The Global Crisis and its 'Resilient Response' in India: Furthering the Neoliberal Labour Reform Agenda?

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Less than two years after the global financial crisis, the Indian economy seems to have withstood its impact with relative ease. GDP growth, though lower than the pre-crisis situation, has still been buoyant, industrial growth after dipping sharply is back to its upward track within a year and job losses that took place in this period have ostensibly been compensated for by job growth subsequently. The Indian Government is projecting a picture of a resilient economy and making claims that this resilience reflects the inherent strength of the economy and the effectiveness of the policy impetus provided by the State.

The paper examines the impact of the global crisis on employment and labour conditions in India and looks carefully at the meaning of economic resilience in the specific context of the employment forms in the economy's neoliberal phase. The paper is divided into three sections. Section 1 examines the data and information available about how employment was affected in the aftermath of the global crisis. Section 2 analyses these observations and contextualizes them in the existing and ongoing pervasive informalisation of the Indian economy. Section 3 concludes the paper by contextualising and deconstructing the meaning of 'economic resilience' and the agenda that it serves to further with respect to rights and conditions of labour.

Section 1

The country brief for India, prepared for the G20 Labour and Employment Ministers' meeting held in April this year in Washington DC, presents a picture of a resilient economy. "*The Indian economy has proved relatively resilient in the face of the global economic crisis. India's large domestic market, along with government fiscal measures, a number of social programmes and a strong banking system have helped to cushion the impact of the drop in demand in export markets*"[1].

Similarly the Economic Survey[2] notes that after a year of dip in the growth rate and sluggish exports and financial flows, "*the economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term*".

[1] ILO G20 India Brief (2010)
[2] Economic Survey (2010)

Indeed the overall macro indicators signal a return back to the path of high growth that the economy was witnessing before the crisis. The Economic Survey also projects this reversal as a consequence of the fiscal stimulus package as well as one reflecting the inherent strength of the economy and the correctness of the path of economic liberalization.

How do we evaluate these claims? Before we proceed we look at the relevant macroeconomic indicators of the Indian economy in face of the crisis.

GDP growth slowed down to 6.7 % in the financial year 2008–09 from 9 % in 2007–08[3]. Growth in exports (in terms of US$) slowed down drastically to 3.4 % in 2008–09 from 29 % in 2007–08[4]. Growth in index of industrial production came down to 2.6% in 2008-09 from 8.5% the year before, with the growth coming to almost standstill in the last two quarters in 2008-09. Thereafter, in 2009-10 the GDP growth has recovered to 7.2%, and the index of industrial production showed an impressive pickup in the first three quarters.[5].

However, while growth rates of output and exports were affected, the biggest casualty globally in this crisis has been employment and labour. Whichever domain a capitalist crisis may originate in, its ultimate repercussion and adjustment mechanism falls on labour. The fact that in the ultimate analysis, a crisis in capitalism is always mitigated by repression of labour came to the fore stridently in this crisis. What has been the condition of Indian labour in this crisis?

The crucial problem in estimating any employment related measure is the unavailability of statistics. Given the sophistication of the Indian statistical base and wide coverage of so many different kinds of statistical information, this is indeed a crucial area of neglect. In the background of this shortcoming and the urgency of the situation post crisis, the Ministry of Labour and Employment took steps to conduct quick quarterly surveys, which have been the only source of official estimates of the employment situation[6]. These surveys were conducted in selected industry sectors during the period October 2008 to December 2009 and cover firms employing ten workers or more. The surveys therefore cover firms in the formal (*organised*) sector only and do not cover enterprises in the informal (*unorganised*) sector of the economy[7].

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[3] Calculated from Table 2, Handbook of Statistics, Reserve Bank of India, (pg.8). The GDP figures refer to GDP at factor costs at constant prices.

[4] Calculated from Table 129, Handbook of Statistics, Reserve Bank of India, (pg.197). There is a discrepancy in the export growth figure in different official publications. The RBI source has been referred to here for its relative authenticity. It is approximately the same figure which has been quoted in the India brief in the G20 Labour Ministers' Meet.

[5] Economic Survey (2010), Key Indicators, Chapter 1 pg 2 and Table 9.1, Chapter 9 pg 208. The growth rate of the Index of Industrial Production had fallen to 0.8% and 0.5% in the last two quarters of 2008-09 has since recovered to 3.8%, 9.1% and 11% in the first three quarters of 2009-10.

[6] Labour Bureau Reports (1 to 5)

[7] "The unorganised 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." [NCEUS (2007)]. The obverse of this (i.e. ten workers or more ordinarily or 20 workers or more for firms not using electric power) corresponds to the organised sector. In India the term used for formal and informal sectors are 'organised' and 'unorganised' sectors respectively and all data are classified using this terminology. This has nothing to do with the term organised/unorganised

The surveys cover seven selected sectors viz Textiles, Leather, Metals, Automobile, Gems and Jewellery, Transport, IT-BPO and Handloom/Powerloom[8]. These sectors together significantly contribute to non-agricultural output and employment and also to more than half of the country's exports.

Some brief details about some of the crucial industry groups are in order before we go on to the analysis of the data.

The gems & jewellery sector basically comprises of sourcing, processing, manufacturing and selling of precious metals and gemstones, such as platinum, gold, silver, diamond, ruby, and sapphire. It is one of the important sectors, contributing significantly to India's export basket. It accounts for 13% of country's total exports. In the year preceding the crisis (2007-08), the sector had experienced a growth of 22% in exports.

The Indian textiles sector has an overwhelming presence in the country's economy. Currently, it contributes 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. The textiles sector is the second largest provider of employment after agriculture in the country. It provides direct employment to over 35 million people.

The leather and leather products industry is one of India's oldest manufacturing industries that cater to the international market right from the middle of the nineteenth century. The demand for its products has been both domestic as well as international right from the beginning. About 46 per cent of the production in the sector is exported.

The IT-BPO industry in India has become a growth engine for the economy, contributing substantially to the GDP, urban employment and exports. As a proportion of GDP, the Indian IT-BPO industry's revenues have grown from 1.2 per cent in the year1997-98 to an estimated 5.8 per cent in the year 2008-09. The sector's share of total Indian exports (merchandise plus services) has increased from less than 4 per cent in the year 1997-98 to almost 16 per cent in the year 2007-08. In absolute terms, the sector's export revenue is estimated to gross US$47.3 billion in the year 2008-09, accounting for 66 per cent of the total IT-BPO industry's revenue during the period. The sector provides direct employment to about two million people.

The Indian automobile sector comprises of both automobile and auto component manufacturers. The auto components segment is dominated by small & medium enterprises, largely grouped together in clusters, and accounts for major proportion of the employment of the entire automobile sector. It has evolved over a period of time from being a domestic supplier of low-value auto components to a sought-after hub for a variety of critical and high-end auto parts for the international market. Today, India has the

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labour used in the usual sense as unionised/non-unionised, though the presence of unions among the workers in the 'unorganised' sector is also rather sparse. To avoid confusion, we stick to the more appropriate term 'formal'/'informal' in this paper.

[8] Mining was also covered in the first survey, but discontinued later.

potential to manufacture nearly 20,000 kinds of auto components ranging from engine parts, fasteners to brakes.

We now move on to the analysis of the data available in these surveys, some of which we present in Tables 1 to 4. We find a net fall in employment of 483,000 jobs in October-December 2008 in the seven sectors taken together[9]. This was followed by a recovery in the next quarter and then a fall of another 131,000 jobs in the third quarter, so that the net fall in employment in these sectors were estimated as 338,000 jobs between October 2008 and June 2009. The situation seems to have seen a turnaround after June 2009 with the two subsequent quarters showing significant job recovery and net growth with the addition of more than a million jobs. This in fact was taken as a signal of the end of the recessionary impact on the economy and the ministry henceforth did not conduct any more quarterly surveys.

However a detailed analysis of the data shows a more varied picture. In the first quarter, between October and December 2008, all the eight industry groups surveyed show a slowdown in net job creation with most of them experiencing significant job losses. The total estimated employment in all the sectors covered by the first survey went down from 16.2 million in September, 2008 to 15.7 million in December, 2008 resulting in job loss of about half a million. In absolute numbers of net jobs lost, the worst sectors were gems and jewellery, automobile, textiles and metals, whereas in terms of share of total employment in the sector, the worst affected were gems and jewellery, transport and automobiles where employment declined by 8.58 %, 4.03%, and 2.42 % respectively during the period. The major impact of the slowdown was noticed in the export oriented units. During this period the total earnings of the workers also declined by 3.45% In fact the average wages and salaries had fallen every month in the first quarter. This decline was particularly severe in November 2008, where the overall average monthly earnings declined by more than 11 percent[10].

Whereas the next quarter (January to March 2009) saw a recovery with net job creation of 276,000, this was not the general picture. About 75% of this job gain came in textiles alone and the other sectors which had suffered only made marginal increases. The situation was reversed in the following quarter (April to June 2009) with a further loss of 131,000 net jobs. Once again the main determinant of this was the textile sector which saw a reversal and suffered 154,000 net job losses[11].

Thus between October 2008 and June 2009 when total net employment fell by 338,000, in all industry groups surveyed, except for two i.e. IT-BPO and Handloom/Powerloom, experienced a fall in employment. Gems and jewellery, metals and automobiles contributed most significantly to this decline with textiles, leather and transport also

[9] Total estimated employment in all the sectors covered by the first survey went down from 16.2 million during September, 2008 to 15.7 million during December, 2008. [Labour Bureau Report 1 (2009), p.10]
[10] Labour Bureau Report 1 (2009).
[11] Labour Bureau Report 2 & 3 (2009).

experiencing the fall. In these six industry groups, where employment fell, nearly half a million net jobs and over 800,000 gross jobs were lost in this period[12].

Overall changes in employment from July 2009 indeed indicate a turnaround with more than a million net jobs added and seven of the eight industry groups (except transport) showing net job gain. However a fragmented analysis shows a different picture. More than 80% of these jobs were created in just two industry groups, textiles (0.33million) and IT/BPO (0.59 million). The other six sectors just added marginally, so that employment levels still remained lower than pre-crisis period in five sectors with automobiles and gems and jewellery showing the most significant net job decline[13].

The five industries, gems and jewellery, automobiles, metals leather and transport taken together showed a net loss of 267,000 jobs in the entire period October'08 to December'09. Thus even in December 2009 when the economy was supposed to have recovered from the crisis and was exhibiting resilience, employment losses had not yet been recovered in these sectors compared to their pre-crisis levels in spite of the job growth in the last two quarters.

The quarterly surveys provide some information on the employment performance segregated as exporting and non-exporting units in each of these sectors. Considering the exporting units, in the first three quarters i.e. October'08 to June'09 all industry groups except for IT-BPO and handloom/powerloom show a net reduction in employment[14]. The fall was particularly large in gems and jewellery and automobiles, recording 10.64% and 9.43% decline respectively. The situation remained one of net loss of employment even till December 2009 (i.e. October'08 to December'09) in four of these five sectors – textile, leather, automobiles and gems and jewellery whereas metals just about reached the pre-crisis employment levels. Among the export units automobiles recorded the largest proportion of net job loss (6.5%) followed by gems and jewellery (3.38%) and leather (2.46%), considering the whole period of the surveys.

Considering the domestic demand segment i.e. the non-exporting units the most pervasive effect of the recession seems to have been on gems and jewellery, automobiles, metals and transport sectors. All these sectors recorded net employment loss both in October'08 to June'09 segment as well as the entire period from October'08 to December'09. The most affected sector was gems and jewellery which suffered an 8% net job loss in the immediate aftermath of the crisis (October-December'08) and the sluggish recovery later could not make it recover the employment loss till December'09. Apart from this automobiles and metals also recorded considerable loss in employment in the domestic demand category.

Comparing employment loss in the exporting and non-exporting units we find that in textiles, leather, automobiles and gems and jewellery, the exporting units suffered proportionately more heavily than the non-exporting units; metals being the only sector where the proportionate job loss was higher in the non-exporting ones. In gems and

[12] Net jobs lost = (Gross jobs lost) – (gross jobs added)
[13] Labour Bureau Report 4 (2009) and Labour Bureau Report 5 (2010).
[14] Transport does not have export units as it is a domestic activity.

jewellery, automobiles and metals, the impact of the crisis was reinforced by similar employment trends in both the exporting and non-exporting segments as both suffered net job loss. Whereas in textile and leather the employment trends in the two segments were contrary to each other, with the exporting units suffering job losses and the non-exporting units still experiencing job growth, considering the entire period. Considering the fact that textiles have a much larger presence in the domestic segment, the net job gains in that segment could outweigh the net job losses in the exporting segment to create an impression of turnaround to normalcy. In leather a similar trend of overall job growth in the non-exporting segment however could not outweigh the job losses in the exporting segment because of a larger share of the exporting segment in comparison to textiles[15]. However even in textiles, a close examination of the data reveals that almost all these jobs (0.31 million) were created in only one quarter (July to September'09), when both domestic and export sectors were buoyant but the subsequent quarter once again had sluggish performance with the non-exporting units sector in fact witnessing net job loss. This buoyancy may in fact be a consequence of the seasonal burgeoning of demand due to the festival season, where there is a major demand for clothes and clothing products, rather than it being a proper indicator of a resilient turn around.. In gems and jewellery and automobiles, both the export and non-exporting sectors experienced significant impact of the crisis in its immediate aftermath (October to December 2008), the proportionate fall in employment in the export units being much larger than the non-exporting ones. Even though the situation improved subsequently, particularly in the domestic segment, it was not strong enough to recover the job losses and employment levels remained lower in both export and non- export segments in December 2009 compared to the September 2008 figures.

Considering the importance of the IT-BPO sector in the economy, the employment trends therein need some exploration. With the exception of the third quarter (34,000 net job loss in April – June 2008), the sector did not witness net job loss in any other quarter. The net job losses in the third quarter were also contributed entirely by the exporting units which witnessed an estimated job loss of 48,000. In spite of this it will be erroneous to conclude that this sector was not significantly affected by the crisis. The immediate pre-crisis half yearly period (April – September 2008) had witnessed an addition of a quarter million jobs in this sector. Compared to that the next one year saw a 40% reduction in job growth as only 0.15 million net jobs were added. The addition of half a million jobs in the last quarter (October – December 2009) is thus to be seen in this overall perspective of an earlier slowdown and sluggish growth in a sector that has witnessed one of the fastest employment growth in the economy in the recent past.

Thus even though claims of a quick recovery and buoyant growth of the economy have been made with a turnaround from around mid 2009, yet a closer examination of these quarterly surveys reveal a more complex picture. Various industry segments had yet not

[15] Though textiles account for almost four times export earnings compared to leather, it has a much larger domestic demand component compared to the latter, where the export segment is almost half (46%) of its total production.

recovered their job losses till December 2009 until which minimal analysable data exist and gems and jewellery and automobiles were the worst affected amongst them. Further, even though job creation was being witnessed in most segments since July 2009, significant recovery has been limited to primarily to textiles and IT-BPO. The recovery in textiles was also a phenomenon primarily of the fourth quarter and the robust positive trends witnessed therein did not continue similarly in the next quarter. Similarly the robust growth of employment in the IT-BPO sector is also a phenomenon only of the last quarter and there is no evidence to ascertain whether this is merely a one period adjustment or a reversal to an upward trend.

The surveys also present break-up of information in terms of direct and contract workers and manual and non-manual workers. Direct workers are those hired directly by the firms and contract workers are hired indirectly through a contractor[16]. In general the contract workers suffered more than the direct workers in the immediate aftermath of the crisis, though the picture varied across sectors. Whereas in automobiles the major brunt of job losses fell on the contract workers, in gems and jewellery the direct workers were affected significantly more. In textiles, significant changes whether losses or gains in different quarters, were seen in the situation of direct workers. This may be a consequence of the nature of the industrial organisation. Gems and jewellery is a skill based industry organised as small firm clusters where firms primarily recruit most of their skilled workers directly. These workers were the ones who were severely affected in this crisis. Automobile on the other hand is a more multi-segmented industry, with the auto giants and small and medium scale component producers co-existing. Many of these component producers employ through contractors and even the auto giants do so. The absence of specific skill requirements as in gems and jewellery makes indirect employment often a cost saving move as contract workers are generally paid less and are easiest to dismiss. It is therefore not surprising that the brunt of the crisis in this sector fell on these workers.

The first survey also provided a break-up of workers in manual and non-manual categories. The following conclusions can be drawn from this data. The manual workers were affected much more severely than the non-manual ones. In each sector the job losses were proportionately more in the manual category than the non-manual ones. Within the manual workers, the contract workers experienced more losses. However, in the two sectors most severely affected, gems and jewellery and automobiles, even the non-manual workers suffered quite significantly. In textiles in the non-manual category a substitution of direct workers by contract workers seems to have taken place.

Apart from these quarterly surveys there is no other systematic database available on how employment was affected by the crisis. Centre of Indian Trade Unions, one of the main trade union bodies of India in its journal published reports from various state units in early 2009. Reports from two of these units Punjab and Andhra Pradesh are rather detailed looking at various industry segments in those states[17]. Apart from recording outright job

[16] This does not refer to the nature of job tenure i.e. a direct worker may also not have job security or any regular tenure.
[17] Singh (2009) and CITU (2009)

losses due to closure or shut down of firms, these reports detail various tactics that various industry segments adopted to 'rationalise' their workforce. Such tactics included unilateral lay-offs or lay-offs for three/four days in a week without giving any lay-off compensation. The export oriented steel industry in Punjab resorted to these kind of illegal lay offs in a big way. The textile mills on the other hand effectively reduced working hours by cutting down the number of shifts in a day, so that workers could find employment in fewer shifts. Punjab has a thriving automobile component industry and a leading bicycle and components manufacturing sector. These bicycle manufacturers and various automobile component industries were forcing their regular workers to take their accumulated leave or go on leave without any compensation. The casual workers were being retrenched outrightly. The workers in the construction sector are mostly daily wage earners, with hardly any job security. Both in Punjab and Andhra Pradesh, they were facing the brunt of the crisis as the number of days that they could find work drastically decreased. A particular form of 'adjustment' was delaying the payment to contractors inordinately. As the contract workers get paid by these contractors, this amounted to large number of contract workers not receiving their wages for months, in spite of not being retrenched or laid off.

The multiplier effects of the crisis on related sectors were even more drastic. For example, reduced construction work and export demand affected the stone quarrying sector drastically in Andhra Pradesh[18]. Apart from direct retrenchment due to closure of many of these quarries, the surviving units resorted to about 50% cuts in wage rate combined with reduction in days worked in a week. Some of the granite firms used to provide lunch for the workers as a part of their perquisites. They stopped providing lunch or reduced the quality of food served as an adjustment mechanism, which added to the workers' woes, already in a situation of severe income crunch. Shrinkage in activity in steel, construction and quarrying also affected the transport sector very badly. Heavy metals and construction material provided major demand for truck transport. This demand shrinkage affected the truckers, and all forms of truck labour very severely. In fact according to general newspaper sources as well as the perception of trade unions, this was one of the worst affected sectors in the country.

The quarterly surveys covered units from the formal sector of the economy. A simple extrapolation maintaining the same proportion of job loss as according to the survey yields a figure of about one million job loss for the entire private formal sector[19]. Trade Unions in India have been claiming that the number of jobs lost in the country is much higher and could even be more than 5 million, though no reliable confirmation can be made about

[18] Concrete cut from stone quarries is widely used in construction and products like granite stone and polished stone have both domestic demand as well as export demand, particularly from China, US, EU and Australia, which almost dried up in this period.

[19] The first survey estimated about half a million job loss for about 16 million workers in the sectors covered by it. Extrapolating the same proportion of job loss for the total private formal sector workforce of 32 million [source: NCEUS (2009) Table 2.4, p.15], we arrive at the figure of one million job loss.

such claims[20]. However, more than 70% of non-agricultural employment (i.e. in industry and services) in the country is in the informal sector[21]. There is very little information on the impact of the global crisis on the informal sector workforce. One can just hazard a guess that the situation would have been much worse particularly in segments which are related to the export sector.

A study by SEWA (Self Employed Women's Association) based on the experiences of its members and small surveys documents serious impact of the global crisis on some of the most vulnerable segments of the informal sector[22]. One of the worst affected segments was the recycling sector which includes some of the poorest and most vulnerable groups such as the rag pickers and waste collectors who earn their livelihood by collecting waste from the streets, neighbourhoods and industrial areas and selling it to contractors who send it to industry for recycling. In India, these waste collectors are mostly from lower castes, often women or children and tend to work long hours roaming the streets in hazardous conditions. The study records a crash of 30% to 60% or more in the prices of most waste materials for the waste collectors of Ahmedabad and Delhi. To compensate for the income loss, many of them roam the streets for longer hours starting from early morning so that they are the first ones to pick up the waste before someone else does. Some of them pulled their children out of school, so that they could accompany them in this feverishly competitive waste-picking market. Some of them looked for additional home-based work, which are even lower paying and tedious.

One of the other groups covered by the study is the homebased workers in the garment segment, who experienced serious income and work contraction. A survey conducted in Ahmedabad shows that whereas in November 2008, 100% of the workers had more than 20 days of work, with 88% having 30 days of work; in February 2009, 69% of workers had more than 20 days of work, with 38% having upto 30 days of work and 30% workers had less than 20 days of work[23].

Though waste collectors and homebased workers seem to be involved in rudimentary activities, they are integrally related to the export sector and the international value chain. The main reason for this crash in price seems to be the closure of recycling industries in China, which is the largest importer of the world's waste[24]. Similarly homebased work in the garment segment is an integrated part of the international value chain linking upto the top clothing brands and supermarkets of the world. The global financial crisis irrespective of its origin touches the most vulnerable and seemingly rudimentary section of the working population through the pervasive operations of the global value chains.

[20] For example the CITU in its report of the General Secretary in its 13th All India Conference officially claims that in the export sectors alone about 5 million workers lost their livelihood as the crisis struck.
[21] NCEUS (2007)
[22] SEWA (2009)
[23] SEWA (2009)
[24] In China official media reported that four-fifths of China's recycling units had closed in the aftermath of the crisis. [SEWA (2009)]

Thus apart from the direct job losses the qualitative impact of course would have been much more extensive, considering that various forms of effective unemployment are being disguised through cutting work-time and forced leaves. The impact on earnings also would have been substantial both for open unemployment as well as for disguised unemployment and effective wage reductions in various forms. No doubt that the brunt of such 'crisis-adjustments' would have been borne by the informal sector where more than 'job losses', activities shrink, incomes decline and livelihoods disappear.

Section 2

Irrespective of the large absolute numbers of workers involved in job and income losses, one may not be surprised by the claim made by protagonists of the resilient India image that the impact of the crisis has been relatively marginal, when we consider that even the figure of 5 million, that some trade unions claim, is only about 2.5 percent of the 200 million strong total non-agricultural workforce of the country. Thus compared to many other countries the proportion of workforce directly affected seems less significant. Combined with this, when one considers the rapid turnaround, albeit with all the qualifications and doubts expressed about such claims, the resilience of the Indian economy appears as a formidable proposition. We therefore need to deconstruct the meanings of such claims, given the ground reality of the Indian employment scenario.

Indeed such sectoral job losses may occur even in more ordinary times, with specific contraction of demand particularly in export sectors. The Indian economy has developed a capability to meander through such occurrences and appear rather resilient. The crucial structural characteristic here is the presence of all pervasive informality. It is not only that its informal sector is both absolutely and proportionately massive, but informalisation as a tendency and practice exists and is intensifying within the formal sector and that too in the formal sector dominated by large and multinational capital.

With this pervasive informality spreading through both the informal and formal sectors, The National Commission for Enterprises in the Unorganised Sector (NCEUS) found the need to define a distinct category called *informal workers*. Thus, almost all workers working in the informal enterprises or households, excluding a miniscule number who are both regular and enjoy social security benefits, are *informal workers in the informal sector* and the workers in the formal sector without any employment benefits or social security benefits (provided by their employers) are the *informal workers in the formal sector*[25]. The NCEUS estimated the total number of informal workers spread across both the formal as well as informal sectors to be about 167 million i.e. about 84% of the non-agricultural workforce[26]. Further, the extent of informalisation of the formal sector is testified by the fact that informal workers constitute about 45% of the non-agricultural formal sector workforce. (See Table 5)

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[25] NCEUS (2007)

[26] Almost the entire agricultural sector except for plantations and corporate farming falls under informal sector in India. In 2004-05 this was estimated to be 97.6 % of the total agricultural sector workforce.

To get a perspective of the nature and extent of informalisation in the non-agricultural sector, we examine sample data provided by NSSO between 1999-2000 and 2004-05, which we present in Tables 6 to 8. We can arrive at the following conclusions from this data[27].

One, employment in the informal sector is growing much faster than that in the formal sector. Between 1999/2000 and 2004/05, employment grew in the formal sector by 3.02% per annum, while that in the informal sector grew by 5.17% p.a. Within the informal sector, manufacturing, with 27% of its total workforce, is also its largest segment[28]

Two, the growth of formal sector employment happened entirely due to informal employment within the formal sector. Thus, the number of formal workers in the formal sector declined by 0.32% p.a. whereas that of informal workers grew by 8.05%. As a result, informal workers in the non-agricultural sector increased by 5.58%, whereas formal workers declined by 0.09%. Overall, the non-agricultural formal sector experienced a growth of 8.3 million informal jobs and a contraction of 0.5 million formal jobs. Thus, it is clear that India is experiencing a contraction in its formal workforce and an expansion of its informal workforce, constituted by both the growth of the informal sector as well as growing informalisation of work in the formal sector, particularly substituting for formal work.

Three, this tendency of informalisation of work of the formal sector has been particularly marked for the manufacturing sector. Of the total net incremental jobs created (both formal and informal work) in the formal sector in this period, about 45% have been informal jobs in manufacturing, followed by 19.5% as informal jobs in construction and 15.5% as informal jobs in education. To put it in perspective, of the 7.8 million net new jobs created in the non-agricultural formal sector, informal work in manufacturing alone accounted for 3.8 million. The burgeoning of informal jobs in the formal manufacturing sector has been paralleled by a sharp contraction of close to 0.9 million formal jobs in this sector.

This informalisation is however not a story of a dualistic economy, where the marginalised sections shunned by the capitalist growth process find residual avenues to survive through a host of activities[29]. The informal workforce in India is inextricably a part of the very capitalist growth process. The burgeoning of informal jobs in the formal manufacturing sector as well as the large weight of manufacturing in informal sector activities is a testimony to that[30]. The example of the waste collectors and homebased workers from the SEWA study discussed in the last section is an illustration of how rudimentary and vulnerable employment can be an integral part of international capitalist transactions and value chains.

[27] The latest detailed statistical evidence about the informal sector, provided primarily by National Sample Survey Organisation (NSSO), is available only for the period 1999-2000 and 2004-5. The NCEUS has also used the same database in its reports.
[28] NSSO (2007)
[29] Hart (1973)
[30] Bhattacharya (2007b)

This story of rise of vulnerable employment is however often obfuscated by the story of rise in non-agricultural employment, in absolute and relative terms, that we are witnessing for some years[31]. That the bulk of this employment is informal is sometimes explained away in terms of locating this tendency as a sign of vibrancy and entrepreneurial capacity of the informal workforce[32]. However, neither is this a reflection of any genuine spread of entrepreneurial capabilities that is responsible for spreading the fruits of economic growth to the mass of the Indian population, nor does it appear to be any Lewisian development story.

In fact the rise in non-agricultural employment is accompanied by a fall in real wages and earnings for both regular and casual workers in the non-agricultural urban sector[33]. Further, the average daily wage rates for casual workers are well below the minimum wage rate for both male and female workers, with the female wage rate being significantly lower than the male one. In the manufacturing sector, about 53% of male casual workers and 93% of female casual workers received wages below the stipulated national minimum wage rate.[34]

Also, notwithstanding the Government's claim of significant reduction of people below the poverty line, about 77% of the population have been categorised by the NCEUS as 'poor and vulnerable', with an average daily per capita expenditure below Rs.20 (lesser than half a US $). Further about 79% of informal workers (including those in agriculture and in the formal sector) fall in this 'poor and vulnerable' category[35].

Thus the growth of the informal sector is indeed in my opinion a sign of deepening of the capitalist growth process, but not, as the optimists visualise, by making the masses partners in the process of accumulation, but rather by extending capital accumulation and exploitation systematically to larger and larger segments of the economy and in all kinds of flexible forms. Thus, wage labour is replaced by forms that are akin to the putting out system, global commodity chains run from supply chains starting from home-based production in absolute shanty conditions, contractors or labour suppliers akin to those from the nascent age of capitalism supply employees for both core and non-core operations of the transnational and large corporate sector, which are manifested in our observation of increasing informalisation of formal sector employment. This informalisation of the

[31] Between 1983 and 2004-05, the share of agriculture declined from 68.5 to a little less than 57% and there is a concomitant increase in the shares of both rural non-farm (from 15 to nearly 21%) and urban non-farm (from 17 to 23%) employment. For a detailed discussion see Mohanty (2009).

[32] This kind of a position is epitomised by Hernando de Soto in several writings on the informal sector, where the people in the informal sector are seen to be brimming with entrepreneurial and mobilisational capabilities, handicapped by bureaucratic and legal institutions that do not recognise the norms of informality [Soto (1989), (2000).] A detailed critique of his work is found in Breman (2002).

[33] NCEUS (2009). There has been a decline in the growth rate of wages and average earnings of the workers between 1993-94 and 2004-05 compared to the previous decade. Even the rate of growth of employment fell from 2.03% to 1.85% in the same period. [NCEUS (2009) Table 2.2, p.10]

[34] NCEUS (2007). This is based on NSSO sample data between 1999-2000 to 2004-05. The national minimum wage rate in 2004 was Rs.66 per day.

[35] NCEUS (2007), NCEUS (2009). Though the population suffering from extreme poverty and living below the official poverty line (approximately Rs.12 per day per capita consumption in 2004-05) came down significantly from 1993-94 onwards, they seem to have moved only marginally above the poverty line into the poor and vulnerable category.

economy is not a failure, let alone an absence of the capitalist growth process; it is the very core of the process, which is involved in creating vulnerability for an overwhelming section of the economy and sizeable gain in income and consumption for the upper segment of the society. Capitalist expansion does not bypass the poor and vulnerable, they are inextricably drawn into that process but the miracle of the high growth that India is witnessing and its fruits clearly bypass them[36].

A characteristic of the informality discourse is that it renders ambiguous various formal terms and categories that are used to classify the labour situation. Thus the terms regular worker or direct worker does not signify any meaningful job security.

The regular workers are those who get salary or wages on a regular basis and not on the basis of daily or periodic renewal of work contract. However, regularity of payment does not imply permanent job tenure, full time work or any durable job security. This category includes those getting time wage as well as those receiving piece wage and paid apprentices, both full time and part time. Further temporary workers, workers engaged on hourly basis or even outworkers[37] can be termed regular workers as long as they can earn their wages without periodic renewal of contract while in job[38].

Similarly direct workers are those hired directly by the firms (and not by contractors) and they may also not have any job security or regular tenure. A contract worker implies that the principal firm employs the worker through a contractor; there is necessarily no enforceable contract which is signed between the worker and either the principal firm or the contracting one.

Likewise, what the term ‘wage’ implies can often be ambiguous. Wage payments can take various irregular forms, including a certain lump sum payment at the end of a year without any regular wage payment through the year and devoid of any specific relation to a monthly wage. Similarly, use of the term ‘self employed’, which covers the largest segment of workers in the informal sector, can be rather misleading. It generally conveys the meaning that these are not wage workers but entrepreneurs varying from higher professionals to rudimentary producers and sellers of goods and services. However, various studies have observed that a very substantial number of them are not entrepreneurs at all in a genuine sense[39]. Rather, they are disguised wageworkers. They work with the help of family labour and are often under ‘putting-out system’ whereby raw materials are supplied to them by agents or establishments who purchase the processed output. Often the supply chains run from these ‘own account manufacturers’ or ‘homeworkers’ through various agents and layers of firms to the biggest corporates or transnational corporations.

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[36] Bhattacharya (2007b)

[37] According to ILO classification, ‘outworkers’ are workers those who work for a particular enterprise, or supply a certain quantity of goods or services to a particular enterprise, by prior arrangement or contract with that enterprise, but; whose place of work is not within any of the establishments which make up that enterprise.

[38] NCEUS (2006)

[39] NCEUS (2007) and Breman (2002)

It is pertinent to ask the question therefore of what the terms 'employment' and 'unemployment' imply in the face of such generalised and pervasive flexibility. The term 'employment', which generally signifies a certain status of the worker who can be classified according to a certain flow of earnings, a defined labour process and contingent rights and obligations, does not seem to necessarily convey the same meaning here. In face of poverty and vulnerability, those in the underbelly of the economy under economic liberalisation have little option but to find work and income sources. The multidimensional flexibility that is rampant in the informalisation process provides the setting for finding work in varied circumstances and forms and a very large number of workers find such myriad forms in the circuit of capital accumulation in both the formal and informal sectors. Thus the large quarterly fluctuations that we observe in the textile sector, for example, in the quarterly surveys discussed in the earlier section, are made easily feasible in such a milieu. While providing qualitative information, the first survey reports that "the reason for decline in employment in export units of textile sector at Chennai was that the workers left these units due to declining wages and insecurity and seeking better employment avenues in other sectors"[40]. It is pertinent to ask that where such "better employment avenues" would arise in the first place in the face of a general crisis. But the point that I emphasise is that a Government report attempting to assess the adverse impact of the crisis can be cavalier enough in declaring that the workers, in the face of declining wages and heightening insecurity in a general crisis, voluntarily migrate for better opportunities elsewhere. A paradigm of generalised flexibility and choice akin to mainstream primers in economics is easily assumed where workers are expected to voluntarily seek their fortune almost on a day to day basis. Such a framework however is not a bureaucratic aberration. It is indeed a reality for a large number of workers in the web of informalisation. Interfirm and intersectoral migrations (which are migrations across geographical spaces too) and fluidity of income earning arrangements is at the very core of this informalisation process. The workers too get used to them and take it almost as a part of their natural fate. It would not be an exaggeration to use an anthropologist's description of these workers as "job hunters and wage gatherers"[41].

It is this pervasive informalisation that lies at the base of India's robust growth rates. The specific forms that this informality assumes in India, apart from signifying a lack of job security and social security support, also allows tremendous flexibility to capital. The kind of 'adjustment mechanism' that we discussed in the last section is not an abnormal response only at the time of a global crisis. It is rather a regular and general feature of informality in the Indian economy, almost chronically present in some sector or other. Its concurrence in so many sectors together is the particular consequence of this crisis. Thus large fluctuations in demand for labour (including sudden surges in demand and labour shortages), seasonal lay-offs, non-payment of compensation, absence of any job contract or ambiguous contracts and uncertain, delayed and ambiguous wage payment are regular features of employment in the informal economy (often even in the informal practices of

[40] Labour Bureau Report 1 (2009), p.12.
[41] Breman (2002)

the big corporate sector or their job contractors). There are also rampant and open violations of labour laws. The provisions of the Contract Labour Act and minimum wage norms are hardly followed. In fact the effective impossibility of legal enforceability in absence of formal contracts (or grossly incomplete contracts) and lack of effective unionisation adds to the power and flexibility of capital in general. It is not surprising therefore that 'turnarounds' can often be quick in this milieu of extreme flexibility as firms can respond to immediate situations carrying hardly any liability or long term consequences of their temporary decisions.

Such a milieu therefore provides the firms tremendous flexibility for adjustment. This in itself can be a platform for a 'turnaround' as new 'equilibriums' of wages and work norms can be reached quickly, that too at no real cost for such a transition. However, the implication of such a structure in the face of a general economic crisis goes much further. The crisis may have indeed provided the opportunity for the capitalists to undertake fundamental restructuring and hence, contrary to the expected recessionary impact, create further employment at lower labour cost. Though there is no quantitative information on this, this perception is widely shared by trade unions as well as young job aspirants in managerial or technical fields. Such concerns about engineering or IT graduates being offered substantially lower salaries and perquisites, not only in the period just after the crisis but also in the period of the turnaround, have appeared sporadically in various newspaper reports. These reports come in the newspaper because they are concerned about jobs for the upper strata of the population. What is obvious is that if such a tendency holds for elite jobs, it will be much more intense for ordinary labour. Further what appears to be the case is that not only sectors and firms impacted by the crisis practised such lowering of wages and salaries, but even firms and sectors unaffected by the crisis used the pretext to cut their wages and emolument costs.

The global crisis may have created the opportunity for some Transnational Corporations to do a global adjustment also. Indications are that some of them may have shifted part of their operations in advanced economies to their Indian plants to take advantage of cheaper labour and flexible conditions. The crisis makes a perfect setting for such global 'adjustments' as it creates minimum noise when operations are closed down or scaled down in one location as it appears as a natural inevitable consequence of a global catastrophe. Though no official or published information is available on this, trade union sources reveal that TNCs like Siemens and Atlas Copco have shifted part of their European operations to their existing plants in India. The oral sources reveal that these are not the only cases of such global shifts that have taken place in this period.

The State also played a major role in providing opportunities for Capital with its stimulus package. These essentially contained reduction of taxes and duties, tax-holidays, easier forms of credit and repayment, subsidies on trade credit in specific sectors, lowered cash credit ratios and interest rates and such other financial forms[42]. The total stimulus package

[42] Jansen and Uexkull (2010), Box 3.2 p.89 lists the major stimulus measures.

amounts to about US$ 9 billion paid from public exchequer[43]. However none of these financial stimuli were targeted directly for the workers, nor were there any conditions imposed on firms who directly benefited from the package about passing on the benefits to the workers in any form. Tripartite committees were supposedly formed to engage in "social dialogue" with workers.

It is not surprising therefore that various sectors in which labour was affected in a big way through retrenchment and wage cuts, also reaped substantial net profits in 2008-09[44]. The gain was particularly substantial for big capital. On the one hand the growth in index of industrial production came down to 2.6% in 2008-09 from 8.5% the year before and in manufacturing growth almost came to a standstill in the last two quarters[45]. On the other hand, during the same year, within the top 500 companies, the number of companies with positive results far outnumbered the negatives[46]. Their total assets grew by about 25% and the top ten companies made handsome gains in profits. Following that, in the fiscal year 2009-10 for the 980 listed firms that declared dividends, dividend payments increased by about 26%, which is perhaps the highest in many years[47]. In fact dividend payments increased more than the net profits, which itself increased by 21.5%. Further, the biggest gainers in this process have been some of the leading capitalists and their families. Thus, for example Mukesh Ambani of the Reliance Industries through his personal and family stakes earned Rs.9400 million, Azim Premji of Wipro earned about Rs.7000 million and B.M. Munjal of the Hero group earned about Rs.6360 million[48]. Thus the leading capitalists of the country have been sharply augmenting their incomes, when several sectors were yet to recover their job losses and the workers continue to suffer the brunt of informalisation, unemployment, wage reductions and inflation[49]. All this is not just a sudden bonanza that the capitalists enjoyed; it is in fact a culmination of a long term trend of skewed income distribution in class terms. Between the 1980s and middle of this decade, the share of wages in value added has constantly fallen from about 32% to 12.4%, despite a consistent trend in the increase in value added per worker in the same period. The ratio of gross profits to the total wage bill, which stood at 44% in 2001, increased to 176% by 2008. The quadrupling of this ratio in less than a span of a decade is a clear indicator of the class bias in India's economic resilience. Undoubtedly, the crisis provided an opportunity to consolidate and further exacerbate such trends.

Further the rise in assets, profits and high dividend payments for big capital also indicates another tendency that also often characterises capitalist crisis. Apart from the distributional shifts against labour, there may have been shifts away from small capital in favour of large capital. Undoubtedly many small and medium firms were affected in the crisis. The

[43] ILO G20 India Brief (2010). Though there are various estimates of the stimulus package and some much higher; US$ 9 billion is the figure reported in the G20 Country Brief for India.
[44] Financial Express (2010)
[45] Economic Survey (2010), p. 2 and 208.
[46] Financial Express (2010)
[47] Shirsat (2010)
[48] Shirsat (2010)
[49] Inflation in 2008-09 and 2009-10 have been the highest in the recent years with the consumer price index for industrial workers increasing at about 9% in 2008-09 and the food inflation at about 13% in 2009-10.

substantial dip in industrial growth and particularly in export growth would have had its effect on many firms. There were frequent reports in the media and other sources about closures or hypothecated machinery being seized by financial institutions. It is likely that brunt of crisis adjustment fell on these small and medium firms, particularly those in the informal sector. The pervasive informality that allows the burden of adjustment to be shifted to labour may also be used albeit to a lesser extent by corporate capital against a host of subcontracting firms both in its labour supply chain and product value chain. These smaller firms in turn would make their adjustments by shifting the burden as far as possible on even smaller establishments and labour through myriad forms of employment and networking relationships.

The point to be emphasized here is the endemic tendency in the structure of informality and inter-firm relationship to make such continuous ‘adjustments’. Thus coping with the crisis appears easy because the mechanisms of such adjustments are already pervasively present in the economy. It is for the same reason that apart from the initial phase of the crisis, when media attention was high, the consequences of the crisis have hardly drawn any systematic media attention apart from sporadic reports and occasional outcry. The media and indeed the elite public perception could treat the crisis as merely an irritant or at best a hurdle to be overcome and today, given their perception of a remarkable turnaround, are indeed jubilant that it has proved the mettle that the Indian capitalists are made of. The following quote about the biggest Indian corporates from an editorial of a financial journal is illustrative[50]:

“For corporate India, financial year 2008-09 was like a trial by fire. The global credit freeze in September 2008 and the negative GDP growth across the developed world proved a great challenge. All past assumptions in the market place turned on their head. Indian companies, by and large, met the challenge of global headwinds with a resoluteness not seen before. At the end of it all, India Inc seemed to have passed the test by not only staying afloat but also by growing their top lines impressively…The bigger companies used their sheer scale to some advantage and managed to preserve bottomline growth too.”

Section 3

In the light of the arguments made above, we can now contextualise India’s official claim of economic resilience. The economy is indeed resilient for those who are on the right side of the economic growth it has witnessed in this decade. However for the 77 percent of the Indian population who are in the vulnerability bracket, the reality is quite different. Curiously, even while painting the picture of resilience, the Country Brief from India in the G20 meet mentions a “quality gap” in employment referring to the informal sector employment as follows, “*India’s strong and steady growth has not yet yielded a significant improvement in terms of broadening access to quality employment*”[51]. It stated that the

[50] Financial Express (2010)
[51] ILO G20 India Brief (2010)

Government is committed to "*faster and more inclusive growth based on policies to reduce poverty and create employment opportunities, with decent working conditions a critical strategy element*". But neither in the brief presented in the meet nor in other government documents is any such concrete policy framework visible that can provide what the ILO calls "decent work", let alone providing job certainty and security.

In the G20 India brief, three policies have been mentioned viz the National Rural Employment Guarantee Programme (NREGP), the newly introduced Unorganized Workers Social Security Act 2008 and Skills Development programmes. We contextualise these policy frameworks below and argue that they do not necessarily imply or rather, they systematically deviate from a decent work or labour rights perspective.

What the G20 brief hails as a landmark inclusive growth measure is the National Rural Employment Guarantee Programme (NREGP), which was initiated through an act passed in 2005[52]. The Act guarantees hundred days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work at a statutory minimum wage rate[53]. Undoubtedly this measure has had an impact on the rural poor and vulnerable sections in the regions which have implemented this efficiently. However, this has very little to do with "decent work" or reducing the "quality gap" in employment. It provides casual unskilled work for a maximum of 100 days mostly on rural infrastructural projects and the wages are not indexed to inflation. Further, it has no direct implication for urban poverty and employment. The condition of work in the urban informal sector, which employs about two-thirds of India's urban workforce[54], is not directly touched by it. The only link that has been deliberated upon is that such guaranteed employment secures a wage floor for informal sector workers as they now have a guaranteed income source to fall back upon. Whereas this may be true for the rural informal sector (particularly for agricultural wages), it is rather tenuous for the urban informal sector. However such a view has even been vocalised by some industrialists, complaining that they are not getting cheap labour because of the NREGP. However such claims have hardly any substantive basis. Given that the access to such employment is limited to rural households and for a limited time period, even assuming full efficiency in implementation, only rural labour or seasonal migrant labour with a strong foothold in the rural setup can actually exercise such a 'choice'. For most of the informal sector workers in industrial cities and towns of India, this is not a viable option. But the point is in fact more fundamental. If such a rudimentary wage employment creates an impediment to running of industries then indeed it once again demonstrates the nature of vulnerable and poor employment that exists in our 'resilient' industrialisation. It is a willy-nilly recognition of the desire of Capital to maintain the abject vulnerability, which gets threatened with the idea of even the minimum income

[52] National Rural Employment Guarantee Act (NREGA).

[53] The statutory wages vary between the floor set by the minimum wage for agricultural labourers in each State and a ceiling of Rs.100, set by the Central Government in 2009. The financial burden for the wage cost entirely (and 75% of the other costs) is borne by the Central government. In the event of a State deciding to pay a higher wage rate, the additional amount (i.e. the amount exceeding Rs.100) is borne by the exchequer of that State. The average wage across different States in 2009-10 stood at Rs.91.

[54] NCEUS (2007), p.253.

security which has been provided, even though it hardly affects the reality of the urban informal sector or the pervasive informalisation of the formal sector.

In the official discourse on the informal sector, a clear duplicity is visible. Whereas the growth of informalisation is being admitted as a ‘quality gap’ or its vulnerability accepted, even the essential regulatory structures that are already in existence, such as contract labour act or minimum wage norms are hardly being implemented. In fact often through legal processes and State arbitrage mechanisms the provisions in such acts are continuously being constricted. There is in fact an overt or covert prescription of maintaining the flexibility and fluidity of the structure. Informality is not primarily a consequence of unhindered market operations, rather it is instituted through a political structure, which allows the failure and sidelining of the legal institutions and nurtures covertly the norms, nexus and networks of fluidity.

It is in this light that we must examine the newly introduced Unorganized Workers Social Security Act 2008 that seeks to provide social security for workers in the unorganized (informal) sector. Though the need for a comprehensive law for all the informal workers, who constitute about 93% of the workforce of the country and contribute to more than two-thirds of the National Product, encompassing all aspects of their work and livelihood has been long felt and recommended by various advisory bodies, the Government after dragging its feet for a long time passed an act, which at best is an extremely diluted version of the original proposals and intent[55]. The Act critically falls short of creating any regulatory structures including regulation of employment, wages, safety, conditions of work and even social security for the informal workers. In fact it hardly makes any provision for ‘social security’ and it is not surprising that the term ‘social security’ has not been defined in the act and more pertinently, the term does not occur in the body of the law in any substantive sense[56]. It is rather an act which primarily covers general welfare schemes related to old age pensions, health and life insurance and other such facilities. The Act does not provide any direct welfare benefits to the workers; workers can only avail of the benefits under certain schemes notified under the act. Most of these schemes already exist and there is hardly anything that the act has designed specifically for the informal workers. Moreover, bulk of these pre-existing schemes have been devised and designed as poverty alleviation efforts and generally directed at persons and families below the Poverty Line. This also raises the suspicion that in spite of its professed claim that the Act covers all informal workers, most of the schemes under it may effectively cover only the ones below the poverty line. That the definition of the term "self employed worker" in section 2(k) and of the term "wage worker" in section 2(m) of the Act provide for limits to be prescribed by the government for monthly earnings or of extent of land holdings or of monthly wage only strengthens the suspicion that the act is essentially designed to cover workers below the poverty line only[57]. As the bulk of informal workers are in the

[55] As it stands currently the Act is not yet implementable. The funding structure is yet to be finalised. Further, the act requires registration of every informal worker, who will be provided a portable smart card carrying unique identification number. Such a process has not yet been initiated.
[56] Sankaran (2010) provides a comprehensive critique of the act.
[57] Sankaran (2010)

vulnerability bracket, but above the extremely narrowly defined poverty line, they may effectively get excluded from some of the important welfare provisions of the Act[58]. More fundamentally the Act does not provide any security of employment or regulate conditions therein. In fact without employment they may not be able to avail the benefits under the prescribed schemes as many of these schemes require the worker to make a mandatory monetary contribution (such as insurance premiums or pensionary contribution) for availing the benefits. A worker without regular employment and earnings is often most likely to default on such mandatory contributions, making the most vulnerable get excluded from the provision of the so called “social security”. Further pervasive informality as it exists, with the fluidity of work practices and near absence of any effective regulatory structure, is not merely an issue of income and livelihood insecurity, it is fundamentally an issue of denial of labour rights and in fact, rights of decent citizenry to the bulk of the population. Therefore, any law intending to deal with social security which does not deal with the core issue of employment security in a rights and regulation perspective will not merely be incomplete but fundamentally displaced from the very domain of effective social security itself.

However, the negation of any genuine social security provision in the Act should not be read in my opinion merely as a faulty policy design or lack of political will. It in fact in its current structure serves a major agenda of the neoliberal reforms perspective. One of the strands in neoliberal advocacy is to ensure that as far as possible, the cost of adjustments (and employers’ liabilities therein) should not be undertaken by the capitalists. Ideally labour should take the brunt of this but if that is politically inconvenient, those costs should be transferred to the State. Thus there is a clear advocacy of increasing the employers’ prerogative vis-à-vis workers and reducing the employer’s liability vis-à-vis workers’ security and passing it on the State[59]. Thus whereas the State by the abrogation of its regulatory role would be a silent spectator and by implication a nurturer of the pervasive fluidity inherent in the institutions and practices of informality, it might grudgingly share some financial cost of such a structure, by making some minimum welfare provisions, especially if it is perceived that such consequent inequalities and exclusions will become politically sensitive issues. Further, this creates goodwill for electoral settings as the NREGP has surely done. This thus kills two birds with the same stone; any challenge to effective informality through a labour rights discourse is avoided or shunned and the political party in helm can take popular credit of appearing to provide for the excluded and the poor.

A furtherance of such a perspective sees the State’s role in providing certain supply side measures. Thus, it is prescribed that the informal sector may need certain forms of institutional help from the State but it should not be regulated and its latent energies stifled. The agents in the informal sector, it is argued, can be capable entrepreneurs in a host of

[58] Such an apprehension has been expressed by National Campaign Committee for Unorganised Sector Workers that this Act is essentially for workers below the poverty line and that the attempt is to create a cleavage between workers of being above or below the Poverty Line.
[59] For a detailed exposition of this see Bhattacharya (2007a)

forms – self-employed, providers of family labour or small and marginal operators/entrepreneurs. This once again kills two birds with one stone. The pressure of employment generation on the formal sector growth process is reduced if the marginalized can provide their own employment and the flexibility which is almost the defining character of the sector can be utilised by the formal sector for making its own adjustments.

It is in this light that the G20 India Brief talks about “skill development” as one of the focus areas of State policy[60]. The State’s responsibility at best is to provide such supply side measures, such as ‘skill’ and ‘information’. The informal workforce can then augment their skills and be better informed of opportunities to be more efficient players in the labour market. Any fundamental responsibility of the State to provide a stable life and non-vulnerable employment or provide a framework for labour rights for the mass of the working population is negated and obfuscated by such placatory moves about self-augmentation measures to bridge quality gaps.

Thus none of the policy measures mentioned as initiatives to mitigate the crisis or rather vulnerability and ‘low quality’ work go anywhere even as an attempt to do so. At best these can be basic livelihood sustaining measures, if implemented efficiently and genuinely. Neither are these measures designed as a response to the crisis. These were either already implemented or on the table for several years with no direct relationship to the crisis. The Government of India did not design any single policy package targeted for the workers in the wake of the crisis unlike what it did for the capitalists through the nine billion dollar stimulus package. It just regurgitated the existing policy initiatives as moves in response to crisis. Perhaps a government which can afford to think that India was just marginally touched by the global crisis and bask in the glory of the resilience of the economy need not even bother to think of any fresh policy package for the vulnerable. What is perhaps more incisive and ironical is that core neoliberal reform agendas of moving away from any labour rights discourse, passing on employers’ liabilities from the employers to the State and general supply side interventions are being legitimised by the Indian State in a context where globally, at least temporarily, neoliberalism is somewhat defensive and mellow compared to its predatory aggressive phase, which brought about the crisis in the first place.

Both the vulnerabilities of the informal sector and the post-crisis resilience also become handy for another similar agenda of the neoliberal State. The “successful tackling of the crisis” becomes an alibi as well as an opportunity to set an agenda to push forward more neoliberal reforms, particularly to curb the rights of organised labour. Such intent has been clearly articulated in the recently released Economic Survey of the Government of India, though in the garb of facilitating the interests of labour by means of ‘market flexibilities’ and tackling informality. The following quotes from the Economic Survey 2010 are more than illustrative:

“… *India’s labour regulatory structure does not have the flexibility commensurate with a buoyant, growing economy. For firms in the organized sector having more than a certain*

[60] ILO G20 India Brief (2010)

critical number of labourers it is extremely hard to retrench workers or downsize the labour force. At first sight this looks like a pro-labour legislation, one that protects the interests of workers. On the other hand, it can be argued that most potential firms are far-sighted enough to realize that, once they become sufficiently large in terms of employment, if they later need to retrench workers because the demand for their product slacks off, they will not be able to do so easily. This is likely to prompt them to remain small or not go into business at all, since all laws also play an expressionist role whereby they affect behaviour beyond the actual ambit of the law. Hence it is arguable that our labour laws, such as the Industrial Dispute Act of 1947, if appropriately reformed, can lead to a greater demand for labour, and through that improve economic well-being of workers…

… India's organized sector would grow if, in keeping with the times, we could amend the labour regulatory system, which would also influence the culture and custom of the labour market and encourage employment in the organized sector.

…There are two different ways in which workers can gain power. One is through the conferring of rights to them and the other is by creating market conditions that result in greater demand for labour and thereby increase the ability of workers to ask for more and realistically expect the demands to be satisfied.[61]"

That this can be expressed in the aftermath of a crisis, which saw significant job losses even in the formal sector is itself bewildering. Clearly the formal sector did not find it difficult to shed jobs or make adjustments; otherwise it wouldn't have bounced back to 'resilience'. However in line with neoliberal reasoning where anti-labour policies are always professed in the name of enhancing the interests of labour, this enhanced urge for flexibility and creating market conditions articulated in the document is a clear intent of advancing anti-labour neoliberal reforms with the crisis as its setting. That such reforms would by creating labour market flexibilities create more demand for labour and thus more employment is a well known neoliberal orthodoxy. What adds another dimension to that is the inherent logic in such arguments that formal employment is being hindered by regulatory structures and thus informality is fundamentally a product of the 'pro-labour rights' regulatory regime[62]. So, both increasing employment and reducing informality can, according to such received wisdom, be achieved through reforming the labour laws. Further, in the garb of 'different paths to workers' power' what is being advocated is a shift from a discourse of labour rights to one of market flexibility, where workers may "ask more" but have to be "realistic" about the satisfaction of their demands. With market reforms taking away the already constricted sphere of labour rights in the milieu of pervasive flexibility the workers indeed have to be 'realistic' enough to accept the 'iron hand of the market'. That is the clear message that the Indian State and the so called "India Incorporated" convey in their post-crisis resilient mood.

[61] Economic Survey (2010)

[62] For a detailed exposition of the discourse on neoliberal orthodoxy and paradigmatic shifts in labour reforms see Bhattacharya (2008).

Table 1
Change in Employment in selected sectors October 2008 to December 2009. (in thousands)

	Apr-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Net Change Oct '08 to Jun '09	Net Change Jul '09 to Dec '09	Net Change Oct '08 to Dec '09
Textiles	206	-107	208	-154	318	16	-53	334	281
Leather	8	6	-33	7	-8	9	-20	1	-19
Metals	-1	-100	-29	-1	65	23	-130	88	-42
Automobile	-8	-169	2	23	24	6	-144	30	-114
Gems & Jewellery	22	-159	33	-20	58	7	-146	65	-81
Transport	7	-4	-4	-1	0	-2	-9	-2	-11
IT-BPO	258	66	92	-34	26	570	124	596	720
Handloom/Powerloom	-14	-16	7	49	15	9	40	24	64
Net Change	478	-483	276	-131	498	638	-338	1136	798
Gross Job Loss	-23	-555	-66	-210	-8	-2			
Net Change for 6 sectors *	234	-533	177	-146	457	59	-502	516	14
Net Change for 5 sectors **	28	-426	-31	8	139	43	-449	182	-267

* 6 sectors include textiles, leather, metals, automobile, gems & jewellery and transport.
** 5 sectors include leather, metals, automobile, gems & jewellery and transport.

Source: Based on various tables in Labour Bureau Reports (1 to 5)

Note: There is a discrepancy in the figure for Transport in Oct-Dec 2008 between Labour Bureau Reports 1 and 3. The negative sign is absent in the third report. We have chosen this figure with the negative sign as description provided in the first report clearly indicates a fall in employment.

Table 2: Change in Employment in Exporting Units in selected sectors. October 2008 to December 2009. (Percent)

	Apr-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009
Textiles	-0.4	-1.09	-0.06	-1.5	1.23	0.71
Leather	0.05	0.36	-2.37	-0.46	-1.1	1.12
Metals	0.38	-1.01	-0.71	-0.06	0.72	1.14
Automobile	-0.95	-9.23	-1.48	1.28	2.26	0.95
Gems & Jewellery	0.73	-11.3	3.75	-2.9	6.55	1.48
Transport	0	0	0	0	0	0
IT-BPO	1.1	0.65	1.14	-0.68	0.12	5.23
Handloom/Powerloom	0.21	-1.17	0.58	5.55	1.28	2.54
Overall	0.2	-1.3	0.28	-0.76	0.91	2.95

Table 3: Change in Employment in Non-Exporting Units in selected sectors. October 2008 to December 2009. (Percent)

	Apr-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009
Textiles	1.29	0.02	1.78	-0.01	1.28	-0.45
Leather	1.42	0.73	-3.94	4.18	0.6	0.08
Metals	-0.29	-2.38	-0.44	-0.01	1.62	0.05
Automobile	0.5	-3.88	1.04	1.23	0.93	0.08
Gems & Jewellery	0.76	-8.1	1.82	0.74	2.93	0.14
Transport	0.35	-0.32	-0.36	-0.09	0.03	-0.19
IT-BPO	1.68	0.47	0.04	0.52	0.56	2.5
Handloom/Powerloom	-0.47	-0.36	0.13	-0.71	-0.03	2.95
Overall	0.86	-0.69	0.92	0.14	1.13	0.32

Table 4: Net Change in Employment in Exporting and Non-Exporting Units in different time periods. (Percent)

	Exp Net Change Oct-Dec 2008	Non-Exp Net Change Oct-Dec 2008	Exp Net Change Oct '08 to Jun '09	Non-Exp Net Change Oct '08 to Jun '09	Exp Net Change Oct '08 to Dec '09	Non-Exp Net Change Oct '08 to Dec '09
Textiles	-1.09	0.02	-2.65	1.79	-0.71	2.62
Leather	0.36	0.73	-2.47	0.97	-2.45	1.65
Metals	-1.01	-2.38	-1.78	-2.83	0.08	-1.16
Automobile	-9.23	-3.88	-9.43	-1.61	-6.22	-0.6
Gems & Jewellery	-11.3	-8.1	-10.45	-5.54	-2.42	-2.47
Transport	0	-0.32	0	-0.77	0	-0.93
IT-BPO	0.65	0.47	1.11	1.03	6.46	4.09
Handloom/Powerloom	-1.17	-0.36	4.96	-0.94	8.78	1.98

Source: Tables 2, 3 and 4 are based on various tables in Labour Bureau Reports (1 to 5)

Table 5: Interface between Formal/Informal Sector and Formal/Informal Worker In Non-agricultural Sector in India, 2004/05. (Employment in Millions)

	Informal sector	Formal sector	Total
Informal worker	**141**	**25.5**	**166.5**
Formal worker	**1**	**31**	**32**
Total	**142**	**56.5**	**198.5**

Source: NCEUS (2007)

Table 6: Employment Growth Rate by Economic Activity and Sector 1999/00 – 2004/05

Economic Activity	Informal Sector	Formal sector	Total
Industry	6.13	4.79	5.73
Services	4.48	1.7	3.67
Non-agriculture	5.17	3.02	4.53
Total	2.88	2.94	2.89

Table 7: Employment growth Rate of Formal and Informal Workers in the Formal Sector between 1999/00 & 2004/05 by Industry Group

Industry Group	Informal Worker	Formal Worker	Total
Agriculture	2.46	1.89	2.2
Manufacturing	9.98	-2.68	4.11
Electricity	5.53	2.82	3.16
Construction	7.15	2.47	6.58
Trade	1.57	-10.98	-3.68
Hotels	12.96	1.64	8.44
Transport	4.96	-0.22	1.26
Finance	21.75	3.07	5.49
Real Estate	17.5	14.97	15.94
Education	16.66	3.22	6.22
Health	15.66	1.69	4.89
Non-agriculture	8.05	-0.32	3.02
Total	7.33	-0.15	2.94

Table 8: Percentage Distribution of incremental employment in the Formal Sector between 99/00 & 04/05 by Industry Group

Industry Group	Informal Worker	Formal Worker	Total
Agriculture	4.41	3.02	7.43
Manufacturing	45.12	-10.36	34.74
Electricity	0.46	1.61	2.07
Construction	19.59	0.94	20.53
Trade	1.16	-5.89	-4.37
Hotels	2.95	0.25	3.2
Transport	3.6	-0.39	3.21
Finance	3.3	3.09	6.38
Real Estate	3.55	4.88	8.43
Administration	1.29	-12.17	-10.87
Education	15.53	10.27	25.87
Health	3.84	1.37	5.21
Non-agriculture	98.48	-5.91	92.57
Total	102.89	-2.89	100

Sources for Tables 6,7 and 8: NSSO (2001) & (2006)

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