Theor Soc (2008) 37:375–408
DOI 10.1007/s11186-008-9061-5

Reshaping the social contract: emerging relations between the state and informal labor in India

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Published online: 9 April 2008

Abstract As states grapple with the forces of liberalization and globalization, they are increasingly pulling back on earlier levels of welfare provision and rhetoric. This article examines how the eclipsing role of the state in labor protection has affected state–labor relations. In particular, it analyzes collective action strategies among India's growing mass of informally employed workers, who do not receive secure wages or benefits from either the state or their employer. In response to the recent changes in state policies, I find that informal workers have had to alter their organizing strategies in ways that are reshaping the social contract between state and labor. Rather than demanding employers for workers' benefits, they are making direct demands on the state for welfare benefits. To attain state attention, informal workers are using the rhetoric of citizenship rights to offer their unregulated labor and political support in return for state recognition of their work. Such recognition bestows informal workers with a degree of social legitimacy, thereby dignifying their discontent and bolstering their status as claim makers in their society. These findings offer a reformulated model of state–labor relations that focuses attention on the qualitative, rather than quantitative, nature of the nexus; encompasses a dynamic and inter-dependent conceptualization of state and labor; and accommodates the creative and diverse strategies of industrial relations being forged in the contemporary era.

Since the late 1990s, a literature designed to examine the variable effects of "globalization" has grown exponentially in the social sciences.[1] Within this literature, several scholars have bolstered the significance of globalization by arguing that the economic policies and the social forces that integrate national economies are

[1] I use the term "globalization" to encompass the myriad of economic, social, political, cultural, and technological changes that are taking place to increase interdependence, integration, and interaction across national boundaries. As Charles Tilly writes, "Ideally, globalization means an increase in the geographic range of locally consequential social interactions" (Tilly 1995: 1).

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undermining the traditional role of the state in determining local outcomes (Castells 1997; Held et al. 1999; Teeple 2000). In particular, ruthless competition in the global marketplace is said to exacerbate pressures on governments to ensure economic survival by reducing costly interference in capital production (Harvey 1990; Held et al. 1999; Hyman 1992; Tilly 1995). Issues concerning labor protection have comprised a prime target area for such reduced government intervention in recent years.

These trends raise a pressing question: how have such changes affected state–labor relations? As states pull back on earlier levels of direct welfare provision and rhetoric, and they no longer hold employers accountable for the welfare of their employees, the proportion of informally employed workers who do not receive secure wages or benefits from either the state or their employer is increasing the world over (Benton 1990; Kundu and Sharma 2001; Portes and Schauffler 1993). Informal workers represent one of the poorest and most marginalized populations of the liberalization era. Yet little is known about their social and political location in the liberalized economy. What strategies are these workers using to improve their livelihood? What new institutions and relationships, if any, are they forging among state, capital, and labor as a response to the recent changes in structures of production? How do we conceive of the "state" and of "society" in the current era?

This study begins to address these questions using an in-depth examination of informal workers' organizations in India, the largest democracy in the world. The informal sector consists of economic units that produce goods and services legally, but engage in operations that are not registered or regulated by fiscal, labor, health, and tax laws.[2] Thus the primary difference between informal and formal workers is that the latter are protected and regulated under state law while the former are not (Portes et al. 1989). Informal workers include the self-employed (such as street vendors or trash pickers), employees in informal enterprises, and contractors who work for formal enterprises through sub-contractors. Self-employed workers include those who hire or do not hire employees. Informal workers may work at home, on the employers' site, or in a third site, such as a sub-contractor's workshop.

Although informal workers are often featured in passing in the recent globalization literature, in-depth studies on the social and political lives of informal workers remain scant. Latin American and African scholars have provided some important exceptions (Beneria and Roldan 1987; Cross 1998; Grasmuck and Espinal 2000; Gugler 1991; Macharia 1997). In India, studies on the informal sector primarily focus on its definition and measurement.[3] The few case studies that examine informal workers' politics in India are consistent with the Latin American and African studies that show their organizing activities improve working conditions (Carr et al. 1996; Chowdhury 2003; Sanyal 1991; Sharma and Antony 2001). Still little is known about specific organizing strategies, and almost none of the studies

[2] Although debates abound on how to define the informal sector, this definition, which is drawn from Portes et al. 1989, has been accepted in much of the literature (see Cross 1998; De Soto 1989; Portes 1994). To operationalize this definition, I use the worker-based definition of informal work that was endorsed by the 17th International Conference of Labor Statisticians (ICLS) in 2003 and utilized by the National Sample Survey of Employment and Unemployment (NSS) in India in 1999.

[3] Kulshreshtha and Singh 1999; Kundu and Sharma 2001; Mahadevia 1998; Oberai and Chadha 2001; Sundaram 2001; Unni 1999.

has connected informal workers' experiences to the theoretical literature on state–labor relations in the current era.

Informal workers' organizational strategies can provide important insights into new forms of institutionalism that develop in the current system of little state regulation over capital and blurred employer–employee relations. For decades, industrialized workers fought to enter into an institutional structure that provided some play for collective interests; this institutional structure formalized workers' identity and status through legislation designed to protect them against employer exploitation. Their efforts, while laudable, have affected only a minority of the world's workers.[4] Now, due to the industrial restructuring of the 1980s and 1990s, even the small global share of formally protected workers is diminishing. These changes have brought scholarship of labor movements to a critical juncture by questioning traditional mobilization strategies and institutions that rely on formal state protections and employer accountability. Although informal and formal workers share the same ultimate goal of attaining a social wage that embodies an expanded notion of citizenship, informal workers, who by definition are tied to the state in a starkly different way from formal workers, must form alternative institutions to attain their goals. Informal workers' organizations, therefore, not only offer an important corrective to the existing literature on the state and labor, which focuses almost exclusively on formal workers (Badie and Birnbaum 1983; Rudolph and Rudolph 1987), but they also offer significant insights into institutional structures that are relevant to a growing share of the world's workers.

In addition, an examination of contemporary informal workers' movements, as distinct from formal workers' movements, raises important questions about the nature of democracy in the current era. State policies designed to decentralize structures of production in the name of global competitiveness have distanced the state from labor by filing down state regulation and protection for workers. Informal workers' organizations provide a ready lens into workers' efforts to re-exert their voices into development dialogues and to reestablish their connections with the state. These organizations serve as an important instance of what Patrick Heller (2000: 488) eloquently calls a "consultative arena located in the interstices of state and society where 'everyday' forms of democracy either flourish or founder. Equally essential to understanding democratic politics in the era of globalization is analyzing what Supriya Roy Chowdhury (2003) calls "the politics of dissent." Informal workers' organizations represent key new spaces of struggle among critics and "change agents" of the emerging new economy (Chowdhury 2003).[5]

In contrast to the recent globalization literature that claims a diminishing role for the state and the increasingly unprotected worker, the experiences of informal workers in India suggest the continuing power of both states and workers in shaping the current phase of economic and political transition. Changes in state policies have

[4] This is a narrow claim, specific to worker-protection. Collective action by industrialized workers has, of course, benefited the mass population in arenas such as suffrage and citizenship (see Collier and Mahoney 1997; Rueschemeyer et al. 1992).

[5] In addition to formal and informal labor movements in India, there is a growing group of radical, leftist political movements that address labor issues, such as the Naxalites. Much of their activities to date have focused on rural labor.

forced informal workers in India to alter their strategies; rather than demanding employers for workers' benefits, they are making direct demands on the state for welfare benefits. To attain state attention, they are using the rhetoric of citizenship rights. To mobilize the dispersed, unprotected workforce, unions are organizing at the neighborhood level without disrupting production. As I argue below, incorporating these experiences into conventional models of state–labor relations, lends insight into a *reformulated* model that explains the important ways in which informal workers' mobilization strategies are creating new institutions that alter the relationship between state and labor. In return for their unregulated labor and their political support, informal workers are demanding state recognition for their work and state provision for their social consumption needs. This emerging social contract bestows informal workers with a degree of social legitimacy, thereby dignifying their discontent and bolstering their status as claim makers in their society.

Background

Existing literature on globalization and labor tends to focus less on changing forms of state–labor relations and more on the impact that reduced state intervention in certain areas of capital production has had on labor and industrial relations. On one hand, reductions in state power, it is still argued in Washington D.C. and elsewhere, will enable capital accumulation and ultimately benefit labor through greater economic and social development (Krueger 1990; Williamson 1993).[6] In his inaugural address as the 40th President of the United States in 1981, Ronald Reagan launched the era of neoliberalism by famously claiming that "reversing the growth of government" would "reawaken this industrial giant [i.e., the US economy]."[7] He promised to make government "work with us, not over us; to stand by our side, not ride on our back" (Reagan 1981). Since 1981, leaders throughout the world have followed Reagan's lead by instituting policies that reduce the percentage of government-owned assets and spending on welfare and facilitate greater private capital investment. Increasingly, such policies focusing on the domestic arena have been accompanied by efforts to reduce barriers to capital flows in the international arena. In terms of labor, the World Bank, a significant influence on domestic government policy, focused it's 1995 *World Development Report* on workers noting, "Countries with rigid labor laws [protecting workers] also tended to have higher unemployment rates" (World Bank 1995).[8] A decade later, the Bank continued to urge less government intervention by showing that the ability to "hire and fire" workers was a major factor in increasing a country's attractiveness to domestic and foreign

[6] See Stiglitz 2003 for an in-depth look at how this argument came to dominate the policies of the World Bank and the International Monetary Fund (IMF) during the 1990s.

[7] I define "neoliberal reforms" as the set of policies designed to decrease government control regimes and facilitate investment and capital formation. Policies to this end have included the de-licensing of industries, de-reservation of the public sector, easing of competition controls, decreasing import tariffs, deregulating interest rates, easing the interstate movement of goods, opening capital markets, and reforming labor laws.

[8] Note the two exceptions the World Bank makes in terms of government interference in labor policy are on issues concerning child labor and gender discrimination.

businesses (Andrews 2005). Reduced government enforcement of costly labor protection regulations, so the argument goes, will ultimately benefit both capital and labor by ensuring greater employment in a highly competitive market.

Scholars writing from a different perspective emphasize not just employment per se, but the increasing vulnerability and degradation of current forms of work. These scholars argue that the eclipsing of the state's role in the economy due to the forces of liberalization and globalization has harmed labor by undermining their ability to make demands on the state and on employers. Focusing on recent economic pressures, some scholars argue that liberalization policies, such as lifting industry subsidies, trade and quota regulations, and license restrictions, push firms to be more competitive by minimizing production costs, increasing labor flexibility, and spatially dispersing their capital (Hyman 1992; Sassen 1994; Zolberg 1995). To meet these needs, states are pulling back on their role as labor protectors by enabling firms to retrench formally employed workers and hire informal workers instead. By definition the state does not require firms to extend benefits, minimum wages, or job security to informal workers. Other scholars focus on the politics of liberalization and globalization, arguing that the increased ease with which labor, investments, and information now travel has enabled international institutions and transnational corporations to avoid state regulations on the stock and flow of goods and people. This has weakened the power of national states to enforce legislation designed to ensure employers protect their labor force (Castells 1997; Held et al. 1999; Tilly 1995). Additionally, normative perceptions on the government's role in the economy have changed. More states are contracting their public welfare services to the private sector, shifting the state's role to that of a facilitator. As states retreat from their traditional role as protectors of formal labor, so *this* argument goes, work is becoming increasingly insecure and degraded.

Regardless of the conclusions emerging in this literature, the underlying assumption in most studies is that the state's diminishing role in labor protection translates into a weaker relationship between the state and labor. Given the deep and significant relationships that have been forged between workers and their states since the early 1900s, the prospect of a diminished relationship between the state and labor can have profound consequences on the institutions of industrial relations, as well as on broader notions of democracy and citizenship. It is this prospect, therefore, rather than its impact, that demands more in-depth analysis.

Current examinations on the weakening relationship between state and labor are unsatisfying on several counts. First, they place a disproportionate emphasis on the *quantity* of state involvement. Less state intervention in labor protection is analyzed as either beneficial or harmful to labor; in both cases the relationship between state and labor is viewed as diminishing. As Fred Block (1994) insightfully argues in his "new paradigm" of the state's role in the economy, far greater analytical leverage can be gained by examining the changing *qualitative* nature of the nexus between state and society. In both theory and practice, Karl Polanyi (2001 [1944]) famously warned against "disembedding" the economy from state forces. The state is always implicated in capitalist production relations, because it sets the ground rules within which business and labor compete for state attention. Moreover, the state must remain active in reproducing labor as a "fictitious commodity" (Block 2001). Reformulating existing models of state–labor relations to focus less on the quantity

of state involvement in the economy, and more on its qualitative nature enables a more dynamic and nuanced analysis of changing forms of state involvement in the current global economy.

Second, the direction of impact in the existing literature appears to flow in one direction only: from the state to labor. Recent state actions that have absolved employers of responsibility for protecting their workforce are said to either (1) benefit labor by ensuring greater employment opportunities or (2) undermine labor by increasing their degradation, vulnerability, and disempowerment. Scholars have long demonstrated that the arrow of impact can also flow in the other direction; organized workers have played an instrumental role in shaping transformative events, modern societies, and institutions (Collier and Collier 1979; Collier and Collier 1991; Heller 1999; Moore 1966; Rueschemeyer et al. 1992; Thompson 1966; Tilly 1978). Yet recently, scholarship and the media have shown a growing skepticism of the intentions and the ability of workers' movements to improve people's living conditions today.[9] As Beverly Silver (2003: 1) begins her award-winning account of workers' movements since 1879, "During the last two decades of the twentieth century, there was an almost complete consensus in the social science literature that labor movements were in a general and severe crisis." Scholars of Western Europe and the United States (Tilly 1995; Western 1995), Eastern Europe (Crowley and Ost 2001; Przeworski 1991), and the newly industrializing countries of East Asia (Deyo 1989) point to declining union density and public influence as evidence of the so-called labor movement crisis.

In large part, it is the growing informal sector that is held responsible for undermining existing labor movements and thus enabling the weakened relationship between the state and labor. As an alternative to state support for labor, for example, scholars highlight governments in traditional welfare states (Castells 1997; Held et al. 1999; Tilly 1995) and in formerly socialist states (Lee 1999; Stark and Bruszt 1998) that are promoting the informal sector as a safety-net for workers who cannot find jobs in the formal sector. In developing countries, Hernando De Soto (1989) celebrates the growing informal sector as a creative way to avoid Latin American states' mercantilist regulations. Implicit in these arguments is that informal workers cannot organize to demand the state or the employer for improved benefits. Informality disperses the site of production through home-based work, complicates employer–employee relationships through multiple sub-contracting arrangements, atomizes labor relationships by eliminating the daily shop floor gathering of workers, and undermines workers' bargaining power by denying them legally protected job security. Thus the growing number of workers operating in these very circumstances as a result of reduced state intervention is viewed as an affront to the relevance of labor organizations. As Arandarenko (2001: 169) writes, "The informal economy is undoubtedly the most important buffer against class opposition in Serbia."

As I illustrate below, however, conditions of informal employment today do not preclude a priori workers' organization and interaction with the sate. Rather, part of the reason for the perceived unidirectional impact from state to labor can be

[9] Recently, some notable exceptions have emerged to analyze new movements among immigrant workers and service workers in the US (see Fine 2006; Milkman 2006).

attributed, not to the growth of the informal workforce, but to the flawed conceptualization of the state and of society as independent, static entities. Re-conceptualizing the state and society as inter-dependent and dynamic entities that affect one another in a constant evolution can allow for a two-way arrow between state and labor. Scholars have shown how state changes to structures of production during the 1800s not only altered the composition of the working class, but also motivated the need to *remake* workers' movements in a way that redefined industrial relations (Voss 1993). During the 1980s, Charles Sabel and David Stark (1982: 440) argued that the planned economies of the Soviet Union, alongside struggles within the party apparatus, inadvertently created "the precondition for shop-floor power" through tight labor markets; labor's increased bargaining position, in turn, helped determine state investment policy. They reconceptualize class relations to emphasize "the ways the strong and the weak must depend on each other in order to pursue their separate ends" (Sabel and Stark 1982: 443). Similarly, recent state policies that aim to decentralize structures of production not only alter labor's choice set and the meaning of labor (to include unregulated, informal workers), but they also create conditions in which workers (even informal workers) redefine state's role in society. This re-conceptualization of the state and society as inter-dependent, dynamic entities broadens attention beyond just state attempts to undermine labor through informal employment, and includes alternative forms of labor movements that can, and indeed do, emerge in response to recent changes in state policies.

Finally, arguments on the weakening relationship between state and labor in the current era rely on experiences that emerged in only *some* contexts of factory-based production structures in the nineteenth century as the primary point of comparison. These accounts, however, are too narrow to describe all contexts. Implicit in much of the recent globalization literature, for example, is an assumption that prior to the 1980s and 1990s, socialist and labor parties pushed states to intervene against the interests of capital and in support of labor by holding capital responsible for labor's welfare. The recent era becomes a tipping point when such parties decline in power and state leaders alter their actions by reducing intervention in capital production, thereby undermining state relations with labor. Debates then center on how these changes in state action ultimately benefit capital and either indirectly benefit labor with increased employment or directly hurt labor by increasing their vulnerability.

This homogenous characterization of the pre-1980s state–labor–capital relationship, however, stands in sharp contrast to the range of relationships found in recent empirical scholarship. In Sweden, for example, Peter Swenson (2002) demonstrates how state policies on welfare benefits and minimum wages under social-democratic parties from the 1940s to the 1960s were strategically designed to benefit both capital and labor. Significantly, the state not only mediated the relationship between capital and labor, it also provided direct welfare benefits to labor, which in turn also benefited capital by limiting the realm in which capital had to compete for high-skilled labor. In the United States, Kim Voss (1993) argues that it was the US state's relative neutrality, in contrast to that of the French and British states, that ultimately enabled the highly organized US capitalists to crush the Knights of Labor. As Voss (1993: 204) explains, "The US state set the rules for industrial conflict and then generally absented itself from labor disputes"; when the US state did intervene, it was against the strikers. In India, Vivek Chibber (2003) argues that the newly

independent Indian state in the 1950s and 1960s partnered with capital over labor, which not only harmed labor, but ultimately also harmed the long-term interests of capital. These diverse realities of both the nature of state–labor relations and the impact of these relations on labor and capital lend insight to the socially specific and historically contingent constraints under which states have always intervened in the muddy triangle of industrial relations. Incorporating these insights into analyses of current state–labor relations is essential to unearthing creative, new constellations of relations among state, labor, and capital that are emerging to accommodate the economic forces of globalization in the South today.

The case of India

This study brings the Indian experience into the global debate on the changing nature of state–labor relations. Throughout the 1980s, the Indian government took a drastic turn away from its earlier industrial policies, and began to decrease bureaucratic controls over industry, enable businesses to become more competitive, and promote business growth. In 1991, the Indian government announced it's official policy commitment to liberalization reforms, which included an expansion of the deregulation efforts initiated in the 1980s, as well as increased privatization and the opening of the economy to international flows (Kohli 2006). India's 20-year experiment with economic reforms has altered the normative role of the state and labor, thereby making it an ideal location to begin a study on the changing relationship between the two.

As in many nations attempting to compete in the global market through the use of low cost, flexible labor, the government of India has begun to explicitly encourage informal employment although it operates outside the state's jurisdiction. Recent government reports, for example, stress the import role informal labor plays in ensuring the success of India's reforms (Ahluwalia 2002; Gupta 2002; NCL 2002). Today, 93% of the national labor force and 82% of the non-agricultural workforce are informally employed.[10] In other words, over 114 million non-agricultural workers in India are unregulated and unprotected by the state. Although the informal labor force in India has always been large, the number of households in self-employed and casual labor increased between 1991 and 2001, while households engaged in regular wage/salaried jobs decreased in the same time period (NSSO 2001). By the end of the 1990s, the informal sector was estimated to account for over 60% of gross domestic product (Kulshreshtha and Singh 1999). In 2004, the Central Government appointed a high-profile commission to examine ways to further increase productivity in the informal sector.

[10] In 2001, India became the second demographic billionaire after China. Forty-one percent of the Indian population, nearly 400 million people, is in the labor force. In recent years, scholars, activists, and government officials have achieved a near consensus that 93% of the labor force is informally employed. Nearly 6% of formal workers are in the public sector (NSSO 2001). Recently some scholars have argued that a more accurate picture would exclude India's massive agricultural workforce, which has never aimed to become formalized (see Satpathy 2004). The 82% figure, which is limited to the non-agricultural workforce, was calculated by the author using the NSS 2000.

Second, India's formal democratic system, which ensures equal rights under constitutional law, has existed for nearly 60 years.[11] Set against a long history of stable democracy and vibrant political activity, India's economic reforms of the 1980s and 1990s allow us to isolate the impact of structural reform on workers' politics by comparing the periods before and after 1980.

Finally, India has had a rich history of labor organization. Today, India's union density among formal workers is comparable to that of developed nations.[12] Despite scholarly and activist claims that informal workers cannot organize, 8% of informal workers in India's non-agricultural sectors (i.e., over 9 million workers) is unionized.[13] While formal workers' unions have received substantial attention in India, almost nothing is understood about India's informal workers' unions. Examining how informal workers organize provides an intriguing opportunity to understand these workers' impact on the state's liberalization agenda, especially in light of diminished state welfare responsibilities.

Data and methods

The data for this article are drawn from two sets of in-depth interviews conducted in India from 2002 to 2004. The first set was attained using a snowball technique and comprises nearly 200 interviews with government officials, labor leaders, journalists and activists. They provided a necessary supplement to the dearth of secondary information on India's informal sector.

The second comprises 140 interviews with poor women workers who are members of an informal workers' organization. Labor organization and legislation has traditionally been industry-based in India. To account for variation due to differences in the circumstances of work, as well as the socio-economic characteristics of workers, I covered two industries: construction and *bidi*, a local Indian cigarette made of a rolled leaf and roasted tobacco. These two industries represent the most organized in India's informal workers' movement.[14] They both operate with private employers, a long chain of sub-contractors, and a vast majority of informal workers. Construction employs 11% and *bidi* employs 3% of India's non-agricultural workforce.[15] Urban construction workers tend to be migrants, while urban *bidi* workers tend to have fixed

[11] The exception was the State of Emergency between 1975 and 1977.

[12] Union density is defined as the number of trade union members/paid employees. There is no internationally agreed upon definition of "paid employees." According to the most recent figures available at ILO, India's union density is 23% (ILO 2004). According to the NSS 1999, India's union density is lower. If "paid employees" are defined as regular wage workers and casual workers, India's union density is 10% for all workers and 21% for non-agricultural workers. If the self-employed are included (along with regular wage workers and casual workers), union density is 6.5% for all workers and 15% for non-agricultural workers. (These figures have been calculated by the author.)

[13] This figure has been calculated by the author using the NSS 1999.

[14] Note this is a study about variations and strategies among *organized* informal workers. While an examination of why informal workers are most organized in construction and *bidi* is important, it requires a comparison of organized vs. unorganized workers. Finding and accessing the latter, however, requires extensive resources, which were beyond the scope of this study.

[15] Calculated by the author using the NSS 1999.

homes; those in urban areas congregate in particular slums. Although both industries are growing in terms of employment, urban *bidi* production is considered a "sunset" industry, while urban construction work is on the rise.[16]

Indian labor legislation is implemented at the state government level. To account for variations in economic policy and political leadership, I examined labor movements in both industries in each of three cities/states: Mumbai/Maharashtra, Chennai/Tamil Nadu, and Kolkata/West Bengal. These three cities share a deep history in India's labor and independence movement, and they represent the three birthplaces of India's largest trade unions. Today, however, their differences allow for a comparative examination of the state's role in influencing conditions for informal sector workers.

Finally, I examine seven informal workers' organizations. Six of the organizations are trade unions, registered under the Trade Union Act, and one is a nongovernmental organization (NGO), registered under the Trust and Societies Act. The *bidi* organizations tend to be unions that are affiliated to communist political parties; the construction organizations tend to be independent unions or NGOs. Twenty members of 1 *bidi* organization and 20 members of 1 construction workers' organization were interviewed in each city/state. In Kolkata, two construction organizations were included, because it is one of the few cities to have a politically affiliated construction workers' union, as well as an independent one. These interviews focus solely on women, because over 90% of the lowest rung of workers in both sectors is composed of women contract workers. All interviewees earn between US$ 0.25 and US$ 2.00 per day, living below the international poverty line that relies on an income-based definition of poverty. These interviewees were chosen first from a stratified sample based on locality, and then randomly from either the contractor's lists or the membership list (whichever was applicable) in a particular area. Some male workers who were not randomly selected were also interviewed. Finally, the leaders of each organization as well as employers in both industries were interviewed in all three cities.

Institutions of industrialization: a conventional model of state–labor relations

With the dawn of industrialization, workers responded to the resulting changes in structures of production by fighting to create an institutional structure that provided some play for collective interests. Significantly, these institutions tied workers with the state *through* an employer. By the early 1900s, organized workers in Germany, France, United Kingdom, United States, and the Scandinavian countries began successfully to hold their governments responsible for enacting and implementing policies that require employers formally to recognize and to protect their employees against exploitation (Badie and Birnbaum 1983; Collier and Mahoney 1997; Katznelson and Zolberg 1986; Rueschemeyer et al. 1992; Thompson 1966). Governing bodies, in turn, attempted to balance workers' interests against employers' demands for policies that maximized capitalist accumulation and minimized

[16] The *bidi* industry is under pressure from domestic and international campaigns against smoking. To reduce costs (from municipal taxes and fees), most *bidi* production has shifted to rural areas.

social disruptions. The result has been varying degrees of state-supported class compromise (Przeworski and Wallerstein 1982; Schmitter 1974). In the social democratic models of Scandinavia and Northern Europe, organized labor pressured states to hold employers responsible for providing workplace benefits to their employees. Labor also succeeded in attaining some universal welfare provisions from the state to all citizens.[17] Labor parties represented these interests at the state level. In the "economistic" model of the US, the National Labor Relations Act enabled organized labor in the private sector to pressure employers for employer-provided benefits. Direct, universal welfare provisions from the state, while extant, were less generous than those in Europe, and labor parties did not develop to the same extent. Despite the diverse results, workers in the early industrializing countries attained at the very minimum government recognition and protection and capital's accountability for wages, job security, and some health and retirement benefits. These victories became testimonies of a "modern" society; pre-capitalist relationships based on feudal ties between state rulers and society's masses were replaced with an institutional structure that tied together a representative state, a formally recognized and organized workforce, and a class of capitalists held legally accountable for their laborers (Hirschman 1977).

Underlying this institutional structure of the industrialization era is what I call a "conventional model of state–labor relations". As shown in Fig. 1, once workers succeed in attaining formal recognition and protection at the state level, interactive negotiations with regard to workplace benefits, such as minimum wages, holidays, bonuses, and job security, take place between formal workers organized into labor unions and employers. These two parties are tied to one another through a state-backed legal contract. Formal workers demand the state for the legal right to benefits that an employer can provide. In return for labor, the state holds employers responsible for formal workers' livelihood and welfare. In some cases, the state provides direct universal welfare provisions to all citizens. With regard to workplace benefits, however, the state serves as a mediator between employers and unions, enforcing the legal contract when necessary. This conventional model acknowledges that employers also hire informal workers. However, the model assumes that these informal workers have no relationship (direct or indirect) with the state, because by definition employers are not required to recognize them under any legal work contract. Only once informal workers become formally recognized under state law, and therefore legally accountable for by employers, are they expected to participate in modern labor institutions and join the triad of industrial relations.

As newly independent nations began to industrialize during the second half of the twentieth century, prescriptions from the left and right attempted to apply this conventional model of state–labor relations to developing country contexts. The earliest development scholars in the 1950s, later known as modernization theorists urged poor states to build political institutions that could absorb the growing diversity of social demands (Huntington 1968; Kuznets 1955). Walt Rostow (1960) famously envisioned a "final stage" of development where developing countries

[17] As Peter Swenson argues, capital also supported these movements for compressed wages and universal, state-provided welfare policies, because they provided capital with a ceiling in labor market competitions (Swenson 2002).

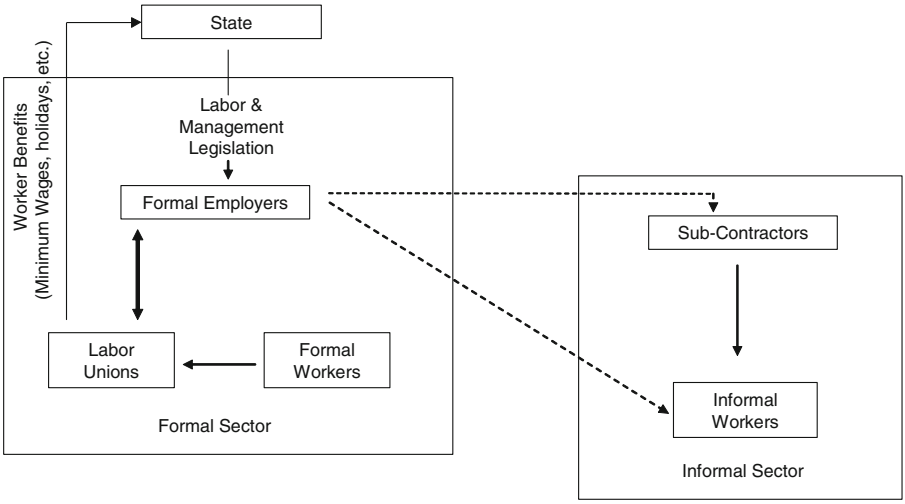

Fig. 1 Conventional model of state–labor relations

would follow in the footsteps of Western Europe, building governments that would protect the work benefits of their citizens through legal contracts that held employers responsible for their employees.

As part of this development vision, the predominantly informal labor force in poor countries was encouraged to join the modern, formal sector through rural–urban migration (Lewis 1955). The unprotected, informal sector was predicted to decline as economies grew and more state-protected, formal sector jobs were created. In the meantime, J. Harris and M. Todaro (1970) argued, new migrants would bear "wait unemployment," remaining unemployed or doing odd, informal jobs in the city. In other words, informal workers were viewed as an expression of Karl Marx's notion of a reserve army of labor—a pre-capitalist entity separate from the proletariat, invisible to the modern state, and *temporarily* operating on the margins of modern institutionalism (Marx 1906).

Prior to the 1950s, some intellectuals challenged this model by arguing that state–labor relations in poor countries could not be divorced from state–labor relations in rich countries. Formal workers in colonial states relied on the cheap, flexible, informal proletariat in the colonies to absorb the costs of labor reproduction in the modern, capitalist system (Lenin 1939; Luxemburg 1951). During the 1970s, dependency and world systems theorists argued that it was this reliance on and participation in the modern, capitalist world system that prevented labor in developing countries from establishing institutions that could push their states to hold capital accountable. Rather, the small capitalist class in poor countries propped up unstable, developing states that were unable to meet the welfare needs of the mass workforce. Through the weak and poor periphery state, local capital benefited from unequal trade relations with rich or core states. In turn, core states gained legitimacy by maintaining a protected workforce at home and accessing a cheap, flexible labor force abroad. The vast majority of labor in the periphery, therefore, remained unprotected by the state (Baran 1957; Chase-Dunn and Rubinson 1977; De Janvry and Garramon 1977; Frank 1969; Przeworski and Wallerstein 1982).

As I illustrate in the following section, Indian scholars and activists failed to incorporate these insights on the interdependence between modern and so-called "traditional" sectors into analyses on local labor institutions. Instead, they reified modernizationist calls to replicate the institutions developed in Europe and the United States during the industrialization era. While the prescribed institutions did not develop to the same extent in India as they did in the Social-Democracies of Europe, they did reproduce the conventional model of state–labor relations, where a social contract between state and labor necessitates that capital is held legally accountable for its workforce. These state–labor relations defined Indian informal workers' location in the economy and in labor's institutional structures in important ways.

India's informal workers in the conventional model

India's labor movement began in the early 1900s under British colonialism and was instrumental in the nation's fight for independence. The Trade Union Act, which formally enabled workers to organize and demand protection from their employers, was enacted as early as 1926. Influenced by the Keynesian consensus in the West (Singer 1997), and the labor movement in its own nation, the independent Indian government in the 1950s expressed a commitment to workers' welfare—at least in rhetoric. In practice, however, unlike in Scandinavia, direct universal welfare provisions were not enacted by the state for all citizens in India. Rather, the 1947 Industrial Disputes Act emphasized collective bargaining and compulsory adjudication as the central method for Indian labor relations (Punekar 1948).[18]

It was in this context that Indian workers in the *bidi* and construction industries developed significant labor movements. The government was viewed by both movements as a third party that could serve as a mediator between labor and capital. Organized workers' interface with the state was at first confined to rallies designed to attain legislation that held employers accountable to their employees. The state's role in ensuring workers' rights through employers was prioritized over the state's role in providing welfare benefits directly to labor. To enact protective laws, organized workers sought representation in the government through left-oriented politicians and held strikes against employers.[19] By the early 1970s, these movements had succeeded in attaining some protective legislation. In 1966, the first national-level legislation to protect *bidi* workers (the *Bidi and Cigar Workers Conditions of Employment Act*) forced employers to provide minimum wages and

[18] Much of the scholarship on Indian state–labor relations has focused on critiquing the state's bias in this system (see Ramaswamy 1988).

[19] Each political party in India has its own federation of trade unions. To date, the largest, most revolutionary federations have been attached to India's two left wing political parties: the Communist Party of India (CPI)'s federation is called, All India Trade Union Congress (AITUC), and the Communist Party of India-Marxist (CPI-M)'s federation is called Center for Indian Trade Unions (CITU). *Bidi* unions formed close ties to these parties during India's independence movement. While construction unions have operated more independently, the earliest construction union for informal workers was affiliated to CPI-M. Unions affiliated to right-wing and center parties have not made major gains in the *bidi* and construction industries. Note also that construction industry employers until the 1990s were largely state-owned.

work benefits (such as an annual bonus, maternity benefits, social security, and safe working conditions). In 1970, the *Minimum Wages Act of 1948* was extended to include the construction industry. In 1972, the *Contract Labor Regulation and Abolition Act* was passed to hold principal employers and sub-contractors responsible for providing casual labor with minimum wages and decent working conditions; this Act was to be applied directly to construction workers (Samant 1998).

Organized workers in both movements expected that once they attained state legislation that held employers accountable, they would locate the primary axis of their conflict and negotiation for workplace rights between their unions and their employers; interactions with the state would take place only when employer–employee negotiations failed. Not surprisingly, this approach limited union membership in both movements to formal workers—employed by private sector companies in the case of *bidi*, and by government projects in the case of construction. Unions recruited members in factories.[20] This focus on formal workers restricted the characteristics of union members in several ways. For example, by 1960, registered membership in both the construction and *bidi* unions was 98% male (GOI 1960). Formal workers also tended to be literate; in the case of construction, they were usually also skilled (Chakrabarti 1998; Girija et al. 1988).

Within unions, leaders taught members to view provisions from employers as "workers' rights," implying a formal contract between capital and labor. In 1934, union leaders from India's first *bidi* association wrote, "It is the duty of the employers to the human laborers to provide them with sufficient wages for subsistence and to limit the working time…. It is because the employers do not give a return in proportion to their labor expended at the workplace that the workers are forced to sweat like bullocks" (Isaac et al. 1998: 31). Drawing from the labor theory of value, workers demanded that capital provide fair returns for their work.

Since the contract was to be between labor and capital, the fair returns that workers demanded centered on what employers could provide, such as minimum wages, bonuses, and decent working hours. These provisions were considered sufficient to the broader goals of justice and human dignity. As Ram Ratnagar, General Secretary of All India *Bidi* and Cigar Workers Federation recalled, "At that time, our main demand was a minimum wage from the employer. We thought everything else could only follow from that."[21] Early guild associations in construction demanded employers for minimum wages and an annual holiday. As illustrated in a report written by the Construction Workers' Union in Tamil Nadu, during the 1950s and 1960s, the holiday was viewed as an opportunity to visit the temple, which would "confer recognition of the services of construction workers … thus giving them social recognition" (Girija et al. 1988: 94). By 1969, nearly 50% of industrial disputes focused on minimum wages and bonuses (GOI 1970).

Significantly, this organizing model excluded the mass of workers in both industries that were, in fact, informally employed. To the extent that some unions

[20] Although *bidi* manufacturing is not mechanized, the work-sheds in which employees sat to roll *bidi*s together were referred to as "factories."

[21] Interview with Ram Ratnagar, July 1, 2003.

addressed this group, they sought to bring them within the purview of the state-backed contract between capital and labor by formalizing them. In 1962, Sundar Navelkar, one of the earliest female lawyers in India and then a member of the Communist Party of India-Marxist, started the first construction workers' union for informal workers in Mumbai, Maharashtra. While the union's focus on informal workers was unique for the time, the union's organizing model and membership of literate men followed that of formal sector unions. The union fought to enact the National Contract Labor Act to limit capital's use of informal contract labor, which was considered an inferior option to regular, formal employment. The union also fought to ensure that employers provide the same working conditions to contract and regular workers through timely payment of wages and the provision of canteens, rest-rooms, drinking water, and first-aid boxes on the work sites. At the age of 83, Sundar recalled this early movement, "Workers learned they had a *right* to things. That was our greatest victory."[22] Meeting workers' "rights" was viewed as the responsibility of the employer.

Workers' collective action against capital in these early movements was militant and often violent. The first recorded strike in the *bidi* industry took place 1 month after the first *bidi* union was formed in 1934. For the next three decades, the strike served as the most popular form of workers' resistance. In 1951 alone, the Indian Government reported 120 registered strikes in the *bidi* industry; hundreds more took place on a spontaneous basis (GOI 1952). Even when strikes did not result in economic gains, they were heralded as a means to bolstering solidarity in both *bidi* and construction (Chauhan 2001; Isaac et al. 1998).

Despite these efforts, however, the apparent victories that formal workers attained in terms of state legislation and employer accountability soon boomeranged against them. To avoid being regulated, employers in both industries during the late 1960s hired even more informal workers that fell outside the jurisdiction of the new laws. These actions altered the demographics of the labor force in both industries. Unskilled women in construction were targeted to perform menial tasks, such as carrying bricks and cleaning and mixing cement (Vaid 1997). These women had not been actively involved in the labor movement, they were desperate for employment, and, most importantly, they were willing to work informally (Vaid 1999). On October 15, 1968 just months after the state of Kerala implemented the *Bidi Act*, the state's largest *bidi* company, Mangalore Ganesh *Bidi*, shut down all its factories, instantly laying off 12,000 workers (Isaac et al. 1998). Almost all *bidi* factories in the three cities covered in this study had closed down by the mid-1970s. In place of the largely male factory labor, *bidi* employers hired women who could manufacture *bidi*s in their own homes. Subcontractors were used to veil the employer–employee relationship, so employers could not be held responsible for their workers under the *Bidi* Act.

As predicted by the conventional state–labor relations model, both movements became dormant once the labor force overtly shifted from a formal to an informal one. Informal workers' employers are not constant, often unknown, and not held legally responsible for their labor. These circumstances of informal employment

[22] Interview with Sundar Navelkar, August 4, 2003. Emphasis in original.

made it impossible for unions organized under the conventional model to interact with the state by holding employers accountable to the newly-attained labor protection acts. As shown in Fig. 2, the number of registered industrial disputes fell after the early 1970s. Registered *bidi* disputes were sporadic between the 1950s and 1970s, but they generally maintained a high level. After 1967, however, they show a marked decline, and from 1973 onward, the Minister of Labor no longer even reported the number. Registered disputes in construction show a rising trend until 1970, after which they steadily decline. These trends mirror the aggregate picture of all industries at the national level shown in Fig. 3. As Sundar Navelkar lamented in an interview, "My attempt to bring workers' rights to informal workers failed."[23]

Today, as the globalization literature points out, changing state policies throughout the world are enabling even more firms to avoid labor protection legislation by hiring informal labor. Recent analyses rely on the conventional model to argue that such state actions are neutering the labor movement and thus undermining the state–labor relationship. The conventional model, however, provides a static snapshot of state–labor relations during the industrialization era and does not adequately explain how labor may respond when capital adjusts to avoid organized labor, and the state adjusts to protect capital. As the Indian experience illustrates, alternative institutions and new relationships between the state and labor can develop as both parties form a revised social contract that reformulates the nature of industrial relations in the current era.

A new institutionalism: reformulating state–labor relations

A closer look at the Indian case uncovers new forms of institutionalism that are developing to connect informal workers with the state, and helps inform a "reformulated model of state–labor relations" that is more relevant to the contemporary era (see Fig. 4). Significantly, the findings outlined below on Indian informal workers' organizational strategies are consistent regardless of industry-level variations in conditions of work and state-level variations in economic and political landscapes.[24] Unearthing these new patterns requires a challenge to the theoretical assumptions embedded in the recent globalization literature. To this end, I propose greater attention to (1) the qualitative nature of the state–labor relationship; (2) the inter-dependent and dynamic characteristics of states and of organized labor; and (3) the creative and diverse ways in which the triad of industrial relations has and will continue to be shaped.

The setback in workers' organization in India's *bidi* and construction industries appears to have been temporary. By the end of the 1970s, as the Indian state continued to absolve employers of responsibility for their workers, informal workers began to show that their increasing vulnerability was unsustainable. In 1979, informal construction workers in Tamil Nadu formed the Tamil Nadu Construction

[23] Interview, August 4, 2003.

[24] Although organizational strategies appear consistent across states, I find that the conditions for success or failure vary by state-level economic policy and political leadership. Industry-level variations remain absent in terms of conditions of success. For more on this analysis, see Agarwala 2006.

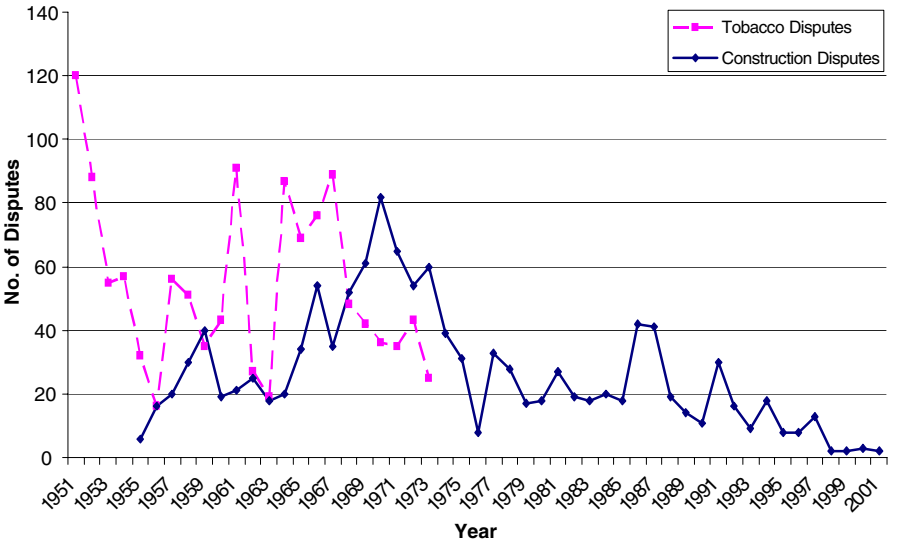

Fig. 2 Number of disputes in *bidi* and construction. Data drawn from Indian Labor Year Book, Ministry of Labor, and Government of India (compiled from multiple issues)

Workers Union (TNCWU), which has been heralded in recent media as the forerunner of a reformed informal workers' movement (Manchanda 1993; Reporter 1994; Reporter 1999). By the mid-1980s, informal workers in both industries revived their labor movements, albeit in new terms that could address the state's response to formal workers' demands for employer accountability. The new movement includes the mass labor force of illiterate men and women, and it aims

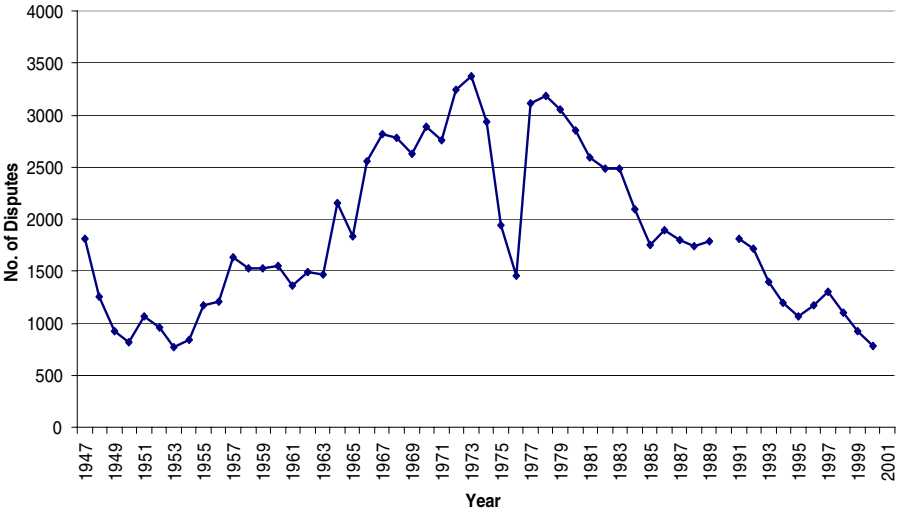

Fig. 3 Number of total disputes (all industries). Data drawn from Indian Labor Year Book, Ministry of Labor, and Government of India (compiled from multiple issues)

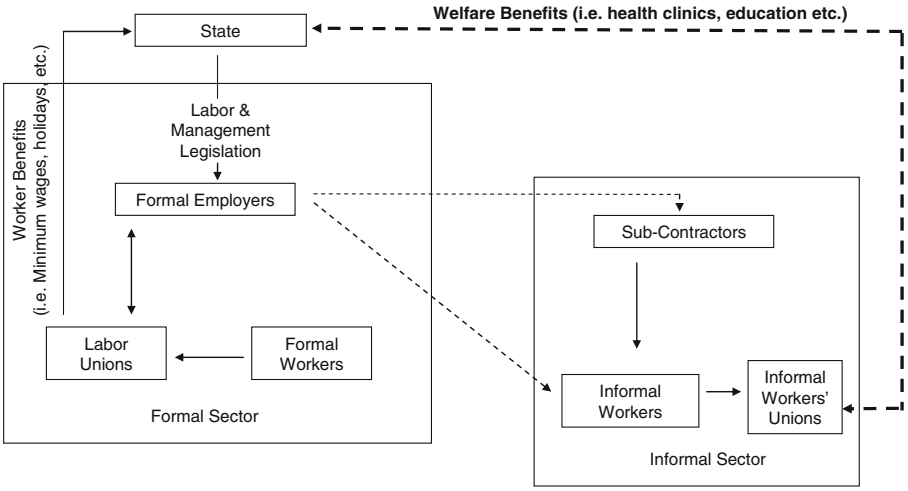

Fig. 4 Reformulated model of state–labor relations

to protect workers *within* their informal employment status, rather than trying to formalize them. As a result, the movement has had to create new institutional structures to overcome the numerous obstacles to organizing informal workers under traditional institutional structures.

As depicted in Fig. 4, informal workers are indeed organizing into their own unions. Unlike formal workers' unions, however, informal workers are unable to demand that the state hold capital responsible for labor. Rather, organized informal workers are overcoming the employer challenge by holding the state directly responsible for their needs through the concept of *citizenship*. As Charles Tilly (1997: 600) highlights, "Citizenship designates a set of mutually enforceable claims relating categories of person to agents of governments." In the post-war era, scholars highlighted the working class in developed countries as a primary "claim-maker" that successively incorporated civil, political, and, eventually, social rights into a single rhetoric of national citizenship (Hanagan 1997; Marshall 1964). In post-reform India, I find that informal workers are organizing along class lines and using their power as voting citizens to expand their rights and make social welfare claims on the state. To this extent, Indian informal workers are reifying part of the original goal of social democratic labor movements-a social wage that "de-commodifies labor"-by embodying an expanded notion of citizenship.

This alteration in state accountability for labor is expressed as a necessary response to the state's new policies toward capital. As the following testimony eloquently illustrates, even *bidi* organizations that remain tied to left-wing political parties have joined the new approach. Vajeshwari Bital Iravati, a 55-year-old member of Mumbai's *bidi* union, has a typical background for women *bidi* workers in the area. She is a member of the weaver caste. Her family migrated to Maharashtra from the southern state of Andhra Pradesh. Although Vajeshwari grew up in rural Maharashtra, she moved to Mumbai with her husband and in-laws shortly after her marriage 35 years ago. In Mumbai, the men in the family got jobs in the textile mills, while the women continued to roll *bidi*s at home. Although the mill

work sustained the family for some years, once her husband died, Vajeshwari was responsible for raising their two sons and caring for her elderly in-laws. The mill did not provide any pension.

Vajeshwari joined the *bidi* union shortly after arriving in Mumbai. She learned about the union from the other women on her street with whom she rolled *bidi*s. The Mumbai *Bidi* Union is affiliated to the Communist Party of India, so Vajeshwari was raised in the traditional class struggle philosophy. She recalled the early days of the *bidi* struggle, "One time we wanted a bonus like they got in the village. We quickly spread the word to fight the employers, so when the union told us to strike, 2,000 of us stopped working!" Despite her background, Vajeshwari explained why she has had to shift the target of her demands to the state, "Now we always sit outside some parliament building to make sure those fat government officials give us what we need. There is no use in going to the employers. They are all thieves. They don't even admit we work for them. They will just kick us out of our jobs if we ask them for anything. But the government cannot kick us out of the country for making demands!"[25]

Alamele, a 60-year-old construction worker in Chennai explains her focus on the state, "We need to fight with the government for a pension or we will be alone one day. Nobody cares for old women. Employers don't want to hire us and children leave us."[26] Alamele has been the sole income earner in her family since she got married. Her husband had numerous health problems and was unable to work. Ten years after their marriage, he passed away. As a migrant to the city, she had no support from nearby family members. To Alamele, the government is the only source of protection left. When the Tamil Nadu Construction Workers' Union formed, a new party called ADMK[27] had just won the state government elections and, as Union Founder Geeta Ramakrishnan said, "There was an element of hope that the newly elected government would look into our demands more sympathetically."[28]

Because informal workers have shifted their focus directly to the state to avoid footloose capital, they have also had to shift their demands to welfare benefits that the state can ensure, such as health and education, rather than work benefits that rely on an employer, such as minimum wages and job security. Although they also continue to fight for work benefits, organization leaders express frustration with the futility of past efforts, given employers' ability to skirt their legal responsibilities. As Aran Pande, Founder and Head of West Bengal's Independent Construction Union, explains, "Our state [West Bengal] has so many laws for labor, but they are useless and corrupt, even with my good connections. Now, we don't even fight for a minimum wage, because it created so much unemployment here. Instead we fight for our workers to live."[29] In Maharashtra, Vayjanta, General Secretary of NIRMAN,

[25] Interview, May 27, 2003.

[26] Interview, August 13, 2003.

[27] ADMK stands for Anna Dravida Munnetra Kazhagam. This is a local party in the state of Tamil Nadu, and it is one of the two major parties that have ruled the state since the early 1960s. The other party is DMK (Dravida Munnetra Kazhagam).

[28] Interview with Geeta Ramakrishnan, July 9, 2004.

[29] Interview, November 16, 2003.

the Mumbai's Construction Workers NGO, explains, "Laborers are not interested in fighting for wages anymore. They are more concerned about human rights issues, such as education, malaria, safe child delivery, and isolation. They don't want to rebel anymore, they want a job."[30]

In virtually all cases, interviewed workers' narrowed their demands to one or two issues, although they lacked basic needs on several fronts. Seventy-two percent of the expressed demands addressed welfare issues, while the remaining 28% concerned traditional workers' rights issues. In six of the seven organizations, members' demands were consistent within their organization and reflected a campaign that the organization was waging toward the government.[31] For example, in the Mumbai *Bidi* Workers' Union, over 70% of the interviewees said that their primary need is home-ownership. The Union is in the midst of a massive campaign to hold the state government accountable for their promise to provide all *bidi* workers with housing subsidies under the *Bidi* Welfare Act. Similarly, over 50% of the interviewees in the Chennai Construction Workers Union said their primary need is support for the education and marriage of their children. Again, the Union is in the midst of a campaign to force the government to implement these provisions promised under the Construction Welfare Board.

This consistency between organizations' movements and members' responses show that campaigns are being waged by the members, not just the organizational leaders. Members often compare their level of involvement in the new movements to their exclusion from the previous movements. Laxmi Panday Nakka has been a member of the Mumbai *Bidi* Union for 15 years. Like most other *bidi* workers in Mumbai, she is illiterate, a member of the weaver caste, and a migrant. She explains:

> Nowadays, I understand what is happening in the rallies. Before, the big men [union leaders] went inside to talk with employers, and we didn't know what was said. They never taught us how to speak. But now we make Ministers come out and talk to all of us. We speak very softly to them and explain our situation.[32]

Operationalizing a new institutional structure

Although informal workers' ultimate goal of embodying a notion of expanded citizenship mirrors that of early social-democratic labor movements, the institutions they use to attain material welfare benefits from the state deviate from those used by formal European labor, because their political choices and ability to use state machinery differ.

[30] Interview, April 16, 2003.

[31] In the case of the Calcutta *Bidi* Union, although union leaders stated they were fighting for the implementation of the *Bidi* Welfare Board, most members did not know what the Board was and stated that they needed "everything," when asked what their primary needs were. The reasons for this appeared to be located in leadership style. Further exploration on this is beyond the scope of this article.

[32] Mumbai *Bidi* Union, interview, May 30, 2003.

First, informal workers have operationalized their appeals to the state for welfare benefits in the form of tripartite Workers' Welfare Boards. These Boards, which are currently industry-specific, are funded by workers, employers, and the government, and implemented by state governments. In return for their membership fees, workers receive welfare benefits from the Boards. Tables 1 and 2 outline the promised welfare benefits from the Welfare Boards in construction and in *bidi*; note while these benefits are promised under law, they have not yet been received by all members in this study. Because unions have succeeded in reaching informal workers, the government uses unions to certify that Board members are indeed informal workers.[33] Significantly, benefits are extended to workers, *regardless of who their employer is.* The blueprint for informal workers' Welfare Boards came from a model initiated by formal workers in the 1950s (GOI 1952).[34] The early labor welfare laws, however, were viewed by unions as a temporary solution that focused on protecting formal workers at their workplace in areas where labor legislation had not yet extended. As noted by the Ministry of Labor in 1960, welfare provisions were "very slim" among informal contract workers (GOI 1960: 136). In contrast, organized informal workers today channel most of their resources into pressuring state governments to implement the Welfare Boards.[35] These Boards are viewed, not as a temporary solution, but as a new institutional structure that can accommodate informal workers' needs under current economic conditions.

Second, to pressure the government to implement welfare boards, informal workers disrupt the work of political leaders by holding non-violent demonstrations and hunger strikes in front of their offices and during election campaign rallies. During these demonstrations and rallies, organized informal workers no longer appeal to claims of workers' rights and demand the state hold an employer responsible for their livelihoods. Rather, they appeal to citizenship rights by demanding the right to basic needs directly from the state. In return, they offer political leaders their support and their willingness to continue working informally. In other words, informal workers' organizations use the power of their members' votes by *claiming* representation of the mass informal workforce. As a result, independent unions and those tied to left-wing political parties hold all state officials responsible for workers' well-being, regardless of the officials' party affiliation. As a testimony to the success of their message, Jhiru Viruthagiri, Head of Tamil Nadu's Construction Welfare Board, candidly noted, the state's "welfare boards were implemented in an election year. I even had a meeting with senior officers, where they were very open about the importance these boards have in securing votes."[36]

Third, informal workers' job insecurity poses a formidable challenge to their participation in traditional strategies that disrupt production through factory-based strikes and violent threats toward employers. Therefore, during their campaigns,

[33] Manohar Lal, Director General of Labour Welfare Organisation, interview, June 2, 2003.

[34] The first industry-level labor welfare acts in India were: The Indian Dock Labourer's Act (1934), Mica Mines Labor Welfare Fund Act (1946), and Coal Mines Labor Welfare Fund Act (1947).

[35] Although many are also fighting for a minimum wage, the welfare demands form the bulk of the activity.

[36] Jhiru Viruthagiri, Interview July 2003. Viruthagiri is a Joint Commissioner of Labor in the Tamil State Government.

Table 1 Construction workers' welfare board: contributions and benefits

Contributions	
Employers	0.3% of cost of building. Required for approval from municipal corporation
Workers	Rs. 25 for registration and Rs. 10 every 2 years for renewal
Government	Contribution for start up and continuation (varies by government)
Benefits to workers (Rs.)	
Accident compensation for worker	
Death of worker	100,000 paid to beneficiary
Loss of limbs, eyes	up to 100,000
Education scholarship for worker's children	
10th grade	1,000
12th grade	1,500
BA, BS, Blaw	1,500; 1,750 if in hostel
English, medicine, veterinarian	2,000; 4,000 if in hostel
Industrial and technical course	1,000; 1,200 if in hostel
Post graduate	2,000; 3,000 if in hostel
Professional post grad training	4,000; 6,000 if in hostel
Marriage	2,000 to child or worker
Maternity leave, abortion, or miscarriage	2,000 to woman worker
Natural death of worker	10,000 to family
Worker's funeral	2,000
Spectacles	250–1,000
Pension	Under consideration

Note: these benefits are promised under the law. Not all have yet been received in the cities under study. (Rs. 39=US$ 1)

informal workers ensure that production continues. Ramakant Patkar, General Secretary of Mumbai *Bidi* Union recalled with great pride a rally he led of 3,500 *bidi* workers in front of the Parliament, "We rolled our *bidi*s outside all day. Finally, the Labor Minister and the Housing Minister come out to speak with us. This gave the ladies a lot of confidence. They offered to get us tea, but I warned them not to make these ladies' heads hotter than they already were!"[37] Although leaders of the earlier movements criticize the new approach for being less radical, the members and leaders of the new movements view the welfare-oriented struggle as strong as, and more appealing than, the violent struggles of the past. Many pride themselves for being more attractive to workers than the traditional movements.[38]

Finally, to overcome the challenge of organizing informal workers who do not gather on a shop floor, unions organize members at the neighborhood level. In *bidi*, the home is the workplace. *Bidi* union offices in all three states are located in the slums where most *bidi* workers live, and union leaders invest substantial time visiting each worker's home. In construction, the workplace is oftentimes the home.

[37] Interview, March 31, 2003.

[38] Although traditional unions have traditionally shunned informal workers, recently their dwindling membership has forced them to increase their interest in partnering with informal workers' movements. At the 2005 annual meeting for CITU, one of the largest and oldest union federations in India, for example, leaders made understanding and mobilizing informal workers their top priority for the year.

Table 2 *Bidi* workers' welfare board: contributions and benefits

Contributions	
Employers	Rs. 2/1,000 *bidi*s produced. Collected by Department of Custom & Excise
Worker	Rs. 100 for registration, Rs. 25/year renewal
Government	By item (ex. housing, pension)
Benefits to workers (Rs.)	
Health	
Tuberculosis and cancer	100%
Kidney failure	55,000
Spectacles	500
Child birth	2 child deliveries for woman worker
Basic treatments	Free dispensaries
Education scholarship for worker's children	
1–7th grade	500/year
8–10th grade	1,000/year
College	3,000/year
University	100,000. Must score >70% on exams (girls receive double after 5th grade)
Housing—250 ft^2	
From central government	25,000
From state government	25,000 (worker pays remaining costs)
Worker's funeral	25,000
Pensions	

Note: these benefits are promised under the law. Not all have yet been received in the cities under study. (Rs. 39=US$ 1)

In Mumbai, for example, contractors bring migrant workers from the village to live on urban construction sites for the duration of a project. The Mumbai Construction NGO enters sites by partnering with municipal corporations to provide workers with on-site childcare centers and health services. Although they gain employers' trust by claiming to offer apolitical social services, they use the day care centers to teach members their welfare rights, while simultaneously fighting for Welfare Boards at the policy level.[39] In West Bengal and Tamil Nadu, where construction workers gather daily at a street corner near their homes in the hopes of getting picked up by a contractor for a day job, members and officials of the construction unions visit the corners to mobilize new members. The West Bengal union then holds fort-nightly "reading circles" in workers' neighborhoods in the evenings. Two literate members teach potential members about the Welfare Boards, so they can all help pressure the state government to implement it.[40] In Tamil Nadu, meetings are often held in various neighborhoods in the evenings; the union office serves as a central focal point where members from different neighborhoods can gather to hold discussions or merely rest.

In 1985, The Tamil Nadu Construction Workers' Union launched a national seminar to extend its movement for a Construction Workers' Welfare Board targeting informally employed workers into all Indian states. For the next 10 years,

[39] The centers are funded by grants attained by NIRMAN, as well as contributions from some employers.
[40] Construction workers in all three states include on-site workers and day job workers who stand at a street corner. For historical reasons the Mumbai NGO targets on-site workers, while the West Bengal and Tamil Nadu unions target the day job workers.

construction workers' organizations fought against Builders Associations to lobby Chief Ministers, Members of Parliament, and the Prime Ministers of India to pass this bill. In 1989, they submitted a joint petition with 400,000 signatures of construction workers from across the nation demanding the protective legislations. Finally, on August 19, 1996, then-Prime Minister H.D. Deve Gowda enacted the *Building and Other Construction Workers' Welfare Cess Act*, which called on each state to implement its own Construction Workers' Welfare Board.[41] The announcement received substantial media coverage, as it was the first of its kind (Correspondent 2001; Gopinath 1997; Reporter 1994; Reporter 1995; Reporter 1996). To date, Tamil Nadu and Kerala have fully implemented their Boards, and Delhi, Pondicherry, Haryana, Gujurat, and Madhya Pradesh have initiated theirs.

During the same period, *bidi* unions also revived their struggle to pressure state governments to re-implement Welfare Boards for informal *bidi* workers.[42] As a result, the *bidi* cess collection was resumed on May 22, 1987. In addition, the *Bidi* Welfare Fund Act was amended to make the failure to issue worker identity cards to *bidi* workers an offense under the Act. Finally the revised Act made family welfare one of its primary objectives (GOI 1990). By 2002 the *Bidi* Board had provided identity cards to nearly 4 million workers and had built four new hospitals with 160 beds and 210 dispensaries and chest clinics designed especially for *bidi* workers. The hospitals and dispensaries are all located in the heart of the slums and villages, where the majority of *bidi* workers live (GOI 2002). The most publicly lauded success of the *Bidi* Welfare Board has been the housing projects. The state and central governments contribute Rs. 40,000 and each worker contributes Rs. 10,000 toward a one-room kitchen tenement and a courtyard, leased in the woman *bidi* worker's name. In March 2004, the President of India, A.P.J. Abdul Kalam, inaugurated the largest such project of 10,000 homes in Sholapur, Maharashtra. For 4 years, the local workers' organization and a Legislative Assembly Member, Narsayya Adam (member of the Communist Party of India), had pressured the state government to approve the project. It is now completed and exhibited as a model of "public–private partnerships." Chief Executive Officer of the Maharashtra State Housing and Area Development Authority, Uttam Khobragade, wrote, "[This] is a wonderful experiment executed by the collective efforts of the poor" (Pandhe 2002; Singh 2004a, b).

Toward a social legitimacy

India's economic reforms have forced informal workers' organizations to alter their strategies and fight for new institutional structures in order to survive. These strategic and institutional changes have, in turn, had an important impact on reframing the nature of state–labor relations in the current era. Rather than

[41] On the same day, the government also enacted The Building and Other Construction Workers' Regulation of Employment and Conditions of Service Act, which catered to the requests of the Builders Association to apply minimal protections on work conditions.

[42] In 1976, the Government of India passed the *Bidi* Workers Welfare Cess and Fund Act. However, the collection of the cess designed to fund the welfare board was stopped in 1979. Unlike the Construction Boards, the *Bidi* Board is controlled by the Central Government, under the Directorate General of Labor Welfare (DGLW) in the Ministry of Labor.

identifying themselves as antitheses to capital, with the ideal state as a third-party arbiter, informal workers define themselves as worthy citizens, thereby legitimating themselves as primary claim-makers on the state. Such social legitimacy was expressed by almost all the respondents as a means to bypass traditional groupings and to ultimately lend dignity to their discontents.

When informal workers join a welfare board, they receive an official identity card from the government. This card proves state recognition of their work, even in the absence of employer recognition. Forty percent of the respondents in this study who had received a worker identity card said it was one of the most important benefits they had received from their organization, even when they had not yet received any material benefits from the card. On February 10, 2000, 1 month after Tamil Nadu implemented a Welfare Board for 54 unorganized occupations, a leading Indian newspaper reported that activists and trade union leaders expressed, "a general agreement that the most important aspect of the scheme [Board] was that it provided an opportunity for the unorganized sector workers to acquire an identity as toilers/workers" (Correspondent 2000). The importance of the state's acknowledgment of their work status is expressed by workers as a means to social legitimacy, especially when their other identities demote them on the social hierarchy.

Take Jyotsna Bhoya, a member of Calcutta's Communist Construction Union, for example. Jyotsna's parents were construction workers and migrated to West Bengal from the neighboring state of Bihar before she was born. Because her family moved from site to site, and she is a member of the lowest caste in Hindu society, Jyotsna did not attend school and is illiterate. At the age of 13, she was married to a family of sweepers. She is now 28 years old and a mother of four girls; she has no sons. At the age of 17, Jyotsna began working as a construction worker because her husband's income was too small to sustain the growing family. Each day, Jyotsna commutes 4 hours on the train by herself to find work in the city. In order to complete her work shift, she must ride the train before dawn and after sunset. As a young, lower-caste, illiterate, Bihari migrant woman, traveling alone at odd hours, Jyotsna is vulnerable to abuse. Four years ago, a fellow worker convinced her to join the union, because they promised to "empower" her.[43] The most empowering benefit Jyotsna felt she had received from the Union to date has been the identity card. "With this card, I don't feel scared walking home from work at night. If the police stop me, I can show them that I am a construction worker, and not a prostitute or some wasted woman," says Jyotsna.[44]

For Badhrunisa, a member of Chennai's *Bidi* Union, the worker identity card legitimates her as a vital part of modern, urban society. Badhrunisa is 32 years old, illiterate, and Muslim. Badhrunisa was born into a *bidi*-making family and began rolling *bidi*s by her mother's side when she was 7 years old. She was married at the age of 20 and gave birth to a daughter the following year. Shortly after her daughter's birth, her husband left her. Today she lives with her mother and her 12-year-old daughter. Like many of her neighbors, Badhrunisa's most important goal in life is to educate her daughter. Still, however, she relies on her daughter's

[43] Jyotsna used the word "empower" in English, although she does not speak English.

[44] Interview, December 16, 2003.

help in rolling *bidi*s after school. Living in an all-female home, Badhrunisa must constantly face the charges that she was a "bad wife" because she could not keep her husband happy or bear any sons; a "bad daughter" because she could not help to keep her father alive; and a "bad mother" because her daughter is still working in "the dirty *bidi* profession". Five years ago, Badhrunisa joined the union because they helped connect her to a new *bidi* contractor. Badhrunisa was adamant that she "did not join the union to fight." The biggest benefit of the Union for Badhrunisa has been the identity card. "This card proves that I am a *good* worker. I show it at the municipal office, when I have to ask for water. I show it when I register my daughter at the school. I show it at the *bidi* workers hospital, so I can get help faster than at the [public] hospital. With this card, everyone knows I work."[45] To Badhurnisa, a government-issued card that proves she is a worker arms her with a legitimate identity that she would otherwise have lost by joining the informal sector. Being a legitimate member of society allows her to meet her basic consumption needs.

Empowering women

In addition to facilitating informal workers' access to welfare benefits and social legitimacy, the state's recognition of their work has empowered women passed their traditional social groupings, such as caste and gender. Over 80% of the respondents spoke to this point. Within the organization and at meetings women spoke on par with men, and caste delineations faded to the background. *Bidi* organizations, for example, are still led by men who belong to a different caste from that of the members. Yet women spoke forcefully toward male members and leaders.

Anamabai Dararat Yamool, a 90-year-old *bidi* worker in Mumbai, explained, "All I got after all these years of fighting was the title of being a daring person. But I would not be alive today without this title."[46] Anamabai was married at the age of 9, and at the age of 11, she moved with her new husband and in-laws from rural Maharashtra to Mumbai. Like her neighbors, her husband worked in the textile mill while she rolled *bidi*s at home. Anamabai learned the trade from her mother-in-law. No one in her family was literate. Although they had enough money to eat and drink for some years, Anamabai had no security of her own. She had no children, so when her husband died, her in-laws pushed her out of the house. She moved into a one-room home and lived by herself. As a widow with no family, Anamabai was particularly vulnerable. However, she had been an active union member for several years, which has helped her survive.

In another interview, Bappu, the leader of the Chennai *Bidi* Union began chiding women for being uneducated and inactive in the struggles, "Now these women members just want free scholarships. They don't want to fight." Tajunisha, a 38-year-old, Muslim *bidi* roller and member of the union, immediately yelled back in front of the bystanders, "We were there with you fighting for housing, for cards,

[45] Interview, July 14, 2003. Emphasis added.

[46] Interview, May 27, 2003.

against the anti-smoking ban! You just don't notice us, and then you tell others you did all the work! You think we are dogs that can't think. We are the ones rolling the *bidi*s and cooking and cleaning. You just come in and eat and leave."[47]

Tajunisha wears a *burkha* (Muslim head scarf) and a gown to cover her whenever she is outside. Inside the union office, however, her *burkha* slips from her head, and she does not bother to fix it, despite the presence of men in the room. Tajunisha does not want to participate in the violent struggles that union members engaged in during the 1970s, but she views her current actions as a "strong fight" nonetheless. Tajunisha's mother and husband forbid her to roll *bidi*s because they feel it demotes the family. Her husband has a part-time job in a bakery, but "he rarely goes to work. He just drinks and sleeps all day." Therefore, Tajunisha continued to roll *bidi*s and collect her own income in stealth. "My *bidi* has been my *Laxmi* [Hindu goddess of wealth]. If it wasn't for my *bidi*, my family would not be alive today," she explained.

Tajunisha studied until the fifth grade and can only sign her name. She is sorry that she is not more educated, but she is proud of what she has done despite this "weakness". She details to me the marches that she has participated in and the newspapers and television cameras that came to cover her. Tajunisha's greatest testimony for her struggles is that none of her three children "even knows how to roll *bidi*s!" She exclaims with pride, "I made sure that they are all in school." Since joining the union 5 years ago, she has received an identity card, which has given her children scholarships for the past 2 years, qualified her for a pension account, and allowed her to use the specialized *bidi* hospital in her slum. Tajunisha's membership in an informal workers' union enables her to explicitly contribute to her children's mobility, regardless of her sex or caste.

Tajunisha also uses the union as a source of information. For example, after my interview with Tajunisha, she overheard me asking another interviewee about bonuses. Tajunisha was not aware that she was eligible for a bonus. After hearing me ask about it, however, she grabbed a fellow union member and neighbor and approached their contractor about bonuses. The contractor denied her any bonus, so she returned to the union office the next day to request help in getting this bonus. Information becomes a powerful resource to union members; it is a medium of exchange to strengthen the tangible benefits represented by the card.

The Tamil Nadu Construction Union has used the union office to create a physical space in which members can bond over their common work experiences and vulnerabilities, despite their diverse gender and caste backgrounds. In the office, they relax after work, vent frustrations about employers and spouses, gossip, and nap. As member, Muniyama, explained, "I have not gotten any monetary benefits from the union. But emotionally, I am more confident. I know my rights. I like coming to meetings here. In this house, I feel like I belong to a group." When a police man once asked her why she is bold enough to participate in a rally, she answered, "I am in the union. The men are striking, so I must too."[48]

Muniyama moved from rural Tamil Nadu to Chennai as a new bride. Her husband was a construction worker and was promised more work in the city. At the time

[47] Interview, July 12, 2003.

[48] Chennai Construction Union, July 18, 2003.

Muniyama did not work. Shortly after their second daughter was born 30 years ago, however, Muniyama's husband died, forcing her to start working. Since then, she has been a construction worker, and she joined the union 20 years ago. Muniyama is provided the strength and support she needs to manage her daily struggles as a woman living alone. For example, Muniyama's most important experience with the Union was when her daughter was kicked out of her husband's home with none of her personal belongings. The union filed a case with the police. "I don't yet know what will happen, but it made me and my daughter very happy."[49] As a union member, Muniyama gains visibility in her society.

Conclusions

Using in-depth interviews of labor leaders and organization members in two industries (*bidi* and construction), this study examines how informal workers are organizing to improve their livelihoods in post-reform India. Contrary to existing assumptions on labor organization, India's informal workers prove that the conditions of informal employment do not preclude a priori workers' organization and interaction with the state. Rather, the recent changes in state regulations have forced Indian informal workers to respond by capitalizing on their very working conditions to build a unique collective action effort. As the Indian state attempts to retreat from its earlier role holding employers responsible for workers' well-being, informal workers have held the state directly responsible for the de-commodification of their labor. In doing so, informal workers are challenging long-held assumptions on Indian industrial relations by working around capital's lack of accountability. Through Welfare Boards, informal workers are demanding the state recognizes their work and provides them with welfare benefits, regardless of their employer. Such recognition bestows informal workers with a degree of social legitimacy, thereby dignifying their discontent, empowering women past their traditional groupings, and bolstering their status as claim makers in their society. In return, informal workers agree to engage in economic activities that are not protected by the state or their employer. Such low cost, flexible labor is crucial to the liberalization agenda of both the state and capital. To mobilize unprotected workers, unions organize at the neighborhood level without disrupting production. To attain state attention, informal workers have shifted from a worker's rights rhetoric to one of citizenship rights. Given the growing attention in the recent literature on globalization to the decline of labor mobilization (Western 1995), along-side evidence of states' decreasing capacity to protect their citizens due to their loss of control over capital flows (Castells 1997; Tilly 1995), these findings are surprising, as they show that both the state and labor are exhibiting their continued importance in shaping India's current reform era.

Significantly, this in-depth analysis of the alternative movements emerging among India's informal workers emphasizes (1) the ever-changing *qualitative* nature of state–labor relations, (2) the inter-dependent and dynamic nature of states and labor, and (3) the creative and diverse ways in which the triad of industrial relations has and will continue to be shaped in response to specific historical and political

[49] Interview, July 18, 2003.

contexts. These conclusions unearth a new set of institutions informal workers are building to rewrite the social contract between state and labor, thereby inspiring a reformulated model of state–labor relations (see Fig. 4).

In addition to improving our understanding of how workers respond to current changes in state policy, the reformulated model yields important implications for future work on informal workers, on collective action, and on democracy. First, the unique relationship that Indian informal workers are building with their government calls for a qualification of the prevailing definition of the informal sector. A more precise definition must acknowledge that informal workers are ensuring that the lack of state regulation and protection of their labor is limited to the conditions of their work and their employer, and does not apply to their welfare at home or in their family. Indian informal workers remain unprotected by state regulations that hold employers accountable for their workforce. However, they have managed to attain some welfare protections and benefits from the state, and they are actively fighting for more.

Second, the strategies that marginalized groups use to express their political voice as state policies erode their material circumstances reveal important insights into the unintended consequences of collective action in the context of neoliberalism. Neoliberal policies are often attributed for undermining the power of labor organization by eclipsing the role of the state in labor protection. However, these very strategies have also empowered informal workers by deeming their flexible labor a crucial peg in the neoliberal project. Indian informal workers are capitalizing on this power, combined with their power as citizens in a democracy, by organizing as a class to secure themselves as direct beneficiaries of the state. Such tactics call on scholars to be more cautious in writing off all class-based politics in the current era of ascriptive-based collective action.

Additionally, neoliberal strategies have succeeded in taking the state out of the detailed planning and control of the economy by blurring the boundaries between the public and private spheres through informal work. Ironically, however, informal workers have used these same strategies to pull the state deeper into directly managing and providing for people's daily lives in the private sphere. In India, informal workers have extended their private expectations, norms, and relations into the public arena by forcing the state to participate in decisions involving their children's education, health-care, marriages, and even personal identity. In doing so, they have reformulated liberal strategies of labor politics that distinguished between the private and public sphere. These findings raise important questions on the future of women's collective action efforts. Feminist movements have long sought a fair balance between state control and state protection in the private sphere. How will this balance be affected as workers force the state to subsidize capital by taking greater responsibly for the reproduction of labor?

Finally, the strategic alterations that informal workers have made to traditional formal labor movements by shifting the focus from worker vs. employer to citizen vs. the state, raises important questions about the future of democracy in India. Economic reforms are increasing the mass population's vulnerability. Yet the nation's political system has enabled the most vulnerable workers to hold the one actor that cannot escape (i.e., the state) responsible for their welfare by forcing the state to acknowledge that they simply cannot live on the below-subsistence wages and unstable work they are currently receiving. While India's liberalization policies

have undermined informal workers' rights to make legal claims on employers, India's democracy has armed them with the power of political support and the right to make citizenship claims on the state. On one hand, informal workers are reifying the broader goals of collective interest that European social democracies fought for during the industrialization era. The mechanisms they are using necessarily differ. On the other hand, informal workers' focus on welfare benefits from the state does not address the structural changes needed to ensure social equity. Moreover, informal workers are a long way away from receiving all the welfare benefits that have now been promised by the state. As a result, they invest substantial time and resources into ensuring the sound implementation of the Welfare Boards. This approach opens windows of opportunity for populist political leadership to ascend over progressive, programmatic leadership. Additional research across time and non-democratic countries will be required to test whether this is indeed a new phenomenon or a constancy of democracy.

The informal workers' movement is at a critical juncture in terms of its future growth. On one hand, the movement could grow to shape the state's role in workers' lives across all sectors of the economy. On the other hand, the movement could regress into a traditional patron–client pattern where the state extends benefits to workers in an ad hoc manner. Further research into informal workers' movements in a liberalization context is essential to understanding the differences in organizational structures and the challenges that emerge in the implementation of state benefits for workers.

Acknowledgments The research for this article was funded by a Fulbright-Hays Foundation Doctoral Dissertation Research Abroad Fellowship and a Dissertation Research Grant from the Program for Urbanization and Migration, Princeton University. I wish to thank (listed in alphabetical order): David Bensman, Fred Block, Vivek Chibber, Dan Clawson, Patricia Fernandez-Kelly, Ron Herring, Atul Kholi, Ching Kwan Lee, Alejandro Portes, Andrew Schrank, Gay Seidman, Marta Tienda, and *Theory and Society* reviewers for their extremely insightful comments on earlier drafts.

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