of the changed thinking at academic and policy levels on the informal workers, the attitudes of the Labor Departments remain rooted in the last century. This is not surprising considering that the role of the officials remains to be enforcing labor laws, and that the majority of labor laws in India were passed over 50 years ago, some as old as in 1920!

Nevertheless, many organizations of informal workers have come up, and have consolidated the voice of informal workers, having in the process to invent themselves to suit the needs of informal workers. Many new organizations have been

trade unions in various sectors—the contract workers, casual workers and daily-wagers who had been excluded from formal sector benefits formed their own trade unions; street vendors who were being displaced from the selling spots and needed protection against municipality and police; agricultural workers who were exploited not only in wages but also on basis of caste; construction workers, who were usually migrants; domestic workers whose employers were middle-class households; bidi workers in their homes; and many more. The labor movement as a whole in India recognized that informal workers were over 90% of the economy and needed to organize. Today most of the mainstream labor federations—INTUC, BMS, AITUC, CITU—claim about half of their members are informal workers.

The result of these organizing attempts was reflected in various legislations. Nationally, various Acts were passed for protection of Construction Workers and for Social Security of the Unorganized Sector, while a National Policy on Street Vendors was approved by the Government and a National Minimum Wage was proposed. At state level social security boards of different types were set up and social security schemes directed primarily to unorganized workers were implemented, at the same time minimum wages for agricultural workers and many other informal workers were proposed.

However, it has been very difficult to organize informal workers purely along traditional union lines. Many of the work-



ers are self employed and need many different services, like credit and marketing. Skill development is another major need of workers which is not easily provided by trade unions. So, many new ways of organizing have come up.

The “micro-finance movement” has become well-known world-wide as a means to enhance livelihoods, and in fact, micro-finance was started and lead by women, with new organizing structures being developed by them. SEWA was started in India in 1972, and a few years later SEWA Bank was started as a co-operative bank where all shareholders were members of SEWA who then elected their own board. In 1979 Grameen Bank was started in Bangladesh. In the 1980s Myrada and other organizations such as CDF in India found that women were spontaneously getting together into groups, saving their earnings, and taking loans from their own savings. Thus was launched the “Self Help Group” in India. These groups were so successful that the Government of India recognized their potential and began using them as the building blocks for developmental programs. Private sector micro-finance too recognized their potential and small women’s groups became the basis for India’s growing micro-finance movement.

In the urban areas organizing has taken place around basic services such as water and sanitation and against overcrowding and crime. The struggle for water, sanitation and tenurial rights has lead to shack-dwellers coming together to change policies. Another form of or-

ganizing is the “People’s Movement” which has no structure but is organized to protest dispossession. The Chipko Movement was an early spontaneous people’s movement which was followed by people’s movements against big dams which displaced thousands of people, and again against land acquisitions for big industries. These movements came up as people in a particular area faced extreme change which would disrupt their lives and perhaps bring them into a cycle of poverty. Women, whose way of life is rooted in the land and in their homes feel the threat even more than men, and are willing to take, join, or often take the lead in long drawn out protests.

**The changing world of work has led to the many different forms of organizing around the needs associated with work and livelihoods.**

The changing world of work has led to the many different forms of organizing around the needs associated with work and livelihoods. But organizing is never easy. The workers are usually poor, belong to unprivileged castes, and are afraid to lose whatever little they have acquired. Women are perhaps the most vulnerable and disempowered within these groups. Organizing required empowerment, and the quest for economic justice is seeking the path towards change, towards an economic system where people have a certain level of security, at least of their basic needs, where work is fulfilling and not back-breaking and exploitative and where people feel a sense of community and empowerment.

Movement towards new economic systems requires direction, and it is those who have the most to lose within the existing systems, the most insecure, the vulnerable, the poor, who can become the agency for change.

However, agency of the weak requires some form of coming together or of organizing before people can feel empowered to act. Empowerment is the desire of people who feel powerless to have more control over their lives. People feel powerless in many ways. They feel that their lives are ruled by forces over which they have no control, which are too powerful for them. People are confronted by powerful figures in their lives who control them, they also face forces which are far away and they cannot identify. Powerlessness causes fear that their lives might be crushed or destroyed or reduced any time. It kills the human spirit.

**Empowerment is the desire of people who feel powerless to have more control over their lives.**

Empowerment through organizing is the process by which the disempowered, or powerless, people can change their circumstances and begin to have control over their lives. Empowerment results in a change in the balance of power, in the living conditions, and in the relationships. In many ways empowerment is not only the means to achieve better incomes, better livelihoods or better social security, it is the means to the renewal of the human spirit.

### Quest for Social Security

The earnings of informal workers tend to be low and their employment opportunities are insecure. These insecurities are compounded by their lack of social security, so that their contingent expenses in times of ill health or unemployment or disaster can send them down into a spiral of poverty or even destitution.

In any country the social security system should respect the prevailing character of economic insecurity. In an industrial society, based on a vast majority having stable full-time employment with contracts and union-backed collective bargaining, one could make a reasonably good estimate of which groups are in need, and which are not. This is not India today, and it will not be India in the future. In a globalising, open economy, more and more people will be subject to economic shocks and have to put up with systemic uncertainty, against which they will be unable to insure properly. Many more will be vulnerable to sudden declines in income.

The need for social security is well recognized by governments who attempt to alleviate their conditions, entitlements and schemes. There are presently a number of entitlements which are provided by the government<sup>1</sup> either to all citizens or to those who are poor. The approach of the citizen based entitlement

<sup>1</sup> For a more complete discussion of social security see RKA Subrahmanya, "Social Protection of Workers in the Unorganized Sector", this volume

is a 'rights' approach, that is, as a citizen of the country, every human being has a right to satisfaction of certain basic needs and it is the duty of the State to provide for those needs. There are presently a number of citizen based entitlements which are provided by the Government either to all citizens or to those who are poor, on a 'means tested' basis. These are drinking water, health care, education, food security, housing and social assistance schemes. The State is required to finance the services as well as undertake the provision.

The other approach to providing security for workers is the work-based entitlements which supplement the citizens based ones. The work based entitlements are statutory and apply to all workers in an employer-employee relationship. The finances for these entitlements are provided by statutory contributions from the employers and the employees. The role of the Government is to enforce and implement the schemes.

The main statutory work-based entitlements in India are the old age benefit schemes (in particular the Employees Provident Fund) and the health services (in particular the Employees Social Insurance Scheme). In addition, there are schemes for particular sectors covered by the Welfare Funds. In the Welfare Funds scheme, funds are raised by levying a cess on the production, sale or export of specified goods, or by collecting contributions from the various sources including the employer, employee as well as the government. The Welfare Funds are used to meet the ex-

penditure of the welfare of the workers. The Central Funds, set up by the Government of India, are for Bidi, Mines, Cine workers, dock workers and Building and Construction workers. Among the states, Kerala State has many such funds, one for each sector while Tamil Nadu and Maharashtra and Gujarat have funds constituted under the Manual Workers Acts.

It was earlier believed that the work-based entitlements would become universal as the organized sector grew and the unorganized sector shrunk. It has now become obvious that in fact the opposite is happening. More and more workers are being left out of the social security net, and the coverage of both ESIS and EPF is shrinking, as are the number of workers covered by the provisions of various welfare Acts such as the Maternity Benefit Act. There is therefore a need to think afresh on how to devise work-based social security systems particularly targeting the unorganized sector.

**More and more workers are being left out of the social security net, and the coverage of both ESIS and EPF is shrinking.**

Many unorganized sector workers do avail of the citizenship based entitlements like health services from Primary Health Centers, free primary education and public distribution systems. However, these services remain highly inadequate. Therefore, though work based entitlements are meant to supplement the citizenship based ones, in actual fact, where

the work based entitlements work well, such as in the organized sector, workers use these services rather than the public sector services. This is because, the work related benefits are better financed, better targeted and remain more in the control of the users. Also, increasingly these services are being used to make the best possible use of both public and private available services. Many companies, for example, which have health insurance will now allow their employees to choose health providers from the market.

Nevertheless it is still the Government systems of entitlements that reach out to the largest numbers of the vulnerable. Unfortunately, the efficiency of these systems has become very low. In India, the base of the state benefit system in most parts of the country is the ration card, consisting of the BPL (Below Poverty Line) and many studies have shown that this form of targeting, means testing and provision of particular schemes have led to large scale inefficiencies. For example, it has been shown that nearly 50% of the really poor in rural areas do not receive BPL or Antyodaya cards (Report of the Expert Group), and that only 27% of the subsidized grain in the PDS system actually reaches those who need it (Planning Commission, 2005). The implementing machinery of the Government is too bureaucratic and full of leakages and corruption. The pipes of Government are clogged, and so alternative implementing systems are needed.

Solutions are still to be found, but a number of promising trends are emerging. One solution that has been proposed,

but not yet implemented by the Government is to help the unorganized sector or poor population set up its own organizations and run its own social security schemes with financial aid from the Government. These organizations could be the existing ones like trade unions, cooperatives, federations, village mandals, micro-finance institutions which could be supported by government as well as voluntary organizations to become self-sufficient and well-managed.

In order to decentralize this process, Worker Facilitation Centers had been proposed during the discussions on the Unorganized Workers Social Security Act<sup>2</sup>. These centers would:

- a) Disseminate information on available social security schemes for the workers.
- b) Facilitate the filling, processing and forwarding of application forms for registration of workers.
- c) Obtain registration from the District Committee and deliver the Identity Cards to the registered workers.
- d) Facilitate to enroll the registered workers in social security schemes.
- e) Act as an authorized intermediary in collecting contributions from the workers and employers to the social security schemes and remit them with the designated institutions.
- f) Ensure the delivery of social security benefits in co-operation with institutions designated to deliver such

<sup>2</sup> Labor Ministry website (2007)

social security (insurance companies, post offices, Departments of the State/Central Government and other institutions concerned).

- g) Any other function as may be prescribed by the State Social Security Board.

Some organizations which could become Worker Facilitation Centres were.

- a) Existing Worker Welfare Boards and their local offices.
- b) Local Panchayati Raj Institutions (PRI) or urban local bodies.
- c) Organizations of workers including trade unions, associations and co-operatives in the unorganized sector.
- d) Self-help Groups (SHGs).
- e) Non-profit organizations working among the unorganized sector workers.
- f) Such other organizations as may be designated by the State Boards.

Another set of solutions concern the types of benefits that can be made available to people to ensure some form of security. In India today we have a variety of schemes. These schemes include the *cash line* (benefits in terms of cash such as pensions or scholarships), the *food and commodity line* (provision of goods and services for free or at subsidized prices for those designated as 'the poor') and the *labor line* (provision of labor to be performed by those designated as poor, in return for monetary payment or food).

These are the three main ways by which Government tries to cut poverty and economic insecurity directly through providing goods needed by people, through providing labor for a payment from which they can buy the goods they think they want, and through providing money from which they can buy such goods and develop work opportunities (Standing, 2012.)

In recent times, direct cash transfers have been discussed as a means of ensuring social security. Pensions is a form of cash transfers as are scholarships and surveys have found that these forms of social security tend to be more reliable than other forms which require continuous intervention. In the case of pensions for example, although getting registered and approved as a pension beneficiary is time consuming and often expensive, once the person is registered and the benefit starts to flow, it is much more reliable than other forms of social benefits including subsidized grain or right to labor.

Other countries such as Brazil and Mexico too have found that cash transfers are an important source of social protection especially for the vulnerable. However, in India there are many reservations and hesitations about cash transfers as a form of social protection. First, there is the fear that the money received will be "mis-spent", the most common cited being that "men will drink it away". Another hesitation is that inflation will erode the value of the cash and so will reduce the efficacy of the protection. Unlike other medium income countries,

India has a poor record of financial inclusion, with less than 40% of people having bank accounts. In the case of informal workers, who are generally poor, this is even lower, so that until bank accounts, or accounts in other financial institutions are opened, the implementation of cash transfers would be difficult.

**Research experiments with cash transfers have shown that they tend to be successful as a means of social protection.**

However, research experiments with cash transfers have shown that they tend to be successful as a means of social protection. In an experiment conducted by SEWA in Delhi, it was found that substitution of Public Distribution System led to better nutrition and health outcomes. In an on-going larger rural study on cash transfers also run by SEWA, a small cash transfer is provided to every individual each month and is universal in that every person identified by an independent survey as a resident of the village at the outset of the pilot will be eligible to receive the grant. Further it is to be unconditional, i.e., the recipients will not be obliged to spend the money in any preconceived or externally determined way.

In this experiment the cash transfer scheme is not offered as a panacea, and it is recognized that successful social policy requires a multitude of interventions. However, lack of money is a major source of insecurity and poverty and the sub-optimal decisions poor people have to make. This project starts from

the premise that low-income people are just as rational as high-income people, and therefore can be expected to act rationally and in their long-term interests. The objective is to identify a policy instrument that could substantially reduce poverty and economic insecurity in low-income areas, whereby the population living there would gain and build sustainable livelihoods in a more dynamic economic environment. Apart from the issue of corruption and leakages, one of the failures of many state policies supposedly helping the poor is that they have very low local multiplier effects.

Although the results of this experiment are still being analyzed, the first indications are that regular, and unconditional cash transfers are quite transformative in that it provides families flexibility to attend to their actual needs, which leads to better nutrition, better health care, better schooling outcomes, more productive work and release from a cycle of bondage caused by debt.

### **Informal Workers & the Law**

Once it is recognized that the informal are workers too, the major question is what are the methods and mechanisms, which would help them to move towards greater security. The best forms of security tend to be statutory regulations, however labor laws are generally designed in a fairly detailed and inflexible way for industrial workers and it is difficult to adapt them to informal workers. Most labor laws require proving the existence of an employer-employee relationship, usually such a relationship does



not exist in its traditional form and even if it exists it is often difficult to prove. For example, workers often have accidents in the course of their work, SEWA went to court on behalf of a cart-puller, who with a hired cart, in the process of delivering cloth from a wholesaler to a retailer, was involved in a street accident and broke both the legs. Although the cart-puller had been doing deliveries for the wholesaler for more than twenty years, the court ruled that there was no employer-employee relationship, and so no one could be held liable under the Workmen's Compensation Act.

On the other hand there are a few labor laws which can be adapted for the informal workers. For example the Bidi Workers Welfare Fund Act, where there is no intrinsic need to prove an employer-employee relationship and the employer is not directly liable for particular employees, but pays contributions through a cess into a fund, which provides social protection to bidi workers.

However, labor laws are only a small part of the problem. The traditional industrial worker did not deal directly with the market, his main relationship as a worker was with a specified employer. The informal worker is subject to a variety of relationships, ranging from market relationships to those with various statutory authorities, and is subject to a wide range of laws from commercial law to municipal regulations to laws relating to specific sectors such as forests or oceans. For example, street vendors or waste collectors are subject to municipal laws

and police laws. Forest workers are subject to Forest Acts and small farmers to various land-related laws such as land acquisition Acts.

### **Decentralization & Co-operation**

Informal workers constitute more than 90% of the workforce and when we consider how the insecurity and vulnerability of this large working population is to be reduced, we are in effect looking at how the economic and social structures need to change in order to be a more just and fairer system. In this section, we present some thoughts on a "better society".

**Work is part of, not separate from, life.**

Work is part of, not separate from, life. It is embedded in social and cultural processes and there is close interrelation between work, social systems, local community, family and on an individual level, of identity and self-worth. The nature and arrangement of work often signals the relationships in society.

In India, the insecurities around work have been increasing as the economy has been changing and opening itself to global markets. Economic centralization in the form of large corporations which control their environment and government regulations which encourage large companies at the expense of small ones is rapidly increasing. Although it is widely accepted that political decentralization is required for a vibrant democracy, the



opposite is seen as true for the economy. Centralization of production (and ownership of resources and skills) is viewed as leading to a more efficient economy. In opposition to this favourable view of centralization, there are arguments for decentralization of production and distribution of goods and services.

A just society requires that ownership of economic resources be distributed more equitably. Within most countries and across nations, the distribution and ownership of wealth tends to be concentrated in certain areas, and generally the wealthier areas attract more resources and the poorer areas lose them. Economic decentralization is one way (although not necessarily the only way) of distribution of resources.

Economic decentralization also follows this idea of achieving economic justice by focusing on the most vulnerable. In practice, identification of the most vulnerable is a major exercise, where a number of criteria have to be accepted and the people fitting those criteria to be identified. Poverty or vulnerability criteria are not as simple as for other vulnerable groups like the aged, widows or the disabled. The most successful practices in these processes of identification would occur at local level. Reaching the poorest has been a major administrative exercise when organized on a national level (centrally). A more efficient system would be one where food, clothing and other minimum requirements are distributed locally. Even more efficient would be local production of required needs. We are not proposing that local areas disconnect with

mainstream markets, but that a minimum amount of basic needs goods be produced and distributed locally. New technologies and inputs could boost this production and encourage backward and forward linkages with mainstream markets.

Decentralization leads to a more satisfying type of work, often called “holistic work”. It is not only the quality of work which gives satisfaction but also its purpose and the relationships within the work process. Decentralized production gives communities greater control over what they produce, and how it is to be used. Furthermore, local organization of production links more easily with local cultures and developed within a holistic and sustainable approach to development. One good example of the holistic nature of decentralized work is found among communities who live in areas rich in natural resources such as forests. Where communities have a greater control over these resources, they tend to preserve and regenerate these resources. This holistic perspective requires that each individuals give back something to the world, even as he takes away from it for his own maintenance. Building such interdependence requires a strong sense of local community and culture that integrates the economic and social realms.

**Local production and distribution also strengthens the economic role of women.**

Local production and distribution also strengthens the economic role of women. Much of their work is non-monetary and

meant for use within the family. Much community work that involves maintaining social relationships is also done by women. Economic decentralization would lead to two trends that would be beneficial to women. It would strengthen local markets and local skills and make markets more accessible to women. It would raise the value of non-monetary (or reproductive) work, including all forms of community and service work, as this would acquire a more holistic meaning and come to be understood as work done for the maintenance of society.

Another form of production that is being disregarded in today's competitive and individualistic economies is the co-operative forms of work systems, where people work together to produce results that are beneficial for all. There are many such forms in existence today. They vary from small self-help groups being promoted in India, to traditional *roscas*, to mutual-help groups found in many African countries, to community grain banks and community social protection systems, to large formal co-operative societies.

Co-operative forms of work are also more likely to be adopted by the poor or by those who have few resources. Co-operation is one way of pooling resources and hence increasing the control and bargaining power of those who are weak. These forms can be seen as the best form to meet minimum needs of every individual.

Formal registered co-operatives exist worldwide. Ranging from small-scale to multi-million dollar businesses across

the globe, co-operatives are estimated to employ more than 100 million women and men and have more than 800 million members. They operate mainly in agricultural marketing and supply, finance, wholesale and retailing, health care, housing and insurance, but are venturing into new fields such as information and communication technology, tourism and cultural industries. Co-operative organizations and groups are abundant in the informal economy, especially in developing countries, although so far there has been no attempt to measure them.

**Co-operative organizations and groups are abundant in the informal economy, especially in developing countries, although so far there has been no attempt to measure them.**

Co-operative economic organizations are not only feasible for informal workers but bring about better work in several ways. First, they give workers, especially those who are the most vulnerable, a new identity based on respect for the contribution their work makes to society and to their own families. Second, co-operative forms of work allow them to build an enterprise and reach markets directly, instead of being at the mercy of traders and others who exploit their lack of access to markets. Third, they are able to pool their resources, capital, knowledge and skills. Fourth, they are able to avail themselves of government schemes and programmes, which would be difficult for them to do individually. Finally, their coming together into a viable

organisation increases their voice and bargaining power in society and in the marketplace.

Informal workers today are no longer invisible, but are getting empowered. New policies are being formulated for them, their organizations are gaining voice as they attempt to become part of the mainstream. However, the mainstream economy as it exists today is an informalizing force, and is unlikely to incorporate the needs of these workers, unlikely to address their vulnerabilities. As informal workers develop agency it is important for them to advocate for policies leading to a more decentralized and co-operative economy, rather than only to address their immediate needs. In this way they can become the vanguard for a better and more just society.

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**By Invitation**

## **Informal Work**

**Meghnad Desai**

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*The situation of informal workers in India remains precarious. The rigid boundaries defining what is a formal sector enterprise not only leave many outside but even in the formal sector casualization is rampant since the costs of employing workers on a regular basis in a formal sector are higher than having contract labor. The recent troubles at the Maruti Plant in Manesar (Haryana) owed something to the conflict between the rights of casual contract labor as against the regular labor, argues the author.*

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### **Formal Labor Markets**

For much of history, work was informal, casual and precarious. But it was seldom regular or bound by the clock. It was often seasonal. People worked for themselves as peasants or for landlords as serfs or slaves. Apprentices signed up with Masters and became like family members. Shop keepers employed their family members or poorer relations on an informal basis.

With the advent of the Industrial Revolution, work became more regular, dictated by the needs of the machines, and the importance of getting things out on time. There were shifts of work and the issue of the length of the working day (to which Karl Marx devoted a large chapter in *Capital* Volume 1) became an arena of struggle. As things advanced, there was a greater protection for workers in enterprises about their hours of work, their health, and their wage rates. Trade Unions entered the fray to secure better rights and got legislation passed to enshrine the rights of factory workers in law. Developed countries ended up with formal labor markets and workers' rights defined at the place of work. The insecurity of periodic unemployment still remained but even so when

employed in an enterprise, workers had rights.

Much of the rest of the world has carried on with a tiny sliver of the economy organized along formal lines with factories and labor legislation guaranteeing workers' rights. These, largely urban, workers employed in the larger enterprises have secured rights, similar to those in the developed country in theory, if not in practice. In India, after independence, there was great effort to secure the workers in the formal sector as many rights as their fellow workers in the metropolitan economies enjoyed.

**In India, the developed formal sector remains an island of under 10 percent surrounded by the swamp of informal workers.**

Yet the bulk of labor force worked in the informal sector. In India, the developed formal sector remains an island of under 10 percent surrounded by the swamp of informal workers. Informal work is the norm; formal work the exception. Yet little effort has been made to extend even a modicum of rights to those working in the informal sector

### **Formal Sector Casualization**

As many articles in this Special Issue point out, the situation of informal workers remains precarious. The rigid boundaries defining what is a formal sector enterprise not only leave many outside but even in the formal sector casualization is rampant since the costs

of employing workers on a regular basis in a formal sector are higher than having contract labor. [The recent troubles at the Maruti Plant in Manesar (Haryana) owed something to the conflict between the rights of casual contract labor as against the regular labor.]

**India has an exceptionally large proportion of workers in the informal sector even compared to other South Asian or developing economies.**

The issue of costs of employment is the key here. In the formal sector, the money costs of the risks and uncertainties of enterprise have to be shared between the employer and the employee. These costs are additional to the wage as such. In the informal sector, all the costs fall on the worker. The gap between the total costs of employing a worker on a regular basis in the formal sector and the wage of a worker in the informal sector or even a casual worker in the same enterprise is very wide. India has an exceptionally large proportion of workers in the informal sector even compared to other South Asian or developing economies as Chen and Vanek show in their paper in this Special Issue. The advent of liberal economic reforms has not led to any extension of rights to the informal sector, nor any dilution of rights in the formal sector. Still as Ramaswamy shows, the persistent high growth of the last decade has led to a rise in real wages across the board in the informal sector. This is welcome but not enough to alleviate the insecurity of the worker in the sector.

One reason for weakness of the informal sector is the difficulty of organizing the workers in these sectors. The unit of employment is small, unincorporated and/or unregistered which makes combining workers in solidaristic unions difficult and the downside costs of employer resentment high. Joseph and Jagannathan show this in their account of three case studies. Yet as Nayak and Sen in their separate contributions show, there have been some successful attempts at organizing informal workers many of whom are self employed. There is an important gender dimension here as women are often self employed and they are also more likely to be in the informal sector than men.

This Special Issue is not concerned with changes in the legislation etc. It seeks to inform and enlighten us about the true situation of the informal sector today and as such it should become an item to read again and again.

### **One More Thing**

I want to take up a controversial issue which arises out of this set of studies but is not addressed by any of the authors. What follows is my own view on the issue of informal labor markets.

The answer to the insecurity of informal employment is of course to make as much employment formal as possible. Chen and Vanek see this as one of the options. There will always be self employment and many SMEs will not have all the characteristics of a fully incorporated enterprise. But if one can envisage

even a third of total labor force under formal employment in India that would be a great step forward. Can this be done?

In India, this issue is often described as labor market/labor law reform or the hiring and firing question. There is a great resistance to diluting any of the legislation protecting the rights of the workers in the 10 % (if that) of the economy. This has led to the manufacturing sector of the Indian economy being capital intensive and medium or high tech. The share of manufacturing in the total economy has also stagnated around 25%. This is because the cost of labour in the formal sector is very high and only highly capital intensive firms can manage to bear it. Other countries of South Asia ( Bangladesh for instance) or South East Asia ( Malaysia, Indonesia) have managed to have low tech manufacturing enterprises with a large size employing thousand plus workers on a single sight. China has of course done much better.

India needs to work out a midway solution between a well protected but small formal sector and a vast informal sector or a total evisceration of all rights which many people fear who resist any change in the current legislation. It should be possible to extend basic rights of security of employment, regularity of pay and health and safety rights to a much larger part of the workforce. India could remove many more people from abject poverty if it could provide regular factory employment to many who are stuck in informal sector jobs. But this requires leadership.



**By Invitation**

## **Informal Employment Revisited: Theories, Data & Policies**

**Martha Alter Chen & Joann Vanek**

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*This paper provides a summary overview of recent rethinking and latest data on informal employment, particularly in developing countries. The paper begins with the examination of the two official international statistical definitions of the ‘informal sector’ and ‘informal employment’. It then addresses the ‘formalization of the informal economy’ debate and presents a comprehensive framework for responding to informal enterprises and informal jobs. The paper analyzes why existing labor market models and regulations need to be re-examined in the light of the reality and complexity of informal employment today. The authors conclude that employment should be the cornerstone of the development agenda and that economic diversity should be the cornerstone of the future economy.*

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### **Introduction**

Informal employment is back on the policy agenda.<sup>1</sup> It represents a major share of the workforce in most developing countries and is on the rise in developed countries. Across the developing world, the majority of informal workers are poor; and the majority of working poor are informally employed. Adding to these policy concerns are the lingering impacts of the Great Recession on employment and the global crisis of youth unemployment.

**Across the developing world, the majority of informal workers are poor; and the majority of working poor are informally employed.**

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<sup>1</sup> In this paper, following international statistical practice, we use the term “informal sector”, rather than “unorganized sector”, to refer to unincorporated small or unregistered enterprises. And we use the term “informal employment” to refer to work without legal or social protection both inside and outside informal enterprises. In India, the term “unorganized sector” generally refers to enterprises having fewer than 10 workers, operating on a proprietary or partnership basis. So defined, it closely approximates the international statistical definition of the “informal sector”.



This paper seeks to provide a summary overview of recent rethinking and recent data on informal employment, particularly in developing countries. Section I details two international statistical definitions – of “informal sector” and “informal employment” – and presents recent data on non-agricultural informal employment. Section II discusses to “formalize the informal economy” debate and presents a comprehensive framework for responding to informal enterprises and informal employment. Section III analyzes why existing labor market models and regulations need to be re-examined in light of the reality and complexity of informal employment today. The paper concludes that employment should be the cornerstone of the development agenda and that economic diversity should be the cornerstone of the future economy.

## **I. Statistical Definitions & Data**

*International Statistical Definitions:* In 1993, the International Conference of Labour Statisticians adopted an international statistical definition of the “informal sector” to refer to employment and production that takes place in unincorporated small and/or unregistered enterprises. But soon thereafter, beginning in 1997, the International Labor Office (ILO), the international Expert Group on Informal Sector Statistics (called the Delhi Group), and the global network Women in Informal Employment: Globalizing and Organizing (WIEGO) began working together to broaden the concept and definition to incorporate certain types of informal employment that had not been included in the enterprise-based

concept and definition of the informal sector. They sought to include the whole of work-related informality, as it is manifested in industrialized, transition and developing economies and the real world dynamics in labor markets today, particularly the employment arrangements of the working poor.

The expanded definition focuses on the nature of employment in addition to the characteristics of enterprises and includes all types of informal employment both inside and outside informal enterprises. This expanded definition was endorsed by the International Labor Conference (ILC) in 2002 and the International Conference of Labor Statisticians (ICLS) in 2003: statisticians refer to this expanded notion as “informal employment.”

Informal employment is, by design, a large and heterogeneous category. For purposes of analysis and policymaking it is useful to, first, sub-divide informal employment into self-employment and wage employment, and then within these broad categories, into more homogeneous sub-categories according to status in employment, as follows:<sup>2</sup>

Informal self-employment including:

- employers in informal enterprises
- own account workers in informal enterprises

<sup>2</sup> Status in employment is used to delineate two key aspects of labour contractual arrangements: the allocation of authority over the work process and the outcome of the work done; and the allocation of economic risks involved (ILO 1993).

- contributing family workers (in informal and formal enterprises)
- members of informal producers' cooperatives (where these exist)

Informal wage employment: employees hired without social protection contributions by formal or informal enterprises or as paid domestic workers by households. Certain types of wage work are more likely than others to be informal. These include:

- employees of informal enterprises
- casual or day labourers
- temporary or part-time workers
- paid domestic workers
- contract workers
- unregistered or undeclared workers
- industrial outworkers (also called home workers)

This expanded definition extends the focus from *enterprises* that are not legally regulated to include *employment relationships* that are not legally regulated or socially protected. It also serves to focus attention on informal workers: i.e., those who are informally employed.<sup>3</sup> This employment-centered focus has been accompanied by significant rethinking of the composition, causes, and consequences of informal employment. Today, informal employment is widely rec-

ognized to include a range of *self-employed* persons, who mainly work in unincorporated small or unregistered enterprises, as well as a range of *wage workers* who are employed without employer contributions to social protection.

**Informal employment is widely recognized to include a range of self-employed persons, who mainly work in unincorporated small or unregistered enterprises, as well as a range of wage workers who are employed without employer contributions to social protection.**

To sum up, there are three related official statistical terms and definitions which are often used imprecisely and interchangeably: the *informal sector* refers to the production and employment that takes place in unincorporated small or unregistered enterprises (1993 ICLS); *informal employment* refers to employment without legal and social protection – both inside and outside the informal sector (2003 ICLS); and the *informal economy* refers to all units, activities, and workers so defined and the output from them. Together, they form the broad base of the workforce and economy, both nationally and globally.

*Recent National Data & Regional Estimates:* Since the expanded definition of “informal employment” was adopted by the 2002 International Labor Conference and the 2003 International Conference of Labor Statisticians, many countries have begun using this definition of informal employment in the collection and

<sup>3</sup> The term “informal workers” is used here in a broad inclusive sense to include informal wage workers as well as the informal self-employed.

tabulation of national labor force data. What follows is a summary of recent analyses of available data on the size and significance of non-agricultural informal employment compiled by the ILO and the WIEGO Network for an update of a 2002 statistical publication called *Women and Men in the Informal Economy: A Statistical Picture*.<sup>4</sup>

Analysis of the data compiled by the ILO and WIEGO suggests that informal employment represents a significant share of non-agricultural employment in developing regions: ranging from 45 per cent in the Middle East and North Africa<sup>5</sup> to 51 per cent in Latin America to 65 per cent in East and Southeast Asia to 66 per cent in sub-Saharan Africa (excluding South Africa and other countries in Southern Africa with a relatively low prevalence of informal employment) to 82 per cent in South Asia (Vanek et al 2012).

There is significant variation by country within the regions: from 31 per cent (Turkey) to 57 per cent (West Bank and Gaza) in the Middle East and North Africa; from 40 per cent (Uruguay) to 75 per cent (Bolivia) in Latin America; from

<sup>4</sup> The ILO-WIEGO database on informal employment now contains data for nearly 50 countries: see [http://www.ilo.org/global/statistics-and-databases/WCMS\\_179795/lang-en/index.htm](http://www.ilo.org/global/statistics-and-databases/WCMS_179795/lang-en/index.htm)

<sup>5</sup> Public sector employment as a share of total employment is still quite high, although decreasing, in the MENA region: as high as 20-25 per cent of total employment in some countries. When public sector employment is excluded, informal employment represents around 80 per cent of private sector employment (Ragui Assaad, personal communication).

33 per cent (urban China) to 42 per cent (Thailand) to 73 per cent (Indonesia) in East and Southeast Asia; from 33 per cent (South Africa) to 82 per cent (Mali) in sub-Saharan Africa; from 62 per cent (Sri Lanka) to 83 per cent (India) in South Asia.

In those countries and regions where agriculture still employs a large share of the workforce, the share of total informal employment in total employment is likely to be higher still (Ibid). In some countries which measure informal employment in agriculture, for example India, informal employment represents more than 90 percent of total employment.

**In some countries which measure informal employment in agriculture, for example India, informal employment represents more than 90 percent of total employment.**

Non-agricultural informal employment is about equally split between wage employment and self-employment in urban China, Latin America and the Caribbean, East and South East Asia, and South Asia; but dominated by self-employment in sub-Saharan Africa (Vanek et al, 2012).

In many regions and in urban China informal employment is a more important source of employment for women than for men. In sub-Saharan Africa 74 per cent of women's employment (non-agricultural) is informal in contrast to 61 per cent of men's; in Latin America and the

Caribbean,<sup>6</sup> 54 per cent in contrast to 48 per cent; in South Asia, 83 per cent in contrast to 82 per cent; and, in urban China, 36 per cent in contrast to 30 per cent. However in all regions men comprise a greater share of the informal workforce because women's labour force participation rates are lower than men's.

**Men comprise a greater share of the informal workforce because women's labour force participation rates are lower than men's.**

## II. Policy Responses

*The Formalization Debate:* At the heart of the policy debates on the informal economy is the question of whether and how to formalize the informal economy. Different observers have different notions of what formalization of the informal economy means. To some, it means shifting informal workers to formal wage jobs – but this requires creating more formal wage jobs. To others, it means registering and taxing informal enterprises. For informal workers, many of whom already pay taxes (such as VAT) or fees of various kinds (e.g. license fees to operate and/or site fees to operate in specific locations) or are willing to pay taxes or fees in return for benefits, it means gaining access to legal and social protection as well as support ser-

vices (e.g. skills or business training) and being allowed to organize and to be represented in relevant rule-setting, policymaking, and collective bargaining processes.

Further, it is important to ensure that formalization offers the benefits and protection that come with being formal and does not simply impose the costs of becoming formal. For the self-employed, formalization should not mean just obtaining a license, registering their accounts, and paying taxes: these represent, to them, the costs of entry into the formal economy. What they would like is to receive the benefits of operating formally in return for paying these costs, including: enforceable commercial contracts; legal ownership of their place of business and means of production; tax breaks and incentive packages to increase their competitiveness; membership in trade associations; protection against creditors and clear bankruptcy rules; and social protection.

What about informal wage workers? To them, formalization means obtaining a formal wage job – or formalizing their current job – with a secure contract, worker benefits, membership in a formal trade union, and employer contributions to their social protection. It is important to highlight that formalizing wage work requires a focus on employers, as employers are more likely than employees to avoid compliance with labor regulations. In this context, it should be noted that many informal wage workers work for formal firms and households, not just for informal enterprises.

<sup>6</sup> No direct estimates of informal employment were available for the Caribbean countries; however indirect estimates were included for some of the countries of the sub-region.

Finally, therefore, it is important to note that formalization has different dimensions beyond just registering and paying taxes, including: receiving the legal and social protection enjoyed by formal firms and formal workers; receiving the tax holidays and incentive packages enjoyed by formal firms; being allowed to organize and to have representative voice in rule-setting and policymaking processes; and more. Policymakers should recognize these various dimensions of formalization and the fact that formalization is not, therefore, a one-step process but rather an ongoing process of extending benefits of formalization incrementally to informal workers. In asking informal workers to register and pay taxes, they should offer informal workers one or more benefits of formalization: asking each group of workers which benefit/s of formalization would be most important to securing their livelihoods. In short, policymakers should consider the optimal dimensions and sequence of formalization from the perspective of different categories of informal workers.

In sum, what is required is an approach to formalization of the informal economy which is comprehensive in approach but context-specific in design and practice. A comprehensive approach for formalizing the informal

economy is outlined in Box 1:

**Box 1 Formalization of the Informal Economy: A Comprehensive Approach**

- |   |
|---|
| <p><i>1. Formalization of Informal Enterprises-</i></p> <ul style="list-style-type: none"> <li>• registration and taxation:             <ul style="list-style-type: none"> <li>o simplified registration procedures</li> <li>o progressive registration fees-</li> </ul> </li> <li>• appropriate legal and regulatory frameworks, including:             <ul style="list-style-type: none"> <li>o enforceable commercial contracts</li> <li>o private property rights</li> <li>o use of public space</li> <li>o occupational health and safety regulation-</li> </ul> </li> <li>• benefits of operating formally:             <ul style="list-style-type: none"> <li>o access to finance and market information</li> <li>o access to public infrastructure and services</li> <li>o enforceable commercial contracts</li> <li>o limited liability</li> <li>o clear bankruptcy and default rules</li> <li>o access to government subsidies and incentives, including procurement bids and export promotion packages</li> <li>o membership in formal business associations</li> <li>o access to a formal system of social security</li> </ul> </li> </ul> <p><i>2. Formalization of Informal Jobs-</i></p> <ul style="list-style-type: none"> <li>• legal recognition and protection as workers-</li> <li>• rights and benefits of being formally employed:             <ul style="list-style-type: none"> <li>o freedom from discrimination</li> <li>o minimum wage</li> <li>o occupational health and safety measures</li> <li>o employer contributions to health and pensions</li> <li>o right to organize and bargain collectively</li> <li>o membership in formal trade unions</li> </ul> </li> </ul> |
|---|

As outlined above, formalization of the informal economy can and should take different forms, including: shifting informal workers to formal jobs; registering and taxing informal enterprises; providing business incentives and support services to informal enterprises; securing legal and social protection for the informal workforce; recognizing the organizations of informal workers; and allowing their representatives to take part in rule-setting, policymaking, and collective bargaining processes.



However, the limits to formalization need to be understood. First, it should be recognized that formalization is *not* a one-time process involving a specified set of steps. Rather, formalization should be seen as a gradual on-going process involving incremental steps and different dimensions leading towards varying degrees and types of formality. Second, it should be recognized that formalization will *not* proceed quickly or automatically for all those who choose to formalize. The bureaucratic procedures and incentives for registered informal businesses need to be retooled and streamlined. Labor standards and benefits for informal workers need to be carefully negotiated by employers, workers, and government. Third, it should be recognized that formalization will *not* be feasible or desirable for all informal enterprises or all informal wage workers. Rather, it should be assumed that many informal enterprises and informal wage workers will continue to do what they do and remain informal or semi-formal (at least in some dimensions) for the foreseeable future.

**Labor standards and benefits for informal workers need to be carefully negotiated by employers, workers, and government.**

### **A Comprehensive Policy Framework**

Clearly, no single, overarching policy goal or prescription can address the concerns of all categories of informal enterprises and informal workers. What is

needed is a comprehensive policy framework to address informality with the following broad goals:

1. Create more formal jobs – through employment-centered growth
2. Regulate informal enterprises and informal jobs - through appropriate regulations and incentives
3. Extend state protection to the informal workforce, especially the working poor – including both social protection (health, pensions, and disability) and legal protection (property rights, commercial rights, and labor rights)
4. Increase the productivity of informal enterprises and the income of the informal workforce, especially the working poor – through financial services, enterprises support, and basic infrastructure services but also through a favourable policy and regulatory environment and more equitable terms of trade
5. Promote participatory policy-making, rule-setting, and collective bargaining processes- involving representatives of organizations of informal workers, especially the working poor

There is growing consensus worldwide around these five broad goals, especially in support of the working poor in the informal economy. These five goals are depicted as a “3 by 3” framework in Box 2: with the first two goals as # 1 and 2 and the last three goals under # 3.

**Box 2 “3 x 3” Policy Framework**

- # 1 – **Expand formal employment opportunities**
- # 2 – **Regulate as many informal enterprises and informal jobs** as desirable and feasible:
  - Create incentives for informal enterprises to formalize
  - Create incentives for employers, both formal & informal, to hire workers with formal contracts, protections, and benefits
- # 3 – **Increase returns to labor of the informal workforce through...**
  - **Protection** of the informal workforce: legal and social protection
  - **Promotion** of the informal workforce: fair policy and regulatory environment & supportive infrastructure and services
  - **Participation** of the informal workforce: participatory policy-making, rule-setting, and collective bargaining institutions and processes that include representatives of informal workers

plans; and municipal procurement policies that exclude urban informal operators from bidding for contracts for goods and services.

**Most of the urban informal workforce pays taxes, fees, or bribes of various kinds to various local authorities simply to be able to pursue their livelihoods.**

In this context, most of the urban informal workforce pays taxes, fees, or bribes of various kinds to various local authorities simply to be able to pursue their livelihoods. What they receive in return is negligible – often negative. Most home-based producers do not receive the basic infrastructure that would make their home-cum-workplace more productive; they pay residential (rather than commercial) rates for utilities, and are subject to zoning regulations that restrict commercial activities in residential areas. Most street vendors are treated as criminals subject to evictions, confiscations, and harassments. Few waste pickers are recognized for their contributions to waste management and recycling, many are denied access to waste, and most are not allowed to bid for solid waste management contracts. All three groups would be willing to register and pay appropriate taxes to the city, if they would receive benefits in return – including the right to pursue their livelihoods.

Urban planners and local authorities need to embrace the informal economy – it is the main generator of

To illustrate how this framework should be implemented in practice, consider the urban informal workforce. In most cities around the world, there is an acute shortage of jobs due to various factors, including increased population but also investment decisions that favor relocation of industries outside cities and/or use of capital-intensive technologies. Government and the private sector need to rethink their investment decisions and place a priority on generating urban jobs. Meanwhile, in most cities around the world, existing employment opportunities in the informal economy are being undermined or destroyed due to urban renewal schemes that demolish the places of work of the urban informal workforce; urban planning that fails to incorporate urban informal livelihoods in city



jobs and livelihoods in most cities in the developing world. They need to include urban informal livelihoods, not just urban informal settlements, in their urban plans and local economic development. This will require urban planners and city officials to develop an approach to urban policies, planning, and practices that includes – rather than excludes – urban informal livelihoods and the urban informal workforce. To begin with, they need to stop doing harm to urban informal livelihoods.

### III. Rethinking Labor

Historically, neo-classical economists have assumed that labor markets include the employed (thought to be employees) and the unemployed and functioned through the interaction of employees and employers. However, development economists pointed out that labor markets in developing countries are dualistic: consisting of a traditional/informal and a modern/formal sector (Lewis, 1954). Some development economists, notably the Nobel Laureate W. Arthur Lewis, predicted that economic development in developing countries would, in the long-term, generate enough modern jobs to absorb surplus labor from the traditional economy. By the mid-1960s, however, this optimism began to give way to concerns about persistent widespread unemployment and under-employment, even in countries that were growing economically (Singer, 1970; ILO, 1972).

**Informal employment appears to be on the rise in both developed and developing countries.**

These concerns persist even today. Informal employment appears to be on the rise in both developed and developing countries. In most developing countries today, the self-employed constitute a large share of the labor force; the informal wage employed another large share; and formal wage workers a relatively small share. This reality calls for a fundamental rethinking of labor markets.

Self-employed workers behave in fundamentally different ways than dependent wage workers: they both supply and demand labor. They compete in markets for goods and services, not in labor markets. Their employment - and productivity - is driven by a demand for their goods and services, not their labor. Labor regulations and labor market policies have limited salience for the self-employed: as the vast majority of them are own account operators who do not hire others. What matters to the self-employed are macro-policies that help shape the demand for their goods and services and sector-specific policies that regulate who can do what, and where, as well as who receives government support and protection.

**Even for informal wage workers, existing labor laws and regulations have limited salience.**

Even for informal wage workers, existing labor laws and regulations have limited salience. This is because historically, around the world, the “employment relationship” has represented the cornerstone – the central legal concept – around which labor law and collective bargaining agree-

ments have sought to recognize and protect the rights of workers. Whatever its precise definition in different national contexts, it has represented “a universal notion which creates a link between a person, called the ‘employee’ (frequently referred to as ‘the worker’) with another person, called the ‘employer’ to whom she or he provides labor or services under certain conditions in return for remuneration” (ILO, 2003: 2).

The concept of employment relationship has always excluded those workers who are self-employed. But also an increasing share of wage workers has no legal recognition or protection because their employment relationship is either:

- *Disguised*: The employment relationship is deliberately disguised by giving it the appearance of a relationship of a different legal nature. For example, the lead firm in a subcontracting chain may claim that it has a “sales-purchase” – or commercial – relationship with those who produce goods for it, rather than a subcontracted employment relationship.
- *Ambiguous*: The employment relationship is objectively ambiguous so there is doubt about whether or not an employment relationship really exists. This is the case, for instance, with street vendors who depend on a single supplier for goods or sell goods on commission for a distributor.
- *Not clearly defined*: The employment relationship clearly exists but it is not clear who the employer is, what rights the worker has, and who is responsible for securing these rights.

For example, in value chain production, it is not clear who the real employer is: the lead firm, the supply firm, or the subcontractor. Similarly, in the case of temporary work, it is not clear who the real employer is: the agency that supplies temporary workers or the firms that hire them on a temporary basis (Ibid.).

**In many cases, it is the employer who seeks to disguise the employment relationship or otherwise avoid regulations.**

It is important to note that, in some cases, the worker colludes with the employer to avoid regulation. But it is also important to note that, in many cases, it is the employer who seeks to disguise the employment relationship or otherwise avoid regulations; and that many such employers operate formal firms, not informal enterprises.

In sum, it is important to recognize that the relevance of existing labor market models and labor regulations is decreasing around the world. What is needed is a new model of the labor market that takes into account different types of self-employment and different types of wage employment. What is also needed is a thorough re-examination of which laws, regulations, and policies impinge on which categories of informal and formal employment in today’s world, and with what impact. In addition to labor laws and regulations, these are likely to include laws, regulations, and policies that govern markets for goods and services; specific sectors (e.g. agriculture, manufacturing, trade and other services); urban planning; value chain dynamics and

relationships; government taxation, expenditure and procurement.

#### IV. Moving Forward

*Moving Employment Center Stage:* In 2000, 189 nations made a promise to free people from extreme poverty and multiple deprivations. This pledge was translated into eight Millennium Development Goals. Surprisingly, more and better employment was not among the original goals: it was not even a target under Goal # 1 to eradicate extreme poverty and hunger. Yet the key pathway to reducing poverty and hunger is to help people secure more and better employment opportunities. Recognizing this lacuna, at the 2005 United Nations World Summit, the member nations requested that “full and productive employment and decent work for all” be added as a central objective of the development strategies to meet the MDGs. Subsequently, “the achievement of full and productive employment and decent work for all, including women and young people”, was added as a target under MDG Goal # 1.

**The achievement of full and productive employment and decent work for all, including women and young people, was added as a target under MDG Goal # 1.**

Today, employment is very much on the development agenda. For instance, the World Development Report 2013 on “Jobs” calls for moving jobs center stage. It argues that employment – or jobs – drive development and should not be considered an afterthought of growth: that “(j)obs are the cornerstone of economic and social

development. Indeed, development happens through jobs. People work their way out of poverty and hardship through better livelihoods” (World Bank, 2012: 2). The WDR 2013 considers all types of jobs – not just formal wage employment – and highlights that a large share of the workforce is self-employed. It concludes that three layers of policies are needed to promote more and better jobs: *policy fundamentals* (e.g. macroeconomic stability; enabling business environment; human capital; and rule of law); *labor policies* which avoid misguided interventions, provide voice, and extend protection; and *development policies* to address context-specific employment challenges and constraints. But it also concludes that the appropriate policy responses will vary across countries, depending on their levels of development, endowments, demography, and institutions.

**Appropriate policy responses will vary across countries, depending on their levels of development, endowments, demography, and institutions.**

Hopefully, going forward, this recognition and validation of employment as a driver of development will be reflected in the post-2015 Millennium Development Goals and in development policy more generally.

*Re-Imagining the Economy:* What is needed, most fundamentally, is a new economic paradigm: a model of a hybrid economy that embraces the traditional and the modern, the small scale and the big scale, the informal and the formal. What is needed is an economic model that

allows the smallest units and the least powerful workers to operate alongside the largest units and most powerful economic players. What is needed, more specifically, is an economic model that allows:

- Home-based producers in global value chains to be able to bargain with dominant players in those chains for their rightful share of value added.
- Street vendors to operate alongside retailers and wholesalers – alongside shops, wholesale markets, and malls – in central business districts.
- Waste pickers to access waste and to bid for solid waste management contracts alongside large corporations.
- Informal construction workers to gain some of the protections and benefits of formal construction workers.
- Informal transport workers to be integrated on equitable terms in public and private transport systems.
- Small holders and agricultural day laborers to compete on equitable terms with large holders and corporate farms; and
- Small-scale producers to compete in export markets on fair terms alongside large-scale commercial farms.

Some years ago, the world embraced *bio* diversity – and still does. Today, the world also needs to embrace *economic* diversity. Both are needed for sustainable and inclusive development.

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**By invitation**

## **Organizing the Unorganized Workers : Lessons from SEWA Experiences**

**Nalini Nayak**

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*This paper highlights the specificities of the unorganized sector workers in the context of ongoing modernization and development. It focuses on the varied facets that have to be grappled with in building their organizations as they struggle to survive. The paper draws on the experience of the author who has spent over three decades with workers of two particular sectors, the fish workers and self employed women, both of which developed their own national organizations. She critically examines how the wider support structures that the trade unions of these sectors related to, helped develop multi level interventions that brought the significance and issues of these sectors into the mainstream discourse and thereby challenged the conventional understanding of labor organizations and the State in relating to these sectors.*

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### **Introduction**

While in Asia and the developing world the unorganized workers have formed the bulk of the workforce in a country, an increasing number of workers seem to be falling into 'precarious work' and out of organized labor even in the developed world today. Advances in technology have changed the organization of work in the organized sector in the developed world and with the liberalization of economies in the developing world vast changes in production and labor organization have also taken place here. All these changes have not only changed the nature of work, but labor relations as well. Whereas there has grown a greater flexibilization of labor, there is also the invisibilization of labor relations – when labor relate to employers only through the internet. Such changes have also seen what has been referred to as the 'feminization of labor' whereby an increasing number of women have been drawn into the labor force although the data does not seem to reveal this in our country.

One of the major ways in which capital has expanded is therefore the further



disorganization of labor and labor relations. But even before the expansion of capital in the post World War II period and till the present time, one of the features that characterizes the developing world is that production and large sections of workers remain in the unorganized sector. They have either been self employed, eking out a living in sectors like small scale fisheries, forest product collection and traditional production, or just been laborers in very small household enterprises like food production, agriculture, coir making, coconut oil production, and other smithy and indigenous handicrafts etc. In the last few decades some of these workers got inducted into production chain processes while they continued to work at home receiving production inputs from agents who act like the middlemen between the worker and the employer. While these workers contribute to the creation of the GDP of our countries and the vast production of handicrafts that India is famous for, there are still several of their trades that are not recognized or scheduled and hence they remain unrecognized, come under no social security net and they remain invisible. Large sections of these workers never had or have any workers rights. In the narrative that follows, the focus will be on these sections of workers and the issues around organizing them in India.

**One of the features that characterizes the developing world is that production and large sections of workers remain in the unorganized sector.**

### **Some Characteristics**

The unorganized sector is diverse and has varied features. Labor in one sub sector may receive a wage for work done, there are those who are self employed. Among the former, many may not come into contact with the actual employer, they may receive a piece rate wage and could be working in their own homes. In another sub sector of the self employed, many may be dependent on a natural resource or maybe dependent on just the public space, like a street vendor, and may or may not be dealing directly with a consumer. Hence work and production relations in this sector can also be very complex and succumb to various kinds of exploitative features.

Over the last 25 - 30 years, India has seen the development of a variety of movements and growth of organizations in these sectors. Most of these movements have sprung from the spontaneous mobilization of people against oppressive forces or regimes and projects that challenged their rights to livelihood. Some of these struggles have been sustained and remain dynamic, others have waned. Some of them have evolved as formal organizations with informal structures. Developing new structures is problematic as the livelihood issues are simultaneously community issues. Life in the community and livelihood are so intricately intertwined. Communities have their own norms that govern livelihood, even the access to resources and distribution of gains. What they assert through their struggles is the defence of a way of life and livelihood. The hierar-

chiefs of age and division of labor are very different from the way 'organizations' are structured today. Yet if the livelihoods have to be sustained in these communities, they have to organize as the modern state increasingly needs to appropriate resources or make use of cheap labor thereby dismantling communities and simultaneously livelihoods.

The access to the natural resource base like the forest, wetlands, rivers, oceans is complex. During these past centuries those who eke out a livelihood from these resources have also sustained these ecosystems with their communitarian norms of management and control. These resources are today being privatized on a massive scale despite the fact that the State had not earlier regularized the use of these resources; namely recognized the customary rights of the traditional users and streamlined other public use. Unlike in the case of the First Nation communities in the developed world, the Indian state had not negotiated the use rights of these resources very specifically. In some states of India, governments did recognize these rights, like the *koliwadas* (fishing community) in Mumbai for instance. But for a large part, it is only after they created a hue and cry on the promise of the Constitutional Rights that the government has begun recognizing the existence of these communities although not always legally provisioning for them vis a vis the resource on which their livelihoods depend. Despite its limitations, the Forest Rights Act of 2006 is one of the more positive results of collective action on the part of all the forest dwellers movements

to get recognition of customary rights to forest users. Having been traditionally marginalized, workers in these natural resource based communities have also been on the periphery of other developments like education and hence have minimal access to information. They are therefore extremely vulnerable and in most cases they are being either forcefully ousted or have been cheated out of their rights and marginalized. Hence with no organizational base, the future of these communities is in jeopardy.

### **Organizing the Unorganized**

Two organizational forms/movements are discussed here. One of them is the organization of artisanal fish workers and the other is the self employed women workers. The former commenced in a village community of fish workers in Trivandrum, Kerala – Marianad, and the other with women reed workers, fish vendors and agricultural small farmers and wage workers when SEWA was organized in Kerala. The work with the fish workers commenced in the early 1970s and with the SEWA in the mid 1980s. Whereas both these were unorganized sectors, the trajectories of the movements and organizational strategies were in many ways very different. Essentially, whereas the former involved both men and women in one specific trade, the latter included only women but of several trades. In both these organizations I was one among a larger team/group/process made up both of members of the sector and 'outsiders'. I will reflect on them separately below.



### **Among Fish Workers**

In the fishing sector, we did not commence with any political organizational awareness in the early 1970s. It was only when we got deeply into the daily lives of this community that we understood not only the intricacies of the fishery but also the reasons for poverty in the community. While this community was humanly so inspiring – in the manner in which it cared both for the members of the community and the logic with which it fished, the fact that they were being exploited by the more shrewd members of the community and by their allegiance to their religious institution, was something they had thought could not be changed. While this angered them, they seemed to see no way out. The initial step was to break the myth that loans had to be repaid in kind and provide information that they could create joint economic ventures like cooperatives. The first step therefore was to help them organize to gain control of the fruits of their labor, exploited as they were by moneylenders and merchants. This was not an easy task as the forces against the fishers were more powerful and were not going to surrender their control so easily. Hence the creation of fisher's cooperatives was initially a physical struggle which was in itself a learning experience for the fishers as to how the powerful in the society held them captive. But finally with the successful fight and the organizing of cooperatives the fishers marketed their fish collectively and thereby got directly the fruits of their labor. Nevertheless, the process of sustaining the cooperatives, whereby the members themselves kept the control in

their hands and helping them develop a democratic leadership style was a massive task in itself (Program for Community Organization 1989).<sup>1</sup> To put things in a nutshell, the cooperatives finally were able to develop data on the small scale sector that even the State did not have and with this data were eventually able to stake a claim for the small scale fisheries in the State and eventually find a place on the national and international agendas.

It was a deeper understanding of the economics and science of this sector that assisted in sustaining the spontaneous outbursts of resistance that evolved in the coastal communities in different parts of the country from the late 19970s onwards that consolidated into the National Fish workers' Forum – a trade union that represented the cause and demands of the small scale fish workers. It was this organization of the fish workers that managed through various struggles, to get a series of legislations that not only accepted the customary rights of the communities to their livelihoods but also to demarcate the fishing zones, The Marine Fisheries Regulation Act 1978, so that the artisanal fish workers would have access to resources in the oceans and be able to survive. By the late 1980s, the state governments, particularly of Kerala, Tamil Nadu and later the other states gradually began to recognize fishworkers as workers with rights and to provide budget allocations for them and legislate for their welfare. The departments of fisheries began to produce data on the

<sup>1</sup> Details separately documented in Program for Community Organization (1989)

fish workers and not only on the craft and gear as it did earlier in the animal census, and finally also to produce disaggregated gender specific data thereby highlighting the sexual division of labour in the community and gradually budgeting for women's activity in the fishery as well.

The specific focus on women as workers in fishery and their needs as workers was a very specific contribution of this movement to the understanding of the small scale fishery. Retaining the space of the women in the fishery was the focus and hence the issues that women faced in their work, the problems of transport to the market, high market taxes, the conditions of fish markets, including them in the social security schemes etc. were all issues on which fisher women in different states agitated for and got their rights. Trains from harbors in Valsad to Mumbai have special bogies for women fish vendors, special buses for women from harbors to markets were put on the roads by the Maltsya Fed in Kerala, in Tamil Nadu, the public transport buses were modified to carry the baskets of women fish vendors, markets were improved in several places like Goa, Kerala, Tamilnadu – in short where ever the movement took these issues up, agitated for their rights, some gains were achieved. The security and rights of migrant women workers in the processing plants was also highlighted by the Union thereby bringing the fish processing industry under the scanner.

**Where ever the movement took these issues up, agitated for their rights, some gains were achieved.**

All along, the fish workers movement was supported by groups that were committed to the cause but outside the union. I was part of the organization called the Program for Community Organization (PCO) that was based in Trivandrum and also the International Collective in Support of Fish workers (ICSF) that was based in Chennai. There was thus a simultaneous awareness creation and lobby on the issues both at national and international levels. The small scale fisheries all over the world were in jeopardy. New frameworks for legislation were debated and created. Fisheries issues entered other mainstream debates on agriculture, food policy, environmental debates and the women's movement. This is how also the fish workers initially built support and thus got a space at the international fora like the FAO and various UN platforms to build international solidarity and highlight their issues<sup>2</sup>. Internationally, the FAO was urged to develop standards on small scale fisheries and the ILO also created the Work in Fishing Convention in 2008.

While the initial building up of the movement took place in Goa and Kerala, it gradually spread over the years and today has members in all the coastal states. In this way, the small scale fish workers found a place on the economic and political map of the country and they developed organizations to represent their cause. But it was only in Kerala that the economic organization of the coopera-

<sup>2</sup> These processes are well documented in publications of the NFF and the ICSF listed in the references.

tives of small fishers established a base and then gradually expanded to Tamilnadu. More recently, cooperatives have been organized in Gujarat as well. These cooperatives were very male dominated and did not want to take any particular feminist or ecological positions. They did not have any particular organic link with the union. In Maharashtra and Gujarat the cooperatives comprised larger fishing craft and were also politically quite powerful as economic entities and developed a logic of their own but were supportive of the union when it came to raising their demands of access to the oceans against the foreign trawlers and diesel subsidy from the central government. With the recognition of the fish workers by the state, a minimum of social security and access rights were established. But what the fish worker movement was unable to do was to parallelly build up the economic organizations particularly the production and marketing cooperatives as an integral part of their union and thereby link into the union the 'sangarsh and nirman' approaches, so important for sustaining organization in the unorganized sector. Moreover when the union got national recognition, the leadership lost touch with the base and in this way was not able to reap the benefits from the very progressive legislation it had achieved for the sector. The lack of an active and cohesive base also meant that the movement was unable to implement the new development approaches of resource management and community participation that they succeeded to achieve at the policy level. This lack of ability to sustain the base, build local participatory structures

and thereby develop new leaders was almost a natural consequence of separating the dual political and economic thrust of the sector. The inability to build alliances with other working class organizations also meant that fish workers remained out of the ambit of the wider Indian Labor Congress and therefore blunted its edge to lobby for the issues of unorganized workers in the mainstream labor movement.

**When the union got national recognition, the leadership lost touch with the base and in this way was not able to reap the benefits from the very progressive legislation it had achieved for the sector.**

This was unlike in SEWA where the support structures were inbuilt in the union. In fact, it is imperative at this stage, that unions of the informal sector continue to be supported by like minded groups as unions in this sector cannot ruffle up the resources to develop research capacity in the start up phase and sustain it for a long period. Lobbying for their rights in the wider labor front is imperative if a larger share of government spending has to be invested in their social security. Moreover, building constructive economic alternatives is crucial to the sustenance of the struggles of this sector for which technical and training support is indispensable.

### **Self-employed Women Workers**

The organizing of the self employed women workers in SEWA has also been

another experience. When we started in Kerala, we were inspired by the work of Elabhen. As is well known, the beginnings of SEWA were made in Gujarat by Elabhen Bhatt who saw the need of these workers in the city of Ahmedabad – initially a group of women workers that serviced the textile industry and who were not accepted and given their space among the organized workers in the industry. Hailing from a trade union background herself and Elabhen being the activist that she was and understanding the fate of other similar women workers she went into organizing them. While women began to organize as workers on the one hand, in the SEWA union, a series of services were also created within the organization to sustain them in their productive activity<sup>3</sup>. In this way, the members were assisted to collectively create their own production units be they cooperatives, producer companies or associations. No violent struggles took place as SEWA, true to Gandhian principles, found solutions through negotiation. The leadership was given by Elabhen herself as the secretary of the union and she was able to attract a large number of other women who desired to do similarly. Thus the organizational base grew in different states.

The eleven principles of SEWA<sup>4</sup> and the collectivization strategy were the

building blocks. Collectivization not only gave women physical strength, as Elabhen wrote – “we are poor but we are many’ (Bhatt, 2005), but helped them put their little monies together and sustain their economic activity when the State was oblivious to their needs. This grew into their bank and eventually took care of their other financial requirements. But this was not all, this unionization and collectivization also made them visible as workers who not only eke out their own living but who also contribute to the national domestic product and for whom the state does very little in return. The focus was on giving these workers a voice and it was through their collective deliberations that they sought to make their existence visible. Hence it was at one of their general body meetings that they decided to draw the attention of the Central Government to the existence and issues of the unorganized sector and they went as a delegation to the Prime Minister with a written request to bring out a status paper on this sector. Subsequently the Commission on the Study of the Unorganized Workers was set up with Elabhen as the Chairperson. It was the work of this Commission that produced the Shram Shakti Report in 1988 highlighting in detail all the work that women do as producers in the economy in this sector. This report became the base on which further studies on the unorganized workers were developed and there began to be a growing awareness and interest in the economic role of this sector in the economy. With this theoretical positioning and the growth of movements in the unorganized sector demanding their rights, the focus of the Second Labor

<sup>3</sup> These are well documented in SEWA publications listed in the references

<sup>4</sup> 11 principles of SEWA: Full employment, regular income, nutritious food, health care, housing, asset creation, organized strength, Self reliance, leadership, education, child care

Commission Report in 2002 creating an Umbrella Legislation for the Unorganized Sector Workers, was an important outcome. This draft legislation drew on the experiences and demands of various movements in the unorganized sector and therefore provided a new rights framework for these workers while also acknowledging the traditional access rights to the resources on which their livelihood depended. While the Second Labor Commission Report unfortunately heralded in damaging legislation for the organized workers, for the first time the contribution of the unorganized workers to the economy was acknowledged and thus gave a spurt to the demands of the unorganized workers. That representatives of the organized workers did not see the urgent need to transform their politics and combine the issues of the organized and unorganized workers to offset the impact of globalization I consider a grave historical mistake.

**The focus was on giving these workers a voice and it was through their collective deliberations that they sought to make their existence visible.**

Over the years, SEWA Gujarat established itself by evolving autonomous work and life cycle subsidiary and support institutions for its members in health care, child care, home and sanitation, health insurance, a workers academy for research, training and audio visual documentation of their issues. The marketing chain for its handicraft, particularly the agriculture and food products with its own

brand name has given the members a sense of sisterhood as they produce for each other and market locally thereby giving the women workers in the unorganized sector an entire grasp and hold over the various institutions on which their work and livelihood depended. This in reality is what a social union movement is about.

In the early 1980s, SEWA in Madhya Pradesh was also established and grew with an initial base among the *tendu* leaf gatherers and spread rapidly to other sectors. SEWA Kerala also set roots in the mid 1980s. Its members were initially direct members of the Gujarat union but was eventually registered as a trade union in Kerala only in 2009. It concentrated initially on getting the rights and recognition of domestic workers while simultaneously taking up the issues of fish vendors, reed workers and street vendors. Subsequently SEWA was invited by various governments and local individuals to commence organizing women workers in several states. Hence by the end of the last century, SEWA planted itself in various states in north India and by the end of 2010 it grew into a banyan tree forest as the number of trades of different kinds of workers joined the union and the workers in the union in turn established their different production or marketing units. But above all, all these workers in one way or another began to have an identity as workers and different states had to begin declaring minimum wages for them and establishing different kinds of schemes for their welfare. With the increase in membership of workers from different trades and with the establish-



ing of the unions in different states, the SEWA Union finally applied for recognition as a Central Trade Union, a status that it finally got despite being opposed by other Central trade unions because of its focus only on women and workers in the unorganized sector. This finally gave SEWA a say in the Indian Labor Congress which continues to be the tripartite body where labor issues are discussed and deliberated upon. It was this edge that SEWA was also able to use in highlighting the issue of domestic workers in the Labor Congress. When workers from around the world were demanding standards for domestic workers at the ILO, SEWA was able to rally other mainstream unions on this cause and together we were able to change the decision of the Indian Government and get a positive vote for a Convention on Domestic Workers in 2011. In both Kerala and Gujarat, SEWA demonstrates how domestic workers can get their recognition and rights by collectivising as workers in a sector in which there are clear employer-employee relationships but in a very dispersed and otherwise private workplace. The struggle to get a comprehensive legislation for domestic workers in India is on the anvil.

**The struggle to get a comprehensive legislation for domestic workers in India is on the anvil.**

At the global level too, SEWA has spearheaded several discussions on the informal sector creating international platforms where important positions are articulated. The ILO launched the concept

of the informal sector three decades ago (Bangasser, 2002) and finally launched a process to discuss Decent Work for workers in this sector. All these processes led to an ILO Convention 177 in 1996 on Home Workers and several other international networks like Street Net and Home Net focusing on issues like street vendors and home based workers – all in the informal sector. The creation of the international research network in which SEWA also played a prime role, called Women in the Informal Economy Globalizing and Organizing - WIEGO which collated and analyzed data on this sector globally has also given impetus to women workers organizing globally. The most significant of these has been the build up to the international struggle of the domestic workers who were able to speak for themselves at the ILO and impress upon the governments that they were not going to take ‘no’ for an answer and finally got the ILO Convention 189 on Decent Work for Domestic Workers passed in 2011. The support of a trade union like the International Food Workers Union, of which SEWA is a member, that made this historical Convention possible must also be acknowledged here. Several of these positions were difficult for the mainstream trade unions to accept as they felt focusing on the demands and issues of this sector would divert the focus from the organized sector that was beginning to loose out in the process of globalization. Eventually, because of the pressure of SEWA and a few other unions of the unorganized sector in other parts of Africa and Latin America, even the International Federation of Trade Unions (ITUC) has



created a desk for the concerns of this sector with SEWA as the Vice Chair in 2011.

While the organizational strength of SEWA has thus to be acknowledged, the struggle has been many pronged – from collectivisation of workers, to data gathering, to visibilization and finally to policy impact with legislation and budgets for this sector.

**As a Central trade union the mission of SEWA is now to introduce the discourse on informality and women's issues in the labor front in the country.**

In 2009, SEWA finally got recognized as a Central trade union. As a Central trade union the mission of SEWA is now to introduce the discourse on informality and women's issues in the labor front in the country. This is certainly a very challenging task given the way the Labor Conference is structured and organized and being so overwhelmingly male dominated. Now that India has an Act on the Unorganized Sector – though only a welfare Act at that, many trade unions are content to take recourse to the welfare measures and increase their membership. But the task is still unfinished as the unions of such workers in this sector have to focus on the regulation of work and to get the rightful share of social security and rights to labor standards like all other workers as they continue to contribute to the cake of capitalism that gives India the competitive edge it has gained in the post globalization period. Moreover,

protecting the rights to livelihood is the major task of trade unions towards the unorganized sector workers. This is not an area that the mainstream unions are willing to focus on unless circumstances push them to do so.

This is probably where the issues like those taken up by the Fish Workers Union and those of a union like SEWA actually intertwine. It is basically the impact of development on the environment and on women that take a toll on the life and livelihoods of these sections of workers which are also the most contentious issues in global development today. While speaking of green politics or combating climate change, or even combating 'terrorism'/revolt for that matter, the only logic that economists seem to focus on is 'growth' based on accumulation and exploitation, hoping that it will trickle down. But that growth can also be based on distributive justice and well being makes no 'economic sense', it appears. The growth of the last decade in India has essentially been jobless growth. Such growth is neither sustainable nor just and does not trickle down very far. It is an alternate development paradigm that focuses on people's needs and develops an infrastructure that supports their local production – "the bubbling up effect" (Jain, 2011), that will certainly deliver better social and economic dividends. The demonstration of a 'people's sector' as SEWA likes to call it, where people produce for their needs and have control over their production while mutually supporting each other, is what some countries begin to see as an alternative to ongoing capitalism – "the solidarity

economy". Nevertheless, we all know that an alternative to capitalism involves more than this as it is the State that maintains the system and the process of taking over state power is a much larger political task.

**The growth of the last decade in India has essentially been jobless growth.**

### The Challenges

Organizing this section of workers nevertheless has its own challenges both from within and from without. Being dispersed as they are over large expanses of the territory itself makes contact between workers difficult. Moreover having lived in their own isolated worlds, getting an understanding of the macro processes, until they are hit, is another great hurdle in getting together. There always has to be some entry point and this could be any burning issue experienced by the community like lack of drinking water, lack of raw material etc. around which unity is first built. It is the workers who are first hit by an issue and struggling to find a remedy that leadership among the workers develops. Such workers then become the aagyvans/animators/contact point for further mobilization. SEWA's approach has always been to link such initial issues with constructive work: no water in the bore well then teaches the women how to repair the bore wells; no access to finance then creates your own savings and develops micro finance organizations; no bank in your area then starts a bank extension

service; no proper returns for products you grow then collectivizes and organizes producer cooperatives and bargain for better prices. While thus organizing, gets aware of your rights as workers and joins the union. It is through collectivization that the strength of this disorganized sector has finally become a force to reckon with in certain sectors.

**It is through collectivization that the strength of this disorganized sector has finally become a force to reckon with in certain sectors.**

Keeping production units economically viable is a task that requires support initially particularly to build the capacity of the workers. Such support initially has to come from without. Being able to sustain this support structure is also a responsibility and unless the workers economic organizations rapidly stand on their own feet, this can develop into a white elephant. Given that this is possible, the dynamics between the producers themselves and the support staff in terms of leadership and 'voice' is another area that has to be kept in mind. Over a certain period of time, the producer leaders/aagyavans do develop their own capacity but then they should also be willing to let other younger leaders grow as well. Most of the time, young women are so busy with their livelihood activities that they can hardly find the time to participate in meetings leave alone training sessions. Relieving such burdens in order to find the time and space to grow has to be consciously created. Our experience in the fish workers movement was that

**The male leaders initially were unwilling to accept women leaders in their own right and to take up the issues that related to women workers.**

the male leaders initially were unwilling to accept women leaders in their own right and to take up the issues that related to women workers. Again, as the male leaders grew, they found it difficult to accept the supporters whom they felt stole the limelight and so they disassociated themselves from us. So eventually, maintaining internal democracy within the movements and permitting the young leadership to grow and simultaneously sustaining the base was difficult for the organization to do creatively. On the other hand, SEWA is an all women's organization and there is no gender divide. Women's issues and leadership are a fait accompli. Moreover, the support structures are an integral part of the union and a huge effort is made to see that local and younger leadership develops. But this is not a given and we cannot say that SEWA succeeds in this everywhere. Leadership struggles can develop in any human context and SEWA has to beware of this happening. While democratic institutional mechanisms are in place, keeping such mechanisms fruitfully and creatively alive is a time consuming and expensive job in a large country like ours. Hence the challenge. While Elabhen has made a very graceful exit from the Union, fully trusting the younger leadership and always available for council, keeping alive her legacy is certainly not an easy task.

Maintaining the balance between political work as a union and construc-

tive work simultaneously, is at the same time a challenging and seemingly 'misrepresenting' approach. The fact that the SEWA members are involved in constructive economic activity tends to take away from the image as a trade union. Where as this dual strategy is an essential element of organizing workers in this unorganized sector, the struggle dimension for recognition and rights at state level does not receive media coverage. Nevertheless, if other central trade unions do not see SEWA responding to issues at the national level we have only ourselves to blame for this. Despite being a Central trade union, until very recently SEWA was relatively silent on national issues that affect workers and also kept some distance from the larger trade union movement. But being based in Kerala, where the trade union movement is extremely alive, SEWA is finding a niche for itself on bringing the issues of the women workers to the wider labor front. This is simultaneously happening at national level and hopefully it will grow.

It needs emphasize that rapid organizing among the unorganized sector workers is the need of the hour. It certainly is not easy but it calls for greater focus and many more hands to build broad based alliances and thereby a louder and concerted voice for this sector.

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**By Invitation**

## **Organizing the Unorganized Workers : The Indian Scene**

**Ratna Sen**

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*India has had a very large informal or unorganized sector which faces serious disadvantages compared to the small percentage working as organized workers. Economic liberalization aggravated this problem by creating far more jobs in the informal sector. This massive workforce lacks regularity in employment, social security benefits and faces low wages and poor working conditions. This paper finds that while organizations are not numerous, the process is five decades old. It also highlights that organizing has been a part of deliberate policy for many organizers. Special efforts have been made to organize women and address their unique problems. There are significant variations in the form, issues and problems related to organizing them.*

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### **Introduction**

It has become obvious during the last two decades that globalization in India has created more jobs in the informal sector than in the organized sector, which has also been plagued by redundancies and job losses. The National Commission on Enterprises in the Unorganized Sector (NCEUS, 2009:5) stated that “the net growth of employment in the quinquennium (1999-00 to 2004-05) has been largely of an informal kind, implying that these workers are vulnerable in significant ways. This is true of both formal and informal sectors, which means that even the increase in employment in the formal sector is entirely that of informal employment . . .and informalization of the formal sector as far as employment is concerned”. Every state in India has seen marked decline in organized share of employment (Shyam Sundar, 2010:8). The trend in informalization has helped to transfer jobs from bargainable to non-bargainable categories and the need for union protection has therefore become more important today as things become more uncertain for most workers (Sen, 2002:210).

**Every state in India has seen marked decline in organized share of employment.**

**However, unionization among the unorganized or informal workforce is relatively low.**

However, unionization among the unorganized or informal workforce is relatively low and plagued by a number of problems such as lack of employment security, refusal of employers to recognize or bargain with informal sector unions, and so on. For instance, INTUC's unorganized sector membership was barely 1 % of its total membership in 1980 (Davala, 1994: 8). Even the small number of unions emerging among the unorganized workers, have high mortality rates. The 'turnover' of unions is very high in the small scale sector – in one case only two units have been with the union throughout the last 10 years. Generally membership continues for 3-5 years of the life span of the unit (Vrijendra, 1997: 64). But this needs to be scrutinized to obtain the real picture. Things may not be as disheartening as apparent at first glance.

### **Organized & the Unorganized: Differences**

Organized sector regular workers have relatively more job security, leave and medical benefits, retirement benefits and of course reasonable wages. Workers in the unorganized sector are obviously deprived not only of these, but work much longer hours for much lower wages, lose their jobs easily or get work intermittently, and have no cover for absences, illness or old age. CMIE found in 1980-81 that while organized sector

employees earned about Rs 11,000 per year, self-employed and casual workers earned respectively about Rs. 2500 and Rs. 3500 (Davala, 1994: 8). In the public sector, the wage differential between casual workers and permanent workers in the captive power plant of National Aluminium's Orissa plant at Angul in the early 1990s were in the ratio of 1:11 as observed by this author. The NCEUS found that the 'the growth rate of wages of almost all categories of workers (15 out of 16), including casual workers, which concerns the bottom layer, has declined during 1993/94–2004/05 characterized by economic reform compared to the previous decade of 1983-1993/94. This is clearly a case of generalized slow down in the growth of wages when the overall economy registered a higher growth in income during the second period compared to the first (NCEUS, 2009: Table 2.2). NCEUS found in 2004-05 that even among male casual workers, daily earnings in the informal sector were a meager Rs 51.3 as compared to Rs 73 in the formal sector. For casual females the rates were Rs 32.4 and Rs 47.4 respectively (NCEUS, 2009:Box 2.1). In either case, these average daily earnings of casual workers, work out to Rs 62 and Rs 40 for males and females, far less than that of regular workers in the formal sector at the time.

### **Defining the Informal Sector**

As already discussed (Sen, 2012), the NCEUS indicates that the informal sector "consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and pro-



duction of goods and services operated on a proprietary or partnership basis and with less than ten total workers". Unorganized workers include, "a home based worker, self employed worker, or a wage worker in the unorganized sector.....or those working in the unorganized sector or households, excluding regular workers with social security benefits provided by the employers, and the workers in the formal sector without any employment and social security benefits provided by the employers" (NCEUS, 2009: Sec 2.m). Thus, the informal economy consists of the informal sector and its workers plus the informal workers in the formal sector. This definition enlarges the scope of the unorganized sector considerably and hence proves more comprehensive than the NSSO definition of the 'Unorganized' as all those not being in public sector or government units, and not covered by the Annual Survey of Industries.

**This informal sector is huge by all counts.**

This informal sector is huge by all counts. The NCEUS (2009: Table 2.7) estimated that in 2004-05, informal sector in India employed, in agriculture 219 million, in industry 66 million, and in services 101 million, totaling 386 million out of a workforce of 450 million. Between 1993-94 and 2004-05 the net growth of employment had been largely of an informal kind, and that informal employment in the formal sector (private and public) constituted more than 20 million in 1993-94, growing to 25 million by 1999-00. Hence the informal manpower would

add up to 406 million, growing to 411 million at the turn of the century. More recently, in a sample survey done by the Labor Bureau (Government of India, 2011-12: Table 3.2), for every 1000 households surveyed, 344 were found to be self-employed, 423 to be regular wage/salary earning, 152 casually employed and 81, otherwise. This indicates that nearly 50% were either self-employed or casual. The same survey also indicates that out of every 1000 persons, 20 were unemployed by usual principal status. It would therefore be necessary to look at unionization and other types of organizing this huge workforce.

### **Background**

Post liberalization it became clear that the rate of job creation in formal organizations would not keep pace with the growth in labor supply, that informal employment (including self-employment) would keep growing and informal workers would increase in diversity (more women, more varied forms of work, more activities)(Sen, 1997: 333). In particular, eastern India had a larger proportion of informal workers in West Bengal, Bihar, Uttar Pradesh and Orissa accounting for about 50 % of informal enterprises employing 42 % of the all India labor (Chakraborti, 2002:114-15). While this provided trade unions with an opportunity to increase their relevance as a movement, there were major obstructions to organizing informal workers. However, the efforts at organizing have to be viewed in the proper context. Certain facts need to be stated here:

1. *Informalization of industry* in India did not begin post liberalization, but from the 1950s, though not in a big way. In surveys conducted by the Nagarik Mancha in West Bengal in 1952-53 and 1965-66, increasing informalization of the manufacturing sector was found from the 1950s, the number of workers per unit falling from 2.4 to 2.25, although value added per unit increased from Rs 1045 to Rs 1472 (Nagarik Mancha, 1991:11,19). The majority of units covered by the survey (157,511) had 1 to 4 workers and only 7613 had 5 or more. Value added per worker however was much higher in the larger units, at Rs 2246 as against Rs 715 in the smaller units. (Nagarik Mancha, 1991:20).

**In small units there was hardly any distinction between permanent, contract and casual workers but when it came to unionization, only 9% of casual and 22 % of contract workers were unionized.**

In another study conducted in West Bengal for the decade 1980-90, it was found that in the context of stagnation and growing sickness in the engineering industry, there had been a proliferation of small and tiny units (Sen, 1992:152-53). At the same time several discrepancies and under-enumeration in the official data were found as compared to the census study made in a specific location. It was also found that in small units there was hardly any distinction between permanent, contract and casual workers but when it came to unionization,

only 9% of casual and 22 % of contract workers were unionized.

All over India, the relatively small number of large or medium factories, availability of surplus labor, lack of skills among the labor available, low productivity and necessity for rationalizing labor to improve productivity and the drive on the part of industry to induct better technology, were acknowledged in the Third Plan document (Sen, 2010:453). These were all consistent with informalization of production processes and the growing number of small units from the 60s and 70s. The oil price shocks of the 70s saw a much greater tendency towards informalization, both in the public and private sectors. While in the former the trend was towards recruitment of contract and casual workers and restrictions on recruitment into permanent cadres, in the latter, recourse was taken to outsourcing and subcontracting (Sen, 2010:29-30). These trends increased in the 80s during the period of 'creeping liberalization'.

2. *Many of the central unions* adopted the policy to unionize unorganized workers formally long before Economic Liberalization. Several factors contributed to this policy. Among them were:
  - Decentralization of bargaining
  - Introduction of secret ballot provisions, eroding the membership of central unions in organized industry

- Greater employment insecurity leading workers to defy union dictates
- Less sympathy from state in union activities (Sen,1997:333)

As the numbers in the unorganized or informal sector increased, trade unions too turned their attention to them. For instance it was reported (Sundaram, 1997: 98-100) that The Dhobi Mahamandal (Mumbai) was set up in 1946, the HamalPanchayat (Coolies) (Pune) in 1955, the MathadiKamgar (head loaders) Union (Maharashtra) in 1963, the LakadiMazdoor Union (timber markets)(Mumbai) in 1966, the Mazdoor Congress (casual workers of small factories, salt pans, quarries, etc) in 1974, and the Mumbai Kamghar Union (workers of wholesale and retail markets/shops), in 1979. For women, there were the StreeHitkarini, 1968 for unorganized women in Lower Parel to Dadar, and the SunandaSahakarGrihaUdyog Society Ltd, 1967. The construction industry – with its high growth rate, exploitation and varied nature invited unionization in the 1960s (Sen,1997:338).

Discussing CITU's role in West Bengal, an observer wrote that the Kanpur party conference in 1983 emphasized the need for focusing on unorganized sector unionization. This was endorsed at the 4<sup>th</sup> state conference in West Bengal in 1986 and the CITU went about organizing employees of brick kilns, hosiery, bakery, shops,

railway hawkers, rickshaw pullers and van drivers, mutia mazdoors, tailors, railway contractors' labor, casual forest workers, rice mill workers, auto-rickshaw drivers, janpath (truck, lorries, vans) employees, security workers, municipal workers, regulated market employees, cooperative employees, cinema employees etc. (Chatterjee,1997: 306). Thereafter, the AITUC, and the INTUC have also followed suit.

Arun Kumar (1997: 289) reported activities of the HMS in other regions, which faced difficulties in trying to organize home based workers in Beedi, Zari, papad, bamboo products, kendu leaf collectors, cashew nuts industry workers because they were scattered. The other constraint was their inability to get union fees from such workers due to their meager income. HMS also focused (Arun Kumar,1997:293) on brick kilns, stone quarries and crushers, local private transport, contract and casual workers on loading and unloading work, anganwadi workers, leather tanning, small printing presses, construction and forest workers, travelling vendors, rickshaw pullers.

From the figures for actual registration of unions in West Bengal, it was found that among new unions registered between 1988 and 1993 more than 66 % were in the informal sector. Unions of unorganized workers within formal industry accounted for 5 – 10% of these unions. Many were affiliated. But many were not. More than half were in rural and non-met-

ropolitan areas (Sen, 1997:335). This steady emergence of unions in the informal sector, indicate that the unions were not just taking a few chances or supplementing their organized sector activities. Rather it was part of deliberate policy (Sen, 1997:334).

3. **Among the unorganized**, women had a larger significance, since they not only were more numerous in this sector, but because they also had to contend with a larger number of problems as women. 'In most sections of our nation the female working poor find themselves at the bottom of the three hierarchies of class, gender and ethnicity or caste' (Shalini,1997: 255).

On the part of political parties, the responses to women's need for autonomy, took the shape of mass-based women's organizations such as the All-India Democratic Women's Association (AIDWA), All India Coordination Committee for Working Women (AICCCWW), Janwadi Mahila Sabha (JMS) etc. The political parties also started reorganizing their women's wings. According to one observer, "these organizations claim to be people's organizations with part of their membership at district and lower levels falling outside the party fold having close affiliation with the party at the national level. Taking a leaf out of the women's movement, these organizations have begun to address themselves to a variety of gender issues in working class neighborhoods, relating to rights

to housing, livelihood and basic amenities and host of struggles that women are subjected to on account of domestic violence, communal conflicts, and party politics." (Ramaswamy, 1997:179). For instance, Self Employed Women's Association (SEWA) grew out of the women's wing of TLA, sponsoring now, large numbers of industrial and service cooperatives of women in urban and rural areas (Bhatt, 1997: 214)

### Variations

**Unorganised workers comprise a large variety of occupations and employment arrangements.**

Unorganised workers comprise a large variety of occupations and employment arrangements and can be categorised as follows (Sen, 2012:598):

1. Regular but non-permanent employees of formal sector such as large and medium sized public sector, government, private companies (including malls, hospitals, courts, educational institutes, cinemas etc) and include operational, technical, maintenance, security services and clerical employees.
2. Non-regular non-permanent employees of the same as well as of smaller establishments and factories such as trainees, probationers, *badlis* (substitute workers for absenting permanent workers), temporary fixed-term employees (FTE), casual, appren-

- tices, contract workers, agency employees etc.
3. Regular but non-permanent employees of informal sector manufacturing (e.g. sponge iron units, rice mills, bakeries, marine products, handicrafts) and service organizations (e.g. transport, cold storages), registered or unregistered domestic workers etc.
  4. Non-regular workers in agriculture & animal husbandry, seasonal workers in agro-based units (e.g. sugarcane), construction workers, workers of brick kilns, non-agricultural wage laborers, head loaders, beedi (country cigarettes) workers.
  5. Self-employed, regular workers such as own cultivators, skilled artisans, carpenters, shop owners, hawkers, etc.
  6. Self-employed but non-regular workers such as in repair work, small construction, manual transport, community services etc.

This variety is reflected in the many forms of organizing. In the first two categories, as well as a few in the other categories, organizing has spanned nearly five decades and has generally been in the form of unions. For instance, there are several examples like, Punjab Dihati Mazdoor Sabha, 1954, Bhartiya Khet Mazdoor Union, 1968, in Punjab and UP (initial cadres drawn from the left movement), Bhata Mazdoor Union, Punjab, Uttarkhand Bhumiheen Kisan Sangathan, Uttarakhand (Gill, 1997: 123-8), Orissa Kendu Patra Karmachari

Sangha, 1964 (recognized in 1985 by Forest Dept.) (Tripathy & Dash, 1997: 134), where the workers joined the union mainly for better earnings, and organizers and leaders joined primarily for political purpose. But they have also been organized – as cooperatives, through NGOs, as coordinated central forums, through social movements, or self-help groups. The variations in the remaining categories are as below:

### **As Cooperatives**

- Working Women's Federation, Juhu Vividh Gruhipyogi Vastu Vikrete Cooperative Society (Sheth, 1997: 107). Maharashtra pioneered the formation of Forest Labor Cooperatives (FLCs) among the tribals in Thane district, not only to replace contractors but also for their social, economic and cultural uplift (Indira & Sujit Ghosh, 1994:94). Labor cooperatives were formed when Bailadilla iron ore mines in Chhattisgarh started declining in output in 1969 and they were given an option of moving to Dalli Rajhara mines as cooperatives. 7 were formed and were operating quite successfully in 1984-85 (Bhowmick, 1994:176). 80% of Bidi workers are in Maharashtra's agriculturally backward Bhandara district. Two major cooperatives in Bhandara and Nagpur were promoted by the state government after 7 bidi companies closed down in 1978-80 affecting over 16,000 workers, prompting the government to set up cooperatives on the model of the very successful Kerala Dinesh Bidi Workers'



Central Cooperative Society. The factors which contributed to the success of the Kerala unit were, the supporting role played by the leftist state government, the higher degree of trade union movement in Kerala and the commitment and determination of the officers deputed by the government (Prasad & Eswara Prasad, 1997: 91–3).

#### As NGOs

- Namerta (1994:36) describes the experience of Manasa, a NGO in Karnataka formed for landless labor and poor farmers in 1977. It used the strategy of formation, formalization and withdrawal. The structure of the organizations was village level (Central Sangha Unit and district level clusters with representation from CSUs). There is also the example of Kranti another NGO, which started working in Anantapur district of AP in 1970 with the rural poor. This had the strategy of struggles for justice through implementation of government schemes, laws and resolution of social problems. By 1993, Kranti had spread to 2800 villages in 6 districts (Namerta, 1994: 44).
- Another NGO, Annapurna Mahila Mandal was established in 1975 by Prema Purao and other ex-textile mill workers who lost their jobs after the Maternity Benefit Act was passed (Sundaram, 1997: 101). Institute of Social Education and Development [ISED] was set up in Madras in 1987, as a voluntary organization to promote the campaign for enactment

of Employment Guarantee Act (Loganathan, 1997:152)

#### As Coordinated Central Forums/ Campaign Committees

- A National Campaign Committee for Construction Labor was set up in 1985, which submitted a draft bill, for the Construction Workers (Regulation of Employment and Conditions of Service) 1986 (Davala, 1994:72). Late in 1993, Sewa, Sarva Shramik Sangha, National Fish workers' Forum, National Federation of Construction Labor, KhadKshetra Mazdoor Sanghatan, Domestic Maids Union and Forest and Agricultural Workers' Union formed a small Core Group to exchange information on unprotected labor and this led later in 1995-96 to the formation of National Centre for Labor (NCL) (Davala, 1994: x). One observer felt that the Government should recognize it and invite it to participate in the Indian Labor Conference (Dutt, 1997:14)

#### As Self Help Groups

Development of Women and Children in Rural Areas (DWCRA) was conceived to empower and alleviate problems of women and children. By March 1996 1,44,369 women's groups were formed all over the country. Diamond and Gem Corporation of India (DGCI) floated a scheme in Jehanabad of Bihar where DWCRA groups were provided with a loan of Rs 20,000 to cover the cost of a cutting and polishing machine and women were paid on a piece rate basis at par



with men for the American diamonds, earning about Rs 1500 – Rs 2000 per month (Prasad, 1997: 271) .

### **Variations in Issues**

The rich variety in organizations was probably necessitated by the diversity in requirements. Different categories and groups of informal workers had different concerns, priorities and demands. For instance, for the first category of informal workers working in the formal sector, the main issue would be job security, regularity of employment, some social security benefits and so on. For workers in small and tiny establishments, main problems would relate to wages, working hours and working conditions. For self-employed women selling goods in urban areas, requirement of space and rights of selling in market areas would be of paramount importance. In fact this issue became one of the first and key issues for SEWA.

**Different categories and groups of informal workers had different concerns, priorities and demands.**

HMS, in organizing contract and casual workers, focused on issues related to minimum wages, regularization of contract labor, provident fund and access to government welfare schemes, medical care etc. (Arun Kumar, 1997:293).

The associations of small scale fisheries in the traditional sector have membership among the self-employed, not against any employer but to safeguard

their interests, obtain concessions and protect fishery resources through government action (Vijayan, 1994:127). In 1979, four of these district unions got amalgamated into the Kerala Independent Fishworkers' Federation (ibid: 132). Kerala Fishermen's Union, prior to launching resistance to trawler fishing in their preserves, established in 1989 a union research cell which led to the setting up of a government commission on actual effects of trawling on traditional fish catches (Sen, 1990:25).

Examples of varying issues are: road space for hawkers and negotiations with local goons and police; fare for rickshaw pullers; hours of work and retrenchment for small manufacturing establishments; weight carried and rate per load for head loaders etc. (Chatterjee, 1997:309). In many unions, workers accepted outside leaders as they were better bargainers (Tripathy & Dash, 1997: 136). Rights to association or unionization also feature among some groups of workers.

### **Problems of Organizing**

Organizing workers in the informal sector is not easy and the many problems faced by organizers, account to some extent for the small number of workers organized in this sector. For instance, many unionists have confessed that the first

**Many unionists have confessed that the first obstacle they face in attempting to unionize workers of small enterprises is the fear of the workers themselves.**

obstacle they face in attempting to unionize workers of small enterprises is the fear of the workers themselves. One unionist admitted that he had seen workers run away as soon as he approached them, fearing that they would lose their jobs if they were even seen talking to a unionist. Even if the fear factor is contended with, the lack of identifiable owner/employer, or the fact that many are self-employed make organizing difficult (Chatterjee, 1997:309). For instance, one researcher (Ghosh, 2002: 92) describing her study of small footwear manufacturers in a few pockets of Kolkata found two types of entrepreneurs among the small units – own account manufacturers and dependent type (sub-contracted by large manufacturers). The first sold their products to anybody freely, particularly wholesalers, but the second type were tied to specific large manufacturing houses. It was the latter which had an employer–employee relationship, whereas the first type were often themselves workers, helped by a few wage earners and family members. Obviously, for the former, getting good prices would be a paramount concern, while for the latter workers could be unionized as employees for negotiating with employers.

The changes among these units, studied over a decade (1989 & 1999) were:

- The number of second type (sub-contracted) had increased from 7% to 31%
- There were no changes in the production techniques in either type

- Inputs were better in both types
- Some entrepreneurs had become owners of machines which provided technical help on piece rate basis to small manufacturers and thus were actually self-employed
- Use of family labor in the own-account units was on the decline
- Participation of female labor had increased considerably to 9%, and not as family labor

These changes would make it more difficult to organize the own account entrepreneurs.

Contrasting organizing workers in small versus large units, one observer writes about the employers of small units – “he perceives the formation of the union as a betrayal by workers of his trust in them; and of the favors done to them, by the owner by providing them with a job” (Vrijendra, 1997:63). Other problems of organizing relate to *scattered workforce, ignorant workers, non-cooperation by authority, difficulty in communication with members, financial crisis, etc* (Tripathy & Dash, 1997:137).

The problems related to organizing the unorganized workers can thus be summarized to include:

- Locating workers spread over a wide area
- Existence of differences between workers in terms/wages etc
- Job insecurity

- Employer resistance to changing conditions/wages
- Ability of employers to close shop and relocate
- Small size of enterprises and difficulty of physical consolidation
- Difficulties of communicating with members
- Different approaches for women workers
- Long gestation periods for organizing
- Meagerness of results
- Need for government support (Sen,1997:341)

### **Overall Goals of Organizing**

The ILO 1993 guidelines on Structural Adjustment [SA] include: “ensuring that SA programs are consistent with the provisions of basic ILO standards, particularly the human rights conventions, as well as other ILO standards that have special relevance to particular SA interventions” (VenkataRatnam et al, 1999:88). Since a major fallout of SA in India has been a burgeoning of the unorganized sector, the requirement would be to ensure minimum basic standards of the ILO among this

**Since a major fallout of SA in India has been a burgeoning of the unorganized sector, the requirement would be to ensure minimum basic standards of the ILO among this huge unorganized workforce.**

huge unorganized workforce. While the onus of assurance is on the government, it is the organizations among the workforce that can help government reach out to this very divergent workforce.

In 1998 the International Labor Conference adopted a declaration on basic workers’ rights, meant as a non-protective alternative to the inclusion of a social clause into the WTO treaty (Betz & Sen, 2002:163). But again basic workers’ rights have to be taken down to the grassroots. It is the organizations among the unorganized that can make their client/member groups aware of their rights, aware of legal provisions and ensure implementation by government officials. India does not lack in labor laws for both the organized and unorganized sections of the workforce. But there are millions of workers who are deprived of many of the most basic provisions of law.

The Indian experience shows that considerable effort for a considerable period of time has been going on in the difficult tasks of organizing the unorganized. A variety of new organizations, including unions have been emerging among the unorganized. Even more heartening is the fact that collective bargaining is making inroads into the unorganized or informal sector, such as brick kilns, beedi manufacture and construction. These have been discussed earlier in detail (Sen, 2012: 605-06).

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**By Invitation**

## **Women Workers: Addressing Constraints to Work**

**Ratna M. Sudarshan**

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*This paper examines the experience with one particular government program seeking women's economic empowerment, and is based on field work mostly conducted for evaluative studies of the program. It argues that prevalent social norms translate into patterns of time use that can be difficult to shift, and that continues to mediate outcomes around women's work. The paper suggests that outcomes may improve if more attention is given to building capacity of implementing agencies on gender equality concerns and that the creation of 'communities of practice' that are able to displace or re-orient 'communities of birth' offers a way to change gendered social norms, which is essential for successful empowerment outcomes.*

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### **Introduction**

Participation in paid work outside the home is critical to the survival for most households. However, women's work participation in India as measured in official data is much lower than that of men, and there has been no significant reduction in the gender gaps in work participation over the last few decades. Activists and researchers have pointed out that this data does not fully capture women's work and economic contribution because much of it is 'invisible' being unpaid, hidden within the home, and mixed into care work. The level and nature of women's work force participation is partly influenced by individual attributes (in particular education and skills); and partly by the need to manage care demands of the household, and cultural and social expectations on women's time. Consequently opportunities for work in the market place are mediated by various institutions including the family and household. Against this background, there is a long history of engagement by the state and non state actors in India to find ways of strengthening women's bargaining power in order to improve the quality of their work participation.



Women's workforce participation rate as measured by the National Sample Survey Organisation is considerably below that of men, and is higher in rural than urban areas. In 2009-10, 81 % of women (and 24 % of men) were reported as economically inactive; female work participation was 36.8 % in rural and 18.3 % in urban areas (against 81.2 % and 73.9 % for men) (Chen & Raveendran 2012). A time use survey carried out in six states by the Central Statistical Organisation in 1998-99 had estimated the weekly average time spent by men on SNA activities as 42 hours compared to 19 hours for women; while for extended SNA activities (including household and care related activities) men spent around 3.6 hours compared to 34.6 hours for women. The accuracy in measurement of women's work can be contested, but the numbers serve to illustrate differences in gender roles as well as perceptions as women often do not view their economic contribution as 'work' (on the measurement debate see for example Jain, 1985; SARH & SCOPE, 1996; Jhabvala & Datta, 2012)

Government schemes designed to support women's work and enable empowerment through work, are one example of initiatives taken by a democratic state committed to equality and citizenship. Bringing about 'equality' between men and women is a part of the larger project of making the transition from a hierarchical to a democratic society, and is enshrined in the Constitution. In the words of Andre Beteille, "The Indian Constitution ...is not merely a set of rules relating to governance, but a design for

a new kind of society. The older society that had prevailed for centuries and millenia was based on the principle of hierarchy; the new society envisaged in the constitution was to be based on the principle of equality....."(Beteille, 2000: 267)

A review of Plan documents shows that it is in the late seventies/ early eighties that an accelerated effort to mobilize women as workers became much more evident in government programs. This is also the period that significant non government efforts at mobilizing and organizing women workers began to increase in scale. It is also around this time that policies directed at opening up the economy and favoring globalization began to be formulated. It is likely that these reinforced one another. This paper looks at the actual experience with one particular program to argue that prevalent social norms continue to mediate outcomes around women's work and could be more clearly factored into policy making.

**Prevalent social norms continue to mediate outcomes around women's work and could be more clearly factored into policy making.**

### **Empowerment through Work**

The appointment by the Government of India of the Commission on Self Employed Women and Women in the Informal Sector, and the publication of its report, *Shramshakti*, in 1988, can be seen as the start of a new direction in the plan-

ning for women's economic empowerment. *Shramshakti* pulled together data on women's work, its nature and characteristics, and recommended a supportive policy framework. It drew attention to the fact that 94% of women workers were in the informal sector<sup>1</sup> and to the need to find ways of bringing them into the mainstream of economic activity and organising effort. *Shramshakti* chose to emphasize the economic aspects of women's situation, leaving implicit the underlying social realities and the linkage between social and economic factors.

**94% of women workers were in the informal sector**

Government programs can influence women's work participation either directly or indirectly. An improvement in the social and economic infrastructure or in the levels of education and skill and in the overall rate of growth will indirectly influence the level and manner of women's work force participation by changing the environment within which work-related decisions are taken. Programs that directly support women's work do this usually in one of two ways, either by ensuring women's inclusion in general employment generating programmes by specifying a quota or reservation (usually one third of beneficiaries), or through specific

programmes that target women workers. For example one third of the beneficiaries of major poverty alleviation programs (such as IRDP, TRYSEM and NREP<sup>2</sup>) are expected to be women. The percentage share of women in IRDP and TRYSEM which are self employment programs shows a steady increase in the share of women beneficiaries to all beneficiaries, from 11.5 % in 1985-86, to 34.16 % in 1995-96 and 57.59 % in 2005-06. Similarly there has been an increase in the share of women in other employment generating programmes and taking four wage employment programs together (NREP, RLEGP, JRY, EAS)<sup>3</sup> the share went up from 9.7% in 1985-86 to 25.7% in 2005-06 (CSO, 2010: 65). This does suggest that with a policy of reservation, women get drawn into programs even if their initial access is low. The share of women in the flagship MGNREGA program was 40.9 % in 2006-07 and 47.9 % in 2008-09 (*ibid*: 68). Among the women specific programs are STEP and NORAD; other schemes which include skill training and the organisation of women into groups for marketing and credit have been introduced, as in the *Swa Shakti* Programme and the setting up of the *Rashtriya Mahila Kosh* (Seth, 2001: 189-231 for a useful review of official approaches to women's economic empowerment).

<sup>2</sup> Integrated Rural Development Program, Training of Rural Youth for Self Employment, National Rural Employment Programme

<sup>3</sup> Rural Landless Employment Guarantee Programme, Jawahar Rozgar Yojana, Employment Assurance Scheme

<sup>1</sup> A term replaced today by 'informal economy' to note the fact that informal employment is present in both organised and unorganised enterprises.

## Self Help Groups

**All the programs for women's economic empowerment in India also support the organising of women into groups.**

All the programs for women's economic empowerment in India also support the organising of women into groups – in the case of government programs, while earlier programs more usually spoke of women's co-operatives, today the focus is on 'self help groups' (SHGs) and all government programs channel financial support through women SHGs. The 'self help group' idea and method of organising is a product of the 1990's.<sup>4</sup> It is interesting to note that even though the Constitution created a framework within which rights and entitlements are bestowed upon *individuals*, the formation of groups is not difficult in this society. Perhaps the explanation lies in history, as captured by Andre Beteille (2000:182): "Not only the constitutional state but citizenship as well is a novelty in India's long historical existence. ...We will not appreciate the significance of citizenship as a social, historical and jural category if we fail to recognise its novelty. Traditional Indian society was a society of castes and communities, and not a society of citizens. ....The subordination of

the individual to the group was a feature of most, if not all, pre-modern societies. The individual as an autonomous legal and moral agent entitled to respect and responsibility in his own right, is not the starting point of social evolution, but the end-product of a long historical process. That process faces many obstacles in India where the loyalties due to caste and community are not only very strong but often reinforced by the democratic process itself. The rights of citizenship can be respected only in a society in which the autonomy of the individual is valued."

The motivation behind formation of co-operatives or SHGs might be purely practical, such as allowing group collateral for individual loans; however the creation through these or other group formations of 'communities of practice' could be an effective way of countering where necessary, the influence of 'communities of birth'.

Programs seeking to empower women through work have thus also been closely associated with the growth of small women's groups of various kinds, whether subsequently federated or absorbed in larger groupings, or not. The creation of women's groups in order to access public funds is one aspect of such organising. In addition, organising women around work and related concerns has been the effort of many independent agencies including importantly the Self Employed Women's Association (SEWA) and the Working Women's Forum (WWF), and many others. At times, the two efforts overlap, and groups cre-

<sup>4</sup> Perhaps a link exists here with globalisation, renewed stress on encouraging enterprise in the market economy, and the need to find ways of reaching out to the 'bottom end' entrepreneur.

ated and facilitated by NGOs or trade unions are able to access government funds. However, there are also significant differences between the two sets, turning around their ability to enable the emergence of 'transformational leadership'.<sup>5</sup> As *Shramshakti* had pointed out and as is likely true today as well, 'spontaneous organising' of women in the informal economy rarely occurs.

**'Spontaneous organising' of women in the informal economy rarely occurs.**

### **Training for Employment**

STEP (Support for Training and Employment Programme) is focussed on women only, is an older program targeting women in selected sectors and seeking to enhance skills and enable asset creation. As originally formulated, women's co-operatives were seen as a mechanism for the implementation of the program although today these have largely been displaced by SHGs. The program was started in the mid-eighties during the Seventh Plan period, by the then Department (now Ministry) of Women and Child Development, as a centrally sponsored program. It emphasized the critical need to increase and improve employment opportunities for women. Women's involvement in economic activities was seen as a necessary pre-condition to build up their self-reli-

<sup>5</sup> It has been argued by us elsewhere that women's groups that have evolved organically show greater capacity to generate leadership when compared to officially constituted groups. See ISST (2005).

ance and the design of the program was influenced by advocacy of the women's movement and in particular by the discourse on informal work.

The objective of STEP program is to provide support for training and other inputs with a view to creating sustainable self employment for women in selected sectors in which a large number of women were already present; the endeavor was to enable a critical mass of women to begin to play a more decisive role in these sectors. For this reason STEP grants have been large grants expected to cover a large number of beneficiaries and hence make a difference not just to the individual's income earning ability but also to the contribution of women in that sector. A review of annual budget allocations over the first twenty years of the program, 1986-2006, shows that overall roughly 9 percent of the total budget for women's welfare has been allocated to STEP. The relative size of the program has fluctuated, reaching a peak of 20 percent in 1993-94, and 15 percent in 2002-03, and a low of 1.8 percent in 1989-90.

The assumptions of the program can thus be stated as:

- Providing a package of assistance will allow women to earn more, lead to economic empowerment as well as an overall empowerment.
- Gender sensitization of the relevant institutions in the sectors selected will lead to gender mainstreaming in those sectors (i.e. increase women's presence and decision-making roles).

Eight traditional sectors of employment namely agriculture, small animal husbandry, dairying, fisheries, handlooms, handicrafts, *khadi* and village industries, sericulture were selected for the program. Later, two more sectors, social forestry and waste land development, were added. These sectors were identified as being 'sheds' where women were found working in large numbers and in the informal sector. Despite their numbers, the 'value added' activities or operations were traditionally done by men. Additionally these were sectors where the infrastructure existed to mainstream the employment of women (having received large investments in each of the Plans and having extensive infrastructure in the public sector, with R & D supported extension services both at the Centre and State levels).

The program offered support for training and upgradation of skills in the existing areas of activity, along with providing linkages for marketing of products and a range of support services intended to help in empowering women. Thus, work was an entry point and a holistic intervention was intended. A range of strategies were to be used including mobilizing women in small viable groups and encouraging self employment.

The success of the program was to be assessed by seeing what difference had been made to income earned. Other criteria were suggested initially, including numbers of women and per capita earnings of women workers in the sector, but ultimately it was felt that the key criterion would be the level of earnings of the direct program beneficiaries and the change observed in this.

Initially, the STEP program had expected that the grants would be made to public sector organizations already in existence in these sectors. These could include boards, federations, universities, home science colleges, semi-government agencies, central social welfare board, state social welfare boards, DRDAs,<sup>6</sup> district women development agencies, and so forth. This is because it was expected that, in the light of the large size of grant, official and semi official agencies would be able to manage the money as well as follow accepted financial norms and procedures; and that there would be less demand for creation of facilities and instead greater emphasis on utilizing available facilities more fully. Other organizations, such as *mahila mandals*, registered voluntary organizations, public trusts, co-operative societies, charitable companies, local bodies, *Panchayati Raj* Institutions, etc., were expected to be involved in the selection of the target group of beneficiaries, delivery of package of other supportive services by the implementing agencies, and gender sensitization of all those involved in the project.

### Challenges of Implementation

Based on fieldwork conducted in the course of a series of evaluations of the program, some facts about the constraints faced by women become clearer. First, that women's work engages the household and is not an autonomous, individual decision; second, that women seeking to take on new or additional

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<sup>6</sup> District Rural Development Agency



work related responsibilities need continuous counseling and support which in turn calls for sensitive and committed implementing agencies; and third, that the formation of groups even if for a narrow purpose can, in the best outcome, lead to wider impacts on women's public roles.

**The formation of groups even if for a narrow purpose can, in the best outcome, lead to wider impacts on women's public roles.**

First, the field observations confirm in many ways there exist close links between women's work and household practices. STEP is designed as a woman specific program. All its beneficiaries are therefore women. STEP seeks to include the poorest women as its beneficiaries, but this did not always happen, mainly because of the risks associated with self employment and the difficulty of advancing credit without any collateral. Those women who did participate, and who were able to take up self employment in the activity in which they received training, earned varying amounts of additional income.

Obviously, an increase in women's earning will also benefit the household, but in order for women to increase their time and other commitments to any income earning activity, some changes in roles within the homes will need to be accepted by others in the family too. The fact that the family needs to support the participation of women has interesting implications.

Men continue to play a role in this woman specific program. In one area it was seen during field visits that men manage payments, records as well as milk delivery. This kind of participation by men was needed because of work within the household – "it is normal for me to deliver milk as she has so much work at home"; it is needed in interacting with the rest of the world - feeling safer while traveling to the centre, talking to men from the dairy unions. Thus, the insistence of the program that women should hold the key (and paid) positions of Secretary and Treasurer was intended to give them greater control and is adhered to on paper, but in actuality men continue to control several decisions.

**In actuality men continue to control several decisions.**

In one place, it was seen that men shared the work, but not those activities which did not have immediate economic outcomes. Thus men did help with buying cattle, fodder, pouring milk, going to the vet, collecting money, attending meetings....but rarely or never with activities like giving water to the animals, bathing animals, cleaning the shed, and so on. In another example, it was seen that only 4 % of those women who had received training were actually putting their training to use in commercial cultivation of medicinal and aromatic plants. Possibly, the fact that land use decisions are usually taken by men, who had not been directly engaged in the program, was a reason for this.



Recognising that men continue to be associated with women's activities so that they continue to take strategic decisions that the program intended should be taken by women, has at times led to the recommendation or approach that men should be removed from all official positions. That is, it has become necessary to insist that women must be seen to exercise their position and show autonomy in taking decisions. But such an approach can lead to backlash within households.

Overall, the field research suggests that providing women with a source of income earning - additional to what they were getting earlier - does not easily translate into any real change in gender relations within the home.

Second, the role of the intervening implementing agencies in helping to shape women's sense of self is extremely important. Recognizing that 'empowerment' means more than economic benefit, the program has a holistic conception - literacy and general awareness to go hand in hand with economic aspects - but these aspects of training and program intervention are not sustained. It was seen that only the minimal training required for the program was usually provided. In addition, while technical training relating to animal care and veterinary services are usually provided at least to the office bearers, this is not true of the legal literacy, awareness, nutrition etc that was supposed to be a part of the services offered. The lack of enthusiasm or appreciation for these complementary trainings are a reminder that the institutions through which the women's

empowerment programs are being managed themselves may have little appreciation of the various nuances of gender inequalities. The program cannot achieve more than is desired by them, and what they understand as the objectives of the program.

**Institutions through which the women's empowerment programs are being managed themselves may have little appreciation of the various nuances of gender inequalities.**

One comment that came up repeatedly in field findings is that of 'insufficient motivation' on the part of the women. This presumably suggests that giving information and training is in itself not enough to change the behavior and that continuous hand holding is needed. This kind of role is difficult to build into time-bound programs but is essential if the desired outcomes are to be achieved.

Third, the creation of collectives did not always lead to the emergence of a group voice, since the efforts put into organizing were of varying intensity. As in any program implemented over as large an area as India, there are examples of success and instances of failure. Successes beyond that of achieving higher income included organizing women into groups that led to their gradual participation in other public or community forums and to an entry into the public sphere, such as active participation in the local *gram panchayat*.

Even if we see the primary purpose of the STEP program as being the tangible and measurable outcome of additional income, these findings confirm that motivating women to take on new activities and new roles has implications for the household. The positive economic changes are unlikely to be sustained if men oppose these new roles. The ability of women's groups to encourage and enable the emergence of voice is stronger when there is a continued presence or facilitation by the agency that initiated the formation of these groups.

**The positive economic changes are unlikely to be sustained if men oppose these new roles.**

Assumptions underlying the anticipated 'theory of change' include that if women are enabled to access additional opportunities for paid work, this will mean additional income for the household. However, it was observed with some of the STEP projects that women have to spend very many hours in earning a meager additional income so that if women's time is to be valued the net benefit is extremely marginal. It is further assumed that this additional income will actually accrue to the woman and that she has some control over how it is spent. In the usual situation, this is very dependent on the household and the manner in which relationships within the household mediate the spending of the income earned. Our fieldwork suggests that women generally seek cooperative rather than conflictual solutions.

## Sum Up

**More attention needs to be given to building capacity of the intermediate implementing agencies.**

In closing, looking at these observations from the fieldwork, two broad conclusions can be drawn. The first is that in implementing gender equality programs which seek to bring in new priorities from traditional customary practice, more attention needs to be given to building capacity of the intermediate implementing agencies. Clearly the central government and its officials cannot manage and implement programs across the country and its millions of villages. It thus transfers the responsibility for implementation to a range of implementing organizations. We need to understand more clearly the motivations and the characteristics of these institutions and the extent to which they can actively lead an equality agenda.

Second, while it continues to be appealing to attempt change from the top - essentially using the framework of law and constitutional rights - to bring about change in the social situation of women, the reality on the ground suggests that the actual observable impact is far less than expected or intended, because the strength of existing social norms or values is very strong. Without diluting the commitment to change, a different process that seeks to build upwards is needed. The creation of 'communities of practice' that are able to displace or re-orient 'communities of birth' is likely a slow process, but offers a sustainable way forward.

## Acknowledgments

The field research referred to in the paper was carried out for a number of evaluative studies of the STEP projects and program by researchers and consultants at the Institute of Social Studies Trust, New Delhi. A different version of this paper has been presented at the ESRC Seminar on 'Work, Voice and Body in the Global Economy', November 9, 2007, Gender Institute, London School of Economics. Needless to say, all errors of fact or interpretation are those of the author.

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**By Invitation**

## **Wages of Unorganized Sector Workers in India: What NSS Survey Data Can Tell Us ?**

**K.V. Ramaswamy**

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*Had the recent high growth of the Indian economy benefitted the unorganized workers excluding the self employed? The present study attempts to examine this question using results from the two NSS surveys separated by 5 years (2004-05 and 2009-10). The paper examines the growth of real wages of wage-labor in the unorganized sector in India excluding agriculture. Two standard worker categories are studied here, namely, regular wage workers and casual workers. The real wage change overtime in the case of male and female workers within sectors is the subject of the analysis. The results are rather mixed but encouraging. Workers in urban areas have significantly gained but not necessarily in rural areas. It shows that high economic growth could benefit both regular and casual workers.*

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### **Introduction**

Unorganized sector is the source of work and livelihood for workers in almost every sub-sector of India's industrial economy. Their working conditions, earnings and social security issues have received much attention (NCEUS, 2008). The reasons are well known. Unorganized workers belong to the uncovered sector without access to employment security benefits and more likely to bear the brunt of negative economic shocks due either to global or domestic economic conditions. The NCEUS report argues that about 79 percent of the unorganized workers were living below Rs.20 per day. They constitute India's working poor. The impact of economic policy reforms on unorganized sector workers in particular is a much debated issue. There are few systematic studies. One study based on Non Directory Manufacturing Establishments (NDME) for the period 1985 to 2001 argues that real wage of informal sector workers has risen during the post trade liberalization period (Marjit & Kar, 2009)<sup>1</sup>. Similar result of positive growth

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<sup>1</sup> The NDME are defined as those enterprises with less than or equal to five workers. It excludes own-account enterprises (OAE) and those with more

rate of real annual earnings in directory manufacturing establishments (DME) and NDME in the 1990s was observed in another study (Ramaswamy, 2003). Their focus is on manufacturing. Manufacturing is a relatively small segment of non-agricultural (NAG) sector; the other segment is services including construction. It is important to note that NCEUS argument is using an absolute standard and studies of real wages are more concerned about the growth of real income of unorganized workers and in many cases with wage inequality relative to organized sector workers. Both the dimensions are important as long as one is clear about the reference in context.

### **Focus Question & Data**

How are workers in the unorganized sector in India doing? In this paper we are concerned with growth of real wages of wage-labor in the unorganized sector in India excluding agriculture. We attempt to examine two standard worker categories, namely, regular workers and casual workers. Within each of these two types of labor, the real wage change overtime in the case of male and female workers within sectors is the subject of our analysis. Our analysis is based on the results of two recent NSS surveys of informal sector and conditions of employment in India 61st round (2004-05) and 66th round (2009-10). We estimate real wages by deflating nominal wages by the consumer price index for industrial workers (CPII) with 1999-2000 as the base year.

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than six and less than 10 workers (DME) which together constitute a significant proportion of unorganized sector output and employment.

The selected period is one of greater trade integration and globalization of the Indian economy and of economic shocks including the global economic crisis as well as domestic economic growth (positive shocks). During this period Indian economy was growing at 8.7 percent per annum (real GDP at 2004-05 prices) and its real per capita income growth was 7 percent per annum (GOI, Economic Survey, 2011-12). Similarly growth rates of real output of three relevant sectors for our study are 9.4 percent (industry, this includes manufacturing and construction), 10.4 percent (trade, hotels, transport and communication) and 12 percent (finance, real estate and business services). Does this high growth period made a difference to the wages of unorganized sector workers in India particularly in the manufacturing and services sectors?

### **Unorganized Sector: Definition & Implications**

The NCEUS (2008:3) defines the unorganized sector as follows: “The unorganized sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers”. This definition closely conforms to the concept of informal enterprises in the NSS surveys (NSSO, 2012). The NSS surveys follow the framework given by the International Conference of Labor Statisticians (ICLS) in their 15<sup>th</sup> and 17<sup>th</sup> meetings (NSSO, 2012:20). Here informal sector is defined as unincorporated proprietary and partnership enterprises



including producers' cooperatives. However the actual survey coverage excluded those working in cooperative societies. Hence the survey data matches the definition of NCEUS mentioned above.

The NSS quinquennial surveys of unorganized sector enterprises follow the enterprise approach. Here data is gathered from a sample of enterprises (which do not hire workers on a regular basis) and establishments (which employ at least one worker on a fairly regular basis). Establishments is further divided into OAME, NDME and DME as we mentioned in the introduction. The surveys of unorganized enterprises sometimes cover trade, services along with manufacturing but exclude construction. They are known to suffer from statistical problems like changing sampling frame, recall or reference period and in some cases small sample size at disaggregated levels. They could still be useful to get information on change at the aggregate sector levels. However, we will not use them in this paper.

Another useful approach is the employment approach of NSS employment and unemployment surveys. Here the sampled workers report the type of enterprise in which they work. Data is gathered from workers working in all enterprise types including government, public and private enterprises. However workers who are reported to be employed in unincorporated proprietary and partnership enterprises are considered belonging to the informal sector. The NSS informal enterprises surveys make special effort to gather information on a wide

variety of aspects like the existence of contract, working conditions etc. The two NSS survey reports that we use in this study for the year 2004-05 and 2009-10 follow the same reference period. Information on wages is collected from regular wage workers and casual laborers in the current daily status (CDS). That is each day of the 7 days preceding the date of survey. This enables us to do a consistent comparison over time.

### **Trade & Globalization**

Major areas of reform included the removal of reduction of tariff levels and their dispersion, removal of licensing and other non-tariff barriers on all imports of intermediate and capital goods, elimination of trade monopolies of the state trading agencies and the simplification of trading regime. Import tariff rates which were above 100 percent on average in 1991 were brought down to 30 percent by 2001. Similarly, 95 percent of the tariff lines were freed from non-tariff barriers (NTB) in 2001. Majority foreign equity participation was made automatic up to 51 percent in 34 high priority industry groups spread over 160 industries. Equity participation greater than 51 percent is permitted on a case-by-case basis and the nature of production activity. This was later liberalized to enable setting up of 100 percent subsidiaries in manufacturing sector without any restriction on the number of such subsidiaries. FDI (Foreign Direct Investment) up to 100 percent under the automatic route in all manufacturing activities is allowed in SEZs (Special Economic Zones) except for a small negative list. Royalty payment



by all companies with foreign technology collaboration agreements is permitted without any restriction on the extent of foreign equity participation, royalty payments up to 5 percent of domestic sales and 8 percent of export sales is permitted without any restriction on the duration of royalty payment. In other words access to foreign technology was liberalized. Similarly, several industries in the services sector like hotels, tele-communications, motion pictures and IT and IT enabled services have been liberalized in terms FDI etc (Mehta & Hasan, 2011). A widely used measure of globalization is the ratio of trade in goods and services to GDP that rose from less than 18 percent in 1991 to more than 45 percent in 2010.

### Size & Importance of the Unorganized Sector

According to NCEUS estimates, 142 million were employed in the unorganized non-agricultural sector (NAG) in 2005. Of these 63 percent were in the category of self-employed, 20 percent in the casual worker category and the remaining 17 percent in the category regular worker. The contribution of unorganized sector to Net Domestic Product (NDP) is estimated to be 58 percent in 2004-05. Of this 19 percent is contributed by agriculture and the remaining 39 percent is the share of NAG. Within many sectors, the unorganized segment dominates, for example, it is more than 80 percent in trade and hotels and more than 60 percent in construction and transport and communication (Kolli, 2007). This gives us some idea of the relative size and im-

portance of the unorganized sector in the Indian economy. Measurement of unorganized sector in National Accounts Statistics is a subject of debate. Which are the dominant sectors in terms of employment *within* the unorganized sector? The NSS 66th (2009-10) round results reveal that construction, manufacturing and wholesale and retail trade together provided employment to 76 percent in rural areas and 72 percent in urban areas.

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### Globalization & Unorganized Sector Wages<sup>2</sup>

How does globalization affect unorganized sector employment and wages? Globalization implies removal of barriers to international trade and investment. The traditional theories of trade predict resource re-allocation between sectors. The Ricardian comparative advantage predicts resource movement towards sectors with comparative advantage. Resources move from relatively less productive to relatively more productive industries. This brings about changes in employment in different industries. The alternative approach (Heckscher-Ohlin approach or H-O theory) is based on relative factor endowments. The H-O theory,

<sup>2</sup> An extensive review of literature is available in WTO-ILO (2009). We highlight only the main analytical insights relevant in the present context.

assuming competitive product and factor markets, argues that trade liberalization generates demand for the abundant factor (unskilled in developing countries) because of expansion of export sectors, raising both employment and the relative price (wages) of unskilled labour. Reduction of trade barriers (tariffs and quotas) could reduce demand for import competing products and create widespread job losses in those industries. Workers laid off in the formal segment of import substituting industries may seek employment in the informal sector. This could cause wages to decline in the unorganized sectors in a developing country. In other words the conventional view point would predict declining wages due to trade liberalization. An alternative model is suggested by Marjit and Kar (2009) that emphasizes the importance of assumption of capital mobility in driving employment and wage outcomes in an H-O general equilibrium model. In their model as the tariff-protected organized sector (formal) declines due to tariff reduction, return to capital declines in the organized sector and capital moves to unorganized sector (labour-intensive sector) absorbing workers and raising unorganized sector wages. Note that this will not happen if there is no capital mobility between organized and unorganized sectors. Another key mechanism works through production linkages between organized and unorganized sectors. If unorganized sector functions mainly as a

supplier of intermediate inputs to the organized sector then unorganized wage will decline as organized sector contracts due to trade liberalization. On other hand, if the organized sector engaged in greater product or labor outsourcing to combat declining competitiveness then unorganized employment and wages will rise. If this is true then contract-intensive industries should experience positive employment and wage growth. Some evidence exists in support of this proposition (Ramaswamy, 2003). The final aggregate outcome in the case of production linkages is ambiguous as it depends on relative strengths of input and product outsourcing linkages. Unorganized sector employment is often found to predominate in non-tradable sectors like construction, real estate, transport, retail and wholesale trade and hotels. In such industries, unorganized sector wages could be pro-cyclical, that is, it could rise during booms and economic upturns. In other words, increases in relative demand in non-tradables, for example, due to fiscal stimulus could raise unorganized sector wages and employment. Using time series data for Argentina, Colombia, Brazil and Mexico, Fies, Fugazza and Maloney (2008) found increasing informal employment defined as own-account enterprises and firms with fewer than five workers and a raise in their earnings during the recovery phase of these economies. This is consistent with the hypothesis of pro-cyclical expansion of informal or unorganized sector. They found during many periods significant co-movement of salaried and informal sector earnings. This suggests greater linkage between organized and

**The conventional view point would predict declining wages due to trade liberalization.**

unorganized sectors than that is normally presumed. Our brief review reveals that theoretical literature has identified number of mechanisms through which globalization can affect unorganized sector wages. The corresponding empirical evidence on different mechanisms has been equivocal. A detailed review of available empirical studies by WTO/ILO (2009) came to the conclusion that the impact of globalization on unorganized wages is ambiguous and largely depends on country circumstances and specificities.

**Impact of globalization on unorganized wages is ambiguous and largely depends on country circumstances and specificities.**

### Wages of Unorganized Sector Workers:

We look at changes in wages per day in different sectors and by gender between two survey years, namely, 2004-05 and 2009-10. First we consider the manufacturing sector and then take up four service sectors. Let us first look at the distribution of workers within manufacturing between factory (registered) and non-factory (unregistered) sectors within manufacturing. The relevant data is presented in Table 1.

**Table 1 Distribution of Workers: Manufacturing Sector**

	1999-2000		2009-10	
	Million	Share(%)	Million	Share (%)
Factory	6.3	14.3	9.1	17.5
Non-factory	37.5	85.7	43.1	82.5
Total	43.8	100.0	52.2	100

Source: Author's Estimates based on NSS Employment and Unemployment Survey 66th round and ASI 2009-10 results

The good news is that the share of non-factory sector has not increased over the decade 1999-2009. This is in contrast to that observed for the decade 1981-91 (Ramaswamy, 1994). Estimate for the period 1991-1999 is not available. Notice, however, that the absolute number of non-factory workers has not declined in the recent decade.

A reading of estimates of real wage in manufacturing in Table 2 reveals the following:

- Real wages have increased for all the 4 categories of regular wage workers
- Growth rate of wages of both regular and casual rural female workers are significantly higher at 4.7 and 5.7 percent respectively
- Casual urban female workers have suffered a decline in real wages. Their wages have declined even if we consider all enterprise types together

Our estimates of real wages for the sector wholesale and retail trade are presented in Table 3. We may note the following:

- Urban workers both regular and casual are the significant gainers. Urban females in particular with real wage growth rate of 9 percent (regular) and 6 percent (casual) have benefited from growth of retail industry in recent years

**Table 2 Real Wages in Unorganized Manufacturing**

Category	2004-05		2009-10		Growth Rate*	
	Real Wages per day (Rs)		Real Wages per day (Rs)			
	Enterprise Type P&P	Enterprise Type All	Enterprise Type P&P	Enterprise Type All	P&P	All
<b>Regular</b>						
Rural Male	64.4	99.7	70.6	90.1	1.9	-2.0
Rural Female	32.7	34.1	41.1	45.9	4.7	6.1
Urban Male	84.3	124.3	108.6	167.5	5.2	6.1
Urban Female	49.6	68.7	59.6	109.4	3.7	9.8
<b>Casual</b>						
Rural Male	55.2	54.4	63.3	62.9	2.8	3.0
Rural Female	33.1	31.9	43.5	43.4	5.6	6.4
Urban Male	56.6	56.6	62.0	65.7	1.8	3.0
Urban Female	33.5	35.0	29.3	33.2	-2.7	-1.1

Note: P&P (proprietary and partnership enterprises)

\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

**Table 3 Real Wages in Wholesale & Retail Trade\***

Category	2004-05		2009-10		Growth Rate**	
	Real Wages per day (Rs)		Real Wages per day (Rs)			
	Enterprise Type P&P	Enterprise Type All	Enterprise Type P&P	Enterprise Type All	P&P	All
<b>Regular</b>						
Rural Male	56.7	59.0	59.6	66.7	1.0	2.5
Rural Female	44.9	48.2	40.8	39.4	-1.9	-3.9
Urban Male	72.6	82.6	91.6	101.2	4.8	4.1
Urban Female	56.3	71.2	87.1	104.7	9.1	8.0
<b>Casual</b>						
Rural Male	49.8	49.4	54.7	55.4	1.9	2.3
Rural Female	NE	NE	NE	NE	NE	NE
Urban Male	49.3	49.3	61.5	61.2	4.5	4.4
Urban Female	27.4	28.7	36.7	41.7	6.0	7.8

\*This includes Repair of Motor Vehicles and Household Goods; NE (Not Estimated)

Note: : P&P (proprietary and partnership enterprises)

\*\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

- Real wages of unorganized rural workers are stagnating relative to all enterprise workers. We have presented estimates for the sector hotels and restaurants in Table 4.

- In this industry again real wages of urban workers has improved particularly that of female workers both regular and casual getting an increase of 10 percent during the period.
- Rural workers both male and female have experienced very low growth rate or declining wages

**An important relatively high growth sector has been the transport and communications with a GDP growth rate of more than 10 percent during the last decade of 2000-10.**

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**Table 4 Real Wages in Hotels and Restaurants**

Category	2004-05		2009-10		Growth Rate*	
	Real Wages per day (Rs)		Real Wages per day (Rs)			
	Enterprise Type	Enterprise Type	Enterprise Type	Enterprise Type		
	P&P	All	P&P	All	P&P	All
<b>Regular</b>						
Rural Male	63.6	72.1	69.1	64.2	1.7	-2.3
Rural Female	40.8	41.2	32.3	24.6	-4.6	-9.8
Urban Male	81.3	94.0	100.1	109.5	4.2	3.1
Urban Female	61.3	118.0	99.2	83.5	10.1	-6.7
<b>Casual</b>						
Rural Male	54.6	53.1	52.9	53.7	-0.6	0.2
Rural Female	NE	NE	NE	24.9	NE	NE
Urban Male	52.8	52.2	64.6	62.4	4.1	3.7
Urban Female	38.2	39.2	64.0	58.9	10.8	8.5

Note: P&P (proprietary and partnership enterprises)

\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

munications with a GDP growth rate of more than 10 percent during the last decade of 2000-10.

- A remarkable change in transport and communications industry (Table 5) is the substantial real wage gains realized by female workers. Real wages of regular female workers both in rural and urban areas have risen by more than 10 percentage points. Urban females have received real wage growth of nearly 13 percent. It has

some spillover effects on the wages of urban female casual workers who have registered a growth of more than 15 percentage points. This is consistent with the double digit growth of urban female casual workers in all types of enterprises.

- Urban male workers have managed real wage growth of more than 6 percent but the male workers in rural areas both regular and casual have not gained at all.

- In the financial intermediation industry (Table 6), regular urban female workers have registered substantial gains in real wages (16 percent growth).
- Male workers in rural as well as urban areas have done well for themselves with 10 percent growth in real wages.

**Table 5 Real Wages in Transport & Communication\***

Category	2004-05 Real Wages per day (Rs)		2009-10 Real Wages per day (Rs)		Growth Rate**	
	Enterprise Type		Enterprise Type		P&P	All
	P&P	All	P&P	All		
<b>Regular</b>						
Rural Male	74.7	106.0	81.7	108.4	1.8	0.4
Rural Female	34.2	117.1	57.7	117.0	11.0	0.0
Urban Male	92.2	172.2	124.7	204.2	6.2	3.5
Urban Female	76.9	225.7	141.3	265.6	12.9	3.3
<b>Casual</b>						
Rural Male	60.2	59.2	67.1	66.4	2.2	2.3
Rural Female	48.8	48.5	53.3	52.2	1.8	1.5
Urban Male	69.5	67.8	69.2	69.3	-0.1	0.4
Urban Female	32.4	32.1	66.4	54.6	15.5	11.2

\*This includes Storage

Note:\*\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

**Table 6 Real Wages in Financial Intermediation**

Category	2004-05 Real Wages per day (Rs)		2009-10 Real Wages per day (Rs)		Growth Rate*	
	Enterprise Type		Enterprise Type		P&P	All
	P&P	All	P&P	All		
<b>Regular</b>						
Rural Male	102.2	216.2	176.4	271.8	11.6	4.7
Rural Female	49.9	115.9	64.7	123.1	5.3	1.2
Urban Male	125.7	351.7	215.9	327.3	11.4	-1.4
Urban Female	71.3	277.6	149.6	346.4	16.0	4.5
<b>Casual</b>						
Rural Male	0.0	0.0	32.0	60.4	NE	NE
Rural Female	0.0	0.0	0.0	0.0	NE	NE
Urban Male	0.0	55.0	68.1	79.3	NE	7.6
Urban Female	32.4	32.1	0.0	0.0	NE	NE

Note: NE: Not Estimated

\* Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)



- Nothing could be said about casual workers in this industry due to non-availability of data

Let us consider the case of real estate and other business services including IT and IT enabled services presented in Table 7. Surprisingly urban casual workers both male (9 percent) and female (19 percent) have received substantial increase in real wages. This is surprising because they have done better than regular workers in this industry dur-

ing this period. Perhaps in these industries nominal wages of regular workers has been high to start with (in the base period) which is constraining further enhancement. It is important to note that real estate and business services growth are largely an urban phenomenon in India.

**Real estate and business services growth are largely an urban phenomenon in India.**

**Table 7 Real Estate and Business Services like IT etc**

Category	2004-05 Real Wages per day (Rs)		2009-10 Real Wages per day (Rs)		Growth Rate*	
	Enterprise P&P	Type All	Enterprise P&P	Type All	P&P	All
<b>Regular</b>						
Rural Male	68.1	84.8	88.9	119.1	5.5	7.0
Rural Female	36.3	122.6	48.4	86.3	5.9	-6.8
Urban Male	132.3	232.5	186.5	301.9	7.1	5.4
Urban Female	148.3	234.2	180.3	266.8	4.0	2.6
<b>Casual</b>						
Rural Male	63.2	62.4	70.6	70.6	2.2	2.5
Rural Female	115.5	115.5	0.0	0.0	NE	NE
Urban Male	72.1	75.8	112.1	87.2	9.2	2.8
Urban Female	25.6	25.6	62.1	60.9	19.4	18.9

Note: NE: Not Estimated

\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

Last but not the least is the construction industry (Table 8) with a significant share of total employment (nearly 10 percent in 2009-10). In construction industry the category rural female regular workers have achieved substantial real wage growth (12 percent). Rural female casual workers have got modest gains of 3.7 percent. One important factor behind this real wage increase could be the growth of agricultural

wages due to Mahatma Gandhi National Rural Employment Guarantee (MGNREG) scheme. It is clearly shown in a study using monthly agricultural wages data for the period 2000-2011 that MGNREG program has caused agricultural wages to increase by 5.3 percent (Berg et al, 2012). One should note that nominal wages of rural regular male workers have risen by 8 percent though the real wage growth has

turned out to be zero. In other words inflation has eaten away all the gains in this case. MGNREG would have contributed to some tightening of the labor market in the case of construction industry as it draws labor from rural areas.

**MGNREG would have contributed to some tightening of the labor market in the case of construction industry as it draws labor from rural areas.**

**Table 8 Real Wages in Construction**

Category	2004-05 Real Wages per day (Rs)		2009-10 Real Wages per day (Rs)		Growth Rate*	
	Enterprise Type		Enterprise Type		P&P	All
	P&P	All	P&P	All		
<b>Regular</b>						
Rural Male	74.1	89.1	74.2	126.4	0.0	7.3
Rural Female	49.8	81.5	88.1	119.9	12.1	8.0
Urban Male	110.6	143.0	116.9	190.3	1.1	5.9
Urban Female	91.6	129.4	92.3	277.8	0.1	16.5
<b>Casual</b>						
Rural Male	59.6	59.2	68.1	65.8	2.7	2.2
Rural Female	41.9	41.3	50.3	49.4	3.7	3.6
Urban Male	69.9	70.3	76.4	75.7	1.8	1.5
Urban Female	47.9	47.8	54.3	54.7	2.5	2.7

Note:\*Average Annual Compound Growth Rate (%)

Source: NSS Survey of Informal Sector Enterprises (see text)

### Concluding Remarks

Did the recent relatively high growth of the Indian economy benefit the unorganized workers excluding the self employed? We attempted to examine this question using results from two NSS surveys separated by 5 years (2004-05 and 2009-10). Our results suggest that the outcome is rather mixed. Urban workers have clear real wage gains. Urban female workers in particular seem to have improved their real wages significantly. This is particularly true in the case regular female workers in wholesale and retail trade, transport and communications; and including casual female work-

ers in business services. Similarly real wage of urban male workers across sectors have improved with two exceptions namely, urban casual worker in transport and communications and rural male casual worker in hotel industry. However the gains to rural male workers have not been significant. The situation in the case of rural female workers is unclear partly because we could not estimate real wage changes in many cases. Three exceptional cases of real wage improvement are observed. They are regular female workers in transport and communications (11 percent), in construction (12 percent) and in wholesale and retail trade (9 percent). Our results are different and in-

interesting because it shows that relatively high economic growth could benefit both regular and casual workers. Two familiar questions could be posed here: first, whether it suggests an improvement in employment conditions in the unorganized sector? Second, whether it is sustainable in the future? Answer to the first question is unconditionally a no. Simply because NSS survey data reveals (not discussed here, see Ramaswamy & Tushar, 2012) that unorganized sector workers have no access to social security benefits and no written work-contracts. The second is more difficult to answer but one could say it depends on how labor demanding the economic growth turns out to be.

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**By Invitation**

## **Three Representations of Insecurity in Three Narratives of Unorganized Workers**

**Jerome Joseph & Srinath Jagannathan**

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*Three representations of worker insecurity emerged from the lived experiences of three workers from the informal/unorganized sector in India. The authors argue that these three representations of worker insecurity from the three narratives captured through this engagement are the drivers around which the unorganized organize themselves as they struggle to eke out livelihoods on the margins of society.*

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### **Introduction**

Theoretical effort depicts job insecurity as “the severity of the threat to one’s job and powerlessness to counteract the threat” (Greenhalgh & Rosenblatt, 1984:440), thus suggesting that there are two important dimensions to the lived experience of the insecurity phenomenon in the pursuit of livelihood in and through what is represented by a “job”. The more fundamental dimension of this phenomenon is *the degree of real threat* to one’s livelihood and the second element is *the degree of powerlessness in countering the threat*. Managerial constructions of job insecurity also suggest that both the perception of threat as well as the perceptions related to one’s own ability to stave off the threat is a function of “locus of control” and a function of whether the locus of control is external or internal. “Compared to people with an external locus of control, those with an internal locus of control generally see environmental events as having less impact and believe that they have the power to counteract whatever threats their environment may pose” (Ashford, Lee & Bobko, 1989: 807). Locus of control is presented here as a disposition of mind

and orientation of attitude which gives the individual a greater or lesser ability to deal with threats. The material exploitation and deprivation that workers are subjected to, emerges from the ability of managerial thought in constructing their subjectivities as either subjects of domination or objects of subordination (Knights & Willmott, 1989). A position of this kind taken in the context of the discourse on job insecurity ignores the structural dynamics of organizational-managerial commodification of labor through the neo liberal instrumentality of job insecurity. Simultaneously, in one theoretical stroke, the locus of control argument exonerates organizational-managerial regimes of any moral compulsions while placing the onus of the social consequences of work on the vulnerable worker who is already burdened by the excruciating agony of debilitating insecurity. However, Collinson (2003: 534), drawing from Kondo (1990), rejects this idea, for “selves are never fixed, coherent, seamless, bounded or whole; they are ‘crafted selves’ not least through contradiction and irony.” How organizational-managerial structures construct workplace insecurities may be crafted through social engineering but how workers as individuals as well as a class handle insecurity and its counter constantly defies straightjacketing to suit neoliberal regimes of work organization. The inherent contradictions in the structures of work organization and conditions constructed around the narrative of insecurity are confronted by worker’s own individual and collective acts of creative assertions of dignity and the right to livelihood as a basis for emancipation.

This is evident even more in the unorganized rather than in the organized sectors of labor praxis. The worker counter to regimes of insecurity emerges, manifests itself in the form of the refusal to surrender or conform to organizational-managerial scripts of domination and subordination. The rejection of the praxis of insecurity which views workers as subordinate objects and uses insecurity as an instrument of work extraction (Brockner, Grover, Reed & Dewitt, 1992) also reflects a yearning for an alternative mode of work organization and worker mobilization among those who expend their labor power to fulfill the needs of society. It is this context that we seek to engage with the subjectivities of the marginalized in unorganized work and livelihood spaces to understand better the diverse representations of insecurity.

### **The Method**

We draw upon the experiences of three workers from the informal, unorganized sector with whom we engaged as a part of a larger study involving 202 workers from numerous contexts such as stateless refugees, unorganized sector workers, contract workers in the organized sector and formal organized sector workers to understand the phenomena of worker insecurity.

Towards the above ends, unstructured conversations were held with these workers after explaining to them the details of the research project and after getting their consent. Confidentiality of data to protect identities was assured. All the identities of the workers have been

concealed in this article and their names have been changed. The conversations revolved around the problems they faced in their lives, their work, the problems they faced while working and pursuing livelihoods, injustices and deprivations experienced by them, their resentments about exploitation in work and society and the possibility of resistance. Detailed field notes and transcripts of the conversations were maintained and many of the conversations were recorded with the consent of the workers. Multiple engagements were sought with workers, and conversations were held either in their work settings or in their homes. They were held in three Indian languages – Hindi, Tamil and Marathi.

### **Irfan, the Driver: Insecurity as Repression**

We met Irfan in a place where tempos are usually parked and the drivers congregate to discuss the events of the day. We were able to hold conversations with tempo drivers collectively and individually in this place. This conversational site represented a public space where workers could engage with each other, and discuss the way ahead on matters. It was here we met Irfan, who works as a tempo driver transporting household items from one place to another in Mumbai. Irfan is about forty five years old and spoke about his experiences in the following words:

“Injustice is of various kinds. Injustice is in terms of money, in terms of work, in terms of time table. Instead of 8 hours duty, people are forced to work for

10 hours or even for 12 hours. But the payment is only for 8 hours. People are also forced to work. They don't have a choice. If they don't accept these things, then they will be forced to leave their jobs. The powerful exploits this. They take advantage of these situations. Injustice is aimed at every person. These days unions are also not there. The environment also prevents unionization. If unions are formed, workers know that they will be thrown out of their jobs. So they accept their situation. They don't even ask for pay raises. So people are afraid. There is no question of gratuity if we lose our jobs. In private employment, there is no question of long service gratuity. You work for 10 years for an employer, take your payment and then leave the company. There will be no benefits for the worker. Even after working for years, benefits of at least 5000, 10000 rupees, even this cannot be expected.”

“There is no payment at proper time. The suffering is of the workers ... They cannot raise their voice. If they raise their voice, they will be thrown out of their jobs. There is no support for the workers. The worker is expected take care of his hunger on his own. There is no one else who will support him ... There is no proof that you are a worker. So what will you do with 8 to 10 people coming together? The records are important. But the registration itself is not proper. There is only kacha (informal) receipts of the payments made. There is nothing pakka (formal) ... Also, owners will keep the support of one or two workers. They will pay extra to these workers, and ensure that everyone else is silenced.”



“Yes, they are being controlled. If I say a small thing, earlier there was slavery. Now there is democracy, but the other meaning of democracy is slavery only. Earlier there were foreign masters. Now there are Indian masters. They are copying their foreign masters only. The foreign masters used to extract everything, the Indian masters extract little by little.”

**Insecurity intensifies when any attempt at collective contestation of managerial hegemony emerges.**

Exploitative repression prevails in the form of long and intense hours of work and depressed and uncertain wages. Any attempt at collective mobilization and representation to redress grievances could lead to dire consequences. As Irfan argues, in an atmosphere of insecurity, workers are afraid to even ask for pay rises, as the employer can immediately replace them with somebody who is willing to work for lower wages. Irfan’s view indicates that there is nothing natural about insecurity but it is a coercive instrumentality to subordinate workers to accept unjust conditions of work. Insecurity intensifies when any attempt at collective contestation of managerial hegemony emerges. Irfan compares the situation of workers with the analogy of imperialism and its dominance over colonized nations and compares the current exploitation of workers as a form of labor colonization. Exploitative repression gets exacerbated by the withdrawal of the state at the point of the lived experience of work insecurity and the absence

of the state when the insecure worker seeks to activate her democratic and constitutional right to collectivize to protect work and livelihood rights. The insecurity inherent in the pursuit of the right to livelihood and the intensification of work insecurity when the insecure worker asserts her right to collectivize combined together for Irfan to experience the agony of insecurity as exploitative repression.

### **Yusuf, the Tailor: Insecurity as Resentment**

We met Yusuf in the same place where we met Irfan. When we were speaking to Irfan and other tempo drivers, Yusuf volunteered to participate in the research. Yusuf urged us to make the voice of workers like him prominently heard in society. Yusuf is about thirty years old, is married, but does not have any children. Yusuf stitches seats of auto rickshaws and does other tailoring work that helps repair everyday wear and tear of the auto rickshaws. He speaks about the painful exploitation by municipal and police authorities. Yusuf sees his work as that of an artist as he works with only a needle and thread, and obtains raw material in the form of discarded cloth pieces from a tailor with a bigger business, and he is extremely resentful of the bribes that police constables seek from him.

“There are many problems that I face while doing my work. People from the municipality and the police harass me. Every time they come, they want 50 or 100 rupees. Sometimes I might have done

no business. Then I tell them – today there was no business, so was it all right if I gave them nothing? But they have no sympathy. They used to ask if there was no business, what was it that he was doing there? Go home and sleep! Now if I go to my home and sleep, what will they do? People in the municipality and the police are able to survive only because of workers on the street. If workers on the street did not work hard, where will people in the municipality and police get their money from? It is because of us that they are able to survive ... Now suppose there has been no business on a particular day, even then I give them 100 rupees that day. I say – let him live happily in my name today. Let him (obscurity) with the 100 rupees that I have given him. Let him (obscurity) with the 100 rupees that I have given him. Let him live off me. It is because of me that he is surviving.”

**There is recognition that change will occur only when such hegemonic discourses are contested and changed.**

There is a lot in Yusuf about the bribes that are extracted from him. He recognizes the contemporary inequalities that prevail, but refuses to accept these inequalities as natural, and vociferously displays anger and resentment about the abuse and harassment that is inherent in the perpetuation of these inequalities. There is recognition that change will occur only when such hegemonic discourses are contested and changed. Yusuf says: “The common public is responsible for

all this. It is not the government that is responsible. For instance, even if prices fall, the shopkeeper will never tell the public that prices have come down. Let me earn my profits, why should I bother ... People don't want to be happy together. They want to see each other burning. They don't want to see each other progressing in India. He is a 'Muslim'. Let us not take him. He is a 'Ghati' [Person speaking Marathi. People speaking Marathi are the dominant linguistic community in Maharashtra, whose capital city is Mumbai]. Let us not take him. He is a 'Bhaiyya' [Hindi speaking migrant. Recently incidents of violence against Hindi migrants have occurred in Mumbai]. Let us not take him. Now take a Bhaiyya. He can wake up at 3 am in the morning and then does a lot of work. Now people cannot see him working hard. So they try to pull other people down who do a lot of hard work. People don't understand that they are only defaming those who work very hard. How will India progress? Everybody is in tension.”

Yusuf suggests that the insecurity and inequality inherent in structures of economic exploitation further intensifies by the ethnic chauvinism of the exploiting classes as well as civil society. Workers like Yusuf are thus clear that a society based on the premises of justice cannot be built on the grounds of ethnic exclusion and hatred only strengthens exploitative structures' ability to use coercive instrumentalities as work insecurity and socioeconomic inequality. If Irfan's silent anger flows from his lived experience of insecurity as repression, Yusuf's vocal anger

surges from the experience of insecurity as resentment against social, economic and political structures which militate against the rediscovery of community and solidarity among the laboring classes.

**Ramesh, the Cycle Mechanic:  
Insecurity as Resilience**

The engagement with Ramesh took place in his cycle repair shop in the northern suburbs of Mumbai, a pavement enterprise precariously sheltered under a plastic sheet to provide a modicum of protection from the heat and the rains. The purpose of the study was explained to Ramesh to get his consent. Ramesh is more than fifty years old and came to Mumbai about forty years ago. Ramesh spends his day in Mumbai repairing cycles and people passing by and drawing on his skills rarely realize the remarkable and resilient life history that lies concealed beneath his everyday search for livelihood. Ramesh arrived in Mumbai from his village when he was still a young boy of ten. His parents could not afford to educate him in their village because what they earned from being daily wage agricultural workers was hardly sufficient to feed their eight children. Ramesh first did various jobs in Mumbai like helping out in provision stores and working as a welder. Using his savings, he continued his education in night school and college. He earned a bachelor's degree in commerce from one of the best colleges in Mumbai.

He then found work in a mill. Using

his savings, he also built his home in the northern suburbs of Mumbai. "Yes, I enjoyed work during those years. I especially enjoyed the time when I got a promotion. The people around me started looking at me with respect. They were stunned to an extent. We have been working in the company for such a long time. Yet he has managed to get a promotion in such a short time. So he must be a skilled person. Therefore, they started looking at me with respect. Everybody became friendly in the office. They used to support me."

Ramesh describes how he still visits his college sometimes – "Yes, I go there once in a year or two. All my teachers and Principal have now retired. But I go there, meet people in the office. Stay there for some time. Meet the Principal. When I go there, I take all my certificates. That is why they permit me inside, otherwise they don't allow people from outside to enter the college. Then I go and meet the Principal for 5 minutes. When I first went there, I met the Principal and explained him my situation, how I completed my education with great difficulty. The Principal talks to me with kindness. The Principal said that is great ... The Principal also said that you are a persistent person, that is why you were able to complete your education. If anybody else had been there in your place they would not have been to accomplish the same thing. I told him sir, my parents were poor. They used to struggle and take care of us eight children. They could not afford to spend a lot on our education. So I came to Bombay, started doing work, started going to night school.

Then I did work in the night and attended the college during the day.”

Then trouble started at the mill – “There were some indications that the mill was closing down. I got a sense of that from the uncertainties which started relating to the date of monthly salary payments. Earlier, worker salaries used to be given on 7<sup>th</sup> of every month. Then the salaries started getting delayed. In some months – it started becoming 12<sup>th</sup>, in some months – it started becoming 15<sup>th</sup>. Then advance used to be given on 20<sup>th</sup>. Then advance also started getting shifted to 25<sup>th</sup> or 30<sup>th</sup>. Then I used to get some doubts that the company is going to go into losses.” Then his life collapsed when the mill closed down abruptly without warning. It was then he started his pavement cycle repair shop near his home. His main lament was also that his sons have not been able to obtain the same kind of education or jobs like him.

**Insecurity is much more and the subjugation that inheres in the production of insecurity is extremely debilitating for workers.**

The lived experiences of workers like Ramesh suggest that insecurity is much more and the subjugation that inheres in the production of insecurity is extremely debilitating for workers. Ramesh is subjugated when in spite of his tremendous resilience in the face of life long insecurity he is forced to return to urban poverty and informal work after the mill closed down. In this poignant portrait of insecurity, the life history of the main pro-

tagonist is an uncertain journey through most of life’s landscapes – the ‘village’ from which he runs away at the ripe old age of ten years; the ‘agrarian landless labor family’ which earns barely enough to feed an unwieldy family of ten; the ‘urban jungle’ which pulls a village dropout chasing a livelihood dream; ‘the urban retail store’ and its opportunity for child labor in the form of 10 year old Ramesh; ‘the night school’ for the first step towards a better livelihood; the ‘college campus’ with the promise of escape from the ‘streets’; the ‘mill’ and ‘organized-modern Job, monthly salary’ and ‘promotion’ as the pathway to prosperity; and the ‘street’ and the ‘pavement’ as the uncertain refuge for a self-employed livelihood. Through all of life’s landscapes there is only one truth for Ramesh – an assured insecurity about livelihood, income, and the even more unbearable agony of his sons, insecure future. However, through all the colors of the various landscapes of his life’s canvas there is one recurring theme, that of insecurity as resilience - the never say die attitude which drives his narrative in the struggle against insecurity.

## Discussion

The positivist, resource based view of the “organized job sector” constructs “job insecurity as a discrepancy between the security employees would like their jobs to provide and the level they perceive to exist” (Jordan, Ashkanasy & Hartel, 2002: 361). That well being is impossible within the capitalist text of subordinating social relationships is evident from Ramesh’s experiences where

just compensation for his dedication is not available. The subordinating social relationships of the managerial apparatus of organized work hierarchies often use the language of liberation and self-actualization may be promulgated as a seductive means of engineering consent (Alvesson & Willmott, 2002: 624). A prominent debate in positivist, managerial literatures about whether insecurity leads to an increase in performance (Galup et al, 1997) or whether it leads to a decline in performance (O'Driscoll & Cooper, 1996) is indicative of the fact that managerial discourses do not view insecurity as a dysfunctionality, but instead view it as a behavioral stimulus that produces the unquestioning, compliant worker. Such articulations of insecurity in the "organized labor sector" are far removed from the articulations of the unorganized labor consciousness.

Irfan's resentment at the marginalization of workers and their collectives and his comparison of the exploitation of workers with imperialism can be read as providing the conditions for breaking out of the acceptance of insecurity and an expression of outrage that calls for an end to the violence of insecurity. In this sense, the resistance of these workers is not a "non-authorized, yet authoritative portrait of what is normal and expected", their resistance does not "normalize and counter-resist". In their critique of the state represented by the police and municipal workers and their predatory endeavors in extorting bribes from the workers, perhaps the workers are engaging in a "radical approach to reflection .....to highlight the

pretences and hypocrisies of official power" (Fleming & Spicer, 2003: 171).

**There is a seething anger underlying the daily struggle for livelihood and there is a rising.**

The Irfan narrative shows that the unorganized labor is not a site of silence, acquiescence and abject surrender. There is a seething anger underlying the daily struggle for livelihood and there is a rising, articulated consciousness of the repression represented by the lived experience of insecurity. The Yusuf narrative displays righteous anger against the exploitative work structures and divisive social stratification and shows evidence of an alternative construction of insecurity as resentment against the social, economic and political injustice and the consequent marginalization of the unorganized labor sector. The Ramesh narrative represents insecurity as resilience as he straddles the diverse landscapes of the marginal livelihoods and sees his life and livelihood riddled by uncertainties. He also sees that the next generation is likely to get even less than what he has been able to get in terms of education and livelihood.

Thomas and Davies (2005a) have taken the position that resistance must not be understood only in reactive terms, but its generative potential must also be discerned. Drawing from the lived experiences of workers, resistance cannot be seen only in traditional terms such as strikes, there is a need to pay attention to the alternatives that workers are em-



phasizing (Fleming & Sewell, 2002). In the case of the most vulnerable workers in this study, rather than becoming compliant to exploitative structures and failing to challenge the degeneration of the public (Kosmala & Herrbach, 2006), they show evidence of renewed consciousness, articulation and collectivization as the workers seek to move away from current insecurities and injustices. Looking for the alternative discourses is an important avenue for understanding resistance (Merilainen et al, 2004). Resistance is particularly important in the context of movements towards a politics of justice and transformation (Thomas & Davies, 2005b).

**Alternative narratives which yearn for change and justice are evident in the articulations of workers.**

Alternative narratives which yearn for change and justice are evident in the articulations of workers. For instance, Ramesh emphasizes the culture of friendship, respect and solidarity rather than the project of career when he recalls what gave him the greatest joy even while he was working. Irfan keeps alive a sense of resentment with the status quo and his emphasis on the practical difficulties of workers coming together at the Tempo stand to construct alternatives indicates a search for the ways in which collective action could be brought about. Yusuf also calls for solidarity among workers as he disagrees with the violence inflicted on migrant workers and local workers based on ethnic divisiveness.

This study hopes to have indicated that insecurity is not merely about discrepancies in the degree of threat to security or the degree of powerlessness in countering the threat among workers. Cultural exclusion, subordination, exploitation, manipulation, enforced identity regulation, denial of collective mobilization and representation are some of the factors at play in the construction of worker insecurity.

Williams (2009) documents how street level practices of manipulation, divide and rule, intimidation and violence exploit homeless workers and make them work under conditions of permanent insecurity, where they have no choice but to accept a regime of low paying, uncertain jobs. Pollert and Charlwood (2009) document the troubles of vulnerable workers in Britain, and the shift of governmental positions away from the right to collective representation of workers which could enable them to engage with various problems at work such as stress, bullying, workload, job security, working hours, contracts, health and safety, opportunities, leave and discrimination. In spite of these numerous practices creating insecurity for unorganized sector workers, and therefore this study through direct engagement shows that there is evidence that workers show great resilience in displaying resistance to repression, as they “struggle for humanity and dignity... to escape conformism, subordination and compromise ...through practice, through revolutionary praxis” (Memos, 2009: 221).

Resilience in resistance to repression is the principle around which the unor-



ganized organize themselves in their daily struggles to eke out livelihoods on the margins of neoliberal bastions of capital.

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**By Invitation**

## **Social Protection of the Workers in the Unorganized Sector**

**R.K.A. Subrahmanya**

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*In India, there is a broad framework of social protection which includes employment security, health security, food security and other conventional forms of income security such as maternity benefit, invalidity benefit, old age benefit. This paper critically reviews some of the most important ones such as National Social Assistance Program, Mahatma Gandhi National Rural Employment Guarantee Program, Food & Nutrition Security, Mid Day Meals in Schools, Integrated Child Development Services (ICDS) etc.*

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### **Introduction**

For purposes of this paper the term social protection is taken to be an extension of the term social security in its broadest sense.

The Director General of the ILO in his report to the 80<sup>th</sup> Session of the International Labor Conference stated that the system of social insurance in the early 1900s, their subsequent development into generalized systems of social security and their more recent evolution into nearly universal systems of Social Protection have been the central features of social development in the 20<sup>th</sup> Century. Tracing this development the DG stated that the term social protection “encompasses a framework of social protection which provides generalized basic social support for all citizens regardless of contribution or employment history although these factors remain important in determining the level of some benefits above the basic minimum. This has enabled the State to extend income support to individuals on the basis of need rather than acquired rights, and has facilitated the provision of health care to the entire populations. In

these new structures benefit levels tend to be set by governments in relation to needs rather than entitlements and contribution rates have become the dependent variable frequently indistinguishable from general taxes in their incidence.” (ILO,1993)

More recently the ILO has adopted a recommendation concerning Social Protection Floors which require the member states to establish social protection floors constituting “nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.” The recommendation further requires that “the guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.”

So defined, the term social protection includes all measures designed by the state or society to assure every person access to essential medical care and a minimum income necessary for maintenance of an appropriate or reasonable standard of life and to protect the same against loss or diminution due to the occurrence of any contingency. Assurance of a minimum income can be secured, in the case of persons who are able to work, by enabling them to work by education and training and providing them with opportunities for gainful employment. In the case of persons who are not able to work for any reason, chronic or otherwise, they may be provided with a minimum income or a means of livelihood in

the form of pension under an insurance or assistance scheme.

Lack of income may be chronic or temporary. If a person has no employment either because he is unemployable being too old, too weak or being incapacitated for any work or because he has not been able to find employment he would have no means of earning his living. In such a situation the lack of income may be said to be chronic. In any other case where a person is employed but there is an interruption in his income due to sickness accident maternity or loss of employment due to retrenchment or closure of an establishment the lack of income may be temporary. In either case unless the person can fall back on his past savings, if any, he has to depend on somebody else for his /her living. That somebody else may be a member of the family, community, the civil society, the employer or the State. Where the person depends on the State or the society the public measures by which his needs are met would be in the nature of social security

In India, there is a broad framework of social protection which includes employment security, health security, food security and other conventional forms of income security, such as maternity benefit, invalidity benefit old age benefit. Some of the major schemes under which such protection is provided are mentioned below:

#### **National Social Assistance Program**

The National Social Assistance Program (NSAP) which came into effect from 15th August, 1995 represents a sig-

nificant step towards the fulfillment of the Directive Principles in Article 41 of the Constitution. The program introduced a National Policy for Social Assistance for the poor and aims at ensuring minimum national standard for social assistance in addition to the benefits that states are currently providing or might provide in future. NSAP at present, comprises Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna. The total number of beneficiaries under all the Schemes of the Program is about 21 million and the total amount of the estimated outlay during the current year is about Rs.8500 crore.

#### **Mahatma Gandhi National Rural Employment Guarantee Program**

Unemployment and under employment are basic causes of insecurity. The government of India has framed several schemes to provide employment to those in need of it. Of these the most important is the Mahatma Gandhi Rural Employment Guarantee Program. This program aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. It also mandates 1/3 participation by women. The primary objective of the scheme is to augment wage employment. The scheme was notified in 200 districts in

the first phase with effect from Feb 2006 and then it was extended all over India from April 2008. About 3.80 crore households have been provided employment under the program. The program is reported to have led to substantial increase in purchasing power leading to strengthening of the livelihood resource base of the rural poor in India. The Central Government outlay on this program for the year 2011-12 was Rs.40,000 crore. There are similar schemes for promotion of self employment and for urban unemployed.

**The program is reported to have led to substantial increase in purchasing power leading to strengthening of the livelihood resource base of the rural poor in India.**

#### **Food & Nutrition Security**

Food security is one of the major components of social security. It consists of ensuring that “food is available at all times, that all persons have means of access to it, that it is nutritionally adequate in terms of quantity, quality and variety and that it is acceptable within the given culture”. In recent years, nutrition is considered as part of food security so that it is called “Food and Nutrition Security”.

The Public Distribution System (PDS) is the instrument through which the government seeks to ensure food security at the household level. Under the PDS, the Central Government has assumed responsibility for procurement

and supply of essential commodities. The commodities are made available at fixed issue prices involving heavy subsidies. The total amount of food subsidy incurred by the Central Government during the year, 2010-11 was Rs.62, 930 crores. In terms of money it represents the largest outlay on social security.

Government of India has recently introduced a Bill in Parliament called the Food Security Bill. As per the provisions of the bill it is proposed to provide 7 kg of food grains per person per month belonging to priority households not exceeding Rs. 3 per kg of rice, Rs. 2 per kg of wheat, and Rs. 1 per kg of coarse grains and to general households not less than 3 kgs of food grains per person per month at prices not exceeding 50 per cent of the MSP for wheat and coarse grains and derived MSP for rice. It is expected to benefit up to 70 percent of the rural population with at least 46 percent belonging to priority households and up to 50 percent urban population with at least 28 percent belonging to priority households, besides providing nutritional support to women and children and meals to special groups such as destitute and homeless, emergency and disaster affected and persons living in starvation. Pregnant and lactating women will also be entitled to maternity benefit at Rs.1000 per month for six months. In case of non supply of food grains or meals, entitled persons will be provided food security allowance by concerned State / UT governments. The Bill awaits approval by Parliament.

### **Mid Day Meals in Schools**

Under this program cooked midday meals are provided to all children attending classes I to VIII in government, local body, government aided and National Child Labor projects. At present cooked midday meal provides an energy content of 450 calories and protein content of 12 grams at the primary stage and 700 calories and protein content of 20 grams at the upper primary stage. Adequate quantity of micro nutrients like iron folic acid and vitamin A are also recommended. During the year 2010-11 the budget allocation for the program was Rs.9440 crore. About 10, 46 crore children availed of the benefit.

### **Integrated Child Development Services (ICDS)**

The Scheme was launched in 1975 for the holistic development of children below the age of 6 years and proper nutritional and health education of pregnant and lactating mothers with limited coverage. It has since been universalized. There were 6779 ICDS projects and 12096 lakh Anganwadi Centres (AWC) operational as on 30th Nov 2011. The annual plan outlay for 2011-12 for the program was Rs.14, 048 crore.

### **Health Security**

There is a proposal to introduce a Scheme of Universal Health Care with a Universal Health Package. A high level expert group (HLEG) had been appointed to consider the proposal and to make appropriate recommendations. The report

of the Group is under consideration of the Government. One of the major recommendations of the Group is to provide generic drugs through the public system free of cost. According to a recent report the Government has accepted this recommendation and taken steps to implement the same

### **NRHM**

This Mission was launched in 2005 to improve the accessibility to health care for the rural population. The NRHM provides an overarching umbrella to the existing health and family welfare programs including reproductive and child health and various programs for the control of diseases, including tuberculosis leprosy, vector borne diseases and blindness. The Mission aims to integrate all vertical programs. All the programs have therefore been brought under the District Health Society at the district level and State Health Society at state level. A distinctive feature of the Mission is the appointment of Accredited Social Health Activists (ASHA) who are engaged in each village / large habitation in the ratio of one per 1000 population. Till Sept. 2011, 8.55 lakhs ASHAs had been appointed of whom 8.07 lakhs had been given training and 7.41 lakhs had been provided with necessary kits. 8337 PHCs have been made functional with 24x7 services across the country. 442 districts are equipped with mobile medical units. Under NRHM the emphasis is on preventive and promotional aspects of healthcare. At the village level, Health Sanitation and Nutrition Committees have been constituted to create awareness about disease pre-

vention and to take preventive measures. There has been a steady increase in healthcare Infrastructure. As on March 2010, 147,069 sub-centres 27673 PHCs and 4535 community health centres were functioning in the country. There is a proposal to set up similar Mission for urban areas also.

### **RSBY**

This scheme was launched on 1<sup>st</sup> Oct 2007 to provide smart card based cashless health insurance cover of Rs.30,000 per family per annum on a floater basis to BPL families (a unit of five) in the unorganized sector. The scheme became operational from 1<sup>st</sup> April 2008. The premium is shared on a 75:25 basis by the Central and State governments. The scheme provides for portability of the smart cards for migrant workers. As on 21.9.2012, 32million smart cards had been issued and the total number of hospitalization cases was 4 million.

### **Janani Suraksha Yojana**

This was previously known as National Maternity Benefit Scheme. It was later re-designated as Janani suraksha Yojana. The object of the scheme is to promote institutional deliveries. It integrates cash assistance with delivery and post-delivery care. It targets lowering MMR by ensuring that deliveries are conducted by skilled birth attendants. The scheme has shown rapid growth in the last three years. The number of beneficiaries in the year 2010-11 was about 107 lakhs.



### **Janani Shishu Suraksha Karyakram**

This is a new initiative launched on 1<sup>st</sup> June 2011 to give free entitlements to pregnant women and sick new borns for cashless deliveries, C Section, drugs, and consumables, diagnostics, diet during stay in the health institutions, provision of blood, exemption from user charges, transport from home to health institutions, transport between facilities in case of referral and drop back from institutions to home. A sum of Rs.1437crore was allocated for the scheme during the year 2011-12.

A Mother and Child Tracking System has been introduced which provides complete data of the mothers and their addresses, telephone numbers etc. For effective monitoring of antenatal and post natal check up of mothers and immunization services.

### **Aam Admi Bima Yojana**

Under this scheme insurance is provided against natural as well as accidental death, permanent/partial disablement of the head of the family or rural landless households in the country. Under the scheme the head of the family or an earning member is eligible for receiving the benefit of Rs.30,000 in case of death, Rs. 75 000 in case of accidental death, Rs.75,000 for permanent disability and Rs.37,000 for partial disability. The scheme has provided insurance coverage to 1.97 crore lives as on 31. 1. 2012.

### **Janashree Bima Yojana**

The scheme provides insurance protection to rural and urban persons living below the poverty line and marginally above the poverty line. Persons between the ages of 18 and 59 years and who are members of the 45 identified occupational groups are eligible for participation. The scheme provides benefits similar to Aam Admi Bima Yojana. During the year 2010-11, 2, 09 crore lives were covered under the Scheme.

### **Unorganized Workers Social Security Act**

Recently a new law called The Unorganized Workers Social Security Act, 2008 has been enacted which requires that the Central Government should formulate and notify suitable welfare schemes on matters relating to life and disability cover, health and maternity benefits, oldage protection and any other benefit as may be determined. The State governments may formulate other welfare measures listed there in.

### **Welfare Funds**

In addition there are welfare funds under which certain specific categories of workers such as the beedi workers, construction workers, cine workers, mine workers, etc, are provided healthcare, educational assistance and other welfare measures. Certain State Governments such as Kerala have also set up several welfare funds for the benefit of certain classes of workers.

### National Social Security Fund

A National Social Security Fund for the unorganized workers with an initial allocation of Rs.1000 crore has been set up. This fund will support schemes for weavers, toddy tappers, rickshaw pullers, bidi workers etc.

### Other Schemes

There are many other schemes such as the Indira Awas Yojana, Rural Water Supply Scheme, Total Sanitation Campaign, details of which are not given here.

### Critique of the System

1. While economic reforms have contributed to economic development Government of India have taken several measures to promote social development aimed at equitable distribution of the fruits of development. According to Swaminathan Aiyer (Times of India, Feb 06, 2011) "between 2004-05 and 2009-10, Central plus State social spending more than doubled from Rs 1.73 lakh crore to Rs 4.46 lakh crore (and from 5.33% of GDP to 7.23%). So, social spending has actually risen faster than GDP". The increase in social expenditure is partly due to a variety of social protection schemes introduced by the Government. The Asian Development Bank (2009) has drawn up an index of social protection. According to this index the social protection expenditure in India in 2004-05 was 4% of the GDP. ( It was 16 % in Japan and 5.7 percent in Sri

Lanka). The percentage of the poor receiving social protection was 100%. Yet, its impact on some of the key social indicators has not been significant. Although the percentage of the people below the poverty line has come down the hard core of poverty remains intact, at about 300 million.

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2. India's score in the Global Hunger Index 2010 is described as alarming and the country is ranked lowly 67<sup>th</sup> among 84 nations surveyed, below nations such as Sudan, Rwanda and Pakistan. The global hunger index developed by the International Food Policy Research Institute, is based on three key indicators: child malnutrition, rate of child mortality and percentage of people who are calorie deficient. With an under five mortality rate of 63, India falls in the bottom quartile of countries in the world according to the World Bank and ranks a lowly 165<sup>th</sup>. Malnutrition statistics are worse: India is nearly at the bottom, with a third of the world's malnourished children.

The Supreme Court has declared that Right to Livelihood is a fundamental right; it inheres the right to life. Yet people are dying of starvation. This is a black mark on the Indian state. It should be erased. Many countries of Latin America have adopted mea-

asures aimed at abolishing hunger. India should also do the same. Abolition of hunger should be the primary objective of the 12th Plan.

**Abolition of hunger should be the primary objective of the 12th Plan.**

3. The Social Protection Schemes designed to protect the children against malnutrition do not seem to have been effective. The government has therefore recently decided to strengthen and restructure the Integrated Child Development Services Scheme. Under the new proposal the programmatic, management and institutional reforms will be initiated with widened and revised package of services to focus on under-3 children, maternal care, and early child hood care, education as per the broad framework for implementation with necessary changes in financial norms/ allocations and outcomes as recommended by the EFC along with flexibility to the States with scope for innovations. The financial implication of the proposal is Rs. 123, 580 crore during the 12<sup>th</sup> Plan period.
4. Coverage of the schemes is low. Most of the schemes listed above, if not all, are applicable mainly to persons who are below the poverty line and those who are above the poverty line are largely excluded from the coverage subject to certain exceptions (the RSBY has been extended to workers in the construction industry). Thus, bulk of the workers in the unorganized sector who are

above the poverty line have no social security cover. Even among the people who are below the poverty line it cannot be said that all the persons who are eligible have been covered. For instance, RSBY covers about 32 million families whereas the total number families who are below the poverty line is about 65 million

When the National Social Assistance Program was adopted it was stated that while it would include for the time being three benefits as its components more such schemes would be added in future. Indeed two more benefits, namely, the widow pension scheme and disability pension scheme have since been added. Yet there are many other groups of people requiring public assistance. The Working Group on Social Assistance set up by the Planning Commission had suggested, inter alia, that new schemes of social assistance may be introduced for providing assistance to the following categories of people:

1. Persons displaced because of major industrial or other projects.
2. Persons retrenched from employment for no fault of theirs unless they are covered under an unemployment insurance scheme.
3. Persons affected by natural calamities.
4. Families/children of prisoners, leprosy patients, HIV/AIDS patients, farmers who commit suicide owing to inability to bear the debt burden, etc.

5. The existing schemes do not provide for all the contingencies when people require social assistance. For example, when a person falls ill he suffers double jeopardy; he will have no income for the period of the illness while he has to find the means to meet the cost of his treatment as well as for the livelihood of himself and his family. There is no provision for providing sickness benefit to persons in the unorganized sector except to a small extent under the Janashree Bima Yojana.
  6. Social security is meant for meeting the basic needs of the persons who are covered. The quantum of benefits provided under these schemes should therefore have some relationship to the cost of meeting those needs. It appears, however, that the rates of benefits provided under the various schemes are so small that they do not serve the purpose of social security. For instance, the rate of pension paid by the Central Government under the IGNOAPS is Rs.200 per month whereas the minimum amount required for one's subsistence at the poverty line is Rs.28.65 per day in urban areas and Rs.22.42 per day in rural areas which comes to about Rs.900 in urban areas and to about Rs.700 in rural areas. There is indeed a demand for raising the minimum rate of pension to Rs.2000 per month but the government has not found it possible to accept it. There is an obvious need for raising the rate of pension and to link it with the cost of living index.
  7. The Janani Suraksha Yojana provides for payment of Rs 500 only as maternity benefit. A new scheme called Indira Gandhi Matritva Sahayog Yojana has been approved by the Government initially on a pilot basis in 52 selected districts across the country. The scheme provides cash incentives for improved health and nutrition to pregnant and lactating mothers. It seeks also to partly compensate for wage loss to pregnant and lactating women both prior to and after delivery of the child. The beneficiaries will be paid Rs.4000/ in three installments till the child attains the age of 6 months on fulfilling specific conditions. Some State governments like Tamilnadu have taken more realistic view of the needs of the women workers and have provided for payment of larger amounts. For instance, maternity benefit payable under the Construction Workers Welfare Fund in Tamilnadu is Rs.6000. The rate of maternity benefit needs to be raised uniformly for all pregnant and lactating women.
- The rate of maternity benefit needs to be raised uniformly for all pregnant and lactating women.**
8. The National Health Insurance Scheme, RSBY, is liable to abuse largely because of collusion between the doctors and the insurance companies (EPW 2012 ). The High Level Expert Group set up by the Planning Commission to make rec-

ommendations for the health plan for the 12<sup>th</sup> plan period has recommended inter alia “Do not use insurance companies or any other independent agents to purchase health care services on behalf of government ministries and departments of health to directly provide and purchase services from contracted in private providers where necessary.” This is what the author of this paper has been urging since the inception of the Scheme

Under the RSBY while the number of families covered under the scheme is quite impressive the claims ratio is low (Total number of families covered 32 million - persons covered 160 million-, number of hospitalization cases 4 million). It is therefore more advantageous to the insurers than to the insured. The High Level Expert Group which was appointed by the Planning Commission in its report on Universal Health Care had therefore recommended that insurance companies or other independent agents should not be used for purchase of health services on behalf of government. Alternatively a separate health insurance corporation may be set up in the public sector.

RSBY provides for health insurance cover of Rs.30, 000 per family per annum on a floater basis, not exceeding Rs.15, 000 per episode. It provides only for hospital treatment and there is no provision for outdoor treatment. It begs the question as to who will bear the cost of treatment if it exceeds the insured amount. The High Level

Expert Group in its report on the 12<sup>th</sup> Plan has recommended development of a “National Health Package offering essential services as part of citizen entitlement.” It is imperative to modify the scheme so as to ensure that all the basic services are provided to all the people with no cost or at minimum cost.

**Under the existing system much of the money meant for the poor gets lost on the way due to involvement of middlemen.**

9. Most important problem in the administration of social protection schemes is the problem of delivery of services. Under the existing system much of the money meant for the poor gets lost on the way due to involvement of middlemen. “Studies by the Planning Commission have shown that the public distribution system has become so inefficient that 58% of subsidized grain does not reach the targeted group and almost a third of it is siphoned out of the supply chain. According to Finance Minister P Chidambaram, the inefficiencies of the PDS ensure that the Government is forced to spend Rs 3.65 for transferring Re 1 to the poor.” The Government is therefore thinking of replacing the system of delivery of services by a system of cash transfers. It is claimed that “electronic cash transfers, leveraging the Aadhaar unique identity system, would help improve delivery of benefits to those for whom they are meant, reduce corruption, eliminate waste and control expenditure. Benefits promised under the

UPA's marquee jobs creation plan, the Mahatma Gandhi National Rural Employment Guarantee Scheme, scholarships, pensions and other income support schemes and healthcare programs would be transferred to the bank accounts of people once the system is up and running. However, direct cash transfers is no magic wand. There are lots of challenges in devising a fool proof mechanism to ensure regular delivery of cash payments to targeted population. One well known economist is reported to have said that "the proposed cash transfers may lead to a "feel-good" factor, but "it will just replace the current form of corruption with a new method".

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## By Contribution

# Hope to Despair: The Experience of Organizing Indian Call Centre Employees

Premilla D'Cruz & Ernesto Noronha

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*The rapid growth of India's IT Enabled Service-Business Process Outsourcing (ITES-BPO) sector has drawn the attention of several researchers whose foci have spanned varied aspects. This paper analyses whether UNITES really lived up to its reputation of being a torch bearer in organizing call centre employees and how its strategies were influenced by everyday work context of call centre employees and their socially constructed identity of being professional. The analysis is based on extensive fieldwork over a period of 8 years and in-depth interviews with union officials and more than 200 employees working in the ITES-BPO sector though this article focuses on call centre employees.*

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## Introduction

The rapid growth of India's IT Enabled Service-Business Process Outsourcing (ITES-BPO) sector has drawn the attention of several researchers whose foci have spanned varied aspects such as cultural transformation and identity formation of employees (Cohen & El-Sawad, 2007; D'Cruz & Noronha, 2006; McMillin, 2006; Mirchandani, 2004; Poster, 2007; Ramesh, 2004), emotional labor (D'Cruz & Noronha, 2008), gender (Ng & Mitter, 2005; Patel, 2006), management practices (Batt, Doellgast & Kwon, 2005; Budhwar, Varma, Singh & Dhar, 2006; D'Cruz & Noronha, 2012), organizational control (D'Cruz & Noronha, 2006) and union formation (James & Vira, 2010; Noronha & D'Cruz, 2006; Taylor & Bain, 2008; Taylor, Noronha, Scholarios & D'Cruz, 2008). However, work on union activity still remains limited both in India and abroad. Bain and Taylor (2002) attribute this neglect to the more general perception that unions have become marginal organizations. In fact, in some countries like Germany call centers have been used to escape from the existing collective agreements or challenge to traditional regula-

tory constraints (Shire et al, 2002). However, in the UK established collective bargaining arrangements have been transferred from other parts of the existing companies to captive call centre operations (James & Vira, 2010). This success of union activity in captive call centers has been extended to employees of third-party call centers despite the significant employer hostility (Taylor & Bain, 2003). Nonetheless, this achievement in the UK has not been replicated by the established labor unions in India (James & Vira, 2010) despite the fact that India's call centre workers experience greater workplace indignities than their counterparts in the UK (Taylor & Bain, 2005).

Indian ITES-BPO employers have vociferously argued that the formation of unions would only threaten the flow of foreign direct investment into India, spelling disaster for the fledgling industry in the country. Hence, the introduction of third-party intervention does not augur well for its future. Further, unions are irrelevant to the ITES-BPO sector employees as employers provide exceptionally good work environments and the sophisticated human resource management strategies take care of the interests of employees (Noronha & D'Cruz, 2009b).

**Unions are irrelevant to the ITES-BPO sector employees as employers provide exceptionally good work environments**

It was in this unfavorable context that UNITES Professional (henceforth re-

ferred to as UNITES in this paper) came into existence in September 2005. Some argue that the alternative occupational organizing model (James & Vira, 2010) of this new union which accounted for the socially constructed 'professional' identity (D'Cruz & Noronha, 2006; Noronha & D'Cruz, 2009 a) was better positioned to confront the new realities of work and employment in India's new service economy than the traditional collective bargaining model (Taylor & Bain, 2008) known to India's established labor unions (James & Hira, 2010) given the inherent contradiction of being termed a professional while performing call centre work (Noronha & D'Cruz, 2009 b).

This paper analyses whether UNITES really lived up to its reputation of being a torch bearer in organizing call centre employees and how its strategies were influenced by everyday work context of call centre employees and their socially constructed identity of being professional. The analysis is based on extensive fieldwork over a period of 8 years and in-depth interviews with union officials and more than 200 employees working in the ITES-BPO sector, though the article focuses on call centre employees.

### **Techno-bureaucratic Controls**

Technology dominates the work context and work experience of call centre agents. The automated call distribution (ACD) system distributes calls, queues numbers and displays waiting times (Taylor & Bain, 2005), thus, systematizing control and possessing the power to push

and pace work (Callaghan & Thompson, 2001), while simultaneously enabling management to set and measure daily output without the need for constant and direct control (van der Broek, 2004). Technology-based mechanisms also allowed the monitoring of targets, setting the average handling time (AHT) of the call, call wrap-up time, call waiting time and calculation of call abandonment rates. Moreover, since all calls are recorded and stored in archives, calls could be retrieved at any time and analyzed for the purpose of evaluation and appraisal. It was not uncommon for recorded calls to be randomly pulled out by analysts in the quality department and be examined for customer interaction including sensitivity, politeness, warmth, understanding customer needs, handling irate customers, adherence to the script, fluency in English language, understanding of the process, use of a neutral accent, maintenance of prescribed procedures including assistance offered and information provided, accuracy of documentation, and other parameters specified by the client in the service level agreement (SLA) signed with vendor organizations.

**The employment of call centre technology as a monitoring and measurement device did not spell the end of human supervision.**

However, the employment of call centre technology as a monitoring and measurement device did not spell the end of human supervision. In addition, to having a master screen on their computers which tracked and highlighted in real time

the ongoing work of each individual agent in the team, TLs stationed at a central point on the call floor, were always in a position to overlook the operations and keep an eye on the agents. Call barging (where TLs, quality analysts and other superiors and in some cases even clients listen in simultaneously but remotely on live calls to evaluate agents' performance) and side-jacking (where TLs, quality analysts and other superiors physically sit next to the agent and listen and evaluate his/her call) also form part of performance management (Noronha & D'Cruz, 2009a).

With customer satisfaction being as important as production levels, employer organizations monitor agent interactions with customers, rewarding those who perform emotional labor as expected and punishing those who do not. In keeping with Belt, Richardson and Webster (1999), agents had to smile down the phone. They were trained to believe that since customers could decipher their moods, the espousal and display of a positive frame of mind was important to induce a similar demeanor in customers, to enhance the perceived quality of the service interaction and to leave behind a favorable impression about the client. It was also made clear to agents that abusive customers had to be handled with empathy, tact, patience and detachment – even hints of reciprocating customers' negative backlash (whether through abuse in English/an Indian language, non-verbal cues or cutting off the call) would invite termination of employment. They were required to allow the customer to calm down and then proceed with the

business at hand. Further, to counter customers' racial and ethnic animosity, call centre agents had to adopt cultural and linguistic traits together with the use of pseudonyms. Linguistic training served the purpose of facilitating mutual understanding between customers and agents (D'Cruz & Noronha, 2006; Taylor & Bain, 2005), the aim being to refine agents' language such that they could blend in with customers and appear less Indian (Cohen & El-Sawad, 2007) by adopting pseudonyms.

### Working Conditions

In order to meet client requirements, employer organizations created 8-9 hour shifts with two 15 minutes breaks and one 30 minute break and 5 day work weeks. Adherence to shift timings was recorded via log in and log out data. Call centre agents mentioned how such strict observation of time meant that they could not log out of their systems or leave their seats even to go to the restroom (if it was an emergency, they had to seek permission from the team leader to do so). Not surprisingly then, on days when the call flow was very high, agents enjoyed neither breathing space nor breaks and were expected to report to duty no matter how ill they were. In some organizations, the management kept a strict watch on people taking sick leave, even going to the extent of checking out agents' homes or places frequented by them as well as verifying submitted medical certificates (Noronha & D'Cruz, 2009a). Further, while agents with less than 6 months tenure with the organization were not eligible for any kind of leave, agents whose

tenure went beyond 6 months were expected to plan for and inform about their leave requirements well in advance. Availing of leave without prior consent was considered to be an unauthorized absence, and were either warned or dismissed with some employer organizations going to the extent of blocking bank salary accounts of those absenting themselves and refusing to give relieving letters to those who quit.

Failure to meet employer organizational expectations whether in matters of job performance, task-related requirements or general workplace etiquette, resulted in punishments. While punishments ranged from warnings, retraining and suspension to termination and dismissal, the degree of punishment awarded depended on the nature and frequency of the offence. With termination and dismissal being used even in cases of confirmed employees, the primacy of transactional psychological contracts was evident (Noronha & D'Cruz, 2009a). As Ramesh (2004) states, a confirmation letter means nothing – agents enjoy titular status and can be terminated at any time without notice.

**A confirmation letter means nothing – agents enjoy titular status and can be terminated at any time without notice.**

### High Work Pressure & Stress

Job design elements and techno-bureaucratic controls together contributed to a high stress work environment for

agents. Agents from inbound centers recounted being confronted with prominent digital displays which emphasize the number of stacked calls waiting to be answered. Taylor and Bain (1999) describe such a situation as “an assembly-line in the head” which precipitates perennial pressure in agents, stemming from the knowledge that the completion of the current call signifies the onset of the next one in a never-ending queue. Organizations seemed to be adopting a tightly controlled, cost-efficient, bureaucratic and customer-oriented structure resulting in monotonous work (Budhwar et al, 2006; Noronha & D’Cruz, 2007). It was, therefore, not surprising to note that call centres came to be called “new-age sweatshops” or “captive units” (Budhwar et al, 2006) or exaggerated form of mass production model (Batt et al, 2005; Taylor & Bain, 2005) with oppressive work environments (D’Cruz & Noronha, 2009) while agents working there were called “cyber coolies” (Ramesh, 2004).

**Call centres came to be called “new-age sweatshops” or “captive units”**

Agents were always encouraged to achieve beyond their specified targets and were constantly reminded by their TLs and other superiors that their worth lay in generating revenue for the organization. During phases when call volumes were high or targets were not being met, agents were made to stretch such that they had to forfeit or shorten breaks and/or work beyond shift hours or on weekly/public holi-

days. This extended work time and increased job demands did not entail payment of overtime. For those aspiring to move up the organizational hierarchy, initially to become team leaders and later managers, additional initiatives beyond the stipulated job description requirements (such as helping their TL in call escalation, preparing reports or managing the floor in the TL’s absence) were undertaken in order to increase one’s visibility and create a favorable impression.

The experience of physical and mental strain, under the circumstances, was inevitable. Health problems such as loss of appetite, changes in body weight, acidity, nausea, constipation, colds and coughs, diabetes, blood pressure, insomnia, chronic fatigue and drowsiness, anxiety, depression, irritability and cognitive disruptions were commonly reported. Uninterrupted call flows, apart from entailing incessant listening and talking lead to oral and aural complications, necessitated continuous use of various kinds of technology, resulting in sensory-motor problems linked to the visual and auditory systems and repetitive strain injury (RSI). The sedentary nature of the job, coupled with the near absence of any significant locomotion during the shift, caused stiffness, cramps and backaches. Reducing or eliminating breaks interfered with agents’ eating habits. Where breaks were permitted, long queues in the cafeteria forced agents to choose fast food or skip their meal/snack in order to log in back in time, affecting their nutrition intake.

### Disruption of Work-Life Balance

With customers being located in the US, UK, Canada and Australia, employer organizations developed work shifts to match the relevant time zones. This translated not only in agents having to work during the Indian night but also going through periodic changes in their work timings as shifts rotated fortnightly or monthly. Noronha and D'Cruz (2009a), Poster (2007) and Ramesh (2004) state that temporal adjustments wreaked havoc in agents' biological clocks, resulting in illness described above. Though most agents' bodies adapted with time, for a few of them, health problems persisted. It is relevant to mention that those whose bodies adjusted to nocturnal schedules found themselves physically compelled to maintain the same schedule on weekly and public holidays.

McMillin (2006), Noronha and D'Cruz (2009a), Ramesh (2004) and Singh and Pandey (2005) state that agents also consumed a lot of tea and coffee to stay awake and remain alert, especially during night shifts while cigarettes and alcohol served as stress alleviators and to counter insomnia on weekly and public holidays. Since all these problems were more common and more severe in US and Canadian processes because of the greater time difference, agents preferred UK and Australian processes.

Besides this, researchers (for example, McMillin, 2006; Mirchandani, 2004; Noronha & D'Cruz, 2006; Poster,

2007; Ramesh, 2004; Singh & Pandey, 2005) observe that there were problems related to spending time with family members, keeping in touch with relatives and friends and completing household duties. Maintaining a social life, even with those living in the same household, and pursuing leisure activities were reserved for the weekend. But here too, organizational demands for team outings, team get-togethers and office gatherings played a hindering role. Moreover, the mismatch between Indian public holidays and agents' public holidays (decided by the customer group being served) further cut into agents' opportunities to interact with their social networks. Some call center agents stated that they had neither seen nor had a meal with their family members for several weeks. Also, they missed family celebrations, gatherings and parties at home during national holidays and festivals. Losing contact with friends was frequently mentioned. In short, as Poster (2007) states, employees have much to lose in this scenario including their bodies, their mental stability, their family lives as well as their career trajectories.

**Employees have much to lose in this scenario including their bodies, their mental stability, their family lives as well as their career trajectories.**

In spite of these challenges, agents accept the situation because of their professional identity.



### **The Notion of Professionalism**

Adherence to job and organizational demands as well as discipline and priority towards work were constantly emphasized, linked to the notion of professionalism. That is, employer organizations cultivated the notion of professionalism in their agents in order to gain the latter's compliance and commitment to the realization of organizational goals. Therefore, it was not surprising that agents, while acknowledging the nature and requirements of their jobs, saw nothing amiss in their work situation, maintaining that the acceptance and fulfillment of such job-related demands formed an integral part of a professional's life. As professionals, they had to put organizational interests and work demands above their personal discomfort. They could be counted on to perform and deliver optimally and behave rationally and objectively, observing and respecting organizational requirements.

Clearly, agents' professional sense of self worked in a pervasive manner, disciplining them on the job and ensuring that they behaved objectively and rationally and performed optimally. For instance, call center agent, viewing the primacy accorded to the customer through the lens of their professional identity, accepted both the gains and demands of emotional labor. According to them, complying with the requirements associated with emotional labor was part of being professional. Moreover, agents accepted organizational directives about customer abuse, recognizing the role of client requirements, organizational sur-

vival and process retention. In fact, Poster (2007) points out that it was quite a sobering experience for her as an American to listen to the steadfast composure and professionalism of Indian employees.

**Complying with the requirements associated with emotional labor was part of being professional.**

Organizational facilities and processes as well as material gains added to agents' notion of professionalism, strengthening their compliance with and commitment to employer organizations and their requirements. Employer organizations were located in ultra-modern buildings, offering state-of-the-art infrastructure and facilities. Most employer organizations sought to provide physical work environments of international standards resembling those in the West, with some clients insisting that the call floor be an exact replica of the identical process being executed overseas. Facilities within the office premises included individual lockers, cafeterias with wide-ranging menus at reasonable prices, recreation and de-stress rooms with bean bags, computers with internet access, music systems, televisions, indoor games such as carom boards, table tennis, chess, pool, etc., video games and reading spaces. Gymnasiums, badminton courts and sleep facilities were also provided by a few organizations.

Gains from the job further nurtured agents' professional identity. Designations attached to call centre agents' tasks

such as customer care officer, call center executive, customer care executive, contact center representative and customer support executive invoked images of white-collared, professional work and upward mobility, enhancing agents' self-esteem. Further, both Noronha and D'Cruz (2009a) and Poster (2007) observe that call center agents experienced status enhancement because of association with overseas clients and customers and employment with MNC organizations, where applicable, as well as opportunities to visit client locations in foreign countries for training purposes, where applicable. Moreover, employees in this sector, particularly those working for MNC captives, MNC 3<sup>rd</sup> party and Indian 3<sup>rd</sup> party organizations, received attractive pay packages. In addition to their salary, agents received performance incentives in financial and material forms such as gift vouchers, clothes and accessories, movie and entertainment tickets, landline phone sets, cordless phone sets, mobile handsets, i-pods, DVD (digital versatile disc) players, etc. Various allowances such as food allowance, night shift allowance (for those working in the night shift), transport facilities and medical/health services (including a doctor, a counselor and a nutritionist on call) formed part of the package (D'Cruz & Noronha, 2006). That agents abhorred nomenclatures such as "cyber coolies" and "slaves on Roman ships" (Ramesh, 2004), often used to describe them, testifies to the pride they derived from their professional identity.

Apart from the type of designations used and the nature of returns provided,

the organisation's concerns for agents' professional development and career growth were mentioned. Many organisations had tie-ups with educational institutions for business administration and management courses, and agents availing of this opportunity were usually fully or partially funded by their employers. Similarly, agents reported that organizations created avenues for vertical movement. Through internal job postings (IJPs) circulated every quarter, communication about promotion opportunities was shared confirming to the fact that career growth was determined by performance and not by socio-demographic factors, seniority or intra-organizational social networks. Organizational claims that merit and objectivity influenced promotion decisions were interpreted by agents as testimony of its professional orientation (D'Cruz & Noronha, 2012).

**It is a common practice to address everyone, including one's superiors, by first name in a call centre organization, thereby downplaying hierarchy and promoting integration.**

Creating an atmosphere of congeniality and camaraderie, particularly between superiors and subordinates, testified to the organization's professional orientation. It is a common practice to address everyone, including one's superiors, by first name in a call centre organization, thereby downplaying hierarchy and promoting integration. Indeed, agents reported instances where employees were

reprimanded for using prefixes such as “sir” or “madam” when interacting with their superiors. Yet, behaving disrespectfully and overstepping boundaries is not tolerated.

The professional approach adopted by call centre organizations extended to employee redressal opportunities. Indeed, call center organizations prided themselves on the number and nature of grievance avenues they provided their agents with. According to them, in keeping with a professional style of management, openness of communication in terms of content, form, style and route were valued. Therefore, in addition to periodic employee satisfaction surveys, skip-level meetings and open fora with superiors, employees with grievances could approach anyone in the organization whether the CEO, the TL or someone in between via email, letters, telephone conversations or face-to-face meetings. That the professional atmosphere in the organization precluded the complainant’s victimization was strongly emphasized (D’Cruz & Noronha, 2012).

Under such circumstances, not only did agents feel valued and empowered, considering employers in a positive light and displaying greater commitment to them, but also any third party intervention including legal protection and collectivist groups were seen as redundant. In other words, with their employers taking such great care of their interests, alternative mechanisms were not required.

**With their employers taking such great care of their interests, alternative mechanisms were not required.**

### **The Challenges**

ITES-BPO employees were not in favor of collectivization in spite of acknowledging the oppressive environment they worked in. Indeed, positive aspects of their work experience outlined above, especially their professional identity, coupled with the perception that such gains were not available in other employment opportunities sealed their view on the matter. Overall, ITES-BPO employees’ stand was similar to that of the employers who emphasize that sophisticated human resource management (HRM) strategies take care of their interests.

Agents also demonstrated an aversion towards the tactics adopted by traditional unions which to their minds, were not in keeping with professional behavior. As some of them specified, call center agents conducted themselves with dignity while sloganeering, picketing and striking were unbecoming of professional demeanor (Noronha & D’Cruz, 2006; Noronha & D’Cruz, 2009b). That employer organizations do not recognize trade unions further complicates the perspective meted out to agents. Agents were even told by their employers that their association with the unions could result in their being dismissed from their jobs. Consequently, they feared adverse reactions, including dismissal, should their employers learn about their links with a

union. Finally, agents' opinions were influenced by organizations' emphasis that unions would hamper the growth of the Indian ITES-BPO sector, with implications for employment opportunities.

**The exploitation and abuse associated with the oppressive work environment violated employee rights and called for intervention.**

Nonetheless, recognizing the de-personalized bullying (D'Cruz & Noronha, 2008) present within the sector, senior trade unionists and labor activists from other sectors took the lead to initiate collective action here. In their opinion, notwithstanding the benefits ITES-BPO employees received from their jobs, the exploitation and abuse associated with the oppressive work environment violated employee rights and called for intervention. These leaders, largely from the telecom sector, were backed by UNI (Union Network International - a global union federation [GUF] of national and regional trade unions worldwide organizing in industries linked to skills and services [GUFs were earlier known as international trade secretariats/ITS]) and its Asia-Pacific Regional Office (UNI-APRO), played an active role in the formation of UNITES Professionals in September 2005 (Noronha & D'Cruz, 2009 a; b).

Senior union leaders associated with UNITES recognized the importance of having to work within the framework of ITES-BPO employees' espousal of the professional identity which was subtly captured in the name of the new collec-

tive. Responding to these circumstances, senior unionists acknowledged the need to move away from the conventional protest and grievance handling functions of unions, to engage in social dialogue and partnership with management while continuing to champion issues of employee rights, justice, fairness and well-being.

In keeping with this goal the ITES-BPO employees at the founding convention unanimously agreed that all UNITES office bearers who had no prior exposure to or experience in collective action would be provided with training in industrial relations, collective bargaining, labor laws, organizational behavior, human resource management and leadership. Further, for effective and efficient functioning, good governance and active participation, UNITES resolved to hold regular meetings, free and fair elections and function democratically. All UNITES chapters set membership targets to be achieved through social gatherings, general workplace campaigns and by organizing specific events that were relevant to employee interests. Further, all chapters agreed to regularly exchange ideas and views by organizing periodic state and national conventions, promoting and publicizing activities of all chapters and engaging in and facilitating web-based interaction with and between members/ITES-BPO employees. In addition to liaison with Indian and international trade unions to strengthen the collectivization movement in general, UNITES professionals resolved to also work with national and international NGOs and social movements in a bid to promote the well-being of all people across the globe.

Following the founding convention, committee members across UNITES chapters began to work enthusiastically to realize the organization's agenda. Getting registered, securing membership and initiating activities formed the point of departure. Adopting a brand marketing approach UNITES highlighted its affiliation with a global union UNI. UNITES's office-bearers believed that this was an appropriate way to reach out to and connect with an upwardly mobile, middle-class oriented, Western influenced, individualistic group of ITES employees. In terms of activities, UNITES's organizational achievements include its campaign for employee safety in the aftermath of the tragic rape and murder of Bangalore-based Hewlett Packard (HP) employee Pratibha Murthy, its representation of employees of the Bangalore-based company BelAir who had been summarily dismissed without pay, successful intervention to support employees of a third-party centre in Noida in their efforts to secure payments that had been denied, its negotiation of four collective bargaining agreements (although these arrangements were confined to small and medium enterprises) in the domestic sector and its advocacy role in individual cases (Taylor et al, 2008).

Notwithstanding the commitment and motivation of UNITES's office-bearers and the influence and guidance of senior unionists and activists, a five year on-going follow-up of UNITES's achievements reveals a limited effectiveness. This was mainly due to lack of government support of registration of the new union, employers antipathy,

lukewarm response from employees, weakness in organizing and internal trade union rivalry.

**A five year on-going follow-up of UNITES's achievements reveals a limited effectiveness.**

Committee members reported that their efforts towards registration were stalled by the government response that, for the ITES-BPO sector, such a step was not possible at the national level but should be undertaken at the state level. Though baffled by this response, committee members pursued state-wise registrations for each chapter. Despite their best attempts, UNITES was successful in registering itself only in the state of Karnataka where it secured legal status under the Trade Disputes Act (1926) through the Labor Commission of the state (Taylor et al, 2008). Expressing bewilderment over the government responses, UNITES's office-bearers maintained that the inability to register chapters was an impediment to mobilizing membership in other cities.

Besides, government apathy, mobilizing membership was impeded by the employee self-concept of being 'professional' and participants did not consider themselves to fall within the purview of collectivization endeavors. Not surprisingly, the UNITES membership base was limited but the exact number of members remains hazy. Fear of losing one's job or having one's name blacklisted on NASSCOM's database due to association with a union, also contributed strongly



to participants' reluctance. Not surprisingly then, in cases where participants were unhappy due to actual or perceived violation(s) of their rights, they preferred to quit the employer organization and take up fresh employment elsewhere rather than seek redressal even with union support. UNITES's office bearers underscored the predominance of self-interest in ITES-BPO employees, emphasizing that neither UNITES's members nor other ITES-BPO employees who approached them were willing to make any personal sacrifice or compromise to facilitate collectivization endeavors.

**Neither UNITES's members nor other ITES-BPO employees were willing to make any personal sacrifice or compromise to facilitate collectivization endeavors.**

Where employees express interest in or become members of UNITES, subscription becomes an issue. They either pay nothing or only part of the membership fee, making the expectation of larger donations redundant. UNITES's office bearers shared that though their annual membership is just Rs. 60/-, employees were reluctant 'to put their money where they do not see a major achievement' while at the same time expected action and outcomes. Though the basic underlying factor for this appears to be an inappropriate strategy (in connecting with ITES-BPO employees), sustainability therefore becomes a challenge. UNITES's reluctance to charge membership subscriptions also pre-empted the possibility of building up a member-driven

and member-sustained organization capable of independent survival.

Approaching employees directly by visiting workplaces was not considered a viable option for mobilizing membership. Apart from restrictions of access and surveillance and the constraints of pick-ups and drops, even waiting outside/near workplaces held no promise because of employees' mind-sets. Exploring alternate means of reaching out to and representing ITES-BPO employees was considered the way forward. With the internet serving as a platform, e-publicity, web-based interaction and e-signature campaigns were actively pursued. Nonetheless, UNITES's office-bearers claimed that e-publicity brought much traffic to UNITES's website. Yet very few of these converted to actual members who paid even a partial subscription fee. Our research on workplace bullying in the ITES-BPO and IT sectors highlights that UNITES was not heard of by most targets even in Bangalore where these industries are concentrated and where UNITES is head-quartered, indicating that even internet-based efforts did not result in building a widespread and well-known reputation among ITES-BPO employees.

**Our research on workplace bullying in the ITES-BPO and IT sectors highlights that UNITES was not heard of by most targets even in Bangalore.**

Speaking to the press and TV channels, maintaining a website and conduct-



ing print and electronic campaigns neither generated a large-scale and popular image among the general public nor struck a chord to catalyze ITES-BPO employees. As Taylor and Bain (2008) argue, publicity is a pre-requisite for growth but cannot substitute a mobilized membership which is a union's key resource in its quest for effectiveness. In UNITES's case, given that publicity campaigns did not contribute to creating a public recognition, leave alone building a membership base, there is a need for further reflection on how to reach out to and connect with ITES-BPO employees.

While UNITES envisaged employer partnerships managed via social dialogue, collaboration and constructive engagement, employer organizations refused to interact with them. Seeing unions as unfavorable entities that would vitiate the conducive sectoral climate and discourage foreign investment, prompted employers not only to ignore UNITES but also to render extra-organizational interventions redundant through the aforementioned socio-ideological controls and inclusivist and exclusivist HRM strategies. Though employers adopted an anti-union stand essentially to protect organizational identity, autonomy and boundaries as they considered union linkages to represent unwanted outside influence, popular perceptions of unions as anti-social, disruptive and violent also contributed keeping employees aloof. Under such circumstances, it is not surprising that UNITES was unable to forge any GFAs with foreign MNCs based in India. UNITES's office-bearers shared that even junior and middle managers here refused to meet them in spite

of their being accompanied by UNI and UNI-APRO officials who had worked out GFAs with the overseas offices of these same corporations.

**Even junior and middle managers here refused to meet them.**

At the same time, external linkages with Indian and international unions were not sufficiently effective. International trade union influence on UNITES, beyond its genesis, arose mainly from UNI and UNI-APRO. UNITES was affiliated to and received funding from these bodies. Yet the relationship did not move further than affiliation and funding, failing to capitalize on UNI's and UNI-APRO's transnational presence and emphasis on IFAs. Interactions with UK unions such as UNISON and UNITE not only remained at the leader level but also fell short of coming together and initiating action on issues of common interest. Moreover, the pursuit of community unionism was still-born.

Underlying this bleak assessment of UNITES's initial five years appears to be impacted by the internal functioning of UNITES's committee. Apart from meetings not being held regularly, ad-hocism characterized the composition of the committee whose operations remained concentrated in the office bearers at Bangalore. Consequently, office bearers were not only removed and/or replaced but also exchanged positions between themselves. Such changes took place arbitrarily without elections and member consultation. Moreover, training

in industrial relations, collective bargaining, labor laws, organizational behavior, human resource management and leadership, as envisaged during the founding convention, was not provided either. Internal dynamics took a turn for the worse in early 2011, resulting in a rift between the President and the Secretary, affecting organizational functioning. Since 2011, quite unfortunately there has been a lot of internal conflict within the office bearers bringing UNITES activities to a virtual standstill.

### **Individualized Resistance**

Although the above narration points to the weakness of collectivization of the ITES-BPO sector, D'Cruz and Noronha (2006) hold that the techno-bureaucratic controls and the socio-ideological controls stressing professionalism do not go uncontested. Agents worked out ways and means of resistance, making the disciplinary logic of professionalism, combined with techno-bureaucratic control, an imperfect form of governance. For instance, extending the call wrap-up time during which relevant information from the phone conversation is keyed into the system, altering their position in the call distribution queue by pressing the release button on their phone, entering wrong customer email addresses into the system if the call did not proceed satisfactorily, extending restroom breaks, unnecessarily transferring customers' calls and delaying the disconnection of calls were some of the ways in which a few agents got some breathing space. Further, customer abuse was dealt with either by placing the phone in mute mode and cursing the cus-

tomers aloud in the presence of team members or by pressing the mute button and enabling the loudspeaker so that the team could collectively listen to, make fun of and enjoy the customer's tirade. Agents were able to decipher when their calls were being monitored either because of an echoing or beeping sound that accompanied such activity or from the call monitoring data sheet, and they would take special care to ensure their optimal performance during that time. In their own words, "they played the game once they got a hang of it". Sometimes, agents also helped ease their team members' strain. That is, when agents filled in for TLs who for some reason, could not monitor calls, they manipulated the entire system by telling their team members to give a list of calls on which they had performed well (Noronha & D'Cruz, 2009a).

### **Conclusion**

The SLAs between the client and the employer organization laid down the process and outcome requirements of the project. To suit their foreign customers call center participants had to meet various performance criteria all of which were constantly monitored via techno-bureaucratic mechanisms. Asking agents to stay beyond the shift hours, to work with shorter breaks and implementation of strict login hours and attendance was not uncommon. Failure to meet these expectations resulted in warnings, blocking of salary accounts, non-issuance of experience certificates or termination. Moreover, night shifts did not allow employees time to take care of their family chores or attend social gatherings with

friends and relatives. However, defining themselves as professionals, ITES-BPO employees showed little interest in collectivization endeavors even while acknowledging their oppressive work environment (Noronha & D’Cruz, 2009b).

**Defining themselves as professionals, ITES-BPO employees showed little interest in collectivization endeavors even while acknowledging their oppressive work environment.**

Union leaders organizing call center employees tried to form a union which accounted for this ‘professional’ identity by stressing on social dialogue, partnership, democratic functioning, member involvement, regular meetings and training of office bearers that would be a break from how traditional Indian unions operated. Though initially UNITES showed promise, in the long run it failed to exploit the contradiction inherent in the term ‘professional’ as espoused by employers, nor did it adequately respond to this socially constructed identity (Noronha & D’Cruz, 2009b). More than government apathy and employer antipathy, it was the dissipation of the initial enthusiasm of organizing ITES-BPO employees that hindered union formation. The undemocratic functioning, financial weakness (because of the dependence on foreign funds rather than on member subscription), inadequate mobilizing skills of office bearers, internal rivalry and concentration of power in the hands of the Bangalore leadership that resulted in the ineffectiveness of UNITES. To conclude

UNITES not only failed to make a break from the past but also failed to leave its imprint on the memory of its constituency.

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## By Contribution

# What Explains Wage in India ?

**Krishna M. & Bino Paul G. D.**

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*This paper explores the major determinants of wages in India, drawing cues from National Sample Survey 66th round unit level data. To assess the major factors that impact wages, the authors take into account, in addition to the conventional independent variables that cover household, personal, and labour market characteristics, the general well-being of population, which, in practice, is encapsulated by a composite measure called Human Development Index (HDI). The analysis is limited to those who receive wages on a regular basis and who fall in the age group of 15-59. The empirical results show that wages in India are bound up with not only economic factors, but also identities such as sex and caste.*

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## Introduction

‘What explains wage’ has featured prominently in the literature on labor economics for the last four decades, receiving scholarly attention from academia, researchers, and policy makers (Groshen, 1990). In a competitive labor market, according to conventional wisdom, firms pay wages that result from the conflicting interests between the demand for and the supply of labor. More specifically, if the demand for labor exceeds the supply of labor, wages tend to increase in the labor market, and vice versa. Within the broad spectrum of demand and supply, a pertinent issue that has received tremendous scholarly attention relates to why workers are paid differently (Mortensen, 2003). Intuitively, the prevalence of wage differentials in various segments of the labor market can primarily be attributed to two distinct reasons: first, workers employ in sundry economic activities that are not unique in nature; second, workers are profoundly heterogeneous, consisting of different level of skills and knowledge with which they perform their work. Economists too emphasize that the market-determined wage is a function of skills and knowledge acquired through



schooling and training, broadly termed as human capital<sup>1</sup> (Schultz, 1961; Becker, 1962; Mincer, 1974). In other words, the factors such as years of schooling, age, and years of labor market experience account for a significant part of the variation in wages. More aptly, the proportion of wage variation is largely explained by human capital, which primarily emanates from the years of investment in schooling. In a nutshell, workers are distinct from each other and each worker possesses a unique set of skills and abilities. Quite clearly, the skills and abilities that the workers possess play not only a critical role in the entry of the labor market, but a crucial role in explaining wage differentials.

**The skills and abilities that the workers possess play not only a critical role in the entry of the labor market, but a crucial role in explaining wage differentials.**

However, from a pragmatic point of view, it is widely acknowledged that the major components of human capital may have limits in capturing much of the variations in wage, when household, personal, labor market dualistic identities such as male-female, rural-urban, formal-informal, backward-forward castes, higher-lower order occupations, and services-other activities generate critical

heterogeneity in the distribution of wages<sup>2</sup> (Livingstone, 1987; Groshen, 1990). For instance, taking cues from Groshen (1990), the conventional human capital variables – years of education, age, and age squared – account for slightly over one-fourth of the variation in wages. Typically, 6 per cent of the variation in wages can be attributed to the personal and household characteristics such as race, sex, and so on. Hence, identifying the determinants of wages not only captures the theoretical obfuscations in defining a wage function but also provides insights that pave the way for an effective policy formulation. Against this backdrop, our attempt in this paper is to identify the major explanatory variables of wages in India.

#### Data Source

To derive a wage function at an aggregate level, we use NSS 66<sup>th</sup> round unit level data, which was conducted from July 2009 to June 2010. At the unit level, the NSS 66<sup>th</sup> quinquennial round that includes household, personal and labor market characteristics covers 12 levels of database. For the present analysis, we consider following 4 distinct levels: level 2, level 4, level 5 and level 7. Level 2 consists of household aspects such as religion, social group, land owned, and financial status, whilst level 4 and 5 present demographic and employment status at individual level. Level 7, which constitutes a central part of this study, covers the details of wage and salary of workers. Our analysis begins by generating a spread-

<sup>1</sup> Schultz, Becker, and Mincer contributed much of the literature on human capital. Schultz (1961) identified five sources of human capital: (i) health facilities and services (ii) on the job training (iii) education level (iv) study program for adults (v) and migration

<sup>2</sup> See, 'Global Wage Report 2010/2011(2010).



sheet for each level with varying sample size. The merger of four level-specific spreadsheets is done using key identification items -first stage sampling unit (FSU) serial number, hamlet-group/sub-block number, household serial number, level number and item/person serial number. It is important to note that workers who are engaged in the employment status of self-employed and casual labor are ruled out from the analysis, owing to the prevalence of sparse wage data<sup>3</sup>. Further, within the group of regular wage/salaried workers, we limit our analysis to workers aged between 15 and 59. To identify the major variables that explain wages, we consider the following independent variables: type of employment, sex, sector, age, years in general education, technical education, number of workers in the enterprise, economic activity, occupation, social groups, and human development of the states (HDI). While age, general education, and human development are continuous variables, the remaining are binary categorical variables. Table 1, which depicts the wage function of regular wage/salaried workers<sup>4</sup> at an aggregate level, shows the

degree to which wages are influenced by personal and labor market characteristics.

### **A Wage Function**

The status of employment in India is classified into two: formal and informal. While the former absorbs a small percentage of workforce, the latter covers a substantial size of India's workforce employed in both organized and unorganized enterprises, which according to India Labor Market Report 2009, accounts for around 93 per cent. The core difference between formal and informal employment is that the former type provides entitlements like social security, albeit heterogeneity in type of employers<sup>5</sup>, while informal employment seems to be niggardly in provisioning social security and entitlements, which are entailed to ensure conditions for decent work. Our result suggests that workers who belong to the formal category, on average, earn about 54 per cent more than informal workers. Quite interestingly, formal-informal dichotomy is significantly discernible across social groups, sex, age, technical education, number of workers in the enterprise, economic activity, occupation, and HDI of states<sup>6</sup>.

<sup>3</sup> Unlike casual and regular wage workers, self-employed workers engage in own-account enterprises with one or a few associates, and the decisions such as how to produce, for whom to produce and when to produce are taken by the self-employed. A clear distinction between wage and profit cannot be made in case of the self-employed. For casual wage laborers, there is no consistent stream of wage earnings (NSS Report No. 537: 2009-10).

<sup>4</sup> Regular wage or salaried workers include those who are employed in farm or non-farm enterprises and receive wages on a regular basis, excluding those who receive wage on daily basis (NSS Report No. 537: 2009-10).

<sup>5</sup> Public sector/government employment in India appears to be far more generous in providing social security and other entitlements, while private sector, barring a few exceptions, is not notable for welfare employment models.

<sup>6</sup> Bino & Divya (2010), using unit level data of 61st NSS round, show bi-variate distributions in which formal-informal dichotomy is pitted against select household, personal and labor market characteristics. Our results seem to match these bi-variate distributions

**On average, male workers earn 25 per cent more than female workers.**

A number of empirical studies have documented the male-female wage differentials, which have long been a major area of research (Madheswaran, 2010; Agrawal, 2011). It is generally observed in Indian labor markets that, as shown in table 1, on average, male workers earn 25 per cent more than female workers and the male-female wage gap is quite glaring in rural India, as compared to urban sector. Quite clearly, male regular workers in rural India receive 39 per cent more than female regular workers and the male-female wage gap is discernibly low in urban labor market, as compared to rural labor market. Contrary to Phimister's (2005) study, which postulates that women are likely to earn more than men in an urban setting, our study indicates that the rural-urban dichotomy does not significantly alter the earning capacity for female workers. Interestingly, the differentials observed in the male-female wage earnings, to a large extent, can be attributed to three aspects: skill difference, economic discrimination<sup>7</sup>, and occupational crowding<sup>8</sup>. Evidence suggests that the skewed distribution of

human development in different states deteriorate the wage inequality between women and men (Appendix 2). It is worth noting that the hypothesis put forward by Mincer and Polachek<sup>9</sup> shows that the women, on average, tend to acquire less human capital than men because of their time allocation in household sector, leading to a discontinuity in women labor supply over the life cycle. In fact, the discontinuity from the labor market negatively influences the human capital formation and wage earnings.

Although the coefficient of age is statistically significant and positive, the coefficient of age-squared is negative, which reflects the concave relationship between age and wage. In other words, as age increases, workers tend to acquire more knowledge and firm specific skills, which in effect, command higher returns. Over a period of time, the increase of workers' age coupled with the accumulation of specific human capital does not contribute a discernible change in wage earnings; rather, wages tend to decline. Interestingly, this result holds true for both rural and urban sectors. However, this pattern may have extremely limited applicability to invisible, but regular feminine occupations like domestic work<sup>10</sup>.

Not surprisingly, a number of studies in India have suggested that wages and years of schooling –be it general or tech-

<sup>7</sup> Economic discrimination occurs when workers receive different wages, although their skills and abilities are same.

<sup>8</sup> Occupational crowding hypothesis posits that the wage gap by gender occurs when men or women disproportionately concentrate on some specific occupations, which does not necessarily be the outcome of discrimination, but resulting from a social environment. See Sorensen (1990): 55-89

<sup>9</sup> Mincer & Polachek (1974)

<sup>10</sup> Bino et al(2011), based on a sample survey of domestic workers in Mumbai, report that abysmally low average wage for women domestic workers, with scarce vent for plotting a good fit between age and wage.

nical- are positively related, implying that more years of schooling brings about an increase in wages (Tilak, 1987; Duraisamy, 2002; Madheswaran & Attewell, 2007; Agrawal, 2011). Strictly, the lower levels of education yield better returns and as it goes up, returns to education tends to decline. Taking cues from Duraisamy (2002), the rates of return to education show an increasing trend up to secondary, thereafter it tends to diminish. With a view to estimate the effect of an additional year of investment in schooling on wage, we find the returns to education for two distinct levels of education –general and technical. The results suggest that the returns to technical education are higher than that of general education. The financial returns to higher education in India, represented by years of general education square do not seem to be impressive, albeit significant and positive. The results hold true for both rural and urban India, albeit varying the degree of coefficients.

**The rates of return to education show an increasing trend up to secondary, thereafter it tends to diminish.**

How does firm size determine wage? Horowitz (1974) argues that workers employed in small firms, where the size of employment is relatively less, are more likely to experience job losses, and are highly motivated to work without an increment in wages. Unlike small firms, large firms, owing to complexity emanates from its organizational structure, tend to adopt sundry incentive mecha-

nisms, a higher wage in particular, to motivate workers. Consistent with this finding, our study shows that the coefficient of number of workers in the enterprise is significant and positive, implying that workers in firms employing 10 or above workers earn 31 per cent more than workers employed in firms having less than 10 workers. Leaving aside these intra-organizational reasons, labor market institutions such as labor laws<sup>11</sup>, the formality of employment, which is associated with higher wage and entitlements is directly related to the size.

Over the last two decades, Indian economy has witnessed tremendous structural changes at both macro and micro levels. The most striking is that the share of agriculture in the GDP, which was hovering around three-fourth in the 1950s, has declined drastically, and the services sector such as banking, telecommunications, and information technology has been increasingly contributing to the growth of the Indian economy, accounting for major proportions of growth in GDP. It should be noted that the structural change<sup>12</sup>, as a matter of fact, has widened the inequality in the distribution of wage earnings. For instance, as shown in table 1, workers employed in tertiary sector, on average, earn about 15 more than manufacturing and agriculture work-

<sup>11</sup> Dutta & Milly (2007)

<sup>12</sup> Although this change is not in consistent with received view of first primary, then secondary, and finally tertiary acting as the principal axes of economic growth.

<sup>13</sup> In this aggregate, manufacturing constitutes the majority. The regular workforce in agriculture is confined to commercial farms and plantations.

ers combined<sup>13</sup>. This is due to the following two reasons. First, unlike self-employed agricultural or casual workers, those who are employed in tertiary sector are mostly regular wage or salaried workers. In India, the average daily wages of regular workers are higher than that of casual and self-employed workers. Second, the discrepancy in wage earnings, to a great extent, stems from the fact that there are considerable differences in the human capital, primarily in years of schooling. For instance, in India, participation in regular wage or salaried labor requires, on average, 9 years of schooling, as compared to 5.9 for the self-employed and 3.4 for casual workers<sup>14</sup>.

The one-digit classification of National Classification of Occupation 2004 identifies 9 broad types of occupations: managers, professionals, technicians, clerks, service workers, skilled agricultural and fishery workers, craft and related trade workers, plant and machine operators and assemblers, and elementary occupations. Of these, the first three occupations –managerial, professional and technical – are considered as highly skilled and abbreviated as *PMT* for the purpose of analysis. Elementary occupations, albeit low-skilled, are encompassed with the remaining occupations and termed as *others*. Obviously, as shown in table 1, *PMT* workers earn one-fourth more

than others in the occupational division and the variation in wages of *PMT* workers is largely due to their experience in the labor market and acquisition of specific skills. Taking cues from Pissarides and Wadsworth (1994), workers employed in low-skilled occupations are inclined to change job frequently to maximize prospective wage earnings resulting from the investment in specific skills, which in effect is the outcome of investment in search<sup>15</sup>, generating discreteness in the path of wages.

**The category of SCs, STs, and OBCs, on average, earn 4 per cent less than general caste.**

Does caste matter in the determination of wages? In India, caste appears to be one of the most discernible sources of stratification and, in effect, the hierarchical structure of the caste system coupled with occupational division plays a significant role in the labor market outcomes. A plethora of empirical studies examined the degree of wage discrimination in Indian labor market, showing that SCs/STs are increasingly being discriminated from the labor market (Banerjee & Knight 1985; Madheswaran & Attewell, 2007; Thorat *et al* 2009; Deshpande, 2010; Madheswaran, 2010). And the empirical estimates of Das and Dutta (2007) show clearly that caste is

<sup>14</sup> Based on NSS 61st round, the report published by 'National Commission for Enterprises in the Unorganized Sector' computed the mean years of schooling for different segments of workers.

<sup>15</sup> Krishna & Bino (2012), based on unit level data of 66th NSS round, show that propensity to search is less for *PMT* workers, as compared to non-*PMT* workers.

an important determinant of wages in India. Our result<sup>16</sup>, which is quite consistent with Das and Dutta, suggests that the category of SCs, STs, and OBCs, on average, earn 4 per cent less than general caste. What accounts for this differential? A recent study by Deshpande (2010), by way of selecting 172 students who were about to finish their post-graduate degrees from three prominent universities in Delhi -Delhi University, Jawaharlal Nehru University, and Jamia Milia Islamia- provides a detailed account of how caste background influences the various aspects of labor market outcomes such as wage, jobs, and search methods. Interestingly, the study shows that while a majority of students, who fall in the reservation category, expect to find out their ideal jobs in the public sector, implicitly reflecting the role of the affirmative action, a number of non-reserved students look for jobs in the buoyant sectors, in particular business field. The differential in the labor market outcomes is due in large part to the fact that there exist considerable differences in family wealth that comprises family business, family connections, social capital and parental education of non-reservation and reservation students.

<sup>16</sup> In Banerjee & Bucci's (1995) study, caste is a dummy variable, where 1 if scheduled caste and 0 otherwise. Similarly, Das & Dutta's (2007) estimates on the role of caste in the wage determination rule out STs in their analysis owing to definitional and empirical issues. STs are distinct from SCs in many respects, particularly in terms of the type and nature of employment. However, in classifying the social identities, our analysis does not strictly adhere to this category put forward by earlier attempts in this field.

**While states with low human development report the lowest household incomes, states with high development are endowed with better employment prospects and income status.**

The overall human well-being of a state, which is represented in terms of human development index consisting of three broad indicators –health, income and education- has significant impact on wages. Our study shows clearly that the overall human development and wages are positively related, suggesting that wage earnings tend to scale up in tandem with the improvement of human well-being. For instance, the average per day wage of regular wage / salaried workers, who fall in the age group of 15-59 years, in high human development states like Chandigarh, Kerala, Lakshadweep, Mizoram, and Delhi, is higher than that of states with low human development such as Orissa, Bihar and Uttar Pradesh<sup>17</sup>. Consistent with this finding, a recent study by Desai *et al* (2010) also show that while states with low human development report the lowest household incomes, high development are endowed with better employment prospects and income status (Appendix 2). According to a recent UNDP report (2010), low human development coupled with high degree of inequality tends to generate imbalance in the economic outcomes. More importantly, a great deal of inequality in wage earnings across various types of workers in

<sup>17</sup> NSS Report No. 537: Employment and Unemployment Situation in India, 2009-10.

India can be minimized, if states play a bigger role in enhancing the capability of human beings.

### Emerging Issues & Challenges

The results presented in table 1 raise some serious challenges to the conventional notion of viewing wage as a func-

tion of merely human capital variables such as age and education. A salient feature of human capital theory is that a great deal of disparity in wage earnings can be explained by differentials in human capital. This leads to ask an important question: what explains human capital? Although there are considerable sources of human capital formation, much of the

**Table 1 Regression Analysis of Log Weekly Wages of Regular Employees**

Independent variables	Coefficient (Overall)	Coefficient (Rural)	Coefficient (Urban)
Constant	4.66*** (.084)	4.78*** (.128)	4.52*** (.111)
Type of employment (=1, if formal; 0, otherwise)	.535*** (.016)	.699*** (.024)	.428*** (.022)
Sex (=1, if male; 0, otherwise)	.258*** (.018)	.367*** (.025)	.178*** (.024)
Sector (=1, if rural; 0, otherwise)	-.178*** (.013)	-----	-----
Age	.061*** (.004)	.037*** (.006)	.073*** (.005)
Age <sup>2</sup>	-.001*** (.000)	-.000*** (.000)	-.001*** (.000)
General education (in years)	.008 (.005)	.005 (.008)	.009 (.006)
General education (in years) <sup>2</sup>	.001*** (.000)	.002*** (.000)	.001*** (.000)
Technical education (=1, if yes; 0, otherwise)	.126*** (.021)	.127*** (.029)	.141*** (.028)
Number of workers (=1, if 10 and above; 0, otherwise)	.103*** (.013)	.170*** (.019)	.084*** (.020)
Economic activity (=1, if tertiary, 0, otherwise)	.105*** (.016)	.148*** (.027)	.083*** (.020)
Occupation (=1, if PMT; 0, otherwise)	.189*** (.016)	.167*** (.023)	.194*** (.021)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.062*** (.012)	-.052*** (.019)	-.076*** (.017)
Human Development Index (HDI)	.621*** (.060)	.573*** (.084)	.611*** (.084)
Sample size	15,027	6,110	8,917
R-squared	0.40	0.50	0.34

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error.

\*\*\*indicates that coefficient are statistically significant at 1per cent level.

Source: Computed by authors based on unit level data, NSS 66<sup>th</sup> round, 2009-2010



empirical studies that attempt to trace factors accountable for the variation in wage earnings focus on two core aspects: education and training. A pertinent question is: to what extent education and training account for the variation in wages? It is acknowledged that, as pointed out by Schultz (1961:9) “except for education, not much is known about these activities that is germane here”.

**Over three-fifth of the variation in log weekly wages are not explained by the given explanatory variables.**

Table 2 presents a summary of results of 5 groups that comprise different variables. In fact, group 1, which largely comprise human capital variables, indicates that slightly above one-fourth of the variation in log wages are explained by education, be it general or technical, and age. It is worth noting that adding two variables to the human capital –number of workers in enterprise and occupation

–increases explanatory power by 3 per cent. In addition to group 1 and group 2 variables, group 3, which includes sector, explains 1 per cent. Interestingly, group 4, which includes demographic variables such as sex, accounts for just 1 per cent. It is striking that over three-fifth of the variation in log weekly wages are not explained by the given explanatory variables. Empirical evidence suggests that a significant proportion of the unexplained part in the variation of wages can be attributed to the employer and firm-related characteristics<sup>18</sup> such as sourcing of employees, location of workplace, union membership, employee-em-

**A Significant proportion of the unexplained part in the variation of wages can be attributed to the employer and firm-related characteristics.**

<sup>18</sup> The problem with the NSS data is that employment status is obtained through household surveys, lacking in-depth industry-specific information.

**Table 2 Regression Results of Regular Employees’ Wages**

Group	Explanatory variables	Changes in wages explained (R-squared)
1	Years of general education, Technical education, Age, Age-squared	.29
2	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation	.33
3	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status	.38
4	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status, Sex, Social groups	.39
5	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status, Sex, Social groups, Activity, HDI	.40

Dependent variable: log weekly wage and number of observations: 15,027

Source: Computed by authors based on unit level data, NSS 66<sup>th</sup> round, 2009-2010

ployer relationship, and organizational structure (Groschen, 1990). What is essentially important is that, as Stigler (1962:103) put it: “The information a man possesses on the labor market is capital: it was produced at the costs of search, and it yields a higher wage rate than on average would be received in its absence”. Equally important is that the means of job access - be it formal or informal- that primarily emanates from the investment in social capital triggers off a slight variation in the labor market outcomes.

**The information a man possesses on the labor market is capital.**

### Concluding Remarks

The purpose of this paper has been to identify the major determinants of wages in India, based on NSS 66<sup>th</sup> round unit level data. By way of combining different variables, which broadly cover the household, personal, labor market characteristics, the results of our paper tend to suggest that wage function in India is bound up with conventional variables predicted by human capital theory, personal and social dualistic identities, and human development. As emerging in this paper, proportionate change in wage in India seems to be largely explained by HDI of states, and the type of employment while other variables, albeit statistically significant, lie in the lower tier in the hierarchy of explanation. It is important to note that perhaps the model presented in this paper, if applied to a region with homogeneous HDI distribution, may not be as obvious as our results. Further, it is to be

reiterated that, in India, the formal-informal duality has been remaining distinctly glaring with visible skewness in wage distribution.

Clearly, we raise an important challenge to conventional notion of representing wages as merely the outcome of human capital, the years of schooling in particular; rather, as shown by the patterns, wages seem to be directly related to HDI. An important policy implication of our research is that states by designing appropriate public and social policies for human development can trigger off progress towards mitigating deficits in decent work. However, the complexity of wage differential, emanating from overlapping dualistic identities, entails active participative social-democratic institutions to work towards equitable employment scenarios, which may not be the principal agenda of conventional demand-supply forces in the labor markets.

**By designing appropriate public and social policies for human development can trigger off progress towards mitigating deficits in decent work.**

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**Appendix 1 Regression Analysis of Log Weekly Wages of Formal & Informal Workers**

Independent variables	Coefficient (Formal workers )	Coefficient (Informal workers)
Constant	5.12*** (.148)	4.53*** (.115)
Sex (=1, if male; 0, otherwise)	.176*** (.023)	.367*** (.025)
Sector (=1, if rural; 0, otherwise)	-.015 (.016)	-.307*** (.019)
Age	.061*** (.007)	.067*** (.006)
Age <sup>2</sup>	-.000*** (.000)	-.001*** (.000)
General education (in years)	.014 (.009)	.014** (.007)
General education (in years) <sup>2</sup>	.001*** (.000)	.001* (.007)
Technical education (=1, if yes; 0, otherwise)	.155*** (.023)	.098** (.044)
Number of workers (=1, if 10 and above; 0, otherwise)	.199*** (.018)	.080*** (.020)
Economic activity (=1, if tertiary, 0, otherwise)	.167*** (.026)	.070*** (.019)
Occupation (=1, if PMT; 0, otherwise)	.218*** (.021)	.132*** (.022)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.077*** (.017)	-.047** (.019)
Human Development Index (HDI)	.313*** (.078)	.788*** (.090)
Sample size	6785	8242
R-squared	0.2535	0.1912

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error.

\* \*\* \*\*\* indicate that coefficient is statistically significant at 10, 5 and 1 per cent respectively

Source: Computed by authors based on unit level data, NSS 66<sup>th</sup> round, 2009-2010

**Appendix 2 Regression Analysis of Log Weekly Wages of Regular Employees**

Independent variables	Coefficient (High Human Development )	Coefficient (Medium Human Development)	Coefficient (Low Human Development)
Constant	5.51*** (.178)	4.83*** (.106)	5.19*** (.111)
Employment Status (=1, if formal; 0, otherwise)	.413*** (.035)	.553*** (.022)	.566*** (.029)
Sex (=1, if male; 0, otherwise)	.229*** (.035)	.267*** (.025)	.281*** (.033)
Sector (=1, if rural; 0, otherwise)	-.119*** (.013)	-.167*** (.018)	-.225*** (.023)
Age	.056*** (.009)	.070*** (.006)	.049*** (.007)
Age <sup>2</sup>	-.000*** (.000)	-.001*** (.000)	-.000*** (.000)
General education (in years)	.001 (.014)	.009 (.007)	.011 (.008)
General education (in years) <sup>2</sup>	.001** (.002)	.001*** (.000)	.001* (.000)
Technical education (=1, if yes; 0, otherwise)	.096** (.042)	.134*** (.029)	.102** (.044)
Number of workers (=1, if 10 and above; 0, otherwise)	.031 (.030)	.136*** (.020)	.089*** (.025)
Economic activity (=1, if tertiary, 0, otherwise)	.135*** (.039)	.125*** (.020)	.055* (.031)
Occupation (=1, if PMT; 0, otherwise)	.109*** (.034)	.234*** (.023)	.173*** (.029)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.191*** (.029)	-.040** (.018)	-.020 (.025)
Sample size	2,659	7,902	4,466
R-squared	0.34	0.40	0.41

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error

High Human Development- if HDI is 0.7 and above; Medium Human Development- if HDI is between 0.6 and 0.699; Low Human Development- if HDI is below 0.599

\* \*\* \*\*\* indicate that coefficient is statistically significant at 10, 5 and 1 per cent respectively

Source: Computed by authors based on unit level data, NSS 66<sup>th</sup> round, 2009-2010

## By Contribution

# Urban Informal Sector: The Work Culture of Silversmiths in Odisha

**Rabindra K. Mohanty**

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*This paper distinguishes the traditional segment of urban informal sector from its non-traditional counterparts analytically as well as empirically. Drawing example from a traditional occupation of silversmithy in Cuttack city in Odisha in Eastern India it looks at the socio-structural characteristics of silversmithy in the urban informal sector. It delves into the exploitative relations of production and analyses work culture, occupational dynamics and human relations at work. The study shows that lack of adequate resources, working capital, raw materials, and space for storage and display of finished products and market network make the artisans depend on the middlemen.*

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## The Problem & Objectives

The urban informal sector (UIS) refers to certain economic activities and/or enterprises characterized by ease of entry, smallness of investment and operations, reliance on indigenous resources, family ownership of enterprises or household business, manual operations and adapted technology, skills acquired outside the formal school system, unregulated, unorganized, unremunerated and unprotected labor and a competitive market system. The basic reason for introducing the concept of the UIS in Ghana and Kenya (Hart, 1973) and subsequently in other parts Africa, Latin America and Asia was the need felt by ILO to develop a conceptual scheme by which it would identify the whole variety of income generating activities and target groups thereof, many of which were of novel kinds. The scheme of classification and nature of analysis has varied across countries as well across subject disciplines (Gershuny, 1979; Bromley, 1978; Gerry, 1979; House, 1984; Sethuraman, 1985; McGee, 1996). Conceptual controversies (Sethuraman, 1974; Breman, 1980) theoretical issues (Bromley & Gerry, 1979; Moser, 1978; Lewis, 1979; Lozano, 1983)



and measurement of informal sector employment (Sethuraman, 1976; 1977; Joshi, 1980) are still being taken up on a large scale by academia, planners and researchers in the field.

In the early eighties there was a move from a macro-economic approach to a more structural-sociological and empirical understanding in order to demonstrate the contextual relevance of the UIS (Portes, 1987; Wilkinson & Webster, 1982, Douglas, 1998). Several country studies have been conducted (Denton, 1985; Amin, 1996; Hill, 1985; Hoffman, 1986; Scott, 1986). A careful look at the literature has revealed that the task of understanding the concept of the UIS in all its dimensions and manifestations is not yet accomplished. There is a need to identify the traditional segment of the UIS, which may present certain characteristics radically different from those found in its non-traditional counterparts. Similarly the current interest of people in the subject is to look at the household as a multi-functional unit (Onyebueke, 2001:419), treating it as a place of 'work' (Tipple, 1993:521-39) and employment generation (Williams & Windebank, 2002:231).

The present paper deals with an empirical account of silversmiths in Cuttack city, one of the oldest major business centres in the state of Odisha in eastern India. The silversmiths, who are locally called '*Ropyakaras*', produce silver filigree items, made of silver drawn into fine wires and foils, which are artistically joined together in a framework of delicate designs. The silver filigree is distin-

guished from other ornaments and jewellery by its exquisite finish, dexterous foils, fine texture and snow gloss. The typical socio-structural characteristics, the work culture and the very nature of human relations at work vis-a vis the general assumptions of the UIS have been analysed. Taking the under-explored dimensions and issues into account, this paper presents the results of an empirical investigation and analysis of:

- a) How the traditional segment of the UIS can be distinguished from its non-traditional counterparts?
- b) How the socio-structural characteristics of a traditional occupation in the UIS can account for the very nature of resilience or dynamics of the household as a place of work?
- c) In what ways are they exploitative relations of production?
- d) How the empirical materials on the work culture, occupational dynamics and human relations at work relate themselves to the general characteristics of the UIS?

#### **The Nature & Sources of Data**

The database of the study comprises primary data collected through an interview schedule of structured and quite a few unstructured questions and focus group discussions and secondary data drawn from a variety of sources. The study covers all the silver filigree artisans of Cuttack city. Care has been taken to cover as many artisans as was possible. Before finalizing our universe we proceeded in the following manner.

As attempts to seek records about the filigree workers' population from the Directorate of the Census Operation, the Directorate of the Bureau of Statistics and Economics (Bhubaneswar), and the Deputy Registrar of Industrial Cooperatives (Cuttack) and his section office failed to yield any worthwhile information, the researcher went to the field to locate respondents from the main Bazaars where artisans are located. In the process, we identified 16 Bazaars where there was a greater concentration of artisans such as (1) Alisha bazaar (2) Bangali sahi<sup>1</sup> (3) Bania sahi (4) Bholamian bazaar (5) Buxi bazaar (6) Chandni chhowk (7) Chauliaganj (8) Chowdhury bazaar (9) Dagarpada (10) Durgha bazaar (II) Firing bazaar (12) Kaji bazaar (13) Mahamadia bazaar (14) Mansingh patna (15) Shaikh bazaar (16) Tulasipur. Some other 'Sahis' and 'Gali' (Localities and lanes) such as Ramgarh or Makarwa sahi, Machhua bazaar where no more than one or two artisan units were located, have not been taken into account. They have been left out for the sake of convenience and with the assumption that it will not have significant effect on the representative character of the cases taken into consideration. The sample was purposively random and in all 172 respondents was interviewed, drawn from above said 16 main bazaars.

The artisans have been categorized under three groups on the basis of their job involvement and engagement of family labour (household as a place of work) i.e. self-employed-85 (49percent), family businessmen-22 (13 percent) and ca-

sual workers-65 (38 percent). For the purpose of the present work, self-employed artisan refers to those single and only entrepreneurs from a given family, owning the capital, having their own organization, running the risk of incurring losses and employing paid-workers from outside the family on necessity. Family businessmen on the other hand run the business as a family co-operative employing workers largely from inside and occasionally from outside the family and drawing the capital resources from the joint family. The head of the family has more of supervisory work to perform. Casual laborers are those who sell their labor (without having capital of their own) to a wage-paying employer, who may be a self-employed or a family businessman. Thus self-employed and family businessmen can be called entrepreneurs while casual laborers can ordinarily be called 'workers'. The degree of manual work increases as one moves from family businessmen to the self-employed ones and finally to the casual workers.

**Self-employed and family businessmen can be called entrepreneurs while casual laborers can ordinarily be called 'workers'.**

### The Structural Characteristics

Although the business is conducted in the household itself, involvement of family labor has come down to the barest minimum. Engagement of family labor is confined to the family businessmen only. 18 percent of the family businessmen engage one additional

member from the family, 36 percent engage 2 members while the remaining 46 percent engage 3-4 additional members from the family. The relative increase in the size of the self-employed is a consequence of decline in the number of family businessmen. Casual laborers are largely employed by the self-employed and occasionally by the family businessmen, as the former do not have a workshop or capital of their own. Thus the obvious employment status in the filigree industry suggests that while the self-employed can be called entrepreneurs, casual labor can ordinarily be called workers. Again although the self-employed and family businessmen occupy the position of owners, small-scale operations and the meager resources mean their ownership limited by their dependence on the petty traders ('*Bhatias*', merchants or middlemen). Thus the owner artisans represent a nebulous category. They are neither employed nor do these traders strictly occupy the position of employers, but the major part of their income partakes the nature of wages.

Although female participation is a significant characteristic of the home-based production, the respondents in the filigree craftsmanship were exclusively males. One of the family businessmen revealed: "Things have changed. There is no need after all. They are to take care of the work for which they are meant. Even whatever little orders we receive are not even sufficient for us. In the days of festivities and the occasions of rising demand, we hire people and employ to get the work through".

Although the system of family business among filigree artisans is in decline, joint family continues to maintain its hold. Timberg (1978: 3-5) shows how the joint family system facilitated the growth of the Marwari community in India. An analogous conclusion has been drawn by Guha (1970), who suggests that among the Parsis business is organized on family lines. Singer (1968: 440-54) provided the same evidence much earlier. A joint family functions as a corporate group in order to: a) ensure involvement of members in the enterprise b) promote teamwork in activities c) control the enterprise and d) socialize the young members into aspects of business culture. About 51 percent of the respondents live under the joint family system, which can be said to have nurtured the epic rise of such craft in the state of Odisha while the remaining 49 percent of the sample respondents had opted for nuclear family.

With regard to the religious composition, the fact regarding the singular presence of the Hindus is no less striking. This bears out the fact that this artisan pursuit has been upheld and transmitted down through generations as Hindu exclusive tradition, more often than not remaining in one family. The artisans have been trying hard to maintain their craft fidelity, notwithstanding, the necessity of drawing auxiliary work force from other sources. The trade secrets of the artisans have remained with them.

**The trade secrets of the artisans  
have remained with them.**

Although non-Hindus (religion) have not been able to enter the filigree craftsmanship, non-vaishyas (Varna) even from neighboring states are seen to have crept into it. The sample respondents of this study represent seven categories of 'jatis' (caste) Brahmana (Brahmin) 5 percent, Khandayat (Landholders) 10 percent, Bania (Silver/goldsmiths) 48 percent, Gudia (Sweetmakers) 10 percent, Teli (oilmen) 10 percent, Tanti (Weavers) 9 percent and Keuta (Producers of threatened rice) 8 percent. Filigree work is the inherited traditional art, created by the genius of silversmiths, for which they are locally called "RoupyaKaras" or "Rupabantias". The data above bears out the obvious fact that banias are dominant over other individual castes both in terms of absolute and relative figures. Interestingly, if the percentage is added up, non-Banias are found numerically predominant over the Banias (48 percent) and further none of them was a first generation artisan. The traditional caste occupation is somewhat fluid in itself and not an occupational straight jacket. Once the castes are fitted into four procrustean categories of Varna, the result is even more striking. Although the people of other castes have crept into it including the high castes of Brahmins and Khandayats, the tradition is still preserved by the Vaishyas consisting of Banias, Gudias, and Telis (68 percent).

Migration is a major cause of surplus labor in towns (Papola, 1981; Samal, 1990), that it contributes to the rise of unemployment and under-employment, that it causes the growth of low-productivity in the informal sector and that it

leads to the overall decline in the quality of urban life. Such a point seems to be unconvincing in regard to people pursuing traditional occupations in urban informal sector. Although people engaged in UIS are largely migrants, a very significant trend has been found with regard to the nature of migration of silver filigree artisans. Very few i.e. 13 out of the total respondents are first generation migrants, out of which 8 are working as casual labor and 5 are independently self-employed. From among the family businessmen, none happens to be a first generation migrant. All the 13 cases of first generation migrants are from around the Cuttack city, their respective native places not being more than 100 kms. 5 respondents never visit their native place at all and 6 visit rarely only to attend ceremonies and functions while 2 of them visit frequently to meet the relations.

Remaining respondents are the natives of Cuttack city, some are Gujurati businessmen and some are Bengali goldsmiths. One of the respondents, when asked: "Where do you come from" answered: "I am a native of Cuttack. I am doing this as a part of traditional hereditary occupation. I know how to do this because my father knew how to do this. My father was doing it because his father was doing it. Rest I do not know....."

### **Workshop, Work Process & Work Culture**

In 85 percent cases, the workshops are located at the main entry room of the artisan's houses. These were only production and repairing units. The rest of

the units (15 percent) that have combined sales with production-cum-repairing, were located in the adjacent room (side extension) of their houses. Thus all the units studied are production-cum-repairing centers.

The establishments of the owner craftsmen are located in the main bazaar (46 percent) or in the adjoining lanes of the main bazaar (54 percent). While only 3 cases are working in registered units, remaining 169 cases are found in unregistered establishments. It is noteworthy that being registered does not qualify them to be in the formal sector. It is only a sort of license from the state government to grant authority to store the acid and sell the ornaments in the showroom. The establishments were small sized units. There are very few single worker establishments, as independently self-employed also employ casual labor. Almost more than two thirds of the establishments were found to be engaging more than one but not more than four casual labors. Small size itself makes it necessary and possible to run an organization without a structured division of labor and management hierarchy; even the organizations with wider ownership and using paid casual labor, may reveal these characteristics if their size of operations is not large, the owner artisans and non-owning casual labor invariably engage themselves in production activities.

**There are very few single worker establishments, as independently self-employed also employ casual labor.**

It is seen that 86 percent of the family businessmen and 72 percent of the casual labor and 69 percent of the self-employed do not have any fixed hours of work. Again “no fixity” in regard to hours of work is related to the quantity of work available and time granted by the person placing the orders. Only three trusted artisans (of the family businessmen) get enough orders from the customers and middlemen. A fully engaged and trusted artisan gets nearly 24-25 days of work in a month and thus for ten months in a year. During the months of festivity and marriage, the artisans get heavier orders and are found working up to midnight.

Except for wire drawing and plate making which may be done mechanically, filigree craft is purely handmade. The tools used are simple and the equipment of workshop is equally primitive. The tools show ranges and varieties in shape and size, weight and applications at various stages.

The range of filigree products take three forms viz. rose work (superfine quality), jally work (fine design), and siko work (non-fine category). Not only the process of manufacturing in each case is different but also the rates of each vary. The products are mainly ornaments and presentation articles now. Several household decorative are produced by these artisans. Women use the filigree ornaments for decorating themselves such as for head, forehead, ear, nose, teeth, neck, wrist, fingers, waist, and ankles etc. The price of the finished products varies according to the quan-



tity of metal used and the quality of work involved.

In regard to the place of sale, the choice of the artisans is very limited. Since these artisans are petty producers, except a few, many do not deal with the customers directly. Although co-operative society in the name of Odisha Filigree Workers Co-operative Society exists, because of its hard terms and conditions, the artisans have preferred middlemen to the co-operative society. Even Central Co-operative Bank located adjacent to this society at Nimichouri does not advance loan to it because of its uncertain future. At present there are four parallel workers filigree cooperative societies in Cuttack city: 1) Odisha Filigree Workers Co-operative Society, 2) Jaganath Workers Filigree Co-operative Society, 3) Sriram Filigree Workers Society and 4) Maa Chandi Filigree Workers Co-operative Society. There was a move to merge all the four filigree workers co-operative societies into one. i.e. Central Filigree Workers Co-operative Society, but that was not possible because of lack of unanimity and infighting among them. Therefore marketing through the State Co-operative Handicraft Corporation becomes difficult.

None of the family businessmen have sales outlets of their own and as such 23 percent of them hand over their products to organized show rooms or to the co-operative society while the remaining 77 percent of them work on middlemen's order. The export of silver filigree products has been halted after government's ban on silver export since

1974. After that neither the artisans have taken any interest nor has there been any initiative on the part of the Directorate of Export Promotion Marketing to streamline the exports.

### Exploitation at Work Place

There is unanimity of opinion amongst the artisans that they are getting a very poor return indeed for their work. The low income of the artisans is attributed to their dependence on the middlemen, as they themselves do not have enough of capital and raw materials to invest. A highly proficient artisan can use 7 to 8 grams of silver and can work on it in a day and gets work for around 25 days in a month. The income of family businessmen is a little more, the highest level of income does not exceed Rs.7000/- per month, while amongst the self-employed it does not go beyond Rs.4500. Except 6 percent of the total respondents all (i.e. 94 percent) depend on artisanship as the only source of livelihood. Those artisans who have other sources of income are only 12 percent from the self-employed category.

**The low income of the artisans is attributed to their dependence on the middlemen, as they themselves do not have enough of capital and raw materials to invest.**

The employers pay wages to the casual laborers who are the non-kin paid workers. While labor productivity is significantly high, the wages paid to them are substantially low. A few of the expe-



rienced workers (only 6 out of 65 casual laborers) who insist on working on piece rate receive better wages, but a majority of them are not paid their due. Their income oscillates around the subsistence level. Some of the workers were found sympathizing with the owner artisans saying that payment to them depends on the type of payment they receive from "Bhatias" (middlemen). Casual workers who work for wages under employers do not receive more than Rupees 2500 a month. That is possible if they get work for 25-26 days a month. It is found that out of 65 casual workers, 9 percent earn up to Rs.1500 a month only, 83 percent earn up to Rs.2000 and 8 percent of them earn Rs 2000- 2500 per month. Only cash payment is made to the workers. 23 percent of the total casual laborers receive their wages daily, 9 percent of them on completion of work (piece rate) and only 8 percent feel that there is no fixity in regard to the timings of payment. The remaining 60 percent receive their salary on a monthly basis. These are the people (39 cases) who are seen to have been employed on a long-term basis although there is no such written job contract. This is advantageous both to the employee, who is thus assured of his daily bread, and to the employer who is also saved of uncertainties in getting labor.

93 percent of the respondents do not have any savings at all. Insufficiency of income and growing indebtedness are not only found among the casual laborers but also among the petty producers such as the self-employed and family businessmen. While borrowing money for the raw materials, they divert a part of their loan

to meet the day-to-day household expenses.

**The artisans are fully trapped in the exploitative relations of production.**

The artisans are fully trapped in the exploitative relations of production. Artistic skill and proficient craftsmanship do not count as the most important element in the silversmithy of Cuttack as it might be expected in a craft like this. The artisans have never had predominance in the craft as the major initiative lies with the middlemen. The artisans provide only the skill and some amount of capital towards establishment of workshops and purchase of tools and equipment. It however requires a large quantum of working capital for all sorts of raw materials, to have the marketing organization and for storing. Necessary capital for this and the requisite management enterprise for running the whole show rest with the 'Bhatias'. These middlemen procure silver, copper, and zinc from the wholesale market in large quantities and in suitable shapes. Almost all of them affect the admixture at some place with the help of a few trusted artisans and deliver the alloy to the artisans for manufacturing. The artisans deliver the products in return for making charges. The artisans sell their ornaments mostly to the middlemen. The delivery of the products to the middlemen is concomitant with supply of the raw materials and the artisans say that they depend on the middlemen for finance. The artisans do not name the middlemen for fear of being exploited and being looked down upon by others. 66 percent of the casual

labor stated that the source of finance is their owners' lookout and not theirs. The escalation of the price of raw materials and the artificial dearth of raw materials are generally the reasons shown by these middlemen to deprive the artisans of getting the work in time or on the other hand to compel them to pay higher rates for raw materials.

The exploitation of the casual workers by the producers is attributed to the type of exploitative situation to which producers are drawn by the middlemen. One of the entrepreneurs said:

"The Bhatias (middlemen) have sucked our blood. Our payment of wages to the workers depends on the type of payment we receive from Bhatias". When asked, "Why do you not deal with organized show rooms directly?" One of the entrepreneurs said: "We do not have that much of capital to cater to the large scale contracts of the organized show rooms. Where from shall we get those raw materials and money?"

**Exploitation by middlemen has not only changed the very character of filigree industry but also has seriously affected the conditions of the workmen.**

Exploitation by middlemen has not only changed the very character of filigree industry but also has seriously affected the conditions of the workmen. The middlemen exploit the petty producers and the casual workers are doubly exploited directly by the entrepreneurs

and indirectly by the middlemen. Not only in this industry the workers are doubly exploited but also the middlemen are doubly profited. The source of double profit lies in the fact that the middlemen supply the raw materials at a high price, thus taking the finished products at a low price from the petty producers and selling them at a higher rate than the standard price in organized show rooms.

There is another side of the story also. The middlemen undertake certain risks. While they deliver silver and other raw materials to the artisans, mostly on good faith, there is the underlying possibility of the artisan not turning up at all and committing fraud. The artisans may also, stop dealing with the particular middleman and may start dealing with another. This risk however is minimized by the existence of a kind of unwritten agreement among the middlemen by which one trader does not accommodate an artisan, who might have defrauded another middleman. Thus rarely can an artisan afford to commit such a fraud except at the risk of going without work. Thus risk taking by the artisans and the middlemen is a fact of the economy of the silversmithy at Cuttack.

Employer-employee relationships in the silver filigree industry are not only contractual but also superficially cordial (Mohanty, 2009). Only an oral contract exists between employer and employees. Those 6 cases of casual laborers (9 percent of them) who work on piece rate basis claim that they enter into written contract with the employers while issuing the materials for piece

work. The employers seem to be interested in getting their work done and the workers are supposed to have no other interest than to work for them.

Out of a total 65 casual workers, around 47 (i.e. 72 percent) feel that they do not get their due. In regard to the employers' behavior, 55 percent of the casual laborers are satisfied with the 'good' behavior of the employers and 5 percent of the employees (3 workers) like their owners for special benefits provided to them. One of them has been provided with a bicycle by the owner and the other 2 avail credit facilities at the time of need. While 9 percent of the casual laborers feel that their employers are sympathetic and positive by nature. 30 percent say that there is nothing good about the behavior of employers; their only interest is to get the work done.

The artisans who claim to have been satisfied with the present job are interested in changing the same. Still quite a substantial number of them who are dissatisfied with their present job do not want to change it and only 23 percent of the total respondents seem to be fully satisfied with their present job. While 37 percent of the total respondents claim to be dissatisfied, 49 percent are inclined to change the job. More of those dissatisfied and inclined to change the job are found from among the family businessmen category. Less inclined to change are found from among the helpless casual laborers who possibly think that they cannot fit into any other occupation even if they try. 55 percent of the self-employed and 77 percent of the family busi-

nessmen are inclined to change the job seemingly due to loss in the present business.

When the artisans are inclined to change the job, they have permanency of job and better wages in mind. 45 percent of the self-employed and 23 percent of the family businessmen and 74 percent of the casual labor want no changes at all whatsoever may be the option open to them. But 9 percent of the casual labor is interested to change their present job for a permanent one. And 46 percent of the self-employed, 55 percent of the family businessmen and 17 percent of the casual labor aspire to a job, which will have better wages.

### **Concluding Remarks**

First, we asked how it was that traditional segments of the UIS could be separated from the non-traditional. There is ample analytical scope to distinguish between the traditional and non-traditional segment of UIS as evidenced from the case of silversmithy in silver city in eastern India. The case shows that the household in cities is not a mono-functional (dwelling) unit but is presenting the image of the house as a workplace. As against the general characteristic of UIS, the entry into such occupation as silversmithy is quite difficult and the craftsmen are largely the natives of the city and have nothing to do with overcrowding or urban congestion.

Second, we asked how the socio-structural characteristics of a traditional occupation in the UIS might account for

the nature of resilience or dynamics of the household as a place of work. What constitutes the occupation of silversmithy is not the skill/craftsmanship or the caste or the family tradition of the artisans rather the money of the middlemen who mastermind and control the occupation. Neither technology nor modernization seems to have made any impact on structural characteristics, production technique, work culture and income potential of the craftsmen. Resilience is evident in the sense that neither dissatisfaction with the job nor low return, inclines the craftsmen to change job because of the remoteness of any alternative occupation.

Third, we tried to explore the ways through which the work culture of silversmithy constitutes the exploitative relations of production. It is found that lack of adequate resources, working capital, raw materials, space for storage and display of finished products and market network make the artisans depend on the middlemen. Such dependency breeds exploitation. The nature of dependency is very deep rooted percolating down from artisan entrepreneurs who in turn exploit the casual workers. Middleman's exploitation has not only changed the very character of filigree industry but also has seriously affected the condition of workmen.

Fourth, we wondered to what extent this empirical study of the work culture, occupational dynamics and human relations at work threw light upon the general characteristics of the UIS. We found that the household as a place of work remains a living testimony to all the difficulties and problems that the artisans

face. The craft is dwindling at a faster rate due to a lot of problems such as lack of capital and access to raw materials, poor and unhealthy working conditions, low return, unregulated market, lack of governmental support, middlemen's exploitation and alienation. Development strategy and policy interventions in the context of the UIS need also to be directed towards the natives pursuing silversmithy in order to make the dying craft sustainable.

The literature on the UIS is now extensive and exhibits the development and changes expected from empirically informed social science research development. This example adds further to the debate and to the accumulating empirical base from which this debate draws. In doing so it demonstrates also that there is considerably more work to be done on patterns of work in urban settings where traditional occupations survive.

### Acknowledgements

The author is grateful to Commonwealth Scholarship Commission, London UK for the funding support and Professor Nick Manning, Department of Sociology & Social Policy, University of Nottingham, United Kingdom for kind mentorship and guidance at various stages in the preparation of this paper

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**By Contribution**

## **Competitiveness of Major Rice Exporting Nations**

**S. C. Davar & Bhupinder Singh**

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*The present study analyses the impact of WTO on rice export competitiveness by using Blassa's Revealed Comparative Advantage Index and White's Revealed Competitive Advantage Index in respect of Agricultural Trade and Merchandise Trade in the changing scenario of liberalization, privatization and globalization. A new technique has also been developed for the measurement of competitiveness ranking on the basis of the dictum that competitiveness is a zero sum game. The study concludes that the increasing competitiveness of Indian and Pakistani rice exports is a result of WTO implementation.*

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### **Introduction**

Being a staple food, rice is traded all over the world. Thailand (9.047 million tons), Vietnam 6.734 (million tons), Pakistan (4.0 million tons), USA (3.514 million tons), India (1.9 million tons), Italy (0.781 million tons), Egypt (0.705 million tons), China (0.650 million tons) and Myanmar (0.445 million tons) are the top exporters of rice in 2009-10 (FAO, 2010). China (136.6 million tons), India (81.1 million tons), Indonesia (36.4 million tons), Bangladesh (31.0 million tons), Vietnam (25 million tons), Thailand (20.3 million tons), Myanmar (10.6 million tons), Philippines (9.8 million tons) Brazil (7.7 million tons), Japan (7.7 million tons), USA (7.1 million tons) and Pakistan (6.8 million tons) are the top producers of rice. The stock after domestic consumption, implications of government policies (Peter, 1996) and comparative advantage (Ricardo, 1817) are the basic factors that govern international trade. There are three interrelated factors here (Peter, 1996) i.e. competitive potential (the ability of efficient use of input capacity), competitive performance (the ability to produce a profit oriented product) and the management process (the ability of management to take competitive decisions).

There should be competitive ability, an ability in supplying (potential of export) of a product or service on a sustainable (long-term) and viable (profitable) basis. Porter (2008) believed that competitive success is underpinned by the possession of a specific advantage over the rivals. But after the emergence of WTO, the world trade has been facing stiff competition due to the liberalized policies of the governments and openness of the world market. Increasing demand, new technologies, liberalization, privatization and globalization have enhanced the business opportunities, but these also increase competition from the new entrants.

### Objectives of the Study

- To examine the competitiveness of major rice exporting countries with the help of Blassa's Revealed Comparative Advantage Index and White's Revealed Competitive Advantage Index.
- To analyze the impact of WTO on rice export competitiveness of China, India, Pakistan, Thailand, USA and Vietnam.
- To rank rice exporting countries according to their competitiveness positions

### Methodology

Ricardo (1817) pointed out that international trade takes place because of efficiency to produce an exported product. A country will export products that use their abundant and cheap factor(s) of production and import product (s) that

use its scarce factor(s). Heckscher (1919) and later Ohlin (1933) explained the comparative advantage as the ability to produce at lower marginal or opportunity cost. Ricardian comparative advantage arises due to technology differences across the countries while Heckscher-Ohlin argued that when technology remains the same comparative advantage arises as a result of the cost differences. Both the theories are based on a 2x2x2 model (2 countries, 2 products and 2 factors of production). Ricardian theory assumed that the comparative advantage takes place due to differences in technology and labor cost differences whereas H-O theory claimed the capital and labor costs leading to comparative advantage.

**A country is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any rival.**

Porter (1985) has developed a model of competition strategies to create high-quality goods to sell at high price in the market. A country is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any rival. Competitive advantage is the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Competitive advantage grows fundamentally from the value a country is able to create. Value is what buyers are willing to pay,

and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset higher prices. Competitive advantage encapsulates the comparative advantage because comparative advantage arises due to cost and competitive advantage arises due to lower price and equal profit. He advocated three strategies for competitive advantage i.e. cost leadership, differentiation and focus.

Revealed Comparative Advantage Index of Blassa (1965) and Revealed Competitive Advantage Index of White (1987) and Vollrath (1987) explained elaborately the concept of competitiveness. The Revealed Comparative Advantage Index was put forward by Blassa (1965 & 1977) because of the view that cost comparisons by Hecksher-Ohlin (neo-classical) theory and Ricardian (classical) theory were an inadequate surrogate for comparative advantage index to measure the competitiveness. Blassa (1965) mentioned that the use of export and import ratio would account for the imported immediate goods used for production of export commodity and thus reveal the real comparative advantage of a nation. Later, Vollrath (1987) and White (1987) advocated that competitive advantage is more appropriate to measure the export competitiveness. They argued that revealed comparative advantage use the export data only. Since import also is a part of international trade they used the import data to measure the revealed competitive advantage as an extension of Revealed Comparative Advantage.

### **Past Studies**

The above indices have been used for the analysis of competitiveness in several past studies. Chen (1995) has applied the Revealed Comparative Advantage and Revealed Competitive Advantage to test the competitiveness among major rice exporting countries. Ferto (2002) investigated the competitiveness of Hungarian agriculture in relation to that of the EU employing Revealed Comparative Advantage Index for the period of 1992 to 1998. Utkulu et al. (2004) analyzed the competitiveness and the pattern of trade flows/trade specialization from Turkey to the EU by the use of Blassa's Revealed Comparative Advantage Index only. Mohammad (2004) analyzed the export competitiveness of non-agricultural production sectors by using the Revealed Comparative and Revealed Competitive Advantage Indices. Batra (2005) used the Revealed Comparative Advantage to analyze the competitiveness of India and China in agricultural trade. Khorchurklang (2005) had examined the export competitiveness in dairy products of Australia with other major competing countries by the use of Blassa's Revealed Comparative Advantage and Vollrath's Revealed Competitive Advantage indices. Bhat et al. (2006) analyzed a report of Institute for Studies in Industrial Development, in which, he applied Blassa's Comparative Advantage Index for the measurement of competitiveness of the external sector (export and import) of China and India. He pointed out that India has advantage over its competitors in primary products, natural resource based or low technology manu-

facturing products in Chinese market. Siggel (2007) has used the Ricardian principles of comparative advantage in the context of policy reforms in India, Mali, Kenya and Uganda. Shinoj and Mathure (2008) ascertained the changes in comparative advantage status of India's major agricultural export vis-à-vis other Asian countries since 1991 by using Revealed Comparative Advantage Index. Burange & Chadha (2008) assessed India's Revealed Comparative Advantage (RCA) in merchandise trade and evaluated the structure of comparative advantage in India and the change in the scene over the 10-year period from 1996 to 2005. Russu (2011) analyzed the competitiveness between the manufacturing industries of European Union and Romania, in the globalization context with the aim to highlight the strength and weakness of latter and to offer view on industrial sectors' competitiveness with the use of Revealed Comparative and Revealed Competitive Advantage Indices. Bhattacharya (2011) analyzed the competitiveness of Indian horticulture sector with its rivals by using Revealed Comparative and Revealed Competitive Advantage Indices. Taneja (2011) analyzed specialization with comparative advantage in pruning sensitive list under SAFTA.

(i) *Blassa's Revealed Comparative Advantage (BRCA) Index* is a ratio of a country's export share of a commodity in world's export of that commodity with the country's total export share in total world export. If the value of index is greater than 1, than the country has comparative advantage. It is an indicator of competitiveness (Siggel, 2007).

$$CA_i = \left(\frac{E_{ij}}{E_{nj}}\right) / \left(\frac{E_{it}}{E_{nt}}\right)$$

E= Export, i= country, j= commodity (rice), t= set of commodity (total), n= set of countries (total world). The Index has been applied into two categories in the present study i.e. agriculture and merchandize. Rice export is a part of agricultural export and also a part of total merchandize export.

- (a) Revealed Comparative Advantage in respect of Agricultural Trade (CAA)

$$CAA_i = \left(\frac{E_{ij}}{E_{nj}}\right) / \left(\frac{E_{iA}}{E_{nA}}\right) \text{ or}$$

$$= \frac{\text{Share of Country's commodity export (ij) in world's export of that commodity (nj)}}{\text{Share of Country's Agricultural export (iA) in world's total Agricultural export (nj)}}$$

- (b) Revealed Comparative Advantage in respect of Total Merchandize Trade (CAM):

$$CAM_i = \left(\frac{E_{ij}}{E_{nj}}\right) / \left(\frac{E_{iM}}{E_{nM}}\right) \text{ or}$$

$$= \frac{\text{Share of Country's commodity export (ij) in world's export of that commodity (nj)}}{\text{Share of Country's Merchandise export (iM) in world's total Merchandise export (nj)}}$$

- (ii) *White's Revealed ompetitive Advantage Index (WRCA)* is an extensive form of BRCA. Import data of specific commodity of a country has been taken into account for the calculation of WRCA. It is also a net comparative advantage (export share – import share). If the value of

WRCA is positive (>0), it has competitive advantage.

$$CE_i = \left( \frac{E_{ij}}{E_{nj}} / \frac{E_{it}}{E_{nt}} \right) - \left( \frac{I_{ij}}{I_{nj}} / \frac{I_{it}}{I_{nt}} \right)$$

E= Export, I= Import, i= country, j= commodity (rice), t= set of commodity (total), n= set of countries (total world)

Further, the revealed competitive advantage index is divided into two parts as above BRCA's division.

(a) Revealed Competitive Advantage Index in respect of Agricultural Trade (CEA):

$$CEA_i = \left( \frac{E_{ij}}{E_{nj}} / \frac{E_{iA}}{E_{nA}} \right) - \left( \frac{I_{ij}}{I_{nj}} / \frac{I_{iA}}{I_{nA}} \right)$$

A= Agricultural Trade data

(a) Revealed Competitive Advantage Index in respect of Merchandize Trade (CEM):

$$CEM_i = \left( \frac{E_{ij}}{E_{nj}} / \frac{E_{iM}}{E_{nM}} \right) - \left( \frac{I_{ij}}{I_{nj}} / \frac{I_{iM}}{I_{nM}} \right)$$

Where M= Merchandize Trade data

### Test of Significance & Hypotheses

The t-test has been applied to test the significance of mean differences as:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{SE} \quad \text{Where } SE = \sqrt{\frac{\sum d^2 - (d)^2 * n}{n - 1}}$$

$\bar{X}_1$  = first mean,  $\bar{X}_2$  = second mean

(i) Test of Means differences between country-to-country (Table 1):

a) CAA<sub>i</sub> to CAA<sub>k</sub>

$$H_0^a : CAA_i = CAA_k$$

b) CEA<sub>i</sub> to CEA<sub>k</sub>

$$H_0^b : CEA_i = CEA_k$$

c) CAM<sub>i</sub> to CAM<sub>k</sub>

$$H_0^c : CAM_i = CAM_k$$

d) CEM<sub>i</sub> to CEM<sub>k</sub>

$$H_0^d : CEM_i = CEM_k$$

i= 1, 2, 3, 4, 5 and 6; k= 2, 3, 4, 5 and 6.

In addition, test of the significance of differences between countries has been used for the purpose of competitiveness ranking analysis. On the basis of the statement of Porter et al (2008), competitiveness is a zero sum game. In other words, if one country is to increase its competitiveness, another must decrease its own. A model has been developed from Table 1 for determination of the ranking position of competitiveness of rice exporting countries (Annexures 1, 2 and 3). It does not show the effect of any one factor such as WTO implementation because the ranking position is determined between the countries (i.e. the total effect is zero). One (1) point is given to the significant value of each measure (agricultural or merchandise trade) for having comparative and competitive advantages. These results have been shown in a double effect table ('of' and 'over'). Here 'of' implies that the advantage 'of' a particular country

'over' another country. The sum of 'of' values considered advantage (positive) and 'over' values disadvantage (negative). Finally, the competitiveness ranking is analyzed with the net values (sum of 'of' and 'over'). In other words, 1 is given to the gainer and -1 is given to the loser. Hence the competitiveness is a zero sum game.

(ii) To test the impact of WTO on world rice exports, the mean differences of 'Before WTO Origin' and 'After WTO Origin' are considered for t-test (Table 2). The positive and significant value implies positive effect of WTO implementation on a particular country's rice export competitiveness and vice-versa. The insignificant result shows that there is no effect of WTO on the competitiveness of rice exports of a particular country.

a)  $CAA_{ib}$  to  $CAA_{ia}$

$$H_0^a : CAA_{ai} - CAA_{bi} = 0$$

b)  $CEA_{ib}$  to  $CEA_{ia}$

$$H_0^b : CEA_{ai} - CEA_{bi} = 0$$

c)  $CAM_{ib}$  to  $CAM_{ia}$

$$H_0^c : CAM_{ai} - CAM_{bi} = 0$$

d)  $CEM_{ib}$  to  $CEM_{ia}$

$$H_0^d : CEM_{ai} - CEM_{bi} = 0$$

i = 1, 2, 3, 4, 5 and 6. (country)

Here b= Before WTO Origin (BWO) and a= After WTO Origin (AWO)

The calculated (absolute) value of t-ratio is compared with the critical (table) value at 5% level. If the absolute value is greater than the critical value,  $H_0$  is rejected and we conclude that there is difference between means, which is significant at the given degree of freedom. Here the meaning of significant is competitiveness of a country or among countries or the impact of WTO implementation.

## Results & Discussion

In Annexure 4, Thailand and USA have highest share in world rice exports. But according to Illyas et al. (2006), it is not an indication of comparative advantage or competitive advantage of a country. The country's competitiveness implies that Revealed Comparative Advantage Indices (CAA & CAM) are greater than one and Revealed Competitive Advantage Indices (CEA & CEM) are greater than zero. In Annexure 5 and Annexure 6, the values of CAA and CAM are greater than one (>1) in most of the years, which indicate that the specific country has comparative advantage in the export of rice. And, in Annexure 7 and Annexure 8 the values CEA and CEM are greater than zero (>0) in most of the years, which indicate that the specific country has competitive advantage in the export of rice.

As seen in Annexures 5, 6, 7 & 8 that Thailand had greatest comparative and competitive advantage in rice exports in merchandize trade and Pakistan in agricultural trade on an average basis during the period of 'Before WTO Origin'. But after the implementation WTO, Pakistan has stood in first place. The com-



Table 1 t-ratios of Mean Differences of Revealed Comparative and Revealed Competitive Advantage between Major Rice Exporters

Country	Before WTO (1980-81 to 1994-95)			After WTO (1995-96 to 2009-10)			Overall (1980-81 to 2009-10)					
	Agricultural Trade		Merchandise Trade	Agricultural Trade		Merchandise Trade	Agricultural Trade		Merchandise Trade			
	CAA	CEA	CEM	CAA	CEA	CAM	CAA	CEA	CEM			
China-	-5.495*	-3.138*	-6.007*	-5.015*	-12.163*	-11.419*	-11.932*	-10.978*	-2.467*	-7.196*	-9.768*	-8.863*
India												
China-	-20.710*	-22.256*	-12.092*	-12.201*	-21.553*	-14.936*	-22.155*	-15.358*	-19.640*	-20.184*	-18.990*	-19.345*
Pakistan												
China-	-19.086*	-18.322*	-11.992*	-12.058*	-40.768*	-35.996*	-38.805*	-35.231*	-32.512*	-31.470*	-11.763*	-11.863*
Thailand												
China-USA	2.625*	1.326	3.792*	2.335*	1.871	-0.721	0.925	-1.919	3.231*	1.629	2.630*	1.141
China-	-3.531*	-0.643	-3.703*	-2.509*	-21.934*	-10.674*	-21.957*	-10.588*	-8.399*	-3.718*	-7.429*	-7.765*
Vietnam												
India-	-13.593*	-15.317*	-8.839*	-8.831*	-13.468*	-7.950*	-13.464*	-7.934*	-17.066*	-19.072*	-12.017*	-11.960*
Pakistan												
India-	-13.105*	-9.210*	-8.555*	-8.452*	-4.127*	-4.347*	-4.109*	-4.353*	-7.944*	-6.853*	-5.990*	-5.925*
Thailand												
India-USA	9.296*	3.879*	11.270*	7.764*	14.206*	10.985*	14.740*	11.145*	11.897*	8.129*	12.930*	11.034*
India-	-2.681*	-0.135	-3.143*	-2.039	-9.838*	-7.956*	-9.734*	-7.940*	-5.751*	-1.977	-5.716*	-4.320*
Vietnam												
Pakistan-	5.624*	5.616*	-0.019	-0.027	13.499*	8.287*	13.472*	8.263*	8.936*	8.925*	4.151*	4.141*
Thailand												
Pakistan-	20.476*	20.542*	11.811*	11.827*	24.197*	15.438*	24.234*	15.415*	20.864*	20.819*	19.135*	19.139*
USA												
Pakistan-	2.131	2.966*	0.412	0.934	6.818*	0.811	6.844*	0.807	4.776*	4.735*	0.750	1.198
Vietnam												
Thailand-	28.000*	27.745*	11.790*	11.839*	49.771*	43.552*	51.068*	43.871*	42.813*	43.738*	11.174*	11.248*
USA												
Thailand-	0.296	1.884	0.412	0.931	-8.600*	-5.346*	-8.652*	-5.340*	-1.718	0.468	-1.111	-0.450
Vietnam												
USA-	-3.950*	-0.743	-4.046*	-2.707*	-24.333*	-10395*	-24.970*	-10454*	-9.194	-3.927*	-7.834*	-6.022*
Vietnam												

\*Significant at 5% Level

parative and competitive advantages of Pakistan, India and Vietnam in rice export have been increasing since WTO origin where as of China, USA and Thailand have been decreasing. The overall analysis of CAA, CEA, CAM and CEM depicts that rice export of Pakistan has the highest competitiveness and Indian ranks 4<sup>th</sup> in the competitiveness of rice exports (Annexure 3).

### **Competitiveness between Major Rice Exporting Countries**

Table 1 depicts the result of t-ratio of mean differences of country-to-country CAA, CEA, CAM and CEM. It determines whether the measure of competitiveness (agricultural trade/merchandise trade) for one country is significantly different from the same measure of another country (e.g. CAA of China and CAA of India). There are 15 pairs each for 'Before WTO Origin', 'After WTO Origin' and overall. In this analysis, significant implies the competitiveness test between pair countries. The positive significant value indicates the advantage of first paired country on second paired country in comparative or competitive advantage while the negative significant value indicates that the second paired country has an advantage over first paired country. On the other hand, insignificant value indicates that paired countries are close competitors in the export of rice.

#### **China**

In Table 1 the t-values of the mean differences of CAA, CEA, CAM and CEM paired with China (i.e. China-In-

dia, China-Pakistan and China-Thailand) are negative and significant during the period of 'Before WTO Origin', 'After WTO Origin' and overall analysis. It is concluded that India, Pakistan and Thailand have comparative and competitive advantages over China. But in the case of China-USA, the t-values of CAA (2.625\*), CAM (3.792\*) and CEM (2.335\*) and CEA (1.326) before the implementation of WTO conclude that China has comparative advantage in agricultural trade only and competitive advantage in both agricultural and merchandise trade over USA, but both are close rice export competitors in agricultural trade. After the implementation of WTO, the insignificant t-values reveal USA and China as close competitors. In the overall analysis, the t-values of CAA (3.231\*) and CAM (2.630\*) point out that China has comparative advantage over USA. But the t-values of CEA (1.629) and CEM (1.141) are insignificant and both are close rice export competitors in merchandise trade. But in the case of Vietnam-China, the t-values of mean differences depict that Vietnam has both competitive and comparative advantages over China during the three periods except CEA (-0.643) before the WTO implementation. Finally, it is concluded that Chinese rice has been facing tough competition from rest of the world.

#### **India**

In comparisons of India with China (Table 1) Pakistan, USA, Thailand and Vietnam are taken for consideration. The t-values of mean differences of CAA, CEA, CAM and CEM of India-Pakistan

and India-Thailand are negative and significant during the period of 'Before WTO Origin', 'After WTO Origin' and overall analysis. It indicates that Thailand and Pakistan have comparative and competitive advantages over India in export of rice. But in the case of USA, the t-values of CAA, CEA, CAM and CEM are positive and significant. Thus, it is concluded that India has comparative and competitive advantage over USA in rice export during the three analysis periods.

The t-values of the mean differences of India-Vietnam of CAA (-2.681\*) and CAM (-3.143\*) show the comparative advantage in rice agricultural exports as well as merchandise exports of Vietnam over India but CEA (-0.135) and CEM (-2.039) before WTO implementation show the close competition between them. After the implementation of WTO, all t-values are favorable (negative and significant) for Vietnam. But in overall analysis, the t-values of CAA (-5.751\*), CAM (-5.716\*) and CEM (-4.141\*) are significant and favorable for Vietnam's competitiveness of rice export against India. Finally, it is concluded that Vietnam is more competitive in comparison to India in the export of rice.

**Vietnam is more competitive in comparison to India in the export of rice.**

### **Pakistan**

Pakistan has both comparative and competitive advantages over China and India during the three periods of analysis

(Table 1). Further, the analysis of Thailand with Pakistan reveals that almost all the values of t-ratio are positive and significant during the three periods of analysis except CAM (0.019) and CEM (-0.027) before WTO implementation. However, it is concluded that the export of Pakistani rice has comparative and competitive advantage over Thailand.

The positive and significant t-values depict strong comparative and competitive advantages of Pakistan over USA during the three periods of analysis. But the t-value of Vietnam-Pakistan provides a different picture of competitiveness. The t-values of CAA (2.131), CAM (0.412) and CEM (0.934) are insignificant and CEA (2.966\*) is significant. It is clear that Pakistan has only competitive advantage in the export of rice in agricultural trade before the implementation of WTO. But after the implementation of WTO, Pakistan has improved its competitive advantage in agricultural trade (6.818\*) and merchandise trade (6.844) over Vietnam. The insignificant t-values of CEA (0.811) and CEM (0.807) reveal the close competition between Pakistan and Vietnam. The overall analysis regarding Pakistan-Vietnam shows that Pakistan has comparative (4.776\*) and competitive (4.735\*) advantages in the export of rice in agricultural trade over Vietnam. Pakistan is more competitive in comparison to Vietnam in the export of rice.

### **Thailand**

Thailand has both comparative and competitive advantage over China and

India in the export of rice during the three periods of the analysis. But Pakistan has comparative and competitive advantage over Thailand in the export of rice. Pakistan has both comparative and competitive advantage over USA in agricultural trade as well as merchandise trade during the three analysis periods. The insignificant t-values of CAA, CEA, CAM and CEM of Thailand-Vietnam indicate that Thailand and Vietnam are close competitors before WTO implementation and in the overall analysis. But after the WTO implementation, Thailand has increased its competitiveness over Vietnam [CAA (-8.600\*), CEA (-5.346\*), CAM (-8.652\*) and CEM (-5.340\*)].

## USA

The competitiveness relationship of USA is very weak with China, India, Pakistan and Thailand. It has no advantage against these countries in the export of rice. Vietnam also has advantage over USA in export of rice. The significant t-values of CAA (-3.950\*), CAM (-4.046\*) and CEM (-2.707\*) before the implementation of WTO indicate that Vietnam has comparative advantage in agricultural and merchandise trade and competitive advantage in merchandise trade over USA. But the insignificant t-value of CEA (-0.743) shows that they are close competitors in rice trade. After the implementation of WTO and overall analysis depict that the t-values of USA-Vietnam are negative and significant. Therefore, Vietnam is a high competitor against USA in the export of rice.

## Vietnam

Vietnam has comparative and competitive advantages over China, India and USA and is a close competitor of Pakistan and Thailand in the export of rice.

## Competitiveness Ranking

The competitiveness ranking positions of major rice exporters are given in Annexure 1, 2 and 3. Pakistan is the top ranked rice exporter in competitiveness during the three analysis periods with net score of 15 (15-0), 18 (18-0) and 18 (18-0) respectively. Before WTO implementation Thailand is in second place with score of 10 (12-2) and Vietnam is in third with score of 7 (8-1). But after the implementation of WTO and in overall analysis, Vietnam (score of 14 and 4) has captured the second position from Thailand (score of 4 and 8). India is on fourth place with score of -2 (8-10), -4 (8-12) and -3 (8-11) during the three analysis periods. China and USA are on fifth and sixth place respectively in competitiveness ranking in rice exporting.

## Impact of WTO

In Table 2, the insignificant t-values of China's CAA (-1.513) and CEA (-1.329); Vietnam's CAA (1.822), CAM (0.149) and CEM (0.722); and Pakistan's CAM (0.302) and CEM (0.292) show that there is no effect of WTO implementation on particular competitive areas in these countries. It is clear from the t-values of India that it is the only country which has a positive impact of WTO on both competitive and compara-

tive advantages in agricultural and merchandise trade. Pakistan has positive impact of WTO only in agricultural trade. In case of Thailand (CAA, -3.647; CEA, -3.707; and CAM & CEM, -6.303) and USA (CAA, -4.925; CEA, -6.232; CAM, -3.954; and CEM, -4.580) and China (CAM, -4.773 and CEM, -3.549), the rice exports have negative effect of WTO.

**Table 2 Impact of WTO on Rice Exporting Countries**

Country	Agricultural CAA	Trade CEA	Merchandise CAM	Trade CEM
	t-value	t-value	t-value	t-value
China	-1.513	-1.329	-4.773*	-3.549*
India	4.918*	5.139*	3.101*	3.601*
Pakistan	5.939*	5.914*	0.302	0.292
Thailand	-3.647*	-3.707*	-6.303*	-6.303*
USA	-4.925*	-6.232*	-3.954*	-4.580*
Vietnam	1.822	2.854*	0.149	0.722

(\*) – indicates 5% level of significance

**India is the only country which has a positive impact of WTO on both competitive and comparative advantages in agricultural and merchandise trade.**

**Conclusion**

The present study shows that there may not be a positive relationship between competitiveness and market share or production (i.e. large export share or large production does not mean a greater competitiveness). Thailand is the largest rice exporter whereas Pakistan is on fourth place in the export of rice. But the competitiveness position is different for these two countries. Almost all countries have both competitive (>0) and comparative

(>1) advantages. It is also argued here that revealed competitive advantage is more important and relevant for the measurement of competitiveness than revealed comparative advantage because positive value of revealed competitive advantage indices (>0) have positive effect on balance of payment leading to economic development.

Pakistan has both comparative and competitive advantages over rest of the five countries whereas USA has been facing a tough situation of disadvantage. India has comparative and competitive advantages over China and USA. Similarly, Vietnam is facing competition from Thailand and Pakistan in the export of

rice. The analysis of competitiveness between countries concludes that Pakistan is number one having highest points in competitiveness ranking. Vietnam captures the second position from Thailand after the implementation of WTO and India has remained on fourth position. India has an enormous positive impact of WTO while Pakistan and Vietnam has also improved their competitiveness after the implementation of WTO. On the other hand, the competitiveness in the export of rice of Thailand and USA has been affected negatively by the implementation of WTO whereas China and Vietnam have no effect of WTO implementation on rice export competitiveness. Thus, the rice of Pakistan and Thailand seems to complement all other rice exporters, while the rice of China and USA have become the inferior products. It appears that any expansion in world rice trade may occur to Thailand and Pakistan (Hui & Turay, 1995).

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**ANNEXURE 1 Competitiveness Ranking Before WTO Implementation**

		Competitive and Comparative advantage of																					
		China			India			Pakistan			Thailand			USA			Vietnam						
Over	Loss	CAA	CEA	CAM	CEM	CAA	CEA	CAM	CEM	CAA	CEA	CAM	CEM	CAA	CEA	CAM	CEM	CAA	CEA	CAM	CEM	Loss	
<b>China</b>		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-15
<b>India</b>						*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-10
<b>Pakistan</b>														X	X								0
<b>Thailand</b>								*	*	*	*	*	*										-2
<b>USA</b>		X	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-18
<b>Vietnam</b>										X	*	X	X	X	X								-1
		1	0	1	2	2	2	2	2	4	5	3	3	3	3	0	0	0	0	0	3	0	-46
<b>Gain</b>		3			8			15				12				0					8		46
<b>NET</b>		-12			-2			15				10				-18					7		0
		(Competitiveness)																					

\* - Indicates significant score 1  
 X - Indicates insignificant score 0

**ANNEXURE 2 Competitiveness Ranking After WTO Implementation**

		Competitive and Comparative advantage of																					
		China			India			Pakistan			Thailand			USA			Vietnam						
Over	Loss	CAA	CEM	CAM	CAA	CEM	CAM	CAA	CEM	CAM	CAA	CEM	CAM	CAA	CEM	CAM	CAA	CEM	CAM	CAA	CEM	Loss	
<b>China</b>		*	*	*	*	*	*	*	*	*	*	*	*	*	*	X	*	*	*	*	*	*	-16
<b>India</b>					*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	-12
<b>Pakistan</b>																							0
<b>Thailand</b>																							8
<b>USA</b>		X	*	*	*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	-16
<b>Vietnam</b>																	X	*	*	*	*	*	-2
<b>Gain</b>		0	0	0	2	2	2	2	2	2	2	2	2	2	2	0	0	0	0	0	0	0	-36
<b>NET (Competitiveness)</b>		0	-16	8	-4	18	12	4	16	36	0	-16	0	14	0								0

\* - Indicates significant score 1  
 X - Indicates insignificant score 0

**ANNEXURE 3 Competitiveness Ranking (1980/81- 2009/10)**

	Competitive and Comparative advantage of												Loss										
	China			India			Pakistan			Thailand				USA			Vietnam						
	CAA	CAM	CEM	CAA	CAM	CEM	CAA	CAM	CEM	CAA	CAM	CEM		CAA	CAM	CEM	CAA	CAM	CEM				
<b>China</b>	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-16				
<b>India</b>				*	*	*	*	*	*	*	*	*	*	*	*	*	X	*	-11				
<b>Pakistan</b>																			0				
<b>Thailand</b>					*	*	*	*	*	*	*	*	*	*	*	X		X	-4				
<b>USA</b>	X	*	X	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-18				
<b>Vietnam</b>					*	*	*	X	X	X	X	X							-2				
<b>Gain</b>	1	0	1	0	2	2	2	2	2	2	2	2	3	3	3	0	0	0	3	2	3	3	-51
<b>NET (Competitiveness)</b>	2	-14	8	-3	18	18	18	18	18	18	18	12	8	8	0	0	0	0	11	9	9	0	

\* - Indicates significant score 1

X - Indicates insignificant score 0

**ANNEXURE 4 Share of Major Rice Exporters in World Rice Exports (1980-81 to 2009-10)**

Year	China	India	Pakistan	Thailand	USA	Vietnam	Total
1980-81	10.17	3.46	8.42	19.01	25.64	0.20	66.91
1981-82	4.47	7.56	9.69	20.75	26.16	0.05	68.68
1982-83	5.56	6.37	9.32	23.25	23.70	0.14	68.33
1983-84	7.12	3.70	8.00	24.10	25.45	0.77	69.15
1984-85	8.14	2.91	10.82	28.28	21.73	0.57	72.45
1985-86	7.05	5.70	6.67	25.12	20.13	0.45	65.13
1986-87	6.41	4.64	10.39	23.44	18.87	0.66	64.40
1987-88	6.43	7.61	8.69	25.73	16.82	0.50	65.78
1988-89	5.03	5.64	9.00	33.80	19.78	0.67	73.93
1989-90	2.25	5.17	6.26	35.68	19.82	5.85	75.03
1990-91	2.37	6.25	5.84	26.26	19.43	7.36	67.51
1991-92	4.06	6.93	7.72	26.74	16.91	5.24	67.60
1992-93	4.37	6.95	7.73	26.75	13.79	7.84	67.43
1993-94	5.15	7.96	6.20	25.17	14.90	7.02	66.40
1994-95	8.53	6.18	3.87	24.94	16.25	6.80	66.56
1995-96	0.76	18.98	6.20	26.16	13.36	7.10	72.57
1996-97	1.78	11.57	6.70	26.03	13.42	11.13	70.63
1997-98	3.57	11.69	6.16	27.70	11.97	11.18	72.28
1998-99	9.80	15.78	5.94	21.96	12.65	10.67	76.81
1999-00	8.55	9.21	7.49	24.73	11.99	13.00	74.97
2000-01	8.89	10.08	8.20	25.19	12.86	10.25	75.47
2001-02	5.02	10.09	7.44	22.54	10.25	8.92	64.25
2002-03	5.89	18.22	6.92	24.52	11.65	10.90	78.10
2003-04	6.94	12.55	7.88	25.64	14.46	10.09	77.55
2004-05	2.59	16.47	6.99	30.04	13.02	10.59	79.70
2005-06	2.34	14.69	9.69	24.24	13.44	14.65	79.06
2006-07	3.89	14.75	10.92	24.47	12.18	12.11	78.32
2007-08	3.49	20.75	8.19	25.28	10.17	10.85	78.73
2008-09	2.44	12.94	8.43	30.61	11.09	14.51	80.02
2009-10	2.94	13.02	10.60	28.25	12.24	9.07	76.12

Source: FAO statistics

## ANNEXURE 5 Revealed Comparative Advantage Indices in Agricultural Trade (CAA)

	China	India	Pakistan	Thailand	USA	Vietnam	
Before WTO (1980-81 to 1994-95)	1980-81	5.2240	3.2725	21.0354	13.2939	1.3969	4.7698
	1981-82	2.3233	6.5308	17.9182	12.1252	1.3527	1.1857
	1982-83	2.5967	5.8738	23.4520	12.5392	1.3185	2.2449
	1983-84	3.0214	3.3240	20.9879	14.9100	1.4155	8.7026
	1984-85	3.1378	2.8429	30.3991	16.3538	1.2997	6.1878
	1985-86	2.3198	5.2532	19.8696	16.3646	1.3625	4.4600
	1986-87	1.8657	4.4699	22.6973	14.9236	1.5368	4.0221
	1987-88	1.7884	8.2260	23.7280	16.4635	1.3514	4.3038
	1988-89	1.3969	7.4132	20.7998	19.1953	1.3968	5.8007
	1989-90	0.6489	5.8726	12.6993	17.9331	1.3557	27.3447
	1990-91	0.7555	6.6160	19.2817	15.8678	1.3991	32.5103
	1991-92	1.1491	8.1400	24.5520	14.9440	1.2451	27.8907
	1992-93	1.2661	8.4325	22.3436	14.3264	1.0212	34.1281
	1993-94	1.4299	8.0340	24.1189	14.2330	1.0558	28.3800
	1994-95	2.2734	7.4051	21.9259	13.6050	1.2060	20.8229
MEAN	2.0798	6.1138	21.7206	15.1386	1.3142	14.1836	
SE	0.2981	0.4953	0.9870	0.5012	0.0350	3.2368	
After WTO (1995-96 to 2009-10)	1995-96	0.2335	15.3029	26.9991	12.8439	0.9502	18.7580
	1996-97	0.5791	9.2022	22.3225	12.7331	0.9432	25.7732
	1997-98	1.2144	9.4567	33.6827	14.5847	0.8760	22.5923
	1998-99	3.5432	13.2195	22.5528	13.5455	0.9655	19.4914
	1999-00	3.0301	8.2730	26.3019	14.4160	0.9491	22.0756
	2000-01	2.7939	8.3696	31.5207	14.2334	0.9355	18.3310
	2001-02	1.6008	7.9909	30.2166	12.5811	0.7486	18.2555
	2002-03	1.8025	14.6036	30.9534	13.3250	0.9276	22.8063
	2003-04	2.2094	10.1334	33.5147	13.0893	1.2184	21.3027
	2004-05	0.9184	14.1710	33.8393	15.1671	1.2377	19.3252
	2005-06	0.7463	10.6523	37.3259	12.9092	1.3448	26.5643
	2006-07	1.2497	9.4578	38.9131	11.7190	1.2322	20.3691
	2007-08	1.1010	10.8503	35.3215	12.3300	0.9588	16.8386
	2008-09	0.8552	7.9177	33.9513	13.6380	0.9933	20.00175
	2009-10	0.9411	7.8724	34.0873	13.0687	1.1464	14.9807
MEAN	1.521	10.498	31.433	13.346	1.029	20.498	
SE	0.25051	0.6722	1.2798	0.2404	0.0428	0.8068	
MEAN (OVERALL)	1.8005	8.3060	26.5770	14.2421	1.1714	17.3409	
SE	0.1982	0.5773	1.2016	0.3198	0.0380	1.7406	



**ANNEXURE 6 Revealed Comparative Advantage Indices in Merchandise Trade (CAM)**

	China	India	Pakistan	Thailand	USA	Vietnam	
Before WTO (1980-81 to 1994-95)	1980-81	11.4344	8.1943	65.4472	59.4500	2.3121	12.1811
	1981-82	4.0797	18.3127	67.5762	59.3213	2.2029	2.3615
	1982-83	4.6863	12.8103	73.1820	63.0352	2.0615	5.1025
	1983-84	5.9158	7.4788	47.9895	69.8546	2.2850	23.0715
	1984-85	6.0948	5.7340	82.7159	74.6317	1.8977	17.0403
	1985-86	5.0393	12.1880	47.5874	68.9196	1.7974	12.7122
	1986-87	4.4274	10.5505	65.6657	56.4762	1.7757	17.7708
	1987-88	4.1015	16.9362	52.4335	55.5556	1.6656	14.7010
	1988-89	3.0398	12.1403	57.1030	60.7885	1.7604	18.5303
	1989-90	1.3272	10.1003	41.1760	55.0601	1.6879	93.1379
	1990-91	1.3157	11.8763	35.8968	39.2622	1.7026	105.6490
	1991-92	1.9865	13.6255	41.3628	33.0611	1.4092	88.2917
	1992-93	1.9370	14.1286	39.6216	31.0188	1.1586	114.3419
	1993-94	2.1224	13.5424	34.8666	25.7543	1.2123	88.9464
	1994-95	3.0504	10.1459	22.5973	23.8365	1.3711	72.5832
MEAN	4.0372	11.8509	51.6814	51.7350	1.7533	45.7614	
SE	0.6657	0.8660	4.2893	4.3147	0.0936	10.8042	
After WTO (1995-96 to 2009-10)	1995-96	0.2628	30.8312	39.9049	23.9395	1.1797	67.3305
	1996-97	0.6383	18.6694	38.6271	25.2422	1.1603	82.8916
	1997-98	1.0915	18.6672	39.3314	26.9980	0.9414	68.0754
	1998-99	2.9342	26.1312	38.3965	22.1852	1.0201	62.7382
	1999-00	2.5062	14.2798	50.8181	24.1701	0.9841	64.3258
	2000-01	2.3036	14.6026	58.6443	23.5534	1.0614	45.6967
	2001-02	1.1689	14.2580	49.8426	21.4758	0.8699	36.7479
	2002-03	1.1751	22.4322	45.3045	23.3711	1.0910	42.3597
	2003-04	1.2007	14.9150	50.0800	24.2112	1.5131	38.0015
	2004-05	0.4026	18.1728	48.1514	28.7718	1.4729	36.8525
	2005-06	0.3226	14.9591	63.3708	22.9297	1.5653	47.3960
	2006-07	0.4860	14.1413	78.1710	22.8610	1.4394	36.8652
	2007-08	0.4011	17.8445	64.3179	23.0181	1.2410	31.3165
	2008-09	0.2751	11.4191	66.8851	27.7759	1.3900	37.3439
	2009-10	0.3065	9.1282	75.8276	23.2216	1.4520	19.9104
MEAN	1.0317	17.3634	53.8449	24.2483	1.2254	47.857	
SE	0.2281	1.4480	3.4423	0.5389	0.0595	4.4566	
MEAN (OVERALL)	2.5344	14.6072	52.7632	37.9917	1.4894	46.8091	
SE	0.4443	0.9742	2.7095	3.3282	0.0733	5.7453	

## ANNEXURE 7 Revealed Competitive Advantage Indices in Agricultural Trade (CEA)

	China	India	Pakistan	Thailand	USA	Vietnam	
Before WTO (1980-81 to 1994-95)	1980-81	4.9843	3.2330	21.0352	13.2947	1.3936	-7.4841
	1981-82	1.8920	6.0272	17.9181	12.1252	1.3436	0.7719
	1982-83	2.2548	5.6788	23.4518	12.5392	1.2909	-13.0514
	1983-84	2.9052	1.6378	20.9871	14.9100	1.3790	2.5851
	1984-85	2.9564	-0.7179	30.3988	16.3538	1.1777	-17.7879
	1985-86	1.8620	4.7266	19.8693	16.3646	1.2858	-23.7034
	1986-87	1.2269	4.1470	22.6973	14.9236	1.4304	-15.3113
	1987-88	0.9469	8.1510	23.7280	16.4635	1.2118	-8.8559
	1988-89	0.8205	1.3321	20.7750	19.1952	1.1951	-6.7378
	1989-90	-1.0121	-2.1014	12.6993	17.9331	1.1852	23.2448
	1990-91	0.6572	5.0900	19.2801	15.8677	1.1662	32.3509
	1991-92	0.8503	7.7245	24.5520	14.9440	1.0038	27.4981
	1992-93	1.0307	7.1045	22.3426	14.3264	0.7796	33.9836
	1993-94	1.1634	6.9779	24.1138	14.2330	0.7870	28.3255
	1994-95	1.6165	7.3345	21.7450	13.6050	0.9299	20.8229
	MEAN	1.6103	4.4230	21.7062	15.3686	1.1706	5.1101
SE	0.3487	0.8150	0.9870	0.5011	0.0538	5.2610	
After WTO (1995-96 to 2009-10)	1995-96	-1.1554	15.3026	26.9983	12.8428	0.7069	18.5866
	1996-97	-0.2972	9.2021	22.3172	12.7310	0.6923	25.7732
	1997-98	0.6968	9.4563	33.6794	14.5797	0.5352	22.5922
	1998-99	3.0949	13.2028	22.5421	13.5332	0.7261	19.4786
	1999-00	2.7393	8.1905	26.2867	14.3993	0.7129	22.0094
	2000-01	2.3495	8.2878	31.5103	14.2283	0.6580	18.3310
	2001-02	1.1869	7.9906	30.0602	12.5779	0.4511	18.2221
	2002-03	1.3465	14.5999	30.7913	13.3163	0.6867	22.5374
	2003-04	1.7828	10.1326	33.3871	13.0460	0.9080	21.2747
	2004-05	0.2716	14.1710	33.8307	15.1578	0.9190	19.3236
	2005-06	0.2963	10.6513	37.3259	12.8944	1.0734	26.5581
	2006-07	0.6471	9.4569	38.8927	11.7040	0.8877	20.3626
	2007-08	0.7096	10.8495	35.2970	12.3048	0.5987	16.8224
	2008-09	0.6786	7.9170	33.9392	13.5622	0.6370	20.0008
	2009-10	0.7052	7.8721	33.9998	12.9013	0.7124	14.9754
	MEAN	1.0035	10.4855	31.3905	13.3186	0.7270	20.4565
SE	0.2915	0.2915	1.2787	0.2416	0.0415	0.8053	
MEAN (OVERALL)	1.3069	7.4543	26.5484	14.2286	0.9488	12.7833	
SE	0.2303	0.7657	1.1993	0.3213	0.053	2.9779	

ANNEXURE 8 Revealed Comparative Advantage Indices in Merchandise Trade (CEM)

	China	India	Pakistan	Thailand	USA	Vietnam	
Before WTO (1980-81 to 1994-95)	1980-81	10.6520	8.1629	65.4469	59.4500	2.3102	-12.6721
	1981-82	2.7725	17.9285	67.5761	59.3213	2.1979	1.6722
	1982-83	3.5311	12.6545	73.1818	63.0352	2.0463	-12.1264
	1983-84	5.6217	5.8148	47.9885	69.8546	2.2639	18.8399
	1984-85	5.7734	1.9696	82.7154	74.6317	1.8747	-6.0332
	1985-86	4.5803	11.7151	47.5869	68.9196	1.7538	-10.2628
	1986-87	3.7118	10.3093	65.6657	56.4762	1.7158	0.0599
	1987-88	2.7322	16.8654	52.4335	55.5556	1.5920	1.9068
	1988-89	2.0738	6.3163	57.0646	60.7885	1.6577	5.7628
	1989-90	-1.7146	6.0577	41.1760	55.0601	1.6019	89.6060
	1990-91	1.1336	11.1818	35.8938	39.2622	1.5793	105.5105
	1991-92	1.5321	13.4620	41.3628	33.0611	1.2790	87.9184
	1992-93	1.6125	13.3027	39.6201	31.0188	1.0338	114.2117
	1993-94	1.8829	13.0265	34.8565	25.7543	1.0723	88.9082
	1994-95	2.2761	10.0863	22.3085	23.8365	1.2353	72.5832
MEAN	3.2114	10.5902	51.6585	51.7350	1.6809	36.3923	
SE	0.7181	1.1187	4.2986	4.3147	0.1059	12.7404	
After WTO (1995-96 to 2009-10)	1995-96	-1.9391	30.8310	39.9029	23.9395	1.0573	67.0601
	1996-97	-0.6379	18.6693	38.5941	25.2422	1.0268	82.8916
	1997-98	0.3648	18.6669	39.3247	26.9980	0.7870	68.0754
	1998-99	2.4042	26.1124	38.3667	22.1852	0.8882	62.7232
	1999-00	2.2048	14.1918	50.7709	24.1701	0.8553	64.2348
	2000-01	1.8329	14.5304	58.6177	23.5534	0.9077	45.6967
	2001-02	0.7589	14.2577	49.5003	21.4758	0.7035	36.7083
	2002-03	0.8141	22.4287	44.9775	23.3711	0.9600	42.0899
	2003-04	0.8548	14.9142	49.8315	24.2112	1.3313	37.9775
	2004-05	-0.1570	18.1728	48.1355	28.7718	1.2853	36.8510
	2005-06	-0.0425	14.9586	63.3708	22.9297	1.4012	47.3896
	2006-07	0.0078	14.1408	78.1318	22.8610	1.2242	36.8576
	2007-08	0.0924	17.8441	64.2739	23.0181	1.0178	31.2980
	2008-09	0.1198	11.4187	66.8627	27.7759	1.1761	37.3368
	2009-10	0.1308	9.1280	75.6481	23.2216	1.1769	19.9045
MEAN	0.4539	17.3510	53.7539	24.2483	1.0532	47.8063	
SE	0.2866	1.4490	3.4434	0.5389	0.0536	4.4522	
MEAN (OVERALL)	1.8327	13.9706	52.7062	37.9917	1.3671	42.0993	
SE	0.4581	1.0968	2.7129	3.3282	0.0824	6.7147	

## Communication

### A Struggle for Meal Benefits

**Bro. R. Karthik Shekhar**

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*Over the past ten years, while food prices have more than doubled, meal benefits available to workers have remained stagnant. In the context of increasing inflation, meal benefits as a proportion of the wage bill have therefore dramatically fallen. Instead of viewing meal benefits as an inherent right of workers, the state has viewed them as peripheral and fringe benefits, and therefore has placed tax restrictions on them. It is argued here that struggling for improving the meal benefits to Rs. 125 per meal is necessary to ensure that organisations provide adequate meal benefits to their employees. Further, trade union action around issues such as meal benefits have the potential to democratise employment relations and society, as they can expand the scope of meal benefits to include contract and informal sector workers who are implicitly tied to organisations through their work.*

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#### Introduction

According to World Bank estimates, rising food prices between October 2010 and January 2011 drove 44 million more people in the developing countries into poverty (Sundaram, 2011). Access to nutritious food is a part of the democratic entitlements of the working class. Unfortunately, the government in India has failed to revise the meal benefits available to workers during the past ten years when the food prices have more than doubled. Yet the income tax exemption limits available for meal benefits have not been revised. It may be felt that the struggle for raising the income tax limits of meal benefits for workers within the organised sector in India is an elitist articulation when lack of access to food security is pushing many workers in the informal sector into deeper recesses of poverty.

However the struggle for raising the income tax exemption limit for meal benefits must be seen in the light of the work organisation moving towards becoming a total institution, and the corresponding decline in the spaces of resistance (Jackson & Carter, 2011). What appears as a trivial struggle is an important entitlement for workers. The right to nutritious food

in the workplace is a right that guarantees the nourishment of the worker's body. Once these benefits are asserted as an important entitlement within the organised sector, and rights such as appropriate income tax limits are preserved, then the benefits available to organised sector workers become a benchmark and standard for the state to provide to the informal sector workers as well. The informal sector workers can argue against the inequality and discriminatory framework in not extending access to food security to them. Access to food security in the context of a community has been linked to the ideals of community self reliance and social justice (Hamm and Bellows, 2003). Thus, the erosion of food related entitlements for workers in the formal sector reflects a loss of rights that have been earned over a period of time. The erosion of rights in the formal sector can often be a precursor to the marginalisations that follow in the informal sector. Neoliberal agendas are often advanced after crushing the collective action of workers within the organised sector. Therefore, it is necessary to contest the erosion of rights that takes place in the formal sector on account of the deterioration in the quality of democratic entitlements such as meal benefits.

**Access to food security in the context of a community has been linked to the ideals of community self reliance and social justice**

Due to the limits of meal benefits remaining stagnant, the quality of nutritious food available to workers has suf-

fered greatly. A limit of Rs. 100 per day has been placed on the meal vouchers that could be handed over to employees. Consequently, companies in the Information Technology and Information Technology Enabled Services sector are functioning within this limit of Rs. 100. Thus meal benefits which should have been revised to upto Rs. 200 continued to remain at Rs. 100 thereby reducing the quality of food available to workers. This indicates the processes of extraction of surplus by avoiding payments which must be legitimately made to workers. It is the erosion of the workplace as a site of welfare as adequate free meals are an important welfare measure that should be available to workers. According to CBDT circular no. 15/2001 [F.No.275/192/2001-IT(B) of 2001, free meals provided in the workplace are a staff welfare measure. Expenses upto Rs. 35 per meal were treated as a staff welfare measure and if the expenses pertaining to the meals increased beyond Rs. 50, then these expenses were treated as perquisites available to workers. Dominant perspectives of organisational development require workers to interact candidly with each other and take greater responsibility for their actions as organisational members (Nielsen, 1984). Trade union action which argues for meal benefits reverses this paradigm and argues for organisations to take responsibility for its members and ensure that their welfare interests are taken care of. Further, candidness is required in speaking up to power in organisations and ensuring greater democratisation of organisational spaces.

Situating free meals as welfare benefits could also lead to an increased productivity of employees within the organisation. Yet the state has failed to realize the importance of such welfare measures and thus has not yet revised the income tax exemptions available for such measures. Tax exemption was provided in India for Rs. 50 per meal in 2001. During this year the tax exemption had increased from Rs. 35 to Rs. 50. However during the past ten years, this tax exemption has not been raised. It is a standard practice in most other countries to increase the tax exemption based on the consumer price index every 2 to 3 years. Another advantage of providing meal benefits to workers in the organised sector is that it is a measure which could help in arresting inflation (Carrasco and Mukhopadhyay, 2012). Since the food related needs are met in their workplace, workers need not undertake their own individual efforts to meet their food needs. The collective efforts of the organisation would reduce the individual consumption expenditure of workers, thus helping in reducing inflation. When the food related needs of workers are met in the workplace, then their sense of food security is enhanced, and they can use their income for other purposes such as education, health or other consumption needs (Crush, Hovorka and Tevera, 2011).

The International Labour Organisation (ILO) looks at the provision of food in the workplace not only as a measure which can increase the productivity of the workforce but also as a part of occupational safety and health, and social pro-

tection agendas (Wanjek, 2005). For the purposes of assessing food related inflation, using the Wholesale Price Index (WPI) in India may be misleading, as the weight of food related items is only 14% in the WPI. On the other hand the weight of food related items in the Consumer Price Index (CPI) is 50%, and therefore may provide a more realistic assessment of food related inflation. Another index which is useful in assessing food related inflation in India is the Commodity Food Price Index (CFPI) which includes cereals, vegetable oils, meat, seafood, sugar, bananas and orange price indices. Both the CPI and the CFPI confirm that food related prices in India have increased by more than 100% over the past ten years. Consequently, meal benefits as a proportion of the salary of workers has declined over the past five years. Using data from the website paycheck.in, it can be assessed that meal benefits as a percentage of the total wages was 6.33% in 2006, but it declined to 2.39% in 2011. In the Information and Communication industry, meal benefits as a proportion of the total salary was already low at 2.63% in 2006, and this further declined to 1.69% in 2011. This indicates that the entitlements of workers pertaining to access to nutritious food in the workplace are being eroded in today's time.

**Entitlements of workers pertaining to access to nutritious food in the workplace are being eroded in today's time.**

Nair and Eapen (2012) suggest that food inflation in India in recent times has



been on account of supply side constraints and not on account of a shift in consumption patterns to high value food. This implies that even those in the middle class, who might have relatively better income securities have not been able to make the transition to high value food. Consequently, there may be no lifestyle effects visible with regard to food consumption, and people may be affected in similar ways. Subsidising food in workplaces is not being argued for middle class workers alone, it is being argued as a universalist welfare measure that must be available to all workers. Workers engaged in manual labour also have energy needs, and in the context of relatively low incomes, need mechanisms such as meal benefits to sustain their nutritional requirements. Another advantage of providing meal benefits to workers in the organised sector is that once their food needs are taken care of, they will be able to shift consumption to other needs. This increasing sustain production in the economy, and also benefit informal sector workers. Further, emphasizing meal benefits places an important focus on meeting food needs within the employment relationship. Once the employment relationship becomes the site for absorbing food related expenses, then shifts in food prices to the benefit of farmers and other agricultural labourers can also be expected.

Thus, meal benefits can form an important social justice agenda and it is necessary for trade unions to struggle for these benefits. The continuing food crisis indicates that market based solutions and other technical developments which lead to improvement in agricultural pro-

duction are not adequate in resolving food issues (Wise & Murphy, 2012). It is also necessary to resolve inequities in consumption and provide space for a welfarist policy. One good beginning could be by ensuring the expansion of meal benefits in workplaces in developing countries. This would greatly help in stabilizing demand and could be an important contribution in addressing the global food crisis. Rather than demand being driven by collective consumption, this would ensure that demand is driven by organisational communities. In order to meet the needs of food for the urban poor, an informal economy has evolved in Asian and African cities which meet their requirements at low costs (Drakakis-Smith, 1991). When meal benefits are given to workers, plans to tap into complex networks pertaining to food production and distribution in the informal economy should be evolved, so that meal benefits can be integrated with the upgradation and provision of decent work of food related workers in the informal economy. This would also raise the quality of food produced in the informal economy and benefit the population at large. Thus, creative implementation of meal benefits not only takes care of the rights of workers in the immediate workplace, but also has other developmental implications.

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### **Meal Benefits & Democratisation of Workplace**

A survey of the increase in the prices of meals in hotels and restaurants across the country indicates that meal prices have increased on an average by 208.68% between 2001 and 2012 with the standard deviation of the increase in prices being 63.51%. This indicates that meal prices have more than doubled during the past decade, and thus it is necessary that the meal benefits available to workers should also proportionately increase. When trade unions struggle for democratisation of society and the workplace, then issues of accountability and participation become important in the movement, and successful movements are able to mitigate hierarchically structured relationships among members (Aiyede, 2004). The struggle for meal benefits is an appropriate site for democratisation of employment relations as it represents an implicit erosion of the rights of workers. It represents a framing of issues where the interests of workers are in intersection with political decision making processes. It has been suggested that when citizens are able to deliberate on conflicting perspectives pertaining to an issue, then they are able to overcome elite influences in framing policy, and this deepens the quality of democracy (Druckman & Nelson, 2003). Thus, issues such as meal benefits where multiple perspectives exist on how the rights of workers can be improved can become sites for contesting elite policy making, and ensuring that grounded voices can become important in the processes of decision making.

Union Network International (UNI) Global Union has argued that meal benefits should be linked to the dearness allowance of employees, and since the food prices have more than doubled during the past ten years, meal benefits should be increased to at least Rs. 125 with effect from April 2012. If the rights of organised sector workers are protected, then their voice in decision making processes gets established to a greater degree. Then, they are empowered to fight for the rights of all workers, including informal sector workers. On the other hand, if the rights of organised sector workers are eroded, then it becomes difficult to sustain the rights of informal sector workers as well. Also, while collectivising new economy workers such as Business Process Outsourcing (BPO) workers, it is necessary to raise specific issues around which collectivisation can occur. Since BPO companies argue that they are enlightened workplaces, by pointing out that they are not providing meal benefits which are in line with food inflation, the gaps between promise and practice can be pointed out, and the need for collectivisation can be indicated to employees. Then over a period of time, coalitions can be built between trade unions from different sectors. Trade unions are inherently linked to political democracy as their bargaining power represents the quality of democracy prevailing in a political economy (Kukreja & Madureira, 1988). Thus, issues such as meal benefits in the Information Technology Enabled Services sector (ITES) represent bargaining issues which can enhance the strength of trade unions, and over a period of time contribute to the quality of democracy.

It is interesting to note that meal benefits between 1997 and 2001 were tax free up to an amount of Rs. 35 per meal to be provided to an employee. Along with an increase in wages and in the interests of redistribution of income, a policy option is to increase the amount up to which meal benefits will be exempt from taxes. Further, a higher ceiling of tax exemption can be provided if the meals can be sourced from micro-enterprises or the informal economy, where organisations partner with trade unions to increase the level of decent work in the informal economy. Such measures can lead to the transform the political economy in terms of a progressive labour politics. Thus, trade unions can articulate their demands in terms of building linkages with various sectors of the economy and bringing about change in society. Democracy requires grass roots empowerment rather than the subordination of labour interests to that of the parliamentary elite and the use of mass media for strategic advertisements in communicating with citizens (Bashevkin, 2000). Issues such as meal benefits can generate grass roots level deliberation and can thus become a forum for the expression of voices of workers. Also, beginning with issues such as meal benefits, workers can begin to realize the strength of collective action and the need for workers to unionize and maintain a vibrant grassroots culture within trade unions.

**Issues such as meal benefits can generate grass roots level deliberation and can thus become a forum for the expression of voices of workers.**

There was a change in the government policy pertaining to meal benefits between 2001 and 2005. While the magnitude of meal benefits available to workers increased from Rs. 35 to Rs. 50, for the first time, the government started assessing whether meal benefits could be classified as perquisites. The fact that meal benefits could be classified as perquisites is by itself not as problematic an issue as the fact that such decisions were taken unilaterally by the government without consultation with the trade union movement. National Sample Survey data of the 66<sup>th</sup> round indicates that the growth in consumption expenditure of non food items has been higher than the consumption expenditure of food items during the past two decades (Gupta, 2012). This indicates that during times of economic instability, transition and crisis, food related consumption can show a secular decline. Therefore, it is necessary that organisations as workplaces intervene to sustain food consumption trends. The creation of organisational interventions institutionalises food consumption thereby creating a sense of stability in the production, distribution and consumption of food. It has been argued that if economic reforms are pushed in the retail sector and if the modernisation of the retail sector is allowed, then there will be a reduction in food prices (Shah, 2011). Rather than supply side solutions of this nature, it may be worthwhile to pursue demand side solutions by ensuring that workplaces are held responsible for meeting the food needs of their employees, and such responsibilities can be expanded to ensure the food security of

citizens. Over a period of time, organisations can be held responsible not only for meeting the food needs of employees who are formally contracted with them, but also the food needs of workers from the informal sector or contract workers with whom there are implicit work related contracts.

**Trade unions can expand their campaigns for extending meal benefits to all these workers associated with an organisation.**

Trade unions can be held responsible for carrying out ethnographies for establishing a sense of all the contract workers and informal sector workers implicitly related to organisations. Trade unions can expand their campaigns for extending meal benefits to all these workers associated with an organisation. Where these workers may be contributing to multiple organisations, trade unions can act as intermediaries in ensuring that these organisations share the cost of the meal benefits of these workers. Ensuring that trade unions are institutional mechanisms in providing meal benefits to workers across formal and informal contexts would mean that trade unions work towards a process of registering these workers. Apart from expanding the constituencies of trade unions, this has the potential to democratise society in strong ways. It will ensure a voice and agency for informal sector workers, and bring into place an effective and credible mechanism for providing citizens with food security in India. When trade unions take up such responsibilities then social

coalitions such as the ones between the Zapatista movement in Mexico and independent labour can be recreated and the space for a progressive politics can be crafted (Khasnabish, 2005). Through arguments and mechanisms of ensuring food security, trade union action can cut across inequalities and insecurities of different sections of society, and bring about a collectivisation of issues and interests. The possibility of trade union action being strongly embedded in social justice agendas then becomes a more coherent possibility.

### Conclusion

From 2005 to 2009, the government did not specify any tax limitations; however an electronic meal card with an upper limit of Rs. 100 per day became a de facto standard for meal benefits. In interrogating realities such as meal benefits in the knowledge economy, trade unions can remain relevant to the interests of the working class. By beginning with concrete instances such as meal benefits, they can establish that they continue to retain their vitality as representative institutions of the working class and they cannot be easily written off (Sheth, 1996). Issues such as meal benefits are also an opportunity for trade unions to expand the constituency of the working class, and make corporations and organisations responsible for the food security of the entire gamut of workers who work for them – from organised sector workers who are formally tied to them to informal sector and contract workers as well. This can help trade unions in realizing their roles as actors who play an impor-

tant role in implementing social justice agendas. They can become a unifying force in collectivising workers from different contexts and articulating common and shared agendas on their behalf.

It has been suggested that in order to remain relevant, trade unions need to reach out to temporary workers, part time workers, ethnic minorities, migrants and other marginalised groups, and build collaborations with them outside the workplace as well (Wills, 2001). Trade unions need to build thick relationships with their constituencies and need to bring about a sense of agency and voice in them. Workers need to feel that their agency is important in constructing the character of the trade union. Once trade unions become spaces of wide ranging deliberations among a plurality of workers, they can strive to formulate and implement social justice agendas. For this to happen, trade unions need to begin work on concrete, material issues that are applicable for a wide range of workers. Food is an issue that is relevant for workers in the formal and informal sectors, and can become a creative bridge between them while articulating common issues. Interesting collective expressions can be generated around the issue of food as trade unions seek to bring about changes in policy at the level of organisations and the state. These collective expressions can then expand to a wider range of rights and more encompassing notions of social justice over a period of time. Labor can become a constituency which the politics of the state cannot easily ignore.

In achieving the ideals of social justice and ethics, governmental intervention may often be necessary (Marens, 2007). While articulating discourses such as increasing meal benefits and increasing the range of workers to whom these benefits are available, trade unions need to centre these discourses around ethical imaginations which inspire workers. Meal and food benefits need to be framed as central issues which need to be satisfied within the domain of the employment relationship. Governmental intervention which facilitates and enables corporations and organisations as important actors who must provide food related benefits to workers directly contracted by them, and others whose work they are dependent on, can go a long way in achieving food security. It can also create the basis of a progressive labour politics where the aspirations of workers become central to political processes of decision making.

**Meal and food benefits need to be framed as central issues which need to be satisfied within the domain of the employment relationship.**

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