Summary and Conclusion

The present study examined the interrelationships of informal employment, health and wellbeing of workers in the macro contexts of the changing nature of production and labour relations. The question that the study put forward was how informality in production organisation is translated into adverse conditions of health of workers. To approach this question, the study has been situated in the larger analytical context of capital-labour relations in the organisation of flexible production that evidently rearranged the production relations with practices such as division of labour along international value chains and decentralisation of production through subcontracting arrangements. In order to operationalise the problem, the focus was narrowed down to informal non-farm manufacturing sector in general and casual labour in the formal garment export manufacturing sector in Delhi in particular, which is integrated into an international supply and value chain. First part of the study analysed the structural changes in the Indian labour markets in the macro context of trade policies and labour market deregulation. The second part, employing a micro study examined the practices of informality and its ramifications on health and wellbeing of casual workers in the formal settings with special focus on the formal export oriented garment manufacturing industry.

With available evidences, policies of trade, specifically, trade liberalisation, export promotion and labour market deregulation have been found to be complimenting flexible production practices and bringing about changes in the employment situations subsequent to the economic reforms in India. Reiterating this finding, the study highlighted the persisting trends of expansion of informal sector, informal employment and informalisation of employment in the post reform period in India. Implications of informality in production organisation and labour relations reflected on wages and conditions of work of workers. Across various segments of informal sectors and informal working arrangements in the formal sectors, wages for workers were below officially fixed minimum wages. Amongst it, non-farm and manufacturing sectors witnessed considerable expansion of employment in the informal segments. It had mixed impact on wages of workers in these segments. Though the trend in wages in the informal sector in India showed an overall slight increase, it did not show increase in real wages, which is the indicator for general
conditions of living. Also real wages declined in the identified unorganised sectors in many states and marginally increased in some states in the post reform period.

Decline of wages had subsequent implications on the living conditions of workers in the informal non-farm and manufacturing sectors. Situation of poverty among the informal sector workers in general and non-farm and manufacturing segments in particular showed a positive association between poverty and informal sector employment. This association was found to be true for all segments of informal sector and it was found that across industries and sectors, in line with the trends shown during the initial years of reform, higher prevalence of poverty was found among informal sector workers. Within informal sectors and workers, poverty ratio was found to be higher in the non-farm and manufacturing sector, notably in urban India. The study has also highlighted evidences of gender dimensions in the association between informal sector employment and poverty. In all segments of the informal sector, wages for female workers were found substantially lower than that of males. Hence the chances of working in the informal sector and being poor were found to be more for women than men.

The declining trend of wellbeing of workers in the informal sector was reinforced with the pattern of consumption expenditure. It was found that across all expenditure classes in the informal sector, share of expenditure on food was higher than non-food expenditure. Another significant finding was that health expenditure held a major share of non-food expenditure; and household income or saving and borrowing constituted a major share in the expenditure on treatment and hospitalisation of the workers. Hence, expenditures on medical treatment and hospitalisation plunged more households into debt and selling of assets in the context of declining family income and rising health care expenditure. The study found that the financial burden of health care increased in the post reform period for informal sector workers due to the decline in real wages and absence of social support mechanisms in the informal sector.

General trends in the informal sector with regard to production organisation, labour relations and wellbeing of workers were analysed with special focus on export oriented garment manufacturing sector. Export oriented garment sector worldwide has witnessed notable rearrangements in the transitional phase and post phase of MFA. Quota eliminations have had mixed impacts on export, production
organisation, employment and wages in exporting countries. Most of the producing and exporting countries, except Mexico, United States, Romania and Tunisia, were reported increase in export. However, there had been rearrangements in production organisation with the practices of relocation and international sub-contracting within and across regions. It was found that production of textiles and clothing witnessed relocation/subcontracting and sourcing from the developed to the developing world where cost of production is comparatively low. Furthermore, in most of the producing countries, production had been shifted to informal arrangements.

Employment in the sector showed considerable variations across exporting countries during the pre and post quota elimination phase. Employment in textiles and clothing worldwide showed a decline, however, growth of employment increased in some developing countries. Countries that reported increase in employment in textiles and clothing production were China, Pakistan, Romania, Guatemala, Mexico and Turkey whereas employment declined in Sri Lanka and Bangladesh, as well as in Africa, apart from Madagascar. However, it was found that countries where employment showed an increase, a significant portion was in the informal sector largely attributable to the phenomenon of flexible production and the scattered nature of production organisation of the industry in general. Other side of this trend was the higher vulnerability of employment with fluctuations in export.

There was no evidence of increase in real wages in the pre and post quota elimination periods in the exporting countries. It was also seen that there was slight increase in the wages over years for the organised sector workers in the textiles, clothing and garment sectors, however, data from various countries showed that it had not contributed to the increase in real wages in the sector. Explanation of this inverse relationship between employment growth and wages largely based on the fact that export growth in all countries was supplemented by the informal sector where cost of production was considerably low due to the less level of regulation.

In India, it was found that in the transitional and post MFA phase, much of the export increase was associated with informalisation of production. The trends, which the study identified, were shift of production to decentralised arrangements on one hand and on the other informalisation of the formal centralised production arrangements. Along with that the transitional and post MFA phase witnessed the decline of traditional sectors, including organised mill sector. These shifts were
followed by notable changes in labour relations as status of workforce in the sector has changed to wage workers from self employed in the informal sectors. Though, garment sector in India witnessed growth in employment, estimations based on principle status of workers revealed that the larger share of increase was in the unorganised garment sector, reinforcing the trend of casualisation in the sector. Along with that there were comprehensible trends of feminisation in the casual jobs in the sector with an increase in female employment in the subsidiary status.

There was no increase in wages in the garment sector in India in the post quota phase. Conversely, it was found that wages in the sector were relatively less than that of wages prevalent in other manufacturing sectors. Significant variations in wages were found across States as well. Similarly, the male-female wage differential in the sector was also high, paralleling to the general trend in India. Informalisation of production in the sector was found to be largely aimed at reducing production and labour cost to make the industry competitive in the post MFA period. In this context, likelihood of direct transfer of the risks of trade to workers by keeping contract employment, low wages and more working hours appeared to be high. Structural changes in the garment export industry after trade policy reforms, hence, were found to have significant corollaries in the living conditions and wellbeing of workers.

Associations of informality and adverse health outcomes, which have linkages with trade, organisation of production and labour relations were examined in the export oriented garment manufacturing industry in Mangolpuri, Delhi, employing a primary survey. The production organisation and labour relations that prevailed in the formal export oriented garment units in Mangolpuri showed practices of flexible production and informalisation of labour. Informality in labour relations was evident from the practices of casual and contract employment in the production line as well as specific labour practices with regard to organisation of work. Interconnectedness of informal labour relations with declining living conditions and welfare of workers in the units studied, were manifested in the form of low wages, appalling working conditions, low level of regulation and organisation of workers.

The practices of informality in the garment export units in Mangolpuri were based on the division of labour distinguishably as core and periphery at the workplace, in which the core constituted the management staff and the periphery constituted contract workers under labour contractors. By such division, it was found that
manufacturers/employers accomplish the requirements of large production with less labour costs. Labour practices with regard to recruitment, division of labour and labour control were also found to be aimed at pursuing flexible production in the units. Workforce in the periphery level of the units was largely composed of migrant workers who were segregated along the lines of region and language. There was no direct recruitment by the employer for the production jobs in the units and it was solely done by the contractors. It was found that education and skill levels of workers were not major criteria in the unskilled and semi-skilled production jobs in the units. Similarly, work was divided in the units by fragmenting production into various phases so that requirement of skilled workers was minimal in the production process. In contrast to the general bias of employing women in the unskilled and semi-skilled jobs, the study found that men and women were equally preferred in the unskilled and semi-skilled production jobs in the garment export units in Mangolpuri. However, study also underscored the stereotypical positioning of women and men in unskilled and semi-skilled jobs, based on certain notions of work such as ‘dexterity’, ‘willingness’, ‘patient’ and ‘submissiveness’ for women and ‘fast and long hours of work’ and ‘physically strong’ for men.

Informality at workplace was also evident from the instances of regulatory failures in the units. It was found that regulations based on legislations pertaining to duration and timing of work, hours of rest, overtime work, remuneration at work and physical conditions of work were absent in the units. Similarly, standards based on voluntary codes of conduct with regard to living wages, hours of work and freedom of association, prevailing in the garment industry was also not followed in the units.

The study identified the linkages of international trade and its spill over effects on conditions of work of workers to a certain extent. In the units, purchasing practices of buyers was found to be leading to intensification of work in the units and in many instance, the risks of work intensification, emerging from purchasing practices of buyers coupled with the cost minimisation measures of suppliers were found to be directly passed on to workers. Other identified risk of international trade for workers was increasing job insecurity since the units relied on sourcing from international retailers and brands.

Practices of informality were also evident in the wage structure and conditions of work in the units. Paralleling to the overall trend of low wages in the sector, the
study revealed the prevalence of low wages, strikingly below minimum wages fixed for the industry, in the units of Mangolpuri. Similarly, male-female wage differentials in congruence with the overall trend in the informal sector were also found in the units. Conditions of work were found to be appalling in the units with regard to intensification and unfavourable physical conditions of work. Also, work in the units involved physically stressful conditions due to intensification of work.

Informality was found to be associated with the conditions of adverse health outcomes of workers in the units. Informality led to the higher prevalence of low economic opportunities and poor living conditions of workers, less freedom of work, absence of control on own work and lower level of organisation with the conditions of living and wellbeing, physical dangerous and psychologically stressful conditions of work, reduced access to health care and work induced health behaviour of workers.

With regard to conditions of living, the primary study found that a significant proportion of workers stayed in unauthorised arrangements without of facilities of separate kitchen, toilet and bathroom. Low earnings from work (below minimum wages) limited the workers to meet their needs of minimum living sufficiently. The study found that workers were prioritising their needs within their available limited earnings. Hence, employment, for most of the workers, did not improve their standard of living; conversely, in many cases, it made workers to live in appalling conditions; compromising their needs of food, clothing, housing, education and health. The conditions of living of workers thus underlined that the social cost of informal employment was found to be larger for workers.

Conditions of work and workplace health revealed the unfavourable conditions of work-related determinants of health such as intensification and overwork, fast work and compulsory overtime, which often made workers to compromise their health concerns. Perceptions of workers on the determinants of workplace health indicated their inferior position to demand better conditions of work and workplace health. The reasons of the inferior position and inability of workers to negotiate favourable conditions of work were their powerlessness, which stemmed from the lack of control of workers on own work, stringent practices of labour control, episodes of regulatory failures in the unit and absence of space for negotiations and collective bargaining. These conditions reflected on workplace health, resulting higher
prevalence and risks of occupational safety and health as well as physically
dangerous and psychologically stressful conditions of health. The study identified
that physical conditions with regard to space, volume, ventilation, sound and
temperature conditions at the workplace were unfavourable in the units.
Furthermore, workers reported risks of occupational hazards in the units, including
fire, electric shocks, exposure to dust, fumes, chemicals and loud noise, burns, cuts
and injuries and needle prick. Out of various occupational risks, exposure to dust
and risks of catching fire were the prominently reported ones by workers. Other
risks such as cut, injury of fingers, needle prick and burns reported by the workers
were directly related to intensification of work. Major psychological stressful
conditions of work that the study found were pressure to achieve targets, job
insecurity, deteriorating conditions of health and intensification of work.

The study found that much of the acute health problems of workers can be directly
and chronic health problems can be indirectly attributed to the unfavourable
conditions of work in the units. Reported acute ailments by the workers in the units,
apart from accidents and injuries, were ringing ears/hearing problems, watery eyes,
headache, backache, stomach upset, stiffness, swelling, muscle and joint pains and
physical exhaustion. Also, most of the workers reported multiple problems of which
some were headache, backache, cough and cold or stomach problems. The study
found that most of the acute health problems of workers are occupation specific.
Incidence of ringing ears was found among workers in the categories of packing,
tailoring and over-locking. Similarly incidence of watery eyes was found to be high
among workers in the categories of button-holding, button-stitching, tailoring and
checking, where concentrated work for a long time was required. Problem of
stomach upset was reported mostly by workers who were in the sections of ironing,
packing and checking. Swelling of body parts was reported mostly by tailors, ironers
and button holders, button stichers and packers. Study also noted that all acute
problems were found high among women workers as compared to men, which needs
further inquiry.

Chronic ailments, which were reported by the workers included hypertension,
asthma, migraine, ulcer, anaemia and piles. Among these, largest reported ailment
was migraine and severe headache. Although, it may be difficult to attribute the
chronic health problems to the conditions of work directly, physical conditions and
stressful conditions of work were potential risks factors of increasing susceptibility to diseases. For instance, unfavourable physical conditions of dust, fumes and heat, which were reported to be prevailed in the units, can multiply the risks of asthma and migraine. Continuous speedy work can be risk multiplier for hypertension. Sedentary work and irregular diet might increase the risks of piles and ulcer.

Health and treatment seeking behaviours of workers were found to have significant corollaries on their conditions of work and earnings from work. The study found that workers did not report their health problems to contractors or employers because of the fear of non-renewal of contract and loss of jobs. Also among workers, who were reported with various acute and chronic disease problems, majority did not seek treatment or continue treatment because of constraints of loss of work and wages, leave and costs of treatment. Among who sought treatment, proportion of persons who sought treatment for chronic ailments was relatively higher than person who sought treatment for acute problems. The study also found differences in treatment seeking among men and women. While most women workers sought treatment for acute problems than chronic, men on the other hand mostly sought treatment for chronic problems than acute. These relative differences in treatment seeking for acute and chronic problems between men and women workers lead to the inference that women are less prioritising their chronic health needs as compared to men. Treatment seeking and perceptions of workers towards physically dangerous conditions of work enables us to assert that nature of work and lower economic conditions of workers significantly affected their health behaviour and health seeking behaviour.

Regarding health service utilisation and spending on healthcare, the study found that in most of the cases, expenditure on healthcare with regard to over-the-counter purchase of medicines, outpatient treatment and hospitalisation constituted a major share of the non-food expenditure of workers. Also instances of hospitalisation multiplied the expenditure many folds, far exceeding total income of workers from all sources. Out of who sought treatment, most of the workers sought treatment in public hospitals and from Registered Medical Practitioners or quacks since cost of treatment was less. Barely a small percentage sought treatment in private hospitals and charity hospitals. Those who sought treatment in private hospitals, it was found that the economic costs of treatment multiplied the financial burden of
workers/workers’ family since the workers were not protected by social security or health insurances by the employers and much of the healthcare expenditure was met with individual/household income, borrowings and sale of assets. Financial burden of healthcare of workers also relates to the economic costs associated with it besides out of pocket healthcare spending. They largely related to loss of days of work due to disability and diseases as well as other invisible opportunity costs including travel, care during the period of disability and household costs. Most important among them were worker’s lost wages during the period of absence from work and deduction of wages after return to work. With these evidences, the study established that in the existing employer-employee relationships, the risks and costs of health and welfare were transferred from employer to the worker.

Another important inference that the study has drawn is the behavioural risks factors of health of workers. Workers were reported to have developed certain health risks related to behavioural factors, which were closely associated with work. For instance workers reported changes in their habits with regard to food intake, sleep and social relations due to the pressure and demand of work. All workers reported that their food intake was quite irregular due to work pressure.

Flexible production practices with the objectives of reducing production and labour costs therefore informalise labour relations and undermine labour rights. Contingencies of flexible production practices such as low economic opportunities, less freedom of work, absence of control on own work, intensified and physically stressful conditions of work, absence of space for collective bargaining, regulatory failure and labour control are invariably translated into poor conditions of living, physically dangerous and psychologically stressful conditions, reduced access to healthcare, health seeking behaviour and work induced health behaviour of workers in the informal sector. Hence, though the expansion of manufacturing sector towards informal arrangements, especially export oriented ones, contributed to employment generation, it has not brought about qualitative improvements in the wellbeing of workers. Conversely, it exacerbates the economic burden of living by transferring the costs and risks of informal employment wholly to workers. Organisation of production in the export oriented garment supply chains therefore seriously contests the flexible specialisation paradigm of production relations and its overriding assumption that greater flexibility and non-regulation leads to better production and
conditions of living. Though, flexibility resulted in increased production, it has seriously hampered employment relations and undermined workers’ social and economic costs of work.

The study suggests further research questions. Since the study has not drawn much on the impacts of adoption of new technologies in the garment export sector on labour relations and conditions of work in the specific context of Delhi region, it requires further enquiry. The contrast in the established gender stereotypeification of work in the garment sector in Delhi region is a question for further exploration. Another important area is the relationship of the decline of organised mill sector and entry of workers in the informal garment sector, which is less explored in the present study. For instance the study showed that from 2003 to 2005, 72 mills all over India were closed down and the closure of mills in India over a period of three years (2003-06) led to the loss of 32668 employments approximately. Home-based sector is another important area of further study. Though this sector has been studied quite extensively in India, a special focus on health in the context of international trade is lacking. Health security of informal sector workers is yet another area that the study suggests for further research. It bears significance in the context that financial burden of health and diseases, is directly passed on to workers in the informal arrangements due to the absence of employer responsibility.