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An Ambitious Interpretation of the Informal for Policy-Makers

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In order to ameliorate conditions of the different categories of informal workers, we need to lift the veil of the overarching terminology informal and take each category of work as posing unique policy-challenge. In so doing, we need to involve specific informal workers in a social dialogue process so that workers themselves can become part of the governing process towards the promotion of their interests. Our high constitutional ideals envisage just that kind of governance

SINCE THE last decade, there has been a resurgence of interest (after the 1970s bout of interest on the subject) by academics and policy-makers equally on the informal economy. The International Labour Organization (ILO) and the Government of India are at the forefront of this renewed interest on the *informal*. While the ILO's initial enthusiasm about informal economic activities during the early 1970s (ILO, 1972) turned into a more cautious approach by the early 2000s (ILO, 2002), the Government of India arrived at the problem quite late through the constitution of the National Commission for Enterprises in the Unorganised Sector in 2004.

This late beginning notwithstanding, the Indian Parliament enacted a social security law for the majority of the workforce in the country who are informal workers. The Unorganised Workers' Social Security Act, 2008, aimed to ameliorate living conditions of the informal workers in the country. The ILO, in the meanwhile, is in the process of formulating a policy (and possibly generating a document) on *transitioning from the informal to the formal economy*. This emphasis concerning the majority of the workers globally (who are mainly based in the global South), and in

India's case, more than 90 per cent of the workforce, while important, one must be careful about one's context and objectives in attempting to convert informal to formal.

In this direction, a good starting point could be the idea of informal itself. In this short essay, I analyse the theoretical and policy-related usefulness of the idea of informal and argue for a worker-centric understanding of the concept. Pushing the boundaries of the idea of informal, I propose the recognition of unremunerated work as socially valuable and a category of informal work. However, for policy-purposes, I argue that we need to focus on each specific category of informal work and put workers at the centre of the policy-making process.

The idea of *Form* and Informality

The ILO was particularly quick on picking up (and one might add, popularise) the idea of the informal sector from the British anthropologist Keith Hart's study in Ghana (1973). Coming from the United Kingdom, where the industry was bureaucratically controlled and monitored and was subject to well developed legal and institutional frameworks, the range of economic activities undertaken in Ghana were novel to Hart. When he termed the activities of street vendors, manual workers and odd jobbers in urban Ghana as *informal*, he had the

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industry in the UK and other industrial capitalist countries as his frame of reference. According to him, since the Ghanaian economic activities did not have a specific form akin to that of the industry model in the UK, the economic activities were informal (Hart, 2006: 22-23).

One of the foremost useful purposes that the concept serves relates to its negativity. Rhetorically, when something is determined as not formal or unusual, it carries tremendous power of mobilisation. The statement that more than 90 per cent of the working population in India is informal sounds an alarm. Such rhetoric prompts urgent responses.

Thus, the idea of informal germinates from the concept of form, albeit one specific form. The specific form, on the basis of which the idea of informal developed, is just that – a form, or a model. Economic arrangement on the basis of clearly identifiable employer-employee relationship, based on a definite workplace, regulated through determinate rights and duties and government supervision is a model that developed at a specific point of time in the context of a specific society. A significant number of economic activities then, as well as now, did not and do not conform to that model of organisation of work. That model (did not and) does not resonate with the experiences of the majority of workers globally today (ILO, 2013). Should we then conclude, that the idea of informal does not serve any conceptual and consequently, policy purpose?

In spite of the preconceived bias and negativity (i.e., *not* formal) loaded in the concept, it would be unwise to discard the idea of informal from academic or policy circles. The idea of informal serves useful purposes. One of the foremost useful purposes that the concept serves relates to its negativity. Rhetorically, when something is determined as *not* formal

or unusual, it carries tremendous power of mobilisation. The statement that more than 90 per cent of the working population in India is informal sounds an alarm. Such rhetoric prompts urgent responses. The concept of informal is extremely useful in this respect. Second, the idea of informal also indicates the gap between the privileged and the precarious workers. Third, the concept projects an ideal – a form – to aim for (even though that form itself might need rethinking). Fourth, it gives a language to a movement, both in its academic and its activist senses. Finally, the concept of informal helps frame broad policy agendas.

However, the problem with accepting the idea of informal as determinative of policy is that the concept hides as much as it reveals. Informal activities are as diverse as one could think. Particularly for a country of India's span, the heterogeneity of informal activities is endless. The problem of capturing the varieties of informal activities through the concept of informal is further complicated by the fact that even formal undertakings in India engage in informal transactions and relations. For policy purposes, it is necessary that the veil of informal is lifted and the heterogeneity of the range of activities is recognised. The idea of informal is not appropriately suited for the recognition of this heterogeneity.

A second problem with the idea of informal is the nature of understanding of the term: what does one understand when one uses the term 'informal' – is it sector, economy or employment? For a long time, the ILO's understanding of informal was shaped by the concept of sector, which means informal enterprises. Over the years, the ILO developed the parameters of the informal economy and the informal employment. While the idea of informal economy was juxtaposed with the formal economy with a view to ascertain the productivity of the informal part of the economy and calculate its contribution to the economic development of a country, the idea of informal employment permeated both the formal and informal sector and economy.

The idea of informal employment was devised in order to conceptualise the diverse range of economic activities performed by (informal) workers irrespective of their engagement in the formal or the informal economy (or sector). In India, from a policy point of view, the analytical focus ought to be informal workers and their working conditions if we are to remain true to our constitution and its founding principles. It is the overall development of workers – their working conditions, health, safety, education, nutrition, and income (among others) – that policy initiatives need to facilitate. From such a point of view, the concept of informal employment becomes important. However, the idea of informal employment is restrictive at the same time. The idea articulates the varieties of *economic* activities that are not formal, the emphasis being economic. Such an understanding obscures the fact that informality is not

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Informality: A Social Problem beyond the Economy

The idea of informal was formulated on the basis of its contrast to a specific form; a form that was a result of the industrial revolution and bureaucratic control over industries, and hence, pertained to profitable economic activity. Unsurprisingly, therefore, the idea of informal came to be associated with productive (or profitable)

economic activities. However, if activities of (informal) workers are the centre of our attention, it does not always hold that their activities are economic. Prominent non-economic activities are care-work, subsistence agriculture, (certain) domestic works, and unpaid family labour. While there is a debate whether these above mentioned activities qualify to be informal work or not, predominant policy initiatives generally exclude these from being considered as informal employment.

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In the absence of a better phrase and for the sake of easy comprehension, even though I use the phrase informal economic activities to suggest the varieties of activities that informal workers engage in (in the previous section), the idea of informal is not limited to the economy; it is a larger phenomenon of the society, which of course, includes the economy. We must be careful in not subsuming the idea of society into the concept of the economy; a society is a much larger domain, the economy (including the market) being one component of it (Polanyi, 2001: 60, 71-79; Hart & Hann, 2009). If the economy or the market becomes the sole reference point for all social, political, cultural and environmental concerns, our policy lens becomes substantially narrower (Stiglitz, 2001). Analytically, much is gained and a larger policy space is created if the economy is perceived as

one of the components of the society and not the only reference point for human interactions (Polanyi, 2001: 74, 116; Parry, 2009).

If we are able to adopt such an analytical lens, it is easier to see why activities such as care-work and unpaid domestic work need to be recognised as important informal activities. There are two issues in this context that call for answers. First, why should one term these unpaid activities informal? And second, why must these activities be recognised as work? It is difficult to imagine that Hart had these categories of workers in mind when he coined the terminology informal sector. However, his idea of informal was contra a specific form. If that specific form is absent, an activity could possibly be termed as informal. In this sense, it might be possible to argue that unpaid works that are presently not recognised, are other categories of informal work.

While it is not necessary to encompass unremunerated work with the idea of informal, but doing so could help in visualising such work as requiring specific policy attention not akin to the ones required for the formal work. Even if unpaid work is categorised as informal, one must not lose sight of the typical nature of such work, and accordingly formulate policy responses. The category informal is only an overarching concept, which should group socially valuable work together that falls outside the formal monitoring and regulatory framework.

That brings us to the next question – why must unpaid work be recognised as work? Unpaid work such as care-work and domestic work positively contributes to the society, which cannot and need not be measured in terms of direct economic contribution. Unremunerated work contributes to social sustenance and evolution. And if the very idea of society signifies togetherness and solidarity, which it does, then it is the responsibility of the society as a whole to see that the unremunerated contributors do not go unrecognised. This recognition

of unpaid work is, thus, based on reciprocity between social contributors and the society.

Our polity should find a way to recognise socially valuable contributions made by unremunerated workers. One of the bases of such recognition, as Alain Supiot and his colleagues propose, could be the obligatory nature of unremunerated work performed by workers (Supiot, 2001). Supiot et al note, if an activity is performed as an obligation, it should be recognised as work. Such a conceptual lens is equally efficacious

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under Indian conditions. However, the policy challenge remains as to how to recognise such work and promote interests of such workers.

Informal Work and the Issue of Remuneration

Whether or not we recognise informal economic activities and informal non-economic activities as work, is an ideological and hence, a political challenge. Conceptually, both of these categories of work are socially valuable. However, we must be careful in not conflating socially *valuable* work with socially *productive* or *economically* contributory work. Once the ideological challenge to recognise these unremunerated categories of informal work is overcome, we encounter several proposals articulating ways to practically recognise these

works. The proposals range from a claim to wages for care- and domestic-work to the provisioning of an en mass basic income for families irrespective of other economic or employment considerations.

However, there is reason to argue that monetary payment or economic remuneration need not be the only basis through which unremunerated informal work could be recognised. It is possible to envisage other practical non-monetary ways of recognising unremunerated informal work. In order to conceptualise different policy-based mechanisms in furtherance of recognising the diverse categories of informal work, the experiences and aspirations of workers need to be taken into account. Workers' own experiences are valuable policy-resources that help identify the nature and challenges of the work they undertake. Their aspirations, on the other hand, offer important direction for policy formulation. An appropriate understanding of the aspirations of informal workers could suggest ways – including non-monetary ways – to recognise the different categories of informal workers and promote their well-being. The following approach to policy-making is a good beginning towards the recognition of the varieties of socially valuable (informal) work.

Informality and Public-Policy

If ideological challenges and political conservatism is overcome, one of the principal tasks of our policy-makers should be locating informal workers at the centre of the policy-making process. Informal workers should become participants in determining their own policy-regime. Workers need to be engaged in a social dialogue process. Depending on the category of work and the nature of the workers engaged in such work, the social dialogue process could be devised in such a manner, which allows for the maximum meaningful participation from the workers.

One further challenge needs to be met in integrating informal workers in a social dialogue process. As I discuss, the idea of informal work is only an umbrella concept; in reality there are several categories of workers engaged in activities that do not conform to the *form* in contrast to which the idea of informal is developed. In order to understand the nuances of the specific categories of work and workers, each of the specific categories needs to be treated as *sui generis* phenomenon. The diversified nature of informal work, therefore, mandates that policy-making be decentralised. If we consider the balance of legislative capacity envisaged in our constitution, the idea of decentralised (legislative or executive) policy-making is not alien to our system of governance.

In this essay, by analysing the concept of informal, I argue that the concept is useful in an overarching

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