



INFORMAL ECONOMY IN INDIA AND TRADE UNION ACTIVITY

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Abstract

In 2016, the International Labour Organisation estimates that two billion people who are employed worldwide and are 15 years of age or older work informally, accounting for 61.2% of all employment. 83% of the workforce in India is employed by the unorganised sector, compared to 17% by the organised sector. Because the informal worker lacks a variety of security measures, including employment security, job security, and work security, as well as because of the rising informalization trend, which has moved jobs from categories where they could be collectively bargained to ones where they cannot, the need for union protection in the informal workplace is crucial. However, one significant disadvantage of informal employment is the lack of effective unionisation. Traditional trade unions around the world have tried a number of strategies to organise these informal workers as part of the current structure. Traditional trade unions struggle to organise informal workers due to a variety of problems and obstacles. Despite the difficulties traditional trade unions have had organising the informal workforce, over the past few decades, these workers have organised themselves in a variety of ways to strengthen their bargaining position, their economic standing, and their standard of living. These consist of workers' associations such as trade unions, cooperatives, and others. The term "Membership-Based Organisations" (MBOs) is used by members of the WIEGO network, allies, and partner organisations to describe the variety of these organisations in the informal economy. In this paper, a few (MBOs) that organise women who work in the informal sector in India are highlighted. The following sections make up the structure of the paper: (1) An overview of the informal economy in India (2) Formal Trade Union and informal sector (3) The difficulties unions face in organising workers in the informal sector (4) Organisational structures of membership-based organisations (5) MBOs operating in India (5) Conclusions.

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Introduction of Informal Economy:

The informal sector is a vital component of the labour market and of the nation's economic activity. Today, the informal sector makes up 15% of the economy in advanced economies and about 35% of the economy in low- and middle-income countries. The International Labour Organisation estimates that in 2016, about 2 billion people who are employed globally and are 15 years of age or older work informally, accounting for 61.2% of all employment. Different regions have varying levels of informal employment. In Africa, the informal sector accounts for 85.8% of total

employment across the continent's five major regions. Nearly equal amounts of informality are found in Asia and the Pacific (68.1%) and the Arab States (68.6%). Less than 40% of people live in the Americas, compared to 25.1% in Europe and the rest of Central Asia. Less than half of employment is informal in the Americas (40.0%), in Europe and Central Asia (25.1%), and in other regions (ILO, 2018). ILO (2018) reports that when agriculture is excluded, the percentage of informal employment falls to 50.5% globally, but non-agricultural informal employment is still prevalent in three regions (Africa, the Arab States,

and Asia and the Pacific). 83% of the workforce in India is employed by the unorganised sector, compared to 17% by the organised sector. In the economy, there are 92.4% of workers who do not have written contracts, paid time off, or other benefits. The level of outsourcing is indicated by the 9.8% informal workers in the organised sectors. These may be the contract employees. (NSS 68th, 2011-12 and Periodic Labour Force Survey, 2017-18)

In India as well as other countries, the informalization of the labour market has increased since the start of globalisation. The percentage of employment in India's unorganised sector increased by 3.6 percentage points between 2011–12 and 2017–18. There is a rise in informal employment even in the organised sector. We can see from the aforementioned period that the percentage of informal employment in the organised sector increased from 0.4% to 1.3%. (NSS 68th, 2011-12 and Periodic Labour Force Survey, 2017-18)

In the world, men (63.1%) and women (58.1%) are employed in different ways through informal employment. This global picture conceals significant inequalities because more women than men work in informal jobs in low- and lower-middle-income countries. In contrast to 82.7% of men, 89.7% of women in employment in Africa work in the informal sector. Despite the fact that there are fewer women than men working in the informal sector globally, women are more frequently found than men in the most precarious occupations, such as domestic work, home-based work, or providing support for the family (ILO,2018).

Formal Trade Union and informal sector:

Given that the informal worker lacks a variety of security measures, including employment security, job security, and work security, as well as because the informalization trend is growing and more jobs are moving into non-bargaining categories, union

protection is crucial in the informal workplace. However, one significant disadvantage of informal employment is the lack of effective unionisation. Traditional trade unions from all over the world have experimented with a variety of tactics to organise these unorganised workers as part of the existing structure. To organise and represent informal workers, some trade unions have established separate units within their current organisational structure, each with its own budget. As examples, consider the following: a) Secretariats for the informal economy have been established by unions in Benin; b) the Confederation of Workers of Colombia has established a secretariat for workers who are self-employed; and c) departments for rural and indigenous workers have been established by unions in Ecuador and Panama. d) Four associations from the informal economy are fully represented in the Ghanaian Timber and Woodworkers Union's structures, and their needs are attended to by full-time officials. To further accommodate low-wage informal workers, some unions offer various rates for membership dues or have waived them for a "grace period" (ILO.2002).

The main central union organisations (CTUOs) in India, including AITUC, BMS, HMS, and INTUC, have similarly taken action to organise workers in the unorganised sector. The steps include (a) creating a separate unit within the union federation to organise the unorganised sector workers and to offer new guidelines to the unions that already exist; (b) offering legal assistance to unorganised sector workers; and (c) organising various forms of public demonstrations to raise awareness of the problems facing unorganised sector workers among government agencies. d) Pursuing legal actions to end and regulate contract labour; e) launching initiatives at various levels (social, policy-making bodies, international fora) to address child labour issues and other problems pertaining to

the unorganised sector (Sundar, 2003).

The challenges faced by trade unions in organizing informal economy workers

Despite these initiatives, organising informal workers presents a number of challenges and limitations for traditional trade unions.

The difficulties trade unions have in organising people who work in the informal economy can be summed up as follows.

- Workers in the informal economy do not represent a homogenous group and may have glaring differences in interests;
- They also might not have similar interests to the majority of current union members.
- Ethnic, familial, and kinship ties may be stronger among these workers than working class solidarity;
- they are frequently so preoccupied with the daily struggle for survival that they lack the motivation to participate in collective action, especially if they fail to see how such action or union membership can help them meet their practical needs;
- They are frequently too concerned about losing their jobs due to the highly precarious nature of their work to join a union;
- Importantly, there are frequently legal obstacles to trade union organising in the informal economy; it may be challenging for unions to reach out to and mobilise informal workers, especially those employed by home-based businesses and small businesses; organising campaigns can be expensive, challenging, time-consuming, and resource-intensive;
- Many unions lack tried and true methods for organising;
- Current union members may not understand the need to organise these workers and may object to the necessary policy changes and resource allocation needed to engage with them. The

challenge for the unions is to engage with new groups while maintaining their loyal base of supporters (ILO,2001).

Organisational forms of Membership-Based Organisations

Despite the difficulties traditional trade unions have had organising the informal workforce, over the past few decades, these workers have organised themselves in a variety of ways to strengthen their bargaining position, their economic standing, and their standard of living. These consist of workers' associations such as trade unions, cooperatives, and others. The term "Membership-Based Organisations" (MBOs) is used by members of the WIEGO network, allies, and partner organisations to describe the variety of these organisations in the informal economy. The fact that these organisations represent workers rather than acting as NGOs or other groups that advocate or fight for workers on their behalf is a key component of the MBO. SEWA (2009) cited by Bonner, C. and Spooner, D. (2010), describes, an MBO is “of the workers, by the workers, for the workers, and run, managed and owned by the workers”, and has certain identifiable features such as.

- Defined criteria for membership.
- Transparent democratic management and governance.
- Democratically agreed aims and objectives.
- Democratically agreed programs and activities.
- Elected leadership.
- Financial self sufficiency.
- Decision-making power rests with the members
- Transparency in functioning.
- Focus on needs of members.
- Runs with contribution and participation of members
- Legitimacy based on members, not registration

with authorities

- Independent of government, employers, religion, political parties.
- Members are involved in implementing the activities
- Geographically defined area for activities
- “Unity, solidarity and friendliness”

Because a sizable portion of workers in the informal economy are women, many of these MBOs are exclusively made up of women. They are also led by women or supported by NGOs and women's associations. These MBOs cover a wide range of geographic areas, including small local organisations, national organisations, federations and alliances, regional networks and associations, and a number of different international organisational structures. Examples of (MBOs) organising women who work in the informal sector in India.

MBO's operating in India:

A) Self-Employed Women's Association (SEWA-

)With the help of Ela Bhatt, the Women's Wing of the Textile Labour Association (TLA), and TLA, SEWA, the largest union of unorganised women workers in the world, was founded in 1972 with the goal of uniting independent female workers. After 15 years of operation in Ahmedabad, it expanded its service area into Gujarat's rural areas and further outside the state's borders. Due to this expansion of the service area, SEWA's membership rose from 1070 women in 1972 to over 2.1 million SEWA members in 2016, spread over 18 states of India.. Today, 66% of SEWA's membership is made up of people from rural areas.

SEWA's activities are directed towards achieving goals like full employment and member independence. To accomplish these goals, SEWA has adopted an integrated strategy that includes: (a) uniting women for collective power; (b) promoting

capital formation among women members by facilitating access to financial services. In addition, it offers social security to its female members, which essentially consists of housing, insurance, childcare, and health care. SEWA has created a variety of structures to provide this array of support and development services, including a trade union with rural and urban branches, 130 cooperatives, 181 producer groups, numerous service organisations, networks, alliances, federations, and self-help groups (SHGs).

B) Working Women's Forum (WWF) -In Chennai, south India, in 1978, (WWF) was established in response to the need to organise slum-dwelling women who were also small-scale business owners and vendors. With the assistance of Jaya Arunachalam, a political/social worker in Madras, a small group of 30 women petty traders organised themselves as a group in the middle of the 1970s, giving birth to the idea. In both urban and rural areas, 165 different businesses are currently run by WWF members. The National Union of Working Women (NUWW) and the Indian Cooperative Network for Women (ICNW) are two of WWF's affiliated organisations. The Indian Co-operative Network for Women's main goal is to help poor women become more financially and socially independent by giving them low-interest loans, which also promotes their entrepreneurship. The ICNW credit programme serves over 4,10,545 underprivileged business owners, generating close to Rs. 1203 million and achieving a 98.66% recovery rate in rural and urban slum areas. The National Union of Working Women is the trade union wing of WWF, and it supports underprivileged working women in their fight to secure their own housing, land, and employment rights. Equally Union is dedicated to fighting for



additional human rights issues that regularly impact the underprivileged, such as female infanticide, female foeticide, child prostitution, and child labour.

C) Kagad Kach Patra Kashtakari Panchayat (KKPKP)- Waste pickers and itinerant waste buyers in Pune and Pimpri Chinchwad banded together in 1993 to form the membership-based trade union Kagad Kach Patra Kashtakari Panchayat (KKPKP). Waste pickers' important role in the city's Solid Waste Management (SWM) was one of the union's main goals in establishing and reaffirming their status as workers, contributors to the environment, and environmentalists. It had 10,000 members as of 2014, with 80% of them being women from castes that are socially backward and marginalised. Each member contributes the same amount towards their life insurance coverage as they do to the organization's annual fee. Members receive I-cards from the Pune Municipal Corporation (PMC), which they can use to access additional benefits like interest-free loans and financial aid for their kids' education. In order to mobilise support for some of the most important issues facing waste pickers, KKPKP employs the twin strategies of peaceful non-violent protest and resistance as well as the creation of alternatives. This involves organising social protection (such as health insurance and cooperative credit / savings schemes) and integrating waste-pickers into doorstep collection and management of urban solid waste. It also includes advocating for local, state, and national governments to recognise waste collectors as "workers" and waste collection as "work." In order to stop the exploitation of waste-pickers, the KKPKP organises boycotts against moneylenders, addresses grievances, and fights for restitution in cases of harassment. In order to provide for the

needs of waste collectors and to guarantee them higher profits from the sale of scrap, KKPKP has also established cooperative scrap stores.

Conclusion:

It is evident from the above discussion that the trend towards informality is growing in the labour market both in India and across the globe. The informal workers lack seven essential securities that are frequently withheld from them: Labour market security (adequate employment opportunities through high employment levels guaranteed by macroeconomic policies); employment security (protection against arbitrary dismissal, regulation on hiring and firing, employment stability compatible with economic dynamism); job security (a niche designated as an occupation or "career", the opportunity to develop a sense of occupation through enhancing competences); work security (protection against accidents and illness); Income security (providing adequate incomes), skill reproduction security (providing numerous opportunities to acquire and retain skills through innovative means as well as apprenticeships and employment training), and representation security (protecting the collective voice in the labour market through independent trade unions, employers' organisations, and social dialogue institutions). Organisations like the Working Women's Forum (WWF), the Self-Employed Women's Association (SEWA), and the Kagad Kach Patra Kashtakari Panchayat (KKPKP) play a significant role in organising the informal workforce in the unorganised sector and assisting the informal workers to obtain seven crucial securities that are frequently denied to them.

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Cite This Article:

* *Dr. Paul C. (2023). Informal Economy in India and Trade Union Activity, Aarhat Multidisciplinary International Education Research Journal, XII (II) March-April, 119-125..*