

# Informalisation Of Economy And Its Impacts On Women's Labour In India

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**Abstract:** This paper aims to map the growing informalisation of economy, and its impact on providing meaningful employment to women in India. Over the years, informality of labour has gained prominence as a source of employment and a means of survival for vulnerable sections of the society, with women leading in numbers. Locating the underlying causes for the expansion of informal economy, in globalisation and trade liberalisation, the paper deals with the threats and dangers of such an economy for women, which broadly include lack of social security and protection, and political and economic instability, while placing all their concerns in the geographical and social context of India. Lastly, an endeavour is made to change the narrative for formalizing women's labour and adjusting socio-economic disparities through the role of state and community action, by employing different techniques for redistribution of resources, and recognizing and representing women's labour and voices.

**Index Terms:** Informal sector; Informal workers; Women in the informal sector and social security; Indian Economy

## INTRODUCTION

The conscious use of the phrase 'informalisation of economy', in place of informal sector, is required here to understand the various manners in which labour can be informalised across the binaries of organised/unorganised sector—implying that informality in an economy does not need to assume a particular mode or location of labour use, as indicated by conventional definitions. As Harding and Jenkins argue that every social action, regardless of whether it is economic, political, or any other kind of social action, possesses elements of both formality and informality, 'informalisation of economy' offers a progressively comprehensive standard and inclusive criteria for evaluating informal work which, being heterogeneous in nature, could exist and overlap with the formal sector as well. It is closer to the definition that National Commission for Enterprises in the Unorganised Sector provides—

"Informal workers consist of those working in the informal sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employer."

This definition is more apt for identifying the inequalities created through the intersection of gender, globalisation, informality, poverty, within the political and social geography of India, to envisage better policies for providing decent work.

Despite much discourse around the ills of informality of work in India, it remains as relevant and complicated an issue in the present, as more than 90% of India's workforce continues to be engaged in the informal economy, according to the The Economic Survey of 2018-19. An estimate of about 415 million workers are informally employed, with a vast majority of it being constituted by rural-to-urban migrants, and contribute to a close figure of 50 percent to the national income (NSSO, Government of India, 2011). In spite of its contribution to the factors of production, the informal economy, operating outside the jurisdiction of corporate law, poses prominent problems of job security, social security, stability of living, migration, child labour, and exploitation of working women (Bertulfo). Given the easy access to the sector and quest for availability of vocation openings, mainly low-income groups are engaged in informal work, due to which it has gradually become synonymous with parallel markets, connoting a blend of poorly skilled, low-paid and flash food workers; or as indicating a sort of marginal, 'separate' economy, born out the survival strategies of marginal social groups. With the social stratifications in India on the basis of class, caste, and gender/sex, it so becomes the case that a high

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proportion of the marginalised sections occupy the pie of informal economy (NSSO, Government of India, 2004). While this makes employment highly unstable and incomes low and irregular, the public policies towards the informal workers oscillate between negligence of their health, lack of social care, and/or violence and harassment.

### *Impact of Liberalisation, Globalisation and Privatisation (LPG Strategy)*

While informalisation of economy has been on the ascent in India since 1980s, the trade liberalisation, globalisation and privatisation strategies which were adopted during the 1990's in response to the country's economic crisis, acted as a catalyst for unorganised labour to multiply and consolidate. Over 22 years of post-liberalisation, 92% of the jobs created are informal in nature (NSSO, Government of India, 2011). □□□Initially what was seen as a temporary phenomenon, understood largely as a by-product of a stagnant economy, informal employment was expected to disappear over the years (Harris, Todaro; Lewis). However, the contrary has been recorded with its exponential growth. While many argue that trade liberalisation aims to promote an economy's exports, thereby creating employment opportunities for growth, in India, free market competition, changed market boundaries, and modern capital-intensive technology has led to a wide scale employment loss in the formal sector, forcing retrenched workers to enter informal markets due to their ease of access and entry. Moreover, global trade and expansion in the volume and variety of cross-border transactions in goods and services, foreign direct investment, increase in international capital flows, and labour migration patterns, tend to privilege companies which are cosmopolitan in their functioning and disadvantage labour, as investors find it beneficial to shift to countries that provide high-output and low labour costs—a combination most easily available within an informal employment arrangement. In the entire movement, women tend to suffer the most as they are pushed to the lowest-income end of the informal economy, which generally includes piece-rate work, self-employment, paid work in informal enterprises, disguised unemployment, casual work, home-based work, and street vending, where the last two are the largest contributors for providing employment to women in India.

### **Placing Women's Labour in the Informal Economy**

Before acknowledging the role, contribution and problems of the informalisation of women's labour, it is to be noted that the category of "women" has to be treated as a heterogeneous group, as many of the women engaged in this economy are located at the intersections of different kinds of inequality: class, race, caste, occupation, and legal status. Thus, not all women are equally prone to, and face similar dangers of the informal economy which include low employment status, sporadic or no compensation, or no remuneration, negligible access to social security, and casual conditions of part-time, irregular, and often home-based activities—marked by geographical dispersion and social isolation. Therefore, "gender" needs to be treated as a relational concept, in conjunction with the intersectionality principle, for acknowledging the plurality of social identities and the manner in which these differences overlap and manifest into the economy (ILO 2017:45).

### *Socio-Economic Subordination*

The phenomenon of informality being higher amongst women is a direct consequence of their social perception in the society which ascribes a subordinate role to women both in domestic and public spheres. It is ironic that despite women occupying a higher proportion in the informal economy, they are the least visible workforce, with their contribution being unaccounted for in the national product (Carr, Chen). With the regional differences that arise in the manifestations of informal economy, it becomes difficult to assess the exact number of women workers, who fit into the informal category. Consequently, they are afforded jobs that lack any future promises of betterment, or increase in efficiency and training, restraining them from being able to find stable jobs later (Fapohunda). Since they occupy positions which are at extremely low levels of organisation and scale, they heavily depend on daily profits for survival as they lack access to institutional credit (Schneider, Bajada). The gender gap in income also appears to be noticeable in the informal sector, and the overlap between working in the informal economy and being poor hits women harder. Poor women, and especially home-based workers, domestic workers, agricultural workers, migrant workers, sex workers and those working in other hazardous jobs are exposed to the perils of gender-based violence, in the form of periodic harassment by local authorities, since they lack a formal setting for their operations; for which, they have little to no power in taking recourse to institutional retributions or legal assistance (ILO 2016).

### *Non-Division of Market and Domestic Activities*

Women are accorded the status of “secondary workers”, as it is often that case that their work is not considered to be a separate legal entity, divorced and independent from the household (Bhatt 72). It has likewise been noticed that the internalisation of the broad social perceptions of their work as lacking value, makes it alien for women workers to consider themselves as workers. Women may see their work as an extension of their unpaid care work, arising from their roles as mothers, wives, and members of their community, which simply devalues their work by obscuring any distinctions between their market and domestic activities within the socio-economic structure of informality, and often refrains them from collectively organising around stable and remunerated activities (Bruschini, Lombarda 135–192). The binary of assigning reproductive work to women, and productive to men is reinforced, as a result of which, women’s scope for undertaking new activities are restricted by traditional roles of domestic labour, inadequate infrastructure, time and space constraints, and care burdens (Palmer 1981-1986; ILO, 2013b). Gender barriers—which accord a secondary role to women’s labour—in terms of access to credit, technology, business services, training, welfare, insurance, and the market, often produce the “discouraged worker’s effect”, due to which many women end up dropping out of the labour force altogether (Chant, Craske).

### *Rural-Urban Divide*

In the Indian context, the rural-urban divide becomes an important vestige of analysis of informality. While agricultural workers form the bulk of the unorganised sector in the rural areas, urban spaces harbour contract and subcontract as well as migratory agricultural labourers. The working poor are concentrated in the informal economy, especially in the rural areas. Moreover, since the positive relation between working in the informal economy and being poor is stronger for women than for men, women from low-income segments, mostly the rural-poor, end up working as casual wage workers, home workers, or disguised workers in the agricultural sector, in which 97 per cent of the employment generated is informal in nature. Despite the agriculture sector employing 55% of the nation’s labour force in 2017, its contribution is estimated at a meagre 16% to the GDP, and speaks of the invisibilisation of women’s contribution to economic activities, as women are most likely to work as disguised labour. On the other hand, the higher income segments, mostly constituted by the urban women workforce, tend to be engaged in small-scale operations, and are mostly employed as domestic workers, home-based workers, street vendors and waste pickers. While gendered violence in domestic and work spheres affects all women in the economy, poor and rural women often have lesser resources to seek legal protection than middle class and urban women.

### **Different Kinds of Work(ers)**

Roughly about 20 million people, mostly women, migrate for domestic work to Mumbai, Delhi and other metropolitan urban areas from the eastern states of Bihar, Orissa, Chhattisgarh, Jharkhand, Assam and Mizoram. Domestic work is infamously characterised by long working hours, low wages, negligible negotiation with the employer, and those engaged in it are more vulnerable than other kinds of workers, because they are not officially classified as workers at all, lacking any immunity of laws that apply to workers otherwise (Neetha 1681-1688). Home based workers too, are not recognised as an independent category of workers by the Census of India, and are estimated to be a part of household industries, due to which there is a general trend of underreporting women’s participation, and under-evaluation of their work as productive or economic in nature (Henriquez, Perez 5-23). In undertaking home-based activities or domestic work, mostly working on piece rates, women endure the consequences of not only being invisible physically in the workspace, but also become socially isolated from other workers engaged in similar occupations. As a consequence, they are unable to organise themselves in a network, leading to further ostracisation from statistics on informal labour and policy-making procedures. In the case of construction labourers, the poorer and marginalised castes, indigenous communities and migrants, tend to dominate the pool of workers, where women bear the brunt of remaining in low-paid unskilled jobs. Women who are self-employed form a heterogeneous group of workers, and suffer lower quality of self-employment opportunities, where gender gap is most visibly reflected in lower pay and occupational distribution, conjoined with the constraints on access to credit. In India, the process of taking loans in their own names is cumbersome, as administrative requirements are especially restrictive due to the absence of independent taxation and legal status, and are generally recipients of smaller loans than men (Lycette, White 122).

### **Formalising Women’s Labour**

Women still continue to work in the informal economy for multiple reasons. One of them being that many women typically lack higher education or adequate skills, and therefore, cannot engage in wage employment in the formal economy. The lack of mobility and social acceptance of women working outside homes is still uncommon; as a result, they are confined to work at home, and exercise little choice or control in the type of work they wish to undertake. Furthermore, many women opt for informal work as a means of survival, and to contribute to household income, which makes them vulnerable to accept any kind of work available. Therefore, to formalise the labour of women, a combination of state-level action and changing the narrative around informalisation through the use of soft power, in forms of cultural symbols, discourses around their identities, and dissemination of information regarding their status and rights, can escalate the scope for policy action to correct inequalities. Rather than a surface-level corrective action, a more fundamental reform is needed where the first and foremost question is about exploring the gendered dimensions of national/local, economic, political and social, processes and institutions, and social protection (Abramo, Valenzuela), so that the traditional roles assigned to men and women in employment are revisited, as it is often the case that systems responsible for protecting women workers are themselves ridden with these biases. The various initiatives that can be undertaken towards formalisation can be broadly classified under three categories, given their nature and scope i.e. recognition, representation, and redistribution.

### *Recognition*

The politics of recognition aims to address issues that are broader in their scope of demanding change, changes other than what trade unions have conventionally addressed. For the most marginalised women (waste pickers, domestic workers, sex workers, migrants), the concern is as much about dignity and recognition, as the exigencies of survival. Waste pickers and sex workers are devalued due to the pervasive stigma around their occupations, and therefore, their rights as humans need to be simultaneously emphasised with their rights as workers. Domestic workers, on the other hand, face social exclusion in terms of no value being attached to their work. Home-based and self-employed workers need better access to financial markets, and enhanced capacity to overcome being excluded from the market. Migrants are exploited due to their perception as having an 'alien' status, as being an outsider to the people of the land, and therefore, the first form of protection they need is to be recognised as citizens, as essential and contributing members of the society, and reduce the hostility of the public towards migrants.

The process of building social and self-recognition of the value of the work that women in the informal economy do, is slow paced and requires continuous effort to collectivise women who are otherwise divided by their social location/s. While informalisation manifests in various ways, at the national and global level, depending on the dynamics of politics and economy at both levels; focusing on local movements, oriented towards communities and individual, that aim to change patriarchal mindsets, and help women develop a sense of self-worth, is an essential programmatic approach as it provides relevance to workers' concerns in the context of their everyday lives. Instead of targeting the government or policymakers, this move emphasises on locality of action by accepting the failure of public advocacy in not being able to change the way people act within their homes, neighbourhood communities, and immediate spaces. While the role of external agencies, such as the government, donor agency, trade union, or NGOs cannot be denied, the changes in the fabric of thoughts of families, neighbourhoods, and communities, on caste/class/gender networks, offer a different kind of social security—by curbing exclusion and exploitation within these community spaces.

### *Representation*

The representation of women workers in the informal economy encompasses two aspects—providing a voice to women to express their concerns and propose possible interventions which will have a geographical and social focus, and visibilise the work that otherwise remains unaccounted for in the national product. It is imperative to do so as the strategies that will work most efficiently are the ones that are contextually developed, where the context is not assumed but built. It is the locally grounded practices of organisations in representing lived experiences and realities of women workers, that will help in informing the strategies and plans adopted at national and global levels. It is only then that the policies can validate their claims of representation, as they will be conscious of the geographical differences in India, and how they interact with structures of gender and inequalities.

In India, the government needs to cooperate with civil society organisations working on-ground with informal workers to formulate plans and policies, to ensure that there is an amalgamation of top-down and bottom-up approach for meeting the specific requirements of the workers. Such an approach is beneficial in avoiding any assumptions about the social realities of the women workers, and ensuring that the voices of stakeholders are not taken over by the few privileged of the formal sector. These

organisations working on a community level, are capable of employing a different strategy from the ones adopted by trade unions. Being more local in nature, they work to organise women into formal groups, by first changing their social position. Given the hierarchy in social identities of the workers, women might at first, feel alienated from the process of building a shared and valued identity with other women, for advancing their rights as workers. Therefore, it becomes essential for these organisations to strategically organise them around issues that are points of commonality, other than being informal labourers; for example, the gendered violence they are exposed to as women, or the concerns of child-care and drinking water as rural women might offer a point of mutuality.

### *Redistribution*

While informal labourers are usually paid daily wages, with rates ranging from Rs.400 to Rs.1000 (US\$5 to US\$13), the scope for savings disappears; in fact, many informal employees do not even own bank accounts for their earnings. Therefore, redistribution is an essential move towards formalisation, and is concerned with fostering changes in wages, working conditions, and social security of the labour, and increasing women's access to credit, welfare funds, and insurance. The ultimate aim is a holistic human resource development policy that improves women's employability through training, legislation and effective enforcement of legal safeguards. Witnessing the failures of formal training systems in being unable to reach out to and assist informal economy workers, especially vulnerable sections such as poor women, and studies suggesting that labour reforms alone, such as the introduction of the Unorganised Workers' Social Security Act, 2008 and The Code on Social Security, 2019, will not be able to reduce informalisation of the economy, a reconceptualised method of redistribution becomes an urgent demand. In this regard, there is a need to advance micro-financing schemes to open up possibilities of entrepreneurship for women in the economy, so that they are encouraged to register micro and small enterprises. It will further help in ensuring better access to finance, better infrastructure, market information, government incentives, and provide a platform for formal association and a legal framework for their operations to guarantee regular returns. Micro-financing through Self Help Groups (SHGs) is an additional effective mechanism for providing financial services to those sections which are the hardest to reach, and also improves their socioeconomic status of women workers by reducing the inequalities borne out of the relationality between gender and class, and by strengthening their collective self help capacities—leading to their wholesome empowerment (Kabeer et al. 253).

Information and training of the workforce regarding their legal rights as women, as workers, and as citizens, need to be disseminated, to counter the effects of lower levels of education, and increase their power to negotiate with the employer for decent work, wages, social security and job security. To extend the outreach of social security benefits, publicly-managed schemes and anti-poverty programmes focusing on providing community-based health financing schemes and extending maternity protection for women in the informal economy, can assist in accounting for the gendered nature of the care economy (Budlender; ILO, 2003a). Parallel to the process of disseminating knowledge of the law to the workers, the procedure of building up of citizenship as well as worker identities, and engaging them in political and policy processes in diverse ways, can help in dealing with inequalities that arise out of the divisions of caste, race, gender, and legality, and to counter the political economy of exclusion, born out of the processes of informalisation, from the interdependent relationships of exploitation, marginalisation, and exclusion (Schierup et al.).

## **CONCLUSION**

The conundrums posed by informalisation are multi-faceted, especially with regards to the concept of 'gender', as a substantial part of women's work in India is characterised by lower remuneration, higher health hazards, and substandard working conditions, as compared to that of men—leading to their social and economic exploitation. As has been noted, the move towards creating a formal market environment cannot wholly be addressed by labour reforms alone. Therefore, policies and community action aimed towards educating and skilling the labour force are vital for providing employment security and social security benefits, as are changing the societal values and position of women. The movement towards formalisation can be brought about by recognition and representation of women's participation in the workforce and their community as workers in the process of policy-making, and redistribution of resources, to address and minimise gender-based disparities in economic activities and enhancing the socio-economic positioning of women in the economy and society.

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