

# **THE BROKEN BARRIER: MOBILITY, POLITICAL UNIONISM AND ECONOMIC INFORMALITY IN INDIA**

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## **ABSTRACT**

Economic informality is often treated as defining a segregated, leeching, anti-systemic and apolitical sphere of an economic system. While an estimate 2.8 times the combined total populations of Canada and the United States comprise the informal labour population of India, the visibility of the workers involved is largely obstructed by a combination of natural and forced anonymity. Political unionism is shown as an imperfect instrument to respond to the varied interests of union members in addition to falling under criticism as a privileged process for an elitist, minority section of the working class in India. One of two labour unions recognized as clearly outside political associations is the Self Employed Women's Association (SEWA), through which the voice, struggle and intense productivity of workers dubbed part of the informal economic sphere has been brought to the attention of domestic and international policy initiatives. In an analysis of studies engaging with the organized bidi workers of Gujarat and the history of political unionism in India, we see that the barrier between formal and informal is quite firmly an inaccurate product of our analysis. While individual agency in India should be supported and targeted for improvement by international labour laws, conventions and organizations, there needs to be a realization that protection from exploitation is necessary yet blind incorporation of the informal into the formal is not the logical conclusion for sustainable development practices.

## TABLE OF CONTENTS

Abstract.....	ii
Table of Contents.....	iii
List of Figures.....	iv
Acknowledgements.....	v
Dedication.....	vi
CHAPTER 1 Introduction.....	1
CHAPTER 2 Political Unionism and the Indian Economy.....	10
CHAPTER 3 Self Employment and the Indian Worker.....	19
CHAPTER 4 Gendered Labour Organizations and the Bias of a Term.....	25
CHAPTER 5 Organize without Obstruction.....	30
CHAPTER 6 Conclusions.....	35
BIBLIOGRAPHY.....	38
APPENDIX A Informal - Formal Dynamic of India's Tobacco Industry: the Production Chain of a Bidi.....	41

## **LIST OF FIGURES**

Figure 1	Informal - Formal Dynamic of India's Tobacco Industry: the Production Chain of a Bidi.....	41
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To my parents and Bob.  
And for all those who work to reduce waste.

## INTRODUCTION

“To get ahead in the fast track--and the Indian economy is on a very fast track indeed-- to meet the challenges of liberalization, we are harnessing our vast resources, distribution networks, retail outlets and manpower to move ahead, touching the lives of millions. Anticipating their needs. And fulfilling them.”

- Maharashtra Supplement, *The Observer*, 1995

“Marketing systems are vital to the poorest of the poor, to women, to the landless and the uneducated...Markets offer them everyday a chance to acquire the minimum means they need for survival... Traditional marketing systems offer a variety of approaches towards the promotion of self help...”

-Cammann, 1992

Mobility, a word often digested within the context of political economy finds itself representing the movement of populations, ideological in addition to material capital and poverty. Mobility denotes change and stagnation. While poverty induces geographic and social migration, the resultant lack of stability positions the world's poor at the edge of policy. And as voices of the poor are revealed, there remains a tendency to portray the poor en masse to abstract the identity of those who make up the backbone of the world's formalized and regulated economies. In an analysis of studies engaging with the organized bidi workers of Gujarat and the history of political unionism in India, we see that the barrier between formal and informal is quite firmly an inaccurate product of our analysis. The bidi workers of Gujarat have been tagged as a group, because they have become both organized and recognized in policy at the state level in India and in ILO conventions.<sup>1</sup> However, those who are included and represented in policy as part of this group are not the only previously unrecognized bidi workers working in India, nor do

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<sup>1</sup> Dan Gallin, “The ILO Home Work Convention- Ten Years Later” (paper presented at Women Work and Poverty: SEWA/UNIFEM Policy Conference on Home Based Workers of South Asia, January 18 – 20, 2007): 1.

they account for a large percentage of informal labour in India. Instead they represent here a population of India's workforce that has some semblance of visibility in policy. Enough so, that the function of mobility and political unionism in the perpetuation of informality can actually be recognized in the true nuances of reality.

In this paper, rather than an analysis of the invisible labour force once again supporting the long standing picture of economic division into formal and informal sectors, we will problematize this analytic fracture. Incorporation into the formal cannot remain the ultimate ideal. The complexity and agendas of the term 'self-employment,' including its gendered treatment, limitations of political unionism and the constraints to deeming any labour organization 'apolitical,' will be seen to directly impact the breakage of the analytic barrier between formality and informality. In connection to economic liberalization in India, the strengths and weaknesses of the status of 'apolitical' for one labour association and the restraints on successful propagation of similar associations will be looked at as a key question of future policy. And while the albeit shortsighted developmentalist paradigm and the incompatible Marxist paradigm can both be seen as necessarily engaging with long-term systemic structure, the positions presented here are in a resolute attempt to position change in the present. In order for change to occur in the present, it really must work within the limitations of the present political environment. Therefore sustainable policy should engage with the restraints of capitalist mode of production while questioning the division of economy into formal and informal. Protection from exploitation demands deliberation outside of the developmentalist strategy of blind incorporation into the formal. Sustainable policy must connect with the realities of an undivided system.

Bidis are mostly for domestic consumption and trade and the ingredients that form their components are domestically grown and processed, so the entire production chain of a bidi can be contained within the national boundaries of India. Furthermore though tobacco was introduced to India on the western coast from Portuguese traders, the tobacco for bidi production is now a large economic player as an agricultural product on both the western coast of Karnataka and the eastern state of Andhra Pradesh. Despite the tobacco used in bidis to be seen as a waste product of the tobacco leaf harvest used for richer alternatives like domestic cigarettes, the sheer numbers included in their consumer base make tobacco-for-bidi-production a formidable force in the industry's overall production.<sup>2</sup> As extensive funding has been pumped into investigating the history of tobacco in India and the forms and types of production, the study of India's informal economy through the vehicle of the tobacco industry allows for unique tangible analysis of the true mobility of the informal worker. While effectively challenging any analysis which places informality as static, using the case study of Gujarat's organized bidi workers highlights the vitality of their inclusion in elucidating the fluidity of economic positioning.

Out of the rough eighty percent of India's labour categorized as informal<sup>3</sup> the bidi workers of Gujarat are only one example of a group of informal workers treated in the abstract while

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<sup>2</sup> Though current numbers are not available, for the year 1997/98, one source estimated that 646,000 tonnes of tobacco went into Bidis. This was estimated to account for 29.5% of domestic tobacco production that year. "4 Tobacco in India," FAO Corporate Document Repository, accessed April 15, 2011, <http://www.fao.org/docrep/006/y4997e/y4997e0h.htm>

<sup>3</sup> Though Barbara Harriss-White estimates 88% of India's labour population works within the informal in *India Working*, we will use a lower estimate throughout this paper. This is due to an effort to recognize the inherent problems of the methods of such calculations as well as refraining from giving precedence to one such estimate over the wide range put forward by a variety of scholars within the last few years. In addition, the 2011 census details have not yet been released which puts reference to numbers put forward by the state in the same position of difficulty. The estimates portrayed here are thus based on the lowest estimate available, allowing for all reasonable conclusions to lead to greater estimates, rather than allowing for a cast of doubt on the actual magnitude of those put forward. As always the numbers used are loose calculations and should be understood as such.

India's GDP is calculated and fed by job creation in the formal economy, and supported by destructive job loss in the informal sector. The proportional relation of informal to formal workers existing in India should make apparent the lack of clarity and meaning derived from progress which is itself judged by the relative prosperity of less than twenty percent of a nation's population. Especially when this involves the continued and perpetual poverty of more than eighty percent of the nation. Instead, the mass identity of the poor continues to be sustained through policy not in effort of a transparent reflection of reality but rather as a necessary byproduct of power and power relations. Atul Kohli draws attention to the structural context of India's economic 'liberalization' of the 1990s "in spite of India being a fairly mobilized democracy, it was then the case that major economic policy changes arrived in India with a narrow support base."<sup>4</sup> His research should prompt us to look at the structure and order within which the informal economy of India operates. If you do so the importance of the internal organization, that indeed exists in the 'informal', becomes necessarily sketched through the ties of interdependence with the formal. They are not separate economic spheres but rather two products of one system, a system with a narrow but powerful support base.

By returning to the structure that is recognized as regulated and productive, the invisible base on which formality itself stands gleams visible while halting the view of informal as segregated, leeching, anti-systemic or apolitical. It is the lack of visibility in both products that feeds the system power. So while democracies are set up around the world, we must work as individuals to allow the policies of democracies to really reflect the interests of their people without necessitating the invisibility of the majority for the profit of the few. Until the interest of

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<sup>4</sup> Atul Kohli, "Politics of Economic Growth in India, 1980-2005 Part II: The 1990s and Beyond." *Economic and Political Weekly* April 8 (2006): 1363.

policy shifts to ensuring access to sustainable livelihoods, the life of the majority in India will remain dependent on eking out sustenance in whatever opportunities arise. Therefore the political segregation of the formal and informal economies does not work as a productive entryway to visibility, as we are all dependent on functions and products of each. Instead, here we will look at the ways in which visibility has been enduringly obscured for a few of the roughly 620 million<sup>5</sup> of India's informal or majority labour population, through the visible traces of productivity, voice and struggle. The 'few' which are addressed here, are represented by the gendered labour organization, SEWA (Self Employed Women's Association), as the female bidi workers of Gujarat. Throughout this paper, reference to other groups of informal labourers will be made where studies on these groups add to clarity of the larger issue of visibility in addition to the larger mobility of labour in India. However, the clarity of the shades of continuity between the informal and formal economic sectors currently remains the strongest in the literature and policies interacting with the bidi workers of Gujarat.

Mobility is a useful theme in the study of many disciplines, but has not been appropriately applied to development studies and the analysis of economic progress. If it were applied, the visibility of the endless tracks that have been laid for incorporation into the formal economy would be improved. More acutely, this steady search for economic incorporation is a systemic approach, and pressures all economies to be globally connected, forcefully focusing on increased regulation for a few 'new' labourers thankfully added to the formal economy and rescued from

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<sup>5</sup> Estimates attained by the calculation of rough 80% (India's informal labour population) of the recent 774,400,000 estimate of the working population (aged between 15-64), comes to a rough sixty-four percent of the 1.21 billion estimate of India's total population from the 2011 Indian census. Though the estimate of 64% is based on 2009 calculations, until the age data is released by the 2011 census we will not know if the age bracket of 15-64 still accounts for roughly 64% of India's total population. Therefore, the calculation presented is to be taken with the restraints on its accuracy here made apparent. As only estimates are available (and from multiple years to make them even worse), only this rough calculation can reasonably be presented for the number of workers in India's informal economy.

supposed unemployment. Meanwhile the global system itself has no ability to accommodate increased labour regulations for the estimate 620 million informal labourers in India alone. However, while development policies continue to celebrate yearly incorporations into the formal economy and the declared standard of living increase for those newly incorporated, millions of labourers in India will never reach this increase. Their informality will continue to bolster new policies for development schemes, while real labour protection will be evaded as long as the numbers of desperate far exceed the number of jobs.

Therefore in this case where invisibility is pervasive, and much like in the study of language, we can acquire nodes of understanding for a place by studying how changed or unchanged its parts become when moved. And as India's informal workers continue to move within and outside formality, we can see that the distinction of informal or formal for workers in India means far less than in an idealized place where the demand for jobs in the formal and the number of formal positions is equal.

While economic systems centre around the very movement of labour and commodity, in any world where economies have increasingly global separations of production and consumption we become progressively dependent upon the mobility of each. And we all are dependent on this mobility. Though a global system can be subdivided into seemingly endless sections, some at times appear to be contained by static national lines. Yet, depending upon the angle at which we are connected, that same system can be seen as rigid or instead highly mobile and flexible.

Urban involution, itself a product of mobility and a resistance to change, represents economic immobility in the face of swelling urban populations. It also places important emphasis on the angle of your connection. Terry McGee proposes "in this situation the emerging scenario

appeared to be one in which growing city populations would be absorbed into a labour force sector characterized by self or family employment, low productivity and a heavy concentration in the service sector,” stressing the city as a “container for urban poverty”<sup>6</sup> where indeed one could see the implication of ‘container’ as supporting unidirectional movement; labour forced into a container with no exit. While Terry McGee imagined *urban involution* as a product of international politics where the Third World city became a container with “small enclaves of highly productive modern proletarian activity in firms that were often foreign-owned,” Clifford Geertz similarly emphasized the international component of *agricultural involution* in Indonesia.

In this instance, rapid population influx and external economic pressures intensified existing forms of agriculture rather than causing an adjustment to the structure. In both cases increasing populations were fit into a semi-rigid system to aid the maintenance of something similar to a wage ceiling. In the case proposed by Geertz in Indonesia, this directly involved jamming more labour into paddy field cultivation, thereby increasing per hectare output without increasing per capita output. Though specific stills of agricultural involution could be found in India’s economic history as well, McGee’s use of the term implicates for us the points of advantage provisioned by urban involution, where the multitude of informal workers reach levels of desperation and the “laws and policies regulating the economic exchanges between the State, the formal sector and the informal economy are continuously changing.”<sup>7</sup> The study of India’s informal economy and the necessity to place pressure on the strategy of improving visibility of

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<sup>6</sup> Terry G. McGee, “From Urban Involution to Proletarian Transformation: New Perspectives on the Geography of Development in the Third World.” *Cahiers de Geographie du Quebec* Vol. 29, no 77, September (1985): 298.

<sup>7</sup> Barbara Harriss-White, *India Working: Essays on Society and Economy*, (Cambridge: Cambridge University Press, 2003), 6.

informal workers while still recognizing the validity of informal labour (rather than its invalidity and thus foolproof incorporation into the formal) is then left at a critical state. When we perpetuate the perception of a hierarchical divide between what are two very fluid realities of one economy, never mind that it is also continuously in a state of flux, then we also perpetuate the removal of blame from one sector and its displacement onto the other.

The role of political unionism imparts distinction on this process of blame displacement, while addressing the individual policies that connect the formal with the informal and each with the State. Pong-Sul Ahn compiled a formative document on political unionism in India. Ahn argued that ‘political unionism’ is firstly defined as the “characteristics of a labour movement heavily imbued with ideology-based political activities.”<sup>8</sup> These political activities have a wide scope from national independence struggles to “grass-roots mobilization for or against government policies,” involvement in party politics and “the launching of election campaigns.”<sup>9</sup> In Ahn’s study, political unionism can be seen as an imperfect instrument to respond to the varied interests of union members in addition to falling under criticism as a privileged process for an elitist, minority section of the working class.<sup>10</sup> Therefore through an understanding of political unionism, the relationship between the traditional formal and informal divides of the economy and the governmental bodies within which they operate will be put into perspective. Yet in all of this, it remains the mobility of the labourer, between economic spheres commonly argued as

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<sup>8</sup> Pong- Sul Ahn, *The Growth and Decline of Political Unionism in India: The need for a Paradigm Shift; ILO DWT for East and South-East Asia and the Pacific* (Bangkok: ILO, 2010), 1.

<sup>9</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 1.

<sup>10</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 1.

hierarchically distinct, that thwarts the undeniable validity of projections of progress based on incorporation, incorporation, incorporation.

## CHAPTER 2: POLITICAL UNIONISM AND THE INDIAN ECONOMY

Indian trade unions have become political unions due to their contemporary development with the launch and growth of industrialization in India. They have therefore evolved within “dramatically changing political regimes” which in turn have engaged and shaped them through various means.<sup>11</sup> Pong-Sul Ahn points to the formation of ‘a conventional mass production system that wrought mass employment’ and heralded the launch of ‘industrial relations’ in India. These industries and the structure within which they operate have been ‘transformed under the influence of the supply chain of the global production system’, in effect enforcing the dominant contribution of India as equal to the provision of cheap labour. In more specific terms we can identify at least four contributive factors in the development of the political identities of Indian trade unions.

The first stems from the birth of the All India Trade Union Congress (AITUC), as a ideological child of Lala Lajpat Rai of Bombay in 1920, who believed that ‘Hinduism, above nationality, was the pivotal point upon which an Indian lifestyle must be based.’ After 1945 it became common practice for trade unions to be organized along party lines, but the AITUC began this struggle with promoting independence from the British Raj. Second, the AITUC and other unions began a “communist-led militant labour movement” from the 1920s to the 50s, during which government was urged to suppress these unions. Third, the Indian State after independence became the “largest employer in the public sector” which provided it certain power in the processes of collective bargaining, aided by the unions’ political affiliations similarly turning ‘collective bargaining’ into political agendas. And fourth, the development of the Trade

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<sup>11</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 2.

Unions Act in India allowed unions to ‘appoint outsiders as office bearers,’ paving the way for politicians and retired bureaucrats to use the union appointments to resolve labour issues through political pathways or conversely political issues through labour pathways, effectively extending the reach of oppression in many cases.<sup>12</sup>

As hinted at earlier, the reason the trade unions are capable of contributing to oppressive policies or practices, stems from the small proportion of India’s economy which fits into the organized labour force. The formal sector or that portion of the labour force clearly represented as such has a tendency to be ‘economically elitist’ in addition to politically conservative.<sup>13</sup> Therefore union influence on labour policies and the direction in which unions tend to sway them becomes connected to the government in power and its politico-economic leanings.<sup>14</sup>

The industrializing period of India illustrates the variety of these politico-economic leanings exhibited by a series of labour union splits. Nationalists fighting for the interests of the working class formed the Indian National Trade Union Congress (INTUC) in New Delhi, 1947 following national independence. A year later in 1948, the Hind Mazdoor Sabha (HMS) defined itself as aligned with socialist ideology. The following year the United Trade Union Congress (UTUC) was set up to promote Maoist communism. In 1955, the Bharatiya Mazdoor Sangh (BMS) brought back a conservative nationalism while the United Trade Union Congress-Lenin Sarani (UTUC-LS) was still gaining ground with its Soviet-led communist ideals started in 1951.<sup>15</sup>

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<sup>12</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 2.

<sup>13</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 4.

<sup>14</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 2.

<sup>15</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 7.

In the years following up through the 1980s, the Indian economy was suffering from a combination of internal and external pressures which prompted the national government to impose the first set of economic liberalization policies aimed to restructure the industrial canvas. This was done with market deregulation, financial liberalization and new controls on exchange and taxation. These policies together are claimed to have effectively increased the flexibility of the labour market allowing domestic, and an increasing number of international, companies to outsource and subcontract “their production of consumer non-durables to the unorganized sector.”<sup>16</sup> Atul Kohli also argues that the recent acceleration of economic growth in India “was more a function of the pro-business tilt of the Indian state and less a result of the post-1991 liberalization.”<sup>17</sup> The aforementioned liberalization initiated by Indira Gandhi in the 1980s produced growth acceleration stemming from pro-business state governments attracting private investments through the invaluable force of inter-state variation (read: competition). This inter-state variation arguably remains the leading force in economic growth and the success of political unionism in India.

Globalization issues have recently contributed to an increase in tension between trade unions and political parties in India. A generous reading would lead to the conclusion that this discontent comes from the increased pressure on the political party in power to follow and push policies that encourage foreign investment over compliance with labour standards.<sup>18</sup>

Alternatively it could have to do with the gradual rise of alternate union forces. One of two labour unions recognized as clearly outside political associations is the Self Employed Women’s

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<sup>16</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 8.

<sup>17</sup> Kohli, “Politics of Economic Growth in India, 1980-2005 Part II: The 1990s and Beyond,” 1368.

<sup>18</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 31.

Association (SEWA) which makes its position outside party politics a central tenement of its organization and has since its inception in 1972. Though few other studied unions clearly renounce party political affiliation, a small number are known to skirt in and out of influence, like the National Front of Indian Trade Unions Kolkata (NFITU-Kol) and their tentative support for Rashtriya Janata Party of Bihar.<sup>19</sup> Though SEWA has worked hard and gained extensive ground many unions without political safety nets have severe difficulty becoming registered. The Trade Unions Act mandates that trade unions must have a “hundred persons or ten percent of the total workforce of an industry or establishment” to become registered. The wording leaves serious room for speculation, perhaps due to the non-compulsory nature of union registration in India and the similar optional government recognition of a trade union under the Trade Union Act.<sup>20</sup> So the political dependence ushers in space for union favouritism and the resultant repression of others with less agreeable mandates.

To understand the power of change through declaring self employment, a process pushed by SEWA, we must first look at the development of its necessity. Unlike in countries like Canada or the United States, where ‘self employment’ is largely talked about for tax purposes<sup>21</sup>, the term in India carries unusual weight. It is supposed to combat the negative associations of being part of the informal or unorganized, by stating agency, empowerment, centrality (in opposition to marginality) and challenge definitions of organization, which favour employment linked to state institutions. Self employment also combats systems of gendered space and value which are often strongly linked to political agendas and different mandates of political unions.

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<sup>19</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 32.

<sup>20</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 52.

<sup>21</sup> Canada Revenue Agency, “Employee or Self-Employed?,” [www.cra.gc.ca](http://www.cra.gc.ca).

In addition to political unionism the more often credited force of informal worker oppression are the labour laws themselves or state or national failure to impose labour laws. India's labour legislation, though not inclusive of several leading ILO conventions, does include 51 central labour laws and 103 state labour laws. However, the existence of the laws and the lack of compliance with labour standards largely rests on the invisibility of the informal workers and the potential gain from inefficient enforcement of labour laws by powerful actors.<sup>22</sup> Though SEWA and the National Commission on Labour (NCL) are very active in promoting the rights of workers that participate in the informal sector, they are necessarily limited to certain target groups and industry groups where nodes of organization can already be tapped into and reinforced. Politicized unions are not uniformly perpetuating the ailments of the informal economy but the character of India's political parties and their roots make the interests of formal economy workers dominant in the development of the union though admittedly often second to the interests of a political party itself. Similarly globalization has been regarded as at times encouraging collaboration between trade unions when it becomes necessary to garner public support for a variety of social movements and developmental projects.<sup>23</sup>

Terry McGee brings in the problematic when engaging with development strategies of the Third World that there exists an implicit assumption, where development processes created in the Third World are concerned that the strategies are to create countries of similar structure and spirit to those of the industrialized world.<sup>24</sup> Where this opinion does not dominate, McGee posits that a

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<sup>22</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 101.

<sup>23</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 85.

<sup>24</sup> McGee, "From Urban Involution to Proletarian Transformation: New Perspectives on the Geography of Development in the Third World," 296.

more critical circle of academics have rejected the above assumption and instead applied “some variant of the Marxist paradigm.” Both approaches of which McGee argues remain deficient in their ability to analyze the processes involved in the actual development. Perhaps this frustration comes from a common lack of engagement with the unique development of economic and political structures of each nation. Where elements of commonality in a Marxist paradigm or the path of an industrialized nation exist, but work to ignore the nodes of individuality stemming from temporal considerations and the relative force of interacting variables. An important incidence of this in India’s economic history can be found in the significant timing of the development of trade unions with political parties at the turn of the 20th century.

Analogous to this idea, David Slater points to the history of sociological dualism or ‘economic and technological forms of dualism.’<sup>25</sup> He argues that J.H. Boeke during his research in Indonesia proposed that within a particular society of Indonesia “there existed a cleavage between an imported Western social system and the indigenous culture.” Leading to his conclusion that developed and underdeveloped sectors of a “backward society have independent economic and social structures, each with its own separate history.”<sup>26</sup> Such an analysis however suggests that such a cleavage really prevents us from seeing the interconnected or dependent elements within the social and economic spheres, if they can indeed be seen as fully separate.

Trade unions have been shown to go through continuing organizational transformation, in part responding to the influx of populations and the resultant social issues in their areas of influence, however the speed of their transformation has been deemed “slower than that of technical advancement.” Perhaps their crawling speed has been influenced by the advantage

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<sup>25</sup> David Slater, “Geography and Underdevelopment.” *Antipode* Vol. 5 No.3, May (2006):8.

<sup>26</sup> Slater, “Geography and Underdevelopment,” 9.

from job loss and the wage pressure technical advancement supports. It has further been shown that political unionism in India resulted in the disconnect between trade unions and the interests of informal workers, effectively altering the role of trade unions away from ‘protection and collective action.’<sup>27</sup>

The bidi workers of Gujarat have been involved in SEWA since 1978 when a woman named Chandabibi came to SEWA for help. She was from Patan, outside of Ahmedabad close to SEWA’s headquarters and had been working for 4 rupees (roughly 55 cents CAD in 1978<sup>28</sup>) a day as a bidi roller, rolling the loose tobacco into a Tendu leaf. Her whole family was involved in piece work employment within the bidi industry. The state had built a mandatory medical centre for bidi workers, but in order to use the centre one had to have a worker’s identity card. Her employer used a common evasion process, where in order to escape legal responsibilities and costs he refused to issue identity cards, entering instead fake names into the registration books in addition to entering women as men to further evade potential maternity benefit claims. Changing the fake names frequently, the employers are able to operate within a formal industry but keep their employees outside of formal regulative practices or labour laws. Involved often in a lifetime of bidi rolling and therefore working with serious tobacco dust and the resultant high incidence of tuberculosis, these informal workers are forced into informality by their ‘employer.’ The employer benefits further from instituting bogus quality checks to keep the workers desperate to

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<sup>27</sup> Ahn, *Growth and Decline of Political Unionism in India: The need for a Paradigm Shift*, 84.

<sup>28</sup> Based on calculations between the US and CAD dollar and US and INR exchange rates for the year 1978 as portrayed in the “Pacific Exchange Rate Service” chart by the UBC Sauder School of Business.

accept below standard wages after their bidis have been falsely rejected for being ‘too light’ or poorly constructed time after time.<sup>29</sup>

“In India, health legislation has been historically (and perhaps more practically) enacted at the state level. National legislation has been reserved for major issues requiring country-wide uniformity,”<sup>30</sup> allowing again complete control of state politics and the connected political unions to allow lax enforcement of labour laws pertaining to the bidi workers and those of countless other formal industries engaged in exploitation of informal workers. Therefore the manufacturing of cigarettes is not the only tobacco based product line effectively produced within the formal economy, smokeless tobacco, pan, bidis and other domestic tobacco products largely take place within both the formal and informal economy through various degrees of forced exclusion from formality. Millions of women and children in India work with tobacco products, the majority of which get paid by the unit or pack via a piece-rate system while they remain in effect home-based workers. These informal workers thereby absorb all the risks and fluctuations of the market by being subject completely to the temperament of their buyer.<sup>31</sup>

SEWA’s involvement and support of the bidi workers on a basic level can occur because ‘piece-rate work’ fits within their definition of self employed labourer, also the industry is largely dominated by women and children.<sup>32</sup> Because the bidi rollers are not registered by their supposed employers they are not in a formal contract of any sort and do not on paper have an employer.

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<sup>29</sup> Kalima Rose, *Where Women are Leaders: The SEWA Movement in India*, (New Delhi: Vistaar Publications, 1992), 101.

<sup>30</sup> Riti Shimkhada and John W. Peabody, “Policy and Practice: Tobacco control in India.” *Bulletin of the World Health Organization* 81 (2003): 49.

<sup>31</sup> Rose, *Where Women are Leaders: The SEWA Movement in India*, 101.

<sup>32</sup> Rose, *Where Women are Leaders: The SEWA Movement in India*, 17.

SEWA has made an effort to organize bidi workers and prompt as many as possible to join the association in order to facilitate working together and benefit from the strength that comes by creating economic options through a support network. SEWA provides the ability for the erosion of individual desperation that comes from delayed pay or repeated subjugation to the power tricks like bogus quality checks; individuals need a recourse option when crisis strikes, an economic buffer gained through organization of all an industry's workers.

## CHAPTER 3: SELF EMPLOYMENT AND THE INDIAN WORKER

The term 'self employed' denotes various definitions of employment around the world. In India, the term still indicates workers who do not receive welfare benefits, do not hold salary jobs and who do not hold work within the organized economic sector. Many sources have estimated that of the total female labour force in India, ninety-four percent work within the unorganized sector.<sup>33</sup> This means only six percent of India's female labour force hold salary jobs and receive welfare benefits. This six percent exists in the very loose twenty percent of India's labour force which is protected by labour laws, defined as the organized or formal economic sector. Therefore with eighty percent of India's labour force outside of the organized sector, the vast majority of India's male labour force too exists unprotected by labour laws. However, the eighty percent of India's workers are not all self employed, and millions of individuals clearly remain invisible. In order to understand the treatment of the term 'self employed' by many policies and organizations we must first enter into a discussion of gendered space in India's economy.

Gendered space exists today in many societies, but a variety of scholars argue that in India gendered space follows the lines of public versus private. The term 'Home-Based Workers' and the ILO convention 177 of 1996, aims to target the inequality of value placed on work done at the home and work done in the public arena, among other things, targeting gender discrimination. Though ILO convention 177, has not been signed by India, it could indeed help the de-gendering of public-private space in India.<sup>34</sup> However, Home-Based workers are not the

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<sup>33</sup> SEWA, "Sewa's Structure," [http://www.sewa.org/About\\_Us\\_Structure.asp](http://www.sewa.org/About_Us_Structure.asp).

<sup>34</sup> International Labour Organization, "Home Work Convention, C177, 1996," <http://actrav.itcilo.org/actrav-english/telearn/global/ilo/law/iloc177.htm>.

only ones included in the term self employed. The agency of the term extends to those who organize into cooperatives, which insures standard pricing of goods and therefore steadier wages for the individuals, and in turn enables men and women to provide security for their families.

SEWA (Self Employed Women's Association), formally a trade union born out of Gujarat, organizes women's cooperatives across India with 1,256,944 members as of 2009.<sup>35</sup> Their members fall into four SEWA defined types of self employed women workers: Hawkers, Home-Based Workers, Manual Labourers, and Producers & Services.<sup>36</sup> In reality you can find men and children across India in each of these positions, as well as untold millions of women who do not hold membership with SEWA. However, because the organization itself lends a degree of visibility, unattainable without organization and production of statistics, although SEWA members are not part of the formal economic sector, their organization and self definition as a self employed worker, makes them relatively visible. With visibility they can be seen as a force for change, or a nexus of power that can be interacted with by policy analysts and makers, if they choose to look. However, because invisibility of the informal actually provides a tremendous amount of power to certain international and corporate actors, there may be additional reasons for a lack of gender neutral, self employed trade unions.

As an example of this necessity of the informal, take an example based on the garment industries of Gujarat and Punjab in the 1980s. A corporation enters the state, and creates X number of formal jobs. At least on paper, this counts as an economic gain. So the same X number of jobs are filled by workers who used to work in the informal economy. Perhaps they are the

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<sup>35</sup> Impressive growth has been shown in the recent update on the SEWA website, replacing 2008 with 2009 numbers. This growth seems to reflect more than 250,000 new members in 2009.

<sup>36</sup>SEWA, "Sewa's Structure," [http://www.sewa.org/About\\_Us\\_Structure.asp](http://www.sewa.org/About_Us_Structure.asp).

same individuals who used to have their livelihoods wrapped up in the garment industry, but previously within the informal sector. Even if they are transferring within one industry, from the informal to the formal (quite unlikely), the very same efficiency that makes it profitable for the international corporation to set up in India, necessitates the number of jobs created within the formal to be less than the number supplanted.

Furthermore, because the jobs were created on the basis of a guaranteed cheap labour wage, the net worth of the labour holds value which is high above the wages paid to the labourer. In this way the profit made by the international company stays with the company and leaves India as it is accumulated. Conversely, because the profit made by the companies is contingent upon the informality (or inability of labour laws to regulate) of the informal sector, statistics and reports are not able to show just how much profit was lost from the redistribution of jobs from the informal to the formal sector. The problem then lies in the fact that profits within the informal sector cannot be counted, because they are invisible. They are invisible, because for the few in power outside of and within the informal sector, the profits are greater this way, not because the profits themselves lack substantial value.

For the individual who had an unsteady, albeit low earning, independent shop or business, the relative self-sufficiency felt within the informal sector becomes swiftly destroyed as their jobs are supplanted by more efficient ones. Efficiency in a population with 9.5% unemployment or 114 million people, even in official statistics, is not the answer. Informality doesn't distinguish between individuals, and despite all the advancements in academic analysis of the informal economy in India and elsewhere, the value of informality is still too high for it to be dismantled. If incorporation of the majority of India's labour occurs and everything in India becomes further

corporatized and globalized, the margins of formal employment, where unsteady work yet long term self sufficiency is possible (i.e. in the informal sector), becomes eliminated. Then while a small number are selected for unskilled corporate jobs and enter into the formal economy, they loose agency in their livelihood. Simultaneously, the vast majority have their livelihoods, their unsteady but nonetheless sustenance in the informal economy, eventually destroyed and enter the ranks of the unemployed.

This is why there is great urgency in boosting the organization of worker associations like SEWA, who work to get informal labour to be recognized in all its diversity, and the profits and losses within counted towards the GDP. The informal must become transparent, so that the inequalities and exploitation fueling neoliberal policy can be revealed in quantifiable and undeniable terms. The informal must be counted in the balance of economic growth and decline, to effectively remove much of the legitimacy held by neoliberal policies. This would be a step forward.

However, there have been many attempts to incorporate India's informal economic sector into the formal, global economy, with the micro-credit industry developing out of Bangladesh in the early 80s, and the various ILO conventions targeted at labour issues (specifically the unsuccessful efforts of government and non governmental actors a like to get ILO C.177 ratified)<sup>37</sup> throughout the years. Non profits and micro credit institutions are edging the informal towards the formal, and stepping in where the state has not, to allow for the informal worker to amass the monetary ability to invest in the future and move away from attempts at mere subsistence. This could be seen as a step in the right direction, especially as we look at success

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<sup>37</sup> International Labour Organization, "Home Work Convention, C177, 1996," <http://actrav.itcilo.org/actrav-english/telearn/global/ilo/law/iloc177.htm>.

stories of individuals, but micro credit has been labelled as the end all solution to poverty and this has perpetuated the serious problems of denying validity to market economies on a local scale as sustainable solutions to job creation and economic livelihood domestically, especially in areas where the vast number of unemployed are used as a weapon against the marginally employed. Micro credit renews agency and stimulates small business, it also works to expose the diversity of value already possible within the informal economy.<sup>38</sup> However, without the connection of micro credit success to the false gain under neoliberal policy, the blame of poverty will at best continue to be loosely associated with the system in place, and not the acute problems therein, or at worst associated with the individuals themselves and some mythical lack of american ingenuity and spirit.

The last facet of the possible positive effects of increased transparency, are the social ones. Rupal Oza convincingly argues for the connection of neoliberal policies of reform in 1991 and the further manifestation of rigid gender and sexual identities in India. He argues that India's 'intensified encounter' with globalization and global capital and the resultant losses in sovereignty, has placed added pressure to the definition and control over national culture. The argument goes that in the process of opening up to global capital, the Indian nation was forced to reorganize the national economy and more women were drawn into the public sphere. But new pressures of opportunity as well as the re-ordering of the economic structure, already established to lead to exploitation, places economic responsibilities upon women in addition to men. Furthermore, it is argued that in the protectionist environment of the '80s the narrative of

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<sup>38</sup>Elizabeth Hill, "Women in the Indian Informal Economy: Collective Strategies for Work Life Improvement and Development," *Work Employment & Society* 15 (2001): 443.

masculine authority and protection was employed in a variety of ways to restore a sense of identity, strength and autonomy in the wake of an imperialist past.<sup>39</sup>

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<sup>39</sup>Rupal Oza, *The Making of Neoliberal India* (New York: Routledge, 2006), 8.

## CHAPTER 4: GENDERED LABOUR ORGANIZATIONS AND THE BIAS OF A TERM

The feminist analysis of the nation, often draws on the idea of gender constructions and a tightening of gender roles in the wake of a threat to national security or culture, as “men’s virility is weighed by their ability to protect territory and women against invasion.”<sup>40</sup> In the continued environment of neoliberal policy, advertising in India centres around this idea of a new age for women. In 1994, an ad ran for Chambor cosmetics (a high end makeup line) stating “the age of the new woman has arrived. Our apologies for taking so long over her cosmetics.” As Oza argues, Chambor employs a necessity to apologize for the nation’s tardiness, we should have been here for you as a consumer earlier. The ad pointed to the loosening of traditional attitudes and the acknowledgement of women modernizing as well as the nation. Even if they weren’t all dressed like the model, in jeans and a t-shirt, they were at least capable of appreciating a glamorous and chemically advanced line of cosmetics. Of course, this was only an apology to those who could afford the product, and likely had been capable of affording it for awhile, but it shows the company had previously neglected to capitalize on the now blooming, westernized middle class. In India, the success of the middle class has continuously falsely represented the overall health of the nation. Even if the middle class continues to grow, from an estimated 300 million people the overall percentage of the population lies at roughly twenty-five percent that can actively participate in the economic development of their nation.<sup>41</sup>

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<sup>40</sup> Oza, *The Making of Neoliberal India*, 7.

<sup>41</sup> Oza, *The Making of Neoliberal India*, 25.

When looking at the average wage earned per day in India, women earn on average twenty-nine percent less than men in rural areas and 17% less than men in urban areas.<sup>42</sup> Though wage discrimination has been one further impetus for the development of self employed women's associations over self employed men's associations, the goal of increased family security and health can only benefit from similar men's associations or gender neutral associations. The problem with the power of visibility, and the advantages for certain actors inherent in invisibility of workers, is that visibility does not always warrant cooperation and can indeed lead to increased discrimination or violence. In this sense, women's trade unions could possibly be seen as less threatening to the formal economy than the threat similar men's associations would pose. Gendered lines of equality are less contrastive to the neoliberal system than class lines of equality. And herein lies a serious dilemma within which the promotion of the term 'self employed worker' struggles in India.

It becomes important here to note, that SEWA does not indeed fight against worker's eventual incorporation into the formal economic sector, it instead aims to protect from exploitation and provide a community of stability for female workers in India until reform is achieved in the form of protective policies and extension of labour laws. In a speech at a UNIFEM policy conference in 2007, Dan Gallin of the Global Labour Institute, explained the motivations of SEWA and other actors to continue to push for India to sign ILO C.177<sup>43</sup>, ten years after its adoption by the ILO in Geneva. He argued that the convention would push home workers into the "mainstream of the labour market." Upon closer reading of his speech, it

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<sup>42</sup>Ela R. Bhatt, "Self Employment as Sustainable Employment," SEWA publications (2001):3.

<sup>43</sup> C.177 was adopted by the ILO in 1996, and to date has only been ratified by seven countries: Albania, Argentina, Bosnia and Herzegovina, Bulgaria, Finland, Ireland, Netherlands.

becomes resolutely apparent that C.177 aims to increase the number of workers in the formal economic sector, by eliminating elements of exploitation that would stem from poor working conditions and low wages. The details regarding wage increase itself does not actually come to light in the wording of the convention<sup>44</sup>, and Dan Gallin's speech as to the convention leading to "the position of women [becoming] improved along with their wages," may be reading into things<sup>45</sup>. At the very least though, the convention would decrease profit of the corporations and industry giants by ensuring better working conditions and extending protection of labour laws to home workers.

The obscurity of terms involved in the elimination of exploitation of workers persists in Mr. Gallin's speech as well, as he defines home work as "where the poor are, millions of them."<sup>46</sup> And while its true that many home workers are poor and there are millions of home workers, their agency and utility and occupation are completely overlooked in the speech, even if he states that "women make up the vast majority." SEWA for example, defines home workers as "weavers, potters, bidi and agarbatti workers, papad rollers, ready-made garment workers, women who process agricultural products and artisans."<sup>47</sup> In other words, home workers cover a variety of occupations, only some of which would actually benefit from being a part of the strict formal economy and only some of which are currently held by both male and female workers.<sup>48</sup> Mr. Gallin's speech therefore points to the obscurity surrounding terms with potential agency,

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<sup>44</sup> International Labour Organization, "Home Work Convention, C177, 1996," <http://actrav.ilo.org/actrav-english/telearn/global/ilo/law/iloc177.htm>.

<sup>45</sup> Gallin, "The ILO Home Work Convention- Ten Years Later."

<sup>46</sup> Gallin, "The ILO Home Work Convention- Ten Years Later."

<sup>47</sup>SEWA, "Sewa's Structure," [http://www.sewa.org/About\\_Us\\_Structure.asp](http://www.sewa.org/About_Us_Structure.asp).

<sup>48</sup> Geert De Neve, *The Everyday Politics of Labour: Working Lives in India's Informal Economy* (New Delhi: Social Science Press, 2005), 99.

like home worker, and how they can denote favourable incorporation into the formal economic sector despite their overlap with other terms like self employed.

Though SEWA's definition of home based workers includes bidi workers and weavers, and C.177 seems to argue for the integration of both into the formal economy, Geertz de Neve, among others has pointed to the gender divisions present in such industries. For example, in the weaving industry "men have moved out of handlooms for the higher paid jobs in powerloom factories," thereby making apparent the gendered distinction between participation in the informal and formal sectors.<sup>49</sup> With a gender neutral occupation, placement in the formal sector can become distinctly gender specific. Such divisions make the legal possibility for women to have equal access to formal economic positions the important aspect of C.177. The signing of the convention itself would not necessitate that all home based workers work within the formal sector, if indeed they can be better employed as self employed workers, it does however provide more gender neutral opportunities.

Of further consideration, would be if women are targeted as those who are left behind from incorporation into the formal economy, by numerous policy changes and conventions. If this were to happen in the future, regardless of whether that should be the aim, there is a danger of increased gender based violence at home or in the private sphere, as male agency, presumed or real, becomes targeted. Of increased importance then, becomes the insurance of gender equality in terms of child development and education, so that all children can escape exploitative child labour and start with the possibility for equal treatment within the public arena.

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<sup>49</sup> De Neve, *The Everyday Politics of Labour: Working Lives in India's Informal Economy*, 80.

In these ways, the term 'self employed' becomes a necessary agent in the power dynamics surrounding the informal economic sector in India. And as a means to escape formality, when formality itself necessitates the exploitation possible in the informal, self employed then too becomes a necessary agent to escape the raw invisibility of informality. Until the top agents in India's formal economic sector allow for improved working conditions and employment positions, and international development halts their reliance on exploitation, self-employment seems to be the term with the greatest possibility of power for that presumed eighty percent of the labour force. Unfortunately, as a term and a means of power, it too seems to be dipped in gender bias.

## CHAPTER 5: ORGANIZE WITHOUT OBSTRUCTION

We know that laws and policies “regulating the economic exchanges between the State, the formal sector and the informal economy are continuously changing” and that political parties are seen as crucial to the structure of institutions engaged with capital accumulation.<sup>50</sup> As India’s trade and labour unions are shown to be deliberately disorganized<sup>51</sup> we similarly see that the standard of living supported for formal workers depends directly on the wage goods produced by “the much cheaper labour in the informal economy.”<sup>52</sup> With the informal economy estimated to support the majority of the deemed formal sector, what percentage of the calculated GDP could possibly reflect India’s economic reality? While the informal ‘unorganized sector’ becomes further and further shoved into the ‘catch-all category’ of the self employed, this term does as much to conceal oppressive wage practices as it does to ‘organize’ the informal.<sup>53</sup> So we have to ask what terms can do the work to organize and not obstruct visibility?

Are apolitical trade and labour unions doing this work? And if so, can more unions succeed outside of the current political dance, allowing for informal labour to organize and exercise a small pressure on the economy while taking measured steps away from unobstructed oppression? If urban involution continues, perhaps apolitical unions will work to disintegrate the actual involution. With the recognition of the real structures involved in India’s economy, the mobility of workers and the mobility of lines of formality might be positioned into a new distribution of flexible and static structures. The flexible remaining in the movement of labour, while the static

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<sup>50</sup> Barbara Harriss-White, *India Working: Essays on Society and Economy*, (Cambridge: Cambridge University Press, 2003), 16.

<sup>51</sup> Harriss-White, *India Working: Essays on Society and Economy*, 17.

<sup>52</sup> Harriss-White, *India Working: Essays on Society and Economy*, 19.

<sup>53</sup> Harriss-White, *India Working: Essays on Society and Economy*, 19.

engaging with new access points where apolitical unions are allowed a network through which they can shape locally and draw support nationally. Thus creating a real pathway for individuals to gain capital while stabilizing individual economic crisis through decreasing the numbers of the unemployed. Informality should not be unhesitatingly incorporated into formality. A more nuanced division of sectors should be necessarily preserved for the livelihoods of a greater number of individuals within India's intense population restructuring.

An important trade product of the informal economy, bidis and the workers that make them are indeed looked to as a relative success story. As early as 1986 a commission on self employed women was appointed<sup>54</sup> by the Prime Minister Rajiv Gandhi. The commission emphasized in part the dependency of organized labour on unorganized labour by stating they are not separate phenomena.<sup>55</sup> The commission led to the public discussion of workers in the informal sector and formal sector's viability as engaged in a dependent relationship with the informal industries. SEWA was then able to point to the relationship between technological upgrades and continued informality. When industries experience technological upgrades, these upgrades displace informal workers and increase the resultant unemployment levels, further depressing wage rates.<sup>56</sup>

Based on the 2001 census, there was more than a sixteen percent increase in the urban population since the 1991 census, amounting to an estimate 72.2% of India's population living outside of the cities (a figure which should be recognized in all its impermanence). As we have now closed another decade from 2001, the urban population is engaged in drastic, yet

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<sup>54</sup> Rose, *Where Women are Leaders: The SEWA Movement in India*, 98.

<sup>55</sup> Rose, *Where Women are Leaders: The SEWA Movement in India*, 101.

<sup>56</sup> Rose, *Where Women are Leaders: The SEWA Movement in India*, 101.

undocumented change. The provisional census report released March 31, 2011, puts the increase of India's population in the last decade at 181 million, the smallest proportional growth in nine decades. Though the urban population numbers have not yet been released, India's 2011 census puts the national population as accounting for 17.5% of the world's population (or by some pre-2011 census estimates as high as 19.41%)<sup>57</sup> where the population of the US and Canada combined equals a rough five percent of the world's total population.<sup>58</sup> Even the loosely calculated census numbers indicate that more than two and possibly close to three times the combined population of Canada and the United States<sup>59</sup> live and work within the informal portion of the Indian economy. That accounts for clearly a huge variety of livelihoods and individual circumstances, but at the very least it shows the massive numbers of people in India alone who remain loosely identified as the cheap labour that make the rich everywhere wealthy by direct or indirect economic associations.

An important aspect of Barbara Harriss-White's analysis of the informal economy of India finds itself in the rarely expressed existence of many "non-State means for regulation" within the informal economy.<sup>60</sup> Harriss-White outlines four reasons for why economic activity is not

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<sup>57</sup> <http://indiatoday.intoday.in/site/Story/133909/latest-headlines/census-2011-population-of-india-is-1.21-billion-17.5-per-cent-of-world.html>, and [http://www.censusindia.gov.in/2011-prov-results/prov\\_rep\\_tables.html](http://www.censusindia.gov.in/2011-prov-results/prov_rep_tables.html)

<sup>58</sup> <http://www.census.gov/population/www/popclockus.html> and <http://www.statcan.gc.ca/ig-gi/pop-ca-eng.htm>

<sup>59</sup> If one uses the estimates of 4.5% (the United States' proportion of the global population) plus the .5% (Canada's proportion of the global population) as found on each country's population clock sites, then one can estimate that the combined five percent in relation to eighty percent (loose estimate of India's informal worker population) of India's 17.5% of the global population equals close to twenty-eight percent of the 14% of the global population, that works within India's informal economy. Therefore there are roughly 2.8 times the combined population of Canada and the US working within India's informal economy.

<sup>60</sup> Harriss-White, *India Working: Essays on Society and Economy*, 4.

registered or regulated by the State, which follows a more prominent understanding of the complexities of regulating a sector at times invisible and with intense variability. These four reasons relate to: the impossibility of knowing the actual or precise size of the informal economy, lack of compatibility in the differing methodologies and databases used to attempt estimates, worker's mobility between informal and formal positions including seasonal variation, and the problem of classifying the household within a formal or informal unit which does not represent the reality of individuals within a household and their differing forms and access to employment.<sup>61</sup> Harriss-White gives an account of the scope of variation involved by citing an influential estimate from a 1996 study, where India's unorganized sector accounted for 90.3% of all livelihoods. Though there was a slight leaning towards stronger dependency on the informal in the rural households, for the most part the dependency was overwhelming. The 1996 and similar studies put forward the extremity of the informal economy in India even in the wake of 1991 continued economic liberalization. The informal economy was finally deemed far from unsophisticated and marginal "On the contrary it is predominant."<sup>62</sup>

There are several meanings of the informal economy that are proposed by Harriss-White. The informal is "particular type of behaviour within the formal economy" a "king of activity whose significance has been seriously neglected in social and economic theory."<sup>63</sup> She refers importantly to "economic activity practiced by firms in the formal economy and even in the operations of the State itself, which is not covered by state regulation or record-keeping." The

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<sup>61</sup> Harriss-White, *India Working: Essays on Society and Economy*, 5.

<sup>62</sup> Harriss-White, *India Working: Essays on Society and Economy*, 5.

<sup>63</sup> Harriss-White, *India Working: Essays on Society and Economy*, 6.

informal economy is needed to make some complex organizations work efficiently.<sup>64</sup> The lack of regulation becomes accepted as legitimate through continued and often encouraged practice.

However the ‘legitimacy’ of the loose enforcement of labour laws and regulatory practices also becomes dependent on the exchange of ‘rents extracted from corruption.’<sup>65</sup> All realistic depictions of the informal economy complicate the distinction between it and the formal. Recognizably clear boundaries on paper become possible only as long as they misrepresent reality and gloss over the holes in compliance and the weak recourses for enforcement. So though nuanced definitions of informality exist, a continued focus on their organization and structure as illuminated through tearing apart the structure of what policy and research show as formal must prevail.

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<sup>64</sup> Harriss-White, *India Working: Essays on Society and Economy*, 6.

<sup>65</sup>Harriss-White, *India Working: Essays on Society and Economy*, 6.

## CONCLUSIONS

Economic informality in India has been shown to be the pervasive category of India's economy, not due to the weakness of its formal economy, but rather due to the overwhelming proportion of its population which works in some part within the informal. The policies and studies that have engaged with the bidi workers of Gujarat who have organized with SEWA, provided visibility of a portion of labourers working with one formal industry. Though the tobacco industry in India has many facets, we can see that the urban assembly line of bidi rollers are both adding to the profit of a formal industry and "working" in a formal industry while simultaneously remaining informal workers<sup>66</sup>, as their legal identities continue to be obscured because they are replaceable as elements of production. Therefore their desperation is both resultant of the knowledge of imminent replacement and an integral feature of that replacement.

While the barrier between formal and informal sectors can be seen lying in pieces of contradictory and self-promoting rubble, the mobility of workers throughout all economic spheres will have to remain. While individual agency in India should be supported and targeted for improvement by international labour laws, conventions and organizations, there needs to be a realization that protection from exploitation is necessary yet blind incorporation of the informal into the formal is not the logical conclusion for sustainable development practices. If the benefit for international governments investing in global labour supplies is cheap labour and increased profit, then the continued prosperity of poverty outside of one's own GDP purview will never cease to titillate. However, as power dynamics change and evolve even the most hardened will be forced to recognize the deep connection between sustainable domestic development policies and

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<sup>66</sup> Please see Appendix A, 'Informal - Formal Dynamic of India's Tobacco Industry: the Production Chain of a Bidi.'

sustainable global development strategies. The issue of blindly pumping humanitarian money into a system where poverty exists but the structure of that poverty and the global implications and responsibilities of that poverty are blatantly ignored, accentuates the similar issue of creating micro finance institutions. Micro finance, often funded from pools of lenders abroad and aimed at fitting all populations into one simplistic and short sighted definition of economic success and livelihood, plays into the globalized methods of accumulation while nodding to the global inequalities. Yet often they work to further the entrapment of individuals into systems of credit and debt when the supporting social structures for a sudden change in livelihood do not exist. If the interaction of informality and formality continues to be studied, the Indian labourer can receive further and further labour protection and hopefully increased prosperity. But without a long term approach for economic sustenance for the majority, working within the current sociopolitical system, there cannot be a sustained decrease in unemployment in India. The nation's population requires a multifaceted advance. This advance needs to employ processes of formal and informal job creation, utilize informality to increase labour support and visibility and deny unchecked swells of incorporation at every cost.

If the opportunity to increase standard of living for millions of currently impoverished is seen as desired, and the same massive numbers of individuals involved necessitates in the current economy continually increasing competition for employment, then immediate rapid accumulation of capital has to be waylaid by a program supporting sustained longer term increase in standard of living. We have to start seeing the byproducts of our chosen lifestyles and increase the visibility of the effects of our economic engagement. We can't sustain a blind rush to accumulate as a global community. Someone will fall and at this point, the economic failure of

one directly affects the other nations of the globe. If instead, we start paying a small amount of the cost of past policies now, by encouraging diverse economic spheres at home and abroad, each nation might be able to sustain a future. Economic informality in India cannot be seen as a sphere to incorporate and must be allowed to continue so that both profit and labour can be sustained domestically, while the visibility of the great diversity and productivity of informality can continue to increase with the aid of apolitical worker associations. What manifests in waste of resources in one area of the globe, manifests as waste of human life in another. Intentional obstruction of economic livelihood and structural realities of an economy perpetuates suffering and does nothing for sustained growth and prosperity.

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**APPENDIX A: INFORMAL - FORMAL DYNAMIC OF INDIA'S TOBACCO INDUSTRY: THE PRODUCTION CHAIN OF A BIDI**

