SURVEY

Industrial Labour in Post-Colonial India
II: Employment in the Informal-Sector Economy*

Jan Breman

MAIN FEATURES

Rural–urban migration, which started long before Independence, has accelerated during the last half century. Only a small minority of that army of migrants has found work in the formal sector of the economy, however. The greater part of the urban population, both long-established and newcomers, are excluded from such employment. How, then, has this gradually increasing mass of people managed to earn a living? The answer is with work of very diverse character which provides very little stability taken over the year, even if continuous and full-time. The categorization of informal-sector employment is largely determined by the image evoked by Hart on launching the concept.154 Hart’s description stressed the colourful cavalcade of petty trades and crafts that can be encountered while walking the streets of Third-World cities, including those of India: hawkers, rag-and-bone men, shoe cleaners, tinkers, tailors, market vendors, bearers and porters, drink sellers, barbers, refuse collectors, beggars, whores and pimps, pickpockets and other small-time crooks. In the 1970s and 1980s in particular, registration of this repertoire of work expanded enormously.155 A noticeable factor is that publications on the subject did not originate among conventional researchers into labour, who were interested mainly in formal-sector employment. The contents of leading professional journals, such as The Indian Journal of Industrial Relations and The Indian Journal of Labour Economics, show that, for the time being, that one-sided interest did not change. The neglect was due both to lack of knowledge regarding the state of affairs on lower levels of the urban economy and to lack of affinity with the method of research that would be necessary to increase that knowledge. The informal sector included a ragbag of activities regarding which no statistics were available and to which, furthermore, the customary measuring and counting techniques were inapplicable. The landscape of informal-sector employment has been charted mostly by anthropologists and then on the basis of qualitative rather than quantitative research.

* The first part of this survey was published in Part 2 of this volume. The bibliography with full references appears at the end of this second part.
154. Hart, "Informal Income Opportunities".
155. Breman, "Labour in the Informal Sector".
The rapidly increasing interest that is presently being shown in this prominent branch of economic life does not change the fact, however, that its existence has been acknowledged in various earlier publications. As long ago as 1955, Ornati divided industrial employment in India into two segments: "organized" versus "unorganized". His distinction was based on the enforcement or non-enforcement of a packet of employment conditions laid down in the Factories Act. The greater majority of industrial workers proved not to be covered by those regulations.

A very large group of workers finds employment in the myriad small manufacturing enterprises which produce a large variety of products for local consumption. Much of the production of shoes and leather products is conducted in factories which, because of their size, are not covered by the Factories Act. In addition, many workers are employed in small cereal-milling establishments, printing firms, bangle factories, and by mica processors. Working conditions in this sector vary considerably from region to region and from enterprise to enterprise. Little is known about the precise number of people employed or about the conditions under which they work.\(^{156}\)

At the end of the 1960s the same classification was used in an official publication, although with a different meaning attached to the concept of "unorganized": "those who have not been able to organize in pursuit of a common objective".\(^{157}\) The same source refers to a separate category of unprotected labour, found particularly in larger cities. The only information given is that: "very little is known about it and much less has been done to ameliorate its conditions of work."\(^{158}\)

Features that are commonly highlighted in literature on the informal sector include the enormous diversity and irregularity of employment as well as the minute scale of the work unit, often no more than a single household or even a sole individual. Hart, in his pioneering essay, posited that the difference between the organized and unorganized sectors of urban employment coincided with wage labour versus self-employment. Many authors since have been inclined to see the informal sector as a collection of one-man firms, micro-entrepreneurs who work chiefly for their own account and at their own risk. Another noticeable factor is the predominance of activities in the tertiary sector of the economy. In addition to the heterogeneous mass working in the service sector, however, industrial work also forms an essential part of the informal-sector economy. This refers to manufacture that is mostly not carried out in the open air but in closed spaces: in small workshops or, in the case of home workers, in premises that are also used for domestic purposes. Power-looms, leather-working ateliers and diamond-cutting workshops are all prominent examples of cottage

\(^{156}\) Ornati, Jobs and Workers in India, pp. 64–65.


\(^{158}\) Ibid., p. 434.
industries in India, responsible for a very large share of total turnover in their particular branch of business.

What are the most obvious characteristics of these small-scale enterprises in the urban milieu? Firstly, the lack of complexity involved in the production process. The amount of invested capital is limited and does not allow the use of advanced technology. The work is far less divided into a system of interdependent tasks than in the formal economic sector. In other words, the organization of the business is not complex but decidedly flat in shape. Low capital intensity also restricts horizontal width. The enterprises are fairly small, employing no more than a dozen or so workers, usually managed by a single owner. Wages are low, based not on total hours worked but on the quantity produced. Piecework rather than time rate is thus the measure for the sum that workers receive periodically, usually weekly, from their employer. The workplace is a modest shop or shed. Although the workers go there daily, they derive no rights from their verbal work contract. The boss is free to terminate or interrupt the arrangement at any given moment. The latter may be due to seasonal fluctuations that occur each year, or to an abrupt breakdown in power supplies, problems with the supply of raw materials or with sales of the product. Even when the industrial cycle is not characterized by such freakish behaviour, the employer retains the right to sack his workers on the spot, whether or not they are replaced by others.

This practice of instant hire-and-fire shows that the workers are not protected by legal regulations. Such rules do exist but, not least due to the state’s lack of will to exercise reasonably effective control over their fulfilment, are circumvented by employers as a matter of course and with great ease.\footnote{Berman, Footloose Labour, pp. 177–221.} The workers are beyond the rule of law, not merely through their employment conditions: wage level, mode of payment, working hours, vacations, social provisions, etc., but also through the lack of any directives to guarantee their safety and to prevent their health being affected during and by the production process.

The unprotected nature of informal-sector labour is closely linked to the inability of this major part of the workforce to reduce its vulnerability by forming a united front. Trade unions are not so easy to find in the landscape of informal-sector labour, although there seem to be more instances than is usually taken for granted.\footnote{See e.g., van der Loop, Industrial Dynamics, pp. 256–265; Haynes, “Artisanal Origins”, p. 228.} Still, it would be difficult to contradict the conclusion that the state of defencelessness of the workforce, together with their own non-compliance with various government measures, is an
important reason why employers keep their enterprises out of the formal sector of the economy.

Industrial establishments such as those described above employ masses of workers who far exceed the total number of men and women engaged in the formal sector of the economy. Home-workers form a third category of industrial workers and represent the least visible but most vulnerable part of the entire labour force. The lack of adequate and reliable quantitative research means that their numbers can only be estimated. One problem in this connection is that home-based work is rarely a full-time activity but is one that occupies more than one household member in varying degrees of frequency and intensity. As a result, far more women and children are involved in this work process. Since all domestic work is the sole responsibility of women, they are often willing to accept home-based work even if it is badly paid. Combining this with their housekeeping role, home-based women workers carry a double burden. This also means that they have little time to spare for participating in workers’ movements or for learning new skills.

Under the putting-out system, an obstinately surviving form of work whose history dates back to pre-capitalist times, raw materials are brought to the home of the producer and finished products are returned to the supplier or his agent. Production requires only simple tools, if any at all. Lace and brocade, hosiery, carpets, and bidis, for example, are mostly manufactured in this way; homeworkers also assemble parts into final products, ranging from toys to furniture and clothing.

The degree of skill required for industrial work in the informal sector of the economy varies considerably, but in general, access to a trade is not tied to formal education. While applicants for factory work in the formal sector are expected to have at least a diploma from an industrial training institute, a long-term endeavour that follows completion of elementary and secondary school, informal-sector workers have to pick up their skill on the job. Sometimes they follow an apprenticeship lasting a few months, but more usually they learn by helping an experienced worker. During this training phase newcomers are paid little if any wage; if they do get anything, they are expected to give part of it to the instructor. If skill is required, as in the case of diamond cutting, the employer only takes on apprentices who are prepared to pay for their training or who will commit themselves to work long-term for him after its completion. Informal-sector workers are not known for any high degree of skill. According to some authors, newcomers to the urban milieu do not need technical knowledge so much as aptitude.

[...] although the vast majority of the urban labour force is unskilled, urban employment may require certain patterns of coordination and motor responses

which differ from traditional agriculture and thus influence the possibilities of commitment [...]. There may be need for more rhythm and monotonous repetition, coordination, careful timing, and higher levels of spatial, verbal or logical conception.\footnote{Kanappan, “Labor Force Commitment”, p. 321.}

Discipline, we are told, is a virtue that has to be instilled in the informal-sector workers. This point of view shows complete ignorance of the type of demands made on workers in the rural economy, regardless of whether they own a small plot of land or are landless. In addition, however, it underestimates the division of work pertaining in industrial production in the informal sector and the technical skill that is needed to perform adequately.

Waged labour is not only the principle on which capitalist enterprises in the formal sector are organized, but it is also the predominant mode in the informal sector. On further analysis, what is usually called “self-employment” proves to equate with payment modalities that only ostensibly tally with what is understood as own-account work. Subcontracting, and payment with a round sum for other production tasks, e.g. job work, seem to me to be indirect, i.e. mediated, wage agreements. It is then incorrect to include such transactions under micro-entrepreneurship in that the reasonable degree of autonomy and manoeuvrability, normally associated with that concept, are lacking.

Contracting and subcontracting of industrial production in the informal sector are coupled with the activities of middlemen. Such people form the link between providers of capital in the form of raw materials or semi-products, sometimes also tools, and on the other side, workers whose labour adds value to them. Labour brokers are found in all shapes and forms. Within their field of operations they fill a particular niche which allows them some latitude. They are responsible for ensuring that the work is done and for regulating payment after its completion.

Large establishments give out contracts of jobs or of particular operations, e.g. loading and unloading, to contractors on a lump-sum payment. The contractor engages his own workers. The contractor can be an individual or an establishment or even a senior worker like a maistry or a mukadam or a sirdar.\footnote{Breman, Footloose Labour, p. 158.}

Sometimes the entire production process is broken up into a number of composite parts. What looks like a factory in the formal sector, i.e. a large workplace filled with machinery and with a few hundred workers, proves on further inspection to be an enterprise run on a completely informal basis. This can be exemplified by the dyeing and printing mills in Surat.\footnote{Breman, Footloose Labour, p. 158.} Work gangs are led by subcontractors who also act as labour jobbers and super-
The factory owner has nothing to do with recruitment of the workforce and accepts no responsibility for conditions of employment. Labour jobbers have thus not disappeared from the industrial economy; on the contrary, they are still emphatically present in the informal sector where they fill a key position.

What is the social identity of industrial workers in the informal sector? The stereotypical image holds that they are migrants who have only recently left the countryside and who have come to the city in search of a better existence. This is true to a certain extent. Many homeworkers and workers in small businesses originate from outside the city. Their outsider status is in fact an important reason why employers prefer them. A high percentage of newcomers are males amongst whom the younger age categories are strongly overrepresented. The lack of adequate and affordable housing forces even married men to leave their families in the village. The bachelor life characteristic of many migrants causes them to congregate in groups in accommodation that serves primarily for sleeping in and for preparing meals. The enormous leaps forward made by the informal-sector economy has given urban streets a strongly masculine appearance. At the same time, however, the informal sector is certainly not the exclusive domain of migrants. Research has shown repeatedly that the mass of workers in the lower levels of the economy include many who were born and grew up in the city. As in the formal sector, the work that they do has frequently been handed down from the preceding generation.

From which castes do informal-sector workers come? The diversity is great and there is no basis for the assumption that members of higher castes avoid such work as much as possible. Nevertheless, social origins frequently determine the type of work carried out. The informal sector is not homogeneous but can be broken down into various layers. Without doubt, access to work is connected to caste membership. That applies also to better-skilled and better-paid tasks, including industrial work. In recruitment for such work intermediate and “other backward castes” seem to be strongly represented. Workers for the most humble and miserable forms of informal-sector work, people who roam the streets and open-air workplaces, are mostly recruited from the lowest ranks of the social hierarchy. They belong to tribal and dalit communities.

Notwithstanding the unequal sex ratio of the urban population, women’s participation in the work process in the informal sector is far greater than in the formal sector. Child labour is also commonly found. The nuclear family is a standard household unit, but the income needed by the family can only be obtained if use is made of the labour power of as many family members as possible, both adults and children. The number of non-working members per household is lower than in the formal sector. The participation of women and children in industrial work, however, does not signify that
the balance of power in their households is more equally distributed. The fact that the man is no longer the sole or principal breadwinner seems to have little effect on his dominance. Any skilled tasks happen to be the prerogative of men who use more and better tools than their "helpers". The time and effort involved in the work carried out by his wife and children may be no less than his own, but are remunerated at a far lower level. The wage earned by all family members is often paid to the man, who also decides how the money is to be used. As head of the household his role with regard to other family members may be compared to the labour jobber's behaviour towards his work gang.

A noticeable trend in the last few decades is that women have been moving out of family-based craft production to become employed as waged labour in small-scale enterprises within the informal sector of the economy. Female labour participation has increased relative to that of men even to the extent that women take over jobs earlier done by men. The shift in the sexual division of labour reflects the changing nature of industrial production for mass consumption which has as distinct features that it is low-paid, provides irregular and part-time employment and is based on temporary contracts. In a report on the impact of industrial restructuring in the plastic processing industry, the authors point out that the change in the gender balance does not only cut the cost of production but has also helped to make the workforce more flexible and multi-tasked.

Very few men did sorting and finishing work. Men by and large worked on machines or did delivery and loading jobs. They were considered skilled workers on machines and were paid piece rated wages. Whilst women as the unskilled workers were earning daily wage [...]. Regardless of division of tasks, men and women were asked to shift to each other's tasks when their work was over. But the basic division between men and women was clearly defined and reinforced through rate of wage. 165

On the demand side a strong argument to replace male by female labour is that the latter is both cheaper and more pliable. But whether or not jobs have indeed gone to women is an issue on which men tend to have deciding power. According to Banerjee, if women ever got access to "male occupations" it was only because they were not in a position to reject what appeared to men as inferior and unacceptable conditions. 166 The same author is certainly right in stating that, somehow, women always know what kind of work is permissible, what work is taboo and what can be done but under the burden of shame and stealth. One should not rule out, however, changes on the supply side as well. The emergence of a new cultural code of conduct may have created more room for females, the younger generation in the first place, to move around unaccompanied outside the sphere of the

household. Certainly, economic need is a major consideration. The vast majority of women hail from families with per capita incomes close to the poverty line. But suggesting that working-class households deploy all members in the labour market only for this reason does not take into account indications of growing age and gender autonomy. New styles of consumption articulate a type of social assertion which is more individualized than ever before. To explain increasing age at marriage as a mere parental strategy to remain in firm control over the labour power of their grown-up children does not do justice to the aspirations of boys as well as girls at that age to handle their own affairs and even to decide on how to spend their own earnings.

The notion from early on has been that industry and industrial work are intrinsically linked to urban locations and this idea is still very much in vogue today. If the transition from an agrarian to an industrial society was to be realized, a large part of the population had no alternative but to leave their villages and to settle in the cities. More than a century ago, in 1881, Ranade wrote:

There is a superfluity of agricultural labour in the agricultural labour market and unless that is removed from it and employed elsewhere, no remedial measure to improve the wretched condition of the agriculturist will be productive of permanent good results. The development of agriculture and mechanical industry must be simultaneous.167

Spatial mobility, i.e. large-scale migration leading to urbanization, was considered a necessary precondition to this scenario of economic transformation. Pant estimated surplus peasant labour to represent one-quarter to one-third of the total; from that he deduced that roughly thirty-three million workers would have to leave the countryside, together with their families.168 After Independence, scepticism regarding the inclination of the people to do this voluntarily caused policy advisers to suggest the setting up of migration boards whose task would be to encourage migration away from agriculture and the village.169 Only later was it realized that the sluggish growth in production and the continued or even increasing lack of employment could not be solved unilaterally by an industrialization process that was urban-based.

The facile identification of countryside with agriculture needs to be corrected, even historically. Since its origins, plantation production has been characterized by an industrial work regime, as also has mining. The same or similar rules were applied to plantation coolies and mineworkers as to urban factory workers. It requires little imagination to recognize the

169. Papola, Ghosh and Sharma, Labour, Employment and Industrial Relations in India, p. 45.
industrial organization of these large-scale and labour-intensive enterprises as being the rural variant of the formal sector economy. During the last half century and throughout India modern industrial plants have been set up in the countryside which are large in scale and strongly capital-intensive by nature. For example, a multinational chemical concern chose to site its new works in a rural location along the Mumbai–Surat railway line. A small township has sprung up around the factory in which high-ranking staff and skilled specialists have settled. However, two-thirds of almost 4,000 workers employed by the factory in 1969 had to commute daily to their work from surrounding small towns and villages. Employment conditions in this large enterprise are the same as those described for the urban formal sector. That in no way applies to craftsmen working in the villages. Attempts to maintain this traditional form of production, or to reactivate it according to Gandhian precepts, have almost always resulted in total failure. Traditional cottage industries were no match for the capitalist mode of management and employment that had gradually gained ground, neither could they cope with the competition of mass-produced goods.

The breakthrough in agrarian production which started in the 1960s was coupled with diversification of the rural economy, a tendency which it also helped to strengthen. The slowly decreasing significance of agriculture as the only or at least main source of livelihood was compensated by the increase in employment in other economic sectors. This applied particularly to transport, public as well as private building, and the service sector, but also to the rise of new industrial employment opportunities in the countryside based on capital and entrepreneurship derived from agriculture.

The government’s industrialization policy encourages the establishment of both large and small industries away from primary cities. This has led to the creation of industrial estates, mostly on the edges of secondary or tertiary urban nuclei, whose workers come partly from surrounding villages. The labour regime in such enterprises is similar to that of average informal-sector practices in the urban milieu. The category of rural industries includes enterprises that process agrarian produce. Some of these originated in the colonial or even pre-colonial era, e.g. cotton gins, jute presses, sugar mills and tanneries. However, the more recent expansion of these agro-industries into large-scale and technologically modern enterprises, for example for the production of sugar, paper and conserves, has not resulted in a formalized system of relations between employers and employees.

Finally, I would draw attention to a few forms of rural industry that have been given little notice but which provide seasonal employment to a

170. Kapadia and Pillai, Industrialization and Rural Society.
171. See e.g., Rutten, Farms and Factories.
172. Streekerk, Industrial Transition in Rural India.
multitude of workers throughout the country, namely, quarries and brick fields. Production is almost always small-scale in nature. During the last dozen years or so, however, its significance has grown considerably due to the enormous increase in public works and perhaps even more in the volume of private building, both urban and rural. A noticeable feature regarding this industry is its seasonality. The labour force consists mostly of migrant workers brought in from elsewhere, often over long distances, by labour jobbers who also act as gang bosses. The assumption that the import of alien labour is a necessary consequence of an inadequate supply of local workers is misconceived. In turn, land-poor and landless peasants migrate from that same region during the agricultural off-season in order to seek a livelihood far from home. They go to work as road workers, builders and cane cutters, but also as brick makers and quarrymen. Not migration but circulation is the predominant pattern of employment in work that is temporary and carried out in the open air. Labour nomadism is by no means a new phenomenon, but its magnitude and the distances that have to be covered have strongly increased over time. Pant considered its presence as an expression of economic distress, a symptom of social disintegration which would be brought to an end by the development process. My own opinion is that such work migration of temporary duration is very closely linked to the accelerated progress of the capitalist mode of production in the countryside.

One factor that needs to be stressed is that the labourers who remain stuck in the village economy are usually worse off. Wages paid to the landless who continue to depend on agriculture for their livelihood have fallen even further behind in the course of time. Invariably the rural people who have been hit hardest belong to the most vulnerable categories: widowed or divorced women, the aged, and further all those debilitated by illness or other handicaps. It is correct to say that per worker annual earnings in the informal sector are considerably higher than those in agriculture. This finding leads Bhattacharya to conclude that the informal sector is not only dynamic and productive but also capable of attracting and sustaining labour in its own right. His very positive and unqualified appraisal is a gross distortion of the miserable working and living conditions prevailing at the bottom of the economy.

**STRUCTURING THE INDUSTRIAL LABOUR MARKET**

I have earlier rejected the bifurcation of the industrial labour market into a formal and an informal sector, as being incorrect. The image of the citadel

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is nevertheless a persuasive one because it illustrates the reality of a comfortable life enjoyed by a comparatively small minority but denied the far bigger majority. One glance over the high wall is sufficient to strengthen our understanding of privilege and comfort within a limited arena. Holmström found this view internalized among industrial workers in the formal sector.

They tend to see factory work as a citadel of security and relative prosperity, which it is: it offers regular work and promotion and predictable rewards, as against the chaos and terrifying dangers of life outside. For everyone inside the citadel, there is a regiment outside trying to scale the walls.\footnote{Holmström, \textit{South Indian Factory Workers}, p. 136.}

The dualistic model is thus made even more convincing by emphasizing the extremes of working life and contrasting them with one another. Instead, I am inclined first to draw attention to the great diversity in modes of employment. Stable security characterizes the lives of factory workers in regular employment. They are paid reasonably well, are adequately skilled, are protected by labour legislation, and have organized themselves so that their interests may be collectively served. Their modest welfare and security makes them creditworthy; in other words, they are able to incur debts without any immediate and far-reaching loss of autonomy. In their own eyes and in those of others, the manner in which they live and work provides these industrial workers with prestige and respect. The dignity that they thus achieve means that they can evade activities which would dirty their hands, and can permit themselves to reject employment even though this may mean a temporary loss of income. On the other hand, it also explains the desperate pursuit of the few positions that become vacant inside the citadel. To give just one example, at the start of 1995 the Kerala State Public Service Commission received 200,000 applications for sixteen jobs as low-ranking government clerks.\footnote{Venkata Ratnam, "Tripartism and Structural Changes", p. 361.}

My own research has shown that, to be considered for work as unskilled labourer by the large Atul concern in south Gujarat, applicants are prepared, after a long period of education, to pay an amount equal to three or four times the annual wage that they would receive after being accepted for temporary employment. The willingness to invest in protected work has to be understood from the fact that work requiring similar skill or training is paid two or three times more in the formal sector than in the informal.

This wage difference does not adequately express the distance involved, however. Other conditions of employment in the lower ranks of the economy also amount to a partial if not total reversal of labour relations in the formal sector. The workers are not in regular employment and can be dismissed arbitrarily. The production process is fairly irregular: its rhythm is
subjected to severe and unexpected fluctuations, with the consequence that
the size of the workforce varies while working times are less standardized.
Exorbitantly long hours are interspersed with days or weeks of inactivity.
This lack of stability gives rise to a continuous drift of labour among the
numerous small enterprises belonging to a particular industrial branch. The
unremitting flexibility shown by the workers is due to the manner in which
production is organized and does not imply any lack of commitment such
as that of which employees were accused by factory owners in the past. The
state of flux that affects the larger part of the labour market is further
emphasized by the standard practice to give preference to outsiders over
local labourers. The greater vulnerability of these alien workers is a reason
for employers to prefer them. Migration turns into circulation when the
employment is of limited duration. A marked example of this is provided
by the seasonal workers who leave their villages, often accompanied by wives
and children, to escape the off-season in the agrarian cycle by working as
cane cutters or brick makers. Occupational multiplicity is their only means
of survival. The income earned by their labour power is so low that such
households cannot permit themselves to exempt any members from work
even for a short time, let alone a longer period. Even more than in the case
of migrants, these transient workers are subject to extreme vulnerability
which prevents them from defending themselves in any life crisis that they
will inevitably encounter: disease and death, old age, and the suffering of
any sort of defect, often contracted while at work, which hampers their
productivity.

It would be misleading, however, to examine only the contrasts occurring
between the extremes of the labour system. The enormous diversity, not
only between the formal and informal sectors but also within them, should
above all be stressed. Core and periphery positions in big industrial corpor-
ations are sharply divided.

[...]

Just as great, if not more so, is the gap between top and bottom of the
industrial workforce within the informal-sector economy. The diamond cut-
ters, whom I consider to be the aristocracy of the informal sector, are elev-
ated far above brick workers who work as agricultural labourers for part of

179. Ramaswamy, "Wealth and Power Convert into Status", p. 43.
Moreover, a uni-dimensional hierarchical stratification does not exist in all respects. The annual income of experienced diamond cutters is higher than that of temporary factory workers in the formal sector. The confusing heterogeneity, however, applies first and foremost to the broad middle range. Characteristic for the polar ends of the whole labour system is a composite set of arrangements that guarantee maximal security and accumulated dependency respectively.

The dignity inherent to work in the formal sector changes into the ever increasing lack of it in the lower economic echelons. The bottom of the informal sector consists of a mass of people who may be qualified as coolies. Government has banned this term from its official documents owing to the denigration it is said to imply. Nevertheless, for this sort of nomadic labour, circulating among varying locations and occupations and fobbed off with wages that are close to or even below subsistence level, continued use of this forbidden word is justified in every way. In addition to intense poverty, coolie life is characterized by heavy work accompanied by sweat and physical exhaustion. The odium of untouchability is intensified by stench, fumes, noise and filth that cause work to become a hell. Such workers are rapidly worn out in the production process and, as their productivity decreases, are discarded as waste.

Finally, the absence of choice available to the workers also contributes to the inferiority of life in the informal sector. Incomes are both low and uncertain, with the result that the autonomy of these industrial workers is narrowly confined. Not only do they lack any savings with which to meet all sorts of expected and unexpected expenditure, but they have little credit-worthiness. Neither the grantor nor the receiver of financial support can be certain whether and when repayment would be possible. The labour power of the borrower is the only available collateral for any loan. Work in dependency, expressed in a debt relationship, is a common phenomenon in the informal-sector milieu. Employers incline to present such an arrangement as an advance on wages that is to be repaid with the labour of the borrower. Such advance payment, however, is intended to appropriate that labour, whether immediately or later. Neither party sees the transaction as a loan that will be terminated on repayment.

Debt bondage is anything but a new phenomenon. In the past it was the customary manner by which landless low-caste workers were bound to landowning households belonging to higher castes. This master–serf relationship in the agricultural economy was a common occurrence in quite different parts of the South Asian continent. My own fieldwork in south Gujarat has brought me to typify such bondage, known there as halipratha,

as a pre-capitalist system of tied labour. Its determining features were, firstly, that the contract was for an indefinite period, usually lifelong. The practice of bondage continued from father to son and was not infrequently maintained for generations. Secondly, the landowner appropriated more than just the labour power of his servant (and his wife and children). He demanded a broad range of services, both economic and non-economic in nature, that demonstrated the subjugation of his hali. As client, the latter had to do everything required of him by his patron. It was a beck-and-call type of relationship. Such bondage stressed the social inequality between the parties. Thirdly, his state of captivity in the master’s household forced immobility on the servant. The only way in which he could escape his subjugation was to flee. The exercise of extra-economic pressure was inherent to the efficacy of the hali system. Moreover, if a servant were to abscond, the master could count on help from the local authorities in tracing him and bringing him back.

It is important to keep in mind the social context in which this master–serf relationship operated, namely, a rural order of strongly closed character whose agrarian economy was based primarily on subsistence production. A comprehensive process of change led to the erosion and ultimate disappearance of the hali system as the institutionalized bondage relationship between members of the dominant landowning castes on the one hand and those of tribal or detribalized communities on the other. That disintegration occurred over a considerable period of time and lasted until roughly the middle of the present century. I found numerous traces of the earlier system during my own fieldwork in the early 1960s. That work started, however, with the question of which labour relations had taken its place. That a definite change had occurred had been shown by the findings of many other researchers. In a work published in 1968 under the title The Emergence of Capitalist Agriculture in India, Thorner concluded that: "[...]

the various forms of bondage and unfree labour services which were formerly rampant in many parts of India, have now virtually disappeared, except in States still notorious for this, as parts of Bihar and adjacent areas". In the reporting on my initial fieldwork I stated that, although the hali system indeed no longer existed, in the transition to agrarian capitalism the bondage of farm labourers had certainly not been changed into a free labour system. They continued to be indebted to a particular landowner and were therefore unable to sell their labour power to other employers, whether in or out of agriculture. Although sometimes with reluctance in view of the risks involved, landowners continued to wield the payment of an advance as a means by which to immobilize their permanent workers.

182. Breman, Patronage and Exploitation.
183. Ibid., p. 68.
184. Thorner, Shaping of Modern India, pp. 236 and 246.
Nevertheless, it is my opinion that their relationship has undergone fundamental change. For a start, the percentage of casual wage-earners among agricultural workers has increased strongly. In addition, even present-day farm servants differ essentially from the *bais* of pre-capitalist times. Their state of indebtedness does not alter the fact that the exercise of power by landowners has been checked in major respects. The term of bondage is shorter and remains restricted to the work sphere, while the use of extra-economic coercion with which to ensure compliance with the agreement entered into is contrary both to the law and to the virtual inability of landowners to enforce their authority. The servant is no longer a captive in his employer’s household. The housing of landless people in their own village quarters has reduced their dependency, while the greater opportunities of finding work away from agriculture and the village have stimulated their mobility. In this respect my opinion differs fundamentally from that of Brass, according to whom landworkers who have incurred debts are exposed to the same unfree regime that existed in the past. The argument that, irrespective of which shade of meaning is applied, very significant changes have been brought about in the social relations of production, is rejected forcefully by that author. This forms a focal point of his *ad hominem*-tainted diatribe against the stance I have taken.

The reduced frequency and intensity of extra-economic coercion in particular has caused me, in common with several other authors, to express doubt whether the term “bonded labour” is applicable to present-day farm servants. I have argued that the indebtedness of labour is caused by lack of work in combination with underpayment, and that it is not the result of total subordination of the landless to the rule of the landowner. Rudra has observed that it is not the length of the labour arrangement that determines whether there is evidence of feudal or capitalist relations of production, but rather the terms of the contract. In the first case this would include a wide range of unspecified but onerous obligations, while in the latter case both form and substance would be more specified. I have summarized the difference between past and present as follows:

[...]

185. Brass, “Immobilised Workers, Footloose Theory”.
186. E.g., Rudra, “Class Relations in Indian Agriculture”; Omvedt, “Capitalist Agriculture and Rural Classes”.
188. Rudra, “Class Relations in Indian Agriculture”, p. 966.
cases of long-term employment, the lack of freedom that formerly existed in my fieldwork villages has lost its social legitimacy.\textsuperscript{189}

The opinion that I voiced in 1985 to the effect that indebtedness should not be equated with bondage arose from the emphasis that I wished to place on the transition from the old to the new regime that had become manifest in the agricultural economy. Without wishing to detract from the significance of that change process, I have pointed out in both earlier and later publications that “[...] a capitalist mode of production [...] by no means precludes certain forms of absence of freedom, emanating for example from the necessity to enter into debt”.\textsuperscript{190}

Indebtedness continues to be a crucial aspect of the capitalist work regime which I have ultimately defined as new or neo-bondage. It is a mode of employment that is certainly not restricted to the still shrinking category of farm servants. Similar arrangements also characterize a great diversity of industrial labour in the informal sectors of both the rural and urban economies. Men, women and children recruited for cane cutting or brick making receive through the labour jobber a sum of money which binds this army of migrants to the place of employment for the season’s duration, a period ranging from six to eight months. Payment of an advance is intended to force them into spatial mobility, in such a way that they are prevented from withdrawing prematurely from their contract. To ensure immobilization of the floating workforce for the duration of the production process, payment of the wage is deferred until the season ends. The more skilled and also better paid urban workers, such as power-loom operators and diamond cutters, can also obtain “loans” (baki) from their employer, in exchange for which they lose the free disposition over their own labour power.

The new regime of bondage differs from the traditional one in terms of the short duration of the agreement (often for no longer than one season), its more specific character (labour instead of a beck-and-call relationship) and finally, its easier termination or evasion (even without repayment of the debt). The far greater risk nowadays of breach of contract discourages employers from being imprudent and generous in granting an advance on wages. It is difficult to recoup losses made in this way and it is useless to appeal to the authorities for help in punishing transgressors. Present-day bosses lack the natural superiority which, in the past, made it unthinkable that a contract should be broken. In many cases the social identity of the employer is the same as that of the employee. The labour jobber originates from the same milieu as the members of the gang that he recruits for work in the cane fields or brick works, while the owner of a diamond-cutting workshop often belongs to the same caste as the cutters who work for him.

\textsuperscript{189}. Breman, \textit{Footloose Labour}, p. 163.

\textsuperscript{190}. Breman, “Seasonal Migration and Co-operative Capitalism”, p. 1350.
Finally, and in the margin of my main argument, I want to make the point that the new regime of bondage through debt applies not only to workers but also extends to employers in the informal sector. Labour jobbers are indebted to industrialists who commission them as their agents, just as owners of power-loom workshops and diamond-cutting workshops are dependent on traders. This shows that not only labour relations but the entire organization of industrial production in the informal sector has a strong mercantile–capitalist tilt. The difference is that, contrary to their workers, bosses are not obliged to sell their labour power in order to redeem their debts. Their terms of bondage are different.

I have time and again stressed that labour bondage then and now has a number of characteristics in common and that, if for that reason alone, the difference between the two can only be understood in an ideal–typical sense. It is also undeniable that employers in agriculture and industry make use of pre-capitalist mechanisms of subordination, whether or not in transmuted form, in order to keep wage costs down in a production process that answers to the demands of capitalist management. While making this observation Ramachandran adds that the difference between bonded and free labour cannot be reduced to a simple black-and-white contrast. Social reality is far more complicated and thus demands a more qualified interpretation. This brings him to the following fieldwork-based conclusion, which is supported by the results of my own research.

The unfreedom of workers who were neither bonded nor completely free to choose their employers took different forms, their freedom to choose employers was circumscribed in different ways and in different degrees. The most common manifestation of this kind of unfreedom was what has been called the right of first call of employers over workers.¹⁹¹

The indebtedness that prevents workers from being able to do as they please robs them of the dignity inherent to freedom. In addition to defending the proposition, with more obstinacy than plausibility, that unfree labour arrangements in agriculture are increasing rather than decreasing, Brass also opines that workers in a debt-dependency relationship have lost their proletarian status. Under the de-proletarianization process that he considers to be in progress, he understands “replacing free workers with unfree equivalents or by converting the former into the latter”.¹⁹² This statement suggests that present-day debt-bonded workers would formerly, as genuine proletarians, have had freedom of choice over the use of their labour power. Such reasoning implies that a process of capitalist transformation is in progress in the Indian countryside in which free labour is disappearing to make place for a regime of unfreedom. In fact the trend is rather the reverse.

¹⁹¹ Ramachandran, Wage Labour and Unfreedom, p. 252.
In a number of publications I have drawn attention to growing assertiveness in the landless milieu as indicative of proletarian conscientization. Undoubtedly, labourers who work many or most days of the year for the same landowner are still frequently bonded through debt. Among the younger generation, however, the submissive attitude with which this was accompanied in the past has made way for far greater independence of mind. Are we to deduce from this change that the former ilais were inclined to resign themselves to their subjugation or perhaps had even internalized their state of dependency and inferiority? The lack of contemporaneous material that is reasonably trustworthy and detailed makes it hazardous to speculate on this question. Nevertheless, there are sufficient signs that there was no lack of resistance to the claim to superiority with which landowners customarily stressed their dominance. In the context of a more or less closed rural economy, however, such resistance could easily be defused or obliterated. That this is now far more difficult to accomplish follows from the diversification of the rural economy and the growing linkages to the outside world. The increase in sources of livelihood, together with greater scope caused by modern transport facilities and the consequent ease with which it is possible to leave the village for a shorter or longer period, mean that the landless are now less obliged to act in compliance with dictates laid down by the landowners. The traditional power of the latter was founded on the application of preventive and repressive sanctions for which there is no legal basis in the new political order. Pressurized by changes in living conditions, the hegemony of dominant landowners has come to an end and the landless have freed themselves from the stigma of inferiority. One way in which this is expressed is their resistance to any form of unfree labour that is accompanied by a debt relationship. Brass casts doubt on this growing resistance from below and also points out that it has little effectiveness. Referring to my own writings on the subject, Brass writes: “the ‘from above’ power of the economic relationship invariably overrides any manifestation of ‘from below’ resistance”. However, I do not regard the limited degree of success of resistance as an effective criterion with which to determine the degree of proletarian conscientization. Neither am I inclined to make the existence of that mentality dependent upon collective action that develops into class conflict. I have tried to summarize the situation that has developed as follows:

The need to accept a cash advance on wages entails the obligation to subject oneself to the orders of an employer for the direct future. Back payment has a similar binding effect. The loss of independence that adheres to such a labour contract explains why it is only entered into through lack of a better alternative. That so many nevertheless have recourse to this last resort of employment indicates the enormous pressure on resources of livelihood in the bottom echelons of the

193. Ibid., p. 347.
economy. Even that disenfranchisement is subjected to restrictions of durability, range and intensity. The work agreement is not entered into and continued for an indefinite time, as was the case with the *hali* of former times. The neo-bondage is further strongly economic in nature and restricts the imposition of the employer’s will and his claims of superiority *per se*. The behaviour of wage hunters and gatherers not only expresses their longing for material improvement, but also manifests their basic unwillingness to seek security in bondage. Theirs is a type of social consciousness that might be expected from the proletarian class.¹⁹⁴

This applies not only to agricultural labourers in the villages of south Gujarat but also to industrial labourers who float around in the informal sector of the economy. This footloose proletariat adopts various ways by which to resist employers’ endeavours to appropriate their labour power through indebtedness. Labourers do not hesitate to leave without notice if the employer or the work itself is found too oppressive, and certainly do so if the opportunity arises to do the same or other work for a higher wage. Creditors lack the power to prolong the contract until the debt has been repaid. They are no longer able to call on the authorities for help, and employers’ attempts to exclude “defaulters” from further employment by others usually fail due to their mutual rivalry. In brief, the loss of bonded labour’s social legitimacy means that those who pay an advance are no longer assured that the promised labour power will indeed be provided. The chance that compliance with the contract will be enforced does not necessarily increase as the social gap between the two parties widens. The labour jobber, who belongs to the same milieu as the worker, is more effective than the employer in this respect. Even more effective than the labour jobber is the male head of household who does not shy from using physical force to coopt the labour of his wife and children.

The practice of escape and subordination shows great diversity. Earlier, I have attributed occupational multiplicity to the lack of permanent employment in any particular branch of industry. Frequent changes of job and workplace, however, can also indicate a strategy by which to avoid confinement to a single source of livelihood. For example, when the man migrates alone this may be due to his wish to protect his family from the dependency and lack of respectability inherent to life and labour in the informal sector far away from home. Similarly, I am not inclined to see labour circulation as exclusively indicating fluctuations in the supply of work. The refusal to continue a contract indefinitely is also founded on protest against a merciless work regime. I have earlier suggested that so-called self-employment should be understood as a strategy to burden labour with the standard entrepreneurial risks. The self-exploitation that results from this mode of payment, however, gives an advantage to the most skilled

and most hardened of industrial workers, providing them with a degree of autonomy far exceeding that of workers in regular waged employment.

There is little documented evidence of resistance practices in the form of collective action, although this is a common occurrence. The study of industrial agitation is unjustly restricted mostly to the formal economic sector. Strikes are usually of short duration and limited in range. Their spontaneity and local character indicate a lack of organizational experience. The fragmentation of the workforce, dispersed over numerous small firms, also inhibits the mobilization of greater support. Building workers in Tamil Nadu have been mobilized for collective action not at the worksite but by taking the union to the locality where they live. "Since they do not work at a single workplace, they can be organized only at the residential level. Hence, the units of the union are situated in residential areas." Even that strategy is not viable in the case of construction labourers who are only seasonally employed and have to wander around without a fixed abode.

Given the vulnerability of industrial employment in the informal sector and the dependency mechanisms inherent to it, it is not surprising that resistance is mostly of an individual nature. I consider this to include the broad range of inertia, pretended lack of understanding, foot-dragging, avoidance, withdrawal, sabotage, obstruction, etc. These are types of behaviour that give nomadic labour the reputation of being unpredictable, impulsive, and liable to abandon work without reason. Such complaints are put forward by employers in censuring the lack of commitment and discipline on the part of wage hunters and gatherers. Seen from another angle, this escapist attitude arises from an attempt to obtain or maintain a fragile dignity. There is a degree of solidarity, but its boundaries are not based on any realization that they all belong to an undivided working class.

Employers make use of primordial ties with which to exercise control over labour for shorter or longer time periods. Conversely, such parochial attachments are equally important for the mass of workers to optimize its resistance and manoeuvrability. Although this is not necessarily expressed in a generalized horizontal solidarity, i.e. manifest in class organization and action, nomadic workers nevertheless show signs of social consciousness which is essentially proletarian in nature. In my opinion, their mental makeup and lifestyle are indicative of the capitalist basis of the economy, in both its urban and rural manifestations.

More research into the multiple identities of workers in the informal and formal sectors of the economy is urgently necessary. The facile conclusion that all social formations that deviate from unadulterated class alliance are an expression of false consciousness, does not evidence much understanding

196. Breman, Footloose Labour, p. 21; see also Pendse, "Politics and Organisations of Urban Workers".
of the complicated conditions that determine the changing and fragile existence of wage labour in India at the end of the twentieth century. The popular movements that increasingly manifest themselves in urban centres as well as rural hinterlands give voice, both within and outside the work sphere, to endeavours to achieve emancipation and, more particularly, to deny inequality as being the organizing principle of societal structure and culture.

I have rejected the proposition that economic life and the concomitant set of labour relations separate into two sectors. The theory of economic dualism can again be split into two variants. The first emphasizes that both segments are more or less independent of one another and that each has its own propensities, rationale and regularities. The second suggests an hierarchical stratification whereby the informal sector is subordinate to, and exploited by, the formal sector. The protection enjoyed by the well-organized higher circuit, not least including the workers employed therein, is at the expense of the far greater mass of producers and consumers in the lower circuit. Their subordination and deprivation continues and is a direct consequence of the preferential treatment enjoyed by a comparatively small but powerful upper stratum. Das, amongst others, has sharply criticized theoreticians who defend this dualistic model.

The basic argument of such rightist attacks on the industrial workers organised in trade unions is that they are a small minority of the total population who are being paid disproportionately high wages because of the strong bargaining position they have entrenched themselves in owing to the “monopoly of labour” which they have established in league with “monopoly capital”, and hence they are the prime villains in the process of exploitation from which other sections of the population, notably peasants, suffer.197

The appeal of dichotomous constructions is that their characteristics may always be recognized in social reality. The wage earned from industrial work in the formal sector can be increased by searching for extra opportunities outside it. It not infrequently happens that the factory worker who has a job on the side can provide work for a shorter or longer period for casual labourers in the informal economic sector. In my opinion, such moonlighting practices illustrate the interconnectedness between the formal and the informal sector rather than the exploitation of the latter by the former. On the basis of a local-level study Harriss has concluded that the different segments of the labour force are crosscut by broader based social relationships.198 His opinion is supported by analyses of the multiform use of labour

in working-class households. These show, namely, that members of such living-cum-working units are active in both sectors. In my frame of interpretation, therefore, prime place is given not to the bifurcation of the sectors but to their mutual interpenetration. Heterogeneity is characteristic of the economic order, and this applies to both sides of the demarcation line that is drawn fairly arbitrarily between the formal and informal sectors. In terms of industrial labour this signifies a complex and strongly fragmented landscape in which an extensive plain of informal work is interrupted by smaller and larger hills of formal employment. The continuing mobility of the workforce, the enormous crush on the routes between plain and hills and vice versa, further add to the confusing image offered by this terrain. The industrial labour market evinces great differentiation but, taken as a whole, is in a state of flux.

**Economic Reforms and the Impact on Labour**

The protection enjoyed by the organized segment of industrial labour dates back to the early post-colonial period when the state attempted to accelerate the growth process through rigorous economic planning. Even then, political priority was given to capital accumulation. The safeguarding and promotion of this factor of production demanded that industrial peace be ensured. At that time, the motivation for regulating conditions of employment with the aid of legislation was not so much the existing power of organized labour as the anticipated increase in strength of the working class movement in the near future. The stagnation which soon occurred in expansion of formal sector employment brought a critical reappraisal of the need to extend the protection of labour to an ever greater part of the working population. Also, the scenario that provided for the massive transition of workers to modern factories once they had received in informal-sector workshops their technical and mental training for proper industrial life, was never executed. The expansion of formal sector employment could not keep pace with the massive growth of the working population.

What is the relative significance of the two sectors and what shifts between them have occurred over the years? Reliable statistics are lacking and estimates vary for the different branches of economic activity. In 1961, according to Joshi and Joshi, half of Mumbai’s working population belonged to the informal sector. For industrial workers, however, the percentage was far lower, namely about thirty per cent. Of the great majority of industrial workers who were covered by labour legislation, three-fifths were employed in the hundreds of textile mills in the city. Ten years

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later, the same authors reported that although industrial employment with a formal sector character had increased, this modest growth in absolute numbers had not been able to prevent a considerable upwards leap of the relative share of similar work in the informal sector.\textsuperscript{201}

In my opinion these estimates of the magnitude of employment in the formal sector for the years in question are still overstated. There is only one way in which to read the major trend: a gradually decreasing percentage of industrial workers manage to find a niche in the formal sector of the economy. Mumbai and the wider region around this city, which is the industrial heartland in the country, is by no means exceptional. There is ample evidence to justify the conclusion that these dynamics also prevail elsewhere in India. Holmström considers that less than half the total stock of industrial workers are employed in the formal sector.\textsuperscript{202} In my estimate that proportion should presently be scaled down to no more than fifteen to twenty per cent. The remainder may be divided roughly into two sections:

(i) those who, as unprotected but regular workers though always under the threat of instant dismissal or retrenchment, are consigned to small-scale workshops (approx. fifty-five to sixty-five per cent); and

(ii) those who earn their living as casual workers in the open air or at home, or are temporarily employed, usually as nomadic labour, in seasonal industries (approx. twenty to twenty-five per cent).

To this I would add that a similar subdivision is also perceivable in other economic branches within the informal sector, e.g. trade, transport and services, but that these segments are of different relative strength. Fairly constant in almost all-important branches of the economy, however, is the small size of formal-sector employment. This finding warrants the recommendation to concentrate future research into industrial labour on the dominant intermediate category in particular.

The history of the industrialization process suggests an evolution that ultimately will find its climax once the greater majority of the working population has become factorized. This happened to be the classic path of economic development which structured Western society. The capitalist route followed in India during the second half of the twentieth century has clearly not been in accordance with that prime model, however. The importance of agriculture has certainly gradually decreased, but the labour expelled from primary production in the countryside has not been steadily absorbed by urban factories. The path towards industrial capitalism took a different route. We have concluded above that expansion of the formal sector has lagged behind that of the informal sector. But more is at stake

\textsuperscript{201} Ibid., pp. 57–66.

\textsuperscript{202} Holmström, \textit{Industry and Inequality}, p. 149.
than that. It is hardly an exaggeration to speak of a process of informalization. While the so-called “normal” transition to industrialism assumes the transfer of work at home, i.e. the Verlag system, firstly to workshops and then to concentration in large-scale factories, the trend seems to have been the reverse in a number of branches of industry in India. The abrupt interruption in Mumbai’s formal sector growth during the last quarter century was caused by suspension of factorized textile production. Power-loom machines were removed from the mills and installed in small workplaces elsewhere, often in other cities. In these new worksites the machines are operated by informal-sector labour. Patel has investigated the consequences of the closure of cotton mills in Ahmedabad, the town that used to be known as the Manchester of India. Dismissed workers now have to depend on the informal sector for their livelihood. A great many still manufacture cotton, but now in casual employment by small firms and for half the wage that they earned in the mills. They have also lost the social provisions and legal protection that lent respectability to their former lives. Regression in the industrial work regime can go even further. In a few places in south India beedi were usually rolled in small factories. Their closure and the subcontracting of production to homeworkers occurred in one case after a strike, and in a second case shortly after the introduction of legal measures intended to improve working conditions in this small-scale industry. Deregulation of industrial labour relations is not only a strong trend in private-sector companies but has affected employment in public sector enterprises as well. In the steel towns that have sprung up in India under state tutelage, access to jobs which used to be guaranteed and protected is denied to an infinite army of aspirants which is prepared to wait on the doorstep for years.

Informalization has a different character when realized through industrial subcontracting. Under this farming-out system the production process is split up in different parts which are parcelled out to a wide range of small

204. Patel, *Workers of Closed Mills*; see also Sharma, “Job Mobility in a Stagnant Labour Market”.
manufacturers. The parent corporation remains in overall charge, checking on the quality of the parts and components and marketing the assembled end product under its own label. Cost reduction by shifting work away from permanent and well-paid labour is, of course, a major motivation for organizing industrial production in this manner. Informalization in yet another format is the transfer of some or even all phases in the production process to labour contractors. These outsiders hire their own gang and are paid per unit of work done or receive a lump sum for whatever they are required to do. Although the jobber operates within the premises of the industrial enterprise, his boss has no direct relationship with the contracted labourers. Control by the factory owner over the work process is also in this case narrowly restricted to work specifications for which the contractors are held accountable. The drive towards informalization of industrial production can further be illustrated by the shift from permanent to casual labour in formal-sector enterprises, as has already been discussed before.

Will the concentration of capital and labour in ever larger-scale forms of industry eventually make way for dispersion over ever smaller units? That seems extremely improbable in view of the fact that modern industrial production demands both high-grade technology and a labour specialization that cannot easily be divided and parcelled out over an infinite number of micro-locations. A combination of various forms of industrial production, ranging from factory via small workshops to home-based work, whether or not under a single system of management, seems more feasible. Profound attention should be given to studying the political economy of this mode of integration.

What has been the impact of economic reforms in the early 1990s on industrial employment and labour relations? Those who took a critical stance on the drive towards liberalization predicted negative effects, such as a decline in real wages, growing unemployment and increased inequality in the labour market. Denying that this is indeed what has happened Deshpande and Deshpande give a retrospective assessment which is much more favourable. On the basis of macro-data, provided by the National Sample Survey Organization, they claim an overall outcome which has been quite positive so far.

[...] the demand for labour increased substantially after liberalization in cities. The workforce participation of men and women increased and rate of unemployment declined. Numbers employed of regular wage/salaried and casual workers all increased substantially and so did their real earnings. This explains why urban poverty declined faster than rural after 1991.

208. Sen Gupta, Contract Labour in Rourkela Steel Plant; Breman, Footloose Labour, pp. 157–162.
210. Deshpande and Deshpande, "Impact of Liberalisation on Labour Market in India", L39.
Their analysis confirms that the share of casual workers, both males and females, has gone up considerably. To this observation they add in a rather matter-of-fact way that in a liberalized economy employers would tend to substitute the cheaper, non-unionizable regular female workers for regular male workers and casual for regular workers irrespective of gender. While commenting negatively on this trend, other authors have also pointed out that the growth in employment and in wage rates in most industries slowed down between 1973–83 and 1984–93. Labour productivity in industry has indeed gone up, as a result of adding more capital per worker, but the share of wages in net value added has steadily dropped. This much less optimistic assessment of the impact of liberalization can be further substantiated by case studies reporting on how economic restructuring has had adverse effects on the quality of industrial employment in terms of job security, income, conditions of work and labour representation.

Against the background of the globalization of the economy, it is important to keep the international context in mind when studying industrial work and labour in India. Prominent global agencies show very considerable interest in the trajectory of industrialization in India. The World Bank has been an outspoken advocate of the dismantling of labour legislation and social provisions that are inherent to employment in the formal sector. The initial assumption that South Asia in the dynamic interaction between capital and labour would adopt the Western pattern of industrialization can, with some imaginative rhetoric, be reversed: India as pioneering a labour regime of industrial production which from the periphery of the globalized capitalist economy is advancing toward its centre. The World Bank’s reports conclude that India, by choosing liberalization, is at last taking the right path but that, in the deregulation of industrial labour relations, a much more rigorous policy is still required. These are no loose and gratuitous recommendations. After all, the programmes of structural adaptation provide the Bank with the opportunity to force India to take the desired course. Contractualization, mobilization and casualization are all modes of employment that fit into the suggested course of industrial flexibilization. I attach to this the conclusion that there is little reason for optimism regarding any speedy improvement to the livelihood and work regimes of the richly varied and rapidly growing mass of industrial labour.

211. Ibid., L35.
213. See, for example, Shah and Gandhi, “Industrial Restructuring”.

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