ARTICLE

Wages of neoliberalism: Reflections on the world of work in contemporary India

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Abstract

This essay shows the impact of neoliberalism on the Indian world of work. It provides a brief overview of the structural transformations and their impact on the growing vulnerability of workers, highlighting the deepening and reconfiguration of informality in the current labour scenario. The article provides a brief profile of labour in India with a focus on the last decade. It emphasises that emerging trends are marked by regional and social unevenness, with particularly adverse outcomes for women and vulnerable social groups. It then explores different dimensions of growing insecurity of work, particularly with respect to hours of work and wages. It also examines some of the major reasons for deteriorating conditions of work by locating in an overview of the long-term structural failures and the ascendency of neoliberal policies in the recent years. And it presents a discussion of the recent State-led labour reforms and their role in accelerating flexibilisation in the world of work. In the end, the essay argues that the abandonment of neoliberal economic policy and the strengthening of democracy are necessary conditions to reverse the increasing precariousness of work in India.

Keywords: Labour market; Informality; Trade unions; India.

JEL: J10, J43, J46, J51.

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Salários do neoliberalismo:
Reflexões sobre o mundo do trabalho na Índia contemporânea

Resumo
Este ensaio destaca o impacto do neoliberalismo no mundo do trabalho indiano. Apresenta um breve panorama de transformações estruturais que resultaram em crescente vulnerabilidade dos trabalhadores, destacando o aprofundamento e reconfiguração da informalidade no atual cenário do mercado de trabalho. O artigo fornece um breve perfil do trabalho na Índia, com foco na última década, ressaltando que as tendências emergentes são marcadas por desigualdades regionais e sociais, com resultados particularmente adversos para mulheres e grupos sociais vulneráveis. Em seguida, explora diferentes dimensões da crescente insegurança no trabalho, particularmente no que diz respeito à jornada de trabalho e aos salários. Também examina algumas das principais razões para a deterioração das condições de trabalho, oferecendo uma visão geral das falhas estruturais de longo prazo e do predomínio de políticas neoliberais nos últimos anos. E apresenta uma discussão das recentes reformas trabalhistas conduzidas pelo Estado e seu papel na aceleração da flexibilização do trabalho. Ao final, o ensaio argumenta que o abandono da política econômica neoliberal e o fortalecimento da democracia são condições necessárias para revertir a precarização do trabalho na Índia.

Keywords: Mercado de trabalho; Informalidade; Sindicatos; Índia.

Salarios del neoliberalismo:
Reflexiones sobre el mundo del trabajo en la India contemporánea

Resumen
Este ensayo destaca el impacto del neoliberalismo en el mundo laboral indio. Presenta breve panorama de las transformaciones estructurales y su impacto sobre la creciente vulnerabilidad de los trabajadores, destacando la profundización y reconfiguración de la informalidad en el escenario actual del mercado laboral. El artículo ofrece un breve perfil del trabajo en India, centrándose en la última década, y enfatiza que las tendencias emergentes están marcadas por desigualdades regionales y sociales, con resultados particularmente adversos para las mujeres y los grupos sociales vulnerables. Luego explora diferentes dimensiones de la creciente inseguridad laboral, en particular en lo que respecta a las horas de trabajo y los salarios. También examina algunas de las principales razones del deterioro de las condiciones de trabajo, ofreciendo un panorama de las fallas estructurales a largo plazo y el predominio de las políticas neoliberales en los últimos años. Y presenta una discusión sobre las recientes reformas laborales llevadas a cabo por el Estado y su papel en la aceleración de la flexibilización del trabajo. Al final, el ensayo sostiene que el abandono de la política económica neoliberal y el fortalecimiento de la democracia son condiciones necesarias para revertir el incremento de la precarización del trabajo en India.

Palabras clave: Mercado laboral; Informalidad; Sindicatos; India.

Salaires du néolibéralisme:
Réflexions sur le monde du travail dans l’Inde contemporaine

Résumé
Cet essai met en évidence l’impact du néolibéralisme sur le monde du travail indien. Il présente un bref aperçu des transformations structurelles qui ont entraîné une vulnérabilité croissante des travailleurs, soulignant l’approfondissement et la reconfiguration de l’informalité dans le scénario actuel du marché du travail. L’article donne un bref aperçu du travail en Inde, en se concentrant sur la dernière décennie, en soulignant que les tendances émergentes sont marquées par des inégalités régionales et sociales, avec des résultats négatifs pour les femmes et les groupes sociaux vulnérables. Il explore ensuite différentes dimensions de l’insécurité croissante de l’emploi, notamment en ce qui concerne les heures de travail et les salaires. Il examine également certaines des principales raisons de la détérioration des conditions de travail, offrant un aperçu des défaillances structurelles à long terme et de la prédominance des politiques néolibérales ces dernières années. Et il présente une discussion sur les récentes réformes du travail menées par l’État et leur rôle dans l’accélération de la flexibilisation du travail. En fin de compte, l’essai soutient que l’abandon de la politique économique néolibérale et le renforcement de la démocratie sont des conditions nécessaires pour inverser l’augmentation du travail précaire en Inde.

Mots clés: Marché du travail; Informalité; Syndicats; Inde.
Introduction

In the last three decades, there have been profound changes in the world of work, which have emerged as a result of neoliberal globalisation. In this essay, we deal with some of the core concerns related to the impact of neoliberal capitalism on the wellbeing of workers and locate the multiple dimensions of the transformations in the world of work in macroeconomic changes that have been an ascendant in India since the early 1990s.

The recent *World Employment and Social Outlook Report* (ILO, 2019a) recorded that the growth rates in the world economy have been averaging at about 3.6 percent between 2010 and 2018, whereas the growth rates of employment have been stagnant at about 1 percent in the same period. This overall scenario has been marked by growing disparities across different axes, e.g., between regions, within regions, between men and women, etc. Most accounts suggest that levels of informality in the world economy have been persistent, if not growing; regions such as South Asia report about 90 percent of its workforce in informal employment, compared with 63 percent in Latin America and around 30 percent in the advanced capitalist countries. The increasing flexibility in the norms of organising production has also led to an increase in part-time work which has been designated by the ILO as “labour underutilisation” (ILO, 2019a, p. 21). The so-called flexi-market structures and “floating” workforce have become major features of contemporary capitalism.

In this essay, we highlight the growing concerns regarding the impact of the overall Indian development trajectory and its impact on the wellbeing of labour. The first section provides a brief profile of labour in India with a focus on the last decade. It shows how the emerging trends are marked by regional and social unevenness, with particularly adverse outcomes for women and vulnerable social groups. The second section explores different dimensions of growing insecurity of work, particularly with respect to hours of work and wages. The third section examines some of the major reasons for deteriorating conditions of work by locating in an overview of the long-term structural failures and the ascendancy of neoliberal policies in the recent years. In the fourth section, we follow this up by a discussion of the recent State-led labour reforms and their role in flexi-market conditions for labour. The last section of the paper offers some concluding remarks regarding the contemporary labour scenario.

1. A profile of labour in India

Availability and quality of work are among the most basic indicators to analyse the world of work. For India, we track these by drawing of the National Sample Survey Organisation (NSSO) data which are considered the best available information, in this regard, despite all their limitations discussed elsewhere (Jha, 2016b; Jha, 2017). For labour related statistics,
the NSSO has been its preferred data source by most researchers and in much of the policy discourses. Its quinquennial household employment-unemployment surveys (EUS) are relatively most ambitious in scope and are generally considered more comprehensive than any other source, for assessing the broad trends as far as employment trends are concerned. Labour force participation rate (LFPR i.e. those employed + those seeking work), and the worker population ratio (WPR i.e. the proportion of working or employed persons) measured through the usual principal status and subsidiary status (PS+SS), with reference period of the preceding years are good markers of overall stock employment/unemployment; gap between these two is the measure of (stock) unemployment rate. According to most recent data from the NSSO Periodic Labour Force Survey 2017-18 (PLFS), India is facing one of its worst employment distress since Independence (NSSO, 2019). The unemployment rate was at an all-time high of 6.1 percent, which was 2.77 times higher than the comparable figure for 2011-12, thus signifying serious difficulty. However, instead of recognizing the gravity of this difficulty the current government blamed it on the impact of the global slowdown on India.

One of the characteristics of the workforce in India has been its overwhelming dependence on agriculture which accounts for close to 50 percent of the total workforce. Significantly, as per the recent estimates, agriculture contributes only approximately one sixth of the GDP of the country. This overcrowding of the workforce in agriculture and its “underemployment” is structured by a high degree of self-employment, significant presence of wage labour and declining number of people who report themselves as “cultivators”. As regards the non-agricultural sector, its single most important feature (quite like agriculture) is the extremely high proportion of vulnerable informal employment (or employment in the unorganized sector). Though the non-agricultural sector accounts for about half the workforce, it contributes approximately 80 percent to the total GDP, with a very small segment of around 15 percent of total workers, in the organized sector.¹ Of the total employment in the organized sector, almost 65 to 70 percent is in the public sector (including public administration and defense services). One important feature of the world of work in India has been the growing precarity of employment and extremely high levels of persistent informality (Chandrasekhar & Ghosh, 2014). The long term trajectory of India’s employment scenario, as in many other countries of the Global South, reveals a huge overall dependence on agrarian economy and petty production, thus raising serious questions on the applicability of the fanciful modernisation models presumed to be a natural feature in the structural transformation in advanced capitalist countries (Jha, 2016a).

¹ The term “informal employment” refers to employment which falls largely outside the purview of labour laws and whose workers enjoy little or no protection. Most of these workers have negligible social protection. In official parlance the distinction is made between “organised” and “unorganised” sectors where the former consists of enterprises with 10 workers or more and the latter with less than 10 workers. Generally the “organised” and “formal” are used interchangeably because of a number of labour laws and social protection being applicable to the “organised”.

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Wages of neoliberalism: Reflections on the world of work in contemporary India

Table 1. Labour force participation rate and worker population ratio. India: 1993-2018.

<table>
<thead>
<tr>
<th>Year</th>
<th>1993-94</th>
<th>2004-05</th>
<th>2009-10</th>
<th>2011-12</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LFPR</td>
<td>WPR</td>
<td>LFPR</td>
<td>WPR</td>
<td>LFPR</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>56.1</td>
<td>55.3</td>
<td>55.5</td>
<td>54.6</td>
<td>55.6</td>
</tr>
<tr>
<td>Female</td>
<td>33.0</td>
<td>32.8</td>
<td>33.3</td>
<td>32.7</td>
<td>26.5</td>
</tr>
<tr>
<td>Person</td>
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<td>44.4</td>
<td>44.6</td>
<td>43.9</td>
<td>41.4</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>54.3</td>
<td>52.1</td>
<td>57.0</td>
<td>54.9</td>
<td>55.9</td>
</tr>
<tr>
<td>Female</td>
<td>16.5</td>
<td>15.5</td>
<td>17.8</td>
<td>16.6</td>
<td>14.6</td>
</tr>
<tr>
<td>Person</td>
<td>36.3</td>
<td>34.7</td>
<td>38.2</td>
<td>36.5</td>
<td>36.2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>NA</td>
<td>54.5</td>
<td>55.9</td>
<td>54.7</td>
<td>55.7</td>
</tr>
<tr>
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<td>28.6</td>
<td>29.4</td>
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<td>23.3</td>
</tr>
<tr>
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<td>42.0</td>
<td>43.0</td>
<td>42.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

Source: NSSO (different rounds).

Within this overall scenario, it is significant that the LFPR and WPR had been relatively stable during 1993 and 2012 (Table 1), particularly among the male labour force. However as far as the female labour force is concerned, there had been fluctuations, particularly amongst rural women, because of transitory features such as good or bad agricultural years. For example rise in female LFPR between 1999-2000 and 2004-05 may have occurred because of the need to substitute male workers in agriculture at a time when they were looking for better jobs or because supplementary income was needed in times of agrarian distress. Table 1 also shows that there has been a drastic decline in the female workforce in the last three rounds, particularly between 2011-12 and 2017-18, which is largely driven by the massive reduction in labour force participation of rural women. In contrast it is significant that the labour participation of men has remained almost stagnant since 2011-2012 indicating that the decline in employment is largely driven by loss of employment opportunities among women workers. A further point to be added about the labour force participation rates in the last decade and a half is that the rate of decline has been much steeper for schedule tribes (ST) and schedule castes (SC) in comparison with other backward classes (OBC) and Others (Table 2). The most significant phase of this downturn has been between 2011-12 and 2017-18 when the overall LFPR fell by 2.4 percent. The only social group whose rate of

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2 Scheduled Tribe, Scheduled Caste, Other Backward Classes, and Others are used in the Indian Constitution to refer to different social categories. The term “Scheduled Tribe” is used for historically deprived tribal people, whereas the term “Scheduled Castes” is categorised as the most socially and economically most deprived castes, many of whom were earlier considered to be “untouchables”. The category of “Other Backward Classes” refers to economically backward social groups and “Others” is used to refer to the rest of the population which mostly comprises of better off groups generally constituting the so-called upper castes in the Indian caste hierarchy.
decline was below this average was the “others” who largely constitute the better off upper castes. The rate of decline for SC OBC and ST was 2.9, 2.7 and 4.4 percent respectively.

Table 2. Worker population ratio by social categories. India: 1993-2018.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Male</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST</td>
<td>59.1</td>
<td>55.8</td>
<td>56.2</td>
<td>55.9</td>
<td>55.7</td>
<td>53.8</td>
</tr>
<tr>
<td>SC</td>
<td>55.4</td>
<td>53.1</td>
<td>54.5</td>
<td>54.8</td>
<td>53.9</td>
<td>52.3</td>
</tr>
<tr>
<td>OBC</td>
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<td>54.0</td>
<td>53.8</td>
<td>52.3</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>54.7</td>
<td>52.0</td>
<td>55.7</td>
<td>55.2</td>
<td>55.2</td>
<td>55.2</td>
</tr>
<tr>
<td>Total</td>
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<td>53.1</td>
<td>54.6</td>
<td>54.7</td>
<td>54.3</td>
<td>51.7</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST</td>
<td>48.2</td>
<td>43.8</td>
<td>46.4</td>
<td>35.9</td>
<td>36.4</td>
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</tr>
<tr>
<td>SC</td>
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<td>26.2</td>
<td>19.9</td>
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<td>17.5</td>
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<tr>
<td>Total</td>
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<td>32.7</td>
<td>26.1</td>
<td>24.8</td>
<td>17.5</td>
</tr>
<tr>
<td>Urban Male</td>
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<tr>
<td>ST</td>
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<td>48.0</td>
<td>52.3</td>
<td>51.0</td>
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<tr>
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<tr>
<td>OBC</td>
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<td>54.3</td>
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<tr>
<td>Others</td>
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<tr>
<td>Urban Female</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>ST</td>
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<tr>
<td>SC</td>
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<td>20.0</td>
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<td>17.2</td>
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<tr>
<td>OBC</td>
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<td>15.1</td>
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<td></td>
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<td>16.6</td>
<td>13.8</td>
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<td>14.2</td>
</tr>
</tbody>
</table>

Source: NSSO (different rounds).
Note: ST = Scheduled Tribe; SC = Scheduled Caste; OBC = Other Backward Classes.

Like the LFPR, the WPR also showed a relative stability till 2012; it has shown a remarkable decline between 2011-12 and 2017-18. The agrarian distress of the 1990s led to decline in the absorption capacity in the rural economy as a whole, and consequently, a fall in the WPR was observed for both male and female during this period. After a noticeable dip in this rate during 1999-2000, there was a marginal recovery in 2004-05 for both male and female (particularly for females in both urban and rural areas) as shown in Tables 1 and 2. For the next three rounds in 2007-08, 2009-10, and 2011-12 the WPR for rural male increased marginally, but it declined for rural females and this indicated an overall worsening of the employment generation scenario in the rural areas. Looking at the entire neo-liberal era, that is, from 1993-94 to 2011-12, WPR remained stagnant mainly because of the employment
opportunities created by MGNREGS. However there is not much evidence of the expansion of employment opportunities since 1993.

Table 1 shows that in the post reform period from 2011-12 onwards there has been a sharp decline in WPR of both urban and rural workers. It is significant that though the LFPR of male workers remained stagnant during this period of decline, the WPR fell sharply thereby showing the contraction of urban and rural employment opportunities. Once again the roots of the massive decline lay in the lack of labour absorption in rural India, and in particular the massive fall in WPR in rural regions. In contrast the reduction in the urban areas seems to have been driven by declining male WPR in this period (Table 1). As in the case of LFPR, the burden of the decline of WPR has been felt largely by historically deprived social groups (Table 2). ST male workers have seen an unprecedented decline of WPR by 2.9 percent in rural and 2.1 percent in urban areas between 2011-12 and 2017-18. In the same period the WPR of rural women from both ST and SC fell by 9.8 and 8.8 percent respectively; a rate that was much higher than the overall decline of 7.3 percent in for all rural women. A major burden of the contraction of employment in urban areas was borne by ST women whose rate of decline of 2.2 percent was much higher than the rate of decline for any other community. It is clear from the available data (Table 2) that in WPR for STs in general (taking rural and urban together) was higher than comparable ratios for any other category between 2011-12 and 2017-18. In fact as far as loss of employment among the SC and OBC is concerned, it is significant that male workers seem to have lost more urban jobs than female workers and that the rate of decline of rural work among men from these social groups was slower than the overall rate of decline in the rural workforce over the same period.

The contraction of employment opportunities and the patterns of long term stability in the LFPR are reflected in the unemployment rates. From 1980s till the beginning of the early 1990s, there was a slight drop in unemployment rates, but between 1993-94 and 2004-05, the corresponding rates rose sharply (Jha, 2017). The trend and efforts to arrest the unemployment rate have received considerable setbacks in the period between 2011-12 and 2017-18, largely due to cut backs in government spending and slow growth rates with in the third decade of economic reforms. As the latest PLFS data shows, unemployment has risen to an all-time high of 6.1 percent, with the unemployment rates of urban females (10.8 percent) and all youth (15.8 for young men and 18.2 for young women) unemployment rates touching double digit figures. A further interesting trend to note is that the high unemployment rates for urban areas with respect to both men and women are driven by relatively stable LFPRs, whereas the rise in the rate of unemployment rural women workers (3.8 percent) is less than the drastic fall in LFPR (7.1 percent). Thus, there is a rising gender gap in the labour force participation and the worker population ratio from 2004-05 onwards; in 2004-05 the gap
between male and female LFPR was 24.5 percent which rose to 37.1 percent in 2011-12 and is at an all-time high of 40 percent in 2017-2018. The gender gap in the WPR also shows a rising trend from 30 percent in 2004-05 to 32.5 percent in 2011-12, reaching an all-time high of 35.6 percent in 2017-2018 (as calculated from Table 1). The significance of these trends lies in the fact that they run contrary to the trends in the world economy which has shown a slow decline in gender gaps over the last 25 years (ILO, 2019a).

An important point to note in this regard is that a considerable number of rural women have withdrawn from the workforce due to the lack of jobs. This is seen in the increasing number of women who are reported as “attending to only domestic duties” and “attending to domestic duties along with free collection of fuel, fodder water etc.” (i.e., activities associated with the maintenance of households). The number of women reporting themselves as exclusively working for maintaining the family has gone up by 3 percentage points between 2011-12 and 2017-18. But this withdrawal from the labour force was not uniform across all social groups; the highest rural unemployment rates were recorded for scheduled caste men (6.4 percent) and the rate of increase of unemployment for men from the OBC and other communities i.e. an increase of 4.4 for SC, 4.3 percent for the category of Others and 4 percent for OBC. But the rise in the number of scheduled tribe men withdrawing out of the labour force was much higher than any other social group. This trend was largely replicated in the urban areas as well, even though the unemployment rates for ST men and women were slightly higher. In all one may surmise, that today, ST men and women are more prone to be pushed out of the labour force than others, largely because their dependence on rural labour was much higher than other social groups (Prasad, 2016).

These overall trends illustrate that there is a widening gap between LFPR and WPR after 2011-12. The difference between the two was maintained between 0.8 to 1 percent of the male and female population between 1993 and 2011-12, but it rose sharply to 2.2 percent between 2011-12 and 2017-18. This scenario was a result of the impact of several constraints that arose out of macroeconomic policy factors, some of whose important features are agrarian distress and the lack of job creation in non-agricultural sectors. The broader policy dimensions of this are discussed in section 3. But before making sense of the larger picture, we also consider a complex of other indicators of the world of work, including increasing insecurity and vulnerability, in the next section.

2. Dimensions of growing insecurity of work

Macro-trends in the contraction of employment (discussed above) are marked by features that reflect deepening of informality and increased the vulnerability of labour. Even
Wages of neoliberalism: Reflections on the world of work in contemporary India

though the world of work has been characterized by a high ratio of informal workers in the pre-reform period, this has been exacerbated by a relentless informalisation of work in the formal sector. In 1999-2000, the share of informal workers in the so-called organized sector was 37.8 percent and it had increased to 54.4 percent in 2011-12, according to the 68th round of NSSO. As per the same round of the NSSO, 97 percent of the self-employed in the rural and 98 percent in the urban areas are in the informal sector; 78 percent of the rural casual labourers and 81 percent of the urban casual labourers are in the informal sector. As per the NSSO estimates of 2011-12, count of informal labour was a whopping 453.4 million out of a total of 473.8 million\(^3\) or 93 percent of the total employed people. This went up to 466.48 million out of a total of 471.3 million or approximately 99 percent of the working people in 2017-2018.\(^4\)

The percentage of informal workers in the labour force (i.e., employed + unemployed) remained at 93 to 94 percent. Thus the contention of the recent Periodic Labour Force Survey that informal employment came down by 4 percent between 2011-2012 and 2017-18 is fallacious and obfuscates the social reality for the following reasons. First, the PLFS assumes that all workers in “regular” employment (or workers with a monthly income) are part of the “formal” sector. But it must be noted that a majority of the workers in this sector do not have either written contracts or access to social security. The number of regular salaried workers without written contracts went up from 68.6 percent to 71.1 percent between 2011-12 and 2017-18. Further according to the ILO, the number of people not eligible for social protection went up from about 74 percent in 2011-12 to 81 percent in 2017-18 (ILO, 2019b) indicating a high degree of informality in the so-called “formal” sector. This again goes against the claims of the PLFS report which shows that only 55 percent of the regular workers are outside the fold of one social security and that the number of regular workers not eligible for any social security protection is declining. For example, the rise in regular work for female workers is largely in retail and personal services. Much of this employment is precarious, as despite its low monthly salary, it is based on easy hire-fire contracts, with workers getting virtually no social security benefits. Thus the character of employment itself has undergone a serious transformation with forms of informality pervading the so-called formal structures of work. There is a greater presence of free-lance and part time work amongst all categories of workers. A recent report of the ILO shows the growth of platform digital platforms has

\[^3\] The calculation of the workforce is done on the basis of the projected population calculated on the basis of Census 2011 and growth rates provided in NSSO EUS report 2012. The projected population for 2012 was provided in the EUS report. The population of rural male and female; urban male and female were calculated separately to project the total population. Multiplier was used from respective NSSO reports to work out the LFPR and WPR (NSSO, 2012).

\[^4\] The calculation of workers in informal employment = self-employed workers + casual workers + regular workers without a written contract.
rearranged informality. About 20 percent of all workers in the gig economy are freelancers and independent professions even within the skilled workforce (Tandem Research, 2018).

Two indicators of informality are worth highlighting at the current juncture. The first concerns the hours of work under regular employment. Under the Factory Act, 1948 a worker was allowed to work for 8 hours a day with one hour of overtime. No worker could work for more than 9 hours a day and more than 6 days a week. By these standards a worker should be working between 48 and 54 hours a week. However the PLFS shows that, at an average regular is working 58.1 hours a week, largely because of the flexibility that has been introduced within the system under the banner of labour reforms. What is even more worrisome is that the same report says that between 7 and 9 percent of regular workers are available for additional work for 12 to 14 hours a week. At the same time 9-12 percent of employers of own account enterprises are also available for additional work for an average of 12-15 hours a week. Approximately 10 percent of the casual workers are willing to do additional work for 14-15 hours a week.

The motivation to be available for additional hours of work is a result of the second feature, namely the existence of low wage structures that are prevalent in all sectors of the economy. As the relevant data show, real wages increased by about 3 to 3.7 percent between 1993 and 2012 for all categories of regular and casual workers. Between 2004-05 and 2011-12 they grew at an average rate of 5.6 percent, largely because of the institutionalization of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)\(^5\) and other supportive public policies. But between 2012 and 2017-18 rates of growth of wages, across different economic and social categories have come under considerable pressure. The rise in nominal wages was also miniscule. For casual and public works in the rural regions the average wage rate for men went up by Rs. 118 in six years between 2011-12 and 2017-18, or less than Rs. 20 per year. For women it went up by Rs. 70 in the same period or about Rs 12 per year. In 2018, the gender pay gap was 34 percent in India, i.e., women get only 76 percent of the stipulated wage rates for men, for performing the same job with same qualifications. Further, based on the calculations of the PLFS it can be shown that the gender wage gap for casual workers was 37.5 percent which was 3.5 percent higher than the gender-wage gap for casual workers in 2011-12.\(^6\) This indicates that the competition for low wage employment had become more intense. Even though women were willing to work at abysmally

\(^{5}\) This scheme was formulated via the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act was enacted in 2006. It was meant to provide 100 days of wage employment in a financial year to a rural household whose adult members volunteered to do unskilled manual work.

\(^{6}\) As the recent report by OXFAM India states urban female workers, the share of non-agricultural informal sector – unincorporated proprietary and partnership enterprises in areas such as manufacturing garments, paper, wood and straw products etc. – dropped sharply by 13.6 percentage points (Himanshu, 2018).
low rates there was not much work available for them as men were equally willing to work for low wages. In this situation, even the income from self-employment also fell by almost fifty percent between 2011-12 and 2017-18. Such a drastic reduction was a result of successive public policy failures, some of which are discussed in the next section.

3. Reasons for deteriorating conditions of work

How do we make sense of the abysmal picture emerging from official statistics itself? Why has the contraction of jobs taken place so drastically under the current and last ruling dispensation? These questions can only be answered if we look at the systemic constrains and changes within the Indian political economy after its integration with global capitalism since the early 1990s. By now there is considerable evidence to show that across the world, in particular in developing countries, the employment elasticity for different sectors has been decelerating during the era of neoliberal reforms. As Patnaik has argued in several of his writings – for example, Patnaik (2008, June 28) –, employment elasticity of growth tends to fall sharply with a shift from a dirigiste to an open economic regime due to several factors. These include, inter alia, (a) growing dominance of finance capital which militates against the growth of the real sectors, (b) changes in the nature of production processes which tend to be more capital intensive, and (c) imitation of developed country’s lifestyle by elite of the developing countries; the net effect of all these is a growing divergence between growth of output and that of employment.

Ascendancy of neo-liberal capitalism, as suggested above, has had a profound impact on the overall development trajectory of the country since the 1990s with huge implications for labour. The first aspect of the transition worth flagging here is the significant change in the structure of growth with serious adverse implications for employment creation. This is reflected in the dramatic increase in the share of the tertiary sector. Since the mid-1990s, the rate of growth of services GDP has been significantly higher than the rate of growth of overall GDP, and the share of the tertiary sector in the economy went up from about 41 percent in 1991 to around 54 per in 2005-06 (Ministry of Finance, 2006). In fact, well over 60 percent of the incremental growth in GDP since the mid-1990s is accounted for by the rate of growth of the services sector, which is almost equal to the decline in the growth rate of primary and secondary sectors. By 2017 the service sector provided 72.5 percent of the Gross Value Added and most of this addition came from sectors with low employment elasticity. The RBI-KLEMS database (Table 3) shows the sectoral trends in employment generation from the 1980s by providing the growth rates real value added and employment by sector at 2011-12 prices. Between 2011-12 and 2017-18 the employment elasticity of the whole economy was -0.03 percent (Kannan & Raveendran, 2019, November 9).

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Source: RBI KLEMS Database.

Though there is a large gap between employment and sectoral growth rates in all years under consideration, this gap has only grown wider in the last three years. Even during the global economic crisis of 2007-08, the level employment generation appears to have been higher than in the period between 2014-15 and 2016-17. The reason for this can be attributed to the increasing level of government expenditure which laid stress on providing the social infrastructure that could maintain the pre-2007-08 level of employment despite a slowdown. Notable among these is the MGNREGS which was meant to ensure 100 days of work to every laboring household in order to augment their earnings and avert slowdown in job creation. In terms of coverage, target groups, fund allocation, number of beneficiaries, and potential benefits, MGNREGS has been a significant endeavor (Jha, 2019). If successfully implemented in all the districts, it has a huge potential to improve the lives of the rural masses even though there are issues and concerns related to its implementation, these should be viewed as the initial roadblocks that need to be addressed with due urgency. As a programme that guarantees employment, it has the potential to create more employment than any other comparable wage employment programme that did not contain the element of guarantee or right. The available information also shows that in 2006-07, the average per district person days generated under MGNREGS was at least three times higher than the earlier comparable schemes and that the Act had “become a life line for millions of Indians who have been left out in the cold by high economic growth”. However the recent years there have been significant cut-backs in fund allocation with the last three years seeing an effective contraction of the scheme. As already noted earlier, this had a negative impact on employment for the vulnerable groups of the society.

Apart from this there an effective steady decline in social expenditure of the government. Between 2010 and 13, the social sector expenditure of the government hovered around 7 percent of the GDP which was higher than the average of 6 percent in the first decade of the twenty-first century. From 2014 onwards for the next three years, it fell by 1 percent, to around 6 percent of the GDP, before recovery to around 7 percent again in 2018. The overall expenditure for schemes that could lead to generation of employment declined from 14.4
wages of neoliberalism: reflections on the world of work in contemporary India

percent in 2014-15 to 12.77 percent of the union budget in 2018-19. Over the last five years public investment in schemes that could generate wage-employment has remained at an abysmal 0.4 percent of the GDP. The fate of social protection schemes for unorganized sector workers was similar. The public investment in social security programmes for the unorganized sector has reduced by approximately 36 percent between 2014-15 and 2018-19. However, the main point to be noted is that the character of social expenditure changed as it was not geared towards employment generating activities; rather its focus was more on insurance and credit, indicating the financialisation of the social sector itself.

Further, employment generation was itself made dependent on provisioning of credit to the self-employed, and it was assumed by the policy makers that greater private investment and growth would lead to higher employment opportunities. As the time series analysis of public spending by the Centre of Budget and Governance Accountability shows that the size of the Union budget declined from 14.18 percent of the total GDP in 2012-13 to 12.85 percent in 2016-17 and further to 12.36 percent in 2018-19, reflecting the lack of basic support for the labouring classes. It is even more distressing that expenditure on employment related schemes remained almost stagnant between 0.37 to 0.40 percent of the GDP. It is interesting to note that this miniscule investment in employment generating schemes is largely for credit, employment guarantee and skill development schemes apart from the MNREGS.

Then there are schemes for support of rural livelihoods development through self-employment in the rural areas, but these schemes also include infrastructural development for private players who are meant to generate jobs. Of particular significance is the fact that these schemes conceptualise the development of self-employment through investment of big private capital (CBGA, 2018). For example the National Rural Livelihood Mission, one of the flagship programmes of the Government of India, visualizes the formation of 0.9 million Self Help Groups which are to be the fulcrum of providing capital to small entrepreneurs through private financiers and Pradhan Mantri Mudra Yojana (PMMY) loans (61 percent of which are financed through microfinance companies and private banks). The focus of these converging schemes is on skills and placement, and also the development of value chains through the setting up of public-private-community partnerships for link up with private companies. Hence the whole process of livelihood creation through the policy of financial inclusion is aimed at opening up the market in a manner that most self-employment is linked to big private enterprise if it is to provide a sustainable livelihood to households (CBGA, 2018).

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7 This scheme was formulated in 2015 to provide funding to the non-corporate; non-farm sector income generating activities of micro and small enterprises whose credit needs are below INR 1 million through the Micro Units Development & Refinance Agency Ltd.
The facts indicated above go against the claims that the employment scenario is improving on account of the presumed success of the so-called PMMY. However, as a recent study notes, under this programme, the share of substantial loans (above INR. 0.5 million),\(^8\) which have the potential to create jobs, was as little as 1.3 percent of total disbursement in 2017-18. The average loan size of INR 0.053 milliom appears to be far too small to have any employment generation potential. But if one goes by the total disbursement under the Mudra Yojana, which was worth approximately INR 25.7 million and distributed to 4.81 crore beneficiaries in 2017-18 (Mohammad, 2018, May 14) without examining the issues of viable business model, employability, etc. This has led to an overestimation of the employment created by the scheme and boosted the misconceived policy of promotion of self-employment. Though such a trend is not new, the last five years have seen a push towards pro-growth measures with the belief that that high growth and private investment will lead to job creation and decent employment through flagship programmes like “Make in India”, “Digital India”, “Smart City Mission”, etc., all of which do not appear to have achieved the desired results.

In addition to this, two policy measures have had a devastating impact on employment, particularly in the unorganized sector. First, the implementation of demonetization from the midnight of November 8 2016 when the Government of India announced that of INR 500 and INR 1000 would ceased to be legal tender. The total value of the currency withdrawn was about INR 8 lakh Crore or 86 percent of the value of Indian currency (Ghosh, Chandrasekhar, & Patnaik, 2017). The second measure was the implementation of the Goods and Services Tax (GST) where a "One India, One Tax" policy. Both these measures were done with the aim of "formalizing the economy as well as curtailing black money.

However, studies have shown that both demonetisation and GST have led to an unprecedented economic slowdown which is reflected in the adverse impact on informal employment, traders and the small and medium industries. According to the survey conducted by the All India Manufacturers Organisation, both these policy measures led to job losses to the tune of 43 percent in the trader segment, by 32 percent in small scale industry and by 35 percent in the medium scale industries. This resulted in a loss of 3.5 million jobs in almost three years (AIMO, 2017). The policies of the government are leading to slowdown and retrenchments in auto sectors, with many big companies introducing non-working days that result in wage cuts. The production of auto-component makers has also hit a speed breaker. Another labour intensive sector which is facing a slowdown and employment challenge is the textile sector; roughly a third of the spinning mills have shut down and more than three million workers facing the prospect of losing jobs in the last six months.\(^9\)

\(^8\) 1 USD = INR 71.94 (as on 14 November 2019).

\(^9\) Of course, the fact that the global economic system has been in a difficult situation for more than a decade, has exacerbated the challenges both for growth and employment, through external linkages.
Because of these misadventures the ability of the informal sector to generate employment has been severely curtailed in the last few years. The government has tried to camouflage this failure by attributing it to faulty statistics and claiming that the existing data did not capture the extent of the employment created in the informal sector. But these claims are rendered hollow by the data of the Periodic Labour Force Survey 2017-18. There is a decreasing trend of employment in informal enterprises by 4.4 percent between 2011-12 and 2017-18; there was a decline of 2.3 for men and 14.4 percent for women respectively. It is interesting to note that this decline seems to have been driven by a higher percentage in urban areas (4.9 percent) as compared with rural informal sector employment (i.e. 3.1 percent). Once again the overall trend seems to indicate that this was congruous with the overall decline in self-employment by 1.7 percent for rural women and 8.1 and 2.5 percent for urban women and men respectively. Curiously there was an increase in male self-employment in the rural regions by about 5.3 percent, reflecting a deepening of the employment crisis in urban areas as well. Finally, all the investment boosts given by the government through concessions to the corporate sector do not seemed to have yielded results even in terms of generation of casual wage employment; it decreased for rural men by 7.3 percent and for rural women by 4.3 percent respectively. These trends show the devastating impact of GST and demonetization on informal employment and its role in spurring the systemic crisis that the Indian economy faces today.

4. The recent State-led labour reforms

As illustrated above, the current employment crisis is symptomatic of long term impact of neoliberalism. It is well acknowledged that super-profiteering by Capital is dependent on the flexibility that exists within labour relations. Such flexibility has been induced by labour law reforms. The origins of the neo-liberal assault on labour rights can be seen in the Recommendations of the Second National Labour Commission, 2002 (SNLC). Though the Commission recognized the existence of an increasingly informal and casual workforce without any social protection, its remedies, rather surprisingly do not address these problems. Rather, the Commission recommended measures that will amalgamate more than forty four laws into four codes, two of which have been recently enacted into laws.

The first labour code to be put into operation is the Code on Wages, 2019 which amalgamates four existing Acts on question of minimum wages, bonus, equal remuneration and the payment of wages. The Code has several drawbacks including the following. First, a “national minimum wage” to be fixed by the Union government as a benchmark for all state governments. However national minimum wages would vary state-wise as long as they are not lower than the declared minimum wage. However the wage can only be fixed by the “state
government”. This provision has received much criticism as it goes against the concept of a “national minimum wage floor” that the unions have been struggling to attain over the last few decades. Further, this policy is likely to lead to “a race to the bottom” and fuel “predatory federalism”. Secondly the Advisory board suggested by the Code spells the end of all tripartite negotiations on question of wages as it does not include any trade union representation in the Minimum Wages Advisory Board.

Third, the Code ignores the formula for the fixation of minimum wages which was mutually endorsed by trade unions and governments in the 44th and 46th Indian Labour Conference on the basis of the Supreme Court ruling. Fourth, the Code permits web monitoring and self-certification with regard to compliance of minimum wages, rather than inspection in order to ensure that employers follow the law. This in itself weakens the role of labour departments in ensuring that minimum wages are implemented. Fifth, though the Code states that there should be no discrimination in the payment of wages, it dilutes the provisions of the original Equal Remuneration Act by omitting the prohibition of discrimination in recruitment. These problems in the Wage Code ensure that the reforms being carried out by the government are pro-employer and anti-worker in their character (Gopalakrishnan, 2015). But above all, in the Wage Code, which was made with a promise of being applicable to all workers, the definition of the “worker” has been diluted further by linking it to an “industry” or an “establishment”. Thus the term “worker” is not applicable to occupations like domestic and home-based work where it is difficult to identify an employer. Thus women workers and those in informal employment are likely to be left out from the ambit of the labour laws once again.

The second major change in the labour laws has come in the form of the Code on Occupational Safety and Conditions of Work, 2019 which is an amalgamation of thirteen laws. Again the process of consolidation of laws has diluted the already weak provisions of the existing laws. Despite the official claims that this Code will provide for decent working conditions, the legislation brings reduced the employer’s obligations towards the workers and restricts their applicability to organised establishment. This will have a particular negative impact on occupational segments like domestic work (with a majority of women workers), where some rights had been through a process of struggle, but these rights have not been protected in this Code. The term “establishment” is only used for a workplace with more than ten workers, thus leaving out more than two thirds of the own account enterprises which may be employing even a single worker. Thus the indecent working conditions of informal workers are not covered. Further, it is to be noted that in certain provisions like provisioning of creches, health and safety measures are to be undertaken by the employer if and only if the establishment has more than fifty workers; a number that has been raised from thirty workers in earlier legislations.
Apart from these two, a third major proposed legislation is the Code on Industrial Relations. This Code combines (a) Industrial Disputes Act, 1947, (b) Trade Union Act, 1926 and (c) Industrial Employment (Standing Order) Act, 1946. The new Code restricts the applicability of Chapter VB of the Industrial Disputes Act to firms with more than 300 workers keeping a significant number of establishments outside the purview of the law. It also empowers the state governments to adjust their own thresholds once again inducing “predatory federalism” where state governments will compete with each other to deregulate the labour market in order to attract investments. The Code also makes registration of trade unions more difficult and forbids the election of any non-working office bearers, thus making the unions susceptible to manipulation and coercion by the employers.

The Code also dilutes the standards and monitoring needed for assuring the basic conditions of decent work. For example it says that the Industrial Employment (Standing Order) will only be applicable to establishments with more than 100 workers. This means that more than two thirds of the establishments will be out of the purview of the law which ensures that workers get the basic minimum decent working conditions. The amendments to the Factories Act proposed in 2016 also complements this change in labour laws and is only applicable to factories employing 20 or more workers (with power) and 40 or more workers without power. This again means that the overwhelming majority of the factories will be outside the scope of the law. The proposed changes in the Factories Act also prepare the ground for the intensification of the extraction of surplus value by the employer. A regular working day has been extended from 10.5 hours to 12 hours without overtime and the ceiling of overtime work has been increased from 50 hours to 100 hours per quarter for shift workers and 125 hours per quarter for full time workers. This will not only extend the working day but also lower the labour cost per unit of production as overtime hours do not include allowances (Roychowdhury, 2018).

Further the proposed amendment allows for night work by women “with adequate safety measures” even though these measures are not specified. The demand of the trade unions that all night work by women should be done under their supervision has not been considered by the Government. Without monitoring by the trade unions, this provision will only lead to further exploitation of women (Gopalakrishnan, 2015). These proposed amendments are also strengthened by the changes in the Child Labour and Apprenticeship Act which make cheap labour available to enterprises without necessarily complying with minimum labour standards (Roychowdhury, 2018). The announcement of the Government that it will bring in Fixed Term Employment in all sectors has only added to the perception that all the proposed amendments in labour laws are aimed at expanding the labour reserves which are crucial to the survival of contemporary neo-liberal capitalism.
The fourth proposed pillar of labour law reforms is the Social Security Code which has been recently circulated by the government. The Code combines fifteen existing major Acts and declares that it will provide social protection to workers in organized and informal employment. At first sight this seems to be a desirable objective that will provide support to the growing mass of vulnerable workers. But on closer inspection, this claim is untenable because the provisions of the Code show that a majority of the workers (almost 72 percent) will be outside the scope of the proposed legislation (Sen, 2017). At the core of the Code is the establishment of a National Social Security Council which will replace the existing ESI and EPF tripartite Councils. This will deal a double blow to the existing structure of social security. First it will dismantle the existing national level structures of ESI and EPF that allow workers to access benefits directly without approaching state social security boards, which will now be responsible for administering social security. This administration will be outside the watchful eyes of worker’s unions and therefore make access to benefits more cumbersome. Second the huge funds (amounting to more than Rs. 11 lakh Crores) which exist in EPF, ESI and other social security funds will now be transferred to the National Social Security Council without any controls over this spending. The Council itself will be free of any tripartite scrutiny and will be able to invest huge funds for speculative purposes, thus putting the worker’s hard earned savings at the risk of the financial market for the benefit of corporations. Unions claim that the “loot of workers contributions” is the real intent of the proposed Code (Sen, 2017).

While the proposed Code dismantles, rather than expands the coverage of the existing social security mechanism, it is also vague on the nature of universal social security that will be provided to workers of both organized and unorganized sectors. Further it does not place any obligation on State or Union Governments to provide budgetary support for universal social security coverage. Though the Code claims that it will be providing all workers social security, its terms and conditions only increase the vulnerability of casual and seasonal workers, since the Code claims that the workers will have to deregister every time they are “unemployed”. Such a social security system will only fuel the increase the number of “floaters” in the workforce, thus expanding the already huge reserve army of labour which is required to maintain the high rates of accumulation under contemporary capitalism.

Concluding remarks

This essay has provided a broad overview of the trends and processes underlying the world of work in India since the early 1990s, which is deeply and organically connected with the structure and trajectory of growth. We argue that this period, in particular the last decade, has been characterised by almost “job-loss growth” and has the dubious distinction of highest unemployment during the last half a century or so. The successive governments
during the last three decades have largely operated within neoliberal economic policy architecture which also implies a close integration with global capitalism and its major drivers such as huge and growing power of finance capital, trans-nationalisation of capital from global North to select destinations in the South etc.

Several acts of commission and omission in the most recent years since 2014, in particular, demonetisation and poorly conceived GST, have been akin to tectonic disruptions for the country’s economy with major adverse implications for livelihoods, employment, investment etc. for overwhelming segments of the population. Further the world of work is being significantly restructured through the so-called labour law reforms, increasing the vulnerability for workers across the board and deepening informality. These are reflected in several indicators, *inter alia*, stagnant or falling real wages, longer hours of work, and reduced social protection for workers.

It is pertinent to note here that substantial proportions of “latent“ and “floating“ labour force in the country is composed of educated and skilled youth. Therefore joblessness is not necessarily a simple correlate of the much touted problem of “lack of skills“. In fact, data show that quantity and quality of employment amongst several layers of educated and skilled workers continue to be utterly precarious. Such phenomena provide fodder to neo-populist and patriarchal ruling classes in which un-and-underemployed become easy prey to the neo-authoritarian tendencies which have been very powerful in India during the current political dispensation. In the ultimate analysis reversal of neo-liberalism and the deepening of democracy are critical in addressing the challenges confronted by the economic trajectory and the world of work at the current juncture.

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Wages of neoliberalism: Reflections on the world of work in contemporary India


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