Digital India

The government has approved the Digital India programme which aims at connecting all gram panchayats by broadband internet, promote e-governance and transform India into a connected knowledge economy.

To be implemented at an estimated cost of Rs113,000 crore in a phased manner by 2019, it would focus on three key areas: digital infrastructure as an ability to every citizen through digital identity, mobile phone and bank account and safe and secure cyber space; governance and services on demand in real time on online and mobile platform and making financial transactions electronic and cashless and digital empowerment of citizens with all documents, certificates available on cloud.

Digital India envisages connecting 2.5 lakh villages by broadband and phones, reduce import of telecom goods to zero, wi-fi in 2.5 lakh schools, all universities, public wi-fi hotspot for citizens and creating 1.7 crore direct and 8.5 crore indirect jobs. Other points include training 1.7 crore citizens for IT, telecom and electronic jobs and delivering e-governance and e-services. It plans to make post offices multi-service centres, use of internet in healthcare system, including online medical consultation, issuing online medical records and online medicine supply and pan India exchange for patient information. Pilot projects will start in 2015 and all India implementation will be achieved by 2018. The implementation of the programme will be directly monitored by a panel headed by the Prime Minister.

Improving Mathematics, Language Skills

The HRD Ministry has launched a new scheme to improve mathematics and language skills of students across India. The "Padhe Bharat Badhe Bharat" scheme aims to inculcate early reading habits, writing and mathema-g415cs skills among school children. It will help improve numeracy and develop their reasoning ability. As part of the scheme, every year 500 hours will be devoted to improve language skills and 300 hours to mathematics. Rs2,352.57 crore has been allocated to states and Union Territories during 2014-15 for quality enhancement programmes.

Anti-TB Resistance Survey Launched

The government has launched the biggest ever survey on an-g415-TB drug resistance recently. The "First Na-g415onal TB Drug Resistance Survey", will enable officials to evolve a strategy to combat drug-resistant TB and provide a statistically representative national estimate of the prevalence of an-g415-TB drug resistance among new and previously treated patients. The survey, which would be held in collaboration with WHO and USAID, will have the largest ever sample size – 5,214 – covering 120 TB units in 24 states. The patients to be surveyed are both first/treatment and retreatment cases. Their resistance levels against 13 an-g415-TB drugs would be observed – five of them first-line and eight second-line.

An email repository has also been planned for establishing connectivity between the government and all doctors in the country with the objective of pooling resources to lower the disease burden. Government doctors as well as those in private practice would be covered by it. "The repository could be utilised to spread information on new medical knowledge to all doctors or the fruits of research by ICMR and other organisations. TB patients could benefit if the doctors treating them are told of effective treatment methods and protocol which they may not be aware of," the Health Minister said.

India accounts for 99,000 of the global burden of 390,000 multi-drug resistant (MDR) TB cases annually, which is 25 percent of the total burden. The mortality associated with this form of TB is higher than drug-susceptible TB. Now, an even bigger challenge has emerged called "Extensively Drug-Resistant TB" (XDR-TB). India has the highest multi-drug resistant TB burden with an estimated 64,000 cases emerging annually.

Regd. No. RNI 949/57
Licenced U (DN)- 56/2012-14 to post without pre-payment at RMS, Delhi (Delhi Postal Regd. No. DL(S)-05/3230/2012-14
Published on 23 August 2014
Posted on 25-26 August 2014
Printed & Published by Dr. Sadhana Rout, Additional Director General and Head on behalf of Publications Division, Soochna Bhawan, C.G.O. Complex, Lodhi Road, New Delhi - 110 0 03. Printed at Chandu Press, D-97, Shakarpur, Delhi-110 092 Phone: 22424396, 22526936.
ISSN-0971-8400
A DEVELOPMENT MONTHLY
OCTOBER 2014
INFORMAL SECTOR
The Role of India’s Informal Economy
Barbara Harriss-White
Urban Informal Sector in India
Arup Mitra
The Informal Sector from a Knowledge Perspective
Amit Basole
Special Article
Roadmap to Financial Inclusion: Pradhan Mantri Jan Dhan Yojana
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Focus
Gandhi and Sanitation
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Let noble thoughts come to us from all sides

Rig Veda


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EDITORIAL OFFICE : Yojana Bhavan, Sansad Marg, New Delhi-110001 Tel.: 23096738, 23042511.

For new subscriptions, renewals, enquiries please contact: Business Manager (Circulation & Advt.), Publications Division, Min. of I&B, East Block-IV, Level-VII, R.K. Puram, New Delhi-110066, Tel.: 26100207; Business Manager (Hqs.) : Ph: 24367260, 24365609, 24365610

SUBSCRIPTION: 1 year ₹ 100, 2 years ₹ 180, 3 years ₹ 250. For SAARC countries by Air Mail ₹ 530 yearly; for European and other countries ₹ 730 yearly.

No. of Pages: 80

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Early in the morning, the door-bell rings. The paperwala throws the bundle of newspaper at our door-step and moves away hurriedly. Soon afterwards, we get ready and hop into a rickshaw, auto or bus to go to our offices, factories or shops. Reaching our workplace we find the watchman respectfully securing our workplaces and the cleaning personnel doing their jobs. In a typical government office, we meet our personal staff and assistants working with us. The common element between all these kinds of workers—paperwala, auto-driver or bus driver, rickshaw puller, watchman, office boys, cleaners, computer operators etc. is that they all belong to the informal sector. In fact, our socio-economic space is overwhelmingly informal whether it is relating to employment or other aspects of our life. However we tend to overlook and underestimate the importance of this sector which is multi-dimensional in its structure.

The concept of ‘Informal Sector’ owes its origin to the British anthropologist Keith Hart’s study in Ghana. Later on in 1970s ILO brought in the element of ‘decent work’ into this concept which ‘involved rights to work, at work, to labour organisation (or dialogue) and to social security’. But some scholars have pointed out that it would be extremely limiting if the idea of ‘informality’ is restricted just to the economic sphere. The concept is much wider in its implication at the social and cultural levels and a purely economic interpretation leaves a significant part of our ‘informal’ reality beyond analysis. It is argued that ‘the category informal, is only an overarching concept, which should group socially valuable work together that falls outside the formal monitoring and regulatory framework.’ For example, the unpaid household work, though not an economic category in itself, needs to be categorised under informal sector and appropriate policy measures designed keeping such activities in mind. They are no less important just because they are not economic in nature.

Nevertheless, the economic aspect of the informal sector require attention by scholars and policy makers on account of its huge size and impact. According to NSSO data for 2009-10, more than 90 percent of the employment in the agricultural sector and close to 70 percent in the non-agricultural sector falls under the informal category. Clearly, the informal sector is not the residual sector of the economy. In reality, it is the dominant sector. Though, recently the growth rate of employment in the informal sector has not been quite satisfactory, it continues to be the most dynamic sector in the economy. Even while the organised sector has lagged behind, the informal sector has shown improvement in productivity, real wages and capital accumulation. It may be wrong to look down upon the informal sector as stagnant and under performing. Empirical data underlines the fact that the informal sector has done better than its formal counterparts on economic parameters such as investment and accumulation of fixed assets, among others. We should not forget that this sector also encompasses ‘Lokavidya’, the traditional and indigenous knowledge, that includes ancient and well established, ‘institutions of knowledge production and transfer’ which is under a big strain now.

It seems more logical to take the informal economy of India as the mainstream which requires a proper regulatory framework to ensure that those who drive this sector are provided the opportunity to contribute to the well being of the nation while enjoying a life of dignity and an environment of ‘decent work’. It is a matter of great concern that the informal sector has largely remained outside the realm of social security. People working in this sector suffer fluctuating income and absence of basic rights as workers. Quite often ‘self-employment’, which constitutes a major part of informal sector, is an euphemism for the ‘distress sale of one’s own labour.’ In order that we realise the call of ‘make in India’, to turn India into a great manufacturing nation, we simply can not ignore the people who are the real ‘makers of India’.
The urban informal sector plays a crucial role in providing sources of livelihood particularly to the rural migrants and several low income households residing in urban slums. This paper examines the relative size and composition of the informal sector and delineates the recent changes relating to contractualisation and ancillarisation and their impact on work practices and performance.

Several studies on informal sector have been carried out in the Indian context in last thirty to twenty years or so – a brief review of which may be seen in Das (2011) and Mitra (2013). The rural labourers who are pushed out of the agricultural sector due to the lack of a productive source of livelihood and at the same time could not be absorbed in the rural non-farm sector or the high productivity manufacturing sector in the urban areas are likely to get residually absorbed in the low productivity urban informal sector (Mitra, 1994). Also, a rapid natural growth of population in the urban areas has been adding substantially to the urban labour supplies. Despite a rise in enrolment ratio, a large component of this labour force is either of unskilled or semi-skilled variety.

Contrastingly, the growth process is becoming increasingly capital and skill intensive, forcing many to pick up petty activities in the informal sector. Thus, considerable overlaps have been observed between informal sector employment and poverty of different types (e.g. consumption poverty, housing poverty, health poverty, education poverty and so on).

**Relative Size**

The informal sector accounts for a sizeable percentage of the total workforce in the country. Not only the agricultural activity which primarily falls into the domain of the informal sector, but also other non-agricultural activities are characterized by a large informal segment. The informal sector is usually defined in terms of low productivity activities, small size of operation, poor level of technology conceptualized in terms of a low capital-labour ratio and unprotected factor and product markets though an operational definition of the informal sector may not include all the attributes. Factors which impinge on a firm’s decision to operate in the formal or informal sector lie in the skill and educational level it possesses. Individuals with poor human and physical capital endowment get residually absorbed in own account...
enterprises and other small units. Some of them remain perpetually within the informal sector as they are not able to experience any upward income mobility. With improvement in the quality of education, the accessibility to market information, credit facilities, technological know-how and other information pertaining to the overall macroeconomic and policy changes increases and hence, the scale of operation expands. This in turn, helps the unit graduate from the informal or unorganized sector to the formal/organized sector. However, the graduation process also needs to be seen in terms of the cost associated with it. For example, if the registration procedure and the labour laws are stringent in the formal sector then the unit may prefer to operate from the informal sector - deliberately choosing to remain small in size (Maiti and Mitra, 2010). Similarly, the firm may decide to remain small so that it can take the advantage of the labour market flexibility that the informal sector offers. In such situations, the informal sector units are not necessarily unproductive in nature. Rather, they may be technically efficient and highly competitive.

The incidence of informal sector employment defined as the proportion of informal sector employment to total employment is high both in the rural and urban areas. In the agriculture sector, its dominance does not come as a surprise but in the non-agriculture sector too, an overwhelmingly large proportion of workers are engaged in the informal sector. In fact, the rural-urban differences in the figures are not spectacular. The other surprising pattern relates to the gender differences. The proportion of women workers engaged in the informal sector to total women workers is lower than its male counterpart though one would have expected it to be otherwise.

The estimates possibly do not reflect the reality because in the definition used by NSS (2009-10) it comprises employment in the informal sector enterprises (proprietary and partnership enterprises) excluding the own account workers (engaged in the production of goods exclusively for own final use by their household) and employees in the household sector, which actually should have been a part of the informal sector employment. Since employment in the households is quite substantial, its exclusion tends to grossly underestimate the relative size of the informal sector employment as reported in Table 1. Further, the household sector because of its flexibility tends to engage women to a large extent (see Mitra, 2005), and therefore its exclusion naturally suppresses the incidence of informal sector employment among the women workers.

We may further note that the size of informal employment which includes casual or short term contractual or irregular workers in the formal sector in addition to the employment in the informal sector enterprises and the household sector is phenomenally large. Notwithstanding these limitations, the estimates of informal sector employment provided in Table 1 are exceptionally high in the Indian context, particularly in non-agricultural activities.

### New Trends

Growth in employment and output are undoubtedly two important indicators of performance. Growth in employment has been negative at the aggregate level and in a number of industries in unorganized or informal manufacturing. Nevertheless, industries such as textiles and leather, non-metallic mineral products, basic metal and metal products registered a positive growth rate.

In the backdrop of this, we may like to bring out certain results from the qualitative survey that we conducted in 2009-2010 in Delhi. Particularly keeping in view the fact that the textiles group performed better, the workers’ gains in this sector may be assessed. The field survey in the Sunder Nagari area, Delhi identifies workers in three types of activities: tailoring and embroidery, jewelry and packaging. Most of them receive work consignments through the contractors who supply the products to large as well as small shops. While some of the products carry the name of certain specific companies, the others are sold without any such liaison. The contractors supply the raw materials and collect the final products at regular intervals and as per the workers, there is no dearth of work consignments. However, the wage rate which is offered on piece rate basis is extremely low in comparison to the efforts put in. In fact, there is evidence to suggest that the real wage rate has declined over time. Thanks to the supply of work consignments the workers’ levels of living have not witnessed any deterioration, implying, however, that much more labour-hours are spent to earn the same magnitude of real income. The workers do not take the initiative to sell the products directly to the shop-keepers as none will be willing to buy from them. This helps the middlemen extract a large sum of profit. To bypass the middlemen, marketing assistance has to be provided to these units by the governments and the civil society.

For some of the products which are sold under the name of certain specific companies, quality-consciousness exists and thus, the better performers tend to receive the consignments abundantly and regularly. However, this process does not lead to any rise

| Table 1: Relative Size of the Informal Sector in Percentages: All-India (2009-10) |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sector | Agriculture | Non-Agriculture |
|       | Male | Female | Person | Male | Female | Person |
| Rural | 90.6 | 95.0 | 93.4 | 73.0 | 64.1 | 71.3 |
| Urban | 88.3 | 97.7 | 92.5 | 68.3 | 60.1 | 66.9 |

Source: Based on NSS Employment-Unemployment Data, 2009-10.
in wage rate as the better performers are still large in number. In fact, it is a buyers’ market – the contractors set the price and no negotiation is possible to revise it in any manner. ‘Take it or leave it’ is the principle which is being followed widely. The role of civil society in this context is important. Some of the organizations are able to offer a much higher piece rate than what the contractors do. But since the work consignments collected by the civil society groups are highly negligible, the workers naturally get drawn to the private contractors and the interventions of the civil society is not able to make any dent on the on-going rate offered by the contractors.

There is no formal or informal union of workers though each one of them is aware of the on-going rate. While further exploitation by offering a lower rate to any of the workers is not possible, raising the rate from the workers’ side is almost impossible as collective bargaining does not take place due to the lack of coordination. On the other hand, different contractors have a strong nexus which does not allow any upward revision of the rate. Since the contractors supply the raw materials, the workers do not have sufficient motivation to access credit or marketing assistance directly so as to establish an independent enterprise.

Some of the companies which have good reputations in the market and are also able to get export consignments have followed the practice of subcontracting and much of the products are manufactured by the home-based workers. But the benefits of growth do not percolate down partly because of the excess supplies of workers and partly because of the middle-men’s role. As quality is a strong criterion for success, these companies prefer to engage the same workers on a long term basis instead of adopting a high labour turn-over policy. To do this, economic theory would suggest that the employers will have to pay higher wages to retain the workers and thus, mutual benefits are assured. But there is hardly any evidence suggesting a pattern favourable to the informal sector workers. There is no indication of a rise in the piece rate wage which is a prevalent mode of payment in the informal sector. The only benefit that the workers are able to experience is regularity in employment. The so-called informal sector which is known for irregular employment is emerging to offer regular employment though only in certain specific sub-sectors. This pattern of regularity is expected to result in a positive effect in the long run. The workers, taking advantage of the stability in the employment condition, may get an opportunity to develop market contacts and acquire more proficient skill to nurture their entrepreneurial ability in the long run, which in turn may contribute to productivity growth in the informal sector. However, some of these positive developments seem to get neutralized by the informalisation process followed in many components of the formal sector. Incidentally, the formal sector has adopted the informalisation process at various levels though in some of the activities, the process has been followed only at the lower rungs (e.g., labourers in the industries and class four employees in various organizations including the universities and the government offices).

The changes we get to observe within the manufacturing component of the informal sector are noteworthy. Many petty enterprises, especially in the garment, leather and gems and jewellery related industries are now connected to the large units falling into the domain of the formal sector. Since the large units provide raw materials etc, one may argue that the uncertainty component faced by the small informal sector units

<table>
<thead>
<tr>
<th>Industry</th>
<th>OAME</th>
<th>Establishement</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Products, Bev. and Tobacco</td>
<td>-6.77</td>
<td>2.12</td>
<td>-3.39</td>
</tr>
<tr>
<td>Textiles and Leather</td>
<td>2.48</td>
<td>15.14</td>
<td>0.46</td>
</tr>
<tr>
<td>Paper &amp; Products</td>
<td>-13.35</td>
<td>-4.04</td>
<td>15.53</td>
</tr>
<tr>
<td>Chemical and Chemical Products</td>
<td>-17.36</td>
<td>-4.70</td>
<td>-2.04</td>
</tr>
<tr>
<td>Non-metallic Mineral Products</td>
<td>-4.91</td>
<td>2.01</td>
<td>11.27</td>
</tr>
<tr>
<td>Basic Metals</td>
<td>13.34</td>
<td>19.06</td>
<td>-2.30</td>
</tr>
<tr>
<td>Metal Products</td>
<td>-3.69</td>
<td>9.65</td>
<td>4.77</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>-26.19</td>
<td>-14.44</td>
<td>-8.65</td>
</tr>
<tr>
<td>Transport Equipment</td>
<td>-5.64</td>
<td>15.63</td>
<td>-7.70</td>
</tr>
<tr>
<td>Other Manufacturing incl. Wood</td>
<td>-1.32</td>
<td>12.79</td>
<td>4.43</td>
</tr>
<tr>
<td>All Industries</td>
<td>-2.45</td>
<td>9.58</td>
<td>1.85</td>
</tr>
</tbody>
</table>

**Source:** Computed from National Sample Survey data on unorganised manufacturing enterprises, 2005-06 and 2010-11. OAME stands for own account manufacturing enterprises (household enterprises).
in carrying out their operations has declined. They are not required to explore possibilities for credit assistance or production-outlets, rather, they have the supplies of raw materials and work consignments etc available at the doorsteps. All this is likely to contribute to a smooth and efficient functioning of the units. And from this, one may further conjecture that the positive effects of growth experienced by the large units get transmitted to the micro units through the process of subcontracting and ancillarisation and thus globalization is expected to be pro-poor as well. However, our field visits in the Sundar Nagari area in Delhi bring out results quite contrary to the general expectation.

Conclusions

A sizeable percentage of the workers are engaged in the informal sector enterprises both in the rural and urban areas. The silver lining is that the nature of the informal sector tends to change as the city size and its economic activities change. Within the informal sector, elements of dynamism can be traced in a city which has the growth potentiality relative to the one which is stagnant and small in size. With the similar level of skill endowment and other demographic characteristics, an individual may have the possibility of being better-off in terms of real earnings and other indicators in a city that has the growth momentum. So the informal sector is not uniformly stagnant; its spatial variations lay emphasis on its potentiality to provide better sources of livelihood in the broad context of economic growth.

Some of the findings from our qualitative survey are cited in order to delineate the recent changes that are being observed in the informal sector. For example, how the contractualisation and ancillarisation impacted on the work practices and performance of the informal sector is an important aspect, indicating the positive changes as well as the welfare losses. Employment growth in the informal (unorganised) manufacturing sector has been negative between 2005-06 and 2010-11 (Refer Table-2). Possibly the informal sector units are not able to compete and thus in an attempt to reduce labour cost, the downsizing of employment has taken place widely. Since Indian manufacturing exports have not picked up and more so from the unorganized sector because of the poor quality of the products, the advantages that the Chinese enterprises could draw in the context of globalization are still a dream for their Indian counterparts. Due to the lack of modernization and inaccessibility to ICT, neither has product diversification taken place nor have enterprises been able to graduate to high value products.

Since Indian manufacturing exports have not picked up and more so from the unorganized sector because of the poor quality of the products, the advantages that the Chinese enterprises could draw in the context of globalization are still a dream for their Indian counterparts.

The recent efforts on the part of the Indian government to revive industry as the engine of growth look rather unfeasible as the unorganized or informal manufacturing may not be in a position to contribute to growth and employment significantly. One of the major constraints that the informal economy enterprises face relates to the lack of physical and financial capital resulting in sluggish labour productivity growth and earnings. Even for marketing of goods they are dependent on contractors and in the process it reduces their profitability significantly. Though accessibility to inputs and work consignments has gone up, the benefits tend to get minimised due to the practice of intermediation and incomes earned on piece rate basis. All this builds up a strong case for the introduction of an informal sector policy which may help reduce the welfare losses to labour employed at the lower rungs.

Sources: National Sample Survey Organisation (NSSO)’s employment and unemployment survey (2009-10) and NSSO’s special surveys on unorganized manufacturing enterprises (2005-06, 2010-11)

Readings


Mitra, Arup (2013), Insights into Inclusive Growth, Employment and Wellbeing in India, Springer, New Delhi:


(E-mail: arup@iegindia.org)
The Informal Sector from a Knowledge Perspective

Amit Basole

The informal sector is commonly thought of as a site of low-skilled or unskilled work. The National Commission on Enterprises in the Unorganised Sector (NCEUS) took the position that the vast majority of the informal workforce is unskilled (Sengupta et al. 2009: 3). This conclusion relies on two empirical facts: the low levels of formal education and training among informal sector workers and low wages as well as low productivity prevailing in this sector. In this article, I take a closer look at both these aspects. In contrast to most policy and academic approaches on the issue, my claim is that there exists a vast store of knowledge in the informal sector alongside well-established (though poorly understood) institutions of knowledge transfer and skill formation.

In addition to published studies, this essay draws on empirical data from the Census of Small-Scale Industry, the NSS and fieldwork among weavers and food sellers in Banaras and street vendors in Mumbai. Major international institutions such as the World Bank and the World Intellectual Property Organization have recently engaged seriously with “traditional and indigenous knowledge” (TK/IK) which is believed to have a world-view and epistemology as well as institutions of knowledge production and transfer distinct from modern knowledge. A large literature has emerged, analyzing and describing the store of knowledge of biodiversity, agro-forestry, ecology, medicines, crafts, etc. built over centuries by peasants, artisans, women and indigenous people all across the world (Basole 2012). These are the same people who labour in the informal economy. However, the TK/IK paradigm has not been sufficiently deployed in analyzing the informal sector, perhaps because informal workers and entrepreneurs are found not only in agriculture and handicrafts but also in diverse industries such as food, textiles, garments, plastics, metals, machinery, construction and services which often use modern techniques and do not fit the label of “traditional” industry. Nor are the actors “indigenous people.” Sahasrabudhey and Sahasrabudhey (2001) have proposed the term lokavidya or people’s knowledge, which encompasses skills possessed by those who have not been formally educated or trained, but goes beyond this to include an epistemology and value system. To transform India into...
a Knowledge Society as envisioned by the National Knowledge Commission, we would do well to recognize, study, and build upon lokavidya produced and used by the vast majority of the working people in the country.3

Wages, Productivity and Skills: The Relation

The prevalence of low wages and low productivity in the informal sector is often used as proof of its low skill base. In fact, the relationship between skill, productivity and wages is complex and is determined by institutional and structural factors. A key structural reality of a developing economy such as India is the existence of surplus labour. The exclusion of the vast working majority from the formal sector results in hyper-competition in product markets between micro-entrepreneurs who are forced to start their own business due to lack of jobs, and between workers in the informal labour market. One area of research is thus, to examine whether the formal-informal earnings gap results not just from observed worker characteristics (such as skill) but also from structural factors such as average firm size, degree of competition in the product market and the capital-labour ratio.4 Further, since measures of productivity such as value-added per worker rely on market prices, and hyper-competition in the product market puts downward pressure on prices, this means firms in more competitive markets appear less productive than firms that enjoy market power.

A second confounding factor in inferring skills or other worker characteristics from wages is that in an economy with surplus labour, even skilled workers may earn low wages due to low bargaining power (Knorringa 1999; Leibl and Roy 2004). Further, gains from productivity accrue to employers as higher profits or, if the product market is competitive, to buyers as lower prices instead of to workers (Heintz 2006). For example, in the Banaras weaving industry, powerlooms are over ten times more productive than handlooms but hourly wages in both are almost the same (Basole 2014).

What Counts as Knowledge?

The perception of informal workers as unskilled does not only rely on economic factors outlined above. Sociological factors such as the prestige or value attached to different kinds of knowledge and philosophical factors such as what counts as knowledge are also important.

For example, the knowledge of women and lower-caste workers, who are overrepresented in the informal sector, has traditionally been undervalued (Ilaiah 2009). The NCEUS notes that jobs performed by women may be valued as “low skill” even if

One area of research is thus, to examine whether the formal-informal earnings gap results not just from observed worker characteristics (such as skill) but also from structural factors such as average firm size, degree of competition in the product market, and the capital-labour ratio.4 Further, since measures of productivity such as value-added per worker rely on market prices, and hyper-competition in the product market puts downward pressure on prices, this means firms in more competitive markets appear less productive than firms that enjoy market power.

they involve “exceptional talent and years of informal training” (Sengupta et al. 2007: 84). Examples are provided from the textile and ceramic industries where women perform skilled jobs (such as embroidery or preparation of clay), but are among the lowest paid workers (ibid). Basole shows that women embroidery workers in Banaras earn as little as Rs. 25-30 for a full day’s work. These wages are justified by merchants and even women themselves on the grounds that they are remuneration for work that only requires skills that women “naturally” possess and is done in their “spare time”.

Official surveys that attempt to identify the knowledge-basis of the informal economy are generally inadequate because they are not designed to capture lokavidya. The 3rd and 4th All India Censuses of Small Scale Industry (Government of India 2004, 2012) asked firms about the sources of their technical knowledge. Table 1 shows that around 90 per cent of unregistered (i.e. informal) firms fell in the residual category of “no source” in both years. Since most firms, no matter how small, operate with some corpus of technical knowledge and may also make innovations based on changing resource-base or market demand (no matter how incremental and small), the survey does not help in understanding how knowledge works in the informal sector. This is because it is not designed to capture the “in-house” knowledge of artisans and workers, their informal networks, and their ability to imitate or adapt formal sector knowledge to their needs.

Table 1: Source of Technical know-how in the Unregistered Small-Scale Industry Sector

<table>
<thead>
<tr>
<th>Source</th>
<th>2001</th>
<th>2007</th>
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<tr>
<td>Abroad</td>
<td>0.67</td>
<td>0.80</td>
</tr>
<tr>
<td>Domestic collaboration</td>
<td>5.58</td>
<td>2.11</td>
</tr>
<tr>
<td>Domestic R&amp;D</td>
<td>4.84</td>
<td>3.22</td>
</tr>
<tr>
<td>None</td>
<td>88.91</td>
<td>92.83</td>
</tr>
</tbody>
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The latest NSS Employment-Unemployment Survey (2011-12) finds that 70 per cent of rural males and 43 per cent of urban males
acquisition is one expressed to me by a sweet-shop owner in Banaras when asked about how workers acquire skills in his industry: “There is nothing worth studying in that.” At the same time, there may be awareness that such hierarchies are unjust. Weavers in Banaras frequently invoke the contrast between informal and formal learning to contrast the different valuations placed by the labour market on the same number of years spent in informal training versus a formal diploma or certificate (Basole 2012).

The view that knowledge produced in work is not inferior to formal education is gaining currency in a wide variety of fields from history of science to the psychology of learning to knowledge management. Historians of science point out that philosophy, science, and mathematics have been created by artisans and manual workers and have grown in connection with the solving of practical problems rather than divorced from them (Connor 2005). The typical artisan was connected to the scientific and technical knowledge of the day as embodied in the daily practices of craft. In the field of knowledge management, the “working knowledge” perspective outlined by Barnett (2000: 17) sees work as a site of knowledge generation and puts forth the claim that knowledge is only authentic if it can be put to work, and work is a means of testing knowledge. Not just work, but play enacts learning also. For example, children from weaving families play with shuttles on the warp, as their fathers/brothers weave, or merely ‘hang about’ in the workshop being acclimatized to the sights and sounds of work (Wood 2008). This theoretical perspective can be used to understand the dynamics of knowledge production and dissemination in the informal sector.

**Lokavidya Institutions**

The literature dealing with economics of apprenticeships and on-the-job training is sparse even though where the informal sector is concerned such systems serve many times more people than the formal education system. Even though surveys of contemporary artisanal firms do reveal the importance of apprenticeships and other “hereditary systems” of skill transfer (Parthasarthy 1999), with rare exceptions (Biswas and Raj 1996) development economists studying informal industries have left skill acquisition unexplored. The problem in studying such institutions and the skills they impart is not that they are unstructured or haphazard, but that our methods of inquiry are not appropriate. The main obstacle in studying informal training systems is they are thoroughly integrated into ordinary life and work. There is not always an identifiable place or time where learning happens. The amount of training or learning is not easily quantifiable and no formal documentation exists.

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reluctant to undertake. Hence, most of our knowledge of such institutions comes from economic anthropologists (Barber 2004; also see examples in Basole 2012).

When we approach the informal sector with view to understanding its knowledge institutions (such as skill acquisition, innovation, knowledge sharing between firms), it becomes clear that the stereotype of the sector as a sink for unskilled labour is erroneous. Interviews reveal that informal sector workers have gone through training periods that are as long as or longer than formal certificates and degrees. Family based and non-family based apprenticeships lasting from a few months to a few years are common across the sector. Financial barriers to entry are often lower than for formal education (though institutional barriers such as caste or gender norms may be high). These systems of training can be well developed and structured, and workers and their trainers underline the importance of personal discipline and desire to learn. Employers guard their skilled workers, since most knowledge is embodied in workers rather than being formalized in procedures and routines. Workers seek jobs where new skills can be learned. Not just production-oriented skills, but soft skills like communication are also acquired. Birla and Basole (2013) interviewed street-vendors, taxi-drivers, and travel guides in Mumbai to understand the process of English language acquisition. Not only do workers learn from their seniors but public billboards and hoardings, customer interactions, and new mobile devices and other types of technology, all contribute to skill development. As one shop-owner on Mumbai’s famous Linking Road describes it, Linking road school ban jata hai (Linking Road becomes a school). Barber (2004) identifies the strengths of such learning as lower barriers to entry, emphasis on innovation and adaptation often to resource-poor conditions and development of tacit knowledge. The weaknesses observed in his study were inadequate theoretical understanding and reflection, difficult in adopting new techniques and safety practices.

Lastly, although a detailed discussion is not possible, I would like to point to the importance of investigating firm-level innovation in the informal sector. Even small informal proprietors, such as roadside snack and sweet vendors take pride in their products and in their reputations. New items often appear on their menus. As in artisanal industries, innovation is incremental and conservative, and trade secrets are guarded carefully because intellectual property rights are absent (Basole 2014). Lokavidya continually grows, evolves, adapts and changes. What we know of the evolution of artisanal industries into modern industries such as the case of powerlooms also underlines the importance of traditional institutions in enabling technical change (Haynes 2012). The National Knowledge Commission report on “Innovation in India” (Government of India 2007) addresses this issue by interviewing a few SMEs but a lot more work is needed along these lines.

Conclusion

The foregoing arguments should not be taken to imply that formal schooling is unimportant or that existing knowledge institutions in the informal sector are adequate. To the NCEUS’s question “Is the mode of working of the existing systems of informal on-the-job skill acquisition through the traditional methods sufficient?” (Sengupta et al. 2009: 9), the answer must be “No.” Well-designed and informed policy can make a large difference to improving skills, integrating modern techniques into traditional occupations and raising incomes. But as the NCEUS also points out, government-run vocational education and training programs have not been successful in helping those in the informal sector to get jobs (ibid, p. 10). These institutions have remained disconnected from informal sector workers and entrepreneurs. The alternative is to build on existing informal institutions with participation from the sector itself. Examples from other developing countries such as Nigeria’s National Open Apprenticeship Scheme (NOAS) and others discussed by the NCEUS (ibid, p. 40-41) may be useful in this regard. In order to do this, further research is needed to investigate knowledge production, transfer, innovation etc.
using approaches that are suited to the mode in which the informal sector operates. Finally, going beyond policy, a political movement that demands dignity and equal status for lokavidya alongside formal knowledge is also required.

Acknowledgments

I thank, without implication, Sunil Sahasrabudhey, Rajesh Bhattacharya and J. Mohan Rao for discussions related to ideas presented in this article.

Readings


Journal of the Econometric Society, 259-293.


Endnotes

1 Fieldwork was conducted among weavers and street vendors in Banaras between October 2009 and July 2010, and among street vendors, taxi-drivers, and travel guides in Mumbai during June-July 2012. See Basole (2012) and Birla and Basole (2013) for more details.

2 The “Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore” of the World Intellectual Property Organization (WIPO) defines TK as follows:

Traditional Knowledge means knowledge including know-how, skills, innovations, practices, and learning which is collectively generated, preserved and transmitted.
in a [traditional] and intergenerational [context] within an indigenous or local community (http://www.wipo.int/tk/en/igc/index.html).

A World Bank publication on “Poor People’s Knowledge” (Finger and Schuler 2004) starts with the observation that the poor may be lacking in resources but they do not lack knowledge, and focuses on using knowledge to achieve the integration of the poor into the global economy via trade in crafts and other commodities. Also see Woytek et al. (2004).

3 Some initiatives such as Vidya Ashram (www.vidyaashram.org) and the HoneyBee Collective (http://www.sristi.org/hbnew/index.php) are explicitly focused on this issue. Also see Gupta (2007). But many more such efforts are needed.

4 In the 1980s and 90s there was a debate among US labor economists on whether wages differences between industries could be adequately explained assuming that labor markets were competitive and only human capital differences among workers mattered. In this literature, those who argued for non-competitive models brought up factors like degree of product market competition, firms size, and capital-labour ratio to account for inter-industry earning differentials (Krueger and Summers (1988); Groshen (1991).

5 The NSS defines non-formal training as:
The expertise in a vocation or trade is sometimes acquired by the succeeding generations from the other members of the households, generally the ancestors, through gradual exposures to such works. The expertise gained through significant ‘hands-on’ experience enables the individual to take up activities in self-employment capacity or makes him employable (Government of India 2006:8).

6 “Since acquisition of skills through non-formal training is, by definition unstructured and since it is difficult to have a clear definition of skills, it is very likely the case that the surveys on which our analysis is based underestimate the extent of non-formal skill acquisition, especially in certain sectors such as agriculture.” (Sengupta et al. 2009:11)

7 Wood (2008:139) introduces the topic of learning in a language very reminiscent of my experience in Banaras:
In Teotitlan [Mexico], there is no mystery about how one becomes a weaver, and the topic receives little discussion or attention among the weavers. Most of those with whom I broached the topic of how one learns to weave (or teaches someone else) had a hard time understanding what there was to discuss.

(E-mail: abasole@gmail.com)

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We do need sanitation infrastructure but we also need to have basic sanitation values, Arogya Tatva. It is inculcated through education. Gandhi emphasized sanitation education. What most of us in India require is ‘toilet training’ and sanitation and hygiene education. Gandhi Beckons

ONLY THE other day, one of our best extension workers and teachers expressed his concern over the dubious attitude of village and block level government functionaries who simply denied the receipt of individual toilet building proposals that were prepared and submitted for funding and implementation by the potential beneficiaries. Vidyapith involved itself into active promotion of getting toilets built due to a commitment we made to ourselves. The resolve was made after Shri Narayan Desai’s 108th Gandhikatha. Even with the problem mentioned in the beginning, we have been able to facilitate building of more than 1300 toilets in last two years in villages surrounding Sadra, where Vidyapith has a rural campus- 20 km of the state capital in Gujarat and people are not easily persuaded! The difficulties increase when we face indifferent and corrupt government functionaries.

More Indians have mobile phones than a toilet in the house. This reflects people’s awareness, understanding and priority to sanitation. Gandhi had sensed this lacking among the Indian population since his childhood. He had also internalised the need for high standard of sanitation for any civilised and developed human society. He had developed the understanding from his exposure to the Western society. From his days in South Africa to his entire life in India, Gandhi relentlessly and untiringly propagated sanitation. To Gandhi, sanitation was one of the most important public issues. Starting from 1895 when the British Government in South Africa tried to discriminate Indian and Asian traders on the ground of insanitation in business area, Gandhi continued mentioning issue of sanitation in public arena till January 29, 1948, a day before he was assassinated. In the draft constitution for the Lok Sevak Sangh that was to replace the Congress, he mentioned the following in the duties of the people’s worker. “He shall educate the village folk in sanitation and hygiene and take all measures for prevention of ill health and disease among them”. (The Collected Works of Mahatma Gandhi2 (CWMG) Volume 90p 528). A brief account of Gandhi’s tryst with sanitation is given and attempt is also made to briefly review the present situation.

Sanitation on Public Platform: Gandhi in South Africa

Interestingly, Gandhi brought the sanitation issue on public platform first time by defending the sanitation...
practices of Indian traders in business locations in South Africa! Gandhi as a petitioner on behalf of Indian and Asian community in South Africa amply defended the sanitary practices of Indian traders in the petition and he constantly appealed to the communities for observing good sanitary practices. In a petition to Lord Ripon, sanitation issue was brought in thus:

Gandhi, through the petition and other representations, wanted to establish that Indians were not being granted trade licenses because they were good competitors to British traders. Secondly, he argued that the Indian traders and business people maintained good sanitary habits. He had quoted the municipal doctor Dr. Veale, who had found Indians cleanly in their person, and free from the personal diseases due to dirt or careless habits. (CWMG, Volume 1, 1969 edition, p 215). And on why Indians were being denied the trade licenses it was argued in the petition that it was trade jealousy, frugal and temperate habits of Indians with which they have been able to keep down the prices of necessaries of life and compete with White traders.

Gandhi was also aware that the Indian population lacked good sanitation practices. And there he propagated it in full vigour in all 20 years until 1914. Gandhi understood that overcrowding was one of the main reasons for insanitary conditions in any locality. Indian communities in certain locations in the towns of South Africa were not allotted adequate space and infrastructure. Gandhi believed that it was the responsibility of the Municipal body to provide space and infrastructure to live in sanitised conditions. In a letter to Dr. C. Poter, Medical Officer of Health in Johannesburg, Gandhi wrote,

“Such regulations, harsh as they undoubtedly are, ought not to make us angry. But we should so order our conduct as to prevent a repetition of them… The meanest of us should know the value of sanitation and hygiene. Overcrowding should be stamped out from our midst… Is not cleanliness its own reward?.. This is the lesson we would have our countrymen learn from the recent trial they have undergone”. (CWMG Volume 4, p 146).

However, even after 100 years of Bapu’s first advise to Indians about sanitation both in South Africa and in India, we have not responded as a community. Malaria, Chicken guinea, Dengue and hosts of other diseases that are caused due to bad sanitation and hygiene have become endemic in Indian cities including the Capital. The author was a member of an Inquiry Committee set up by the Gujarat
High Court to investigate the reasons for death and diseases of doctors and nurses in the Civil Hospital in Ahmedabad due to Dengue. It is now two years since the Committee submitted its report with suggestions about sanitation practices. It has not been possible even for the Civil Hospital and the civic body run hospitals in the city of Ahmedabad to implement the suggestions effectively. The disease and the deaths continue.

**Gandhi’s Tryst with Sanitation in India**

Gandhi’s first reference to village sanitation in public was made in a speech on Swadeshi in Missionary Conference in Madras (now Chennai) on February 14, 1916. He said,

> “Had instruction in all the branches of learning been given through the vernaculars, I make bold to say that they would have been enriched wonderfully. The question of village sanitation, etc., would have been solved long ago”.

*(CW MG Volume 13, p 222)*

Gandhi was quick to point out the necessity of including sanitation in school and higher education curricula. Speaking at the anniversary of the Gurukul Kangdi on March 20, 1916, he said,

> “A knowledge of the laws of hygiene and sanitation as well as the art of rearing children should also form a necessary part of [the training of] the Gurukul lads… These irrepressible sanitary inspectors incessantly warned us that in point of sanitation, all was not well with us. It seemed to me to be such a pity that a golden opportunity was being missed of giving to the annual visitors practical lessons on sanitation”.

*(CW MG Volume 13, p 264)*

Gandhi was in Champaran to solve the problem of Indigo farmers. In a confidential note he prepared as part of the inquiry team he also refers to situation with respect to sanitation. Gandhi wanted his workers to be accepted by the British administration so that they could take up the education and sanitation work in the communities. He noted, “Whilst they are in the villages, they will teach the village boys and girls and will give the *rayats* lessons in elementary sanitation.” *(CW MG Volume 13, p 264 p 393)*

In 1920, Gandhi founded Gujarat Vidyapith. It had ashram life pattern, hence teachers, students and other volunteers and workers were engaged in sanitation work from inception. Cleaning living quarters, streets, work place and campus was a daily routine. Scavenging and cleaning of latrines were also part of the daily routine. Gandhi could and would give an expert lesson or two to the new inmates. The practice continues even today to some extent with some good effect.

Gandhi travelled extensively in the country using railways in third class. He was appalled by the insanitary conditions in the third class compartments of the Indian Railways. He promptly drew attention of all through a letter to the Press. In the letter dated September 25, 1917 he wrote,

> “One could understand an entire stoppage of passenger traffic in a crisis like this, but never a continuation or accentuation of insanitation and conditions that must undermine health and morality… Surely a third class passenger is entitled at least to the bare necessities of life. In neglecting the 3rd class passengers, opportunity of giving a splendid education to millions in orderliness, sanitation, decent composite life, and cultivation of simple and clean tastes is being lost”.

visited it. Its unholiness is limitless. I consider myself a devout *Vaishnava*. I claim, therefore, a special privilege of criticising the condition of Dakorji. The insanitation of that place is so great that one used to hygienic conditions can hardly bear to pass even twenty-four hours there. The pilgrims pollute the tank and the streets as they choose”. *(CW MG Volume 14 p 57)*

Similarly in the issue of *Young India*, 3-2-1927 Gandhi wrote about insanitary conditions in another holy and sacred place Gaya in Bihar and pointed out that it was his Hindu soul that rebelled against the stinking cesspools all over Gaya.

Indian Railways continues to have same insanitation levels even today. Workers are hired to clean the compartments and wash the toilets, but we Indian travellers still today lack shame and sense as far as
sanitation and hygiene are concerned. The abuse of toilets can be seen everywhere. Even the educated wards of children allow the child to defecate outside the toilet pot even in the air conditioned railway compartments. Littering is most common.

I have visited Dakor in 2013 and many other holy pilgrimages in India during last ten years. Anyone with sense of sanitation and hygiene would verbatim repeat what Gandhi has said about Dakor in 1917.

Sanitation in Public

On December 29, 1919 in a speech at the Amritsar Congress Gandhi quoted C.F. Andrews. According to him, the Europeans felt that physically, the Indian is not a wholesome influence because of his incurable repugnance to sanitation and hygiene.

“He (worker) will not go out as a patron saint of the villages, he will have to go in humility with a broom-stick in his hand. There is a Trinity of Evil-insanitation, poverty and idleness-that you will have to be faced with and you will fight them with broom-sticks, quinine and castor oil”… (CWMG Volume 28, page 109).

In the issue of Young India, 19-11-1925 Gandhi summed up his impression about sanitation situation in India. He wrote,

“During my wanderings, nothing has been so painful to me as to observe our insanitation throughout the length and breadth of the land…I almost reconcile myself to compulsion in this, the most important matter of insanitation”. (CWMG Volume 28, p 461)

Sanitation Education

Scores of individuals wrote to Gandhi and expressed willingness to join Ashram as an inmate. His first condition was joining the sanitation work which involved disposal of night soil in a scientific manner. Gandhi wanted us to learn from West the Science of Sanitation and implement it. Responding to the civic reception at Belgaum on December 21, 1924 he said,

“The one thing which we can and must learn from the West is the science of municipal sanitation…the people of the West have evolved a science of corporate sanitation and hygiene from which we have much to learn…our criminal neglect of sources of drinking water require remediing”.

In 1935, he once again made this point about teaching sanitation and not to worry so much about three R’s for the sake of making people literate. He wrote in one of the issues of Harijan that the three Rs were nothing compared to a sound grounding in the elements of hygiene and sanitation. (CWMG Volume 60, p 120)

It is sad that we have given this up now. We have sweepers and cleaners in educational institutions. The ‘Rights’ conscious activists think that even teaching sanitation work by practice is child labour. It is not too late. Nai Talim should be reintroduced where education is through work.

In Calcutta (now Kolkata) on August 25, 1925, he said,

“Each such Panchayat shall be responsible for the primary education of every child, male or female, residing in the village, for the introduction of spinning-wheels in every home, for the organization of hygiene and sanitation”. (CWMG, Volume 19, p 217).

He took a clear stand in favour of education for sanitation. As early as in 1933, he wrote,

“For teaching does not mean only a knowledge of the three R’s. It means many other things for Harijan humanity. Lessons in manners and sanitation are the indispensable preliminaries to the initiation into the three R’s. (CWMG, Volume 56, p 91).
Gandhi, Sanitation and Scavengers

Gandhi abhorred untouchability. Young child Mohan had all respect and love for the mother, but even at a tender age when his mother restricted him from touching the hygiene worker, he resisted. He firmly believed that sanitation and hygiene was everybody’s business. He wanted to eliminate the class of manual scavengers and sanitation workers who did the work because, as a social caste, they were historically condemned to do so. They also had to live away from the main village or habitation and their hamlets were filthy and full of insanitation. Due to the condemnation and poverty and lack of education they lived lowly life. Gandhi went and embraced them and asked all the workers and leaders to do the same. Gandhi wanted their lot to improve and join mainstream. He urged all including the students from all over India to help.

“Among the Harijans, the poor scavenger or the Bhangi seems to stand last in the list, though he is perhaps the most important and indispensable member of society, as indispensable to it as a mother is to her children in one respect. The Bhangi attends to the sanitation of society as a mother to that of her children. If the caste men had to do the scavenging for themselves, some of the methods that the Bhangi has to submit to for doing his work would have been swept away long ago”. (CWMG 54, p 109).

Current Scenario

Unfortunately, even after 75 years of Gandhi appealing and working for the emancipation of the manual scavengers, they stay. The 1993 Act could not lead to a single conviction, and hence new Act for eradicating Manual Scavenging came in 2013. The states are yet to formulate rules for implementation. The Gujarat Government refuses to accept their presence!

Millenium Development Goals (MDGs) will turn into Sustainable Development Goals (SDGs) and yet access to safe sanitation in India is going to be disappointing. The World’s Water of the Pacific Institute’s data for percentage of population with access to safe sanitation in India suggests that in 1970 only 19 per cent of all households had access to safe sanitation (85 per cent urban and 5 per cent rural). The status in 2008 was 30 per cent for all, 52 per cent for urban and 20 per cent for rural. For urban it was serious slip in providing basic urban infrastructure meaning migrating people did not get access fast. In 2012, about 626 million people – about 50 per cent, defecated in open (UNICEF, WHO Data) in our country.

Sanitation is not only toilets. India promised itself total sanitation coverage in all the rural areas by 2012, but is far from it! In 1981, India’s rural population had only one per cent population covered under Total Sanitation programme (TSC). In 1991, it increased to 11 per cent. In 2001, it was 22 per cent and in 2011 the claim was 50 per cent2. The TSC includes construction of individual household toilets, coverage of rural schools, and solid waste management. Full coverage is afar cry.

There are cultural factors that impede the acceptance and expansion of sanitation and hygiene. Two specific points are made in this regard. First, sacredness and piousness are more important than being hygienic and clean. As noted earlier, this is evident in most religious places in India. One finds total lack of sanitation and hygiene in and around temples and temple towns and villages. Littering, open defecation and pollution and contamination of drinking water are common and rampant in most of these places. The caste related feelings are still prevalent especially in rural habitats and small towns. In cities, it is subtle. Continued social acceptance of concept of pollution has led to neglect of cleanliness, hygiene and sanitation.

The second point is about the realisation of existence of microorganisms such as bacteria and virus. In majority of the population, even those who have gone through schooling and have read basic science, the concept of contamination and pollution by microorganisms is not comprehended. Handling of drinking water is still faulty and hazardous in most literate urban communities. Before the tap based RO and water purifier systems came in vogue in urban areas, even people who could
afford had earthen pots – *Mataka*, where ladle was the ideal instrument to draw water without contaminating. However, it was conspicuous by its absence in most houses and even if it was there, it was a showpiece dangling from the wall!

The sanitation scene in India is still depressing. We have once again failed Gandhi. Gandhi understood the sociology and tried to introduce dignity to sanitation, thus providing dignity to the traditional sanitary workers who were condemned to do it. After Independence we turned the campaign into schemes. The scheme was reduced to targets, structures and numbers. We focussed on *Tantra* – setting up physical infrastructure and systems and ignored *tatva* – the value to be inculcated in people. We do need sanitation infrastructure but we also need to have basic sanitation values, *Arogya* *Tatva*. It is inculcated through education. Gandhi emphasized sanitation education. What most of us in India require is ‘toilet training’ and sanitation and hygiene education. Gandhi Beckons.

**Endnotes**

1. *Katha* is an Indian tradition of storytelling especially mythologies are narrated in huge public gatherings. Narayan Desai, Chancellor of G.V. has successfully used the form to take the Gandhi story to people.

2. All references to the CWMG made in this article are from the original K. Swaminathan editions.


http://www.tbcindia.nic.in/dots.html
Accessed on November 22, 2013

5. It should be noted that we do not have word in any Indian language that conveys correct meaning of sanitation. Gandhi used *Arogya* for sanitation. This should be acceptable.

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**NORTH EAST DIARY**

**NATIONAL AWARD FOR ARUNACHAL PRADESH**

The national award for devolution of powers to the three–tier panchayati raj under Rajiv Gandhi Panchayat Sashastikaran Abhiyan (RGPSA) for 2013 and 2014 has been given to Arunachal Pradesh. The award worth Rs 1 crore was announced by the RGPSA division, the Union Ministry of Panchayat Raj each for five states namely Maharashtra (1st), Kerala (2nd), Karnataka (3rd), Andhra Pradesh (4th) and Arunachal (5th).

**CENTRE TO DEVELOP KAMAKHYA**

An amount of Rs 5 crore has been allotted by the Centre to develop the infrastructure and other facilities in and around Kamakhya temple which is dedicated to goddess Kamakhya who is believed to be one of the oldest of the 51 shakti pithas, through a project costing Rs 5 crore. The time to implement this project is expected to be two years. This project involves building up of dormitory with 100 rooms, facilities for toilet and drinking water, proper electricity and drainage system. This project will give a facelift to this holy shrine as this shrine is frequented by tourists from and outside the state and well as from other countries especially the temple on top of Nilachal hill is among the most visited tourist place in the state. The ATDCL is also contemplating a ropeway project in Kaziranga to join the shrine atop Nilachal hill. Around 1.2 lakh pilgrims visit the holy shrine everyday during the Ambubachi Mela.

**SPECIAL RHINO PROTECTION FORCE IN ASSAM**

As a part of ‘Mission Rhino,’ a Special Rhino Task Force (SRTF) is soon going to be set up by the centre with the aim of ‘zero tolerance’ towards the poaching of the one horned rhinos in Kaziranga National Park and other natural habitats. This SRTF will be funded by the central government and will include the participation by the local youth community who are well acquainted with the habitat of the rhinos and can keep a watch on the movement of suspicious people near Kaziranga to protect the natural wildlife of the region. In the next 10-15 years, the centre has planned to increase country’s forest cover from 24 per cent to 33 per cent.

**ASSAM STATE WEBSITE LAUNCHED**

The Assam government launched the website of the Assam State Archives i.e. www.assamarchives.gov.in. This website will aid scholars and researchers to understand and comprehend the past – political, economic and socio-cultural history of the state through their archives. With the beginning of this website about 3,06,643 files dating back to 1774–1957, 29,300 books and reports, 2,419 old maps are preserved through modern scientific ways that could help the students and the researchers of history and people with significant information. Currently, this state archive’s main aim is to scientifically preserve non–current records of the state administration at different levels as it is the central repository arm of the State government. It preserves non–current public records of the administration that are not required in the current administration. Besides functioning as database of all the government records and files, the state archive also possesses a large collection of gazettes books, reports, maps, Acts, Gazetteers and Monographs.
The Role of India’s Informal Economy

Barbara Harriss-White

India is probably unique in the world in the size and significance of her informal economy. While the concept has been much criticised by academics, ‘informality’ refers to the vital reality of unregistered activity that is not regulated either by the state or necessarily according to its law. It is well understood by the public and thus has sufficient conceptual traction to have needed the attention of planners.

In this paper, using the insights of recent research, I will cover its roles and their implications for policy and planning.

Structure and Relations

First, the informal economy (IE) is not transitory. The concept was developed (for conditions in West and East Africa) in the 1970s when it was expected that unregistered activity would be rapidly subsumed under the formal, nation-building processes of industrialisation (including that of agriculture), urbanisation and banking. With the passage of the ‘development decades’, it became clear that the IE was hard-wired into the structure of many economies in which formal registered activity not only directly exploited the IE through subcontracting but also gained from the cheap products and services it generated. Latterly, the ubiquity of informal (unregistered) wage labour has expanded the scope of the concept, even while it was being criticised.

In research aimed at discovering why targeted beneficiaries are frequently victims rather than beneficiaries, the apparatus of policy making and implementation has itself been widely perceived to be informalised. Research into election funding has also shown how the IE and the black economy are the inescapable basis of India’s representative politics.

Second, India’s IE is not marginal, a minor component of the economy as in the other BRICS and the EU, it is distinctly pervasive: an estimated 92.5 per cent of livelihoods are not registered, producing up to two thirds of the country’s GDP and showing no signs of retreat. The statistical estimation process through which these figures have been produced is being threatened by financial pressures on the focus and quality of data gathering, while the alternative method of estimation, by scaling-up the results of (more or less arbitrarily chosen) small scale surveys and case material, sets up epistemological discontinuities. These are two different ‘ways of knowing’, using categories and concepts that cannot always be reconciled with the national accounts. But there is no denying that not only is the IE generated by innovation: invention, adaptive and adoptive innovation; incremental and radical innovation, technological, processual and organisational innovation. Those tasked with economic planning need to recognise this enormous challenge.

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enduringly pervasive, it also drives growth and is providing all the jobs compensating for the ‘jobless growth’ process. So despite post-independence planning, it is self-evidently at the core of India’s competitive advantage.

Third, the IE is not just the abode of poverty, although all poverty and all of what the ILO calls ‘indecent’ work (i.e. work without effective rights at work, rights to organise or rights to receive social protection) is in the IE. For the most part, poverty has been addressed through welfare transfers to workers and their households as citizens rather than as workers. Wealth is also generated and stored in the IE. And it is in the IE that the broad economic relations that link wealth to poverty, and cause poverty, are most clearly visible.

Fourth, the IE is ‘unorganised’. Although it is labelled as such in statistical and official documents, it does not follow that the IE is disorganised; and how it is actually organised has great salience for any future attempt to improve production conditions. Informal markets are not state-regulated, but socially regulated. Thousands of chambers of commerce, and tens of thousands of business associations, exercise a societal corporatist control over apprenticeships, entry to jobs and access to work sites; they informally certify competences and skill; they manage disputes over contracts, influence price-formation and dictate terms in derived markets (especially markets for labour); they organise collective insurance, represent and defend their patches from threats from the state, create rents and share them with state officials, mobilise redistributive resources for those they approve, disseminate innovative information about technology and demand, and much more. So-called ‘soft’ institutions of identity - such as gender, ethnicity, religion, place, language and caste (though caste is dissolving unevenly as a structure of occupation, many local sangams have historical roots in caste associations) have proved more compatible with the capitalist economy than theorists of development have been inclined to acknowledge. In fact, they are being reworked to become not soft but hard regulators of economic opportunity, entry and practice: they limit the mobility of both capital and labour but simultaneously facilitate, structure and stabilise economic growth.

Fifth, the IE is not confined to small economic entities though these are overwhelmingly prevalent. An estimated 95 per cent of all firms employ fewer than 5 wage-workers, the average having fallen from about 2.9 in 1990 to 2.4 in 2005. Liberalisation has generated a torrent of tiny firms. On grounds of small size, lack of eligibility for social protection and vulnerability, under the Labour Laws, the owners of such firms are defined as labour. Exploitive employers are thus made eligible for the same formal rights as their employees. Of the 95 per cent of these owners of firms, the vast majority are in wholesale and retail trade, self-employed ‘Petty Commodity Producers’ (PCP). PCP is the commonest form of livelihood in India’s entire economy - formal and informal. It is small but complex, tracing first, a diversity of forms and relationships between independent, autonomous economic activity and dependent disguised wage labour, and second, activity lying between the voluntarist investment of combined capital and labour and co-ercive, ‘distressed’ subsistence activity. There are no statistics for the distributions of small firms along these two continuums. Since small units embody both micro-capital and labour, their production logics are diverse: they may eke out subsistence goals, or maximise production rather than profit; and in not valuing family labour at market rates they can under-cut capital-biased, larger-scale technology. But whatever their logic they should not be assumed to be ‘pre-capitalist’: they are overwhelmingly incorporated into the circuits of the market economy and cannot withdraw. And one thing they do rarely is accumulate capital (i.e. make profits and reinvest them productively in expanding scale). The IE uses small surpluses, borrowings, marriage transfers, inheritance, etc to expand by multiplication, not by accumulation. This, rather than the corporation, is modern Indian capitalism’s most distinctive feature.

But the IE is not only to be found in these small economic entities, informality is also hard-wired into large ones including the state. Again the evidence is uneven: between 40-80 per cent of the labour of the corporate sector has been estimated to be unregistered; little of it is unionised (though this is changing fast) and much is either completely unaware of having rights at work, or fearful of employer reprisals if they exercise what they do know of them. Recent research on the coal sector shows that co-existing with registered and legal activity is not just an army of illegal/informal ‘coal cycle wallahs’, but also a pervasive casualization of the waged work-force of the state corporations involved, together with vast numbers of gate-keepers, brokers and unregistered subcontractors, topped off by private extortion and private protection forces – a good example of the existence of a shadow or informal state within the formal state, which planning documents ignore.

Except when it is discovered to be imbricated in some conspicuous political extreme event, India’s IE operates under the radar. But despite the fascination of the media with the emerging corporate sector, the bulk of India’s economy remains informal. Whether it will remain so, and whether policy and planning can incorporate it into the ambit of state regulation, are questions to which we now turn.
Some Implications and Questions

Does the Indian state have an economic project for the small firms of the IE? This is much debated. Some people argue that it hasn’t, as witnessed by the extensive practice of coercion and the facts of jobless growth, or by the fact that petty production is unrecognized and airbrushed out of policy-making. In contrast, those who see the informal economy as a ‘non-capitalist’, ‘needs economy’, in receipt of state transfers to compensate for the displacement and pauperisation of victims of ‘accumulation by dispossession’, may conclude that ‘perhaps’ the state has a project. Students of the green revolution and agrarian populism, of reserved industries and of inclusive development, however, argue there is a multiplicity of development projects, not always successful. A fourth position is that the Indian state has incoherent projects involving simultaneously the destruction, protection, promotion and tolerance of petty producing small informal firms, which survive thanks also to the law of unintended outcomes. For examples, the IE and PCP within it are destroyed or displaced under city beautification plans; protected through social transfers; promoted through micro-credit; and tolerated through municipal marketplaces. Though the incoherence of state policies shows no signs of having been deliberately planned, it would now be very difficult to undo it - either to destroy the IE or to support accumulation in it.

Second, in the 21st century, it cannot be denied that policy compliance and state regulation are expanding into the IE - see the growing compliance of transactions between farmers and traders with the Agricultural Markets (Regulation) Acts, ironically just at the moment when these regulations are being criticised as irrelevant to the needs of corporate value chains. But the point about this compliance is that it is highly selective. A typical firm will now be licenced and registered with the local authority. However, it will freely flout the labour and environmental laws, pay commercial and municipal taxes irregularly and reluctantly, and may use illegal inputs (such as coal) with impunity from the state - though perhaps paying informal taxes and ‘fees’ to suppliers, transporters and protection forces of all kinds.

Third, there is a general pattern to this policy selectivity. It has long been established that India’s apex capitalist class has resisted attempts by the state to discipline it, while availing itself of state incentives. The equivalent working conclusion about the IE is that it is no exception to this generalisation. State-supplied hard and soft infrastructure is a vital support to, and incentive for, the production and reproduction of the socially regulated economy, as is the skeletal social safety net that helps targeted portions of the workforce to survive. But even in these selective policy fields, illegal rental markets (often allowing private interests to evade discipline and tax obligations) emerge, and the state is riddled with relations of private status and identity. The parallel shadow state governing the informal economic order could not exist without the formal state and vice versa. The hybrid result drives the economy, but undermines the legitimacy of the public sphere.

Despite pervasive institutional scarcities that result from pervasive cultures of non-compliance, this undermining of the public sphere is not due to lack of state capacity. When it wishes to, the Indian state is capable of achieving ambitious regulative, developmental and democratic objectives. The unavoidable conclusion is that the state does not intend not to enforce regulative compliance but deliberately allows small capital to flout disciplinary law and effectively undermine state authority - and that the state itself intends to do likewise in much of its regulative, redistributive and developmental activities.

Fourth, policy processes are so widely informalised inside the state such that policy outcomes are far removed from the aims that policies are apparently intended to serve, sometimes unrecognisably so. The policy profession itself has long been culpable in neglecting the politics of implementation, which is where these distortions mostly arise. Perhaps policy-makers do not accept as valid the only evidence there is on this issue, which is obtained through case studies. One such study of land-use violations in Bangalore develops the idea of ‘vernacular governance’, showing how state capture by alliances of private interests as able to emasculate planning authority to the point where violations are even planned for, and resistance by civil society is thwarted. A second case-study, of anti-poverty policy and the paradoxes of beneficiaries as victims in MP and Maharashtra, transcends not only the concept of informality but also the binary of policy design and implementation (and the analytic ‘escape hatch’ of ‘lack of political will’) by developing the concept of ‘strategic and tactical practice’ in bureaucratic politics. Here the protection of private economic interests is revealed as but one objective among many (see Table 1 here); there are relationships other than state capture at work. They involve such things as ignoring (or the deliberate under performance of) formal directives, informal practices in the absence of formal direction or formal deterrence, behaviour set to system default, behaviour making a job easier, or just feasible, and the eventual formal legitimisation of informal strategic or tactical practices.

A third case-study, of agriculture and post-harvest supply chains in Haryana, found that land relations are still regulated by caste and the state’s land laws are ignored. The Regulated Markets Act is sometimes implemented but may be ignored without penalty; social regulation displaces that of the law. In agro-processing, ‘extra-service...

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<tr>
<th>Type of Practice</th>
<th>Political Technologies</th>
<th>Political Strategies</th>
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<tr>
<td><strong>Formal change in practice</strong></td>
<td>• ‘Inclusion’ of non-BPL members in SHGs</td>
<td>• Introduction of new or revamped anti-poverty policies by newly elected governments.</td>
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<td>• ‘Non-wilful’ defaulters now eligible</td>
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<td>• Removal of clause stipulating 30 per cent BPL coverage</td>
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<td>• Introduction of back end subsidy</td>
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<td>• Disbursement of amounts directly into the SHG account or by cheque</td>
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<td>• Open-market purchase of cattle or other assets</td>
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<td><strong>Formal practice ignored</strong></td>
<td>• 30 per cent coverage of BPL population</td>
<td>• Selection of SHG members in the Gram Sabha</td>
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<td>• Key activities and clusters</td>
<td>• DRDAs convene District committee meetings when parliament is in session and MPs are unable to attend</td>
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<td>• Eligibility of non-wilful defaulters</td>
<td>• PAC report recommendations evaded</td>
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<td>• Panchayats with more than 80 per cent default</td>
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<td>• PAC report recommendations under-performed</td>
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<td><strong>Formal practice under-performed</strong></td>
<td>• Under-utilisation of budgets by States</td>
<td>• District Planning and Vigilance and Monitoring committees do not function as regularly and effectively as they should</td>
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<td>• States do not provide full 25 per cent of their share</td>
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<td>• Decrease in allocations by Centre</td>
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<td>• Reduction of resources allocated in plan Budget</td>
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<td>• Under-financing</td>
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<td>• Low credit mobilisation</td>
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<td>• Delays in sanctioning</td>
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<td>• Bunching of loan applications at the end of the financial year</td>
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<td>• SHGs with government contracts do not receive regular supplies or payments from the concerned government departments</td>
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<td><strong>Informal practice in absence of formal directive</strong></td>
<td>• District Administration encourages SHGs members to save between Rs.30-50 per month</td>
<td>• BPL cut off marks determined at the state level, rather than block or district level</td>
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<td>• Absence of transparent NGO selection criteria - selection practices are at the discretion of DRDA officials, and consequently NGO experience or credibility does not necessarily determine selection</td>
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<td>• Gram Panchayats in Dhar verify the identity of potential borrowers.</td>
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<td><strong>Informal practice set to system default</strong></td>
<td>• Target orientation continues</td>
<td>• Gram Panchayats in Dhar provide proof of identity to meet bank’s requirement to open a bank account</td>
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<td>• Mid-year target adjustment in Gadchiroli</td>
<td>• Politicians deal with SGSY issues on a case-by-case complaints basis, rather than a long-term planning perspective</td>
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<td><strong>Informal practice making the job easier</strong></td>
<td>• EOs make initial deposit for an SHG to open a bank account</td>
<td>• Involvement of husbands/male relatives in the functioning of SHG Enterprises</td>
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<td>• Men’s and women’s SHGs formed in which both the husband and wife of the same family were members</td>
<td>• Capture of SHG resources by local elite</td>
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<td>• ‘Back-dating’ or re-creation SHG records in order to make them ‘fit’ gradation criteria</td>
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<td>• Ad-hoc training, which does not cover all SHGs or all of the types of training</td>
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<td>• Gradation eligibility criteria made flexible, and consequently allowing SHGs that are not up to standard to be passed - ‘adjustments’ made in the records to ensure that selected SHGs ‘fit’ the gradation requirements</td>
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<td>• Gradation camps</td>
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<td>Type of Practice</td>
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<td>• Bankers demanding the presence of all SHG members in the bank for loan disbursal</td>
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<td>• Key activities in both Dhar and Gadchiroli districts primarily focussed on ‘traditional’ and ‘domestic’ activities</td>
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<td>• Dummy project proposal formats for key activities used by EOs</td>
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<td>• Mid-year target adjustment in Gadchiroli</td>
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<td>Informal practice protecting interests</td>
<td>• Diversion of funds (Parking etc)</td>
<td>• increase in numbers on BPL lists at State and District level</td>
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<td>• Full project amount/Subsidy not disbursed - In the large loan too, up to a maximum of 50 per cent of the total project cost released</td>
<td>• BPL cut off marks determined at the state level, rather than Block or District level</td>
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<td>• Discretionary practice of bankers to demand land mortgage as security for loans above Rs.50,000</td>
<td>• political assurances that loans will be forgiven</td>
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<td>• Disqualification of non-wilful defaulters</td>
<td>• ‘Clientilist corrupt practices’ in NGO contracts and Special Projects.</td>
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<td>• ‘Patrimonial’ corrupt practices of commissions by government officials and bankers</td>
<td>• Politicians promote NGOs of their party supporters for SHG formation and training contracts under SGSY.</td>
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<td></td>
<td>• Loan non-repayment</td>
<td>• Local politicking surrounding the securing of government contracts for SHGs (mid-day meals, uniforms etc)</td>
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<td>• Financing the members of SHGs individually - Loan documentation made out in the name of each individual, and not the group, and the individual repaid the bank directly</td>
<td>• SHGs as an opportunity for politicians - a tool for consolidating and mobilising women.</td>
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<td>• Disbursal of the credit target as smaller loans to more groups rather than as a big loan to one group (i.e., increase the physical target), thus spreading the ‘risk’ of non-repayment.</td>
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<td>• Bankers make a case of co-borrowers in minor irrigation, where the land is in the husband’s name and the loan is in the woman’s name</td>
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<td>• DRDA does not release the first instalment of 10 per cent on signing the NGO contract and delays it till the SHGs have formed and opened bank accounts.</td>
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<tr>
<td>Informal practices that are later given formal legitimacy</td>
<td>• Coverage of 30 per cent of BPL population not achieved and later dropped from guidelines</td>
<td>• Dropping of Antyodaya approach.</td>
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<td></td>
<td>• ‘Multi-purpose’ group allowed, even though it does not fit within the policy concept of a key activity</td>
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<td>• Banks return unutilised subsidy, but show it as ‘achievement’</td>
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<td></td>
<td>• Diversion of funds (Parking etc)</td>
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<td>• Panchayats with more than 80 per cent default to be debarred from further financing dropped from the guidelines</td>
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<tr>
<td>Informal practices in absence of punitive deterrents</td>
<td>• Corruption can continue due to the absence of adequate punitive deterrents</td>
<td>• Corruption can continue due to the absence of adequate punitive deterrents</td>
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<td></td>
<td>• Non-repayment of loans continues because of the ineffectiveness of formal practices of recovery</td>
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Source: Fernandez 2008, Table 5.5
fees’ (bribes) are exacted by regulators for granting multiple licences, flouting pollution controls, and overlooking chicanery on quality standards. A fraudulently non-compliant economy is assisted by the creation of illegal private markets and livelihoods inside the state. In transport, liaison agents have gone so far as to create a ‘single window’ for bribes, while a system of prepaid cards has been developed to pay and account for these bribes. Returns from illegal overloading are shared between owners, booking agents, commission agents, informal bankers, officials, politicians and local caste leaders in a nexus of economic, political and cultural power. Once more, interests in the state create illegal markets and then benefit privately from them.

While the outer boundaries of formal state policy have been called ‘blurred’ what this research shows is that they are actually a political space. More work like this is needed to check whether it is very different in other sectors and regions, because the question of how general such politics are is one that planners and policy-makers should care about. It seems that regulative politics often use rent in a process of double capture – regulatory independence is captured by the state and the state is captured by local capital.

In policy for urban and regional planning, policy-makers faced with severe distortions of both intent and practice have developed two responses: on the one hand ‘flexible’ regulation, on the other ever more detailed specification. But neither approach to the informal economy has succeeded in imposing an alternative order on the regulative frontier.

All these ‘distorting’ relations of policy implementation, of absence of enforcement and of mediated, blocked or captured access to the state are now deeply rooted. The Indian state is an inchoate aggregate of interests, institutions, organisations and practices at various scales through which all state policy is filtered. Any future state planning has to recognise, negotiate and engage with the existence of these preconditions of policy effectiveness.

Formality

The question of formalising the IE is regularly reduced to de Soto’s conjecture about the desirability of formal property titling. But the process of formality is itself being informalised. Despite the vagueness of jointly-held property, ‘tilting’ is happening through selective licensing and through the certification of skills by business associations; the former facilitating access to bank loans, the latter facilitating the mobility of skills (the development of ‘human capital’) within the IE. Aadhar together with the uneven expansion of electronic payments for public sector work.

The Indian state is an inchoate aggregate of interests, institutions, organisations and practices at various scales through which all state policy is filtered. Any future state planning has to recognise, negotiate and engage with the existence of these preconditions of policy effectiveness.

(including MNREGA) are selectively for malising relations of work through citizenship criteria. Micro finance also involves registration, but the success of micro finance for self-employment is deeply scarred by caste and gender discrimination. Access to (multiple) bank accounts requires registered collateral but multiple loans are then lent-onwards into extensive webs of socially-regulated credit. NEFT expands the geographical scope of markets and displaces discretionary credit but still allows niches for verbal contracts. A new scale of subnational capital is poised to displace millions of small family firms (whose first-generation well-educated sons refuse to submit to patriarchal authority) with branches and franchises that will be registered. What these examples have in common, apart from informal formalisation, is that it is the market rather than the state that is driving this flawed process.

As for the state, it has become severely compromised. Especially at local levels, the state faces chronic seasonal revenue scarcities so that the provision of basic infrastructure is inadequate. This perpetuates incentives for fiscal non-compliance, which in turn incentivises informal moonlighting and the informal privatisation of public services. The outcomes are socially differentiating.

The Indian state is an inchoate aggregate of interests, institutions, organisations and practices at various scales through which all state policy is filtered. Any future state planning has to recognise, negotiate and engage with the existence of these preconditions of policy effectiveness.

Contrary to received wisdom new research shows the IE isn’t resistant to change but is the dynamic manifestation of India’s comparatively high growth rates and the site of all kinds of innovation: invention, adaptive and radical innovation; incremental and radical innovation, technological, processual and organisational innovation.

Those tasked with economic planning need to recognise this enormous challenge.

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2. Including the field research of an Indo-British project on the dual materiality – economic and biophysical - of the informal economy: see papers by Mody, Mani and Sukumar, by Prakash, by Harriss-White and Rodrigo and by Harriss-White and Prosperi http://www.southasia.ox.ac.uk/working-papers-resources-greenhouse-gases-technology-and-jobs-indias-informal-economy-case-rice
3. Hensman 2010
4. Sundaresan 2013
5. Fernandez 2012; Prakash forthcoming (2014)
6. Jha 2013
7. Mahendra Dev 2014 reviewing IHD 2014
8. Bhal 2007
10. Op cit
11. Prakash and Harriss-White Oxfam; MGNREGA will be addressed later
12. Roy 1996
13. Harriss-White 2006
15. Basile 2013; Harriss-White and Rodrigo 2014
16. Harriss-White 2003
17. Sankaran, 2008.A further legal anomaly for small firms of whatever type is that under existing Labour Law courts cannot rule that a formal firm that uses an informal sub-contractor is the employer of the direct producers. As a result, since self-employed PCs cannot identify an employer, not only does PCP have no rights as labour but even regular wage-workers cannot raise a dispute on behalf of sub-contracted self-employed agents.
18. Case study research in Tamil Nadu emphasises that the inference that there is mobility between self-employment and wage work is not warranted (Srinivasan, 2010; Harriss-White et al 2013).
19. Harriss-White 2003
20. Menon 2013, using - and wondering about - the Ministry of Labour statistics
21. See Mody et al 2014 for the big retail sector in Chennai where even the wages of big retail staff were exceeded in small retail.
23. respectively Patnaik, 2012; Chakrabarti et al., 2008
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29. Chibber 2003
30. Hard infrastructure: roads, electricity and telecommunications, water, drains and sewers; soft infrastructure above all in the reproductive sphere outside work; health, housing and education.
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The state of financial inclusion in India, measured by any standard, leaves much to be desired. As in 2012, only 35 per cent of Indians older than 15 years had a bank account in a formal financial institution; in developing countries worldwide, the average is 41 per cent (World Bank 2012). Because of the Reserve Bank of India’s drive for financial inclusion, the number of bank accounts increased by about 100 million during 2011–13. Today, there are 229 million basic bank accounts. Access to formal financial institutions has improved gradually, but thousands of villages still lack a bank branch; less than 10 per cent of all commercial bank credit goes to rural areas, where around 70 per cent of the total population lives. Thus, the need for financial inclusion programmes is beyond question.

Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched on 28th August, 2014. Initially, the PMJDY targets the opening of bank accounts for 7.5 crore families in a year, by August 15th, 2015. Around 2 crore bank accounts were opened on the first day of the scheme’s launch. Eventually, the target is to include every eligible Indian in the banking system. In Phase 1, all households will be provided a basic account, financial literacy will be taken to the micro level and the modus operandi for direct cash benefits will be put in place. Phase 2 intends to extend financial services to these basic account holders and provide them micro-insurance and pension. As it is difficult to spread bank branches across all unbanked areas, Bank Correspondents (BCs) will be deployed on a large scale to help execute the plan.

In India, financial penetration is lower than in not just the developed world but also its developing country peers (see Figure 1). Therefore, the financial inclusion initiative is well taken and much appreciated.

In effect, financial deepening and the presence of formal credit is considered to be one of the foremost catalysts of economic development and entrepreneurial activity. It is also an act of empowerment in itself.

**Importance of Financial Inclusion**

Financial inclusion or extending financial services and accessibility of financial institutions has positive impact on growth and employment (Levine 2005). The mechanisms for these positive outcomes are through lower transaction costs and better distribution of capital and risk across the economy. As Jahan and McDonald

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While simply opening bank accounts may have a somewhat low impact on financial inclusion, the facilities provided by the PMJDY are multifaceted. In fact, the possibility of making welfare transfer payments through these accounts also rule out the prospects of these accounts lying unused or dormant. Besides, when government payments flow in, beneficiaries would be impelled to use the accounts for withdrawal and even personal deposits. This helps bring the unbanked into the institutional finance fold.

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components of economic reforms has been financial sector reforms. The existence/establishment of formal financial institutions that offer safe, reliable, and alternative financial instruments is fundamental in mobilising savings. To save, individuals need access to safe and reliable financial institutions, such as banks, and to appropriate financial instruments and reasonable financial incentives. Such access is not always available to all in developing countries like India and more so, in rural areas. Savings help poor households manage volatility in cash flow, smoothen consumption, and build working capital. Poor households without access to a formal savings mechanism encourage immediate spending temptations.

The PMJDY promises an overdraft or credit facility; this would expand the poor’s access to credit, and thereby positively affect well-being, confidence of decision making, and trust in carrying economic activities. Further, insurance coverage of one lakh rupees would help poor account holders mitigate risk and manage shocks. Vulnerability to risk and the lack of instruments to absorb external shocks make it difficult for poor people to rise above the poverty line. The opening of bank branches in rural unbanked locations is associated with a significant reduction in rural poverty across states in India (Burgess and Pande 2005). In addition to these economic benefits, bringing people into the formal banking system through the PMJDY would help the government to take the delivery system to most people and with lower transaction costs. Financial inclusion can improve the effectiveness and efficient execution of government payment of social safety net transfers.

Scope of the Scheme and Banking Infrastructure

The PMJDY is mostly about opening a bank account, but there are other features: a RuPay debit card, an accident insurance policy with a cover of Rs 1 lakh, and a life insurance policy with a cover of Rs. 30,000/- for those opening bank accounts before Independence Day 2015. The account performance would be monitored and an overdraft facility would be given. Achieving the targets under the PMJDY might be difficult, as opening accounts is time consuming. It takes an estimated 20 minutes to open one account (given very small branches with only three of four hands, poor technical support in rural areas, plus the extra time needed to handle the hitherto unbanked). Possibly, 24 accounts can be opened in one rural branch during one eight-hour working day. A few years ago, the RBI had asked that basic bank accounts be opened to further financial inclusion in the country. About a hundred million accounts were opened, but it took more than three years. And the features of the PMJDY are wider in scale.

The two crore accounts opened on the first day of the launch of the PMJDY includes accounts in urban areas and accounts for even the financially included. But the rising number of accounts in India might put more pressure on its banking infrastructure. Figures 2 and 3 compare the banking infrastructure (branches and ATMs) in India to that of the rest of the world.

The number of branches per lakh population in India has risen slightly, but is still below that of peers like Brazil and Russia and even Mexico.

In India, financial exclusion is high—about 42 per cent of the total population is out of the formal banking

(2011) find, financial depth is associated with increase in the income share of the lowest income groups and thereby reduction in absolute poverty. Further, financial inclusion reduces inequality by providing an opportunity of availing credit from formal financial institutions to the poor, who lack collateral, credit history and connections. There is enough literature and evidence that suggests that access to financial services has a positive impact on self-employment business activities, household consumption, and overall well-being among lower income groups (Bauchet et al. 2011). Banerjee and Duflo (2013) also suggest that microfinance is one of the key instruments in the fight against poverty.

Poor families in informal economies of developing countries (like India) manage their financial activities (like saving and borrowing) in informal ways. Informal mechanisms like family and friends, rotating savings schemes, the moneylender, hoarding are insufficient and unreliable and can be very expensive. Financial accessibility as promised by the PMJDY would certainly help generate higher savings. Studies in developing countries of South Asia and in India show that the availability of bank branches positively impacts domestic savings (Agrawal et al. 2009; Sahoo and Dash 2013).

In India, one of the major components of economic reforms has
system and depend on moneylenders and other such informal credit supports to fund their needs. Currently, there is a network of 115,082 bank branches and an ATM network of 160,055, of which 43,962 branches (or 38.2 per cent) and 23,334 ATMs (or 14.58 per cent) are in rural areas. The build-up of this rural banking infrastructure came after the RBI directed banks to open a certain share of all branches and ATMs in villages. To properly implement the financial inclusion plan, the existing banking network needs to be further expanded. The post office network, which has perhaps the deepest penetration of all state institutions, can be used as a banking channel. The PMJDY plans to issue debit cards, so the ATM network assumes greater significance.

Figure 3 compares India’s ATM infrastructure—11 per lakh population—to that of other developing countries: 182 ATMs per lakh population in Russia, 118 in Brazil, 47 in Mexico, and 37 in China. In Russia, the given ratio improved from 45 in 2007 to 182 in 2012; the concomitant rise in India was from 3 to 11. But the rate of growth of ATMs in India during these five years was the second highest. The sudden rise in the number of PMJDY accounts (7.5 crores in less than a year, assuming the target is met) will also mean that the banking system will have to service the existing customer base of debit cards and another 7.5 crore debit cards. This will put enormous pressure on the existing banking infrastructure, and more so because ATMs are not spread equally all over the country or in rural areas. To end financial exclusion, it is worth noting the best practices adopted across the world.

Since the Insurance Regulatory and Development Authority (IRDA) Act 1999, the insurance market in India has grown from six national companies in 1999 to 51 private life and non-life insurance companies today. These offer a large cross-section of society products for differing needs. In 2011–12, the equity capital of the insurance industry was Rs 32,328 crore; the share of the life insurance segment is 77 per cent (Rs 25,000 crore). The non-life segment grew faster than the life insurance segment. During 2011-12, the life insurance premium in India declined 8.5 per cent (but 2.7 per cent worldwide); non-life insurance grew 13.5 per cent (but 1.8 per cent worldwide). In 2011, the Pan-India Insurance Awareness Campaign was launched to gauge the awareness, penetration and experience of insurance products across states and union territories and to gradually extend insurance cover to small towns and less developed districts because, if the PMJDY is implemented effectively, the poor would be most benefitted, due to insurance coverage. This demands innovative insurance products, better distribution networks, risk management and greater investment.

To do all this while maintaining and increasing the customer base, the IRDA estimates insurance companies require Rs 61,200 crore, too high a sum for Indian capital markets to raise. Though the participation of private and foreign companies (with 26 per cent limit) has improved the insurance sector’s reach, the insurance penetration (ratio of premium underwritten in a given year to GDP) remains low—4.1 per cent for both life and non-life insurance together. India is ranked 52 worldwide for non-life insurance; penetration in 2011-12 was 0.7 per cent (but 2.8 per cent worldwide). However, life insurance penetration is 3.4 per cent (but 2.8 per cent worldwide, 12.5 per cent in the UK, 10.5 per cent for Japan, 10.3 per cent for Korea and 9.2 per cent for the US).

Another indicator that shows that the insurance sector is underdeveloped is insurance density (per capita premium):
the per capita premium in India is $49 for life insurance and $10 for non-life insurance but $99 and $64 for China, respectively. In this context, the government’s plan to provide insurance to these basic account holders, who are really poor, under the PMJDY is a big step. However, the success depends on proper implementation and improvement in banking and financial infrastructure.

Financial Inclusion Elsewhere

Inclusive banking has been identified as a major development project in many developing countries worldwide and notable cases of financial inclusion reflect a high level of innovation. Many introduced the correspondent banking model to circumvent the problem of setting up physical infrastructure; for example, Brazil deployed BCs on a large scale to distribute welfare grants to unbanked Brazilians. In 2000, about a third of Brazil’s municipalities had bank branches; since the correspondence model was launched, around 95,000 correspondents helped open nearly 12 million bank accounts covering all of Brazil’s municipalities in three years. Brazil’s success gave rise to similar approaches in other South American countries like Colombia, Peru, Mexico, and Chile. The cost benefits of this model are also substantial. Besides, the branch and ATM network in Brazil is far more intensive relative to India.

Using technology has been another major feature of inclusive banking, particularly in Africa, where physical infrastructure is very poor, but telecommunications’ reach is relatively high. In Kenya, for instance, mobile network operator Safaricom offers an electronic money transfer service called M-PESA, which has millions of registered users, many of them previously unbanked. Since the project started, the share of the population excluded from financial services decreased by about six percentage points in a few years. Thanks to the leveraging of mobile phones, more than 75 per cent of the Kenyan population has access to financial services today—the highest in sub-Saharan Africa.

M-PESA-style services exist also in Mexico, where bank accounts are also used to make welfare transfer payments. Randomised evaluation of the impact of a cash transfer programme delivered via mobile phone show reductions in both the cost of distribution for the implementing agency and the cost of obtaining the cash transfer for the programme recipient. Something on these lines has also been discussed in India’s context. This would help stem corruption, duplication, and fake rationing of subsidies and as a result ease some of the burden on the national exchequer. Mexico offers a good example of how government-to-person payments actually help bring unbanked beneficiaries into the fold of formal banking. The deployment of mobile technology can help overcome the lack of branches as Mexico demonstrates.

Prospects of PMJDY’s Success

While simply opening bank accounts may have a somewhat low impact on financial inclusion, the facilities provided by the PMJDY are multifaceted. In fact, the possibility of making welfare transfer payments through these accounts also rule out the prospects of these accounts...
lying unused or dormant. Besides, when government payments flow in, beneficiaries would be impelled to use the accounts for withdrawal and even personal deposits. This helps bring the unbanked into the institutional finance fold. The process envisaged here is in line with the cash benefits schemes in Brazil, Mexico and other developing countries in South America. This would help avoid intermediaries and ensure both more transparency in subsidy disbursement and better autonomy to families to make use of the funds. Of course, the merits of direct cash benefit and electronic transfer of welfare payments are hotly debated to this date (Sahoo 2013).

Likewise, using the post office network to facilitate banking in rural areas sounds like an easier way to deal with financial exclusion than building and maintaining fresh financial infrastructure in rural areas in a short time, more so when it is understood that access to banking facilities is beyond just physical access. One of the important features of banking the poor remains simplifying procedures for opening bank accounts and sensitising the target audience about the need to enter institutional banking channels, both of which have been an essential part of the agent banking solution that has proven successful in other parts of the world. On the positive side, it is reported that the PMJDY will leverage technology in its services by providing simplified mobile banking. Using the service code '*99#', users can check their account balance and transfer funds on even the most basic GSM mobile phone.

Banking correspondents are in charge of opening accounts and delivering cash for different benefit transfers, but may not always be reliable in terms of timeliness and delivery unless there are proper mechanisms to monitor them. The government promises to pay them Rs 5000 a month, but currently pays Rs 1500–2000 per month. This is not sufficient to get good and motivated BCs. Therefore, this is one of the challenges the government needs to address effectively.

The nature of the PMJDY (bank accounts, linked insurance coverage, debit card facilities, etc.) is multifarious; the existing infrastructure, especially the poor ATM coverage in India’s hinterlands, may not be able to support it entirely. The scheme plans to increase debit card coverage, which would entail improving ATM coverage substantially, especially in rural areas—over 70 per cent of India’s population lives there, and have to make do with less than 15 per cent of the country’s ATMs. The branch coverage is far higher though. More players in the financial system will help strengthen the supply side.

The expanded financial architecture will need personnel, which is lacking, and could be another important supply side deficit. Banks have been advised under the PMJDY to open 200 accounts a day in each of their existing rural branches, but they are wary, as the existing infrastructure in those branches cannot handle the extra load. Therefore, banking reach should be increased gradually and along with the capacity of banking infrastructure, so that the customer base at any time can be serviced well and the system is not pressurised at any time.

Conclusion

Overall, the PMJDY is a big step towards financial inclusion. The provision of basic accounts with linked insurance coverage, debit card facilities, etc. to the unbanked will certainly benefit poor households’ welfare, economic activity, stability, and the ability to absorb shocks, if the scheme can meet the challenges: improving banking infrastructure (bank branches, ATMs, good and reliable BCs) and overall monitoring for effective final inclusion.

Acknowledgment

(The author thanks Mr. Abhirup Bhunia for inputs).

Readings


Endnotes


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"What is true of lack of order and method is also true of uncleanliness. A person who loves simplicity will never be unclean. There ought to be cleanliness in simplicity". – Mahatma Gandhi

(CWMG Vol XXVII. P116; 17.5.1925)

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INDIA’S ECONOMY has a different workforce in terms of size and dimensions compared to global workforce - there is both formal and informal sector which contributes to the growth and development of Indian Economy. In the past decades, it is the formal sector which has got more attention and benefits from the State compared to the informal sector; rather the informal sector has remained very much neglected by the State. It is recently that Government of India is making attempts to bring in some policy for the welfare of workers in the Informal sector.

The Informal sector / “unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services operated on a proprietary or partnership basis and with less than ten total workers”. The informal workers / “unorganised workers consist of those working in the unorganised sector or households excluding regular workers with social security benefits and the workers in the formal sector without any employment benefits provided by the employers” (National Commission for Enterprises in the Unorganised Sector, Government of India, 2007).

It was the efforts of the International Labour Organisation which conducted different employment missions in different developing countries, and the first mission in Kenya in 1972 that recognised that traditional sector persisted and expanded to include profitable and efficient enterprises as well as marginal activities. It was the Kenya mission which used the term ‘informal sector’ for the small scale and unregistered economic activities. The term was coined by British economist and social anthropologist, Keith Harth in 1971 who studied the economic activities in urban Ghana.

Studies on Informal sector are gaining momentum with new interest created among the social scientists studying the sector, although there is disagreement among the scholars on the potentiality of this sector in contributing to the growth of the economy. Nearly 92 per cent of the labour is in the Informal sector and 8 per cent in the formal sector. Still we do not have exact statistics on the size of this sector, though some studies mention Informal sector to be 94 per cent. Regular surveys are needed to be conducted on informal sector. Even within the Organised...
The capitalist production finds it convenient to carry out production with informal sector—there is informalisation of employment relations, standard jobs becoming nonstandard, employers could pay low wages for jobs, give few benefits to workers which involved more risk on work with no social security. Therefore, there was little chance that informal sector would disappear as it was the important feature of capitalist economy. (Chen, 2004)

The Structural Adjustment Programme in Africa or the Mexican miracle of 1970’s, resulted in their opening up of the economy, trade, liberalisation, privatisation and increased foreign investment. The formal sector employment started shrinking in Mexico, the gap between the rich and the poor increased, the economic transition in former Soviet Union and in Central and Eastern Europe also brought an expansion of informal economy. The same was true for India after the New Economic Reforms since 1991. Both public sector and private sector firms are downsizing workers, there is subcontracting and outsourcing of the work which has also added to informal sector employment.

Under the Common Minimum Programme of the earlier Government, some initiatives were undertaken to bring welfare for the Informal sector workers. The Government of India, formed the National Commission for Enterprises in the Unorganised Sector. The purpose was to enhance the quality of work and livelihood welfare of the workers in Informal Sector, such as farmers, farm labourers and workers. It was to bring about improvement in productivity of enterprises in this sector, generate employment, bring in labour laws, labour rights, social security for this mass of workers in informal sector. (NCEUS, GOI, 2007)

The labour market segmentation is interesting to examine because labour coming from different backgrounds such as caste, community, gender and region is discriminated. Informal work has brought disconnection between work and income for men and women, minimum wages is a dream for many workers where there is no strong legislation to punish those employers who do not accept the Minimum Wages Act. The employers hire labour from marginalised sections to do lowly jobs, but the skilled or managerial level jobs go to the upper caste. Women are the worst sufferers in the labour market; most of the jobs available are in the lower rung of the employment, which have lower earnings with less mobility. Majority of them are self employed in non-agricultural work which is home based work. Although new employment avenues are available because of globalisation, these jobs are in IT, BPO, garment sector but are not standard jobs.

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The National Commission had drafted two bills to regulate the working conditions of the informal sector workers, although there are differences in the structure of workforce in agricultural and non-agricultural sectors, the implementation of law for both are different. Increasing number of countries, both developed and developing across the world have converted the international community’s commitment to ensure minimum conditions of work for all workers bringing enforceable legislation. With globalisation, there are now voluntary codes of conduct.
and their inspection through third party. In India, there are no strict laws to regulate these conditions of work in the unorganised sector. Some of the work is not visible and therefore escapes the eyes of law leading to further exploitation of labour in the Informal sector. It is well established that laws are active for organised sector workers in factories, establishments, or enterprises employing 10 or more workers in organised sector. Some attempts have been made at the State level to regulate the working conditions in informal sector. Few examples such as Kerala Agricultural Workers Act 1974, Maharashtra Mathadi, Hamal and other Manual Workers (Regulation of Employment and Welfare Act), 1969. There are also efforts made by the State of Tamil Nadu, Madhya Pradesh, Gujarat and West Bengal to improve the conditions of Informal workers. It is important to examine and identify the different categories of work and workers in

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this sector and have effective and different legislations to improve their conditions of work and livelihood. There has to be strict punishment for non compliance of these laws.

NCEUS had recommended eight hour work with at least half-hour break, one day paid leave, national minimum wage, employment of women to be brought on par with employment certified as being equivalent value, penal interest on delayed payment of wages, no fines from wages, right to organise; safety at work, compensation for accidents, provision of child care, protection from sexual harassment, no discrimination on the basis of sex, caste religion. (NCEUS, GOI, 2007). But implementing the above mentioned welfare measures for variety of workers in the informal sector is challenging and is a herculean task as this will require initiative and strong commitment on the part of the different State Governments and the implementing agency/ welfare boards which will have to be monitored continuously.

The hospitalisation benefit for the worker and family has to be increased to minimum Rs. 25,000 per year, old age security in the form of pension has to be at least Rs. 2500 per month to all BPL workers above the age of 60 years, both the Central Government and State Government can jointly have a health policy for the entire family. The Article 39 and 42 emphasize on just and human conditions of work, Article 43 of Directive Principles ensures decent life, promote cottage industries on individual and co-operative basis.

Supporting the traditional industries, making available easy credit through nationalised banks and co-operatives will help them to start or grow their micro enterprises. The NCEUS had recommended the creation of specialised agency i.e. the National Fund for the Unorganised Sector, which will be a statutory body with starting corpus of 1000 crores, funded by Central Government, Public sector banks, financial institutions and other government agencies I would rather suggest that the Central Government can think of having separate budgetary provision for the growth of Informal sector employment, education, health, and housing etc. The corporate sector can be asked to contribute fixed percentage to this national fund; this will certainly bring socio-economic changes and welfare of informal sector workers.

It is now the responsibility of the State to support this large sector for bringing more growth, and development because it has strength and capacity to grow, but it lacks education, skills training and resources. The State, when initiating the policy for development of Informal sector, has to ensure that work and livelihood of the people working in the informal sector is not displaced, and there should be enough compensation and rehabilitation package guaranteed for the poor if displaced. It has been observed that when there is acquisition of land for big projects such as SEZ,

It has been observed that when there is acquisition of land for big projects such as SEZ, Expressways, New Cities, Industries, Airports etc. to be undertaken there is displacement and anger against the State because the poor people are not adequately compensated, rehabilitated and are displaced. Petty traders, rickshaw pullers, street vendors, other minor economic activities conducted from home or on roadside are not recognised, they are displaced from their place of work and livelihood. ...Today they are considered as obstacles in urban development. All such activities have to be part of an inclusive growth of urban development plan in India Expressways, New Cities, Industries, Airports etc. to be undertaken there is displacement and anger against the State because the poor people are not adequately compensated, rehabilitated and are displaced. Petty traders, rickshaw pullers, street vendors, other minor economic activities conducted from home or on roadside are not recognised, they are displaced from their place of work and livelihood. They are harassed and have to pay fines or bribe to continue their
The technological development has also led to fragmentation and decentralisation of production leading to more employment on informal basis; this is mainly through outsourcing of work.

After the new economic reforms, the trade unions in the country have lost their edge and militancy spirit to sustain the workers’ rights. The size of the trade unions has also reduced and is not able to maintain pressure on the government. The Central Trade unions did not perform effective role for the informal sector workers, rather they never considered them as workers, who were not working in factories or industries. Today organised sector workers are also struggling to retain existing rights. The central trade unions have lost their credibility, although few trade unions have realised the importance and have now started working with informal sector workers. Presently, there is increase in the ‘autonomy’ of local and enterprise unions. Further, there is emergence of ‘independent’ trade unions many of which are non-trade unions and NGO’s in the unorganised sector where main stream trade unions have not shown concerns for the rights of the workers in Informal Sector. (IHD, 2014).

The new migrants to the urban areas are mainly in the informal sector, who are mainly poor and vulnerable; the women migrants are also working as domestic workers in the informal sector. There is a lack of housing and sanitation which adds to their declining working conditions in informal enterprises and even in the home based work. The conditions of the petty self-employed, working on the streets and pavements are still worse and are easy targets of police and municipal corporations. This is the real struggling working India which does not have any legislations.

The Indian economy has witnessed a rise in the service sector. Some of the services like financial service have shown highest growth in the services sector and in 2011-12 the employment growth rate is about 8 per cent. Most of the sectors within the service sector such as financial services, education, health, real estate have witnessed increased employment of Informal workers, with absence of trade unions. The new migrants to the urban areas are mainly in the informal sector, who are mainly poor and vulnerable; the women migrants are also working as domestic workers in the informal sector. There is a lack of housing and sanitation which adds to their declining working conditions in informal enterprises and even in the home based work. The conditions of the petty self-employed, working on the streets and pavements are still worse and are easy targets of police and municipal corporations. This is the real struggling working India which does not have any legislations. Further, the challenge remains for organising the unorganised sector workers; few attempts have been made by some NGO’s, and SEWA and few trade unions. The policy of government and efforts of NGO’s and trade unions can think of strategy to organise the informal workers and think of welfare and empowering the different groups and communities working in the informal sector.

The new road map for India’s inclusive economic development has to be decided on the basis of strength of the informal sector. I look forward positively for such policies in the coming years from the present government.

Readings


5. Parry Jonathan, Breman Jan, Kapadia Karin, (1999): The Worlds of Indian Industrial Labour, Contributions of Indian Sociology, Occasional Studies 9, Sage Publications,, New Delhi. (E-mail: bvbhosale@hotmail.com, bvbhosale@sociology.mu.ac.in)
INCE THE last decade, there has been a resurgence of interest (after the 1970s bout of interest on the subject) by academics and policy-makers equally on the informal economy. The International Labour Organization (ILO) and the Government of India are at the forefront of this renewed interest on the informal. While the ILO’s initial enthusiasm about informal economic activities during the early 1970s (ILO, 1972) turned into a more cautious approach by the early 2000s (ILO, 2002), the Government of India arrived at the problem quite late through the constitution of the National Commission for Enterprises in the Unorganised Sector in 2004.

This late beginning notwithstanding, the Indian Parliament enacted a social security law for the majority of the workforce in the country who are informal workers. The Unorganised Workers’ Social Security Act, 2008, aimed to ameliorate living conditions of the informal workers in the country. The ILO, in the meanwhile, is in the process of formulating a policy (and possibly generating a document) on transitioning from the informal to the formal economy. This emphasis concerning the majority of the workers globally (who are mainly based in the global South), and in India’s case, more than 90 per cent of the workforce, while important, one must be careful about one’s context and objectives in attempting to convert informal to formal.

In this direction, a good starting point could be the idea of informal itself. In this short essay, I analyse the theoretical and policy-related usefulness of the idea of informal and argue for a worker-centric understanding of the concept. Pushing the boundaries of the idea of informal, I propose the recognition of unremunerated work as socially valuable and a category of informal work. However, for policy-purposes, I argue that we need to focus on each specific category of informal work and put workers at the centre of the policy-making process.

The idea of Form and Informality

The ILO was particularly quick on picking up (and one might add, popularise) the idea of the informal sector from the British anthropologist Keith Hart’s study in Ghana (1973). Coming from the United Kingdom, where the industry was bureaucratically controlled and monitored and was subject to well developed legal and institutional frameworks, the range of economic activities undertaken in Ghana were novel to Hart. When he termed the activities of street vendors, manual workers and odd jobbers in urban Ghana as informal, he had the
industry in the UK and other industrial capitalist countries as his frame of reference. According to him, since the Ghanaian economic activities did not have a specific form akin to that of the industry model in the UK, the economic activities were informal (Hart, 2006: 22-23).

One of the foremost useful purposes that the concept serves relates to its negativity. Rhetorically, when something is determined as not formal or unusual, it carries tremendous power of mobilisation. The statement that more than 90 per cent of the working population in India is informal sounds an alarm. Such rhetoric prompts urgent responses. The concept of informal is extremely useful in this respect. Second, the idea of informal also indicates the gap between the privileged and the precarious workers. Third, the concept projects an ideal – a form – to aim for (even though that form itself might need rethinking). Fourth, it gives a language to a movement, both in its academic and its activist senses. Finally, the concept of informal helps frame broad policy agendas.

However, the problem with accepting the idea of informal as determinative of policy is that the concept hides as much as it reveals. Informal activities are as diverse as one could think. Particularly for a country of India’s span, the heterogeneity of informal activities is endless. The problem of capturing the varieties of informal activities through the concept of informal is further complicated by the fact that even formal undertakings in India engage in informal transactions and relations. For policy purposes, it is necessary that the veil of informal is lifted and the heterogeneity of the range of activities is recognised. The idea of informal is not appropriately suited for the recognition of this heterogeneity.

A second problem with the idea of informal is the nature of understanding of the term: what does one understand when one uses the term ‘informal’ – is it sector, economy or employment? For a long time, the ILO’s understanding of informal was shaped by the concept of sector, which means informal enterprises. Over the years, the ILO developed the parameters of the informal economy and the informal employment. While the idea of informal economy was juxtaposed with the formal economy with a view to ascertain the productivity of the informal part of the economy and calculate its contribution to the economic development of a country, the idea of informal employment permeated both the formal and informal sector and economy.

The idea of informal employment was devised in order to conceptualise the diverse range of economic activities performed by (informal) workers irrespective of their engagement in the formal or the informal economy (or sector). In India, from a policy point of view, the analytical focus ought to be informal workers and their working conditions if we are to remain true to our constitution and its founding principles. It is the overall development of workers – their working conditions, health, safety, education, nutrition, and income (among others) – that policy initiatives need to facilitate. From such a point of view, the concept of informal employment becomes important. However, the idea of informal employment is restrictive at the same time. The idea articulates the varieties of economic activities that are not formal, the emphasis being economic. Such an understanding obscures the fact that informality is not only a problem of the economy; it is a much larger problem of the society.

Informality: A Social Problem beyond the Economy

The idea of informal was formulated on the basis of its contrast to a specific form; a form that was a result of the industrial revolution and bureaucratic control over industries, and hence, pertained to profitable economic activity. Unsurprisingly, therefore, the idea of informal came to be associated with productive (or profitable)
economic activities. However, if activities of (informal) workers are the centre of our attention, it does not always hold that their activities are economic. Prominent non-economic activities are care-work, subsistence agriculture, (certain) domestic works, and unpaid family labour. While there is a debate whether these above mentioned activities qualify to be informal work or not, predominant policy initiatives generally exclude these from being considered as informal employment.

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In the absence of a better phrase and for the sake of easy comprehension, even though I use the phrase informal economic activities to suggest the varieties of activities that informal workers engage in (in the previous section), the idea of informal is not limited to the economy; it is a larger phenomenon of the society, which of course, includes the economy. We must be careful in not subsuming the idea of society into the concept of the economy; a society is a much larger domain, the economy (including the market) being one component of it (Polanyi, 2001: 60, 71-79; Hart & Hann, 2009). If the economy or the market becomes the sole reference point for all social, political, cultural and environmental concerns, our policy lens becomes substantially narrower (Stiglitz, 2001). Analytically, much is gained and a larger policy space is created if the economy is perceived as one of the components of the society and not the only reference point for human interactions (Polanyi, 2001: 74, 116; Parry, 2009).

If we are able to adopt such an analytical lens, it is easier to see why activities such as care-work and unpaid domestic work need to be recognised as important informal activities. There are two issues in this context that call for answers. First, why should one term these unpaid activities informal? And second, why must these activities be recognised as work? It is difficult to imagine that Hart had these categories of workers in mind when he coined the terminology informal sector. However, his idea of informal was contra a specific form. If that specific form is absent, an activity could possibly be termed as informal. In this sense, it might be possible to argue that unpaid works that are presently not recognised, are other categories of informal work.

While it is not necessary to encompass unremunerated work with the idea of informal, but doing so could help in visualising such work as requiring specific policy attention not akin to the ones required for the formal work. Even if unpaid work is categorised as informal, one must not lose sight of the typical nature of such work, and accordingly formulate policy responses. The category informal is only an overarching concept, which should group socially valuable work together that falls outside the formal monitoring and regulatory framework.

That brings us to the next question – why must unpaid work be recognised as work? Unpaid work such as care-work and domestic work positively contributes to the society, which cannot and need not be measured in terms of direct economic contribution. Unremunerated work contributes to social sustenance and evolution. And if the very idea of society signifies togetherness and solidarity, which it does, then it is the responsibility of the society as a whole to see that the unremunerated contributors do not go unrecognised.

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Our policy should find a way to recognise socially valuable contributions made by unremunerated workers. One of the bases of such recognition, as Alain Supiot and his colleagues propose, could be the obligatory nature of unremunerated work performed by workers (Supiot, 2001). Supiot et al note, if an activity is performed as an obligation, it should be recognised as work. Such a conceptual lens is equally efficacious under Indian conditions. However, the policy challenge remains as to how to recognise such work and promote interests of such workers.

Informal Work and the Issue of Remuneration

Whether or not we recognise informal economic activities and informal non-economic activities as work, is an ideological and hence, a political challenge. Conceptually, both of these categories of work are socially valuable. However, we must be careful in not conflating socially valuable work with socially productive or economically contributory work. Once the ideological challenge to recognise these unremunerated categories of informal work is overcome, we encounter several proposals articulating ways to practically recognise these
works. The proposals range from a claim to wages for care- and domestic-work to the provisioning of an en mass basic income for families irrespective of other economic or employment considerations.

However, there is reason to argue that monetary payment or economic remuneration need not be the only basis through which unremunerated informal work could be recognised. It is possible to envisage other practical non-monetary ways of recognising unremunerated informal work. In order to conceptualise different policy-based mechanisms in furtherance of recognising the diverse categories of informal work, the experiences and aspirations of workers need to be taken into account. Workers’ own experiences are valuable policy-resources that help identify the nature and challenges of the work they undertake. Their aspirations, on the other hand, offer important direction for policy formulation. An appropriate understanding of the aspirations of informal workers could suggest ways – including non-monetary ways – to recognise the different categories of informal workers and promote their well-being. The following approach to policy-making is a good beginning towards the recognition of the varieties of socially valuable (informal) work.

Informality and Public-Policy

If ideological challenges and political conservatism is overcome, one of the principal tasks of our policy-makers should be locating informal workers at the centre of the policy-making process. Informal workers should become participants in determining their own policy-regime. Workers engaged in such work, the social dialogue process could be devised in such a manner, which allows for the maximum meaningful participation from the workers.

One further challenge needs to be met in integrating informal workers in a social dialogue process. As I discuss, the idea of informal work is only an umbrella concept; in reality there are several categories of workers engaged in activities that do not conform to the form in contrast to which the idea of informal is developed. In order to understand the nuances of the specific categories of work and workers, each of the specific categories needs to be treated as sui generis phenomenon. The diversified nature of informal work, therefore, mandates that policy-making be decentralised. If we consider the balance of legislative capacity envisaged in our constitution, the idea of decentralised (legislative or executive) policy-making is not alien to our system of governance.

In this essay, by analysing the concept of informal, I argue that the concept is useful in an overarching sense. In order to ameliorate conditions of the different categories of informal workers, we need to lift the veil of the overarching terminology informal and take each category of work as posing unique policy-challenge. In so doing, we need to involve specific informal workers in a social dialogue process so that workers themselves can become part of the governing process towards the promotion of their interests. Our high constitutional ideals envisage just that kind of governance.

Readings


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As long as we have the informal sector as the social space for reproduction of the majority of the labour force, urban commons will be central to urban political economy in India. Policies relating to livelihoods, growth and urbanization must jettison the idea of one-ness of the economy and recognize the persistent (formal/informal) dualism of the Indian economy which manifests itself in, among other things, the plural regime of property rights over urban resources as they actually exist on the ground.

Urban space will be fiercely contested due to competing demands by the formal and the informal segments of the economy and urban property rights will be the center of intense political contestation and negotiation. In this essay, I look at the conditions of existence of the urban informal sector and highlight one of the less-recognized, yet significant aspects of the urban informal sector—the importance of “urban commons” in sustaining informal production and livelihoods. This aspect of informal production in urban areas brings us face to face with the question of property rights of the poor. Twenty-first century urban policies will have to take into account informal property rights “on
the ground’ if informality continues to dominate the livelihoods of the urban labour force².

**The Home and the Workshop: Blurred Boundaries**

Slums already constitute, and if current trend continues, will be the main social location of urban informal labour and informal production. A large part of the informal production, carried out in routine violation of municipal, environmental and property laws, thrives in the world of slums. Slums are not merely habitations; they are quite literally poor people’s ‘industrial townships’. As urban population explodes, a large part of informal urban labour force will rely on production carried out within household premises located in slums. As the NCEUS (2007) report notes, most of the urban informal sector enterprises are own account enterprises (OAEs)—i.e. enterprises run on family labour alone. In other words, they constitute classic petty production or petty business without hired workers; they involve the contribution of family members as “helpers”, the dwelling unit itself is the site of production, durable assets of households act as fixed business investments and it is difficult to distinguish between household expenditures and production expenditures. Production within household premises allows informal producers to supplement their scarce resources by drawing on household resources for consumption (Sanyal and Bhattacharya, 2009). The location of production within the household is one reason why informal production units with such low levels of fixed business investment manage to survive. This is particularly true for manufacturing enterprises. In 1999-2000, among manufacturing OAEs, 76 per cent of rural units and 63 per cent of urban units were located within household premises (NCEUS 2007). Home-based production implies that recognizing only the housing needs of the poor and not their commercial activities would kill much of the informal activities in the slums. However, existing environmental, zoning and other municipal laws are often in conflict with the conditions of existence of such business activities in slums.

**Urban Commons**

Slums exemplify the role of ‘urban commons’ in sustaining informal production. The provision of basic subsistence for the households within the informal economy is critically dependent on the availability of adequate resources that enable the households to enter the space of commodity production. However, given the low levels of initial endowments and lack of access to formal credit markets, they are forced to innovate ways of accessing these resources through non-market relations outside the commodity space. Official data show that the average informal firm incurs negligible expenses on many necessary inputs and productive assets. The absence of such explicit costs enables the firms to retain most of value-added as household income to meet subsistence needs of the household. This is done through encroachment, illegal sharing of privately supplied services to the formal sector (illegal hooking of electricity), sharing of common assets within the informal economy (like encroached land, as in the slums), interest-free borrowing of assets from co-producers in the informal economy, sharing of market information and skills etc.

**Urban commons include so-called “public goods”: the air we breathe, public parks and spaces, public transportation, public sanitation systems, public schools, public waterways, and so forth. But they also include the less obvious: municipal garbage that provides livelihoods to waste-pickers; wetlands, waterbodies, and riverbeds that sustain fishing communities, washerwomen, and urban cultivators; streets as arteries of movement but also as places where people work, live, love, dream, and voice dissent.**

A fundamental condition of sustenance of the surplus population is their ability to create “commons” by subverting the regime of existing private property rights. The overlap between illegality and informality has generally been a concern from the perspective of governance. What is less recognized is the functional role of illegality in creation of commons. The act of illegality appears to be appropriative from one angle (encroachment of private property) and productive from the other (constitution of commons) (Bhattacharya, Bhattacharya and Sanyal, 2013).

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Commons are created on the ground through everyday practices of reproduction of life and livelihood, often through a process referred to as the ‘quiet encroachment of the ordinary’ (Bayat, 1997). By imposing informal community ‘use-rights’ on juridical ‘ownership rights’ over private and public spaces and resources in the cities, the informal labour force, in effect, enacts a redistribution of urban resources to support their production and commercial businesses. Parthasarathy (2011) gives examples of ‘commoning’ of private and public ecological resources (water bodies, parks, grasslands etc.) in Mumbai by artisans and petty producers through foraging, hunting and gathering. Anyone visiting Kolkata cannot fail to see the old business, shopping and entertainment district of Esplanade literally taken over by hawkers and vendors, the iconic Oberoi Grand Hotel trying to stay afloat in a defiant gesture in a sea of frenzied and boisterous pavement transactions in front of and all around it.

**Property Rights for the Poor**

Ostrom (1990) and Ostrom et al (1999) argue that we need to problematize property rights when it comes to resource use in common by communities. Research on local and informal governance of commons
has shown that even in the absence of formal ownership rights, there can exist an elaborate regime of property rights ‘on the ground’ in informal community-managed resources. This is true for urban resources as well. A simple identification of property rights with juridical ownership rights misses the variety of “access”, “withdrawal”, “management” and “exclusion” rights that exist on the ground and enforced by communities. A typical example would be the organization of auto rickshaws in specified city ‘routes’ in Kolkata. Despite the fact that half of all auto rickshaws in Kolkata are illegal, the ‘industry’ is informally regulated by communities of auto rickshaw drivers (often politically organized under the banner of official trade unions) who restrict the number of auto rickshaws in each route and collectively prevent errant auto rickshaws from picking up passengers beyond designated points. Thus, “access” and “withdrawal” rights, even though illegally acquired, are nevertheless informally regulated by communities exercising “exclusion” rights. In slums, “management” and “exclusion” rights are exercised through investment in space in a variety of ways—through private investment in housing as well as municipal investment in sanitation and lighting, as recounted by Chatterjee (2004) in railway colony settlements of Kolkata. This is also evident in the spatial ordering of the Dharavi slum around particular production activities by specific communities. Thus, the informal urban commons are not unlike community-managed “common-pool resources”. The lack of juridical property rights for the community of informal labour force requires them to convert public and even private property into commons; the management of such created common pool resources requires the communities to develop an elaborate system of property rights that may not make them owners, but often make them informal “proprietors” of resources (i.e. those who, according to Ostrom (1999), enjoy and enforce “access”, “withdrawal”, “exclusion” and “management” rights).

Two different solutions are ordinarily offered in the context of dealing with urban informality. In conventional urban renewal policies in India, for example, the emphasis has been on slum redevelopment that recognizes the habitation needs of the poor, but not the business needs. It is often not recognized that living and producing not only takes place within the private confines of home-based production, but at the level of the entire slum space. The horizontal sprawl of the slums reflects the demand for “fungible” space which can function both as the site of production of commodities and reproduction of life (Sanyal and Bhattacharya, 2009). Households share the alleys, the courtyard roofs, and the open spaces between homes to produce, store and sell their goods.

With increased demand for urban space and the consequent pressure to go vertical in cities, slum redevelopment plans often seek to replace slums by high-rises where the slum-dwellers are rehabilitated in flats for free or for a nominal price, as exemplified in the proposed Dharavi redevelopment plan. But small flats in such high-rises cannot accommodate production units that depend on shared space. The law of gravity precludes such sharing; the “rise”, by replacing the “sprawl”, destroys the fungibility of space required for home-based economic activities (ibid).

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Hernando de Soto (1993, 2003) provides an alternative approach, in arguing that the legal system must catch up with the existing property rights on the ground and formalize the poor people’s property rights.

If you go to somebody that I have seen in Dharavi and you say I am going to give you security over your home, he will say thank you, but he won’t say much. He’ll take that piece of paper and he will slip it in the desk and not recirculate it again.

Why? Because from what I have seen in Dharavi, he not only has a home, he has an industry. So his question will be, you are telling me that it’s okay to have my home, but you’re not telling me if my industry is okay and you’re not telling me what you’re going to do with taxes. So, you cannot title homes in developing countries. You’ve got to title everything.

The first thing, no titling process of homes is going to work unless you include all other aspects of life—commercial, business, identity, credit and you wrap it up (quoted in Patel, 2010:52)

According to De Soto (2003), the poor informal producers cannot escape poverty because they cannot mobilize the assets they command. Their assets are frozen as ‘dead capital’ which therefore cannot circulate in credit or asset markets; the informal producers, deprived of ‘titles’ to their assets are thus, confined to small survivalist livelihood activities and legally barred from becoming vibrant micro-entrepreneurs.

De Soto’s approach, while attractive, appears problematic on closer scrutiny. Just as conventional policies towards slums and the urban informal sector ignore production by the informal labour force, De Soto ignores the question of reproduction of labour and life in informal sector in his valorized account of informal entrepreneurship. De Soto misses the heterogeneity of the informal sector. There are petty producers as well as small capitalist firms; there are self-employed as well as employers; there are business activities mainly geared towards subsistence as well as business activities that are profitable and growing; there are enterprises that produce simple consumption goods for the urban poor as well as enterprises that produce for the export market. This heterogeneity is reflected in the difference between average value-added and fixed assets between informal own account enterprises (small firms without hired workers) and informal establishments (larger firms with hired workers). According to the 67th Round NSSO data on unincorporated non-agricultural enterprises in 2009-10, the average gross value-added per enterprise and average fixed assets per enterprise were Rs. 39,232 and Rs.
have the informal sector as the social space for reproduction of the majority of the labour force, urban commons will be central to urban political economy in India. Policies relating to livelihoods, growth and urbanization must jettison the idea of one-ness of the economy and recognize the persistent (formal/informal) dualism of the Indian economy which manifests itself in, among other things, the plural regime of property rights over urban resources as they actually exist on the ground.

Readings


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Endnotes

1 In this essay, I take the two terms ‘informal’ and ‘unorganized’ to mean the same. In official Indian statistics, informal sector is a subset of the unorganized sector. For the purpose of this essay, this distinction is not very important.

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Concept and Nature of Informal Sector

Ashima Majumdar

The theoretical basis of the concept of informal sector grew out of many studies in the fifties and sixties of the last century that emphasised the presence of ‘dualism’ or ‘dual economy’ as a distinguishing characteristic of the developing countries. Prominent among them were Lewis, Fei-Ranis and Harris-Todaro. While Lewis and Fei-Ranis considered segmentation of a developing economy into rural and urban sectors; Harris-Todaro viewed this dichotomisation within the urban sector itself. The theory of dualism of the past got renewed interest during the early 70’s when it was highly felt that the theory of dualism of the past can specifically be applied to the modern urban economy, especially in developing countries where population growth and rural urban migration make it impossible for the modern sector to absorb the new entrants. In the ‘employment missions’ of ILO to the developing countries such as Kenya, Columbia, Sri Lanka, Phillipines etc, it was discovered that a large majority of the economic activities are performed outside the formal regulatory system. Kenya mission was the first of its kind which recognised not only existence and persistence of the traditional sector but also its expansion to include profitable ventures as well as marginal activities (ILO 2002a). The mission chooses to use the term ‘informal sector’ rather than ‘traditional sector’ to highlight the range of small scale and unregistered activities. Inability of the other sectors of the economy such as agriculture and other rural activities on the one hand and modern industry and services on the other, to provide income and employment opportunities to the growing labour force was considered as the main cause of the existence of the informal sector. It was Hart who first used the term ‘informal sector’ to suggest such a dichotomy in his study on economic activities for urban workers in Accra, Ghana. Hart used the terms ‘formal sector’- more or less analogous to urban modern sector and the ‘informal sector’, which can be interpreted as an extension of the concept of urban traditional sector. The dichotomization differs from the earlier one in that both the sectors are inherently modern and are the consequence of the urbanisation process in the third world countries, which serves as an index of transformation of traditional rural economies to the modern industrial one. These studies highlight the analysis of the dualism between the formal and the informal sector, and particularly analysing the urban informal sector in the developing countries, has gained much attention. Thus, the institutional history of Informal sector may be traced in four phases; 1970s – the incubation years when the concept of the informal sector was developed and took root, 1980s- the dispersion years when this concept spread and was...
taken up by many and incorporated into their respective programmes, 1990s- officialisation years when the concept of the informal sector achieved international recognition and was incorporated into the official international schema and 2000 the future-expansion years when informal sector has witnessed a renewed and expanded interest in its study. The informal sector has witnessed rapid growth in the developing world and the countries in transition. There is little debate regarding the importance of this sector as a source of income and employment generation for the poor in these countries. The growing importance of studying the informal sector is well laid by ILO in its report on international labour conference, which states that ‘...the bulk of new employment in recent years, particularly in developing and transition countries, has been in the informal economy; as most of the people cannot find jobs or are unable to start a business in the formal economy’ (ILO 2002a)...

The existence of the informal sector which was considered as a transitory phase in the process of development of these countries, was found to exist and expanded as the development process takes momentum. Gradually, the sector is considered as a solution to the problem of enormous surplus of labour in the developing countries. Further, introduction of Structural Adjustment Programme (SAP) creates a jobless growth in these developing countries, as the public as well as the private sector are to squeeze their employability to maintain competitiveness and cost efficiency. This results in the existence, expansion and permanency of the informal sector in these economies. That is why the concept was initially observed and studied in the context of the developing countries, followed by a growing interest in the study of the informal sector in the developed countries. Though, present in developed countries as well, there are basic differences of dynamism of these enterprises. While in the developing countries it can be considered as a ‘survival mechanism’ for the poor, where people having no alternative employment to get absorbed, in developed countries people are involved in such enterprises; as they provide more autonomy, flexibility and freedom as compared to the formal sector. As a survival activity, the informal sector in less developed countries, unlike in developed countries, is labour intensive, generate low income and provide little capital accumulation. However, whether this is true is a debatable issue, as recent studies on informal sector show that a large segment of the informal sector enterprises are efficient and also profit making (UNCHS 2006). It is found that, over the years, not only the share of the informal sector in total employment is increasing, but its share in GDP has also been increasing in these countries. As for example, the average share of the informal enterprise sector in non agricultural GDP varies from a low of 27 per cent in Northern Africa to a high of 41 per cent in sub Saharan Africa. The contribution of informal sector to GDP is 29 per cent for Latin America and 41 per cent for Asia. In Cambodia, nearly 80 per cent of the non-agricultural GDP is produced by the informal sector. These estimates indicate that the contribution of the informal sector towards non agricultural GDP is significant. This has raised an interest among the policy makers and researchers in the study of the growth potentialities of informal sector in the developing countries, especially on the count that it uses more of the unskilled labour and locally available resources. Because of the major role played by the informal sector in employment creation, production and income generation, the sector is considered as an important part of the economy of these countries.

The conceptual journey of informal sector as a traditional survivalist activity to the modern profit yielding venture has brought heterogeneity in its definition and characterization. Due to this heterogeneity in terms of its definition, actors, activities and its content; the term and the underlying concept have been used by researchers and policy makers in such a way that it has given rise to plurality in its meaning. The sector varies between countries, economies and cultures and even among different parts of the same city. According to the international definition accepted by the United Nations Economic and Social Council (UNECOSOC), the term informal sector denotes: a) all private unincorporated enterprises (informal enterprises) or households engaged in the production and sale of goods and services; and b) enterprises with employment size below a predetermined threshold (NCEUS 2006). In the rural areas, the unorganised sector mainly comprises landless agricultural labourers, small and marginal farmers, share croppers, those engaged in animal husbandry, poultry and fishing activities, rural artisans, forest workers, toddy tappers etc., whereas in the urban areas, it comprises mainly of manual labourers engaged in construction, carpentry, trade, transport, communication etc. and also includes street vendors, hawkers, head load workers, garment makers etc.

ILO defined the informal sector as the activities of the hard- working poor, who were not recognized, recorded, protected or regulated by the public authorities. These activities possess the characteristics of ease of entry, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour intensive and adapted technology, skill acquired outside the formal education system and unregulated and competitive markets (ILO 1972). The term ‘informal workers’ is defined to include persons whose employment relationship is not subject to labour legislation, social protection and certain employment benefits. The term ‘informal economy’ is comprised of ‘informal worker’ and ‘informal sector’ (ILO 2002). De soto (1989) in ‘the other path’, finds that
state intervention and regulation hinder the development of new enterprises and thus defines an informal sector as “the refuge of individuals who find that the costs of abiding by the existing laws in the pursuit of legitimate economic objectives exceed the benefits”. In Schneider’s definition (2004), a more practical view of informal sector is found where he describes informal sector as comprising all market-based legal production of goods and services that are deliberately concealed from public authorities for the purpose of avoidance of payment of income, value added or other taxes, avoidance of payment of social security contribution, avoidance of meeting of certain legal standards, such as labour standards, such as minimum wages, maximum working hours, safety standards etc. and avoidance of compliance with certain administrative procedure. The concept underneath the definition provides a legal status to the activities carried under informal sector and at the same time recognised the absence of some peculiar labour market standards. The registration done by these enterprises are mainly to undertake the business activities i.e. their operation permit, business names and premises registration. Thus, these enterprises are operating under official regulations that do not compel rendition of official returns on their operations or production process.

Informal Economy forms a part of the ‘Non Observed Economy’ (NOE) (OCED 2002). 1993 SNA (System of National Account) classified the NOE into underground, illegal, informal sector, household production for own final consumption and activities missed by the deficiencies of the basic data collection programme. The resolution of the 15th ICLS (International Conference on Labour Statistics) defined the informal sector as “…the sector may be broadly characterized as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations, where they exist, are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees” (OCED 2002). The aim of the conference was to bring homogeneity regarding the activities to be included in the informal sector, their economic behaviour and the data required to analyse them. For this purpose, further criteria were introduced; such as i) an enterprise must have at least some market output; thus excluding those informal units which are exclusively engaged in the production of goods and services for their own final consumption and also the unpaid domestic work and care activities belonging to the reproductive and care economy (ILO 2002b), ii) an enterprise must satisfy one or more of the criteria; the enterprise is less than a specified size in terms of persons engaged or employees employed on a continuous basis, non-registration of the enterprise under specific forms of national legislation, such as factories’ or commercial acts, tax or social security laws, professional groups’ regulatory acts, or similar acts, laws or regulations established by national legislative bodies and iii) non-registration of the employees of the enterprise in terms of the absence of employment or apprenticeship contracts which commit the employer to pay relevant taxes and social security contributions on behalf of the employees or which make the employment relationships subject to standard labour legislations. Production units in the informal sector have the characteristic features of household enterprises with the absence of complete sets of accounts. The fixed and other assets do not belong to the production units but to their owners. The units thus cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. The owner has to raise necessary finance at his own risk and is personally liable for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as building or vehicles may be used indistinguishably for business and household purposes. Some agricultural activities are carried out solely for subsistence, while others for selling the produce in the market. ICLS thus, recommended the exclusion of agriculture from scope of informal sector measurement, though it may be quite significant in most of the countries with large informal sector (UN-ESCW 2008). These criteria provide the framework within which the actual definition of the informal sector should be constructed in any given country. Evidently they may not necessarily result in exactly the same definition of the informal sector across countries. The criteria can be applied in different combinations, the national legislations may differ, the employment size limits and how they are measured may vary, etc.

The resolution of the 15th labour conference provided considerable flexibility to countries in defining and measuring informal sector (OCED 2002). However, flexibility reduces international comparability. For international comparability, a narrower definition based on the largest common denominator of currently used national definitions was required (UNESCAP 2007). To address this problem, an international expert group on informal sector statistics, commonly known as Delhi group, chaired by the Ministry of Statistics and Programme Implementation on India (MOSPI), was constituted in 1997 as one of the “city groups” reporting to the United Nations Statistical Division (UNSD).
Since then, the group has arranged for periodic meetings to exchange experience in the measurement of the informal sector, document the data-collection practices, including definitions and survey methodologies followed by member countries, and recommend measures for improving the quality and comparability of informal sector statistics. The Delhi Group has tried to harmonize national definitions of the informal sector on the basis of the framework set by the International definition. The issue was discussed in detail in the third meeting of the group and the following recommendations were adopted:

“Since the informal sector manifests itself in different ways in different countries, national definitions of the informal economy cannot be fully harmonized at present. International agencies should disseminate informal economy data according to the national definitions used. In order to enhance the international comparability of informal economy statistics, they should also disseminate data for the subset of the informal economy, which can be defined uniformly. However, the recommendations as adopted by the group to arrive at this subset presently cover only a relatively small part of the informal sector, the group recognized that further efforts were needed to enlarge it in future” (OECD 2002). The group suggested that three essential criteria along with additional criteria to be applied simultaneously: productive units with less than five paid employees, and productive units not registered and exclusion of households employing paid domestic employees to arrive at a comprehensive definition of the informal sector.

Delhi group have also been a pioneering agency in preparing a technical manual on informal sector statistics where the informal employment outside the informal sector is also included. However, there is still insufficiency of data on informal sector. This is partly due to lack of a universal definition on informal sector and partly due to inherent heterogeneity of its content. It encompasses different types of activities, different types of enterprises and different motives for the participation in it, which makes data collection even more difficult. Development of informal sector statistics is particularly important for the developing countries, where it is considered as an important source of income and employment generation.

The Indian National Statistical Commission (NSC) has constituted the Committee on Unorganised sector Statistics in 2010 to identify major data gaps relating to unorganised enterprises and unorganised workers and to suggest ways and means for developing statistical database on unorganised sector with standardised concepts, definitions, coverage and comparability over time and space (NSC 2012). The committee noted that there are a number of gaps in the statistics on enterprises and employment in informal sector in India, which emanate mainly due to divergence of the existing data collection mechanism relating to concepts, definitions and coverage required for an effective data system conforming to the ILO frame work. To understand better the working of this vital segment of the economy, it is the urgent need of the hour to mitigate these deficiencies and generate sufficient, adequate, comparable and at the same time reliable statistics relating to different aspects of this sector which, in future, will help in the formulation as well as implementation of policies relating to the informal sector.

Readings


(E-mail: ashimamajumdar011@gmail.com)
The Work Never Ends: Gendered Realm of Domestic Workers in India

Saraswati Raju

They work within the closed doors of private homes away from the public scrutiny having policy implications, which remains an issue. The gendered nature of hierarchical placement even within the domestic workers is stark.

The importance of domestic workers cannot be undermined in the wake of emerging trends in the proliferation of nuclear and dual-income families, emerging ‘new’ middle classes, working women and aging and so on and yet it is one of the most neglected constituencies of workforce because of the workers’ conflation with care economy. The workplaces are inside the homes, essentially undertaken by women, which make it outside the purview of ‘productive’ labour. Ironically, similar services, when regulated outside the home are treated differently (ILO 2010).

This brief note provides an overview of the existing situation of domestic workers – the issues covered range from defining them to the recent legislative interventions and state responses.

Definition

Defining domestic workers is not as straightforward as it seems. As Neetha (2009) points out, commonly they are part or full-time workers engaged in domestic services in exchange for remuneration payable either through cash or kind. The terms of employment are at times clearly indicated, but are often not explicit. One of the basic challenges is to identify the types of activities that should be included as domestic work, particularly if the quantum of such work is to be assessed for planning/policy measures.

Internationally, there is no common statistical definition across countries for what constitutes domestic work. The ILO’s International Standard Classification of Occupations (ISCO) recognizes domestic work under two broad classification groupings (5 and 9) and identifies associated tasks and the corresponding skill levels. Despite being quite comprehensive, the ILO definition excludes certain categories such as private security guards, chauffeurs and gardeners employed by private households. More importantly, the detailed account that may constitute domestic work, advocated by ILO is not universally available. The comparability issues are further aggravated by ways in which countries emphasize different dimensions of domestic work, for example, the duration of employment in terms of minimum number of hours or days per week. Specific task is treated as an enterprise in industrialised countries.

In short, the variations in defining domestic workers are huge and ‘the...
definition of occupational categories and tasks is far from airtight and that one of the characteristics of domestic workers in many parts of the world is that the jobs they are called upon to perform in private households are difficult to delineate (ILO 2010: 32).

Under these circumstance, rather than relying on specific tasks that the domestic workers may perform which may vary from country to country and may change over time, the most used definition of domestic workers adopts an alternative approach based on the International Standard Industrial Classification of All Economic Activities (ISIC) Category P: all those who are employed, either full or part time, by private households – a definition that is subscribed by the Indian statistical system as well (ILO 2013).

The definitional ambiguity has led to an extraordinary range of domestic workers’ estimation. While the Employment and Unemployment Survey by NSSO in 2011-12 pitches their numbers at 41.33 lakh (out of which 22.76 women workers are employed in urban areas), the media and NGOs have frequently cited more than twice these numbers. As such, despite a tendency towards conservative estimates, official sources continue to be used for analytical purposes (ILO 2013).

### Placing the Domestic Workers in Overall Unorganised Sector

The Indian labour market is characterised by oscillating trends in the overall workforce participation rates in general and that of women in particular and yet the fact that majority of workers are engaged in informal sector is a well-established fact. The most striking feature of the recent data for the years 2011-2012 is the significant overall fall in work participation rates. The general drop is mainly due to the decline in the women’s workforce participation rate which has decreased by 13.6 percentage points since 2004-05. This decline in the women’s workforce participation rate, in turn is because of a much steeper decline of the rural women’s workforce (15.3 percentage point) as compared to urban women workers (5.1 percentage point).

A detailed account of the workforce decline is out of the scope of current discussion. However, the decline in women’s workforce participation rates has been attributed to the enhanced enrolment of girls/women in educational institutions (Mehrotra, Gandhi, Sahoo and Saha 2012). This proposition has been countered as the decline in their workforce participation is not in the age-cohorts to be enrolled in educational institutes (Kannan and Raveendran 2012). If the in-between increase in women’s workforce participation rates during 2004-2005 is ignored as an aberration due to drought-induced distress-driven push of women into the employment (Himanshu 2011), the scholars maintain that the decline in women’s workforce has been secular.

It is important to note, however, that despite the fluctuations and a complex dynamics of the Indian labour market, the predominance of unorganized sector has not diminished in the deployment of workers in case of both men and women - slightly higher share of women as compared to their men counterpart. More crucial is the relative growth of urban women workers in unorganized sector (Table 1).

### The Contemporary Scene

The issues related to domestic workers are complex and wide-ranging. While acknowledging the enormous

| Table 1: Percentage of Unorganised Sector Workers (15 – 59 Years) |
|-------------------------|-----------------|-----------------|
| Unorganised Sector Workers | Rural | Urban | Total |
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| 2004-2005 | 89.7 | 94.3 | 91.4 | 67.5 | 73.2 | 68.6 | 83.0 | 90.8 | 85.5 |
| 2004-2005* | 91.1 | 95.7 | 92.8 | 67.7 | 73.8 | 68.9 | 84.0 | 92.1 | 86.6 |
| 2011-2012 | 87.9 | 89.6 | 88.4 | 63.0 | 67.4 | 63.9 | 79.7 | 84.8 | 81.1 |

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<th>Non-Agricultural Unorganised Sector Workers</th>
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<td>2004-2005</td>
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<th>Growth rate of Non-Agricultural Unorganised Sector Workers</th>
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<td>2004-2005 and 2011-2012</td>
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*Unorganised Sector figures for the 68th round are not comparable with 61st round figures since it includes plantation sector considered as organised in 61st round. This is because in the 61st round NCO occupation codes (1968) 601, 620, 640, 641, 649 were identified as plantation sector. However, the 68th round NSS survey uses NCO 2004 classification which does not allow identification of similar occupation at the three-digit level classification provided in the NSS dataset. For comparability purposes, therefore, the starred row (61st round – 2004-2005) includes plantation sector in unorganised sector.
spectrum within which domestic workers can be placed, the space constraint compels that I confine my discussion to urban domestic workers in India.

Keeping with the overall decline in workers, the growth rates of domestic workers has been negative during 2004-05 and 2011-12, but in terms of absolute terms, their numbers are still staggering with 21,13,775 and 4,78,748 in the age-group of 15-59 in urban and rural areas respectively.

Domestic workers in urban India constitute the fourth largest category of unorganised workers (12.1 per cent), the corresponding percentage for rural areas is 0.6 following Manufacturing (33.7 per cent), Agriculture, and Forestry and Fishing (15.1 per cent) and Wholesale Retail Trade(13 per cent). Their share goes up slightly when seen as per centage of non-agricultural unorganised sector workers (14.3 per cent).

Inadequate sample sizes for many states prevent detailed discussion on regional pattern, but wherever they are available, there emerges a positive association between the level of urbanisation and domestic workers with Maharashtra leading the pack (27.2 per cent), followed by West Bengal (25 per cent), Karnataka (19.5 per cent) and Union Territories -Delhi and Goa (18.6 per cent).

They work within the closed doors of private homes away from the public scrutiny having policy implications, which remains an issue. The gendered nature of hierarchical placement even within the domestic workers is stark. It can be seen that the majority of women workers are housemaids whereas men have a more diversified profile within the category (Table 2). The overwhelming numbers of women domestic workers are either illiterate or have very low level of literacy (Table 3), but more importantly, it is the extended domain of ‘housework’ that these illiterate women can easily get absorbed into. The ease with which home-bound household work can be traded for paid work in the market can also be borne by the observation that it is spread over almost equally across

<table>
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<th>Table 2: Classification of Unorganised Sector Domestic Workers (15 – 59 Years) by Sector and Sex, 2011-2012</th>
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<td>Others</td>
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<th>Table 3: Domestic Workers (15 – 59 Years) Across Educational Attainment, 2011-2012</th>
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<td>Rural</td>
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<td>Graduate+</td>
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<td>Total</td>
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the caste composition – about one-third each amongst Scheduled Castes, Other Backward Castes and Others. Caste-specific division of actual work has, however, been an issue (Raghuram 2001; Qayum and Ray 2003; Mattila 2009; Menon 2010).

Perhaps, one can briefly touch upon the ‘part-time’ and ‘full time’ aspects of domestic work. ‘Part-time’ can be a misnomer because part-time does not necessarily imply that it is not full-time from the worker’s perspective. However, the terms ‘live-out workers’ and ‘part-time workers’ are often used interchangeably in the literature. As Neetha points out, a sum total of daily hours of work carried across multitude of households that the domestic workers undertake may be, in many cases, greater than that of a ‘full time’ worker in a factory or construction site or as defined as ‘normal working hours’ under any labour laws. She further elaborates that all live-out workers may not be ‘part-timers’ for they may engage in one house throughout the day and may return to their residence only at night. Such confusions and ambiguities not only add to the invisibility of many domestic workers, but have adverse impact on legislative and social security entitlemenst for them (Neetha 2009).

The emergence of new forms of work such as BPO and IT sectors and enhanced participation of women in these high-end activities has been well-documented in the literature (Raju 2013). This, coupled with noticeable increase in paid domestic work, led us to interrogate one of the less explored phenomenon of ‘replacement of one class of women with another’ – whether with more women participating in outside paid work’ particularly at the high-end, the ‘vacuum’ created in such homes is being filled by the hired women domestic labour or whether the division of labour among the members in such household get reconfigured? A quick look at the million plus and the rest of the cities through the NSS unit level data suggests that in million-plus cities women workers in IT and BPO have risen from 0.92 per cent to 4.68 per cent between 1999-2000 and 2011-12. Along with it, there has been a four-fold rise in women domestic workers in the same urban locations, from close to 4 per cent in 1999-2000 to 14 per cent in 2011-12. Added to this, is significant rise in work participation of women aged 15-59 years having children, in high-end occupations during the same time span and in the same urban locations. Based on these observations, it can be argued that household chores continue to

‘Part-time’ can be a misnomer because part-time does not necessarily imply that it is not full-time from the worker’s perspective. However, the terms ‘live-out workers’ and ‘part-time workers’ are often used interchangeably in the literature. As Neetha points out, a sum total of daily hours of work carried across multitude of households that the domestic workers undertake may be, in many cases, greater than that of a ‘full time’ worker in a factory or construction site or as defined as ‘normal working hours’ under any labour laws.

remain within the domain of women, be it the family members or hired labour! Such essentialising has long-term implications for persistence of unequal gendered division of labour in general and within the households in particular. The issues emerging from such linkages - one, the transference of child-care and other household responsibilities in the homes of domestic workers and second, persistent stereotypical constructs of women as house-carer - warrant a closer look for policy implications.

Domestics and Decent Work

In the absence of clear status and confinement to home-spaces, domestic workers remain outside the regulatory regime. However, the norms and rules are not altogether absent, they assume non-state informality, which may be more restrictive at times. The nuanced difficulties in dealing with the issues are rightly noted by the ILO (2010) when it is pointed out how regulating domestic work means addressing individual employers, placement agencies and care recipients, as well as the countries that supply domestic workers (and those that receive them).

Given the emerging (worldwide) phenomenon of domestic workers, their contribution to home economies, the exploitative work conditions and exclusion from labour legislations, the agenda for protecting the rights of the domestic workers was finally approved in June 2010. It was unequivocally affirmed that domestic workers are entitled to decent working conditions under the rubric of the ILO Declaration on Fundamental Principles and Rights at Work ensuing full compliance with applicable international labour standards for this category of workers. The ILO ‘Decent Work for Domestic Work’ entails a) recognition of domestic work as real work to be recognised as employment, subject to labour laws both for workers and their employers; their statistical visibility; b) awareness/ organisational campaigns, collective negotiations with the stakeholders; and c) promotion of the concept of decent work for domestic workers through practical tools to support the work of constituents and civil society.

The diversified conditions of their work, the ambiguity surrounding their work status, and the difficulties in setting up the norms for minimum wages and lack of protective legislation etc. are further complicated because of ill-treatment/violence by the employers, unregulated working hours without provisions for leave etc. and most of all by the exploitative tactics of mushrooming of dubious placement agencies and their unscrupulous ways of alluring the poor. India, as a member state, has taken cognizance of the issue and has passed in October 2008, the Unorganized Sector Workers’ Social
Security Bill, which covers a broad range of security schemes for workers in the informal sector, including domestic workers (ILO 2010). Quite recently in 2011, the National Policy for Domestic Workers was drafted to look into the protection and the rights of the growing segment of domestic workers. Specific interventions include skills development for domestic workers, extension of social protection schemes and the piloting of registration and monitoring mechanisms of private placement agencies (ILO undated).

Several states such as Bihar, Chhattisgarh, Jharkhand, Maharashtra, Odisha, Rajasthan and all the southern states - Andhra Pradesh, Karnataka, Kerala and Tamil Nadu have taken several steps to improve the working conditions of domestic workers and to provide access to social security schemes. Seven states including Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Odisha, and Rajasthan have also introduced minimum wages for domestic workers. Although, these efforts are to be lauded, proper implementation, regulatory supervision and monitoring need to be in place for the domestic workers to experience the change.

Endnotes

1 Classification 5 addresses commercial establishments, institutions and private households. It covers two key categories: housekeeping (minor group 512), which includes housekeepers and related workers and cooks; personal care and related workers, including childcare workers and home-based personal care workers (minor group 513). Housekeeping foreseen under 5121 emphasizes the supervisory work of the House keeper. Classification 5131 defines childcare workers as those who “take care of employers’ children and oversee their daily activities”. Classification 913 speaks specifically of “domestic and related helpers, cleaners and launderers”. It covers private households, hotels, offices, hospitals and other establishments as well as a variety of vehicles to keep interiors and fixtures clean. The classification includes domestic helpers and cleaners, as well as hand-launderers and pressers. Under classification 9131, domestic helpers and cleaners “sweep, vacuum, clean, wash and polish, take care of household linen, purchase household supplies, prepare food, serve meals and perform various other domestic duties” (ILO 2010: 30).

2 See for details, ILO (2010).

3 These are crude numbers which include the entire population.

4 However, the official statistics also differ in their estimates of domestic workers. For example, the 66th round of the National Sample Survey (which drew on a sample of 100,000 households) recorded about 0.8 per cent of all employed persons as engaged in domestic workers employed by private households. The Employment and Unemployment Survey, which was conducted by the Labour Bureau at the same time with a sample of 46,000 households, produced a very different estimate whereby 2.7 per cent of all employed persons were employed by private households as maids, watchmen or cooks (ILO 2013: 14).

5 It is pertinent at this juncture to briefly point out that although the term ‘informal sector’ has been popularly used to denote the workers who are outside the labour legislations and protection, there has been no consensus as to what exactly contains the informal sector. The term has often been used synonymously for unorganised sector in India. This article uses the definition that has been set up by the National Commission for Enterprises in the Unorganised Sector (NCEUS, 2007). Accordingly, the unorganized sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers.

Readings


Acknowledgment

I am extremely thankful to Dr. Swati Sachdev, Assistant Professor at the Department of Geography, Budge Budge College, University of Calcutta for her unconditional and timely support in data processing.

(Email: saraswati_raju@hotmail.com)
## ECONOMICS AT ITS BEST

### IAS / IES / UGC

**Score in Economics Option : Axiom IAS Pass-outs**

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Score</th>
<th>Pass-out Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaweta Dhankad</td>
<td>392/600</td>
<td>65.33%</td>
</tr>
<tr>
<td>Neeraj Kumar Singh</td>
<td>379/600</td>
<td>63.17%</td>
</tr>
<tr>
<td>Arulananandam</td>
<td>363/600</td>
<td>60.50%</td>
</tr>
<tr>
<td>Ashima Jain</td>
<td>361/600</td>
<td>60.17%</td>
</tr>
<tr>
<td>Gaurav Agrawal</td>
<td>296/500</td>
<td>59.20%</td>
</tr>
<tr>
<td>Narendra Kumar</td>
<td>351/600</td>
<td>58.50%</td>
</tr>
</tbody>
</table>

**IES 2014 Pass-out**

- **Kanika Wadhwani**
  - Rank 2, IES May 2014
  - 574 out of 1200

- **Tusshpriya Rajkumari**
  - Rank 2, IES Feb. 2014
  - Highest Score in Interview

- **Nitika Pant**
  - Rank 3, IES Feb. 2014
  - Highest Score in Written

### CIVIL SERVICES RANKERS

- **Gaurav Agrawal**
  - IAS 2014
  - 1st Rank

- **Ashima Jain**
  - IAS 2007
  - 7th Rank

- **Neeraj Kumar Singh**
  - IAS 2011
  - 11th Rank

- **Debasweta Bharath**
  - IAS 2012
  - 14th Rank

- **Chirsmayee Gopal**
  - IAS 2014
  - 16th Rank

- **Tanvi Hooda**
  - IAS 2013
  - 33rd Rank

- **Sarabhi Mallick**
  - IAS 2011
  - 51st Rank

- **Nidhi Singhal**
  - IAS 2011
  - 51st Rank

- **Rajeev Vishal**
  - IAS 2007
  - 60th Rank

- **Kumar Amrit**
  - IAS 2007
  - 75th Rank

- **Shweta Dharinad**
  - IPS 2006
  - 109th Rank

- **Narendra**
  - IPS 2007
  - 165th Rank

- **Neejth Gupta**
  - IRS 2008
  - 221st Rank

- **Ashwarya Rastogi**
  - IRS 2012
  - 222nd Rank

- **Sanjay Joshi**
  - IRS 2012
  - 228th Rank

- **Nandesh Shukla**
  - IRS 2006
  - 236th Rank

- **Neeraj Sahay**
  - IRS 2012
  - 245th Rank

- **Swati Dikshit**
  - IRS 2012
  - 273rd Rank

- **Menakshi**
  - IRS 2006
  - 319th Rank

- **Nandini R Nair**
  - IRS 2012
  - 389th Rank

- **and many more...**

### IES RANKERS

- **Bishalika Chakroborty**
  - Rank 1
  - 2010

- **Nidhi Dixit**
  - Rank 1
  - 2004

- **Tuse Priya**
  - Rank 2
  - 2014

- **Lipu Jha**
  - Rank 2
  - 2005

- **Nidhi Pant**
  - Rank 3
  - 2014

- **Preeti**
  - Rank 4
  - 2014

- **Japal**
  - Rank 5
  - 2009

- **Sukhaddeep Singh**
  - Rank 6
  - 2011

- **Divya Sharma**
  - Rank 6
  - 2012

- **Nidhi Sharma**
  - Rank 7
  - 2011

- **Saurabh Dixit**
  - Rank 8
  - 2010

- **Aarthi**
  - Rank 8
  - 2013

- **Shamin Arc**
  - Rank 11
  - 2014

- **Rakesh Kumar**
  - Rank 14
  - 2014

- **Piyush Kumar**
  - Rank 14
  - 2011

- **Abhishek Anand**
  - Rank 15
  - 2014

- **Bikram Nath**
  - Rank 17
  - 2014

- **Dinesh Kumar**
  - Rank 17
  - 2011

- **Vijith Krishnan**
  - Rank 17
  - 2013

- **Kriti**
  - Rank 18
  - 2014

- **Khayi Lalshingam**
  - Rank 19
  - 2014

- **Rahul Kumar**
  - Rank 21
  - 2011

- **and many more...**

### UGC JRF Pass-outs

- Shaloo Choudhary
- Dinesh Kumar
- Pravin Saini
- Chitra Verma
- Renu Bala
- Shridhar Satyakarn
- Piyanshoo Sinhwhani
- Sudhir
- Vijith
- Suraj Gupta

### UGC NET Pass-outs

- Niyitha
- Mansi
- Satinder
- Kriti
- Vikas Yadav
- Dushyant
- Ram Anshu
- Piyanka Jhulka
- Akshay
- Hansiman Singh
- Nidhi Lal
- Jitender Bhandhari
- Jaipal
- Dinesh Kumar
- Neelam Garg
- Shyamendra
- Praveen Dikshit
- Nidhi Talvi
- Niladri Pratap
- Bindi Sharma
- Swati Sadh
- Kaushik
- Sanjit
- Rohit Sehrawat
- Aashirwad Pandita
- Vandana Kapoor
- Kritika Tiwari
- Babarocha Singh
- Rahul Sharma
- Sunita Dua
- Preeti Chauhan
- Deepa Rani
- Bipasha Kalita

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Female Migrants in Paid Domestic Work

Neetha N

Domestic work is no longer seen as a bridging occupation, permitting social and economic mobility of migrant women. This is in contrast to the earlier understanding where paid domestic work was conceived as an intermediary step for upward job mobility within informal sector. This stagnated picture with high levels of informality raises fundamental issues with regard to migrant women in the informal sector and their conditions of work.

By now, the criticality of informal sector in developing economies is well established and the sector is no longer viewed as an intermediary phase towards formalisation. Informal/unorganised sector employment accounts for about 84 per cent of total employment in 2011-12 and for women its share is as high as 96 per cent.

The link between the growth of informal sector and rural-urban migration has long been recognised. Since the expansion of informal sector in the 1970s, rural-urban labour migration has been showing an increasing trend. Male migration has been at the centre of such analysis as female labour migration was often considered to be insignificant (with all national level data showing a negligible proportion of women migrating for employment reasons). However, 62 per cent of urban migrants are females in 2007-08, and they accounted for 46 per cent of urban females. What is noteworthy in the context of female migration is the increase in the rate of female migration over the years. In 1993, only 38 per cent of urban female populations were migrants as compared to 46 per cent in 2007-08. The case of female migration becomes all the more interesting in comparison to the changes in male migration. Between 1993 and 2007-08, male migration increased by only 2 per cent from 24 per cent to 26 per cent in urban areas.

Marriage accounted for 61 per cent of female migrants followed by associational migration (29 per cent) in urban areas in 2007-08. Though at the overall level the pattern was same in 1993, marriage accounted for only 31.7 per cent of migrants with associational migration leading at 49.5 per cent. Migration for employment related reasons in urban areas, have shown a decline from 4.9 per cent to 2.7 per cent. It is because of this reason, female migration is often analysed as demographic movements and female labour migration is assumed as insignificant. The gender insensitiveness of the mono-casual approach to eliciting reasons for migration in both Census and NSS data has long been raised as an issue which has invisibilised female labour migration. Many micro level studies in the last two decades have clearly brought out the growing magnitude of female urban migration for employment. Women are found migrating to urban areas in response to their own economic opportunities there, which has impacted the restructuring of urban labour market, with a high concentration of female migrants in informal sector employment with specific sectoral concentrations.

The author is Senior Fellow, Centre for Women’s Development Studies, New Delhi. She was Associate Fellow at the V.V. Giri National Labour Institute, Noida during 1998-2006. Her research interests are labour and employment issues of women, domestic workers, labour migration and gender statistics and data gaps.

YOJANA October 2014 61

GENDER FACTORS

THE OTHER SIDE
In this backdrop, the present paper aims to explore the link between rural – urban migration of women and their employment opportunities in the informal sector. Through an analysis of paid domestic work the paper highlights various aspects of informality in the sector, delineating the migrant, class, caste, gender characteristics of these workers.

**Informal Employment Leading Migrant Female Employment**

Since the data on female labour migration is known to have its limitations, the analysis in the paper is based on the employment status of women who have reported that they are migrants (place of residence different from last usual place of residence). Status of employment is an entry point into the analysis of nature and conditions of employment. All categories of self-employed and casual work belong to the category of informal employment. Regular employment as it has been defined in NSS survey is an amorphous category which does not necessarily convey anything more than regularity in employment. A significant component of regular work could be informal employment either within the informal sector or informal employment within the formal sector.

**Table 1. Proportion of Migrant Workers across Status of Employment-2007-08**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Male</th>
<th>Female</th>
<th>Difference between 2007-08 and 1999-00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Own account worker</td>
<td>25.7</td>
<td>22.9</td>
<td>0.21</td>
</tr>
<tr>
<td>Employer</td>
<td>2.5</td>
<td>0.7</td>
<td>1.27</td>
</tr>
<tr>
<td>Helper</td>
<td>3</td>
<td>20.3</td>
<td>-0.6</td>
</tr>
<tr>
<td>Regular workers</td>
<td>56.9</td>
<td>36.2</td>
<td>0.43</td>
</tr>
<tr>
<td>Casual workers</td>
<td>11.9</td>
<td>19.8</td>
<td>-1.31</td>
</tr>
</tbody>
</table>

Source: Migration in India, NSSO Unit level data, 2007-08

Much in tune with the larger picture of urban female employment, about 63 per cent of migrant women are clearly in informal employment in 2007-08. Share of regular employment for females (36 per cent), though is much lower than that of men (57 per cent), is not negligible and do show an increase over the period. As has been mentioned earlier, all regular employment is not formal which demands sectoral analysis to arrive at concrete conclusions on the actual nature of employment.

The sectoral picture is revealing with manufacturing and related activities accounting for the largest share of female migrant workers (25.4 per cent); followed by trade, hotels and restaurants (12.4 per cent) and education (11.1 per cent) and private households with employed persons (7.7 per cent). Construction accounted for about 5.2 per cent of urban female migrant workers. It is well known that women in manufacturing and trade are dominated by home based workers and street vendors accounting for a considerable share of women in the informal sector. The share of domestic workers in urban female migrant employment is clearly an underestimate as domestic workers as a category is often not captured in large surveys due to multiple factors, which is evident from many micro level studies. Domestic work was found to top the list of occupations for urban female migrants in a multi-locational study carried out by CWDS; accounting for more than 27 per cent of urban female migrants. Construction accounted for another 16 per cent making these sectors/occupations the destination of some 43 per cent of female migrant workers in urban areas. (Mazumdar et. al, 2013). The importance of these two sectors migrant women is further clear from migrant-non-migrant women’s share in these sectors. In 2007-08, female migrant share was estimated to be lowest in manufacturing clearly showing the increased presence of local labour. On the other hand, domestic work and construction shows highest values for female migrant shares which is a reflection of the poor conditions of work in these sectors which prevent entry of local workers.

What is interesting across the period 1999-00 to 2007-08 is the changing shares and importance of various sectors. Thus, while manufacturing and private households with employed persons (who are largely paid domestic workers) increased their share across periods, education, trade and hotels show a decline. Of these sectors of migrant employment, paid domestic work is now well acknowledged as a fast growing sector of female migrant workers. What needs to be specifically noted in the context of sectoral concentration is the male- female shares of different sectors. While all other sectors of concentration of female migrant workers have a low female share (for both migrants and all women), paid domestic work is dominated by women workers, who are largely migrants.

There is a need to understand why migrant women are over-represented in the informal sector and why these women are concentrated in certain segments within the informal sector. Studies have argued that migrant women are less able than men to compete in the labour market because they have relatively low levels of education and skills or are less likely to have the market know-how. Other observers argue that women’s time and mobility are constrained by social and cultural norms that assign the responsibility for social reproduction to
women which restrict women’s choice of employment. This is especially true with migrant women who in many cases do not have any support systems in the urban areas, be it at the individual, community or state level.

Paid Domestic Work: A Growing Sector of Female Migrant Workers

As evident from micro-empirical studies, domestic service is largely an all migrant occupation with interstate migrant accounting for the majority of workers (Neetha, 2003, ISST 2009). This could be attributed to a number of factors. The non-availability of local labour and the disinterest among local labour to accept menial jobs with poor wages and other terms and conditions are often cited as an important reason. The easy entry into domestic work, by women migrants, who have otherwise multiple disadvantages, is critical. There are hardly any entry restrictions, as the skill demand for the occupation is often an extension of household work, performed largely by women in their own households. There is a preference for young women in general, such that the age profile of workers has changed over time as more young women joined migration streams to urban areas.

Much of the growth in domestic work in the last two decades has been of ‘live-outs’ or ‘part-time’ workers who perform specific tasks in different households but stay at their own residences. Part time system allows employers to hire according to their budget and fragment the tasks they wish to outsource. Domestic workers may undertake diverse tasks in the households they work, including housecleaning, laundry, cooking, dish-washing, care of children and the elderly, shopping, fetching and dropping children from/to school, and other activities associated with the regular and smooth functioning of a family-household. Caste dimension of tasks are found to be strong with workers from lower castes concentrated in cleaning tasks, while workers from upper castes take up cooking and other tasks.

Domestic workers are largely migrants from rural areas who are traditionally into agricultural work. The primary unit of migration among live out workers is often the family or the household, though there are cases of individual migration of women. Further, in some cases, male migration is subsequent and subsidiary to that of women. Poverty, lack of food and scarce job opportunities at the place of origin has been some of the important reasons for migration among live in workers as documented in many studies. Studies have documented migrant workers, awareness of the availability of domestic work opportunities in urban areas and the ease of entry even before their migration to urban areas. Single women (abandoned, separated or divorced) with children to support also migrate and take up domestic work.

Many women join in and leave paid domestic work with economic pressures. Preference for domestic work is largely due to its informal nature of work such that the workers could add or subtract the number of houses that they are employed in response to the intensity of economic pressures. Further, the timing of domestic work and the possibility of some degree of flexibility in timing makes this occupation acceptable to many women.

Even though family migration is the general norm among part time domestic workers, female employment opportunities is definitely the driving factor in the migration of the family (Kasturi, 1990, Neetha, 2003). For a set of workers, domestic work is now a form of regular employment and account for a significant part of the family income without which their survival is an issue. The casual nature of work and insecurity in income associated with male employment and income puts demand on women to take up paid work on a regular basis. For another category, it is an intermittent outcome. Many women join in and leave paid domestic work with economic pressures. Preference for domestic work is largely due to its informal nature of work such that the workers could add or subtract the number of houses that they are employed in response to the intensity of economic pressures. Further, the timing of domestic work and the possibility of some degree of flexibility in timing makes this occupation acceptable to many women. The movement of many women from construction to domestic work has been recorded in many micro level studies. This movement, apart from the relative stability and regularity aspect of domestic work is also attributed to the notion of flexibility in domestic work.

Single migration or peer group migration is found to be the prominent pattern of migration among live-in domestic workers who are channelized in many cases by recruiters or agencies. The qualities that are often attached to a worker are reliable, obedient, and efficient.

The broader contours of work organisation and relations remain the same as in the case of live-ins, with varying details. In the case of live-in workers, also often, the decision to migrate is guided by the needs of the family economy. Here again, it is the specificity of domestic work, easy entry and exit along-side provisions for residence and food which makes it possible for many women to migrate and take up domestic work.

The close link between growth of domestic work and female migration and its multiple dimensions are evident from the preceding discussion. The supply of domestic workers is maintained through a regular flow of ‘distress’, migrant workers, who are ready to work in low status and low paying jobs due to their absolute need. On the other hand, demand for domestic workers is also on the increase owing largely to the informal nature of work in the sector.
Informality exists in terms of the actual tasks, the fragmented nature of work, multitude of tasks and multiplicity of employers. There are also issues of instability of employment and existence of diverse work relations. The details of work, the wage structure and service packages are very complex and variable, making it problematic to arrive at a uniform wage rate for domestic work even for a specific locality (Neetha, 2009). Wages and other conditions of work vary across region and even by locality in the same town/city. Apart from the variation across larger divisions (such as cook, cleaner, and baby-sitter), wage rates vary within categories depending on the nature of contract and other specificities of work and the worker, ranging from purely personal to market related parameters. A weekly day off, annual vacations, maternity leave, child care leave or sick leaves are rare in this sector. All the conditions of work, be it wages, revision of wages, leave and so on are matters of one-to-one negotiation. The extent of informality is worsened by the non-existence of adequate regulations in the sector, which could be largely attributed to the gender, caste, and migrant characteristics of this sector. Domestic workers are largely excluded from the coverage of core labour laws, though few states have extended the benefits of minimum wages Act to these workers.

**Summing Up**

The foregoing discussions make it evident that informal sector has not been a passive absorber of labour but one which is rooted in existing social and economic inequalities. Thus, not all sectors are open for migrant women or for all migrant women. The nature of work done by female migrants is determined by their status as migrants especially in the context of workers who do have any other social capital and other support systems. Informality is the key to many sectors where migrant women are concentrated, which is evident from the discussion on paid domestic work. Since survival is the central issue for such women migrants, they are ready to engage in any employment that gives them regular earnings. The continuous flow of female migrants from rural areas belonging to a certain social and economic group and their increased concentration in paid domestic works is definitely an outcome of this desperation for employment. Women’s income earning work is significant to the survival of migrant households, especially for poor migrants where male incomes are uncertain. Highly informalised work like domestic work, also allow migrant women to move in out of the labour market based on the performance of the household in terms of economic stability.

Domestic work is no longer seen as a bridging occupation, permitting social and economic mobility of migrant women. This is in contrast to the earlier understanding, where paid domestic work was conceived as an intermediary step for upward job mobility within informal sector. This stagnated picture with high levels of informality raises fundamental issues with regard to migrant women in the informal sector and their conditions of work. The non-availability of alternative employment, even within informal sector is the critical issue, given the larger picture of a decline in women’s share in overall sector employment over time.

**Readings**


(E-mail: neethapillai@gmail.com)
Informal Labour in the Information Economy: Job Insecurities in India’s Call Centers

Babu P Remesh

Addressing and remedying these aspects of job-insecurities are, thus, crucial while designing and introducing programmes, policies and legal/regulatory measures to strengthen the ‘health’ of employment and welfare of employees in the call centres.

As explained by the National Commission for Enterprises in the Unorganised Sector (NCEUS), there can be situations of ‘informal employment in the formal sector’ and those of ‘formal employment in the informal sector’ (NCEUS, 2009). Accordingly, certain occupations which are seemingly in the formal sector may possess some defining features of informality (and vice versa). Thus, understanding the degree of (in) formality is imperative, while arriving at firm conclusions on the formal-informal characterisations of various occupations. It is in this backdrop that the present paper traces the traits of informality in an apparently formal and organised occupation, i.e. call centre work in India.

Call centre work is a sunrise segment in the modern service sector employment in India. Prima facie, the jobs in call centres fall in the formal sector of the economy, as the workplaces are organised (often in dazzling buildings with state of the art facilities and technology). These firms are working under certain regulatory framework, stipulated by central and state governments. Further, these jobs are generally known for better pay, perks and compensation packages, where the workplaces are construed as flexible, enabling and empowering. Yet, a closer analysis, based on available micro-empirical studies discloses a range of underlying aspects of job-insecurities.

Addressing and remedying these aspects of job-insecurities are, thus, crucial while designing and introducing programmes, policies and legal/regulatory measures to strengthen the ‘health’ of employment and welfare of employees in the call centres.

The author is Associate Professor at the School of Interdisciplinary and Transdisciplinary Studies, Indira Gandhi National Open University (IGNOU), New Delhi. He has been researching on labour issues in BPO sector and carried out pioneering studies on both the international and domestic call centres in India. Currently, he is developing a Masters Programme in ‘Labour and Development’ at IGNOU. His research interests include informal sector and livelihood issues, social security, ICT & new forms of work organisation, migration, industrial relations and labour history.
insecurities of work and workers in this occupation, suggesting its informal foothold. The subsequent part of this paper elaborates on these aspects, by duly contextualising and conceptualising the growth, evolution and digressions of outsourcing sector and call centre work in India.

Outsourcing: Growth and Evolution

Business Process Outsourcing (BPO) is the central principle of organising call centre work. As per this model of work organisation, some of the non-core processes of a parent firm are shifted to certain prior-identified subsidiary firm(s), mainly to reduce labour cost. Though the logic of outsourcing is fairly old and its rudimentary forms had been practiced world over since quite long, the necessity for excessively relying on this form of work organisation came since late 1980s, in the context of acute levels of business competition in the developed economies of the western world.

As the city-wages were strikingly higher compared to rural-wages, resorting of outsourcing options allowed the parent firms to engage several workers at the cost of few. This phase of outsourcing in the western world can be seen as a phase of ‘domestic sector outsourcing’ (or simply ‘outsourcing’), as the work processes/employments are shifted only within the boundaries of a particular country.

Subsequently, by mid 1990s, the outsourcing options in the west entered into its second phase, ‘off-shoring’, with a noticeable growth in cross-border shifting of work processes to still cheaper labour destinations in Global South (e.g. India, Philippines). A number of conditions/factors in the job-receiving countries facilitated such a massive cross-border expansion of production systems. These include: new possibilities offered by the advancements in information and communication technology; advantageous time-zone, availability of a vast pool of cheap and skilled labours and so on.

Accordingly, since mid 1990s, there has been a discernible boom in new generation occupations in India, especially in the Information Technology and Information Technology Enabled Services/ Business Process Outsourcing (IT-ITES/BPO) sector. Currently, India is a major player in global outsourcing Industry and the IT-ITES/BPO is one of the fastest growing sectors of Indian economy. As per estimates of National Association of Software and Services Companies (NASSCOM), the most prominent trade association of Information Technology (IT) and Business Process Outsourcing (BPO) industry in India, the share of the sector in GDP has risen up from 1.2 per cent in 1998 to about 7.5 per cent in 2012. The Economic Survey, 2013-14 reports that India accounts for more than 55 per cent of the total global sourcing market (excluding engineering services and R&D), in 2013, as compared to 52 per cent in 2012. As per the Survey, during 2013-14, IT-Business Process Management (BPM) sector (excluding hardware) is estimated to have grown by 10.3 per cent to USD 105 billion.

The growth of IT-ITES/BPO sector in India can be broadly divided into two phases. In the first phase (since mid 1990s to around 2005), the employment was primarily generated in the international segment of the sector. During this phase, the employees were predominantly engaged in internationally outsourced business processes. Following this phase, in the most recent years (from 2005 onwards), there is a steady expansion of IT-ITES-BPO employment within the domestic economy. By 2009, the employment generated in the domestic sector was about 4, 50,000 (Remesh, 2009) and the overall growth trends suggest that these in-house employment
opportunities are steadily on the rise. As per NASSCOM’s estimates, the domestic IT-BPO market was growing at an impressive rate of 20.7 per cent in 2012.

**Conceptualising Call Centre Work**

The most important and visible segment of India’s IT-ITES/BPO sector is Call Centres, though the sector also includes a range of other works/occupations such as: hardware and software development, medical transcription, word processing and desktop printing, legal and financial process outsourcing, back office operations, design and graphics development and so on. The prominence of call centres is not only in terms of contribution towards GDP, but also in terms of higher proportion of employment provided by these firms.

Globally as well as in India, majority of the call centres and the workforces in these firms are engaged in voice-based work. However, it is wrong to assume that all the call centres are necessarily dealing with only voice-based work. There are also non-voice-based call centres, which primarily bank on internet-based interactions (and/or email communications).

As the name suggests, the major work carried out in call centres involves handling of out-bound and inbound phone-calls, as part of telesales/marketing and customer care/contact operations. Apart from this, some call centers also deal with processes that involve back office services (e.g. billing, salary) and other client support (e.g. data compilation). Globally as well as in India, majority of the call centres and the workforces in these firms are engaged in voice-based work. However, it is wrong to assume that all the call centres are necessarily dealing with only voice-based work. There are also non-voice based call centres, which primarily bank on internet-based interactions (and/or email communications).

The distinction between international and domestic call centres are not only in terms of the linguistic variation of the firms but also on many other counts. For instance, a number of empirical studies suggest that the workers in the transnational call centres are relatively well educated and financially well off compared to their counterparts in the domestic segment. While most of the workers in the former category belong to urban creamy layer (socio-economically well off segments) with sound educational backgrounds, a good proportion of workers in domestic call centres are from rural areas and those from urban areas are mostly from financially/socially weaker backgrounds. The educational and skill levels of these workers are also relatively lower. Given such drastic contrast between the nature of work and profile of workers between international and domestic call centres, it is reasonable to discuss the work and employment-insecurities in these segments separately.

On the basis of the clientele base, the call centers in India can be divided into two: captive and non-captive (or third-party) call centres. While the captive centres cater solely to the work requirements of a single client, the latter set of firms caters to multiple clients. In India, while almost all the pioneering call centres were captive in nature, currently, majority of these firms are into third-party operations. The work and work teams are normally organised process-wise and accordingly multiple processes (and teams of heterogeneous nature) can co-exist in a single call centre (which is especially true with the third-party centres).

It is also important to note that call centres are not homogenous entities. There exist considerable variations among call centres in terms of: size of the firm, nature and processes involved, timing of work, compensation packages, physical work conditions, clientele, customers and socio-economic profile of workers.

**Two Segments: International and Domestic Call Centres**

As in the case of overall IT-ITES/BPO sector, the entry and spread of call centres in India happened in two phases. The first phase, which started and picked up momentum since mid-1990s, was predominantly characterised by the advent and spread of ’transnational call centres’. During this phase, almost all call centre activities in India were part of the internationally outsourced service sector work, where the medium of communication (be it voice-based or non-voice-based) was predominantly English. But, in the subsequent and present phase, which started around the middle of the first decade of 21st century, there has been a visible growth and spread of ’domestic call centres’, where the employees primarily cater to customers from within the country. The medium of communication in these centres varies, as per requirements of the local customers. Accordingly, English, Hindi or regional languages are used in varying degrees and combinations.
Insecure Employment and Labour in International Call Centres

Most of the pioneering studies carried out during the initial phase of spread and growth of call centres in India looked at the weak base of employment in the sector (Remesh, 2004; Tailor and Bain, 2005, Upadhya and Vasavi, 2006). Detailed analysis provided by these studies establish that despite having relatively higher salaries and dazzling work environment (compared to other sectors of the domestic economy), the sector is marked by lower security of employment, adverse impacts of flexible employment practices, inappropriate social security measures, rigid work organisation with stringent control mechanisms, dismal scope for career/skill improvement, near absence of worker collectivity, weaker social dialogue mechanisms and so on.

The resultant excessive use of Tayloristic norms in ‘new economy’ had led to intensification of work so much so that the workers are even reduced to ‘cyber coolies’ (Remesh, 2004). Further, due to unearthly hours, odd time tables and unusual norms (e.g. ‘locational masking’ - where the employees have to assume pseudonyms) followed in an excessively client-oriented sector, the employees often found themselves in ‘socially excluding’ and ‘demeaning situations’.

It is widely understood that adherence to the demanding frame of global production chains and its underlying logic of cost-cutting prompted the firms in the sector to follow rigorous efforts towards rationalisation of work and workforce, through observance of rigid systems of work organisation, monitoring and control (Taylor and Bain, 2005). The resultant excessive use of Tayloristic norms in ‘new economy’ had led to intensification of work so much so that the workers are even reduced to ‘cyber coolies’ (Remesh, 2004). Further, due to unearthly hours, odd time tables and unusual norms (e.g. ‘locational masking’ - where the employees have to assume pseudonyms) followed in an excessively client-oriented sector, the employees often found themselves in ‘socially excluding’ and ‘demeaning situations’.

Intensified Insecurities in Domestic Call Centres

The quality of employment in the sector has deteriorated further in the second (and current) phase of ‘outsourcing revolution’ in India, where employment catering to domestic sector firms flourished considerably.

Unlike the international call centres, many of the firms in the domestic segment are working with minimal infrastructure, blatantly low-end technologies and poor facilities at workplace. With congested workspaces and conventional supervisory staff to monitor the work efforts, such centres often resemble the usual sweatshops in the informal sector, where the employees are subject to tight controls, prolonged hours of work and dictatorial management practices.

Unlike the international call centres, many of the firms in the domestic segment are working with minimal infrastructure, blatantly low-end technologies and poor facilities at workplace. With congested workspaces and conventional supervisory staff to monitor the work efforts, such centres are distinctly different from their international counterparts in terms of profile of workforce, organisation of work, terms of work, work relations and so on. Despite the striking changes in the working time and changed requirements of customers, the work in domestic sector exhibits acute insecurity of job and unimpressive working conditions. These occupations are characterised by inferior salary packages, unimpressive terms of work, low level requirements of skill and rigid control systems.

On the whole, during the first phase of advent of call centres in India (say since mid-1990s to 2005), the central focus of research on quality of employment was on understanding of the inherent and implicit dangers of globally outsourced work options. Accordingly, it was shown that these new generation occupations are visibly marked by inherent insecurities, vulnerabilities and ‘decent work’ deficits.
Centres often resemble the usual sweatshops in the informal sector, where the employees are subject to tight controls, prolonged hours of work and dictatorial management practices. The massive exploitation in these centres knows no bounds, especially due to the near absence of worker collectivity in these firms. With little scope for skill upgradation, the works remain as ‘low end’, with considerable levels of employment-insecurities. Yet another striking aspect is the abysmally lower levels of social security and labour welfare measures.

The findings of yet another study (Tailor et al., 2013) also reaffirms these findings, thereby suggesting that the quality of employment in the domestic sector of IT and ITES-BPO sector is unattractive compared to the international segment of the sector.

Concluding Remarks

From the foregoing discussion, it is evident that though the employment in call centres appears to be formal (on account of features such as organised workplaces, compliance to regulatory frameworks, relatively firm terms and conditions at work and so on), there are several other traits that make the work in these centres more akin to that in the informal sector. Addressing and remedying these aspects of job-insecurities are, thus, crucial while designing and introducing programmes, policies and legal/regulatory measures to strengthen the ‘health’ of employment and welfare of employees in the call centres. The discussion in the paper also suggests the need for systematically analysing and understanding the inherent insecurities of several other non-standard/atypical occupations in the information economy.

Readings


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India needs to do much more for individuals to be able to access education. Education and skill would have a major role in reducing the share of informal workers that India has today.

The initial expectation that the informal economy would wane away as an economy progresses, leading to a gradual and normal advancement of the formal economy is not seen as a possibility under the prevailing conditions (Sinha and Adam (2000, 2006), Unni (2001), Harriss-White (2003), Jhabwala (2003) and Harriss-White and Sinha (2007)). On the other hand, with more modernization and globalization, informality seems to be even spreading. That is happening both in a situation when the formal segment of the economy is narrowing (as in the cases of Sub-Saharan Africa) and also where it is expanding (as in the case of the newly industrialized countries of Asia and Latin America).

In case of the former situation, more individuals are pushed into informal activities as the formal work availability dries up, and in the latter situation, the direct and indirect demand generated from the formal sector from the ancillary industries, draws more individuals into the informal sector (Lubell, 1991).

The view of the informal economy as an underground economy, detrimental to healthy growth in an economy, persisted in the earlier discussions. Such views changed with de Soto’s study on the informal sector “The Other Path” (de Soto, 1989). De Soto’s book on Peru opened up discussions about informal sectors in developing countries elsewhere.

Hussmanns (2004), in turn, defined employment in the informal sector as including all jobs in the informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main job. Illegal activities, however, are not part of the informal sector definition. In a paper, Hugon (1990), characterized the informal sector as a production process that uses technology which is not capital intensive, produces different kinds of goods and accesses different kinds of markets.

The broader concept of informal economy as a composite of production, and workers has been recognized and defined in QEH Report (1999, 2000) in contrast to earlier studies, which identified only production units. Over time, the definition has evolved from the level of economic units towards the level of workers. The ‘informal economy’ captures employment relations as well as enterprise relations. The term “informal employment” as used by the ILO Task Force (2002) defines employment which has no

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secure contracts, worker benefits or social protection. So, the major component of such employment is (a) self-employment in informal economy and (b) paid employment in informal occupations. The latter could also be in the formal sector. Thus, it includes casualised and precarious work within the formal economy. During recent decades, increasingly heterogeneity of the informality phenomena have emerged. Over the time, the definition has evolved from the level of economic units towards the level of workers.

In developing countries like India, a smaller capital intensive formal production sector exists (e.g., in India, the coverage of enterprises under the Annual Survey of Industries is very low). However, firms also hire workers under different work conditions to reduce risk of fluctuating market demand situations. These firms hire formal workers as well as informal workers. Hence, such firms are in a position to provide superior labour conditions and relatively higher wages to formal workers. The economy also generates large informal sector which uses relatively lower skilled labour that entails low earnings and productivity. Moreover, within this large informal sector, there is a considerable variety of workers. But why is there such diversity in the informal work? Are there different kinds of informal workers; some who are voluntarily informal and others who end up in this sector because they do not have any alternative form of employment? Is labour informality a choice or the result of labour market segmentation?

In an economy that has dualism in labour (formal vs. informal) market, there can be important spillover effects of one market on the other. As wage rigidity exists in the formal labour market, unemployment would exist. If the current wage is above the incumbent’s marginal product, the firm will not hire anymore, because that worker’s wage would exceed the additional production from having her there. In reality, jobless workers then find no openings at the going wage rate and would attempt to join the ‘unregulated’ market at lower wages. Recent literature has also recognized the possibility of choice of informality for workers, who prefer to remain as informal because, given their specific characteristics, they anticipate better income than they would get if they join the formal sector. On the other hand, there are the workers who again because of their characteristics based on their skills, education, etc., would be forced to join the informal sector or economy. The former types of workers could be termed as “upper” tier or “voluntary” and the latter category as “lower” tier or “involuntary” entry of informal employees or firms (Fields, 1990 and 2005; Cunningham and Maloney, 2001; Maloney, 2004). We need to keep in perspective though that there is vast heterogeneity within the informal economy and most of the above studies assume homogeneity of the informal economy, which is a serious limitation.

**Heterogeneity of Indian Informal Workers**

In India as in other developing countries, the restructuring of the global economy together with wide ranging economic policy reforms are swelling the size of the informal economy. It is well recognized that a large section of the Indian work force is involved in informal activities/processes. The third report of the National Commission for Enterprises in the Unorganized Sector (NCEUS) submitted in 2007 has estimated the total number of unorganized/informal workers to be 423 million (92.6 per cent) for January 2005, out of which 395 million (93 per cent) are in unorganized sector and the remaining 28 million (7 per cent) are in the organized sector. And such workers remain outside any social benefit and even minimum wage coverage.

The issue of appropriate policy to provide basic protection to informal workers as social security measures has already been examined in the recent report entitled “Report on Social Security for Unorganized Workers” by NCEUS (2006). Informal activities that generally take place in make-shift sites with low fixed costs have been integrated into global production. On the contrary, there is concern that the informal economy is to be a permanent feature of the growth process in developing countries, such as India. India, as other developing countries, has firms which can be termed as informal, which mostly have low capital intensity and hence lower productivity (these are the officially termed unregistered enterprises in India). As a result of the NCEUS’s recommendation, the Govt. of India had enacted the Unorganized Workers’ Social Security Act in 2008.

In this paper, we examine the actual access of social security by informal workers. To cull out informal workers using NSSO survey data, we specifically define informal workers in Table 1.

What we note from the description in the Table is that the all the workers who have identified themselves as having regular employment to the NSSO surveyors and recorded as such in the NSSO dataset are not always

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**Table 1. Defining Informal Workers by Type of Work**

<table>
<thead>
<tr>
<th>OAW</th>
<th>Employer</th>
<th>Worked as helper in HH</th>
<th>Worked as regular employee</th>
<th>worked as casual labour in public works</th>
<th>worked as casual labour in other types of work</th>
<th>Total Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal</td>
<td>Formal</td>
<td>Informal</td>
<td>Informal</td>
<td>Formal</td>
<td>Informal</td>
<td>Informal</td>
</tr>
</tbody>
</table>

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A part of these workers can be ‘informal’. Moreover, a section of employers are also ‘informal’. We describe below our method in distinguishing these variations.

We have divided Regular Employee into two parts.

**Informal**: Employees not eligible for any social security benefit like PF/Pension, GPF, CPF, PPF etc.

**Formal**: Employees eligible for any of the social security benefit. Also, we have divided Employer into two parts:

**Informal**: a) If the number of workers in the enterprise is less than 10 and; b) If the information about number of workers is not known.

**Formal**: If the number of workers in the enterprise is more than nine.

But as we examine the coverage of workers under various types of social security, we find that the coverage of social security is only 40 per cent even in case of workers who can be defined as formal workers, and as high as 87 per cent in recent years in case of informal workers (Fig.1).

The data depicted in the figure reiterate the accepted fact that the informal workers are very closely linked to poverty. In India, the concerns about the informal workers also encompass the access of such workers to any social security. It is interesting to note that even 39 per cent of formal workers do not get social security, which shows the hidden informal characteristics in such apparent formal work.

Once we have defined the informal workers, we then distribute all the workers of the Indian economy by the nine sectors as given in Table 2. We use the NSSO unit level data for this analysis. The NSSO 66th and 68th Rounds are mainly used for the worker information as well other characteristics of workers from the Employment and Unemployment Surveys. We use the above classifications to first distribute the workers by sectors using unit level data from the NSSO Rounds for getting the sector wise information. We have decided on these sectors given their importance in hiring informal workers vis a vis formal workers.

There is a tendency of some sectors to hire more of informal workers compared to others industries. Most importantly, the agriculture sector in India is largely informal. To have a detailed structure of informal and formal worker distribution by nine major industry sectors in India, we have the following nine sectors. These are also the major sectors of the Indian economy and also show clearly the intensity of informal workers is quite distinct for these sectors. The informal aspect of the study demands looking at the informal employment numbers and shares in these sectors.

The Table-2 shows that the highest share of informal workers at the aggregate level (99.95 per cent) is in the “Agriculture” sector. The marginal percentage shares who are formal workers in this sector are the ones who are involved in the plantation component of the Agriculture sector. The second highest share of informal workers is in the Construction sector (97.58 per cent). The Readymade Garment sector is also a sector that hires very high percentage of informal workers (87.88 per cent). Given that we have securitised the characteristic of the regular workers as well, we find that the share of informal workers in Public Administration is also not negligible being 33.77 per cent. Moreover, the service sector is expanding in the Indian economy, but as much as 86.04 per cent of workers in this sector are also informal. We find that of the total work force of the economy, as high as 92.13 per cent are informal workers. However, we also examine the data more carefully and try to see if the informal enterprises that we have considered.

We then reclassify the formal and informal enterprises and examine the variation of wage rates across such enterprises. Going beyond the official classification, we suggest that enterprises that hire 6 to 9 workers and use electricity is not purely informal, but doubtful informal. Similarly, we also suggest that in current conditions, if an enterprise hires more than 19 workers, it is not formal (here formal and informal w.r.t. to enterprises are what is officially defined as registered and unregistered firms). We take the minimum wages of Chandigarh as a proxy for this work. As we examine an index estimated by taking the ratio of the actual wages of the different categories of workers by the average proxy minimum wage, we find that the informal workers which we have categorized as ‘informal doubtful’, are always having a higher index than the official ‘informal workers’. This throws out the question whether certain firms are actually operating at the margin by choice. These enterprises have remained in the informal sphere by just hiring a few less workers than the ten workers that would have
mandated the enterprises to register under ASI. So such enterprises thereby could be exploiting workers by giving them wages lower than those in the formal sector. The workers who are classified as informal doubtful are themselves informal workers and get less than minimum wages, but they are working in enterprises which can easily be upgraded to form an enterprise with the right incentive.

**Education and Informality**

We present in Fig 2 some evidence on the characterises of formal and informal workers in general, with respect to their level of education. The level of education as shown in Fig 2 also reflects the differences of the informal workers due to access to education. This clearly reflects the fact that India needs to do much more for individuals to be able to access education. Education and skill would have a major role in reducing the share of informal workers that India has today. Though it is widely known, enough is not done in this area. This has huge implication also on the growth of the economy, as India would be eroding her human capital in case steps are not taken at a war footing.

The workers who have lower education as shown in the Figure 2 are liable to have lower wages. The Tables 2&3 show that the share of various types of informal worker as compared to formal wages is lower in every industry sector.

**Concluding Remarks**

There is a new perception in understanding the informal economy and the earlier notion of the informal economy as an underground economy or illegal sector that is detrimental to healthy growth in an economy, squeezing resources from the formal and legal activities, persisted in the earlier discussions. Also, country specific understanding of the informal economy is critical. In this paper, we have examined the heterogeneity of the informal workers and also have delved into the issue of the choice of enterprises to remain informal. We

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**Table 2. Informal and Formal Workers by Various Major Industry Sectors**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Informal</th>
<th>Formal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>99.95</td>
<td>0.05</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Mining &amp; Quarrying</td>
<td>70.10</td>
<td>29.90</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Agro processing</td>
<td>77.10</td>
<td>22.90</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Other Manufacturing</td>
<td>76.88</td>
<td>23.12</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>Readymade Garments</td>
<td>87.88</td>
<td>12.12</td>
<td>100</td>
</tr>
<tr>
<td>6</td>
<td>Capital Goods</td>
<td>26.16</td>
<td>73.84</td>
<td>100</td>
</tr>
<tr>
<td>7</td>
<td>Construction</td>
<td>97.58</td>
<td>2.42</td>
<td>100</td>
</tr>
<tr>
<td>8</td>
<td>Other Services</td>
<td>86.04</td>
<td>13.96</td>
<td>100</td>
</tr>
<tr>
<td>9</td>
<td>Public Administration</td>
<td>33.77</td>
<td>66.23</td>
<td>100</td>
</tr>
<tr>
<td>10</td>
<td>Grand Total</td>
<td>92.13</td>
<td>7.87</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Analysis of unit level data (NSSO 68th round) 2011-12

**Table 3. Industry-wise Wages by Informal and Formal Workers**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Average Daily Wage of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Informal Worker</td>
</tr>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>122</td>
</tr>
<tr>
<td>2</td>
<td>Mining &amp; Quarrying</td>
<td>204</td>
</tr>
<tr>
<td>3</td>
<td>Agro processing</td>
<td>166</td>
</tr>
<tr>
<td>4</td>
<td>Other Manufacturing</td>
<td>176</td>
</tr>
<tr>
<td>5</td>
<td>Readymade Garments</td>
<td>147</td>
</tr>
<tr>
<td>6</td>
<td>Capital Goods</td>
<td>249</td>
</tr>
<tr>
<td>7</td>
<td>Construction</td>
<td>185</td>
</tr>
<tr>
<td>8</td>
<td>Other Services</td>
<td>261</td>
</tr>
<tr>
<td>9</td>
<td>Public Administration</td>
<td>559</td>
</tr>
</tbody>
</table>

**Fig. 2. Level of General Education by Formal and Informal Workers**

Source: NSSO 66th round 2009-10
have examined at a national level the wage gap between the formal and informal workers across various industrial sectors. Studies have shown that globalization and trade reforms leads to competition by the formal sector and these induce a reduction in formal employment. As a result, the informal sector has been providing occupation to the new unemployed as well as the generic informal workers.

We find that certain sectors have a tendency to hire more informal workers than others. The study also finds that informal workers have low access to social security. Moreover, the informal workers also have lower education. However, the informal workers themselves have wage differentials. On the one hand, there are lower-paid pure ‘informal’ workers that work in purely ‘informal enterprises’ and they are particularly disadvantaged with respect to formal workers, not only in terms of characteristics but also in terms of wages that they receive. Such workers are kept out of the formal labour market and for them informal work is seen as the only form of employment. On the other hand, there is a higher-paid informal segment that represents a competitive part with lower wage gap between the two sectors. The paper also highlights the fact that India needs to do much more for individuals to be able to access education. Education and skill would have a major role in reducing the share of informal workers that India has today.

Readings


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DO YOU KNOW?

Forensic Auditing

Forensic auditing refers to the auditing with the main aim to employ accounting techniques and methods to gather evidence to investigate the crimes on financial front such as theft, fraud etc. For this reason, Forensic auditing can sometimes also be called as Forensic Accounting. Forensic audits may be carried out either to determine if any wrong doing or embezzlement occurred, or to gather evidence for some case against an alleged criminal suspect. This work usually involves a thorough investigation of the financial transactions of a firm or any entity particularly relating to if there is any suspicion of some fraudulent activity. This investigation involves a planning stage in which the evidence and other information is collected through auditing techniques like for how long the alleged fraud had been taking place, the way it was carried out and veiled. This stage is followed by a review process and finally reported to the client. All this is done to determine whether the fraud has actually taken place, if yes then who are involved and establish the amount of monetary loss the client has suffered. The details are then presented to the clients and eventually to the court by the certified forensic auditors who are trained to present their findings for legal proceedings in court related to fraud, embezzlement, or disputes pertaining to financial matters. These trained auditing experts examine the individual or company’s financial records as an investigative tool to collect suitable evidence that can be highly useful for litigation.

In India under section 177 of the Companies Act, 2013, the audit committee has the authority to investigate and the power to obtain professional advice from external sources and has complete access to information in the records of companies. The Act also says that the central government shall, by notification, establish an office to be called the Serious Fraud Investigation Office (SFIO) to investigate frauds relating to a company, that is to be headed by a director and consist of experts from the fields like banking, taxation and forensic audit. It is noteworthy that India has been the fastest growing country for the forensic auditing firm KPMG for its forensic auditing practice with its Indian division having 691 people. It conducted 1220 enquiries in India in 2013 compared with 77 in 2010-11.

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Swachh Bharat - Challenges & Way Forward

“Sanitation is more important than independence”.

Mahatma Gandhi

The Swachh Bharat Abhiyan (SBA) plans to make India Open Defecation Free (ODF) India by 2019 through construction of individual, cluster and community toilets, villages will be kept clean, with solid and liquid waste management through Gram Panchayats. Water pipelines have to be laid to all villages enabling tap connection into households on demand by 2019. This is to be achieved through co-operation and convergence of all Ministries, Central and State schemes, CSR and bilateral/multilateral assistance as well as new and innovative ways of funding such interventions. India is home to 1.21 billion people, about one-sixth of the world’s population. The rural sanitation coverage in the country was as low as 1 per cent at the beginning of the 1980s. According to the Census 2011, about 72.2 per cent of the Indian population in 16.78 crore households stay in around 638,000 villages. Out of this, only 5.48 crore households (32.7 per cent) had access to toilets which means that 67.3 per cent of the rural households in the country still did not have access to sanitation facilities. Later, as per the Baseline Survey, 2012-2013, carried out by the Ministry of Drinking Water & Sanitation through the States, 40.35 per cent of rural households have been found to have access to toilets.

Challenges

About 590 million persons in rural areas defecate in the open. The mindset of a major portion of the population habituated to open defecation needs to be changed. Many of them already have a toilet but prefer to defecate in the open. The biggest challenge, therefore, is triggering behaviour change in vast section of rural population regarding need to use toilets. Other issues like problems of convergence between MNREGA and NBA (Nirmal Bharat Abhiyan), need for availability of water for use of toilets, how to deal with toilets already constructed which have become defunct/dysfunctional, inadequate dedicated staff at the field level for implementation of rural sanitation, have also to be dealt with.

Way Forward

Changing mindset is very important. Since most of the IEC (Information, Education & Communication) funds are with States, the State Govts will have to focus on Inter Personal Communication (IPC) through students, ASHA workers, Anganwadi workers, doctors, teachers, Block Coordinators etc., including house to house visits. Also, distribution of information through short film CDs, use of TV, Radio, Digital Cinema, pamphlets will be carried out. Local and National Sports/ Cinema icons are required to be engaged by States to prepare AV messages to spread the message of safe sanitation practices to change mindsets. Conjoint approach through District Level conjoint DPRs (Detailed Project Reports) for piped water supply and Household latrines will be done through bottoms-up planning to include both water and sanitation simultaneously, for approval by the State Level Scheme Sanctioning Committees (SLSSC). Such toilets can also be re-constructed, as also non-entitled APL toilets through microfinance and under priority sector lending window of banks. Strengthening of administrative infrastructure at state level is proposed through merging of drinking water supply and sanitation departments to avoid the unnecessary duplication and confusion at present. Block Coordinators and Swachchata Doots are being now engaged on contractual basis. Inter Personal Communication through NGOs, SHGs, school children, local women’s groups etc for dissemination of information and for motivation of the people would also be explored. A SPV (Special Purpose Vehicle) is proposed to be set up within the Mission as a Company under the Companies Act. It will source out Govt. and non-Govt funds, including CSR funds and interalia also implement CSR projects. It will also act as a specialised PMC for water and sanitation jobs entrusted to it by the Centre and States. Also, it will process PPP cases having revenue streams, say community toilets, community water treatment plants etc. The PMC (Project Management Consultant) would also take on jobs if required by States for preparation of district DPRs, for water and sanitation and for multi-village pipeline projects covering several districts and will also undertake IEC/IPC activities as a PMC on payment basis by Centre/States.

In the Baseline Survey 2013, States have reported that the following sanitation services shall be required to be provided in the country.

<table>
<thead>
<tr>
<th>No.</th>
<th>Component</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Households in India</td>
<td>17.13 crore</td>
</tr>
<tr>
<td>2</td>
<td>IHHL</td>
<td>11.11 crore (Out of which only 8,84,39,786 fall under the eligible* category)</td>
</tr>
<tr>
<td>3</td>
<td>School Toilets</td>
<td>56,928</td>
</tr>
<tr>
<td>4</td>
<td>Anganwadi toilets</td>
<td>1,07,695</td>
</tr>
<tr>
<td>5</td>
<td>Community Sanitary Complexes</td>
<td>1,14,315</td>
</tr>
</tbody>
</table>

HHs Left for Coverage

<table>
<thead>
<tr>
<th>Total HHs shown as requiring toilets in Baseline Survey</th>
<th>11.11 cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>(-) Non entitled APL</td>
<td>0.88 cr</td>
</tr>
<tr>
<td>(-) Defunct</td>
<td>1.39 cr</td>
</tr>
<tr>
<td>* Net Eligible BPLs and Eligible APLs</td>
<td>8.84 cr</td>
</tr>
</tbody>
</table>
Thus, under the Swachh Bharat/NBA Yojana, **8.84 crore HHs** have to be covered with individual toilets in next 5 years till 2019 @ 177 lakhs per year through incentives. The present growth in number of toilets is 3 per cent of the households which will be tripled to 10 per cent to achieve Swachh Bharat by 2019. From present construction of 14,000 toilets daily, this Action Plan proposes to increase the construction to 48,000 toilets daily. A further 2.27 crore toilets (falling in non-entitled APL plus defunct toilet categories) are to be covered by persuasion, peer pressure plus using trigger mechanism, Information, Education and Communication (IEC) and Inter Personal Communication (IPC) methods, as also with help of NABARD/SIDBI who could arrange loans, microfinance and priority sector lending to construct these toilets. There is a Jan Bhagidari contribution of Rs. 900 per beneficiary, which will continue. The beneficiary can always contribute more than this to obtain a superior toilet.

**Delivery Mechanism**

To strengthen the Delivery mechanism in sanitation in rural areas the following would be carried out:

- There shall be an MoU with States, on water and sanitation in which states will commit to a Swachh Bharat by 2019, as also to creating by 2015 an unified structure at State level for implementation of both water and sanitation, with interchangeability of funds between water and sanitation. Releases to States with ‘Just in time’ concept be adopted by Centre to avoid extra cost of funds to GOI. Funds to be released on projectised basis, on basis of FR (Field Report)/DPR of a district as a whole both for Water and Sanitation. At the Central level an SPV, (to be set up) acting as a PMC will route CSR funds and also do PPP projects e.g. Community toilets, Water purification etc. The SPV will also effectively carry out IEC/IPC activities. Enable a system of small loans through agencies like NABARD, SIDBI (or Banks through priority sector lending without co-lateral) to those households for the construction of toilets which are either not eligible for incentives or need funds to construct better toilets may be with bathing space. Developing a Block Level cadre of Sanitation Coordinators who shall be the main support to GPs in disseminating information and strengthening capacity in sanitation activities. Identifying a Swachhata Doot for each GP (Gram Panchayat) in the country, equipping him with skills on sanitation and giving him Performance linked incentives. Intensive Monitoring at the HH (House Hold) level shall be taken up through the MIS of the Ministry. Besides senior officers of Centre and State should directly talk to the Sarpanches to get feedback. Annual Sanitation Survey will be taken up with focus on capturing data on actual usage of built toilets.

The Nirmal Gram Puraskar will be discontinued and a Swachh Bharat Puraskar launched with widened focus of awarding PRIs (Panchayati Raj Institutions-GPs, BPs (Block Panchayat) and ZPs) and also to Institutions, Individuals, officials, best practices, NGOs etc.

**Convergence**

Convergences will be explored with MNREGA, IAY for construction of IHHLs, with BRGF for construction of CSCs and with MHRD and MWCD programmes for school and Anganwadi toilet construction. With NRDWP to ensure simultaneous Water Supply for IHHLs, Schools and Anganwadi Toilets and Community Sanitary Complexes (CSCs). (Interchangeability of funds and functionaries in the two sectors will be implemented if need be) With MoPR through the Rajiv Gandhi Panchayat Shashaktikaran Yojana to prioritize sanitation in their project activities, which would be high priority for the GP. Tapping MPLADS/MLALADS funds for Gap Funding for construction of sanitary facilities especially in Schools, Anganwadis and for CSCs and SLWM (Solid & Liquid Waste Management) projects as well as for water supply schemes Increase convergence with CSR funds from Central PSUs as well as other Companies. Further, the State Water and Sanitation Mission (SWSM) at the State level and DWSSM at district level will be encouraged to tap CSR funds Convergence with M/o WCD for creation of Integrated Women's Sanitation Complexes & providing toilets and drinking water facilities in all Anganwadis.

Community Led Total Sanitation (CLTS) – Community-led Total Sanitation (CLTS) is an innovative methodology for mobilising communities to completely eliminate open defecation (OD). Communities are facilitated to conduct their own appraisal and analysis of open defecation (OD) and take their own action to become open defecation free (ODF). At the heart of CLTS lies the recognition that merely providing toilets neither guarantee their use, nor result in improved sanitation and hygiene. CLTS focuses on the behavioural change needed to ensure real and sustainable improvements – investing in community mobilisation instead of hardware, and shifting the focus from toilet construction for individual households to the creation of “open defecation-free” villages. By raising awareness that as long as even a minority continues to defecate in the open everyone is at risk of disease, CLTS triggers the community’s desire for change, propels them into action and encourages innovation, mutual support and appropriate local solutions, thus leading to greater ownership and sustainability. This approach may not require Individual incentives, and would require greater discussion with States. However, some initial block grant could be considered for the Gram Panchayat, as also a Puraskar once the whole village becomes open defecation free.

(Source: Draft Note to State Governments)
The government has approved the Digital India programme which aims at connecting all gram panchayats by broadband internet, promote e-governance and transform India into a connected knowledge economy.

To be implemented at an estimated cost of Rs 113,000 crore in a phased manner by 2019, it would focus on three key areas: digital infrastructure to every citizen through digital identity, mobile phone and bank account and safe and secure cyber space; governance and services on demand in real-time on online and mobile platform and making financial transactions electronic and cashless and digital empowerment of citizens with all documents, certificates available on cloud.

Digital India envisages connecting 2.5 lakh villages by broadband and phones, reduce import of telecom goods to zero, wi-fi in 2.5 lakh schools, all universities, public wi-fi hotspots for citizens and creating 1.7 crore direct and 8.5 crore indirect jobs. Other points include training 1.7 crore citizens for IT, telecom and electronics jobs and delivering e-governance and e-services. It plans to make post offices multi-service centres, use of internet in healthcare system, including online medical consultation, issuing online medical records and online medicine supply and pan India exchange for patient information. Pilot projects will start in 2015 and all India implementation will be achieved by 2018. The implementation of the programme will be directly monitored by a panel headed by the Prime Minister.

Improving Mathematics, Language Skills

The HRD Ministry has launched a new scheme to improve mathematics and language skills of students across India. The “Padhe Bharat Badhe Bharat” scheme aims to inculcate early reading habits, writing and mathematical skills among school children. It will help improve numeracy and develop their reasoning ability. As part of the scheme, every year 500 hours will be devoted to improve language skills and 300 hours to mathematics. Rs 2,352.57 crore has been allocated to states and Union Territories during 2014-15 for quality enhancement programmes.

Anti-TB Resistance Survey Launched

The government has launched the biggest ever survey on anti-TB drug resistance recently. The “First National TB Drug Resistance Survey”, will enable officials to evolve a strategy to combat drug-resistant TB and provide a statistical representation of national estimate of the prevalence of anti-TB drug resistance among new and previously treated patients. The survey, which would be held in collaboration with WHO and USAID, will have the largest ever sample size of 5,214—covering 120 TB units in 24 states. The patients to be surveyed are both first time and retreatment cases. Their resistance levels against 13 anti-TB drugs would be observed – five of them first-line and eight second-line.

An email repository has also been planned for establishing connectivity between the government and all doctors in the country, with the objective of getting resistances to lower the disease burden. Government doctors as well as those in private practice would be covered by it. “The repository could be utilised to spread information on new medical knowledge to all doctors or the fruits of research by ICMR and other organisations. TB patients could benefit if the doctors treating them are told of effective treatment methods and protocol which they may not be aware of,” the Health Minister said.

India accounts for 99,000 of the global burden of 390,000 multi-drug resistant (MDR) TB cases annually, which is 25 per cent of the total burden. The mortality associated with this form of TB is higher than drug-susceptible TB. Now, an even bigger challenge has emerged called “Extensively Drug-Resistant TB” (XDR-TB). India has the highest multi-drug-resistant TB burden with an estimated 64,000 cases emerging annually.
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