

GENDER INCLUSIVE URBAN SPACES: ISSUES AND QUESTIONS

Lecture03

Module 2.1 - Women and the Urban Labour Informal Market

Hi, I'm Surbhi Kesar, and today I'm going to talk to you about gender and informal sector employment in India. We're going to try and unpack these two kinds of categories: one of the informal economy and the second of gender in the workforce in terms of how it exists in the Indian economy. So, let's begin with the informal economy. When we think about the informal economy, usually very precarious forms of employment come to our understanding.

It could be people who work as domestic workers in households, it could be construction wage workers, it could be vegetable sellers selling vegetables on the sidewalks. Or it could be, let's say, a group of people getting together, making pots, and selling them on the sidewalk. And mostly, people think of it as an economy, which... as work that is not really protected by any kind of labor laws.

There's no stipulated social security associated with that kind of work. But, let's try to unpack it in terms of these categories. And we can think of the informal economy as comprising A, the informal sector, and B, informal employment. What is the informal sector? The informal sector can be thought of as enterprises or firms that do not employ or rather,

They have an upper limit of employing 10 total workers. So, all the enterprises that employ fewer than 10 total workers will be called informal sector enterprises. But, one thing to note is that even though you have this limit of 10 total workers, most of the informal sector enterprises are extremely small, low-productive enterprises that do not employ any wage workers. So, most of the production or the enterprises operate just on the basis of getting together family and other household workers to work in some sort of production activity. You can think of it in terms of, let's say, quilt making or embroidery on a shawl, etc., where there's no wage worker being hired and much of the enterprise activity consists of you know, let's say the person's husband, wife, or partner and children getting together and undertaking that kind of production. So, that is in terms of the informal sector when we are in the domain of the enterprise, the people who own some kind of firm or enterprise, even if very small. The other is in terms of informal

employment, which is when you yourself or the person themselves is wage-employed. However, there's no long-term social security benefit or a long-term contract associated with it. Think of this in terms of the casual wage workers and usually, they will be hired on a daily wage rate, etc.

And, you know, they do not have that sort of long-term contractual security of being part of the job. And most of the time, they are actually paid quite less. Right? So, it could be any of those two aspects from the firm dimension or from the wage worker's dimension that could constitute what we call the informal economy. Now, when we talk about informal sector enterprises, out of all the enterprises in the Indian economy, 95 percent are actually informal sector enterprises.

And as I said, most of them will be enterprises that do not employ any kind of wage worker and usually undertake production using family labor. In terms of the total wage employment in the country, about 84 percent, as of the 2018 figures, were informally employed. What does this mean? These could comprise, as I said earlier, of workers working on casual wages paid on a daily basis, or even if there is some regular earning on a monthly basis that is not really, you do not really have long-term contracts or social security benefits like your provident funds, etc., associated with it. So, that's what we can think of in terms of the informal economy and the extent or the scale of what is the informal economy in India, and the majority of the employment that we think about in the Indian economy is actually informal in nature. So, then, you know, we need to kind of understand how this informal economy came into being, right? We have to understand the genesis of this issue itself.

And the idea in much of the development literature following, you know, the work of Nobel laureate Arthur Lewis has been that, you know, traditionally the underdeveloped economies were seen as comprising this huge traditional agricultural sector and a much smaller modern, industrial sort of sector. And the idea was that with economic growth, people would be pulled out of this traditional agricultural sector and would find employment of a formal, secure kind, which is, you know, higher paid, etc., in this formal modern segment.

And that has kind of been the expectation in much of the development literature following Lewis. Whereas in the Indian economy, as well as in various other economies, what kind of happened was while growth took off, it did not- it increased productivity to

boost growth in the manufacturing, industrial, and services sector. But, it did not really create the commensurate amount of secure, formal jobs.

So, you have people who are being drawn out of the agricultural sector. However, they are not really being absorbed into these modern, formal sector jobs. And these kinds of people who are drawn out of the agricultural sector and are not able to find employment-informal, modern, secure kinds of employment tend to be able to economically reproduce their livelihoods in this kind of informal economy.

Either they would become the vegetable sellers that we were talking about, which, let's say, would be like a small enterprise, or they would become casual wage workers, or they would have jobs like, let's say, security guards, etc., which has taken off in India quite a bit in terms of, however, not having any long-term social security benefits, which kind of questions the idea of what kind of development do we want and how do we bring about a development that works for the majority, that works for the workers of the country.

Now, that was in terms of what the informal economy looks like. Now, let's turn our gaze a little towards this idea of gender in the workforce. And we'll be focusing on male labor force participation and female labor force participation. And in India, the kind of, you know, male labor force participation, which is telling us the number of people who are kind of working or looking for work in the Indian context, it is quite comparable to what exists in other parts of the world and not just some parts of the world, but also in terms of, you know, developing countries, be it Sri Lanka, Bangladesh, Brazil, etc., and it is pretty much between, you know, somewhere around 75%, etc. which is quite comparable. But, the moment we look towards female labor force participation in the country, we see that the proportion of women who

The proportion of females in the country who are employed or are actively looking for work is much lower compared to other countries of the world and other developing countries, particularly Brazil, Bangladesh, Sri Lanka, and South Africa. So, whether you look at it in a SAARC or a South Asian context or a BRICS context, India has very low female labor force participation. And much of the female labor force participation in India has been in agriculture.

So, this fall in female labor force participation that we see is actually a withdrawal of labor, women workers in agriculture as well. Now, when we simply look at the informal economy, what the gender distribution looks like, again, what we find is that there are many more men in the informal economy than women in the informal economy in India.

Even if we look at different sectors of the economy, agriculture, manufacturing, construction, services, of course, for all of these, we see that for women, the share in any of these sectors is relatively

so, this would mean, let's say, if you're looking at 2004 figures, which is what this graph with this dark blue bar is telling us, 35 percent of the agricultural workforce is women, 34.9 percent, right? Which means the remaining 65 percent, which is the majority, is men. And in agriculture, it is still close to each other. But, if we look at sectors like manufacturing, construction, and services, the gap between the proportion of men and women is much higher.

What these bars are simply telling us is the proportion of women in that sector, and anything that is left, vis-à-vis 100, would be the proportion of men employed in that sector. And particularly, agriculture and manufacturing had, you know, somewhat for agriculture, 35 percent of employment, it was women who were employed in the manufacturing sector, about 26.4%. And between, you know, 2004 and 2015, roughly a decade, we do see a fall in women's share in this sector that has happened.

So, what we're talking about is a huge informal economy in the country. So, the majority of employment in the country, or livelihoods in the country, come from this sort of informal, precarious low-productive work. And we are also seeing that the majority share, in terms of who is employed, is mainly men rather than women. And for women, there seems to be some sort of fall from these sectors happening in India.

As we just spoke about, the female labor force participation has been quite low and has been falling. It has now kind of—is not falling anymore, but it is indeed quite low. Now, when we look at the gender dimension of the Indian workforce, we see the Indian workforce as being highly occupationally segregated. So, we have talked about a huge informal economy. We've talked about a low female labor force participation.

And then, as we are trying to think more about gender, we also see that the labor force is highly segmented on the basis of different occupations, right? And what that means is that certain kinds of jobs tend to have a higher concentration of men rather than women. So, let us say when you have work like domestic work that happens in the household, care work that happens even, you know, in like, in any of the spaces, that tends to be much more, many more women tend to be concentrated there than men.

And there is also a high earning differential between men and women that exists. Now, let's pause for a moment to think about what are the various ways in which gender inequality can exist in the labor market and more specifically in the informal economy. Why would we expect it to probably, in certain instances, be worse in the informal economy? First of all, just the very fact that in an informal economy you do not have, you know, strong governance mechanisms, let us say casual wage workers working on a daily wage rate etc., if it is not governed, there can be much more discrimination that the employer can carry out, right? And then there are other kinds of issues, which is one of the ways through which women might be paid lower wages than men in construction wage work. Or it could simply be that, you know, you think of women being in occupations that are relatively low-skilled. And one may think, 'Oh, the domestic care worker that comes to the household is being paid quite less.' But one does not know whether that low payment is happening simply because this is low-skilled work or rather there has been interesting work by people like Nancy Folbre and others who talk about how these sectors also get paid lower or are, you know, denoted as lower-skilled work simply because women tend to be working more in them. Then, on the other hand, if you are an enterprise owner, the availability of credit might be limited to you because that is another form in which discrimination might be meted out against women. The access to markets and networks, again, could be quite limited for women. And we will talk about this in just a while.

And in the informal economy, you know, mechanisms to dissuade occupational segregation are also limited. For example, in government jobs, you can have better support or better affirmative action towards women, for example, having reservations of different kinds or allowing women more years to apply for an examination to sit for government services. The same kind of mechanisms don't exist in the informal sector, which makes it kind of

More discriminatory in instances on the basis of gender. When we now bring the two concepts together, gender in the workforce and informal economy, what we see is, again, there tends to be that women are much more likely to be concentrated as contributing family workers. What are these workers? Remember, we spoke about the informal sector enterprises and we said that most of these enterprises undertake work only with the help of other family members and household workers and do not really employ wage workers. And these household members are classified as contributing family workers because they are not really getting a wage in return for it, an explicit wage payment that is happening.

Usually, the entire earning will be divided within the household as just, you know, as the entire household earnings, and more often than not, it will be men who will basically take ownership of the earnings.

So, it is mainly these contributing family workers, who in many cases do not have ownership over the earnings that come inside the household, where women tend to be, you know, quite concentrated, whereas for men, there is actually—men are more likely to be in casual wage work than women. So, that is kind of where we are seeing within the informal economy where the concentration of men and women tends to happen. If we look at specific work categories within the informal economy, what you can see here in the graph is,

Let us say for each of the bars, the colors represent different kinds of informal work, which is given at the bottom axis. It could be a domestic worker, it could be a home-based worker, street vendor, construction worker, waste worker, or other informal worker. And what you kind of see is that within females, there is a huge proportion who are home-based workers. And a huge proportion that are actually domestic workers.

So, it is like there are various reasons why something like this could happen. One, domestic work seems to be often women's domain, etc. And therefore, a lot of women tend to be doing that, which of course, I am not saying that that is how it should be. That is how historically it has been with women being relegated to spaces of care, household activities, etc. And also one of the reasons, as I mentioned earlier, these activities will be paid less, not simply because, you know, they might be low-skilled or anything, but because women tend to do it and there is a discriminatory wage that is paid to women. Whereas, and they will also tend to do a lot more home-based activities, etc. Whereas when you talk about construction labor, that is where men tend to be concentrated, which is also quite a precarious kind of job that exists. Um,

Now, if we look at simply the earnings gap between females and males, this is also very interesting. Regular wage work is all kinds of work where the payments are received on a monthly basis. Now, this is a huge variation. This could be formal sector employment, the secure kind of government services, right? But, this could also be domestic workers.

Let us say the person who comes to clean, the worker who comes to clean the household, etc., is also paid on a monthly basis. But, they're relatively better off than the casual wage workers - Casual wage workers being people who are paid on a daily basis, usually the construction workers. And self-employed, it is another term that when we were talking

about informal employment, these are workers who are self-employed as the owner of the firm.

And we gave examples of, let us say, an embroidery, a person who is doing embroidery on a shawl etc., with family etc. So, you could be self-employed where you are not really like a big employer etc., because you tend to be this enterprise owner in the small enterprise. And here if we look at the earning differential between men and women, it is huge.

What you are saying is that in regular wage work, women get 76 percent of what men earn. That is, if a man is getting 100 rupees, a woman is getting 76 rupees. And as you go towards these informal employments, the difference actually increases. For casual wage workers, 60 percent less than what a man gets is what a woman is getting.

For self-employed, interestingly, which is another form of informal employment, as we spoke about, remember, like informal economy we were talking about in terms of informal employment, which is the informal wage work, which was all of casual wage work and some part of regular wage work. And then within informal enterprises, we were talking about the self-employed household-based, family-based enterprises.

And there you see the women-owned enterprises are only getting 43 percent earnings of what men tend to get. So, there are these different levels at which this kind of differential between men and women is operating in the labor market. Starting from how many women enter into the workforce, where is it that they enter, what kind of work they do, and even if they do the same kind of work, how much lower do they earn? So, that is the three kinds of levels that we need to keep in mind.

One, about the kind of- whether women have the opportunities to access the labor market itself or not. They could be constrained by various reasons. One, in terms of whether people are hiring them or not, whether an employer wants to hire them or not. Second, in terms of norms, social norms that exist in the country because of which they might not be.

Then, even if they are hired, what kind of work are they hired into? Are they mainly being hired into jobs that tend to be low-paid, that tend to be low-remunerative, etc.? versus, you know, occupationally more, kind of better-paid jobs, etc. And finally, even if they are doing the same kind of work, they tend to be paid less. So, we have various nodes at which policy interventions can happen: A - to provide better opportunities to

women, etc., B - what kind of jobs women, you know, what kind of occupations where women are not historically present, but are good-paying jobs where women can be given more opportunities to enter. And even if they have the same kind of job, what sort of earnings, how to ensure that they do not earn less than men. And not just that, remember, now self-employed, it is very interesting, and we will talk about it in a while,

Why, even when you are an enterprise owner, you might be, as a woman, earning less than a man. Now... We will now focus on what, you know, the majority of self-employed or informal sector enterprises are. Now, broadly, the informal sector enterprises, as I said earlier, can be classified into those enterprises that do not employ any wage workers, usually using family-based work, family members in order to undertake production.

So, these are called the own-account workers. Whereas, so the way this graph classifies is an own-account worker is a single-worker firm. That is, you are undertaking production, let us say, embroidering a shawl, but only as a single individual worker. The light kind of turquoise bar that you have here is the family-based enterprise. That is, you are undertaking production, not just you, but let us say I get my child or my sister to work with me or my brother to work with me.

That is a family enterprise. And then these are establishments, which, as I said, have this upper limit of 10 total workers, but they can hire a wage worker. So, these will be Enterprises that do employ a worker, but that is still quite, you know, on the lower end of the spectrum of earnings. And here, if we kind of compare the earning differentials as well, we find that particularly for

These single-owner, single-worker firms or family-based firms actually show quite a huge differential, particularly for the single-owner firm. Which, again, is the majority of what the informal sector is. And what you find here is that women tend to earn 34 percent of what men earn. In 2010, the difference was 38 percent. In 2015, the difference was 30 percent.

You know, like women—sorry, now the difference was not 38 percent, but women tend to earn 38 percent of what men earn. So, if men are getting a thousand rupees for, you know, in, let us say, a week or something, women tend to get 380 rupees. And the difference has not really changed over this entire decade that we see here. The gap is kind of narrower when you are at relatively better kinds of informal sector enterprises.

But again, that gap is you know, it is kind of rising over this particular timeframe that we were seeing. That is, in 2005, women were earning 84 percent of what men were earning in establishments or in firms, informal firms that do hire wage workers. And by 2015, they were only earning 73 percent of what men were earning. So, what can explain these kinds of differences?

And here we can think about reasons such as occupational segregation, which could be—women are just in enterprises or producing those kinds of things that are not valued a lot by the market. So, it would be better for them to move into certain sectors which are better paid or into certain kinds of producing goods that are better paid. It could be the location of the enterprise. And this is something that I find even in my work—that women are likely to be located in enterprises that are, you know, located within the household.

And this could be a part of various social norms of women not being allowed to work outside the household. So, you could do embroidery on the shawl till the time you are inside the household, which limits a lot of, you know, their outward-facing engagement with the market and selling the products, etc., for which one can think of setting up, you know, cooperative sorts of setups where women can get together and produce their products, etc., and can be marketed and be provided better marketing facilities, etc.,

It could be because of differential asset availabilities. Women enterprises tend to have lower assets than male-owned enterprises. Credit availability can be one of the reasons. And of course, in these cases, there can be government interventions in terms of providing better credit for women to start up their enterprises, etc.

And with that, we are going to talk a bit about the subcontracting linkages that exist in the informal sector enterprises in the country. A lot of these informal sector enterprises tend to enter into these contractual linkages, which is, they link to a bigger firm such that they get the order from the bigger firm or the contractor to produce something and then they sell it back to them.

And usually, it has been understood in the literature that this is going to be a good way to help these smaller firms grow. However, what we see in the Indian case is that actually subcontracting linkages usually happen with really low and low productive firms, and women-based firms are more likely to enter into these kinds of subcontracting linkages, which could be because, this allows them a secured market access. They can sell their product to someone, especially at a time when the credit availability is lesser to them,

asset availability is less to them, and market access is less for them. So in that case, there is a contractor or a firm which directly gives them the raw materials to produce something, gives them the design by which they can produce and purchases the final product from them. However, the catch in the story is that most of these subcontracting linkages, as they have existed in the Indian informal sector,

And particularly, this table that you have here is for the manufacturing sector, where the percentage of female-headed these own account enterprises in the manufacturing sector, is much higher in subcontracted enterprises than in the non-subcontracted ones. That is what we are talking about here: 21 percent of non-subcontracted enterprises tend to be headed by women, whereas, on the other hand, 48 percent of subcontracted enterprises tend to be headed by women.

So, there is a much higher concentration of women in subcontracting linkages. However, in India, much of the subcontracted work is the traditional putting-out system, where you get the raw materials and design specified by the contractor, and you buy the entire purchase from them. However, there is no transfer of technology that happens. And, as I said, most of the time, they are extremely low-productivity firms.

So, one has to think about, if one is thinking about establishing subcontracting linkages with these smaller firms, especially women-owned, in order to provide them this assured market access, etc., one has to think about also using that to develop their entrepreneurial capabilities and develop their market access through other channels and giving them more autonomy so that it does not just become like a dependent sort of linkage on these larger firms.

which can be mostly extractive in nature and where these firms or where these subcontracted firms, especially women-owned, get really low revenues and earnings out of it. And it is also important to think a little bit about the recent pandemic because it was one of the big, apart from other, also a livelihood disaster. And what we saw is that women were much more likely to lose employment during the lockdown than men did.

However, even upon recovery, informal self-employment was sort of a fallback option for men that did exist. Whereas for women, much of the movement was into the outer workforce. What you see here on the graph is the left-hand side denotes employment. what, you know, both for men and women, the upper panel is for men, the lower for women. That is the proportion of the entire workforce that was in these different sectors and these kinds of movements denote where it is that men or women, depending on

which panel we are looking at, went to. And we do see that there was a huge movement from different parts of the workforce into self-employment after the lockdown. Whereas for women, there is actually a huge movement that has happened out of the workforce. So, women tend to be in this precarious employment, but in certain occupations, it is where there is a higher women concentration. But, even in informal employment, they are paid much less.

And when a disaster or an economic crisis strikes, what tends to happen is that even these spaces are taken over by men, and women are pushed out of the workforce. So, then there comes a question of—okay, we have spoken about informal employment. We have spoken about different ways in which gender inequality in the labor force, particularly in informal employment, manifests. So, are we then talking about—'okay, women need to find more employment, particularly in the informal economy'? And the answer there would be, overall, no. Informal employment is not a choice that anyone should have to make.

Why? Because it involves precariously low earnings. It involves a lack of decent work conditions. Look at the construction workers, and you would often hear from fieldwork these stories of so many construction workers, having lost a limb while working there or being hurt. If you have gone to a construction site, a lot of women have had to carry on care work or feed their children, etc., also on those sites. So, it is not a preferred kind of employment where you would want either men or women to be working. There has to be construction, but it can be provided in much more secure ways. There needs to be, you know, an informal economy that doesn't have social security. So, that itself is a problem for both men and women. And there is a very worrying trend in India, which is this move towards higher informalization of even the formal sector jobs.

That has been underway for quite some time now. So, we need to focus on a more formal kind of employment, more social security benefits, and longer-term contracts for both men and women. However, for women particularly, they may opt for informal employment because a lot of times there are not enough formal sector jobs available around where they live, and they end up taking these jobs where there are flexible working hours, where the commute might be lesser, or which allows women to perform care work, etc. However, the point is to provide these flexibilities for women even in formal sector jobs, rather than saying that, look, because the informal sector allows it, this is something that should be allowed. And there is a lot that can be done here, right?

Majorly, the kind of policy processes and policymaking that we have tend to be gender-blind.

And what gender-blind means is that if in a society we already face these gender-based hierarchies, if you have a policy, that is not going to actively take into account this gender-based inequality, it will tend to reproduce a lot of these gender-based hierarchies, which is something we did see happening in the pandemic or other economic crises as well. What we need to focus on, of course, is both the demand-side and the supply-side issues. The demand-side is just generating better formal sector employment.

They need more investment in sectors that have higher employment elasticity. That is—that employ more labor. And those are the kinds of jobs that need to be there. And what we are seeing is that even in formal sector jobs, there is increasingly work that has been contracted out to extremely precarious types of employment, which is not something we can pursue if we want better jobs and better employment opportunities. There needs to be better wages for those at the lower end of the income spectrum. And this can also have a high and positive impact on growth because when people at the lower end of the income distribution, they, in fact, spend much of their income, especially on consumer durables, which can have a higher multiplier effect for the economy. So, you know, people at the higher end of the income spectrum will tend to save more, whereas those at the lower end of the spectrum, given that their income is low, will tend to spend more, which can boost the economy. There needs to be a strengthening of labor laws, which allows people to seek redress in cases where they might not be protected in their work. There needs to be binding floor wages, that is, a lower level of wages beyond which wages cannot fall. And that we need to have because we are increasingly moving towards this race to the bottom of how low one producer can produce, which puts workers and those who are informally employed at high risk.

And we generally need more skilled jobs to exist, especially with the advent of AI, etc. We need more kinds of jobs that, you know, where human employment contributes positively. And, of course, there needs to be gender-sensitive public expenditure. There are a lot of sectors like public health, education, and care services where women are better represented.

Right? So, we already spoke about occupational segregation. So, that kind of occupational segregation one can also use to the advantage of policy where one can think

about—okay, these are the sectors in which we need to invest more. Because that is where women tend to be more represented. And these are better-paying jobs.

So, especially when we talk about, let us say, Anganwadi workers, etc. and, you know, women working as—a lot of these volunteer you know, kind of work which exists even in the public sector, but the problem is, a lot of times, these women are just given the status of a volunteer, not really a worker. So, they are not protected by a lot of these contractual obligations.

They are not protected by—they do not have social security. So, what we are talking about is in terms of, having women be in these spaces, but also under more secure job contracts and being given their rights as workers. From the supply-side, there are various things that can be done. While skilling is important, it is not the only aspect of it.

However, skilling can help, and it needs to be supplemented with better marketing facilities like developing community hubs where artisans, especially women artisans, can be better represented, and it is done in a fair manner. There needs to be more support in terms of transportation, safety, and childcare support. And a lot of times, when there is, you know, with the process of urbanization underway, there is much less care services or rather communal care activities that are available in urban areas.

This is what (()), which shows that. And in that case, in order to facilitate women's employment and in order to allow them to go out for work, there needs to be better safety services. There needs to be better childcare support, which allows them to do it because still, most of the burden within the household does fall on women.

And I already spoke about it, but there needs to be much more investment in sectors to provide not just jobs, but also more security and better-paid wages to women so that there can be both a demand- and supply-side issue that can be tackled concomitantly. And we spoke about various policy options throughout the session in terms of different nodes at which this can be applied and what kind of activities need to be, you know, what kind of policies can help with that. But, one thing we need to remember and remind ourselves is the question is not just about getting more women into the workforce, right?

Because, if it is under precarious sort of job contracts, etc., rather one needs to think about secure, formal, and better-paying jobs by which women can be included in the economic process so that the development that we are thinking about can be made more gender-egalitarian. Thank you. (Video Story)