

India

Labor Sociology Searching for a Direction

Sharit K. Bhowmik

Tata Institute of Social Sciences, Mumbai, India

This article explores the history of the labor movement in India and the parallel development of labor sociology. It assesses the influence of Western models of labor, stressing their weaknesses in diagnosing the peculiarity of the Indian situation. Because of these models, and also because of the narrow concerns of trade unions, until recently labor studies overlooked the overwhelming proportion of the work force—namely, the informal workers. Despite all the hype about business process outsourcing companies and call centers, it is this sector of the labor force that has increased most rapidly during the past 15 years since the beginning of market liberalization. Although sociological studies are catching up with the transformation of the labor force, there still remain very few contacts between scholars and labor unions or labor activists.

Keywords: *informal economy; sociology of labor; trade unions*

This article explores the development and underdevelopment of the sociology of labor in India. We will trace the origins of labor studies in India to its present status. In fact, the main question before those engaged in labor studies is whether its importance can be regained in an age of globalization and liberalization where labor itself has been marginalized? These are issues that are of particular importance to developing countries as the nature of the labor force is changing at such a rapid pace. In India, labor in the formal sector is shrinking, whereas informal employment is increasing rapidly. This has repercussions for the nature of the labor movement. Moreover, the main problem is the decreasing interest in research on labor studies, especially on labor in informal employment. We will attempt to explain these in the following sections. Before we begin our analysis, it is necessary to understand the labor force in India and the specific features of Indian society.

Nature of the Labor Force

India is the second largest country in the world, with a population of more than 1.2 billion. The 1991 Census showed that about 25% of the population resided in urban areas and the rest in rural areas. The labor force in the country was 317 million in 1991. Of this a mere 8.5% (27 million) were engaged in the formal sector, whereas 290 million were engaged in the informal sector (Davala, 1995). Women constituted one third of those engaged in the informal sector and one seventh of those employed in the formal sector (Davala, 1995). There were 75 million agricultural laborers and 110 million small and marginal farmers who also worked as labor (Dutt, 1997). Hence, about 185 million workers were engaged in the rural informal sector. The urban informal sector consisted of about 95 million workers.

The 1991 Census was conducted before the policy of liberalization was adopted. The census in India is conducted once in 10 years, and it gives the population on March 1 of that year. The Industrial Policy Statement of the government, which laid the foundations of economic liberalization, was adopted in July 1991. The later data provide a picture of the postliberalization effects. The more recent statistics on employment show that the informal sector has increased considerably in size. The report of the 55th Round of the National Sample Survey (1999-2000) shows that 397 million persons were employed in the informal sector. This figure increases to 458 million in the 61st Round (2004-2005). Employment in the formal sector has remained static at about 35 million during the same period. The informal sector constitutes 93% of the total workforce (National Commission on Enterprises in the Unorganised Sector, 2007). In short, since liberalization, although the formal sector has remained stagnant, the informal sector has mushroomed, especially in the rural areas. This transformation provides the backdrop against which the rest of this article is written.

Formal and Informal Employment

The distinction between the formal and informal sectors is crucial for understanding the employment relationship. Workers in the formal sector are engaged in factories and commercial and service establishments and are under the purview of legal regulation. About 70% of the workers in this sector are employed in government, quasi-government, and public sector enterprises. The private sector provides employment to only 29% of the labor in the formal sector (Government of India, 2005). Wages of formal

sector workers are substantially higher than those engaged in the urban informal sector. One study shows that the average wage of a formal sector worker is 4 or 5 times higher than the wages in the informal sector (Centre for Monitoring Indian Economy, 1989). Moreover, a range of labor laws, guaranteeing permanency of employment, health facilities, and provision for retirement benefits, protects their jobs.

Though, in principle, labor laws in India are expected to apply to all sections of industrial labor, there are built-in provisions in these laws that exclude large sections of the labor force. The most important law regulating work in industries is the Factories Act of 1948. All other laws such as the Employees State Insurance Act, the Workmen's Compensation Act, the Provident Fund and Family Pension Act, and the Payment of Gratuity Act apply only to establishments covered by the Factories Act. The Factories Act is applicable only to manufacturing units that employ a minimum of 10 workers and use electrical power in manufacturing or a minimum of 20 workers if the unit does not use electrical power. Hence, a large section of industrial workers employed in small industries do not have legal protection in their work. We can, thus, see that the composition of the labor force in India shows wide contrasts.

Features of Society in India

A word on the nature of the Indian society is necessary before we proceed further. India is a land of ethnic, religious, and linguistic differences. These identities at times cause strain to the integrity of the country. Indeed, one of the main problems of the state is to integrate these various differences into the democratic fabric of the nation. A remarkable fact about India is its democratic structure that has been maintained since independence from British colonial rule on August 15, 1947. Very few developing countries can boast of such a record.

The success India has in democracy is offset by its poor record in the social sector. Despite 50 years of planned development there is still a poor supply of basic amenities. The 2001 Census showed that 65% of the population was literate. Compared with the past this may appear as progress, because in 1991 the literacy rate was 50%. However, the illiterate population of 400 million makes India the home of the largest number of illiterates in the world. There is an acute shortage of educational facilities and other amenities such as drinking water, and health facilities are also lacking.

A more important divide among the people is the specific nature of social hierarchy that exists in the country, which is known as the caste

system. Caste as a form of social hierarchy is peculiar to Indian society. The gradation of castes is based on the degree of ritual purity a caste has when compared with others. At the upper end of the system are the Brahmins, who were scholars of religious texts or were priests. At the lowest end are those castes performing manual labor and activities regarded as unclean (scavenging, cremation of the dead, tanning and leather work, etc.). These castes were regarded as untouchables.

The practice of untouchability is not very prevalent, as the Constitution of India has banned it and its practice is a criminal offence. Moreover, the Constitution grants positive discrimination to protect the interests of these untouchable castes. These include special provisions for education and reservation of jobs in the government and public sector undertakings. Nonetheless, other forms of caste discrimination persist.

Origins of Labor Studies

Factory production started in India in the early 1850s. The objective then was to export manufactured goods to markets in Britain. Factories were thus established in the port towns of Calcutta and Bombay (now Kolkata and Mumbai, respectively) to facilitate export. Cotton textile mills were established in Bombay and jute mills in Calcutta. Later, factories were established in Madras (now known as Chennai), another port town. One of the reasons for setting up industries was that costs of production were much lower in India as labor was available at very cheap rates.

The existence of cheap labor was mainly because of two reasons. First, the indigenous economy had been devastated with the introduction of colonial rule of the East India Company a hundred years earlier. During this period, local crafts were replaced by cheaper imports of factory produced goods from Britain. This led to the gradual rout of the rural artisans in the country. The peasants were no better off, as in many parts of the country they were forced to cultivate cash crops instead of food crops, which were needed as raw materials for factories in Britain. Besides, the cultivators paid higher taxes because of the new types of land settlements and land revenue imposed by the colonial rulers. As a result, there was a general impoverishment of the rural population. These people served as pools of cheap labor when the factories came up. Chandavarkar (1994) has documented this in the case of the textile workers in Mumbai.

The other reason for labor being cheap was that at the initial stages of industrialization the colonial government did not regulate work or wages.

The workers were unorganized and the industrialists were able to make them work for long hours at low wages. Women and children were most affected in this system, as their wages were even lower.

The industrial base in India remained narrow during the initial years mainly because industries were set up for export and not for the local market. Industries were thus largely concentrated in the three port cities, namely, Bombay, Calcutta, and Madras, and they manufactured mainly cotton textiles and jute. The 1911 Census showed that there were about 800,000 workers engaged in the secondary and tertiary sectors. Of these, 524,000 were employed in factories and plantations. In fact, the jute industry and tea plantations employed 400,000 workers, half the total labor force. The situation improved with the onset of the First World War in 1914. The war created a need for industrial goods, and the colonial government sought to meet this by expanding the engineering goods sector in India. During this period the first steel mill was set up in Bihar in northern India. This region has an abundance of mineral wealth. The railways, introduced in the 1860s primarily to carry raw materials to the cotton textile mills in Mumbai and the jute mills in Calcutta, increased its network (Gadgil, 1982).

The above-mentioned features led to the expansion of the working class. Moreover, this gave an opportunity for the existing factory workers to be promoted to the ranks of skilled workers and supervisors. These positions were earlier held by Europeans (Mukherji, 1945). Hence, changes occurred in the composition of the working class, which till then was composed mainly of unskilled workers. The inclusion of skilled and literate workers provided conditions for starting trade unions.

Though trade unions had not emerged in the industrial scene, workers did not always accept their fate meekly. There were frequent protests and strikes to highlight their miserable condition. But these actions were more spontaneous in nature and were rarely sustained over a period of time. They were immediate reactions to the injustice done to them.

Origins of Trade Unions in India

Though the First World War had led to the expansion of industries in the country, it also brought with it a lot of misery for the poor. There were shortages of food grains and increase in prices because of inflation, the effects of which fell mainly on the working class as wages remained low. This led to large-scale labor unrest in all towns that had industries. Workers in Bombay and Calcutta were especially militant in airing their grievances.

There were waves of strikes in the textile mills of Bombay. In the months of September and October in 1917, more than 30 strikes were recorded in the city. Strikes became even more frequent in 1919. In 1917, jute workers in Calcutta went on a long strike to protest against the low wages. In 1919, workers in the Buckingham and Carnatic Mills (Binnys) in Madras went on strike for increase in wages, but this was crushed by the employers and the colonial administration. The strike was led by B. P. Wadia and it cost him heavily (discussed later). In mid-1918, textile workers in Ahmedabad struck work to demand 50% bonus. Their movement resulted in Gandhi's involvement in the labor movement (discussed later).

The strikes during the period 1914 to 1920 were centered on the demand for wage increases. They followed a regular pattern. Workers in one factory would demand increase in wages, and if this was granted, workers in other factories in the vicinity would make similar demands and would strike if their managements refused to concede to their demands. Workers followed this trend because of the absence of trade unions, which could have coordinated their demands on a common united platform.

The year 1918 saw the birth of the first trade union. The Madras Labor Union was formed in April that year and was led by B. P. Wadia. He was a social worker, and during the course of his activities he discovered the exploitative conditions of workers in Binnys mills. He started organizing them and later formed the Madras Labor Union to unionize workers in other mills of Madras. Unfortunately, Wadia's tenure in trade unions was short-lived. When the management of Binnys refused to consider any of the workers' demands, he initiated a strike in 1919. In a surprise move, the management approached the Madras High Court for intervention. The court gave its verdict that Wadia had instigated workers to go on strike and had caused damage to production. He was hence solely responsible for the losses suffered by the employers. The court further ordered that he should pay the management Rs 50,000 as compensation (Revri, 1958).

Though Wadia came from fairly wealthy origins, the sum fined was very heavy. The management stated that it was willing to waive the amount if Wadia gave an undertaking that he would give up his association with trade unions. Because he had no means of paying the fine, he had no alternative but to accept the offer and end his association with trade unions.

A similar instance took place in England at the turn of the last century, the Taff Vale case (Ramaswamy & Ramaswamy, 1981). The workers of Taff Vale Rail Company had gone on strike when their basic demands were not met by the management. The company then sued the trade union for breach of contract of employment. In 1901, when the case went to the House of

Lords it passed a judgment upholding management's claim. This decision, by the highest court in Britain, rendered almost any form of union action illegal. Trade unions in Britain then realized that without political intervention their actions would be fruitless. The immediate reaction was to form a federation of all trade unions in the country that could pressure the state to protect the rights of labor. The Trades Union Congress was thus formed. Later the unions formed the Labor Party to contest in parliamentary elections. In 1906, the government passed an act that immunized trade unions from charges of conspiracy or breach of contract. These incidents happened several years before Wadia's case in Madras. Unfortunately, though immunity was provided to British trade unions, the colonial government never considered extending this law to its colonies. This was provided only in 1926, with the passing of the Trade Unions Act.

A few months after the Madras Labour Union was formed, in August 1918, Mahatma Gandhi founded the Textile Labour Association or Majur Mahajan in Ahmedabad. This union is unique in many ways, and it had an interesting beginning. Since August 1917 the mill owners of Ahmedabad were paying a bonus to their workers, amounting to 70% of their wages. This was done to compensate for the rising costs of living. The bonus was treated as a form of deferred payment,¹ and it was not related to profit. In January 1918, the mill owners stopped paying the bonus. This created bitterness among the workers. They demanded that they be given at least a 50% dearness allowance as compensation. The employers refused this demand and the workers struck, after which they sought the help of Gandhi. They wanted him to intervene to reach a compromise. He agreed to negotiate with the mill owners provided the workers scaled down their demand to 35%. They readily agreed. Gandhi, however, found that the mill owners were not in favor of any bonus or dearness allowance. After a few rounds of talks they agreed to pay 20%. This was unacceptable to the workers. Instead of continuing negotiations for a settlement, the owners declared a lock-out. Gandhi then went on a fast to pressure the owners to resume negotiations. Finally the owners agreed to arbitration and in the end they raised the bonus to 27.5% (Revri, 1958).

After this incident Gandhi decided to form a union that would work in accordance with his ideals of nonviolence. The Textile Labour Association was based on the ideals of trusteeship (employers and employees are trustees of capital on behalf of society) and peaceful negotiation with the employers. The union sought to protect the interests of labor through cooperation with the management rather than confrontation with them. Besides conducting its regular trade union activities, the union also conducted welfare programs, educational activities, and medical camps for the workers

and their family members. It enlisted the support of the employers and other wealthy people in the city for funding these schemes. The union also went to the extent of supporting some of the employers or their candidates in the city's municipal elections (Revri, 1958). This union had little or no influence outside the textile industry in Ahmedabad and it did not seek affiliation with any trade union federation.

Studies of Trade Unions and Labor

Though industrialization took off after the First World War, leading to the expansion of the working class, there were hardly any contemporary studies of this section of the population. It was left to labor historians in the mid-20th century to reconstruct the lives of the working class during these formative years. One possible reason for this neglect is that sociology in India was not yet developed to take up these issues. Sociology as a discipline was introduced in the University of Bombay (now Mumbai) in 1919. In fact, this is the oldest department of sociology in the country and the second oldest in Asia (the oldest being in the University of Tokyo). Sir Patrick Giddes was the founder of this department, and he was known as a specialist in urban studies. Unfortunately, the working class in the city, which had, by then, acquired a history of nearly 70 years, was sidelined in these studies. One of the first studies of the working class by a sociologist was done in 1945, 2 years before the country was freed from colonial rule. Radhakamal Mukherji was a well-known sociologist from the University of Lucknow, and his study of the Indian working class may be controversial but it was certainly pathbreaking (Mukerji, 1945).

Labor Studies in Postcolonial India

After India attained independence on August 15, 1947, changes occurred in industrial policy. India adopted a socialist model of development and accordingly tried to regulate economic growth so as to expand the country's infrastructure. India also adopted the idea of central planning from the Soviet Union and placed emphasis on heavy industries. This led to the growth of the public sector as the new large industries were initiated through the government and, in most cases, with foreign collaboration. After 1956, large-scale industries for the manufacture of steel and heavy electrical equipment were established through the public sector. Mining,

especially coal, iron ore, and mica, was expanded. These were expected to give a boost to other industries.

Major changes in industrial policies have occurred since 1985. The prime minister then was Rajiv Gandhi, the son of Indira Gandhi and the grandson of Jawarharlal Nehru. Soon after assuming office he announced that India had to “march to the 21st century” and that radical changes needed to be made in industrial policy. The first measure was reducing bureaucratic controls on the expansion of industries in the private sector. Restrictions on foreign collaborations in private enterprises were reduced. The culmination of this approach occurred on July 21, 1991 (after the assassination of Rajiv Gandhi) when the new government laid down its Industrial Policy Statement before Parliament—a major departure from the policies of previous governments. This marked the beginning of structural adjustment and liberalization of the economy.

Problems of Labor Commitment

During the first decade or so after independence there were hardly any sociological studies on industry or labor. Sociologists, both Indian and foreign, concentrated more on studying villages. It was only in the late 1950s that a few sociologists turned their attention to studying industrial labor. During the same time the issue of labor commitment was raised by American sociologists. It was believed that the growth of industrialization in developing countries was hampered by a labor force that was unused to an industrial way of life. Two major publications, one edited by Moore and Feldman (1960) and the other by Kerr, Mayers, and Dunlop (1960), put forth this view. These writers argued that nonindustrialized countries, such as India, had features in their social structure that impeded commitment of labor to industry. These features include a closed system of stratification, emphasis on primordial loyalties, religious values, strong attachment to land, and so on. Moore and Feldman (1960, p. 1) noted that “commitment involves both performance and acceptance of the behavior appropriate to an industrial way of life.” Kerr et al. (1960) observed that a committed worker is one who stays on the job and who has severed major connections with the land. These studies tried to compare the situation in developing countries with those of the developed industrialized countries, using the features of the labor force in the latter as the model.

The above propositions were general observations and were not specifically related to the labor force in India. They could apply as well to countries in Africa, Indonesia, or any other industrializing country. The implications

were quite clear: Labor in developing countries was not committed to industry because it had strong attachment to agriculture and was embedded in social institutions that were particularistic rather than universalistic.

A number of studies carried out in the 1960s, mainly by sociologists and social anthropologists, proved the contrary. These were all micro studies providing intensive qualitative data. Lambert (1963) studied workers in five factories in Poona (now known as Pune) in western India. While studying the general situation in Poona, he found that workers in small factories where wages were low and where there was hardly any social security were apt to change their jobs. However, when these workers obtained employment in large factories where employment was secure and wages higher, they seldom left their jobs. For these workers factory employment implied lifetime commitment. In fact, the workers were overcommitted. At the same time they showed no signs of transforming their attitudes and social relations. They viewed their jobs in the same way as they viewed their traditional caste occupations where the specialist (the worker in this case) serves the patron (the industrialist). Lambert, thus, found that traditional culture was consistent with industrialization.

Sheth's (1958) factory ethnography is regarded as an important contribution to industrial sociology in India. This was an anthropological work that viewed the factory as a composite (functional) unit. He found that rather than impede commitment, traditional culture could in fact promote commitment. Recruitment of the labor force was based on particularistic norms of obligation to caste and kin that were bound by ties of personal obligation. Workers accepted obligations to their supervisors as religious duty. He also found that the functional stability of the system was reenforced by the caste system. Sheth concluded that there was no contradiction between traditional values and industrialism.

There were other studies that looked at the problem differently. Holmstrom (1976), in his study of workers in three factories in Bangalore, argued that the attitudes of factory workers in India are not very different from workers in developed countries. Overcommitment can be interpreted as a result of the general insecurity of getting permanent employment outside the formal sector rather than a carryover of traditional attitudes. Morris (1965), in his historical study of textile workers, had found that the turnover in the textile factories in Bombay during the post-First World War phase was very high, indicating that the labor force was unstable. However, Morris noted that this instability was mainly because of better wages offered by some of the mills and other employment opportunities in the city and not because of the pull of the countryside.

Mayers (1958) suggested that managerial policies were equally responsible for promoting or impeding labor commitment. When management adopted short-term policies of increasing profits through low wages and exploitation at work, labor turnover was high. His study of a cotton mill in south India showed that labor turnover and absenteeism dropped sharply after management introduced welfare measures. Sharma's (1971) study of an automobile factory in Mumbai found that workers who were engaged in monotonous, short cycle work were less committed, whereas skilled workers engaged in maintenance and tool making showed greater commitment to their work. In either case, traditional culture was not a barrier to commitment.

Inequality and the Legal Framework

After India became independent of British colonial rule on August 15, 1947, the new government adopted a supportive stance toward factory and plantation labor. Several laws were passed to protect these workers. These included laws relating to payment of wages, provident fund and gratuity, insurance, and pension, among others. The Industrial Disputes Act of 1947 has a provision that prevents closure of any factory employing 100 or more workers without sanction from the concerned state government, especially its labor department. The object is to ensure that workers are paid their dues before a decision of closure is taken by the employers. The working class movement in general and the trade union movement in particular benefited from such laws. However, there is a section of workers who somehow did not fit into the neat patterns of employment. Most of these laws, especially the significant ones relating to employment and social security, were framed on the assumption of secure employment. In reality, this included only those workers who had permanent employers.

At the same time there was a growing population of rural poor who migrated to the cities in search of a livelihood. These people could not find permanent employers. They worked as construction labor, painters, plumbers, and carpenters on a purely casual basis, moving from one employer to another. There was also a growing section of self-employed—rag pickers (waste recyclers), home-based workers, and street vendors. Though they had no direct employers, they were a part of the working class but outside the purview of social security and welfare as they remained an invisible section of the working class. Their very existence was viewed as an aberration rather than central to the formation of the working class.

It was believed then that as the country developed this sector would vanish or, at least, would be reduced. Development, especially industrial development, meant a gradual transition from the informal to the formal sector. In other words, street vendors would be replaced by shops and department stores, casual labor would be absorbed as permanent labor with the expansion of industries, and so on. This turned out to be more wishful thinking than reality. The formal sector showed no signs of absorbing the informal sector, which has grown to gigantic proportions, surpassing the formal sector in providing employment.

Despite its growing numbers, the informal sector in India remained a marginalized sector that was denied most of the rights given to formal sector workers. One reason was that in the industrialized, developed countries the concept of a worker was that of the "industrial man," a factory worker. This concept was exported to the developing countries and it was accepted by their governments even though in these countries "industrial man" constituted only a small section of the working class. As a result, workers, especially women, who did not fit into this mold, were neglected and their problems overlooked. The first National Commission on Labor, which submitted its report in 1969 "reflected the prevalent mind-set. The bulk of the report was concerned with industrial labor, with less than 10 per cent of the report, 45 pages out of over 500, explicitly referring to non-industrial workers" (Jhabvala, 2003, p. 262).

The trade union movement, too, ignored the informal sector. Membership verification of trade unions completed in 1987 showed that seven of the trade union federations qualified as national federations.² A significant feature of these federations was that only 1% of their total collective members were in the informal sector (Davala, 1995). This shows that the national trade unions were not concerned with the problems of workers in informal employment. The national federations are important because they represent the workers in consultations with the planning commission in deciding labor and employment policies or with the finance ministry before the national budget is framed. Hence, we find that workers in informal employment were truly invisible to the unions, the government, and the planners. This happened despite the fact that four of the seven national federations were close to the different communist political parties.³ For these unions, the formal industrial workers were the revolutionary section of the working class.

Bringing the Informal Sector to the Fore

While researching the labor market in Accra, Ghana, for the International Labour Organization, Hart (1973), an anthropologist, found that there were

sections of the labor force that did not fit into the conventional category of the working class. These were local day laborers who offered their services at certain places in the city. There were also villagers who brought vegetables and fruits from their villages to sell in the city. For lack of any means of categorizing them, he labeled them as the “informal sector” in contrast to the formal sector comprising regular wage-earning workers. The International Labour Organization popularized this term and later started a series of research and policy formulations for this sector. Planners in India, however, remained oblivious to its existence.

In the 1980s, Self-Employed Women’s Association (SEWA), a trade union comprising only women workers in the informal sector, tried to focus on the problems of this sector through national and international forums. Ela Bhatt, the founder of SEWA, was nominated to the Rajya Sabha⁴ by the President of India. As a member of parliament, Ela Bhatt framed a comprehensive bill on labor in this sector (which was introduced in the House but never discussed). Ela Bhatt was later appointed by the government as chairperson of the National Commission on Self-Employed Women. The commission’s report, *Shram Shakti* (Labor Power), published in 1988, was a landmark as it brought to fore the contribution of this section of workers to the national economy and problems relating to their work and wages. The planners started taking note of this sector.

It was only after workers in the formal sector felt the adverse effects of the 1991 economic liberalization policy that the debate actually started. A report of the Ministry of Labor, Government of India (Government of India, 2004), has given the figures for 2000 based on a report of the National Sample Survey Organization. It carried out a sample survey (55th Round) in 1999–2000, and its results showed that out of a total workforce of 397 million, only 28 million workers were employed in the formal sector and remaining were in the informal sector. The Economic Survey for 2004–2005 (Government of India, 2005) states that the total employment in the formal sector on March 31, 2003, was 27 million. In other words, employment declined by 1 million since 2000. Moreover, there seems to be no change in employment in terms of numbers from 1991. This means that a decade after reforms were introduced employment in the formal sector has been stagnant or has declined. The informal sector, on the other hand, has grown tremendously.

The rapid changes in the composition of the labor force compelled the government to address the problems of the informal sector. This was reflected in the report of the second National Labor Commission, submitted in 2002. Unlike the first report, this report has dealt in detail with the informal sector. It also proposed an umbrella legislation for the regulation of

work and the provision of social security to all sections of the working class. The present government, elected in mid-2004, has set up a National Commission on Enterprises in the Unorganized Sector,⁵ mandating it to make concrete proposals for improving the employment opportunities in this sector. The commission has also a proposed legislation on social security for workers in the unorganized sector and another one on legalizing street vendors.

The government has recently passed a legislation that guarantees 100 days work in a year for all those living in rural India. This law, known as the National Rural Employment Guarantee Act, is aimed at reducing poverty and preventing distress-based migration. The main problem with this law is that it guarantees employment not asset building. Hence, employment can be created anywhere and could include work that becomes unproductive in the future, such as building cart roads in the villages that are washed away in the first rains. If instead assets were accumulated, this would help create more employment in the future. These could include digging wells, constructing school buildings, creating an irrigation network, and so on. In its present form the act provides compensation for the unemployed and makes them dependent on the state.

Status of Sociological Studies of Labor

If one looks at the composition of the labor force one finds that formal employment or employment in the organized sector constitutes only a minority of the total labor force. This section of the working class comprises only 7% of the total labor force. Yet almost all studies of labor concentrated only on this section. One reason was that the sociology of labor in India relied heavily on a model drawn from the industrialized, developed countries. In fact, if one analyzes the studies of labor it will be found that most of them draw inspiration from studies in developed countries and even compare their findings with those of developed countries. If the framework is sociology of developed countries, it is natural to study only those sections of Indian labor that bear resemblance to the Western counterparts. This also implied that the overwhelmingly large section of the labor force that, ostensibly, did not have parallels in developed countries went largely unrepresented. Until the 1990s there were hardly any studies of labor in informal employment.

A more serious problem was that sociology in India in general and labor studies in particular were largely bereft of any theoretical framework. Thus, there were very few studies analyzing Indian social development on Marxist lines. One can count these studies on one's finger tips. An outstanding

exception is that of A. R. Desai, a sociologist from Mumbai, whose book is a path breaking analysis of Indian society (Desai, 1975). However, there was no such major study of the working class.

The interest in workers in informal employment was generated by trade unionists such as Ela Bhat, who focused on the importance of this sector. Jan Breman, a veteran sociologist from the Netherlands, has conducted a number of studies on labor in this sector. He has studied the condition of nonagricultural labor in south Gujarat for several decades. He wrote a book covering his personal experiences and firsthand information on the lives of workers (Breman, 1996). The book records Breman's journey among the dispossessed. It is about wage labor in the lower echelons of the nonagrarian economy of south Gujarat. He draws attention to increased labor mobility and migration in recent years, both of which are drastically understated in official statistics.

Mark Holmstrom, an anthropologist from Britain, has also spent a number of years studying workers in India. He initially began by studying factory workers in Bangalore (Holmstrom, 1976), and he later studied workers in small-scale industries (who fall in the informal sector). He tried to show how the two sectors, namely, small industries and large industries, do not compete with each other but are complementary (Holmstrom, 1986). This process was later known all over the world as outsourcing or as the resurrection of the putting out system. On the global scale, manufacturers in developed countries shifted production to companies in the less developed countries. Costs of production were cheaper in these countries and there were hardly any regulatory laws. Goods manufactured in these countries are sold in developed countries by the manufacturers who outsource production. Holmstrom's study shows that a similar process was found within India even before global outsourcing had started. In this case, larger industries outsourced their production to small-scale industries as costs of production in these industries were lower. Small-scale industries are exempt from most labor laws, wages of workers are lower, and social security is nonexistent. Hence, their costs of production are lower than the large industries. The larger industries, especially those in the manufacturing sector, outsource their production to the small industries and later sell these products at high prices.

There are several such aspects of outsourcing that need to be studied. In fact, some sociologists have argued that outsourcing is the most effective means of gaining control over the labor process. Large manufacturers have lesser control over the labor process in their own factories. They have to abide by various legislations that grant their labor a degree of autonomy in their work. For example, the Industrial Disputes Act makes it difficult to

fire a permanent worker. This can be done through a long process of conciliation, arbitration, or through a court of law. Employers cannot use their labor in any way that they desire. Section 9 of the act lays down that the management must give adequate notice (of at least 24 hours) if a worker has to be shifted from one shop to another. Moreover, management has to negotiate with the trade unions to conduct their activities smoothly.

This does not happen in the small-scale sector as production units are exempt from acts such as Industrial Disputes Act and Factories Act. In the case of outsourcing, the larger manufacturers inform the small unit that it wants goods of a specific quality at a specified cost. It is the responsibility of the employer to supply the finished products on time and at the specified (low) rates. Large manufacturers thus have greater control over the labor process through outsourcing than through production in their factories. We also find that, just as production in the developed countries has shifted to the less developed countries, in India production has shifted from large factories in the metropolis to smaller factories in rural India. This process can be seen in all the larger industrial cities, such as Mumbai, Chennai, Kolkata, and Ahmedabad. In these cities, workers in the formal sector accounted for a major section of the working class till the early 1980s. After that there has been a radical shift to informal employment. For example, 65% of the labor force in Mumbai (then Bombay) was in the formal sector in 1961 (Joshi & Joshi, 1974). By 1991, the percentage had reversed so that now 65% of the work force was in informal employment whereas 35% was in formal employment (Mumbai Metropolitan Regional Development Authority, 1996).

Conclusion

The noticeable changes in the composition of the labor force throw up interesting research issues for sociologists engaged in labor studies. The first is studying the labor process through the nexus between small industries and the large enterprises. We find that some of multinational corporations chose to shift their manufacture to the small-scale sector. For example, I have conducted a study of a Dutch multinational company that is among the largest manufacturers of consumer products in India. We found that 70% of its personal products (soaps, shaving cream, tooth paste, etc.) were manufactured in small- or medium-scale factories (Bhowmik, 2004).

Another direction of research is to view informal employment as an extension of what Marx called the reserve army of unemployed. Marx's

contention was that capitalism depends on large sections of the unemployed to use as a threat to reduce wages of the employed. We find parallels with the growth of informal employment. In this case the large sections of those in informal employment are used to cut wage rates and reduce the bargaining powers of the working class. This needs to be examined in depth.

Finally, there is the matter of connections between sociology and the labor movement. Unfortunately, in India, though sociologists have studied the labor movement, they have had little influence on the movement itself. This is true not only of sociology but of other disciplines as well, such as economics, political science, and psychology. Social scientists have never tried to reach out to the labor movement by participating in it. They could have provided useful inputs in understanding and analyzing the movement, which in turn would help the leaders to critically analyze their actions. Trade unions and academics exist as independent entities with little bearing on one another. Trade unions have viewed labor scholars as careerists who end up with permanent jobs in universities once they receive their degrees. They do not see how academics could help labor or the labor movement.

To conduct research that would aid their growth, trade unions need their own research institutes. Of the seven national federations, only two—the Indian National Trade Union Congress and the *Hind Mazdoor Sabha* (Indian Workers' Council)—have their own research institutes, both of which have strong links with social democratic movements. There is one exceptional trade union—SEWA, which has its own institute, encouraging collaboration with universities and promoting research on informal employment. In fact, SEWA was instrumental in initiating *Women in the Informal Economy: Globalizing and Organizing*, an organization that attempts to build links between academics and trade unionists. Exceptional though they are, these examples do suggest that both sides, both labor and sociology, have a lot to learn from each other and that each would benefit from collaboration.

Notes

1. Since then bonus has been accepted as a deferred wage by the Government of India. The Labour Department has fixed the minimum bonus as 8% of annual wage for profit-making firms and 4% for those that do not make profits. In other words, bonus is not linked to profit alone.

2. To qualify as a national federation, the union must have a minimum membership of 500,000, spread over at least four industries and in four states of the country.

3. The four national federations close to the communists were the following: the All India Trade Union Congress, linked to the Communist Party of India; the Centre of Indian Trade Unions, linked to the Communist Party of India (Marxist); and two federations with identical

names, United Trade Union Congress, linked to the Revolutionary Socialist Party and the Socialist Unity Centre of India.

4. Upper House of the Indian Parliament, also known as Council of the States. The President of India can nominate 12 members who are outstanding in their fields of work.

5. The terms *informal sector* and *unorganized sector* (equally *formal sector* and *organized sector*) mean the same in the Indian context and they are used interchangeably.

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Sharit K. Bhowmik is a professor of labor studies at the Tata Institute of Social Sciences in Mumbai. He studies the informal economy and the Indian labor movement.