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Comparative Analysis of Labour Informality in India

There exists a multitude of factors that contribute to the perpetuation and reinforcement of informality in the labour market in India. Over the past few decades, formal employment opportunities in the corporate sector have remained stagnant, while the informal economy has continued to expand, particularly in urban areas coinciding with the rise of industrialization. Concurrently, underemployment and unemployment rates have risen, wages in the informal sector have stagnated, and a predominantly neoliberal economic framework has facilitated the dominance of capital-owning individuals over the informal working class through a process of fragmentation and complete ignorance of labour laws that favour those in power, curtailing mobility and restricting access. Consistent ignorance from the government incentivizes the exploitative use of available labour by land owners and creates the informal Indian economy in which overworked and underpaid and ‘unskilled’ ‘casual labourers generate 60% of the country’s GDP (Harris-White and Gooptu, 90). In contrast, only 7% of the country operates within the organized sector (as illustrated in the graph), yet this segment receives a disproportionate one-third of all wages, despite their collective labour contributing to just 20% of the total GDP (Harris-White and Gooptu, 90). While the labour of informal workers operates outside the boundaries of the state, their employment remains organized along the lines of caste and gender. This stark contrast challenges the notion that capitalism can absorb informal labour and create equitable access for all. Instead, the prevailing system operates within a rigid social structure deeply rooted in caste, gender, region, and religion. These factors exacerbate and embed the consequences disproportionately across the population, perpetuating existing inequalities.

For the sake of comparative analysis, I have chosen to compare informality in India with informality in Pakistan, Vietnam and Thailand. These countries are suitable options as their economic conditions and levels of informality reveal parallels in their activities, yet India varies starkly in terms of which informal sector is at the forefront. While the informal economy accounts for a significant portion of GDP in each country (46.2% for Thailand, 20% in Vietnam, and 35.6 in Pakistan according to Worldeconomics.com), the informal economies of Pakistan, Vietnam and Thailand rely more heavily on manufacturing, industry and service sectors rather than agriculture, albeit employment in this sector comprises a significant proportion of the economy. All countries used in this study identify their economies as mixed economies, incorporating elements of free market economies paired with state intervention, as well as the coexistence of private and public enterprises. This context allows us to critically analyse the inner workings of the informal labour market in India in order to reveal how social institutions of caste and gender manifest differently and often maliciously within this structure, contrary to the neoliberal ideological notion that a freer globalized market offers the economic means to uplift and transcend social and historical inequities.

The agricultural sector in India is highly decentralized and heterogeneous, primarily concentrated within the hands of a few owners of capital that operate with a monopolized power to enforce minimal wages and exploitative labour practices. Such conditions are preserved under the informalization of labour, and remain ignored by the government despite informal agricultural labour accounting for 55% of people's primary source of income in the country (ILO). The utilisation of verbal contracts to create the illusion of "formal" employment that are in reality challenging to monitor, subject to manipulation, dangerous for health and well being,

and insecure in nature, allows landowners to hold significant social influence in determining work conditions and wages to advantage their profit margins, often abusing caste authority and political networks in tandem to maintain their leverage and power. This monopolistic control provides insight into the ebb and flow of the agricultural labour market, highlighting how employment opportunities are intricately tied to the assets and financial decisions made by capital owners. Labourers find themselves trapped in exploitative cycles, with their dependencies manipulated through debt contracts and meager wages. They operate under the constant pressure and threat that employers will only pay wages if they themselves generate substantial profits, forcing labourers to hyperextend their bodily capacity and dignity for the sake of securing any form of remuneration that supports their sustenance and survival.

Landowners use a variety of tactics ranging from contractual debts, use of caste dynamics, and taking advantage of dependencies and patronage to enforce the labourer's family into unpaid work. Employers are known to actively threaten job security through a frequent dismissal of employees in order to evade obligations and rarely maintain long-term employment, to prevent the labourer from fostering a sense of entitlement towards their positions. Within the agricultural sector, there is a notable overrepresentation of Scheduled Castes, who are often denied mobility into more secure positions in non-agricultural unorganized sectors. In fact, individuals from Scheduled Castes are twice as likely to be employed as "casual labour," predominantly within the agricultural sector, and are traditionally excluded from accessing more stable employment opportunities and fair contracts even within the agricultural sector (Harris-White and Gooptu, 99). A significant number of individuals from rural areas engage in large-scale seasonal migration in pursuit of employment opportunities in the agricultural industry, especially during harvest seasons. This migration is viewed as a chance to secure higher

wages and escape the burden of debt and oppressive practices prevalent in their own villages, while simultaneously hoping to maintain rural ties of kinship that function as networking opportunities essential to sustain livelihoods. It is predominantly men who embark on these journeys, leading to a substantial disparity in earnings between men and women. Women, often bound by gendered responsibilities of household chores and childcare, are left behind and denied the opportunity to migrate. Consequently, female labour becomes heavily concentrated in rural areas, specifically in agricultural work, where they are subjected to casual contracts and often unpaid wages, receiving just enough sustenance to survive. The wide-ranging contractual obligations and labour market disparities within the agricultural sector, which are deeply entrenched in gender and caste dynamics, severely hinder the workers' ability to collectively organize and advocate for their rights. While there have been instances of workers forming unions in small-scale establishments, their impact on overall labour practices has been fleeting at best. The challenge lies not in the lack of political awareness or the willingness to resist exploitation among workers, but rather in the formidable structural constraints they face. Furthermore, landowners often resort to state-sanctioned violence, either through the state itself or by employing the police (Harris-White and Gooptu, 94), to suppress any form of organized resistance rendering collective organization extremely unlikely.

According to labour statistics from the International Labour Organization (ILO), the agricultural sector in India exhibits a consistently high level of informality, with around 99% of the total agricultural workforce engaged in informal employment. This trend is not unique to India but is also prevalent across Southeast Asia, where agricultural industries consistently report informality levels exceeding 97%. The only exception to this is Thailand in the agricultural sector experienced a disproportionate decrease in informality where informality during 2014 was

about 98% but reduced to 89% for men and 94% for women as shown in the graph below. This can be explained by a boom in the industrial sector providing better wages coinciding with an increase in automation and less labour-intensive agricultural practice. Regardless of the specific type of agricultural activity, be it fishing, cash crops, or animal rearing, these countries share a common characteristic of having a small group of capitalists owning and controlling the agricultural sector where bonded labour, unorganised 'self-employed' labour, and forced family labour runs rampant. In these countries, the agricultural industry is predominantly concentrated in rural areas and is marked by exploitative practices and poor working conditions where wage dependency is a primary means of maintaining the cycles of oppression. This situation arises due to the government's inability to effectively enforce regulations and ensure employment security within the sector, thereby enabling a small capital-owning class that is incentivised to take advantage of the circumstance created through disparity and negligence with relative ease. Consequently, the labouring population, lacking collective bargaining power in many of these settings due to the fragmented nature of these labour markets disenfranchising mobilization, becomes vulnerable and dependent on their employers. However, a significant distinction can be observed when considering the Indian and Pakistani contexts, where the ascriptive hierarchy of caste plays a crucial role. While the identification of class as central to societal organization is more prominent in Thailand and Vietnam's agricultural sectors, caste becomes the primary means of not only segregating labour, but also labourers, in India and Pakistan that rigidly inhibits mobility due to the gradation of inequality undergirding caste. Oppressed caste communities, notably Dalits and Adivasis, are disproportionately represented in the informal agricultural sector, experiencing exploitation based not only on their economic position but also on their caste status. The reproduction of caste discrimination as a governing principle in adopting

neoliberal capitalist practices reshapes the tools of analysis required to understand the dynamics of the informal agricultural sector. This aspect is exposed when informality in India is compared to that of Vietnam and Thailand, and the irregularities regarding the impact of policies promoting privatization, deregulation, and liberalization reveal key distinctions in the data sets. In fact, India's failure to address informality within the agricultural sector can be seen as a failure to dismantle caste and its corresponding socio-economic injustices, and the state has instead streamlined the ability for dominant caste hegemonies to continue to do so.

In stark contrast to the exploitative and precarious nature of the agricultural sector, certain informal sectors offer marginal improvements and relatively greater job security within the informal Indian economy. These non-agricultural sectors employ various strategies, such as providing loans for education and healthcare and acting as a makeshift social safety net for labourers. However, this process is paradoxical, showcasing the tactics employed to ensure loyalty from labourers, as it holds value for the exploitative forces at play. Even within non-agricultural industries, employment remains highly fragmented along caste and gender lines. Many men migrate from their villages to escape unfair contracts enforced through caste hierarchies, seeking better wages in sectors like construction. Unfortunately, opportunities in sectors with safer and more secure jobs, such as night watch or accounting (typically occupied by upper castes), are scarce. The informal industries themselves are highly segregated based on caste. Textile workers, yarn twisters, and handcart pushers, for instance, operate within caste-based industries but are ultimately managed by a single primary capital owner. This dynamic allows the capital owner to exploit caste solidarity or caste power dynamics while leveraging the fragmented nature of the informal sector to suppress unionization and collective action. Labourers often campaign for the exclusion of other caste groups within a particular

industry, but this overreliance on caste relations can also render them more vulnerable to exploitation. The diamond-cutting industry in Surat serves as an example of this complex interplay. Despite widespread reports of abuse and exploitation, there has been no movement towards seeking accountability (Harris-White and Gooptu, 100). The government's involvement in regulating the non-agricultural industries is minimal, and Factory Acts Inspectors, burdened with excessive responsibilities and limited capacities, are often complicit in corruption and turn a blind eye to labour exploitation (Harris-White and Gooptu, 102). Exploitative practices are often camouflaged through a hidden process of outsourcing labour to villages, where evading judicial accountability is convenient, and cheap labour is abundant. Capital owners take advantage of the insecurities faced by casual labourers by creating a scarcity of permanent positions amidst a sea of precarious jobs, employing informal practices to their benefit. Within this context, female casual labourers comprise a significant proportion of the workforce and are subject to high exploitation and extremely poor working conditions for a fraction of the wages (in fact two-thirds of women do not receive any kind of monetary return for their labour). In the non-agricultural sector, women are involved in employments such as papad making, agarbatti rolling, beedi rolling, domestic work and construction work and often move seamlessly within several occupations working harder and longer than men under near impossible conditions (Ghothoskar and Kaiwar, 58).

According to the ILO data set, informality within the non-agricultural sector in India has remained stagnant at about 80% for over a decade while both Thailand and Vietnam have experienced significant changes both succeeding in absorbing over 10% of the informal labour force over 4 years. Thailand, unlike India, has reported extremely low unemployment rates albeit, still having a significant income disparity. Over the years, the Thai government has

recognised the need to address informality through policy and the enforcement of regulations that guarantee better working conditions. Significant attempts have been made to make social security schemes and skill training more widely accessible and assist in the formalisation of small and medium-sized enterprises. The inclusion of a provision under the Social Security Act guaranteeing a voluntary package as a partial government subsidy has made lump sums accessible to the working population and has had significant impacts on the informal economy both in the agricultural, as well as the non-agricultural sector. Vietnam as well has succeeded in reducing informality by 10% for men and 15% for women in the non-agricultural sector through a similar process of implementing policy changes that create some sense of security for the working population and allows for mobility. In the case of Pakistan, the non-agricultural informality has risen in recent years as these sectors have shown to be more resilient to the economic downturn the nation has been going through in part due to severe blows to the agricultural industries due to environmental and ecological factors. Informality remains unchanged in the non-agricultural sector as well in India because as a nation it has failed to address the deep-rootedness of caste in how capitalism is conducted. Reservations have failed to provide meaningful class mobility and policy has failed to address the segmentation of the economy not on the basis of class but on caste. We can clearly observe a lack of initiative from the government by contextualising the worsening conditions of the informal economy in India with the steadily improving conditions of other nations.

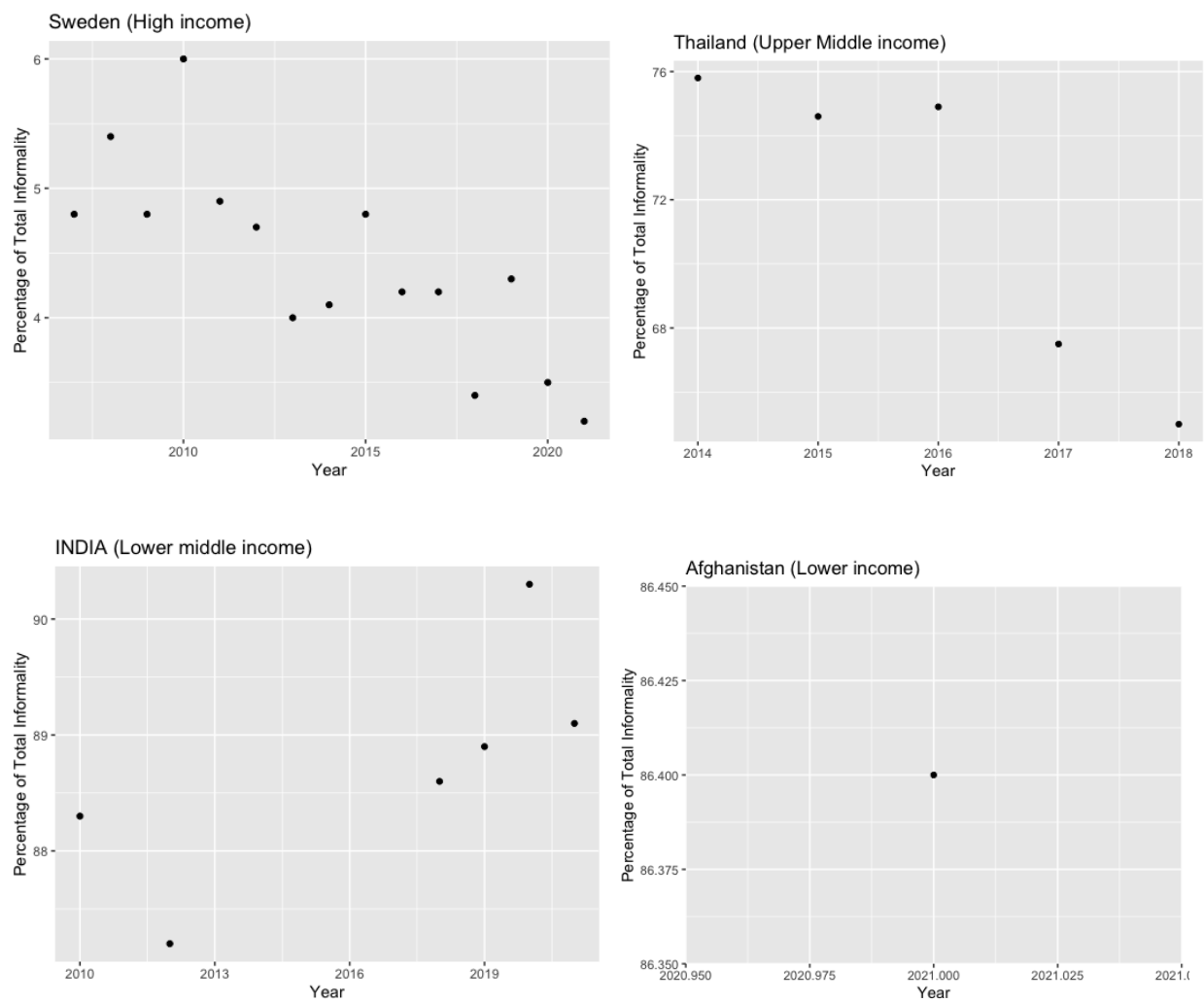
Given the intricate interplay between caste and gender in the informal sector, it is crucial to delve into how the formal sector exacerbates these divisions and perpetuates discrimination through monopolies of access, opportunity, and mobility. While statistics indicate that an increase in education leads to higher wages, a study conducted by the National Sample Survey

(NSS) reveals that individuals from Scheduled Castes (SCs) and Scheduled Tribes (STs) with the same qualifications experience diminished returns compared to individuals from other castes. Furthermore, the value of their education within the formal labour market is progressively diminishing over time. This implies that in order to secure equal opportunities, SCs and STs not only have to work harder but also require a continuous increase in the level of education they attain. Additionally, another study highlights that the likelihood of a qualified Dalit candidate receiving a positive response to a job application is only 0.67 times that of an upper-caste applicant with the same qualifications and 0.33 times as likely for Muslims (Deshpande, 7). The research also underscores the significant levels of discrimination prevalent in the private sector, partially due to the absence of reservations and legal support. However, it is worth noting that even in the public sector, the quotas for senior-level positions are sparsely occupied. This disparity in representation creates an inherent injustice in the labour market, as social and caste status determine the kind of connections and labour opportunities that one's family typically has access to, resulting in unequal access to better prospects. The findings of Deshpande's survey, which focused on students from three major universities in India, reveal that non-Dalit students are twice as likely to have a family business and leverage family connections to secure employment. On the other hand, Dalit students express significantly more concerns about finding secure employment at all. Barriers are frequently erected between Dalit students and job opportunities, such as requiring candidates to travel out of town for in-person interviews (particularly prevalent in the public sector). This places the entire burden on the candidates to afford food and shelter while temporarily abandoning their existing obligations and dependencies. Even for students who manage to secure interviews, the experiences are disheartening. Interviews tend to be invasive and hostile, disproportionately focusing on family

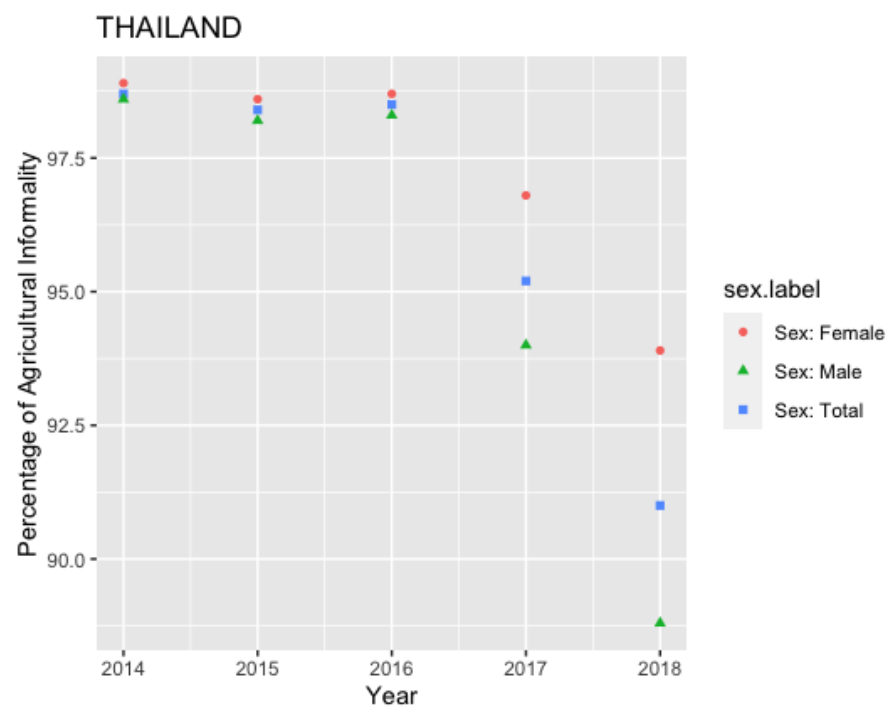
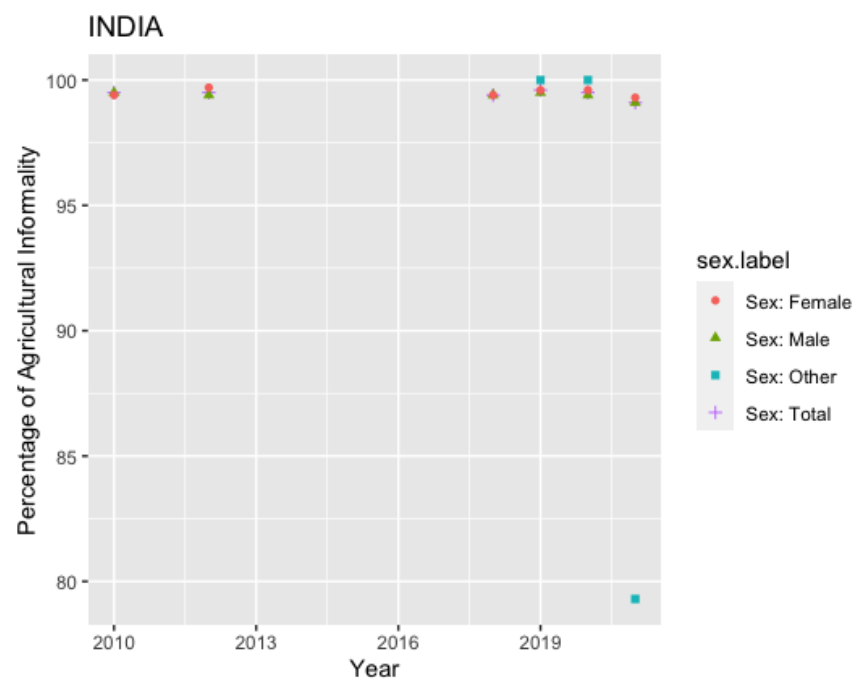
background as a means to reinforce negative and false stereotypes, thereby forcing the students into a position of defending their legitimacy to seize the opportunity. The formal sector actively operates with far more severe barriers for entry for non-upper caste students, paralyzing them within the informal economy.

Through an analysis and comparison of labour statistics, we can gain insights into the operation of inequalities within the Indian labour force. It becomes apparent that despite the absence of explicit mention of caste in surveys, the underlying caste dynamics that govern the labour market in India are still explicitly observable. This understanding provides valuable context for comprehending how the market functions and structures are influenced by pre-existing socio-historical conditions. When we contrast India's progress with that of other nations, particularly in terms of intentional policy implementation, it becomes evident that the government has largely overlooked the issue of caste inequality and displayed little to no interest in addressing it. The high levels of informality in the labour force persist due to a lack of concern and a failure to undertake substantial efforts to support and improve the conditions of the informal labour market. Existing policies are inadequately enforced, and the creation of new policies to address the issue is notably absent. Contrary to the belief that neoliberalism can dissolve caste, class, and gender stratification, we observe that it actually perpetuates, worsens and invisibilises these social institutions. The current functioning of the economy relies on the exploitation of labourers, which is amplified by the perpetuation and misuse of caste power dynamics. Neoliberalism, instead of dismantling these structures, reinforces and intensifies them, hindering progress towards greater equity and justice in the labour market.

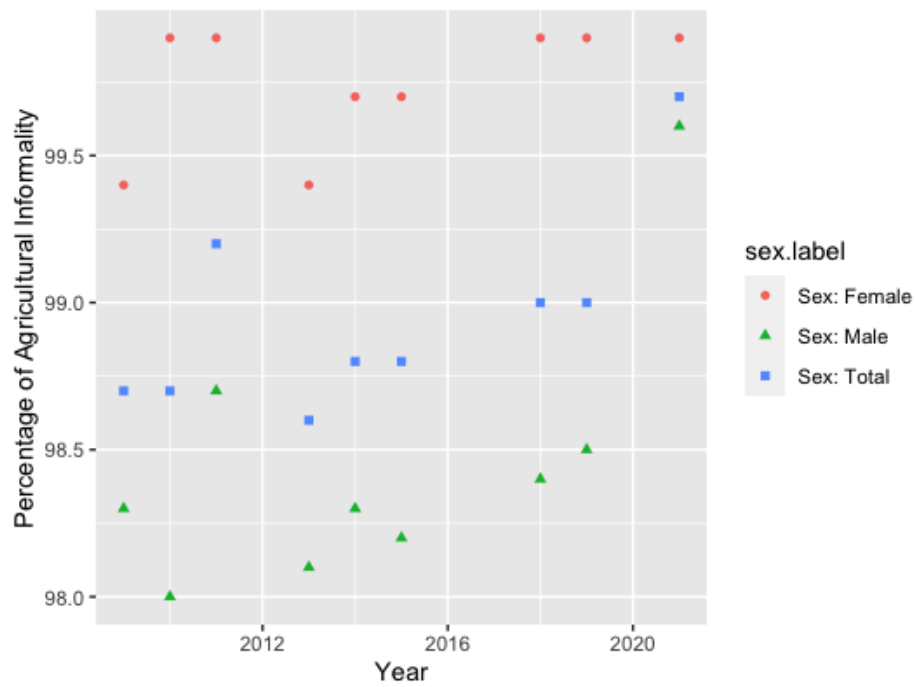
Percentage of informality comparison based on World Bank proposed by world bank:



% of informality Agricultural Sector (Country-wise)



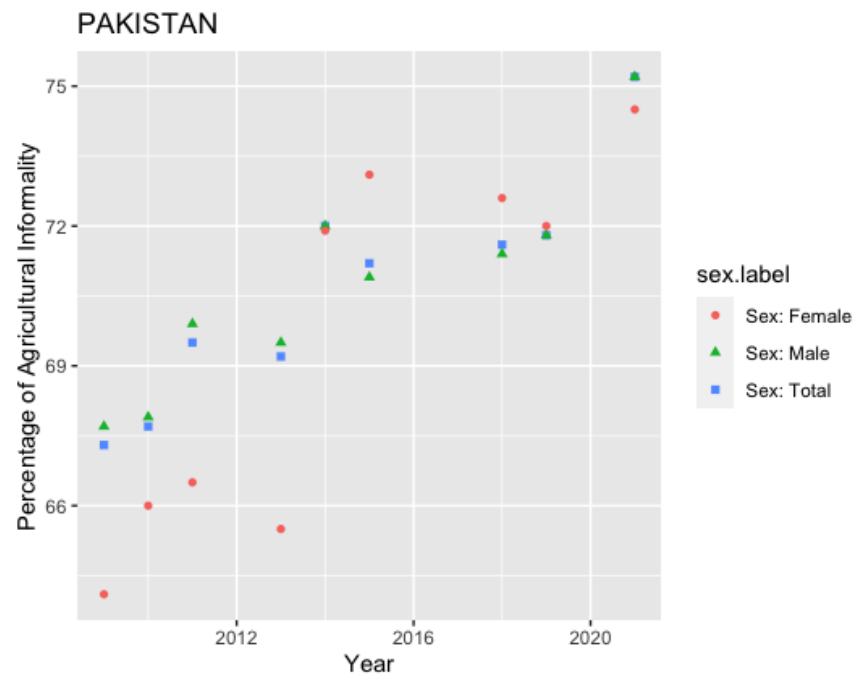
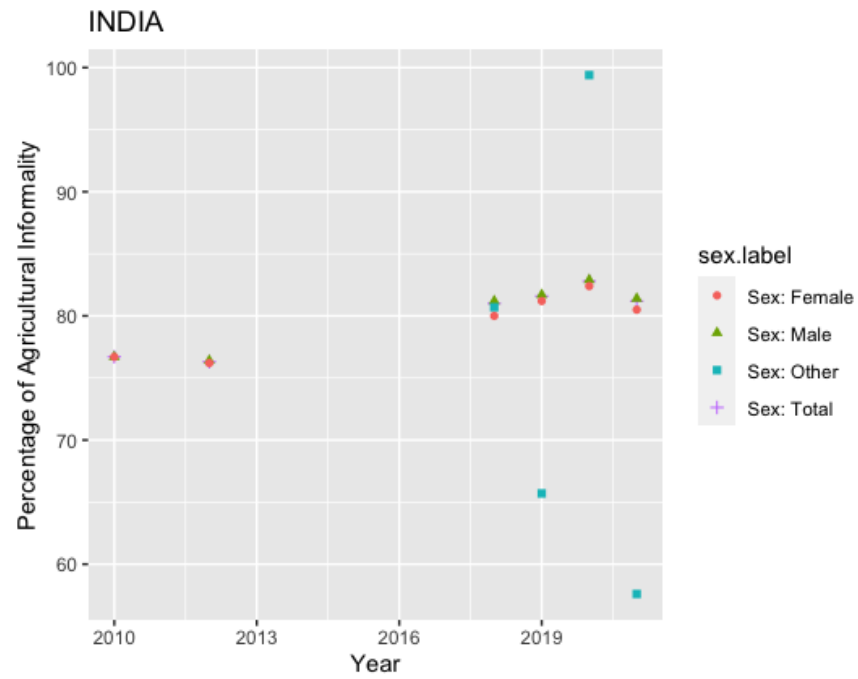
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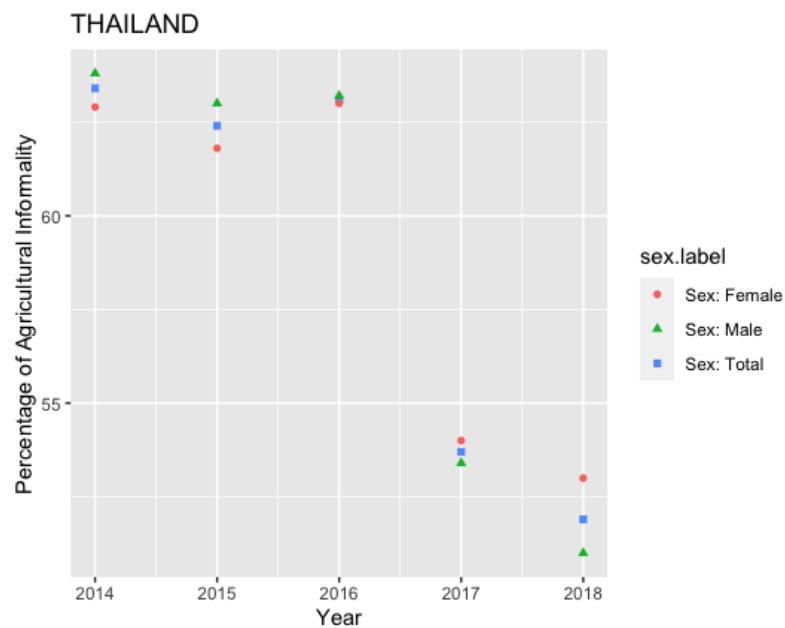
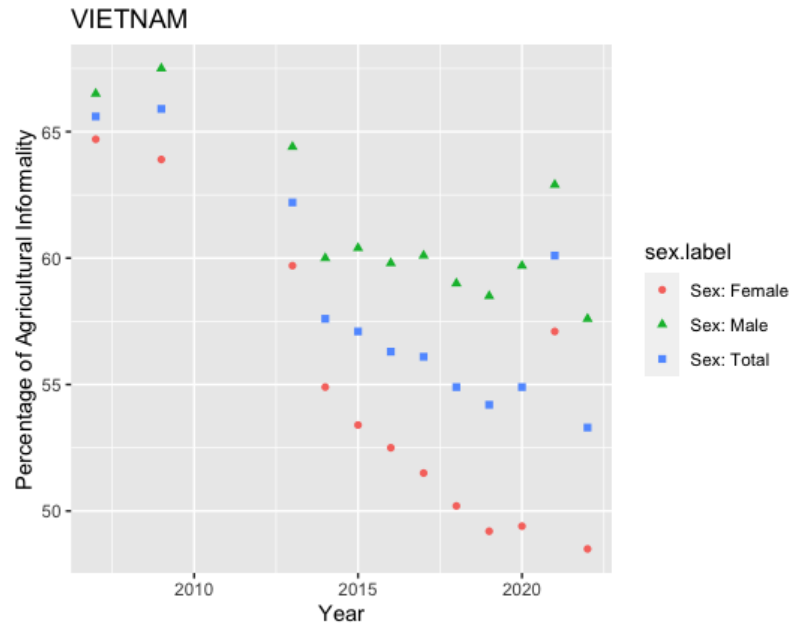


VIETNAM



% of informality within non- Agricultural Sector (Country-wise)





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