

1 Introduction

Micro-research within a macro-framework

This book is about wage labour in the lower echelons of the non-agrarian economy of south Gujarat towards the end of the twentieth century.¹ I have been privileged to make a local level study of the process of economic diversification in this part of west India over a period of more than thirty years. The village research which I started in the early 1960s was dominated by changes that were taking place in the relationship between high caste landowners and low caste agricultural workers (Breman 1974). In my account of this fieldwork carried out more than thirty years ago I already mentioned the growing significance of the non-agrarian economy for employment of the local proletariat. Several visits thereafter showed that this trend accelerated during subsequent years. What was the destination of those workers who left or who were pushed out of agriculture?

Debates on the social transformation process that India has experienced since Independence in 1947 were at first dominated by the concept of an economic dualism between village and town which coincided with the distinction between agriculture and industry. While cultivation of the land had traditionally been the principal source of livelihood in rural areas, and even the sole source for most of the population, the economic dualism concept considered the urban environment to be the natural location for the country's new industries. The gradual conversion from an agrarian to an industrial society which was about to occur meant, in terms of labour, a transition from field to factory, a sectoral shift that could have no other result than a massive displacement of people.

The male factory hand was marked out as prototype of the modern

¹ The research reported has been sponsored by the Indo-Dutch Programme on Alternatives in Development (IDPAD). The fieldwork was carried out between 1987 and 1994 during short spells of leave granted by the University of Amsterdam and extended by academic holidays.

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

2 Introduction

worker. He exemplified the social progress that had been achieved and was expressed in the improvement of both the quality and dignity of labour.

He is no longer the unskilled coolie of the days gone by, engaged in an unending struggle to eke out his existence, neglected by society except for his labour, and with very limited aspirations. He has now a personality of his own. He shares the benefits, albeit meagre, which a welfare state with a vast population and inadequate resources can offer, and some more. He enjoys a measure of social security; he is secure in his employment once he enters it; he cannot be dismissed unjustly and has been given statutory protection against retrenchment and lay-off. (Report NCL 1969: 31–2)

Nevertheless, the transition from agrarian to industrial production was not as streamlined as this optimistic scenario suggests. This can be deduced from the fact that a sizeable category apparently became bogged down in the transitional process. These were the unorganized and unprotected workers regarding whom little was known, according to the Commission's report quoted above, and for whom even less was done to alleviate their miserable working conditions (434).

This was the predominant type of labour that I encountered during my urban research in south Gujarat a decade after completing my initial fieldwork in the region. It was in that period that the dualism discussion focused on the urban economy which became divided into a formal and an informal sector. It was frequently stated that the latter would act as an absorptive reservoir and a clearing house for the raw labour, undisciplined and untrained, coming from the countryside. After a period of adjustment, these migrant masses would qualify for employment in the gradually expanding formal sector of the economy. My scepticism regarding the analytical usefulness and predictive value of such opinions is voiced in the report on my findings in 1971–72 in the town of Valsad, the headquarters in the similarly-named district of south Gujarat (Breman 1977).

What has been the impact on the rural proletariat of the decreasing significance of agricultural employment such as has occurred during the last quarter-century in Gujarat? Since 1986–87 I have regularly returned to Chikhligam and Gandevigam with this question in mind. In these villages, the site of my initial fieldwork, my attention has again been mainly concentrated on the landless, the majority of whom belong to the tribal Halpati caste. The results of the survey that I held in their hamlets confirmed that agricultural labour is no longer the principal source of income for the majority of households. The changes that have taken place during the last two or three decades in local relations between landowners and landless are discussed in detail in a recent publication which I have

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

The informal sector reconsidered

3

devoted to continuity and change since my first visit to the two villages (Breman 1993b). The consequences of those changes for the pattern of employment, particularly the increased significance for people belonging to this rural underclass of work away from agriculture and the village, are not discussed in that book. The subject forms the basis of another and more comprehensive study, undertaken between 1986 and early 1994, on the circulation of the labour proletariat in the rural and urban economy of south Gujarat. Between 1978 and 1990 I devoted a number of pre-studies to the theme; these have been compiled into another recent publication (Breman 1994).

The informal sector reconsidered

In the early 1970s researchers and policy-makers gave an enthusiastic reception to the 'informal sector' concept which has since then lost little of its popularity. A sizeable literature continues to draw attention to the disparate, irregular and fluid labour system functioning in the lower ranks of the economy. Among the criticisms I expressed in earlier publications, three have been of significance for the planning and execution of the empirical research reported upon in the following chapters. Those reservations concern firstly the suggestion that the informal sector, also called the unorganized sector, is part of the urban economy; secondly, the lack of clarity concerning its size and dynamics; and finally, the assumption that self-employment is the principal mode of employment.

The direct and on-going emphasis in the debate on the urban milieu appears to stem from an earlier conceptualization of dualism, namely, the contrast made between countryside and town or city, and the identification of the rural economy with agriculture. In this line of thought, urban agglomerations are seen as the location of all other economic activities which are then divided into formal and informal sector employment. This type of interpretation has a number of drawbacks. For a start, why should the formal-informal distinction be restricted to urban labour? The concept loses some of its practical and policy relevance when it is not simultaneously applied to the rural economy, including agricultural employment (see e.g. Jaganathan 1987). An analysis which takes the totality of economic activities as its point of departure shows, as we shall see later, how small the portion of the working population it is that has gained a place in the formalized labour order. In the second place, it is not correct to assume that non-agrarian activities are principally or even entirely tied to urban locations. In the countryside, non-agricultural work has always occupied an important place in the employment pattern, and the percentage of the population

4 Introduction

Table 1.1. *All-India sectorial distribution of main workers, 1991*

	Organized Sector		Unorganized Sector		Total	
	Persons (in lakhs)	Percentage share	Persons (in lakhs)	Percentage share	Persons (in lakhs)	Percentage Share
Occupation:						
Agriculture and allied activities	15	5.6	1847	73.3	1862	68.8
Mining and manufacturing	98	36.5	257	10.2	355	13.5
Services	155	57.9	417	16.5	572	17.7
Total	268	100.0	2521	100.0	2789	100.0

Source: Centre for Monitoring Indian Economy, August 1993; see also Kulkarni 1993: 659.

who are thus involved, whether entirely or partially, has increased strongly in most parts of the country during the last few decades. Data concerning all rural households in India show that at the end of the 1980s, non-agrarian work of varying kinds had become the principal activity for one out of every four male workers and for one out of six female workers (Chadha 1993: 324–5). The rising trend which can be seen at the national level has grown even more rapidly in Gujarat. In 1987–88 a survey of the incomes of the inhabitants of thirty villages dispersed over ten sub-districts of Gujarat showed that ‘agrarian’ as an occupational classification nowadays applies to less than half of all households (45.7 per cent) (Basant 1993: 365–6). A similar shift in the pattern of employment during the last twenty years in the countryside of south Gujarat has formed the basis of the research whose results are reported upon in this study.

The earlier but now strongly increased diversification of the rural economy makes it impossible to ignore the occupational pattern inherent to it in considering the informal sector concept. The totality of activities covered by this label are found both in and outside the urban milieu. This brings me to emphasize that there is no logical reason why agriculture should be excluded when enumerating all the diverse occupations grouped under the ‘informal sector’ heading. Integration into a more comprehensive analytical framework of all economic activity provides a sector division which, insofar as the distinction between formal and informal is concerned, is shown in Table 1.1.

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

The informal sector reconsidered

5

Not more than 10 per cent of all workers in India appear to form part of the formal sector. This greatly distorted distribution is caused above all by the almost complete lack of formal working arrangements in agriculture. But even in industry and in the service sector, the other aggregated components of the economy, employment is predominantly on an informal basis.

In such calculations the problem immediately arises that formal and informal employment are not immediately comparable. The first type of employment is characterized by late entrance, partly due to formal education, and early retirement. Closely linked to this is the larger share of non-working dependants at the household level. The lower income usually earned from informal sector jobs makes it far more difficult for both very young and old-age members of rural households to ignore the need to contribute as much and as often as possible to family income. Such pressure does not alter the fact, however, that their involvement in the labour process is subjected to greater discontinuity. That lack of constancy is due primarily to considerable seasonal fluctuations, not so much in the supply as in the demand for labour power in the informal sector. Measured in other ways than terms of availability, that is to say the degree of potential rather than actual work performance, the comparison cannot but result in under-exposure of the significance of informal sector employment.

The point I am trying to make is that more than the persistence of the informal sector economy, the emergence of formal sector employment needs explanation. The latter process dates back to the late-colonial era mainly as the result of the introduction of a legal framework imposed on the labour regime in enclaves of modern industrial production and government administration. This trend continued, although slowly and partially, and was articulated by post-Independence state policies aimed at bringing the social organization of capital under control. The dualism in the labour market which arose should certainly not be interpreted as the schism between more and less modern or advanced economic segments. As Gordon already noticed at the very beginning of the debate 'the distinction between the two sectors is not so much technologically but historically determined' (Gordon 1972: 47).

Since the very beginning, available statistics have provided only a very weak basis for discussions over the informal sector concept. Initial calculations, which were concerned exclusively with the significance of informal sector employment in major urban agglomerations in Third World countries, ran from almost 30 to approximately 70 per cent of the total labour force. Such a wide variation says a great deal about the lack of analytical refinement. The higher percentages undoubtedly indicate a more realistic picture of social reality. In Surat, the largest city of south

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

6 Introduction

Table 1.2. *Percentage growth in organized and unorganized sector employment outside agriculture, all-India, 1973–1987*

	Organized Sector	Unorganized Sector
	%	%
Mining and quarrying	2.78	11.81
Manufacturing	1.44	4.57
Construction	0.37	9.73
Transport, storage and communication	1.70	10.34
Services incl. trade	2.77	4.13

Source: Naidu 1993: 26–7.

Gujarat with one-and-a-half million inhabitants in 1991, I estimate that roughly two-thirds of the working population belong to the informal sector. In the rural hinterland, where my fieldwork has been concentrated, employment in the formal sector is of almost negligible significance. As a result, I calculate that in the towns and countryside together of south Gujarat the ratio of informal to formal employment in the non-agrarian economy is almost 8:2, a division that accords with the situation reported for the country as a whole.

No shifts of any magnitude appear to have occurred in the recent past in the ratio between formal and informal sector labour. This is remarkable in view of the repeatedly expressed opinion that the informal sector is meant to function as waiting room for unskilled rural workers who manage to migrate to urban destinations. After a period of adjustment and skill formation, this first generation of workers would then somehow find their way upwards to the formal sector. The assumption that this superior sector of the labour system would gradually expand as an indicator of modernization has been proven much too optimistic. Between 1980 and 1989, the volume of industrial labour occupied in manufacturing, which is generally seen as spearheading the economic transformation process in India, increased little if at all in proportion to the growth of the working population in that period. Naidu has calculated that, between 1973 and 1987 in the country as a whole, employment in various non-agrarian branches of economy showed far greater growth in the informal sector. The figures given in Table 1.2 are derived from his comparative survey.

The stagnation of employment in the formal sector in general and in that of an industrial character in particular is not in doubt. On the basis of data compiled by government agencies, Papola has concluded:

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

The informal sector reconsidered

7

It is, indeed, a fact that employment growth in the organised manufacturing sector has been low; in fact, it was negative during 1980–81 to 1988–89 in the private organised sector of manufacturing industry. Overall growth of employment decelerated in all the sectors. It was only 1.77 per cent during 1983–88, as against over 2 per cent in the previous quinquennium (Planning Commission, 1990). But the deceleration was particularly sharp in the organised manufacturing; it was -0.09 per cent per annum during 1983–88 as against 2.07 per cent during 1978–1983. (Papola 1994: 11)

The large-scale capital-intensive industry to which this statement refers is still tied largely to urban locations. Nevertheless, industries operating at an advanced technological level and based on modern management practices have been set up in the countryside during the last dozen years or so. In south Gujarat these include agro-industries that process the yield of peasant production in surrounding villages. In this study, following up on earlier publications, I shall pay attention to the enormous labour input in modern agribusiness. One of its pertinent features is that the massive army of harvesters, hired each year by co-operative sugar factories for the duration of the campaign, remains strongly characterized by informal sector work conditions. The incipient introduction of formalized labour relations in the countryside, both in and out of agriculture, ricocheted on sabotage by employers and, subsequently, on the still half-hearted, reluctant willingness on the part of government to take a strong stand against such opposition. This lack of reasonable equilibrium in social power relations is a major reason why formal sector employment still retains a definitely urban accent. But even this statement needs to be amended in view of the stagnation or even destruction of formal labour arrangements in urban private enterprise. Naidu draws attention to the fact that, influenced by this trend, formal sector employment coincides more and more with employment in the public sector (Naidu 1993: 16).

The conclusion that up to four-fifths of all non-agrarian employment is carried out under conditions that are strongly determined by informal sector arrangements necessitates further breakdown and qualification of this concept. With such a preponderance it has become impossible to handle it as a homogeneous category. Far too many elements, which really require separate attention, have been brought together under one label. This differentiation demands further specification of this mode of employment.

Occupational censuses that record the working population in other economic sectors than agriculture also include categories which, without entering into a relationship of employment, live on the proceeds of the capital that they own or manage. This social class, which restricts itself to

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

8 Introduction

leasing-out land, houses or money, for example, is not covered by the distinction made between formal and informal labour regimes. This also applies to the far greater category of those who exist by having others work for them. As a consequence, those who provide employment, together with their agents, e.g. labour brokers, supervisors and foremen, are also excluded from the comparison. If these occupational categories, which I estimate to include 15 per cent of the total working population of south Gujarat, are left out of consideration, we then arrive at that part of the labour force which can be divided according to the nature of employment.

There is a tendency to define informal sector employment primarily in terms of self-employment. Hart considered this to be the most striking feature of the concept which he introduced. 'The distinction between formal and informal income opportunities is based essentially on that between wage-earning and self-employment' (Hart 1973: 86). This emphasis, which was made when the concept was introduced, continues unabated in the literature. To give but one example: in a recent analysis of informal sector politics Sanyal states, without further qualification or presenting empirical evidence, that the large majority of urban informal sector labour is self-employed (Sanyal 1991: 41). In the following chapters it will become obvious that an analysis in these terms is highly questionable. Correction does not alter the fact, however, that work for one's own account and at one's own risk is indeed a very common phenomenon in the urban and rural economy of south Gujarat. According to my fieldwork-based estimates, roughly one-fifth to one-sixth of all self-employment pertains to work carried out in a formal sector sphere. This applies, for example, to professionals in diverse independent occupations that demand a high level of training and/or the possession of a considerable amount of capital. In the bottom ranks of the privileged category I would include those intermediaries who, operating on the interface between formal and informal sector employment, bring employers and workers into contact with one another. At the other end of the self-employment spectrum is the far greater multitude, representing 25 to 30 per cent of south Gujarat's total working population, of street vendors, independent artisans and Jacks-of-all-trades who have to exist on their earnings from casual labour. Nevertheless, it is my opinion that what at first sight seems like self-employment and which also presents itself as such, often conceals sundry forms of wage labour. This impression, derived from my own research experience, is supported by various recent publications which draw attention to the rapid increase of casual wage labour accompanied by a simultaneous drop in the percentage of independent workers. Naidu

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

The informal sector reconsidered

9

Table 1.3. *Percentage distribution of rural households and persons in agricultural and non-agricultural activities by state and mode of employment, 1987–1988*

	Percentage of households engaged in				Percentage of persons engaged in			
	Agriculture		Non-agriculture		Agriculture		Non-agriculture	
	SE	WL	SE	WL	SE	WL	SE	WL
Andhra Pradesh	27.7	39.5	13.7	19.0	32.1	37.3	14.1	16.5
Assam	47.2	19.7	11.5	21.5	53.6	16.8	11.3	18.3
Bihar	34.7	36.1	12.1	16.5	39.8	32.0	12.9	15.3
Gujarat	30.0	34.3	7.9	27.8	34.8	32.3	8.1	24.8
Haryana	41.6	19.7	15.2	23.5	48.5	17.8	14.3	19.4
Himachal	64.9	4.8	8.7	21.6	68.1	4.4	8.8	18.7
Jammu-Kashmir	52.3	5.6	12.4	29.7	54.6	5.3	13.4	26.7
Karnataka	34.7	39.3	10.5	15.5	40.6	35.7	11.1	12.6
Kerala	23.8	30.1	15.5	30.6	23.9	30.3	16.4	29.4
Madhya Pradesh	49.4	31.4	8.6	10.6	54.8	28.0	8.5	8.7
Maharashtra	35.5	38.6	8.6	19.3	38.0	36.5	9.1	16.4
Orissa	32.4	35.2	14.1	18.3	38.0	31.9	14.5	15.6
Punjab	34.3	28.1	16.5	21.1	37.7	24.2	17.8	19.0
Rajasthan	45.2	12.7	12.9	29.2	48.9	11.3	13.8	26.0
Tamil Nadu	22.4	40.2	13.5	23.9	25.0	38.7	14.4	21.9
Uttar Pradesh	53.8	20.1	12.7	13.4	58.5	17.6	12.9	11.0
West Bengal	29.3	35.9	15.9	18.9	34.3	33.0	17.0	15.7
INDIA	37.7	30.0	12.3	19.3	42.0	27.8	12.8	16.6

SE=Self-employment, WL=Wage-labour

Source: Chadha 1993: 325.

summarizes this trend, which is apparent in both town and countryside, as follows:

NSS data clearly reveal the increase in the number of rural landless labour during the last one and half decades which means a fall in the proportion of self-employed, leading to an increase in the casualness of labour (due to lack of opportunities in organised employment). In urban areas also, the decline in traditional industries led to similar situation. (Naidu 1993: 16)

Table 1.3 shows that Gujarat is one of the states leading the way in this shift at the rural household level from self-employment to wage labour, both in and out of agriculture.

The fall in self-employment and the stagnation or even relative decline in formal working arrangements indicate the great and growing significance of wage dependency in informal sector employment. The excessive

Cambridge University Press

0521568242 - Footloose Labour: Working in India's Informal Economy

Jan Breman

Excerpt

[More information](#)

10 Introduction

Table 1.4. *Rural and urban working population outside agriculture in south Gujarat, based on the distinction formal–informal sector employment*

Occupational Distribution in	%
Formal and informal sector employers and non-employing capital owners	15
Formal sector self-employment	5
Formal sector employees	10
Informal sector self-employment	15–30
Informal sector labourers	40–45

Source: author's estimate based on fieldwork data and secondary sources.

vulnerability of this category in general and the progressive marginalization of women in particular is not adequately expressed in government statistics and other official censuses. The report on my empirical fieldwork in south Gujarat deals with this labour at the bottom of the urban and rural economies, which I estimate to amount to 40–45 per cent, i.e. the largest segment of the working population. A breakdown into occupations shows that the qualification 'informal sector employment' covers two-thirds to three-quarters of the working population outside agriculture. Within this voluminous sector is an equally skewed division between self-employed and wage labour, as Table 1.4 illustrates.

Casualization of the mass of workers at the bottom of the economy, to which various authors draw attention, is accompanied by increasing labour mobility. In ever growing numbers working-class people leave their homes in search of jobs elsewhere for a shorter or longer period. This time-bound exodus is by no means a new phenomenon. Migration to seasonal or semi-permanent worksites became a necessity for many small landholders and landless workers in the late-colonial period, i.e. during the first half of the twentieth century. The annual trek to the brick-kilns and saltpans at the outskirts of Bombay had already started then in the villages of my fieldwork in south Gujarat. After Independence, however, this type of mobility accelerated due to the huge expansion of the building trade in towns and cities all along India's west coast. A large proportion of this mobile labour army makes for nearby towns or more distant cities in the expectation that jobs are more easily accessible there, that employment is characterized by fewer fluctuations than in their own locale and, finally, that it is better paid. Gujarat is second to Maharashtra