Exploitative Informal Labour Process in India: A Conceptualisation

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Abstract: This working paper will focus on conceptualising why informal labour continues to persist in the Indian economy. More specifically, it will try to theorise why, despite generating growth, informal labour has been locked in unequal and exploitative terms of contracts. Crucially, it will try to understand why informal labour processes do not evolve mechanisms for providing security and support to labour in the form of benefits and rights. In this paper, I will focus specifically on highly exploitative and unequal informal labour processes. I categorise under this category those labour processes that do not provide a mechanism to reproduce labour power. These processes are predicated on maximising the appropriation of surplus from labour, without providing any provision to support the workers in ill health, facing work related accidents and injuries, or due to retrenchment. While informal labour is defined as labour without legal rights or contracts, I specifically focus on those processes where there do not exist any norms or mechanisms of providing security to labour within the production process. Hence, I refer to these processes as highly exploitative and unequal labour processes.

This paper will be structured in the following manner. Firstly, it will introduce the concept of labour process and argue that highly exploitative informal labour processes in India broadly fall into two distinct labour processes namely: informal coercive accumulation process and petty commodity production. It will then derive concepts from the Paris Regulation School to modify the labour process framework. It will then describe concrete case studies conducted by other researchers, to demonstrate that this framework can be utilised to make sense of field work based research on the informal sector. Lastly, I will assess the questions posed in this paper based on the derived framework and will argue that informality is connected to the nature of capitalist development in India.

Keywords: Informal Labour, Petty commodity production, Political Economy, Indian Economy, Capitalism
Exploitative Informal Labour Process in India:
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Informal labour processes in India: A conceptualisation¹

In Western developed countries, capitalist development has occurred with an increasing proletarisation² and formalisation³ of the labour force. This has been a result of increased productivity of labour through improvements in technology and bargaining by labour unions. Labour in India has also experienced the process of proletarisation over the latter part of the twentieth century; however, the process of formalisation has been limited to large manufacturing units and the public sector (Breman, 2003). While industries have grown immensely over the last six decades, formal sector employment has remained around 7 percent of the overall work force. The failure of the Indian manufacturing sector in absorbing labour has resulted in 90 percent of employment (NCEUS, 2007) and more than 60 percent of the Gross Domestic Product (GDP) (Bairagya, 2015)⁴ being generated by the informal sector. However, the growth of the informal sector has not translated into higher income or better terms of contract for informal labour. It has been documented that as the informal sector grew in India after liberalisation, consumption inequality also increased steadily (Vakulabharanam, 2010).

This working paper will focus on conceptualising why informal labour continues to persist in the Indian economy. More specifically, it will try to theorise why, despite generating growth, informal labour has been locked in unequal and exploitative terms of contracts. Crucially, it will try to understand why informal labour processes do not evolve mechanisms for providing security and support to labour in the form of benefits and rights.

¹ The author would like to thank the reviewer whose extensive feedback has helped shape the final draft of this paper.
² Refers to the social process through which peasant classes get dispossessed of their land and assets and become wage labourers working under a capitalist.
³ Refers to the political process through which workers gain formal contracts. Formal employment contracts give workers more rights in the work place, social security, and better pay.
⁴ The author has calculated the share of the unorganised sector in the net domestic product based on data provided in National Accounts.
It is well documented in Indian economic literature that there is a dearth of distinct analytical categories with which to study the informal sector in India (Breman, 1976; Papola, 1980; Harriss, 1982; D’Mello, 1992). One of the primary reasons for this is the relative absence of secondary data on the informal sector in India. Other studies on labour processes have tended to study geographically specific labour processes, and have made generalisable models based on their observations on the field. In the last couple of decades, the Indian state has been committed to trying to understand informal labour processes in India. One of the most comprehensive reports on this subject is Arjun Sengupta’s *National Commission for Enterprise in the Unorganised Sector* (2007) report. However, given the sheer size of the informal labour market, this report has failed to provide an overarching framework with which to analyse the informal sector.

In this paper, I will focus specifically on highly exploitative and unequal informal labour processes. I classify under this category those labour processes that do not provide a mechanism to reproduce labour power. These processes are predicated on maximising the appropriation of surplus from labour, without providing any provision to support the workers in ill health, facing work related accidents and injuries, or due to retrenchment. While informal labour is defined as labour without legal rights or contracts, I specifically focus on those processes where there do not exist any informal norms or mechanisms of providing security to labour within the production process. Hence, I refer to these processes as highly exploitative and unequal labour processes.

I will theorise distinct analytical categories that will aid in making sense of informal labour in India. More concretely, I will conceptualise an abstract framework to typify the structures of labour appropriation in two distinct informal labour processes in India and theorise the mechanisms embedded within these structures that aid in reproduction of the overall structure. While this framework can be used to study any kind of labour processes, I will apply them to analyse highly exploitative labour process and focus on the question of why they continue to proliferate and dominate certain sub-sectors in India. This paper will be structured in the following manner. Firstly, it will introduce the concept of labour process and argue that highly exploitative informal labour processes in India broadly fall into two distinct labour processes. It will then derive concepts from the Paris Regulation School to modify the labour process framework. It will then describe concrete case studies conducted by other researchers, to demonstrate that this framework can be utilised to make sense of field work based research on the informal sector. Lastly, I will assess the questions posed in this paper based on the derived framework and will argue that informality is connected to the nature of capitalist development in India.

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5 Manufacturing units in India have to register with the state if they have 10 or more workers with electricity or 20 or more workers without electricity. Informal sector enterprises are smaller in size and are not required to register and provide information about their enterprise to the government.
To understand the persistence of informality in India, one must understand how informality is linked to the capitalist accumulation process. I will theorise this linkage by focusing on the process through which labour surplus is appropriated in the production process. This process is referred to in economic literature as the labour process.

This article will conceptualise an abstract framework to understand the labour process, and contribute to the scholarship attempting to engage in understanding the dynamics of informal labour processes in India. This framework is theoretically engaged with the Regulation School literature and the works of Michael Burawoy (1982, 1985) on the labour process. This framework is based on the findings and theorisation of other scholars working on the informal sector in India, most notably, Barbara Harriss-White (2004, 2010, 2012), Basole and Basu (2011), Breman (1976, 2001, 2003, 2012), Gidwani (2000), Harilal (1989), Kabra (2003), Krishnaswami (1989), Khasnabis and Nag (2002), Neetha (2002), Ramesh (2004), Singh (1997), and Bhattacharya and Sanyal (2009, 2011).

I. Labour Process in India: Conceptualising a Framework

The labour process plays a vital part in the overall accumulation cycle. It is through the labour process that capital appropriates surplus from labour. Burawoy (1982), in his seminal book *Manufacturing Consent*, focuses on this crucial phase of the accumulation cycle and defines the labour process as one of appropriation and obscuration of surplus from labour.

Michael Burawoy (1982: 15) theorises the labour process as having a practical aspect and a relational aspect: “In its practical aspect the labour process is a set of activities that transform raw material into useful objects or fractions of useful objects with the assistance of instruments of production.” This involves the expenditure of labour and the translation of capacity to work into actual work. This aspect is also referred to as the *relations in production*. The relational aspect refers to the set of relations men and women enter into as they transform raw material into finished products. This is referred to as *relations of production*. These aspects are not easily separable in real life, but such a division provides analytical value, as one can study different aspects of the labour process separately, and concurrently understand the relationship between different parts of the process. Burawoy emphasises that capital innovates and changes the labour process not only to maximise the appropriation of surplus from labour, but to do so without labour’s knowledge. This is an equally important part of the labour process. This article builds on Burawoy’s definition of the labour process to understand the modalities of the informal labour process in India.

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6 The Paris Regulation School was founded by a group of macro-economists (Robert Boyer, Michel Aglietta, Bernard Billaudot, Hugues Bertrand, Jacques Mistral, Alain Lipietz and Bob Jessop) from the French institute CEPREMAP in the 1970s.
I argue that the Indian informal labour process can be conceptualised (based on Burawoy’s work) into three interdependent spheres of activities. These determine the logic of production and the process of surplus appropriation:

a) **Relations of production**: The defining set of relations in class society is between those who produce surplus value (labour) and those who siphon this surplus (capital). These relations determine the distribution and consumption of the product of labour. Marxist literature theorises that relations of production are always antagonistic and the distribution of surplus value in the production process is determined by the bargaining power between owners of capital and workers.

b) **Relations in production**: This refers to the organization of production and the technical division of labour. While on the surface this may seem like a scientifically or technically determined process, in actuality relations in production determine the processes of both appropriation and obscuration of surplus appropriation from labour. The forms of relations in production differ according to the dynamics of the labour process.

c) **Reproduction of labour power**: This refers to the workers’ sphere of living (usually outside the working place) and explains the standard of living of a worker and their quality of life. Reproduction of social labour power involves more than just its physical reconstitution. There is also the renewal of the working class from generation to generation. This includes expenditure for the maintenance and education of children. It also includes maintenance after retirement and insurance against sickness. This paper focuses on those labour processes that do not generate mechanisms to reproduce labour power within the production process.

The next section conceptualises two distinct informal labour processes in India, based on the framework of labour process derived above. The key difference between these two labour processes is the relation between the owner and worker and the way this relation translates into different structures of labour appropriation. The purpose of this abstraction is to provide a framework to analyse more concrete examples of labour processes in India and theorise how informal labour is embedded within a specific form of capitalism developing in India.

### II. Informal labour processes in India: An analytic description

#### A. Informal coercive accumulation

Informal coercive accumulation refers to all labour processes, which include an owner who hires wage labour. These processes use coercive methods to decrease worker control over the pace and rhythm of work, and their bargaining power in determining wages. These processes are usually characterised by informal contracts, longer working hours, poor working conditions, social isolation, and inadequate access to basic amenities. These labour processes are usually employed
in firms that produce commodities in a highly competitive market, where individual commodities are not easily differentiable, like cloth, bidis\(^7\), bricks, etc. Since these firms have little power to influence the price of goods, their ability to make a profit hinges on maximising the effort of the labour involved. These firms usually increase profits by increasing the absolute surplus value appropriation, by lengthening the workday, decreasing wages and increasing the effort of labour. The next sub-section will discuss the characteristics of this labour process and the different forms that they take.

i) Relations of production

These processes are characterised by a despotic control by owners over labourers’ pace and rhythm of work, working conditions and living conditions. This is a prerequisite for this production process to be profitable, as these firms compete in highly competitive commodity markets. The production processes in these firms must adapt to the requirements of the market. During high demand periods, the production process will have to function for most parts of the day, while when demand is low the production process might have to be completely halted. Since producers have no control on the pace and rhythm of work, labour has to be coerced to work according to the requirements of the production process. Moreover, according to market requirements, workers might get retrenched or have the payment of their wages delayed. The employers pass on the firm’s risks to the worker.

These labour processes are usually characterised by piece rate wages or the payment of wages to labour depending on their output. While all such labour processes are not necessarily characterised by piece rate wages, the nature of the coercive informal accumulation process makes it amenable for instituting piece rate wages. Moreover, piece rate wages ensure stronger capitalist control over labour. RA literature argues that "piece work wage can only be practiced in labour processes that are characterized by cycles of repetitive and simple actions that are reducible to a specific duration of time." (Aglietta, 2001: 142). The singular advantage of instituting piece rate wages is that it links remuneration to work effort and provides motivation for labour to work harder. Secondly, it homogenises labour by transferring its qualitative characteristics to the means of production. It also provides the ideological illusion to labour that wages received are tied to work performed, while diverting labour’s attention from the fact that a large amount of the surplus created by labour is siphoned off by the owners of the firm.

ii) Relations in production

Such labour processes are characterised by the division of labour between conception, supervision and execution. They can be differentiated from the more traditional family/

\(^7\) A type of inexpensive cigarette made of unprocessed tobacco wrapped in leaves.
artisan based labour processes, where all the tasks are performed by the same group of labour. This move towards separation and specialisation of function is instituted to raise the degree of control of the owners over the labouring population. Moreover, such production processes are characterised by labour intensive production technology, as the smaller size of the firms makes the mechanisation of the production process economically infeasible. Individual jobs are broken down into a cycle of easily repeatable actions, which make it an easy activity to learn, but extremely dreary to repeat over and over. Moreover, this ensures that any semi-skilled worker can learn the job in a short time and any dissident worker can easily be replaced. The pace and rhythm of work can be changed according to the market demand for the good being produced. In peak season, production can be carried out all day, while in the off season the workplace can be completely shut down if required as the only variable to control is labour effort.

iii) Way of life

Workers in these labour processes have extremely irregular working hours and a constantly changing pattern and rhythm of work. In peak seasons they may have to work for more than 16 hours a day, while in the off season they may have to remain unemployed for months at a time. Moreover, such labour has to stay extremely mobile and be willing to migrate at any moment for the possibility of a job. These workers usually live in shared, temporary single room accommodations either provided by the employer or made by accumulating junk and basic building material. These accommodations have little access to basic amenities such as water, sanitation and electricity. The labourers cannot afford to invest in any consumer durables, and most of their income is spent on food, alcohol and paying the interest on debts taken. There is little income left to invest in children, essentially relegating the family to live in such conditions of squalor for generations.

B. Petty commodity producers (PCPs)

Petty commodity production (PCP) by some estimates accounts for more than three quarters of the total GDP, and consists of the biggest component of the workforce (Harriss-White 2009, 2012). They are often referred to by the catch-all category of the ‘self-employed’. The category ‘self-employed’ covers different kind of production processes including petty bourgeois and small business families. PCPs specifically refer to semi-independent peasants with small assets and traders who employ their own household labour. The category itself remains a theoretical puzzle because there is very little consensus about the role of PCP in the larger economy. I will focus specifically on PCP that uses unpaid family labour and will argue that this is a different form of a highly exploitative and unequal informal labour process.

This difficulty in categorisation has led to multiple theories about what the role of PCP is in the capitalist economy (Smith, 1986; Lebrun & Gerry, 1986). One popular categorisation is that PCP
is a transitionary category that will disappear over time or be assimilated by larger capitalist enterprises. Data from India however suggests that the contribution of PCP to GDP has actually increased over time. Moreover, as Harris-White (2012: 116) has described, PCP has in many cases coexisted with other informal labour processes. Another popular theory suggests that PCPs have a functional role in a capitalist system, by providing cheap disguised labour and cheap goods. While there is some substance to these theories, it is difficult to argue that the perpetuation and continued existence of PCP in India is due to the important functional role that PCP plays in supporting capitalism. This paper will use Bhattacharya and Sanyal's (2009, 2011) categorisation of PCPs as a separate mode of production. The above authors argue that PCPs using unpaid labour were created by ‘surplus’ labour that wasn't absorbed in the modern and manufacturing sector. This labour was forced to make a living in petty non-traditional manufacturing or services. They further categorise such labour processes as non-capitalistic as their primary motive is survival, not accumulation; however, they are integrated with global and local capital through processes of putting out and sub-contracting. Moreover, merchant capital can appropriate surplus generated by these labour processes. This paper advocates the authors’ larger vision, that both capitalist and non-capitalist function together in the economy, without one being completely dependent on the other. They are mutually constitutive, however they have very different logics of production: survival in the case of non-capitalist production and accumulation in the case of capitalist production.

This section argues that the PCP form of production has certain advantages over other labour processes. Firstly, since PCPs own their own means of production and use family labour, they have much more control over the pace and rhythm of work. Secondly, PCPs are financially flexible, and can survive delayed payments as they can transfer funds allocated for consumption needs to the production process. These features make PCPs useful as sub-contractors for certain kinds of needs of larger firms, and uniquely qualified to function in some sub-sectors that are not profitable for larger enterprises. For example, PCPs have developed a strong base in repairing and maintaining durable commodities in the market, an industry suited to the specific infrastructure provided by PCPs. PCPs have also been deeply involved in urban food and domestic service industries. PCPs also tend to thrive in markets differentiated by culture, customs and income. Ethnicity, gender and nationality all serve as a basis for differentiation of products in such markets.

i) Relations of production

PCP has been described as a contradictory labour process. The petty producers both own and control the means of production and usually use unpaid family members as labour in the enterprise. Its earnings are difficult to classify as wages (reward for labour) or profits (reward for risk taking). Moreover, it is difficult to approximate the earnings of such enterprises, as the finances of the household as a producer and as a consumer are intertwined. This dynamic is probably connected to the fact that these enterprises function within a simple reproduction
cycle, where any profits are usually used for increased consumption. In years where there are losses, funds allocated for consumption can be used for production purposes. What differentiates PCPs from other production processes is the fact that they are extremely flexible in production.

Even though PCPs are located at a contradictory class location, it is possible to comment on the distribution of surplus and modes of appropriation within these production units. Firstly, PCP depend on self-exploitation to survive, which essentially means that family members are paid lesser wages than they would command for the same amount of work in a capitalist enterprise. Such exploitation is possible because in many cases family labour is not directly paid wages, but instead their consumption needs are fulfilled within the household. Given that PCPs are self-reproducing, this does not mean that they do not create surplus. Their adaptability to the exigencies of the business cycle and their ability to self-exploit leads to the creation of surplus.

However, these surpluses are siphoned off through inter-locked contracts. PCPs are exploitable through exchange relations in four kinds of markets: those for property (land, water, and premises), money, inputs, and products/commodities. This appropriation of surplus may take the form of rent, interest, or falling terms of trade in the commodity market, especially rising food prices. This explains why PCPs may not perceive the appropriation of surplus from their enterprises, as they are siphoned off in the form of factor payments. The small size and undifferentiated commodity produced by the PCP gives it very little bargaining power in the market. Moreover, such firms are dependent on others for land, capital, and input. The fact that PCPs are embedded in a simple reproduction of accumulation cycles does not prevent them from contributing surpluses to the capitalist economy. The way PCPs are embedded within the economy, dependent on inter-locking contracts, makes them susceptible to losing the surplus they generate.

ii) Relations in production
PCPs are based around labour intensive production methods where output is closely connected to labour effort. The technology used is very simple and easily procurable. The producer controls both the materials and the factors of production involved in the production process. This essentially means that producers can control the organization and rhythm of work, in theory making PCPs less coercive than coercive informal accumulation processes. However, in reality, the pace of work in a PCP is highly dependent on the market demand for its commodities, which can be unpredictable and differ from season to season. Unlike coercive informal accumulation processes, it is not easy to separate manual and mental work in PCPs. Because the size of the labour force is small (three to four workers), each worker will have to perform multiple activities. Owing to the simplicity of the labour process, workers can easily be shifted from one task to another. While there is no explicit basis for division of labour, in actual practice there is a clear hierarchy in terms of gender and age. Pre-existing institutions
of patriarchy and ageism are used as a basis of dividing labour in a PCP household. Women usually must play a dual role by taking care of the household and working in the production process. Younger labour are usually delegated the more physically intensive tasks.

iii) Way of life

Unlike coercive informal accumulation workers, the lives of members of a PCP usually revolve around the household. Moreover, they have a more stable life than informal coercive accumulation workers, and accumulate some durable goods over their lifetime. The consumption of the household is highly dependent on the vagaries of the production cycle. While in a profitable year the household can increase its consumption and purchase certain luxury goods, in years of loss the household will have to curb its consumption needs to provide funds for production requirements. PCPs do not own their means of subsistence, and are dependent on the commodity market for goods and services. This essentially means that they are more dependent on the credit market for basic subsistence needs.

The informal labour processes described above are distinguishable based on the modalities of the process of appropriation of surplus. One of the things common to both labour processes is the degree of exploitation of labour. An additional question to pose is why informal labour remains embedded within such exploitative processes? In other words, why don’t such labour processes create mechanisms to reproduce labour power in the form of benefits, medical aid, and earned leave. In the next section I will introduce the Paris Regulation School, and use their concept of mode of regulation to expand the labour process framework that is conceptualised in this paper, to address the above question.

III. Regulation Theory and Identifying Reproductive Mechanisms in Informal Labour Process

The regulation approach provides an interesting and fruitful way to analyse the interconnections between the institutional forms and dynamic regularities of capitalist economies. This framework is based on the idea that capitalist development is inherently unstable and contradictory. The founders of the Paris Regulation School trace their project back to the seminal dissertation by Michael Aglietta (2001) titled “A Theory of Capitalist Regulation: The US Experience”. The crucial theoretical innovation that the Regulation School introduced was the conceptualisation of a regime of accumulation. An accumulation regime is a complementary pattern of production and consumption that is reproducible over a period of time. It is defined as “a way of dividing and systematically reallocating the social product.” It comprises of a certain form of organization of labour and pattern of sharing out of the productivity gains stemming from capitalist development (Lipietz, 1987: 3). A regime is identifiable by a certain stable pattern of appropriation, accumulation, realisation, and distribution of surplus in an economy. Capitalist reproduction is both contingent and precarious. It proceeds smoothly only so long as its inherent tensions, conflicts, and contradictions can be
contained through institutional mechanisms. The stability of an accumulation regime is mediated by a mode of régulation. A mode of régulation\(^8\) is defined as an emergent ensemble of norms, institutions, organizational forms, social networks, mechanisms, and patterns of conduct that can stabilise an accumulation process (Jessop, 2007). Modes of régulation ensure that individual behaviour and expectations are in line with the needs of a regime of accumulation.

For a particular labour process to exist there must be a set of mechanisms that guarantee the reproduction of the different components of the labour process. These mechanisms are conceptualised in regulation theory as modes of régulation. The form of these mechanisms may differ from one process to another. The following table delineates each of the individual spheres of activity within the labour process and the mechanisms that reproduce them. The mechanisms are described in Table 1 below.

**Table 1: Processes of production and reproduction within a labour process**

<table>
<thead>
<tr>
<th>Logic of Production</th>
<th>Logic of Reproduction (Reproductive Mechanisms)</th>
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<tbody>
<tr>
<td>Relations of Production (Mode of surplus appropriation)</td>
<td>Credit market linkages</td>
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<tr>
<td></td>
<td>Sources of labour</td>
</tr>
<tr>
<td>Relations in Production (Technical division of labour/mechanism of surplus appropriation)</td>
<td>Form of control/ who directs the process</td>
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<td></td>
<td>Mechanism of control</td>
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<tr>
<td>Reproduction of Labour Power (Way of living of labour)</td>
<td>Mechanism reproducing way of life</td>
</tr>
</tbody>
</table>

**a) Credit market linkages:** Burawoy (1985: 148) characterises labour processes in early capitalism in terms of workers’ dependence on the class of employers, binding the reproduction of labour power to the production process through economic and extra-economic ties. Credit plays an important role in binding labour to the production process and restricting the mobility and bargaining power of labour.

**b) Sources of labour:** Standard economic theory posits that the wage rate of labour is determined by the supply and demand of labour. However, this paper argues that, in India, different labour processes hire from a restricted pool of labour, which influences the dynamics of the determination of wage in the labour process. In exploitative informal

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\(^8\) While “regulation” means legal control in the English speaking world, in French it has a different meaning. It is based on Gramsci’s notion of domination with consent; and shouldn’t be understood as planned external control but as an imbibed notion of control and self-regulation.
labour processes, the labour market is restricted to communities that are highly
dependent on wage labour to survive and owners can use pre-existing social hierarchies
to coerce them to work. It also acts as a mechanism to restrict the bargaining power of
labour in the wage determination process. This restricted pool of labour contests the
conceptualisation of a general labour market by mainstream economic theory.

c) **Forms of control:** The problem of control deals with the capitalist’s ability to transform
potential for production of labour into realisation of surplus labour. This is a problem
faced by all dominant classes in the production process, and assumes different forms
according to the relations of production. Each labour process has developed the technical
division of labour such that there exist agents of capital who control the process of
appropriation of surplus and discipline the labour force. This control might be created
within the workplace or might be asserted through the common social background
shared by workers involved in the process.

d) **Mechanisms of control:** There are mechanisms embedded within each labour process
that ensure the restriction of labour’s control over the rhythm and pace of work and
ability to leave the labour process. These mechanisms empower the agents of capital who
control the labour process.

e) **Mechanisms reproducing the way of life of labour:** The reproduction of labour
power plays a crucial role in the larger reproduction of the accumulation cycle. Both the
labour processes considered in this paper do not have mechanisms embedded within
the production process to ensure reproduction of labour power. This is because labour
in these processes have very low bargaining power and owners have little incentive to
invest in labour. In this sub-section I will discuss how these labour processes create
mechanisms to control labour and identify mechanisms outside the labour process that
reproduce labour’s way of living.

In the following sub-section I will describe the mechanisms embedded within each sphere of
activity in informal coercive accumulation and PCP. While structurally each of these mechanisms
serves the same function in each labour process, the form of the mechanism differs from one
process to another.

A. **Reproductive Mechanisms Embedded in Informal Coercive Accumulation**

i) **Relations of Production**

a) **Sources of labour:** Recruitment for this labour process was made from large pools of
landless labour available in certain parts of rural areas in India. Specifically, parts where
the state or landed classes have displaced labour from socially owned land or collectively
owned forest resources. This labour force was created by processes of proletarisation
primitive accumulation that have been occurring in the Indian economy since the late colonial period (Breman, 1996). The hiring and management of labour is usually sub-contracted by the firm to jobbers (also known as Sardars or Mukaddars in India). Jobbers take advantage of a high proportion of displaced peasants in rural areas who migrate around the country in search of jobs. A Sardar will usually hire a team of willing labourers from his native village and will offer them jobs on highly unequal terms. The ability of the Sardar to do so hinges on two factors: the first being the desperation of the labour who require employment to survive, and the second being the higher social status of the jobber in the village community. This forces a degree of subservience from the labour, who are usually from a marginalised class/community or of lower social standing in the village. This labour pool is restricted to those communities where pre-existing social hierarchy and the circumstantial desperation of labour to survive makes labour completely subservient to the jobbers and owners.

There were multiple advantages to the firm in hiring migrant labour. Firstly, the workforce consists of heterogeneous groups from different parts of the country. This minimises any feelings of solidarity amongst the workers. Secondly, migrant workers face hostility from the locals in the region, as they take away job opportunities and push down the local wage rate. The hostility from the local population ensures that labourers get no political representation. This makes it easier for firms to retrench or delay payments of wages depending on the requirements of the enterprise. This mechanism allows firms to pass on their risk to workers.

b) Credit relations: Most migrant workers and dispossessed peasants are forced into exploitative working contracts because they do not have a subsistent income. Usually, when the jobber is hiring workers, he will give them credit in the hope of luring them into his service. Once a worker is in debt, the jobber will take advantage of his worker’s ignorance and inability to pay regular interest, to keep siphoning off larger parts of their wages as interest payment for the loan. This ensures that the worker is bonded to the jobber and cannot leave or join a different workplace. This mechanism allows owners to increase surplus appropriation from labour. Over a few cycles of employment, labourers who are unable to pay the exorbitant interest rates may get bonded for life with the jobber. Other members of the household will have to work for the jobber to pay off the debt. It is through this mechanism that the jobber will increase the size of his gang and the degree of control he has over individual members.

ii) Relations in Production

a) Form of control: The owners of the firm sub-contract the hiring and management of labour to different jobbers, as they are better positioned to institute the sort of exploitative terms of contract required by such production processes. The jobbers then hire gangs of
labourers, usually from their native village. These jobbers will arrange for the transport and accommodation of their teams at the place of work. Moreover, the jobber will be in-charge of managing and disciplining the labour both inside and outside the place of work. For his services, the jobber will get to siphon off a proportion of the funds allocated for wages. The existence of the sub-contracting arrangement with the Sardar saves the firms the cost of developing and instituting managerial and disciplinary techniques and grievance redressal mechanisms in the firm. Firms can take advantage of the social stratification already existing in Indian society, and use it as a method of control in the workplace through the jobber. The firm has the freedom to terminate its contract with the jobber, if his work is deemed unsatisfactory, without facing any resistance or protest from labour. Hence, even though a jobber is given the crucial role of transforming labour to the irregular rhythm and the rigid requirements of the production process, the ease with which he can be replaced means that the owners of the firms maintain primary control over the labour process.

b) Mechanism of capital control: Coercive informal accumulation process has developed multiple mechanisms to control labour, and enforce extremely exploitative terms of work. The primary source of such power comes from the availability of a large surplus of landless labour who are prepared to migrate to any place where work is available. This section of the population is referred to by Marxist literature as a stagnant population or a self-perpetuating and self-reproducing element of the working class. It offers capital an inexhaustible reservoir of disposable labour power, ready to undertake the maximum amount of work for minimum wages. Breman (1996) describes this process: after the institution of land ceiling laws in the 1960s, a large part of the peasantry was displaced from its rural mode of existence and forced to enter the labour market on uneven terms. This creation of a large reservoir of unskilled/semi-skilled labour provided the foundation for the development of coercive informal accumulation processes.

iii) Way of life

a) Mechanism for reproducing way of life: While reproduction of labour power plays an important function in the reproduction of the accumulation cycle, firms characterised by such labour processes have little incentive to invest in labour because of the ease with which sardars and their gang of labourers can be re-trenched and a new jobber can be hired to provide a new pool of labour. These labourers have to evolve their own mechanisms of reproducing labour power. Breman (2012: 143) has demonstrated that the migration system “allows employers to transfer the costs of reproducing and maintaining workers’ families and even providing for the worker himself in times of illness and old age onto the villages”. The survival of labour in such processes are dependent on luck, the ability of the extended families to support them in times when they are not employed, income accrued
from any land they may own, and/or state policies that provide subsidised rations, public amenities or income to such classes.

Those labourers who cannot sustain themselves or handle the extremely exploitative conditions of work drop out of the latent reserve army of labour and become destitutes/paupers. Marxist literature characterises them as the lumpen proletariat or those sections of society that are incapable of adapting to the requirements of modern industrial society. Breman (2015) has provided a case study of destitute labour and non-labouring population in Gujarat and looked at mechanisms of survival that aid the reproduction of pauper classes.

B. Reproductive mechanisms embedded within PCPs

i) Relations of Production

a) Credit relations: A shortage of funds in PCP may be compensated by reducing the consumption fund, or a family member may be sent into the wage labour market to procure funds. However, since there are no accumulated reserves in PCP, a shortage of working capital affects the PCPs’ advantage in production. PCPs require funds especially at the start of the production cycle to purchase inputs, repair means of production, or procure land and property. They are usually unable to procure funds from the formal credit market, because of the small size and informal nature of their firms. In such a case, the firm may have to take credit on highly unequal terms from moneylenders, or procure inputs or land on credit. Given the fluctuations of funds in PCP and the unstable nature of their product market, there is no guarantee that the firm would be able to generate funds to repay the debt. Over a few accumulation cycles, a PCP will get bound to the creditor, who will continuously appropriate surplus in the form of increasing interest. This loss of surplus will affect the PCPs’ ability to either expand or diversify in the market, and it will end up being stuck within the simple reproduction accumulation cycle, with any profits made being either siphoned off by creditors or used to fulfill consumption needs. PCPs are caught in a constant tussle with merchant capital in reproducing the relations of production. Ownership of assets and survival are the main drivers of PCP production, because if a PCP loses its assets then the relations of production will change. The assimilation of PCP by larger firms will be discussed in the section of reproductive mechanisms in relations of production.

b) Sources of labour: I focus on PCP enterprises that depend on unpaid family labour. This allows a greater degree of control over the workers and the ability to control wage funds. Usually members of a household will not be given any wages, instead their consumption needs will be taken care of by the household. PCP control over labour is largely through non-market mechanisms allowing them to self-exploit the labour utilised in the firm.
This exploitation is rooted within the social hierarchies of caste, gender and age that are embedded within Indian society. There exists a large body of sociological literature studying the specific processes through which social hierarchies are used for exploitation which differ with ethnicity, gender, region and caste. In this analysis we focus on the modality of using social hierarchies in a PCP, not on the specific form of these modalities, as I’m considering these modalities as a higher level of abstraction. Unpaid family labour allows PCP not to pay the minimum wages for the survival of individual workers, allowing the household to survive in economically hard times. Family members are provided food, shelter, and amenities but the head controls the income of the household. This allows them to allocate funds according to the requirement of the household, without being responsible for reproduction of individual labour. Moreover, within the household unpaid services like care, cooking, and cleaning are provided by the women of the household to help reproduce labour.

ii) Relations in production

a) **Forms of control:** Labour processes in the West developed elaborate methods (Taylorist, Fordist, Electronic Surveillance) to control labour within the workplace. Informal labour processes in India however depended on utilising pre-existing social hierarchies to dominate and control workers in the workplace. In PCPs the paternalistic head of the household controls labour (other members of the household). This position of power is provided both from holding legal property rights over the house and the means of production, and from the patriarchal structure of the household.

b) **Mechanism of control:** Unlike other labour processes, PCPs are embedded within locked contracts leading to little autonomy in the sphere of production. While in theory PCPs control their means of production, in reality their pace and workload is determined by market demand and intermediary agents who provide credit to the PCP. PCPs will usually get credit by putting the means of productions they own as collateral for a loan. In the event of failure to repay the debt undertaken, the creditor will strip the PCP of its means of production. The process is similar to what Marx referred to as primitive accumulation. The PCP, upon losing its means of production, will be forced to look for work in the informal labour market. In some cases, a PCP may be assimilated by larger firms that share a vertical relationship with it or compete in the same market. In either case the members of the PCP household will have to work directly for the larger firm or look for work elsewhere. The potential for being assimilated through the process of primitive accumulation leads to the formation of hybrid informal labour processes. One possibility is for PCPs to be assimilated by a larger owner, where the PCP gets embedded in putting out or sub-contracting relationships with owners. The loss of control over means of production leads to a change in the relation of production of the PCP; however the relations in production and way of living stay the same. Another possibility is for a PCP
to be stripped of the means of production and all family members becoming wage labour. Such a process of assimilation will lead to PCPs becoming similar to informal coercive accumulation labour. While the threat of assimilation remains for individual PCPs, PCP remain an important part of the accumulation process in India. Based on Bhattacharya and Sanyal's (2009, 2011) work, this paper argues that the contradictory nature of the PCP is derived from its existence in a contradictory space, one of survival and yet linked to processes of surplus appropriation by capital. PCPs will remain in the capitalist landscape of India, because they function well in certain industries and services, and their structure allows them to be highly flexible to the dynamics of the local economy they are embedded within. The process of PCP assimilation and hybrid PCPs is not covered in this paper, and is an interesting future avenue of research for the author to explore.

iii) Way of life

a) Mechanism reproducing way of life: There is no economic division between the public and private sphere; the unit of production is the unit of consumption; the firm is the household. The firm functions by exploiting family labour. The whole production process is geared towards the reproduction of the household. A PCP firm's main goal is to survive and reproduce itself and not necessarily accumulate. Reproduction of the PCP is more important than reproduction of individual labour. PCP with unpaid labour is considered a highly exploitative labour process as they self-exploit family labour, but the surplus accumulated gets appropriated through inter-locked contracts. The PCP has no provision to ensure reproduction of individual labour. Gender relations play an important role in reproducing the household. Female members of the household provide unvalued housework to subsidise the undervalued work in the PCP which is carried out by other household members. Non-market institutions and practices are essential for the production and reproduction of PCP households. There exist close kinship or non-monetary relations (religion, caste, ethnicity) among the members of a PCP household which may lead to sharing of property rights, financial help in times of need, and a pooling of resources. These play a crucial role in PCPs surviving in tough times. Lastly, the Indian state plays a key role in both destroying (through displacement and evictions) and reproducing (cheap credit, infrastructural support, promotion of small scale industries) PCPs.

In the next section I will describe one case study for each labour process conceptualised in the above sections. These case studies are used to demonstrate how the informal labour process framework can be utilised to frame qualitative and ethnographic research on informal labour in specific regions and sectors.
IV. Informal labour process: Two case studies

A. Case study of informal coercive accumulation: The knitting industry in Tirupur district

Tirupur is an industrial city in the Coimbatore district of Tamil Nadu. Krishnaswami (1989) estimates that there are about 1850 hosiery units in the city. There are about 25000 workers directly employed in this industry and another 15000 indirectly employed. The organization of production varies from firm to firm, however production is broadly organized along capitalist lines. While the owners own the means of production of these units, it is quite common to find them sub-contracting most of the processes to other contractors, or in some cases to a worker on a contract basis. The motive behind creating smaller sub-contracted units is to ensure that firm sizes are small enough that they can avoid registration and escape from having to implement labour laws. Most owners enjoy patronage relationships with ruling parties and large banks, and ensure that they control the supply of capital so that units cannot expand.

The knitting industry contains many different kinds of labour processes, however they all share similar modalities to informal coercive accumulation labour processes. Over the years, the demand for hosiery units has fallen, and most production units get six to seven months of work. These units work intensively when there is market demand and lay off their workers and keep machines idle when there is shortage of work. Wages are paid at piece rates, as this ensures that owners do not have to spend time and money on supervision. Piece rate wages force workers to increase productivity as their income is tied to their output. The introduction of piece rate wages has quickened the process of production and what was produced in one year is now produced in seven to eight months. Sub-contractors have taken advantage of this decreased opportunity to work. Workers are forced to bring all their family members to the factory and work for long hours in order to earn some extra income with which to manage in times of unemployment. The sub-contractor controlling the labour process uses social inequalities to discipline the workers. This is one of the reproductive mechanisms within informal accumulative labour. The division of labour is usually on a caste basis with different castes specialising in different parts of the production process. Women and child labour are employed at lower wages to subsidise the cost of production. For example, in factories where garments are produced for export, women are employed for the checking duties. These women are employed on a temporary basis and are retrenched when there is a shortage of work. Productive workers are retained in the firm through fringe benefits. The most popular form of benefits is to provide loans to workers when they are facing financial crises. With the provision of loans, workers are indebted to the factory and have to adhere to any demands made on them by their supervisors. Loans are also a reproductive mechanism for this labour process.

The organization of the production process in the industry forces workers to specialise in a particular job and fragments individual jobs, reducing the degree of control each worker has on the production process. For instance, cutting work requires first the arrangement of the work and then the cutting. Employers hire children to do the arranging work, ensuring that the cutting master is a
specialist and incapable of doing any other work. They are usually seasonally employed, and might find intensive work for six months when demand is high and no work for six months when demand is low. Each worker is trained to do a particular kind of work, which they mechanically repeat over and over again. The fragmentation of work enables employers to hire cheap labour to subsidise some of the processes, as in the case of the children employed for arranging cutting work. Moreover, the fragmentation ensures that individual workers are easily replaceable. The specialisation of work ensures workers are dependent on the employer for work.

The employers ensure heavy competition amongst sub-contractors to maintain bargaining power over them. Employers can fire a sub-contractor without any notice, and replace them easily. Moreover, employers can withhold money from the sub-contractor in times of liquidity crunch. The sub-contractor is dependent on the employer and will usually agree to such terms of contract. The sub-contractor in turn will employ workers from his own family, lower caste workers, women and children so he can exploit the maximum amount of work for the minimum amount of pay. Moreover, the sub-contractor will hire workers on very short contracts and fire them without any notice. The structure of the labour process is such that employers will pass off their market risks to sub-contractors. Sub-contractors have to fulfill the output demands made by the employer or else lose the contract. In turn the sub-contractors will increase their share of the surplus by exploiting labour employed by them. The particular structure of this labour process allows for the maximisation of appropriation of surplus from labour functioning in garment production in Tirupur.

B. PCP: A case study of handloom industries in Nadia district

The next sub-section will describe the handloom industry in Nadia district, West Bengal as an example of PCP labour process. According to Khasnabis and Nag, 83 percent of the weavers in this region were found to either undertake all the processes themselves, or use family labour (2002: 4841). The following description is based on Khasnabis and Nag’s (2002) research on the handloom sector in Nadia district.

The study is based on data collected through a primary survey coordinated by the authors. It was observed by the authors that weavers perform their work under the control of a merchant who has a superior asset base. The weavers are dependent on the merchant for yarn (raw material), warp (technology), design and credit. In local parlance, these merchants are referred to as ‘mahajans’. There are two ways in which the mahajan exercises control over the weavers. The most widely used system is the ‘dadan’ system. “Under this system, the mahajan supplies yarn and credit to the small weaver on the condition that the products produced by the latter will have to be sold to the mahajan” (2002: 4839). The mahajan lends the inputs to the weaver without any collateral. Since the mahajan knows the weavers personally and has political clout, he can coerc[e individual weavers to pay their dues if required. The price at which the yarn is sold to the mahajan is known as ‘dadan’ price and is well below the ruling market price. Weavers who are not dependent on credit
from the mahajans, are expropriated from their assets through a system referred to as the Forward Contract System, or FCS. The market system favours the mahajans and they are able to accumulate a surplus by controlling the supply of woven cloth. The weavers usually make enough to cover costs of production. A few years of bad production will force them to be indebted to the mahajans and eventually lose their looms. Even though the weavers own their means of production, they are linked in dependent relations with the mahajan, who appropriates the surplus produced by the weavers. Independent weavers cannot expand the size of their production units as they are unable to accumulate surplus consistently.

The production process of weaving is quite simple and can be divided into ten different operations. The scale of operation is low and the technology used is simple. The technology used by multi-loom owners and small one-loom owners are essentially the same. The production process does not have a detailed division of labour and most of the processes are conducted by the weaver or his family members. However, there exists a clear separation between conceptualisation and execution. The first process in weaving is designing, and it is considered the most crucial step as the design cannot be changed once the production process has begun. It was observed in the field that designing is seldom done by the weaver himself. There exist design masters who produce designs; the producer usually chooses from a set of designs. The rest of the nine operations following the designing are organized by single weavers. Conceptualisation activities are done by higher skilled communities who also earn a greater part of the surplus generated. Individual weavers undertake the execution of the work and are subservient to the designers and mahajans. Around 83 percent (2002: 4841) of the weavers were found to either undertake all the processes themselves, or use family labour. In some cases denting and drafting are done by outside labour, however the weaver always controls the process of weaving and carrying the finished product for sale to the market. There were no cases found of the weavers conceptualising their own designs – these were either chosen from design masters or provided by the mahajans. We can conclude from this summary that while the weaver controls the core process of weaving, there exists a clear separation between planning and execution work. While weavers have control over the rhythm and pace of work, they are rarely able to expand the size of their productions, and the majority of surplus accumulated in the production process is siphoned off by the mahajans and designers.

V. Conclusion

This paper has conceptualised a framework with which to analyse highly exploitative informal labour processes in India. This conceptualisation has divided the structure of a labour process into three dependent divisions, namely: relations of production, relations in production, and the worker’s way of living; and five reproductive mechanisms which ensure that the dynamics of each labour process is maintained from one accumulation cycle to another. The mechanisms of reproduction are also referred to in regulation literature as modes of regulation.
I have applied this framework to conceptualise two distinct modalities of informal labour processes existing in India. These labour processes differ in terms of their relations of production and consequently have different forms of mechanisms of surplus appropriation. In PCP the worker owns the means of production and has direct control over the production process, while in coercive accumulation processes the workers do not own the means of production and have no control over the production process. However, both labour processes are subservient to capitalists. This conceptualisation of informal labour processes in India provides a framework through which I will theorise the questions posed at the beginning of this article, which are: why is capitalist development in India characterised by informality, and why are informal labour locked in exploitative contracts, even though they generate growth and accumulation?

**Linkages between informality and capitalist development in India:**

Informality characterises the development of capitalism in India because of the nature of market competition in India. Informal labour exists in those markets in India that are typified with very high level of competition amongst small capitalists, and individual commodities are not easily differentiable. These are sub-sectors where no one producer dominates the market, instead multiple producers function at low rates of profit. Since these firms have little power to influence the price of goods, their ability to make a profit hinges on maximising the effort of the labour involved. These firms usually increase profits by increasing the absolute surplus value appropriation, by lengthening the workday, decreasing wages, and increasing the effort of labour. Highly labour intensive technologies are used in these enterprises, as they do not accumulate enough capital to improve technology and labour productivity. Productivity is increased through coercive mechanisms of surplus appropriation that are reproduced through informal institutions embedded within these labour processes. These range from piece rate wages and inter-locked contracts. While profit rates are low due to high competition, informalisation of labour allows maximum appropriation of surplus, which ensures reproduction of these enterprises.

These informal labour processes are embedded within extremely unequal relations of production. Coercive accumulation processes use pre-existing social hierarchies and credit to coerce workers to work for the enterprise. PCPs are forced by circumstances to enter into inter-locking contracts with creditors. These enterprises further gain control over the worker by separating conceptions (skilled work) and execution (semi-skilled/unskilled work) work in the enterprises. In coercive accumulative processes, the owners and jobbers handle the conception and management work. In PCPs the technology and design are provided by creditors, while the PCP provide the actual labour and create the product. This separation of conception and execution allows capitalists to control the rhythm and pace of work in the enterprise. These mechanisms allow informal labour processes to effectively maximise surplus appropriation in enterprises with low capital and technology.
Informal labour processes provide mechanisms that aid such enterprises to pass on the risk of capital onto the workers. This takes place through the following ways:

a) In highly competitive markets, enterprises compete for market demand. Individual enterprises can face very high or low demand at different points of time. The production process must adapt to the unpredictable rhythms of market demand. This unstable rhythm of demand is translated into an irregular production process. It is unprofitable for these enterprises to maintain a consistent pace of production throughout the year. During high demand periods, the production process will have to function for most parts of the day, while when demand is low the production process might have to be completely halted. Since producers have no control on the pace and rhythm of work, labour has to be coerced to work according to the requirements of the production process. These processes are characterised by despotic control by owners over labourers’ pace and rhythm of work, working conditions and living conditions. This is a prerequisite for this production process to be profitable, as these firms compete in highly competitive commodity markets.

b) In highly competitive markets, firms face delayed payments and may go out of business on short notice. In such cases enterprises will delay payment to workers or lay them off without any previous notice. The informality of contract allows irregular payment of wages to labour depending on market demand. Labour cannot seek legal recompense as they do not have formal contracts. Moreover, since most of these labour forces are migrant, they do not receive political representation or inclusion in worker unions. The risk of capital is passed to the worker. The degree of exploitation of labour is buttressed through inequalities in the social hierarchy in India.

c) PCPs function in highly risky sub-sectors like repairing and maintaining durable commodities in the market, food, and domestic services where mass production is difficult, and the market is differentiated by ethnicity, gender, and other social divisions. It is risky because: production in these sub-sectors could become obsolete with newer technology, entry into such sub-sectors is very easy and competition could increase in a short time, such PCP’s use highly labour intensive technology and their scale of operation cannot be easily increased. The risk involved ensures that larger capital doesn’t forage into these sub-sectors. PCPs survive in such sectors because they can self-exploit unpaid domestic labour and use household consumption funds in times of low demand or economic distress. Aside from their own survival motive, PCPs also serve a functional purpose in the capitalist sector. Merchant capital can appropriate surplus through inter-locked contracts which can then be channelised towards more profitable investment opportunities. Capital may also strip PCPs of their means of production and assimilate them in parasitic
relationships of sub-contracting, putting out, or wage labour. This flexibility and ability to self-exploit ensures that PCPs are embedded within the accumulation process in India and will not disappear over time. Moreover, the unique ability of the PCP to survive ensures that such highly exploitative labour processes continue to thrive.

Crucially, these exploitative informal labour processes are reproducible because of the existence of mechanisms that reproduce labour power. These range from familial and kinship relationships, to support structures in village communities, and state policies. These mechanisms are the reason behind the rigidity of the labour structure. The condition of existence for informal labour processes is the existence of a vast proletarised labour force and the existence of unequal social hierarchies. These conditions ensure that there exists a vast reserve of surplus labour willing to work under the exploitative terms of informal labour.
References:


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