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Two claims about the impact of globalisation have been made in India. One, made by the corporate lobby, is that globalisation requires the dilution of existing labour standards and, *a fortiori*, strong resistance to any strengthening of workers' rights, since these are an obstacle to competitiveness in the global economy as well as to attracting foreign investment. The other, made by mainstream Left parties and their trade unions, is that globalisation, through the agency of transnational corporations, the World Bank, IMF and WTO, is driving the dilution of labour standards and assault on workers' rights. Coming from seemingly opposite quarters, these claims converge on one common point: globalisation inevitably leads to an attack on workers' rights. This paper examines the evidence for and against these claims, and ends by looking at the ways in which workers have defended and could defend their rights in this context.

1. What do we mean by globalisation?

For the purposes of the argument in this paper, as well as understanding some of the responses to globalisation, it is important to define what we mean by this term. This is all the more crucial because even if we leave out the unambiguous supporters of globalisation in its present form - those who hold that it is purely beneficial, and the benefits will 'trickle down' automatically to the poor - there are still widely differing conceptions of this process. Those who either oppose globalisation, or are anxious about its potentially detrimental effects on employment and poverty, encompass a wide political spectrum. The extreme Right opposes it from the standpoint of economic and cultural nationalism, and liberals might deplore the loss of national sovereignty because it reduces the effectiveness of state intervention to regulate capital and labour, alleviate poverty, and so forth (cf. Hensman 2000; Sakai 2000). Even amongst Left groups claiming some relationship to a Marxist tradition, there are widely differing theoretical approaches to globalisation, resulting in diametrically opposed responses to it.

1.1 Globalisation as imperialism

A large section of the Left identifies globalisation with imperialism, and opposes it from this point of view. Their definition of imperialism relies on Lenin's *Imperialism, the Highest Stage of Capitalism* (Lenin 1966). Lenin did not claim this to be a fully worked out theory, nor the last word on the subject, but, rather, an explanation of World War I (which was raging at the time he wrote it in 1916) and the collapse of the Second International (Kemp 1972:26-27), which drew heavily on Hilferding's *Finance Capital* (1981) and Hobson's *Imperialism* (1938). According to Lenin's definition, imperialism was characterised by (a) the dominance of international capitalist monopolies; (b) the merging of bank capital with industrial capital to create 'finance capital'; (c) the export

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of capital rather than the export of commodities; and (d) the territorial division of the world among the biggest capitalist powers.

Given that colonialism was one of the defining features of Lenin's conception of imperialism, post-colonial theorists of imperialism have resorted to notions like 'neo-colonialism' and 'semi-colonialism' to imply the continued economic and political dominance of the advanced industrial countries over the Third World. And while Lenin had suggested that imperialism could industrialise the colonies, their contention, on the contrary, is that it holds back or prevents industrialisation (e.g. Baran 1962). One crucial way in which this 'underdevelopment' is achieved, they argue, is through the transfer of wealth from the Third World to developed countries, through mechanisms like trade, repatriation of profits, and interest on loans, thus slowing down or halting accumulation in the Third World (e.g. Emmanuel 1972, Frank 1969, Hensman 1971, Hayter 1971) ¹

A radical response to this dilemma, articulated most consistently by Samir Amin (e.g. Amin 1964, 1990, 1998), is that Third World countries must de-link from world economy and become autocentric national structures if industrialisation and socialist revolution are to become possible. A major premise of this position, whether implicit or explicit, is that the Soviet Union and China constitute alternative models of development and paths to socialism (e.g. Baran and Sweezy 1966:183; Petras 1999). Thus economic nationalism and socialist revolution are seen as being inextricably entwined.

1.2 An alternative view

The characterisation of globalisation as imperialism is the dominant view in the Indian Left (e.g. Mathew 2001), and permeates both the policies and pronouncements of the Left parties. Yet it hardly seems viable in the 21st century, after the disintegration of the Soviet Union and Eastern Bloc and the absorption of their constituents, as well as China, into the capitalist world economy. This is probably what accounts for the increasing incoherence of Amin's formulations (cf Pieterse 1994). That socialism, which by definition is economically more advanced than capitalism, should collapse in this manner without any military conquest by the advanced capitalist countries is somewhat incredible. A far more convincing explanation is that what was established in Russia and China after the popular revolutions of 1917 and 1949 was a form of state capitalism, where, in the absence of a strong bourgeoisie, the state took on the role of carrying through industrialisation, or what Marx called 'primitive capitalist accumulation' (cf. Cliff 1974; Bettelheim 1978; Kulkarni 1994). If this theory is accepted, then the eventual reintegration of these economies into a capitalist world economy, no longer as tributaries but as powers to be reckoned with, could be seen as inevitable and, indeed, progressive. The same would be true of Third World countries like Korea and India, where the state played a less overwhelming but nonetheless crucial role in industrialisation.

Such an interpretation does not rule out the possibility that countries attempting to industrialise in the context of a world economy already dominated by powerful industrialised nations might need to exercise control over the movement of commodities and capital across their borders by means of some form of protectionism. This very question was being debated by Marx and Engels in the late 1840s, when the late entrant

¹ See Sutcliffe 1972 for a useful overview of the debate.

in question was Germany. They agreed on the limited utility of protectionism, although with a difference of emphasis, Engels stressing the role of protectionism in enabling the bourgeoisie to sweep away the remnants of feudal society and establish full-blown capitalism (Engels 1976:94), while Marx insisted on the intrinsically conservative character of protectionism and the role of free trade in hastening social revolution (Marx 1976:465). Marx's position, which remained constant from the *Communist Manifesto* through *Capital* to the *Critique of the Gotha Programme*, had nothing to do with the particular conjuncture, but flowed logically from his analysis of capitalism as such being inherently global in nature.

Marx's view of free trade is quite compatible with the possibility that a phase in which Third World economies insulated themselves from complete openness to world economy might have been necessary, while at the same time emphasising that these barriers had to come down at a later stage. Attempting to go back to economic isolationism at this later stage then becomes not merely conservative but reactionary, and involves subordination of the interests of the working class to those of the most backward domestic capitalists. This would explain why the Left in India finds itself in the same camp as the extreme Right on the issue of globalisation (Hensman 2001), and why mainstream trade unions have failed to tackle the real causes of large-scale poverty and oppression (see below). Rosa Luxemburg's steadfast opposition to nationalism in oppressed nations as being essentially counter-revolutionary because it consolidates the power of the bourgeoisie over the proletariat in these nations (e.g. Luxemburg 1970:378-83) appears to be borne out in this instance, however extreme it might have seemed in her time.

It should, however, be emphasised that Lenin did not at any point advocate class collaborationism – i.e. subordination of the interests of the proletariat to those of the bourgeoisie – even in the colonies. In fact, the opposition between him and Luxemburg on this question was superficial rather than fundamental. Lenin, coming from imperialist Russia, emphasised opposition to nationalism in imperialist countries, while Luxemburg, coming from oppressed Poland, emphasised opposition to nationalism in oppressed nations. Both accepted Marx's conception of capitalism as being global by its very nature, and therefore envisaged communist revolution resulting not from nationalist opposition to capitalist globalisation but from internationalist unity of workers from all countries.

1.3 The latest phase of capitalism?

Coming back to the question we started with, it seems to me that although major inequalities of wealth and power between nations still persist, characterising the global economy of the early 21st century as 'imperialist' is to stretch the concept of imperialism to a point where it becomes meaningless. Direct military and/or political domination by imperialist countries has been central to its definition, whether in the time of Marx and Engels or in that of Lenin and Luxemburg. This no longer exists, except in a few isolated pockets. Competing nationalisms of the most virulent kind were also integral to the definition of imperialism, whereas globalisation undermines nationalism and the nation-state in a radical way (see Clark 1999). Stagnating markets in North America and Western Europe have driven TNCs to seek 'emerging markets' in Third World countries,

often locating investments to cater to these markets, and even - in the case of labour-intensive products like garments - sourcing for export to developed countries, in the Third World. A significant number of Third World nations have emerged as powerful industrialised countries, and this, together with the collapse of the Soviet Union and Eastern Bloc, has resulted in a capitalist world which is integrated not by colonialism as before, but by relationships of greater (though by no means equal) mutual dependence. If FDI volumes are not unprecedented, reverse flows of FDI - Third World companies investing in developed countries (e.g. Kumar 1995) certainly are. Modern information technology, which did not exist when Lenin wrote *Imperialism*, has played a major role in this integration. The dominance of banking capital, which was not universal even in Hilferding's time, has further been reduced by the emergence of important new institutional investors such as pension funds, insurance companies and investment trusts (e.g. De Ryck 1998). What was the 'latest' stage of capitalism when Hilferding and Lenin were writing in the early 20th century is no longer the latest phase at the beginning of the 21st.

For the purposes of this paper, then, 'globalisation' can be seen as this latest phase of capitalism, the transition to which has been occurring for at least two or three decades. Perhaps the establishment of the WTO in January 1995 can serve as a useful watershed signifying the end of the beginning of this new stage, when, among other things, virtually all the countries of the world have been drawn into the capitalist world market, and barriers to the free movement of capital and commodities are rapidly being reduced. In many ways it is a realisation of the vision projected in the Communist Manifesto, which was extremely premature at the time it was written, given that capitalist relations of production had not yet been established in most of the world. Marx and Engels showed their awareness of this when they wrote that the spectre of communism was haunting *Europe*. But communism cannot be achieved in one continent, and it is only today, one-and-a-half centuries later, that the picture Marx drew for Europe is applicable to the whole world (Hersch and Brun 2000). Globalisation, according to this view, creates the grave-diggers of capitalism: a truly global working class.

2. Conditions in the informal sector

Critiques of the notion of the informal sector as a stepping stone from rural labour to the formal sector, or as consisting predominantly of the self-employed, are now well-established and need not be repeated (e.g. Breman 1996: 6-7). While it is true that there is a small proportion of genuinely self-employed persons in the informal sector, the vast majority work for others, and this is the section which will be considered here. Most of them are agricultural or non-agricultural rural labourers, but a large proportion are also to be found in the urban economy.

Within industry, the distinction between formal and informal does not correspond completely to that between the organised and unorganised sectors. The organised sector is usually characterised as enterprises covered by the Factories Act, which applies to units with electrical power employing ten workers or more, or units without electrical power employing twenty workers or more. Although unorganised sector workers would tend to be informal, it does not follow that all workers in the organised sector are formal. A large number of workers not only in the organised private sector but also in the public sector - casual, temporary and contract workers (i.e. those hired through the

mediation of a labour contractor) - are also informal, in the sense that they are equally unprotected by labour legislation. Thus there are strong arguments for defining 'informal' by reference to the types of employment arrangements rather than the type of unit (cf. Kantor 1997), and this is the definition I propose to use.

2.1 Legislative discrimination and denial of the right to organise

Assessing the impact of globalisation on employment in the formal and informal sectors would require establishing the position and trends prior to liberalisation, i.e. upto 1991. Legal rights in the two sectors could hardly be more different if they belonged to different countries. The bulk of labour legislation deliberately *excludes* the informal sector. For example, the Factories Act, 1948, which covers working conditions, health and safety, basic amenities like toilets, working hours, prohibition of child labour and night work for women, workplace creches, and much more, does not apply to informal workers; similarly the Employees' State Insurance Act, 1948, providing for accident compensation and sickness and maternity benefits, does not apply to workplaces with less than twenty workers without power. This provides employers with a variety of ways to evade these laws: splitting up an establishment into smaller units which are supposedly independent of one another, creating artificial breaks in employment so that workers never become permanent, employing large numbers of contract workers (on site) who are deemed to be employees of labour contractors and therefore do not appear on the payroll of the company, or subcontracting production to smaller workplaces. The Payment of Bonus Act, 1965, Employees' Provident Fund and Miscellaneous Provision Act, 1972 and Payment of Gratuity Act, 1972, are likewise not applicable to informal workers.

Statutes such as the Trade Union Act, 1926 (which provides for registration of unions but no obligation on the part of employers to recognise them or to bargain collectively) and the Minimum Wages Act, 1948, are in principle applicable to all workers. But given that informal workers have no formal employment status and can be dismissed at will, actually organising or demanding a livelihood becomes virtually impossible, because to make any attempt to do so is to invite dismissal. Worse, persistence in such an enterprise may be punished by death. When Dalit agricultural labourers in the Jehanabad district of Bihar organised themselves to take over and till fallow land, government land and the surplus land of private landowners, upper-caste agrarian employers retaliated by forming the Ranvir Sena in 1994. Subsequently, the Ranvir Sena indulged in a series of gruesome massacres of Dalit labourers along with their families, including children: a punishment for the assertion of their right to a livelihood and human dignity (*Economic and Political Weekly* 1997:622, 1999:308). Similarly Shankar Guha Niyogi, one of the most respected trade union leaders in India, was murdered by local employers in 1991 when he tried to organise workers in the new industrial areas of Raipur District (Sen 1999).

This does not mean that there is no protection whatsoever for workers in the informal sector. For example, the Contract Labour (Regulation and Abolition) Act, 1971, does provide this category of workers with some minimal rights, but the way this legislation has been formulated leaves loopholes which have been exploited by unscrupulous employers, one of the worst of whom is the government itself. For example, the Act .

forbids the employment of contract labour for work of a permanent or perennial nature, but if workers ever complained that this was being done, they were fired and new workers taken on when the jobs were made permanent. This, of course, discouraged contract workers from making such complaints. In an attempt to plug this loophole, a landmark judgement of the Supreme Court on 6 December 1996 ruled that in such cases, the contract workers who were doing the jobs prior to the dispute must be made permanent. Employers responded by insisting that this judgement must be reviewed by a Constitutional bench of the Supreme Court. The importance of legal rights is borne out by the fact that the Supreme Court has on many occasions upheld the right of informal workers to be made permanent in the face of employers' attempts to use casual or contract workers for permanent jobs (cf. Antony 2001(a), 2001(b)).

2.2 Health and safety hazards, migrant labour and bondage

The chronic insecurity of informal workers allows employers to impose extremely hazardous working conditions on them. The construction industry is the second largest employer in the country, employing about thirty-two million mainly informal workers. The working conditions are deplorable. Whether it is a government or private undertaking, the employers are oblivious to the hazards involved. Consequently, the number of crippling and fatal accidents is extremely high. Falls, being crushed under collapsing structures, getting buried under mud, and electrocution are some of the causes of deaths and serious injuries (Menon 1999).

Another example is the miserable plight of workers, mostly migrant women, in the export-oriented fish-processing industry. The workers are virtually kept in captivity, generally at the workplace itself, forced to work long hours in unhygienic conditions, denied minimum wages, and subjected to sexual harassment and various forms of coercion. Although the industry falls in the organised sector, its workers fall in the category of informal labour due to their migrant status, although there is no logical reason why this makes it impossible for labour laws to apply to them (Sharma 1999).

A majority of agricultural labourers in India are from the 'Scheduled Castes and Tribes', that is, communities socially oppressed under the caste system and among the worst exploited economically. Sugar cane is grown in western India by large farmers from the dominant agricultural castes, who also own the sugar cooperatives. The cane is harvested over some eight months of the year by migrant workers who cannot find sufficient work in their home regions to sustain them throughout the year. In South Gujarat, the cane fields are harvested mainly by migrant workers from Khandesh in Maharashtra, mostly tribals. Although harvesting is entirely controlled by the cooperatives, these workers are not deemed to be their employees but recruited on a contract system through *mukadams* (contractors) from the same villages. The factories advance money to the contractors, who in turn advance money to the labourers in return for a commitment to work for them during the next season. To retain labour throughout the season, the cooperatives withhold the greater part of workers' wages until it ends; this portion is forfeited if workers fall ill and find themselves unable to work.

The arduous work of cutting, cleaning and bundling the cane is carried out by groups of two or three workers, usually a couple, sometimes with a working child. Moving with their families, they camp in the open fields, with just a couple of poles and two mats to make an inadequate shelter, with no water supply, sanitation or protection from the

winter cold. They are frequently woken in the middle of the night to load the bundles on to trucks to be taken to the factories. Sickness or injury from the machetes are common, and can result in death. Nursing mothers have to care for their babies in the interstices of their work. The piecerate is manipulated so that employees receive less than the minimum wage. Many of them, being illiterate, are cheated in various ways of the small amount that is due to them. About half the harvest workers are women, but payment for the work of a couple or threesome is given to the man, and the work done by women is not recognised separately (Breman 1990: Teerink 1995).

As this last example demonstrates, extreme poverty and insecurity of employment becomes a means by which employers can enforce forms of bondage, advancing sums of money to workers which they - and in some cases their children - have to repay, sometimes over a period of several years. The existence of this form of forced labour is widespread in the informal sector, especially but not exclusively in rural areas (e.g. Karunanithi 1998).

2.3 Child labour

The widespread occurrence of child labour is another characteristic of the informal sector. Reliable statistics of the number of child workers in India are hard to come by; according to ILO estimates, the number is at least 90 million, while some NGOs put it even higher (*Economic Times* 2000). The Child Labour (Prohibition and Regulation) Act, 1986 represents a half-hearted attempt by the government to deal with this massive problem - its aim is not to abolish child labour but only to prohibit its use in hazardous industries. Numerous investigations make it clear, however, that *all* employment is hazardous for children, and that they are regularly maimed, tortured or killed, by accident or ill-treatment, in supposedly non-hazardous occupations such as garment manufacturing, food production and domestic labour. For example, 15-year-old Banu had been working in the garment industry since she was 11, and was the chief breadwinner of her family. On 22 June, 1998, her skirt got caught in an unprotected overlock machine at Koshi Garments, Tirupur, throwing her violently to the ground. She died later the same day (John 1998). Eight-year-old Shiva, an orphan, was sold by his uncle for Rs 1500 to Ganesh Rajput who put him to work in a small unit in Maharashtra making sweets and snacks. The children were made to work for 20 hours a day, and treated with appalling cruelty. When Shiva tried to run away on 29 June, 1993, the employer caught him and beat him to death (Sharma 1998).

Secondly, the act is simply not enforced even in the areas to which it applies. Farook, Suresh and Sahdev died within three months in 1998 in Gujarat. Farook was cleaning used polythene bags that once contained *Phorat*, a highly toxic pesticide, Sahdev was working on a road construction site and was crushed by falling concrete, and Suresh too was crushed to death when part of the bridge he was breaking collapsed on him. Other children working with them were critically ill or disabled for life (Chauhar 1998). Every Diwali there are reports of children being blown up in fireworks factories (*Labour File* 1998). The illegal employment of children is scarcely a clandestine affair; everyone knows it is going on, and the government, far from clamping down on it, has even encouraged it in various ways.

The Sivakasi-Sattur belt in Tamil Nadu, for example, has seen extensive use of child labour in match production. Only a small proportion of national match production takes place in the formal sector, under regulated labour conditions. The rest, controlled by influential business families, is carried on in decentralised sweatshops or homes, using a significant proportion of child workers. This kind of decentralised production is encouraged by the state through restrictions on the production of matches in the organised sector, excise differentials favouring the small-scale sector, and exemption from labour laws. As this study shows, children are employed in preference to adults, despite a high level of adult unemployment, because they are a source of cheap labour (Chandrashekhar 1997).

There are some indications that child labour in export production, such as the carpet industry, has increased since liberalisation, as reported by Joseph Gathia of the Centre of Concern for Child Labour (Vivekanandan 1996:167). On the other hand, globalisation, by stimulating a worldwide outcry against child labour, has also for the first time focused the attention of the Indian government and Indian trade unions on this problem, as well as providing the possibility of new remedies.²

3. Erosion of job security in the formal sector

3.1 Job losses and pressure for legal changes

While employment conditions in the informal sector have not changed significantly - and, indeed, could hardly have got worse than they were to begin with - the formal sector, which was characterised by high levels of job security, union density and collective bargaining up to the 1970s, suffered a catastrophic erosion of job security from the 1980s onwards. Textile mills, for example, went through a spectacular decline in employment. It is estimated that the Bombay textile strike of 1982-83 was followed by the loss of roughly 75,000 jobs due to closures and downsizing, excluding jobs where older workers were replaced by new recruits (see van Wersch 1992: 234-44). By the end of the 1990s, this number is estimated to have climbed to 100,000 jobs. In Ahmedabad, another textile centre, the decline started in 1982, with the closure of 50 private mills and 20 government-owned mills and the loss of almost 100,000 jobs over the next fifteen years, the majority in the 1980s (Patel 2001:6). Other textile centres like Kanpur witnessed a similar decline.. The vast majority of these job losses were not due to natural wastage or voluntary early retirement: they were involuntary and sometimes bitterly resisted.

In other industries like pharmaceuticals and personal care products, although there was rapid automation, downsizing and an increasing sense of insecurity amongst workers throughout the 1980s (created, for example, by events like the Hindustan Lever Sewri factory lockout of 1988-89, which resulted in the loss of several hundreds of jobs,

² There is no space here to go into the debates over child labour. Briefly, my position is that I do not object to children working *provided* (a) their health and safety is assured, (b) their education does not suffer, and (c) it is entirely voluntary - i.e. neither their own livelihood nor that of their families depends on it. Rather than being caused by poverty, child labour is a cause of poverty, and can be eliminated by (a) enforcement of labour legislation banning child labour and ensuring organising and collective bargaining rights for all workers, (b) provision of free, compulsory and relevant elementary education for all children, and (c) social security for children who have no parents or whose parents are unable to work. For a more extensive discussion, see Hensman 2001.

including those of all the women workers), actual closures took place mainly in the 1990s. The liberalisation of 1991 was accompanied by a vigorous employer campaign for an 'Exit Policy', i.e. the right to hire and fire workers freely. This was resisted just as fiercely by trade unions, and temporarily withdrawn. However, dismissals and closures continued unabated throughout the decade. In Bombay alone, plants belonging to Ciba Geigy, Abbott Laboratories, Roche Pharmaceuticals, Hoechst, Boots, Boehringer-Mannheim and Parke-Davis were closed, demolishing some of the best jobs available anywhere in India, especially for women. Most of these were achieved by means of so-called Voluntary Retirement Schemes, which, however, contained a large element of intimidation and coercion combined with disinformation designed to create what workers called 'a fear psychosis' (Interviews with plant-level unionists, 1993-99).

Employers thus demonstrated that they could get rid of their workforces even without any change in the law. Nonetheless, Indian employers in particular found it cumbersome to be obliged to negotiate a retirement compensation scheme with the union, or to obtain permission for closure or downsizing from the state government. They therefore mounted a systematic campaign to revise (a) the Contract Labour Act, especially Section 10, in order to remove all restrictions on the use of contract labour, and (b) the Industrial Disputes Act, 1947. Provision V B of the latter, introduced in 1976, specified that all units employing 300 or more workers would have to obtain permission from the state government before carrying out dismissals or closures, and this was made applicable to all units employing 100 workers or more in 1982.

In October 2000 the state government of Maharashtra, pressurised by Indian industrialists' threats to take their investments to other states, proposed wide-ranging revisions to labour legislation that would render them virtually useless for protecting workers' rights (Samant 2000; D'Costa 2000). The employer campaign culminated in the announcement by Finance Minister Yeshwant Sinha, in his Budget Speech of 2001, that the government would liberalise the use of contract labour and permit employers to dismiss workers and close down units employing up to 1000 workers - an announcement greeted with great euphoria by the business lobby (Datta 2001; Mitra 2001). The arguments in support of these measures were that by increasing flexibility, they would enable enterprises to restructure, or allow failing enterprises to close down and shift their investments to more profitable lines, thereby also expanding employment. How valid are these arguments?

3.2 Formal/informal sector employment statistics

While keeping in mind that employment statistics may not be totally reliable, especially with respect to the informal sector (see Nagaraj 1999(a), CSO 1999, Nagaraj 1999(b)), there is broad agreement on the general picture:

- 1) It appears that employment in organised manufacturing, both private and public sector, (where the majority of formal workers would be found) grew at a rate of c.3.8 per cent per annum between 1970-71 and 1980-81, 0.53 per cent per annum between 1980-81 and 1990-91, and 2.69 per cent per annum between 1990-91 and 1997-98. Thus after a sharp drop in the 1980s, the growth rate recovered somewhat in the 1990s (i.e. post-liberalisation) (Goldar 2000). The CSO (Central Statistical Organisation) too estimated that there was a 2.26 per cent compound annual growth of employment in the organised manufacturing sector during the period 1992-98 (*Business Standard* 1999).
- 2) It also appears that total employment (formal and informal) grew by 2.17 per cent per annum between 1977-78 and 1983, 1.54 per cent per annum between 1983 and 1987-88, and 2.43 per cent per annum between 1987-88 and 1993-94 (Mahendra Dev 2000(a):825).
- 3) Another estimate is that while employment growth in organised manufacturing declined from 1.86 per cent per annum during 1978-83 to -0.45 per cent per annum during 1983-88 and recovered to 2.31 in 1988-94, employment growth in unorganised manufacturing changed little from 3.69 per cent per annum during 1978-83 to 3.97 per cent per annum during 1983-88, and declined to 1.08 per cent per annum during 1988-94 (Mahendra Dev 2000(b):49).
- 4) In the most recent period, it is estimated that while organised sector jobs increased at an average annual rate of 0.5 per cent during 1993-99, non-agricultural unorganised sector jobs grew at an average rate of 2.8 per cent per annum (*Economic Times* 2001).
- 5) Looking now at the proportion of informal labour, one estimate puts it at 90.5 per cent in 1972-73, 90.1 per cent in 1987-88, and 91.1 per cent in 1993-94 (Mahendra Dev 2000(b):48). The total labour force was 314.13 million in the 1991 census while the *Economic Survey 1997-98* estimated the labour force as being 397.2 million in 1997. According to the *Statistical Outline of India 1998-99*, employment in the organised sector, in millions, rose from 26.73 in 1991 to 28.25 in 1997, so the proportion of (permanent) employees in the organised sector declined from 8.5 per cent to 7.1 per cent in the period 1991-97. Finally, it was estimated that organised sector employment fell from 8 per cent of total employment in 1994 to 7 per cent in 1999-2000 (*Economic Times* 2000).

While these figures are not directly comparable, since some pertain only to the private sector, some to private and public, some only to manufacturing, some to employment as a whole, and so on and so forth, there is agreement on the overwhelming and growing preponderance of informal labour.

3.3 Interpreting the statistics

The assumption justifying government policies promoting the informal sector - for example, 'reservation of products for exclusive manufacture by small-scale units, fiscal incentives in terms of exemption from excise tax, direct subsidy, price preference, credit, technical and marketing assistance' (Ramaswamy 1994:M-13) as well as exemption from labour laws is that it increases employment. And the statistics are triumphantly touted by Indian industrialists as proof of this very 'fact'. The decline in the growth rate of employment in the formal sector is attributed to protective labour legislation, and especially to job security clauses in the Industrial Disputes Act. On the other side, many trade unionists and leftists attribute this same decline to globalisation. Where does the truth lie?

To take up the second argument first, it is evident even from the statistics presented so far that there is no clear link between globalisation and the staggering preponderance of informal labour in India. In fact, the imbalance always existed, and the decline in formal sector employment goes back at least to the 1960s (Joshi and Joshi 1976:68), long before there was any thought of liberalisation.

Nor does this argument make any sense theoretically. The basis for the contention that globalisation leads to lower labour standards (the 'race to the bottom' thesis) is that once commodities are free to flow from countries with lower standards to countries with higher standards while capital is free to flow in the opposite direction, wage competition and regulatory competition will lead to unemployment in countries with high standards and a flow of jobs to countries with lower standards (cf. Stone:448-50). In India, however, there was never any barrier to the flow of commodities or capital between the formal sector with higher labour standards and the informal sector with abysmal standards. This disparity, and not globalisation, is what is responsible for the continual bleeding of jobs from the formal to the informal sector: an intra-national race to the bottom. Globalisation might accelerate this process by increasing competitive pressure on inefficient Indian companies, but it is responsible neither for the huge preponderance of informal labour nor for the decline of formal labour. These are the result of government and employer policy.

The temporal pattern of formal sector employment expansion also casts doubt on the contention that it is the job security provisions of the Industrial Disputes Act that are responsible for the decline in the growth of formal sector jobs. The decline started before the provisions were introduced, and although it is true that formal employment dropped sharply in the mid-1980s, it recovered despite the absence of any change in the law. However, what about the more general argument that a large informal sector is necessary for employment generation, upon which both government policy and employer campaigns are based?

3.4 Does the informal sector create employment?

This argument is based on several assumptions which do not stand up under scrutiny.

Assumption no.1: There is no relationship between formal and informal sector employment; therefore all the employment growth in the latter can be seen as the creation of new jobs.

This is very far from being true. What happened to all the textile production that disappeared from the mills in the 1980s and 1990s? There is a great deal of evidence that it was transferred straight into the decentralised powerloom sector, where almost all the employment is informal (e.g. Baud 1983:31-32; van Wersch 1992:40-46). Nor is this the only industry where there has been a wholesale transfer of production from the formal to informal sector. *Beedis* (Banerjee 1984:6), engineering, pharmaceuticals and other industries (Banaji and Hensman 1990:123-25; Hensman 1996:90-92) have gone through a similar process, either directly, through closure of organised sector units, or indirectly,

through subcontracting or the substitution of casual, temporary or contract labour for permanent workers.

The statistics tend to conceal this story. Much of the explanation for the slowdown in growth or even absolute decline of employment in the formal sector lies in the large-scale transfer of jobs out of this sector. Conversely, much of the growth in informal sector employment is accounted for by this transfer; therefore *this is not the creation of new jobs, but simply the downgrading of existing ones*. All it proves is that most employers, including the government and some of the largest companies, prefer to cut costs by evading labour laws and/or making use of subsidies if they can. If the informal sector did not exist, this production would have remained in the formal sector, providing far better-quality employment.

Assumption no.2: More employment can be generated in the informal sector because it uses labour-intensive production techniques.

This is very often not the case, especially with modern technology. In fact, many studies have found that the technology used in decentralised informal sector production is the same as that used in the formal sector; capital costs are lower only because the working conditions are so much worse (Banerjee 1981:286; Holmstrom 1984:151). Indeed, there are cases where the very same machinery from dismantled large-scale units is transferred to the small-scale sector! Other studies too have shown that technology is not necessarily more labour-intensive in the small-scale sector (Ramaswamy 1994). And even if, on average, technology is more capital-intensive in the formal sector, this is probably more than offset by much longer working hours in the informal sector (Roy 1998:901). It is very likely that the same production, carried out in the formal sector with shorter working hours, would create *more* employment.

3.5 Employer preference for informal labour

We can conclude that the huge preponderance and more rapid growth of the informal sector as compared to the formal sector is the result neither of globalisation nor of lack of flexibility in the latter, but of government policies favouring the former, combined with employer preference for a minimum of regulation, or preferably none at all (cf. Harriss-White and Gooptu 2000:89-90). The aversion to and sabotage of regulation is not confined to labour laws, but includes tax evasion, illegal use of electricity, evasion of environmental laws, and, in general, establishment of a close nexus with the huge black economy and the underworld (see Breman 1996:183). This is a section of employers which extracts the maximum from society - including the lives and health of millions of workers - and gives back next to nothing.

Regulatory sabotage and evasion of responsibility are not confined to the small-scale or informal sector either. Some large companies too establish themselves and expand by taking large loans from public financial institutions, and the often-repeated demand that unprofitable or failing enterprises or units should simply be allowed to close down (e.g. De 2001) would result in evasion of any scrutiny of the ways in which, in many cases, these companies have been mismanaged, and public funds either squandered or siphoned off by

unscrupulous promoters (see Narayanan 1994; Thomas 1999). Evasion of responsibility towards employees is only the most unsavoury expression of a predatory attitude towards society as a whole.

Thus the evidence does not justify either public policy choices in favour of the informal sector nor employer campaigns claiming that labour legislation in the formal sector reduces employment. If industrialists succeed in getting the labour law changes promised to them by the Finance Minister in his budget speech, the only effect will be to precipitate most of what remains of the formal sector into the informal sector.

4. Employer responses to globalisation

4.1 Isolationism, protectionism and attacks on labour rights

Most responses to globalisation by employers in the formal and informal sectors have ranged from outright rejection to qualified acceptance, with only a small number of the best managed and most competitive companies showing a readiness to confront its challenges.

The first category of employers - i.e. those who reject globalisation and want India to leave the WTO - is represented politically by the extreme Right-wing Hindu nationalist RSS (Rashtriya Swayamsevak Sangh) and its affiliates such as the SJM (Swadeshi Jagran Manch). The Bharatiya Mazdoor Sangh (BMS) espouses the same ideology, but, as the 'trade union wing' of the RSS, has to protect the perceived interests of its members by opposing any dilution of labour laws. The opposition of the 'Sangh Parivar' (i.e. the family of organisations affiliated to the RSS) to globalisation and the WTO is part of their extreme xenophobia towards everyone and everything they regard as 'foreign' from the standpoint of their narrow nationalism, including Islam, Christianity, Marxism, feminism, and anyone who espouses beliefs which challenge their worldview (see Hensman 2001). They are joined in this opposition by neo-fascists in other countries (see Anti-Fascist Forum 2000).

The second category, which accepts globalisation provisionally, has put forward two major demands. The first is protection from competition from imports as well as foreign takeovers (e.g. Kumar 2001). At first sight, this may seem no different from the first category of industrialists, but there is a big difference. While the RSS espouses economic isolationism, this second group profits from, and may even depend upon, globalisation. Garment manufacturers, for example, are heavily dependent on exports, and oppose protectionist measures by other countries against their own products. Yet at the same time they urge the government to impose protectionist duties on garments produced in other Third World countries. The blatant double standards involved in this position do not seem to bother them. As Rahul Mehta, former president of the Indian Clothing Manufacturers' Association (ICMA) said quite frankly, "India's commitment to WTO relates only to countries like America and Europe, and not countries like Sri Lanka and Bangladesh" (Iyer 2001). In other words, trade barriers to Indian products must come down in Europe and America,

even while India puts up trade barriers to imports from less industrialised Third World countries!

The other major plank of this second category of employers, as we saw earlier, has been the demand for deregulation of the labour market, without which, they claim, they cannot face the increased competition resulting from trade liberalisation. The only strategy they see for surviving competition from cheaper and better quality imports - apart from imposing duties on them - is to cut labour costs. This, of course, means that they are fiercely opposed to any link between world trade and labour rights which would have the effect of raising average labour standards in India (see Hensman 2001).

The government, despite being led by the BJP (Bharatiya Janata Party) which itself is an affiliate of the RSS, rejected the demand to come out of the WTO on the grounds that it was impractical to remain isolated from the rest of the world (*Business Standard* 2001).³ However, it has been extremely sympathetic to the second category of employers, i.e. those who wish to make use of the opportunities offered by liberalisation and WTO membership even while staving off any competitive threats to their products and companies or strengthening of workers' rights. Thus the government has on various occasions agreed to block imports (see e.g. *The Economic Times* 2001(b)), undertaken to oppose any linkage between trade and workers' rights (e.g. *Business Standard* 1999(b)), and expressed its determination to push through changes which dilute labour laws (*The Economic Times* 2001(c)).

4.2 Is the cheap labour strategy viable?

How successful has the strategy of attempting to compete in the world market on the basis of cheap labour been? It is still very early to tell. But a look at the experience of the textile and garment industries – prime examples of this strategy – provides some indication of the answer to this question. During the first half of the 1990s, exports from this sector expanded rapidly, and there were expectations that this trend would continue (e.g. Roy 1998). Cases in the WTO against the EU and USA were won (e.g. Shah 2001), and it appeared that increasingly free access to these markets would allow exports to continue expanding.

However there was a clear reversal of this trend in the latter part of the decade. Not only did exports decline as a result of stiff competition from cheaper and/or better quality products from other Third World countries (e.g. Ghemawat and Patibandla 1998; *The Economic Times* 2001(d); *Business Standard* 2001(b)), but even the domestic market began to be invaded by these more competitive products, some of them from countries like Taiwan and South Korea with considerably higher labour standards than India (e.g. Shah 2001(b)). It began to be evident that even in labour-intensive industries, cheap labour could not ensure a secure market position. Some commentators had already proposed a more far-

³ It is not possible here to discuss the question of whether the Prime Minister was right or wrong to think that staying out of the WTO would be impractical. But it should be clear that the model of economic and cultural nationalism espoused by the RSS, if it is realised, would mean perpetuation of the lack of rights for the vast majority of the labour force, caste oppression including the widespread practice of untouchability, and a continuing fall in the sex ratio (i.e. female:male ratio), since rigid class, caste and gender hierarchies are very much part of its ideology.

sighted alternative strategy involving technological upgrading to increase productivity and produce higher-quality products with a well-paid, educated and skilled workforce (e.g. Chandra and Shukla 1994).

Even from the standpoint of attracting foreign investments, cheap labour in an absolute sense may not be much of an asset. A recent survey of over 1000 top international companies showed that the two major attractions of India were (1) the potentially huge size of the Indian market, and (2) the availability of an educated, skilled, English-speaking labour force at competitive wages (Global Business Policy Council 2001). In other words, it was the top end of the labour market, with job security and wages that are high by Indian standards though competitive in international terms, that was seen as being one of the two key attractions. In terms of market size, China's was seen as being much larger – some companies estimated it as being ten times larger – and this was a factor making China a more attractive destination. The list of negative features was topped by bureaucracy; alleged labour market rigidities due to the ID Act were not even mentioned.

Other studies confirm these findings (e.g. Banaji 2001, interviews with UK multinationals). The reason why the consumer market in China is so much larger appears to be that prices of consumer goods are much lower, i.e. a mass market for consumer goods has been developed (e.g. Vijayraghavan 2000; Singh 2000). In India, by contrast, most consumer goods apart from the bare necessities of life are beyond the reach of over 90 per cent of the labour force and their families, so the market is just a fraction of the size it could be. In fact it has been suggested that far from cutting into the domestic market, cheap imports could actually be *creating new markets* for domestic producers who are efficient enough to bring down prices while maintaining quality (e.g. Zhu 1997).

A moment's thought tells us that the strategy of accumulating capital (i.e. wealth) while forcibly keeping most of the labour force at rock-bottom levels of subsistence cannot be a democratic one: only an authoritarian exercise of power can enforce such extreme disparities in wealth. Secondly, as a development strategy, a policy which actually *depends* on keeping the vast majority of the population in poverty is seriously flawed. And thirdly, restriction of the market resulting from low wage levels would make India less attractive as an investment destination not only for foreign investors but even for the more competitive Indian industrialists, who would be tempted to invest in countries with a larger consumer market. In the long term, then, this strategy cannot succeed in developing the Indian economy, and government policy which is ruled by the greed of short-sighted industrialists will only ensure that the country remains backward.

5. Responses from formal sector workers and trade unions⁴

When the demand for an 'exit policy' began to be articulated shortly after the liberalisation of 1991, trade unions fought back vigorously, and succeeded in defeating any plans for change. However when employers began using strategies like VRS instead, unions were less successful in fighting them. Some unions (notably the Hindustan Lever Employees' Union) could stem the tide of job losses by means of an imaginative campaign demonstrating the miserable fate of most workers who had earlier taken VRS, but on the whole, job losses and closures continued unabated. A key element of this employer strategy, as we saw, was the transfer of production to informal workers.

5.1 The struggle against dilution of labour legislation

The labour law changes proposed in 2000-2001 brought unions together once again. In Maharashtra, a Joint Action Committee (JAC) consisting of various Left and socialist unions, government employees' and other public sector unions, the Trade Union Solidarity Committee (TUSC – a coordination of independent unions unaffiliated to political parties) and others undertook a series of actions – rallies, demonstrations, local meetings, etc. These culminated in the Maharashtra *bandh* (general strike) of 25 April 2001.

The complete success of this strike (see Kuber 2001; *Business Standard* 2001(c)), and the unprecedented unity which ensured this success, were not achieved easily. They involved the JAC approaching and negotiating with unions affiliated to the Congress, BJP and Right-wing Shiv Sena, which had at times been involved in bitter conflict with some of its own constituents. It is likely that this unity would never have materialised if not for the feeling of extreme insecurity among members of all unions, and the pressure they consequently exerted on their own leaderships. There were three main demands, apart from various subsidiary ones, and these, too, contributed to building unity: (1) the Maharashtra Assembly must pass and forward to the President a decision reversing the earlier decision to change the labour laws. (2) The Maharashtra government must also oppose the changes in labour legislation proposed by the Central government. (3) The rights of contract workers must be recognised in the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices (MRTU & PULP) Act.

The Maharashtra government had already approached the union leaders prior to the strike, but the actual meeting took place on 10 May. There the Chief Minister assured trade union leaders that the proposed labour law changes had been 'nullified' (see *Business Standard* 2001(d)). Some union leaders would have been satisfied with getting an undertaking to this effect in writing, but others felt it would have no value unless the decision had been passed by the Assembly and forwarded to the President, and that agitations should continue until this was done (TUSC meeting 23 May 2001).

⁴ Participatory research for this section was carried out as a member of the Union Research Group, Bombay, which in turn is part of the Trade Union Solidarity Committee (TUSC), a coordination of independent unions in Bombay. It thus includes references to discussions and meetings of the TUSC (especially discussions of the social clause in April and May 1995 and August 2000) as well as actions in which it participated.

There can be no doubt that the trade union movement continues to wield considerable power, and would probably succeed in stalling any legislative changes that erode the rights of formal sector workers. However, this would still leave them vulnerable to transfer of employment to the informal sector. While union support for the rights of contract workers is an important positive step, huge problems for other categories of informal workers remain, and cannot easily be solved.

5.2 Attitudes to international initiatives

International union action to uphold minimum labour rights could help workers in the informal sector, but the national union federations have categorically rejected not merely trade sanctions against nations violating minimum rights but *any* link between trade and workers' rights (see van Roozendaal 2001). Their arguments echo those of the Right-wing lobby and the industrialists who support them (i.e. opposition to globalisation and the WTO) as well as those of neo-liberal employers and the BJP government which supports them (i.e. opposition to linking trade with workers' rights).

The TUSC includes trade union leaders who adopt mainstream positions (e.g. Vasudevan 1996, 2000), but encompasses a much wider range of opinion on the subject of globalisation, including willingness to consider a workers' rights clause in WTO agreements as a possible tool, and even insistence that trade *must* be linked to workers rights, but the modalities of the linkage and enforcement mechanism have to be discussed between trade unions in developed and developing countries (e.g. see D'Costa 2000; Hensman 2001).

6. Responses from workers in the informal sector⁵

6.1 Formalising informal employment

The universal and most urgent complaint of informal workers is instability of employment, and women garment workers who were consulted about their grievances were no exception. Most of them had no formal employment status, and could be dismissed for any reason whatsoever, including asking for a rise in their below-minimum wages. For homeworkers, this problem was compounded by the casual and irregular nature of their work. With one exception, every attempt to unionise had failed, ending either in dismissal of the workers who had taken the initiative, or in lockout and closure of the entire unit. And the exception was one which proved the rule, because it was in a registered factory.

⁵ Most of the primary research for this section was done in the course of consultations and workshops with women garment workers conducted by Chanda Korgaokar and myself on behalf of Women Working Worldwide over the period 1999-2001. A very small minority of the women were factory workers; most worked in sweatshops, and many were homeworkers. The consultations and workshops were aimed at finding out the main problems and demands of the women workers, and discussing the advantages and disadvantages of various counter-strategies, especially imposing Codes of Conduct on retail companies.

The impossibility of organising and bargaining collectively meant, of course, that other urgent demands, concerning wages and benefits, working conditions, health and safety, paid leave and holidays, and so on and so forth, could never be raised. And job instability meant that even the limited social security benefits available to formal sector workers were not available to them.

The completely unprotected condition of these informal sector workers exposes the total inadequacy of the job security protection that formal sector unions are fighting for. That employers in units with 100 workers or more should have to give prior notice of dismissals or closure, and that workers should have a chance to put forward their own views about the proposals, is a simple matter of democracy; indeed, democratic norms would require *more* rather than less information and consultation rights for workers. Perhaps instead of state governments, which can be swayed by political considerations, it would be better if an expert regulatory body capable of ascertaining the exact causes of unprofitability or failure were to scrutinise the proposals and put forward alternatives if necessary; for example, if a company is failing due to managerial incompetence or wrong-doing, it could recommend takeover by another management or a workers' cooperative. What is really unacceptable about this state of affairs is that (a) workers who do not fall within this small category comprising less than seven per cent of the labour force do not even have the minimal job security to protect them from dismissal for attempting to form or join a union, thus making their right to organise null and void, and (b) that social security – the right to a livelihood – is also restricted to those who have a formal sector job.

Some attempts to extend social security to the informal sector have been made, although agricultural employers have, predictably, refused to contribute (Edwin 2001). But the problem of ensuring that informal sector workers cannot be dismissed for organising simply has not been addressed, neither at the national level, nor, indeed, at the international level. The problem, in fact, is precisely their informal status: if someone is never registered as a worker in the first place, she or he has no basis for complaining of dismissal for trade union activities. Garment workers in Bombay as well as beedi workers in Hyderabad had some suggestions to remedy this situation: identity cards, appointment letters, attendance cards, and so forth. These basically amount to a limited degree of formalisation of their employment, and this is precisely what needs to be done: registration of all employers and their employees, no matter how temporary the employment relationship is claimed to be. There are provisions for such registration under the Maharashtra Mathadi, Hamal and Other Manual Workers (Regulation of Employment and Welfare) Act, 1969, and the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, specifies that the principal employer rather than the contractor will be considered to be the employer, demonstrating the legal possibilities of undertaking some such formalisation (e.g. see Deshpande 1999; Chikarmane and Narayan 2000). The advent of computers makes registration a practical proposition too. All that is required is the political will.

6.2 Responses to international intervention

Women garment workers were interested in attempts to impose codes of conduct on retailers in Western Europe and North America. There was less discussion of a workers'

rights clause in trade agreements, but in both cases there was openness to the possibility of using these interventions to help their own struggles, even while the more experienced women activists pointed out defects of the proposals in their present form. The problem of monitoring and verifying implementation of codes of conduct has arisen elsewhere (e.g. see Hale 2000; *Economic Times* 2001(e)), and is even more acute in the Indian context with its predominance of informal employment with long, shifting subcontracting chains. Even Rugmark, one of the best organised initiatives with a limited objective (elimination of child labour from carpet production) faced this problem (Ravi 2001). Nonetheless, workers felt that consumer pressure on retail companies to ensure respect for minimum labour rights by their suppliers could be used as a pressure point by workers who had very few other alternatives.

On the whole, the proposal for a workers' rights clause in WTO agreements too has been greeted in a positive spirit by informal sector activists (e.g. see Vivekanandan 1996). Once again, this does not mean that all aspects of the proposal are accepted without criticism – for example, the suggestion that it will apply only to export production is seen as a defect – but, rather, that these activists are open to the possibility of using international pressure to secure rights for workers who have little hope of getting them through purely domestic action.

7. Summary and conclusions

If the current phase of capitalist integration is characterised as 'globalisation', then opposition to it from the standpoint of retaining a more national character to capitalism can only act against the interests of workers. Firstly, it fosters the illusion that capitalism can solve problems of poverty and unemployment so long as it remains national, whereas these problems are endemic to capitalism in any form; and secondly, it prevents workers from working out international strategies premised on the reality of capitalism as a global system, and thereby deprives them of their most potent weapon.

There is no mechanism whereby globalisation can lead to a universal degradation of labour standards any greater than the degradation caused by national capitalisms. What it *does* lead to is a levelling of labour standards both within and between countries. Left to themselves, employers will tend to level downwards. This is what has been happening within India, with pressure from employers to push labour standards down to the level of the informal sector, and it has also happened internationally to some extent. The only way to counteract this tendency is to mount a coordinated effort by trade unions globally to level *upwards*, beginning with countries and sectors where workers' rights are weakest. This will also involve tackling Right-wing and anti-labour arguments ideologically.

We have looked for evidence that the huge preponderance of the informal sector creates more employment and failed to find it. Nor can the continual transfer of jobs from the formal to the informal sector be explained either by job security provisions in the ID Act or by the compulsions of globalisation. The huge and growing preponderance of the informal

sector is explained by the aversion of Indian employers to regulation, especially in the area of labour relations. Government policy has been guided by their preferences all along, earlier using employment creation as a pretext for deregulating the informal sector, and more recently using globalisation as a pretext to deregulate a large part of what remains of the formal sector.

The Maharashtra bandh of 25 April 2001 showed that when trade unions unite, they still have the power to influence policy, and could succeed in averting the proposed changes to labour laws. However, employers have demonstrated that they are quite capable of attacking workers' rights even without any changes in legislation, and trade unions have thus far failed to stem this more subtle erosion of labour standards. There are two main reasons for this failure: (1) an excessively narrow base which they have been unable to broaden, and (2) ideological cooption by the ruling classes.

(1) The overwhelming majority of workers in India belong to the informal sector, which resists unionisation due to its very nature as informal labour. Trade unions have made few attempts to formalise informal labour, with the notable exception of cases taken up to make contract workers permanent. Unless the status of all informal workers as workers is established legally, their attempts to organise and improve their employment conditions would have only very limited success. The reach of the trade union movement would remain extremely restricted, and this in turn would impose severe constraints on the power of the movement to influence policy or even protect workers in the formal sector.

(2) Trade unionists who pretend that the downward pressure on labour standards is being exerted by foreign capital and the WTO when it is in fact being done by domestic business lobbies are actually providing an excuse for the viciously anti-labour policies of domestic industrialists and supporting their arguments that globalisation gives them no option but to attack workers' rights. They are also allying themselves with all the fascists of the world, whose extreme nationalism puts them in opposition to globalisation. Far from being an anti-capitalist position, this is a form of class collaborationism, subordinating the interests of the working class to those of the most authoritarian sections of domestic capital. The ultimate irony is the fact that to the extent that these domestic employers are linked to international capital through sourcing or subcontracting arrangements, the anti-globalisers are helping MNCs to profit from the super-exploitation of sweated labour!

Nationalism is at the heart of this alliance. It is the ideology which drives trade unions to uphold the interests of capital and the Left to support the extreme Right. Unfortunately, it is the best organised and relatively privileged sections of workers belonging to mainstream unions – those who have gained most from labour legislation and social security – who are also very prone to the illusion that it is in their interest to uphold the nation-state. Only the most class-conscious and clear-sighted trade unionists are able to avoid the trap of nationalism and take a truly internationalist stand. Independent unions like those belonging to the TUSC have the greatest probability of arriving at this position, since they are not encumbered by the weight of bureaucracy and party ideology, but have the freedom to think and act creatively.

Most women workers, migrant workers and indigenous people, ethnic and religious minorities, dalits in India and informal workers in general, have no illusions in the benevolence of the nation-state either, unless they have been influenced by NGOs with a nationalist ideology. They have gained nothing from the nation and therefore have nothing to lose from globalisation; may, in fact, have something to gain. Thus informal sector activists too are in general open to the idea of international regulation that would assure them basic rights which have never been protected by the state.

It is thus an alliance between formal and informal sector activists who are able to look beyond narrow sectional interests and adopt a genuinely internationalist position which is most likely to be able to assume the leadership in an effective response to the challenges of globalisation.

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