**Discussion of Informality in India**

It is important to situate our sample of low wage service workers within the wider urban labor force in India and beyond. This will provide useful context for understanding the political economic transformations globally so we can make some general comparisons with similar workers in the service industry in other parts of the world. At the same time it will allow for understanding the local, regional, and national dynamics of labor relations through which global processes like neoliberalism work on the ground in specific historical and socio-cultural contexts.

Informal workers have always been an integral part of the global economy although their relative preponderance across countries and regions has been varied. Indeed even the definition of informal work and workers vary across different national contexts. According to the ILO informality exists in both overdeveloped and developing economies around the world but is more common in the latter. Informal work has been historically conceptualized in different ways. For example the transition from the notion of the ‘informal sector’ to ‘informal economy’ has been prevalent in relation to perceptions of underdevelopment in the global south. In the aftermath of the International Labor Conference in 2002, the notion of informality was expanded beyond its narrow scope within the informal sector to include workers who operated within informal employment conditions even in the formal sector. The 17th International Conference on Labor Statistics in 2003 endorsed this notion to establish a clearer understanding of informal work that “distinguishes between informality from the perspective of production units as observation units, on the one hand, and that of jobs as observation units on the other”. According to this report employment in the informal sector refers to employment in informal enterprises, and informal employment refers to employment in informal jobs both inside and outside the informal sector (ILO 2013: 2). For the ILO the informal economy is thus made up of a wide variety of workers and entrepreneurs who remain unrecognized and unprotected in the national legal and regulatory frameworks (ILO 2013:1). In its report on decent work, the ILO emphasizes that “the informal economy can be seen to encompass a broad range of vulnerabilities, such as limited access to social protection, denial of labor rights, and lack of organization and representation. On average, informal workers earn far less than formal workers. In other words, most informal workers suffer from significant decent work deficits” (ibid).

The table below provides a comparative context of the extent of informality across different regions in the global south in relation to other economic indicators like poverty, unemployment rate and total GDP per capita. Along with Bolivia, Vietnam and Zimbabwe, India is a relatively low-income country with high informal employment. 83.6% of its population is engaged in informal employment in non-agricultural work, which is the highest within this group of countries. It is interesting to note that India has the largest share of population in the informal sector i.e. 67.5% compared to others in this group of low-income countries and the smallest share in informal employment outside the informal sector i.e. 16.8%. This means that informalization within the formal sector of the economy related to flexible labor regimes of neoliberalism is relatively lower but has begun to take shape. Our sample of workers who serve in the IT/ITES industry is part of this small group of informal workers who work in the formal sector in Pune.

Unlike this group of low-income countries, Mexico and Argentina are relatively high-income with high informal employment. As the figures indicate these figures are however much lower than the previous group of low-income countries, but they do have high unemployment rates. Brazil, Turkey and Venezuela on the other hand are relatively high-income countries with low informal employment.

The comparative framework in the table below is significant to keep in mind because it first, reflects that informality is a condition that is not unique to India but is prevalent across the world, predominantly in the global south; and second, it also reflects that informality also persists in economies which have relatively lower and higher poverty, unemployment rates and overall GDP, than India, where informal workers in the formal sector represents a significant proportion. Moreover rate of unemployment may not be a good indicator of the health of an economy if that country’s population still has large numbers of its workforce who work under the conditions of informality.

**Select economic indicators and share (%) of employment in informal economy in non-agricultural activities across countries**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Country/Year | Persons in informal employment  A (B+C) | Persons employed in informal sector  B | Persons in informal employment outside informal sector  C | GDP per capita in current US $ (2010) | Unemployment Rate (% of economically active population) | Poverty (% of population below national poverty line) |
| India  (2009-2010) | 83.6 | 67.5 | 16.8 | 1265 | 4.3 | 27.5 |
| Bolivia  (2006) | 75.1 | 52.1 | 23.5 | 1858 | 7.9 | 60.1 |
| Vietnam (2009) | 68.2 | 43.5 | 25.0 | 1174 | 2.1 | 14.5 |
| Zimbabwe (2004) | 51.6 | 39.6 | n.a. | 594 | 6.0 | 72.0 |
| Mexico (2009) | 53.7 | 34.1 | 20.2 | 9566 | 5.5 | 47.4 |
| Argentina (2009) | 49.7 | 32.1 | 17.9 | 9138 | 7.7 | n.a. |
| Brazil (2009) | 42.2 | 24.3 | 18.0 | 10,816 | 7.1 | 21.4 |
| Turkey (2009) | 30.6 | n.a. | n.a. | 10,399 | 11.9 | 18.1 |
| Venezuela (2009) | 47.5 | 36.3 | 11.8 | 9960 | 8.5 | 29.0 |
| Indonesia (2009) | 72.5 | 60.2 | 12.2 | 3015 | 7.3 | 13.3 |
| South Africa (2010) | 32.7 | 17.8 | 14.9 | 7158 | 24.9 | 23.0 |

Source: Statistical Update on Employment in the Informal Economy, ILO, Department of Statistics, June 2012.

Research on informal work in the urban context has tended to focus on street vendors, construction workers, domestic workers, rag pickers, street cleaners, and other home-based workers. Our sample of low-wage workers i.e. the drivers, housekeepers and security guards who provide key services to the IT/ITES companies in Pune however do not belong to this group. The workers we interviewed do not fall into the traditional category of informal workers because many have identity cards that tie them to specific vendor or IT/ITES firms, with some experience of formal education. While these workers possess some assets, cultural capital and aspirational values similar to those seen amongst India’s new middle class (Fernandes and Heller, 2006) they do not belong to this group either.

Many of the drivers, security guards and house keepers in our sample obtained levels of education which are higher than the Indian average, but not high enough to access professional or managerial level jobs which the new middle class professionals like software and IT workers are able to capture. Nevertheless, a number of workers who were rural migrants owned land, thus wielding some power in their villages. Clearly our sample of workers belong to category C in the above table i.e. persons in informal employment outside the informal sector. However the vendors/subcontractors who hired them may be considered as “self employed” workers in the informal economy. It is through the subcontracting networks and attendant experiences of work/workplace we trace in the book that such workers and their vendors are ambiguously tied to both the formal and informal sector in unique ways.

Thus although our sample of workers do not fit within traditional definitions of informal work in India, neither do they quite belong to the category of formal work. C. P. Chandrashekhar has identified three basic features of formal employment. These include written formal contract, provision of social security (pension) and eligibility for paid leave (Chandrashekhar 2014). Some of the workers we interviewed were promised providend fund and pensions but these were not well implemented or available universally. Very few reported having written contracts and no one reported any provision for paid leave. The National Sample Survey (NSS) of India also recognizes method of payment as a criteria for defining casual workers. Most casual workers are paid in cash on piece meal basis. Not all the service workers we interviewed had bank accounts and some were paid in cash.

Informal workers consist of about 92 % of total workers in India and around half the formal sector workers are informal workers. This implies there is increasing numbers of workers who are engaged in casual, temporary and contract labor (Naik 2009). This trend is not new and is indeed similar across the globe with the rise of neoliberalism since the 1970s and 1980s. NSS estimates that 93 % of non-agricultural sector workers are informal workers. 98 % of these are urban and 89 % rural. The majority i.e. 73 % of urban workers in India in the informal sector are employed in manufacturing, construction, wholesale and retail trade and transportation and storage (NSS, 2014).

According to the National Industrial Classification (2008) our sample of workers belong to the following industry group/division within the broader industry group of non-agricultural sector in India:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Auxiliary Workers | Industry Group/Division | | Distribution of informal sector workers | | |
|  |  |  | in informal enterprises (per 1000) | | |
|  |  |  | All India | Urban | |
|  |  |  |  | Male | Female |
| Driver | Transportation & Storage (H) | Division 49: Land Transport & via pipelines | 78 | 95 | 8 |
|  |  |  |  |  |  |
| Security Guard | Administrative & Support | Division 80: Security & Investigation | 20 | 21 | 12 |
| Housekeeper | Service Activities (N) | Division 81: Services to buildings & landscape |

Source: National Industrial Classification (2008) in NSS, 2014.

As the table above illustrates numerically our sample is representative of a very small segment of workers in India’s urban labor market. Nevertheless, their significance derives from the fact that these workers who support the IT/ITES industry are on one hand invisibilized, yet on the other hand their individual success stories have come to symbolize new discourses of progress, entrepreneurialism and modernity linked to neoliberalism in India.