Chapter 8

Summary and Conclusion

The labour market of a city like Calcutta is a complex phenomenon. In this study we have tried to analyse this complex character of the city’s labour marker from different aspects. Chapter one is the introductory chapter and in this chapter we have discussed various analytical issues related to the labour market in Calcutta.

We analyse the spatial specificity of an urban labour market. It can be viewed as an unified labour market. The unique characteristic of the commodity (labour) is that in a labour market, commodity itself can take an independent decision regarding its price. Again, wage rigidity and the bargaining power of the labour contradicts the usual demand supply rules in a commodity market. A labour can also take the decision on the amount of labour supplied by him. Huge unsold stock of labour increases the mobility of the labour across the space – out-migration of labour. On the other hand limited supply of jobs and different types of rules and regulations restrict the movement of labour from one workplace to another. Different forces control the access to jobs. Even the informal employment is also restricted by the nature of the market. Skill specificity is an important determinant. The labour market is a heterogeneous market where market offers different kinds of job at different wage rate.

The urban labour market in Calcutta is a segmented labour market with high-wage formal sector and subsistence level informal sector. The majority of the workforce is engaged in the informal sector of the market. The social transformation of the last few decades have led to a serious change in the city's labour market. These new changes are reflected in the increasing role of services and the decline in the stable employment in the big manufacturing industries. A perfect substitution between the rising service employment and declining manufacturing employment takes place in the city's labour market. The manufacturing units are gradually shifting from the city. The implantation of global processes and the markets in the city economy have changed the situation fast. The internationalised sector of the economy has expanded sharply and an increasing demand for specialised personnel in the urban labour market has growing up.
In this chapter (section 1.3) we give a historical perspective of Calcutta’s labour market. Historically Calcutta was a port city and many jute mills have come up on the bank of river Hoogly. There were many Engineering industries and also an ordinance factory surrounded the city’s labour market. The city is connected by two bigger railway stations (Howrah and Sealdah). These jute mills, engineering industries, port, ordinance factory, administrative offices (both Central and State) and railway offer a substantial amount of organised employment to the resident working population in the city. But after decades the engineering industries in the city are going to close and the jute mills in the city are becoming sick due to lack of modernisation. As a result, the organised employment in the city’s labour market is shrinking over the decades. Again, the technological progress and introduction of improved machinery have reduced the demand for workers in the organised sector. Big industries in the organised sectors are subletting their different works to its subsidiary units in the informal sector. The subsidiary units in the informal sector manufacture the product. As a result, contractual or casual employment is rising in the labour market.

*Chapter two* discusses the salient features of the city’s labour market. It has observed that the population growth rate has declined in 2001 from 1991 (the geographical boundary of Calcutta remains same during the periods) but there was an increase in the share of total workers in total population during that same period. It indicates an increasing trend of job opportunities in the city’s labour market during the period of globalisation. During the period of globalisation (1991-2001), though work participation rate has increased in the city while the proportion of permanent workforce in the city’s labour market has reduced. Informal employment occupies nearly two-third share of the total employment in the city. The marginalisation of the labour force in Calcutta has increased whereas share of organised workforce has reduced considerably during the period of globalisation (Section 2.4). These marginal workers are mainly concentrated in the service activities. It has observed that during 1991-2001 period:

a) The share of main workers in total population has increased marginally but the share of marginal workers in total population has increased substantially.
b) The share of female workers in total population has increased and the share of marginal female workers has also increased.

c) A decline in the share of working population (15-59 age group) but an increase in the share of old aged (60+ age group) in the total population has observed. A good percentage of old aged population is working/willing to work in city’s labour market. The old-aged labour force should take part in that activity where entry is easy.

d) The rise in share of marginal workers in total workers is much more than the rise in the share of main workers in total workers during 1991-2001.

e) Nearly 80% of the most economically active age group [(30-39) and (40-49) age group] are literate and many of them are above higher secondary. A literate workforce definitely increases the quality base of the human capital in the labour market.

f) The period of globalisation has changed the activity pattern of the resident workers in the city. The proportion of regular employees has reduced whereas the proportion of self employed and casual employed have increased substantially during the period of 1990s.

g) Tertiarisation of the workforce has taken place quickly. More than two-third of the main workers in the city are engaged in the tertiary sector.

h) The continuous growth of the informal activities in the city’s labour market during the last decades plays an important source of employment to the labour force of the city. As a result a low wage economy has developed. In one part of the labour market, though small, there is an affluent small working class who are well paid whereas in major part of the labour market, majority of the workers are struggling for subsistence level of wage rate. This sharp income disparity among the workers creates a new type of class division among the working class of the society.

An important feature for an urban labour market is the participation of daily commuting workers in the city’s labour market. The commuter workers increase the city's labour supply both directly and indirectly; when they help in raising work participation rate among the resident population. These commuter workers form a substantial part of the city’s labour market but they are not recorded in the city’s resident workforce. So we can not find any information about these commuter
workers from census data or NSS data. The size of a city’s labour market not only depend on the resident work force but also on the commuting work force (section 2.3).

Again, size of the resident labour force depends on the volume of total population, their age-distribution and labour force participation rate. The last decade (1991-2001) shows a low population growth rate in the city. Regarding participation in the labour market, it has observed that for every three persons in the city’s residential population; one person is participating or willing to participate in the city’s labour market. Nearly 80 percent of the total labour force are literate. Again, degree of marginalisation has increased among the female workers in the city over the last decade (section 2.3). Over the last decade, more women have participated in the labour market and higher degree of marginalisation of the female workers simply indicates that women are participating in the labour market mainly to subsidize their family income. Though the unemployment rate among female population has reduced but an important feature was the greater frictional unemployment among the female job seekers than male counter-part. It is important to mention that the educational level of the marginal workers have increased over the years. Despite having higher educational level; people have joined in the informal activities only for subsistence. Age-specific distribution of the labour force indicates higher work participation of the child workers in the city’s labour market. Due to low wage and informal nature of the work, there is a substantial demand for child workers in the city’s labour market. Nearly two-third of the child workers in child labour force are main child workers i.e. work for at least 185 days in a year. Tertiary activities, particularly trade and commerce, transportation and other services absorb nearly two-third of the main workforce of the city. It is a common global phenomena for a mega city like Calcutta. But the main point requires to mention that substantial rise in marginal workforce with simultaneous increase in tertiarisation of the workforce only indicates that a low wage-subsistence labour market has developed within the city.

Chapter three discusses various functional components of the labour market in Calcutta and their functioning. In economic literature, labour is considered as a
commodity however as labour is embodied in human being, it differs conceptually from other commodities. Supply of labour power depends on the person concerned. In a labour market, supply of labour is done through contracts. The typology of the labour market and labour are connected to the nature of the contracts and the process through which such contracts are drawn.

The firms are divided into two sectors: formal sector units and informal sector units. The formal sectors have many rules and regulations but these rules and regulations are absent in the informal sector. It is important to mention that trade unions in the formal sector play an important role in formulation of these rules and regulations.

Usually formal labour market and formal workers are attached with the formal sector. However, there may be informal workers attached with a formal sector unit. Informal sector units have labour supply from informal market only. Informal labour market is more heterogeneous than the formal labour market. This heterogeneity arises from the nature of contract and also from the terms and conditions of employment. All formal sector workers are under employer-employee relationship. However, only a part of informal workers have a distinct employer-employee relation, while many of them are outside the ambit of employer-employee relation, i.e., the self employed and family workers.

Compared to formal labour market it is easier to have entry in the informal labour market. The informal workers work in a small unit and they are often spatially scattered. The degree of unionisation is very low in the informal labour market.

Chapter four has examined the spatial dimensions of the labour market in Calcutta. As economic activities are located in space labour market shows some spatial orientation. This is reflected in the variations in the work participation rate across the wards of the city. The work participation rate (for the resident population) is greater in the inner part of the city known as ‘Central Business District’ (CBD). It is observed that CBD and adjoining areas have higher share of workers relative to their population share. When we move away from the CBD in the Northern or
Southern part of the city, which are primarily residential in nature, the work participation rate gradually declines.

Over the decades, the occupational activities of the resident population have changed. There is a marked shift in the share of manufacturing activities in favour of the service activities. Though it happens as a normal process in a metropolitan city, the process may be partly due to the process of globalisation. The high land value has caused location or relocation of the manufacturing units away from the city in the suburban municipal areas. Migrant workers are an important component of the city’s workforce. They are mainly engaged in the tertiary activities particularly in service activities and they live in a group.

Alongside this overall picture it may be pointed out that in several wards of the city, manufacturing activity is the predominant activity among the workers. Thus in a cluster of six wards in the Eastern side of the city predominant proportion of workers are engaged in non-household manufacturing activities (section 4.4). This concentration in some specific wards arises due to some specific factors. First, these wards have large slum areas. Most of the non-household manufacturing workers are engaged in small manufacturing units, operating from the rented premises located in slum areas, where rental costs, fixed decades ago, is very low, thanks to the ‘West Bengal (Thika) Tenancy Act’, which makes eviction and upward revision of rents very difficult. Secondly, these slums provide low cost accommodation to the workers, who are mainly daily wage earners, which keep wages low. Thirdly, these units being located within the city, they can have the supply of electricity and water and other infrastructure facilities at relatively low costs. Fourthly, some of these manufacturing units, particularly those belong to hosiery and packaging, have a strong local demand.

Chapter five is devoted to the discussion of the women workers in the labour market of Calcutta. Though women workers constitute a relatively small segment, as expected, of the city’s workforce, during the decade of 1980s, women participation in the city’s labour market (both main and marginal) has increased substantially. However, the shares of female child (age group 0–14) workers and young female workers (age 15–19) in total female workers have declined. One possible reason
may be: higher rate of participation in education by the young female in the city as parents, with rising income, and unitary family, afford to send their girl child to the school than to the labour market.

Another interesting feature is the rising share of married woman among the female workers. Though data allows us to get it for urban West Bengal as whole (the proportion increased from 50 percent in 1981 to 57 percent in 1991 for female main workers), it can be assumed to be true for Calcutta city also.

Analysing the Census data on female workers by occupation, we get some other interesting observations on the city’s labour market. In several occupations the proportion of female workers has increased overtime and this has happened even in some of the traditionally male-dominate occupations. In various service sector occupations this trend is particularly prominent. As many females have limited mobility and various time constraints owing to their domestic responsibilities, a good number of service activities, because of their nature of work and flexible work-schedule, are conducive to female employment.

Women are participating mostly in community, social and personal services as has been seen from the distribution of female main workers in the city. Among these service activities, ‘personal services’ have the largest share. Further, from the 3-digit census classification, it has found that with the ‘personal service’ category ‘domestic services’ is the largest employment provider to the resident women population in Calcutta.

Women participation in the labour market is influenced by many social and economic factors. Deregulation of the Indian economy during 1990s may have a positive impact on the female participation. However at the same time it may be responsible for the rise in casual, temporary and contract employment among the urban female workers. Female employment reduces not only the wage cost but also other non-wage costs, because of the temporary nature of the employment. The rising participation rate along with a deteriorating quality of employment indicates that the women are mainly coming to the labour market for supporting the subsistence of their family.

Chapter six discusses the role of the migrant workers in Calcutta’s labour market. Historically migrant workers played an important role in the urban labour
market of Calcutta. In the late 19th and early 20th century, while the city was growing, the scarcity of local labour was recurrent, which was partially met by the migrant workers, both skilled and unskilled, who were recruited from other states and also other parts of Bengal.

However in recent period the importance of migrant workers in the city’s labour market has reduced considerably. Migrant workers constitute only about one-fourth of the city’s workforce according to 1991 Census whereas in 1971, it was more than half of the city’s workforce. The flow of migrant workers to the city has reduced in recent decades (1971-1991) for (a) the shrinkage in the employment opportunities due to closure of the large industrial units, and (b) the growing competition from the ‘sons of the soil’. Though the geographical and administrative boundary of the city increased during that period (1971-1991), the absolute number of migrant workers in the city reduced from 6.45 lakhs in 1971 to 3.62 lakhs in 1991.

Fall in the volume of employment in the jute and engineering industries, which had huge incidence of inter-state migrant workers, reduced the volume of inter-state migrant employment. While the agricultural growth combined with a relatively successful land reform programme in the rural West Bengal has possibly some impacts in restraining the rural-urban and urban-urban migration to city of Calcutta. Because of the improved transport system, many of those took part in the city’s labour market have their residential location in the small and medium-sized towns located within the commuting distance from the city. A large section of workers in Calcutta come from different neighbouring districts of Calcutta by trains and long-distance buses in the morning and at the end of the day they return back to their residence. High land price and resulting high housing cost in Calcutta compel these commuter workers to settle away from the city.

The occupational pattern of the migrant workers changes in recent decades. Migrant workers are now gradually shifting from the secondary activities to the tertiary activities.

Return migration is still an important feature of the migrant workers in Calcutta. After the working life of say, twenty five to thirty years, they return to their native villages. Inter-state migrant workers maintain a strong linkage with their
native places. They frequently visit their native place for different social and cultural reasons and regularly send money to their family members who stay in their native place. Marginalisation among the migrant workers is comparatively low. The majority of the city's migrant workers are main workers (workers who work more than 185 days in a year).

Chapter seven discusses the institutional aspects of Calcutta's labour market with focus on (i) various acts and the implementing agencies of the government, (ii) trade unions and (iii) social safety measures.

Legal Institutions

Normally the legal and institutional framework for the formal sector is well defined. The legal provisions in the formal labour market shape the terms and conditions of employment in the formal labour market including wages, social security payments, working hours and other conditions.

In the context of informal sector and informal labour market, contrary to the usual perception, legal provisions are not completely absent. In view of the socialistic concern of government, there are many acts for the informal workers both at all the cities in our country, but for various reasons the enforcement of these legal provisions is extremely poor. These legislative measures mostly serve the purpose of setting some sort of standards or norms for the rights and facilities for a labour in the informal labour market. For instance the Minimum Wages Act of 1948 that guarantees the payment of minimum rate of wages for workers in scheduled employment who are unorganised and have little bargaining power. But unfortunately, workers in the informal sector get, in many cases, only subsistence level of wage which is far below the government prescribed minimum wage rate. Government has set up a legal bench and created posts of Minimum Wages Inspectors to enforce the provisions of the Minimum Wages Act, 1948. But over the years, the number of infringements against workers is increasing and the number of pending court cases rises year after year. It clearly indicates the insufficiency of our legal system in the context of a labour market.
Both formal and informal sector labourers are exposed to the trade union activities, although the level of unionisation is very low for the latter. In the formal sector since units are large there are both unit level and industry level trade unions. The extent of trade unionisation in the informal labour market is constrained by the characteristics of the informal sector. These include: (i) smaller size (in number of workers) of individual units in the informal sector, (ii) units are often scattered over space, (iii) large proportion of employment consists of self-employed and family workers, who are outside the ambit of employer-employee relationship, and (iv) nature of jobs are different in different units.

While in the formal sector, the two parties, namely, capitalist owner and employee are distinct and engaged in bargaining and, therefore, the trade union's role is well defined, in the informal sector, in many cases there is no identifiable capitalist owner. Therefore we could not look trade union activities as simply to organise the informal workers as a front and put it against the capitalist owners. Though the basic objective of the trade union activity in formal and informal sector is the same, i.e. to improve the conditions of the workers, the modus operandi for the two are not same.

The hotel, restaurant and sweat-meat shops are the service sector units in the informal sector. Generally, output demand in these units depends entirely on the customers' demand, which is usually unevenly distributed over the time span in a day. So it is very difficult to standardise the 'eight hours' duty without adversely affecting the economic viability of the unit. The organised sector has an edge over others in terms of striking ability. But in the unorganised sector, the main weapon strike has a minimum effect. Often, agitation by the workers leads to a closure of the unit. Again, a regional disparity is found in the degree of unionisation of the informal workers. Most of the trade union activities in the informal units are limited within the city and its periphery. The vast number of informal workers in other parts of the state remains untouched by trade union laws and activities.

Multiplicity of trade unions is often a major problem in many organisations and in many industries. Many times the trade unions are sharply divided in different issues and move opposite direction and ultimately weaken the strength of the
workers. Another major much said problem in trade union movement is outside leadership. The interest of the outside leadership and the interest of the member workers, in many times, do not match with each other.

In recent years the strength of the trade unions in the organised sector has been reduced due to the process of liberalisation, privatisation and globalisation programme. The new technology regime creates jobs in the upper end of the labour market in the managerial and supervisory category and at the bottom end for unskilled, casual, and contract workers. Consequently, the proportion of workers in the permanent category, who may be unionised, has been reduced considerably. The process of industrial restructuring has had deleterious effects on two areas concerning labour, viz. employment and union power. The big industries are downsizing their units and reorganising their work and production process. They are reducing their dependence on core labour and adopting outsourcing or subcontracting of ancillary activities to other small sized units. As the small units are mostly informal in nature and run by non-permanent workforce, the collective bargaining of the workers is very weak.

In traditional industries (particularly in Jute, Tea and Engineering) extent of state intervention is significant. Both employers and employees prefer to seek the government intervention in reaching and enforcing collective agreements. But in many cases, (particularly in Jute industry) employer defies the tripartite agreement and makes separate agreement with the workers in the respective mill and pay lesser wages than the industry level agreed wage rate. In the banking and insurance segment of the service sector, negotiations take place between the representative bodies operating at the all-India level and collective agreements are made applicable to the relevant groups in the nation as a whole. But when these industries outsourcing their works to the informal sector, the workers in the informal units do not get any such benefits that the industry offers to its organised workers.

Again job mobility is very low in the city. It is very difficult for the workers to shift from informal sector to formal sector. A new phenomena arises in the labour market where formal and informal coexist simultaneously in an organisation. Informal workers work with the formal workers in a same job with a lower wage rate. There are many organisations that run by a small size of permanent workforce.
and comparatively a large size of casual workforce. Surprisingly, trade union also accepts this coexistence in the work place. This type of division among the working class accentuates the difference in the standard of living between the two masses and also accelerates the social hostility and unrest in the community.

**Social security.**

Apart from the Minimum Wages Act, 1948, Government has launched different schemes to provide social security benefits to the informal sector workers. Compared to the formal sector worker, the coverage of social security benefits in case of informal workers is very, very limited. The unorganised workers are in vulnerable position. The employer does not give any appointment letter to his workers. The percentage of infringements against workers is rising over the last decade. The workers seek intervention of the government labour officers frequently but very few claim cases have been filed before the appropriate court and many of the court cases (under section 20 of the ‘Minimum Wages Act’) are pending disposal over a long period. The ‘Khalasi’ and Lorry Drivers are always denied from the benefits given in the ‘Motor Transport Workers’ Act’ 1961. ‘The Equal Remuneration Act’, 1976 has failed to eliminate the discrimination in the wage rate between male and female workers for work of same or similar nature. There are many laws and regulations (even pension fund scheme also) formed for the workers in the informal labour market; but these sophisticated laws do not touch the majority of the informal workers. Of course the workers in the organised sector are also deprived in many cases. In case of provident fund arrear, West Bengal region is having the highest default in India. The high incidence of default continues to be a cause for concern. The provident fund arrear in the jute industry only was more than Rs.2500 millions in 2001. Continuous subcontracting the formal jobs to the informal sector endangers the job security of the workers in the formal sector. This method of transformation of work also reduces the social security benefits enjoyed by the workers in the formal sector.

Today, the issues of the unorganised sector get a little space in the agenda of the organised class. The organised labour movement has ignored its social commitment to the larger part of the working class. The employers, using improved
technology and new mode of production, extract more work from the workers. They are in a commanding position from where they continuously erode the workers' rights and benefits. In this process, the larger part of the working class is becoming more and more submissive to the de-unionisation techniques of the employers. The Central and State Governments already introduce 'contractual appointment' in their organisations. This contractual appointment is purely made to deprive the workers from their retirement benefits like provident fund, gratuity, pension etc. In this context, workers can rightly expect a positive effort from the government and also from the upper strata regarding the proper implementation of the laws and regulations made for the benefit of the working class. Government and society should also take care that the benefits of the rules and regulations can reach at the bottom of the working class who are mostly exploited today.