

INFORMAL SECTOR

NOT THAT OUTSOURCING IS A recent phenomenon. Nor is it region-specific. It is universal and it has been there for long. In the 1970s and 1980s big firms, particularly the foreign ones, used to resort to farming out to evade labour laws. And all of them, not excluding government establishments and undertakings depend heavily on farming out or outsourcing to exploit cheap labour and avoid hazards of labour laws. And this tendency of farming out even in perennial nature of job has created a vast informal sector in India. The workers in this sector take up hazardous and time-consuming jobs which require low skill and as a corollary they are not covered by any legislation.

At one time, it was thought that the informal sector would disappear in due course because of rapid economic development. But, that was not to be. It is at present viewed as a permanent feature of economic activity. Those who lose jobs in the organised sector have to find work in the informal sector. Also, the well organised firms depend on cheap labour in the informal sector.

According to some conservative estimates, informal employment comprises one-half to three-quarter of non-agricultural employment in developing countries. In India, informal employment accounts for 83 percent of non-agricultural employment and 93 percent of total employment. Those who are busy to articulate labour's cause in the organised sector have no time to think over the millions toiling in the informal sector.

The capacity of absorbing the future migrants by the informal sector seems to be declining. A large part of employment growth in the urban economy is taking place through a process of sub-contracting, using casual and self-employed workers.

In India, organised sector employment saw an absolute decline of 9.1 lakh during the period, March 1997 to March 2002-more than half of it in the manufacturing sector. The unorganised sector employment has shown consistently higher growth than that of the organised sector. Employment related to commodities like handlooms, handicrafts and non-timber forest products were generally valued in the past for their employment potential, but now they are valued for their export potential. ~~////~~