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Social Implications of Neo - Imperialism in India

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Introduction

The globalisation process, which aimed at integration of economies and global development, is basically a reflection of neo-imperialism ideas. The question addressed in this paper is: what are the social implications of the neo-imperialism (globalisation) process in India, particularly on the social security aspects of the working population?

Development without security is dubious. Human development can be fostered only in an environment of security. From the angle of Human Development, security has many dimensions namely – Environment Security, Social security and Personal security. Of these, Social Security is the most important in the sense that it ensures every citizen, in case of adversity, social safety and protection and reasonably good quality of life.

Social Security is a dynamic concept lending itself to various interpretations depending on culture, traditions, ideals, human values, social legislation, stages of economic development, size of population and capacity of a country. Social security is therefore understood differently in different countries. In some countries, the term refers to all the governmental programmes designed to maintain income; in others it applies mainly to social insurance programmes; in still others it covers a variety of health and welfare services.

In specific terms, social security refers to governmental protection for persons who lose their incomes because of disability, old age, unemployment and death of the head of the family or circumstances beyond their control. Thus, social security denotes public programmes to maintain, protect and raise basic living standards.

The aims of social security measures are compensation, restoration and prevention. While compensation implies income security, restoration implies cure of the sick and the invalid and prevention, avoidance of loss of productive capacity. However, in the present context, its aim

has been widened to include the promotion of the whole quality of life and its coverage in taking care of all persons from womb to tomb.

Technically speaking, Social Security has three aspects viz., Food Security, Employment Security and Health Security. Though all these aspects are interdependent, each has an independent role in the context of Social Security. Employment Security both for the organised and the unorganised sectors has been highlighted as the predominant one as that would ensure jobs, wage and income, and thereby influence food and health securities (Parthasarathy: 1996, Sankaran:2001). Moreover, it is employment security, which prevents loss of productive capacity and paves the way for human development and economic growth of the country at large.

Employment generation and economic growth are to be treated as mutually complementary rather than conflicting processes. Employment has, therefore, to be generated in the process and contribute to the acceleration of economic growth. Employment to be gainful and sustainable must be able to yield a reasonable level of income to the worker and also generate a surplus for further growth and employment generation. Social security measures act as catalytic agents if the process of economic growth through employment is disrupted. The working population in the organised sector enjoys social security to a certain extent through statutory protection in respect of industrial accidents, occupational diseases, maternity related illness, sickness, old age problems, unemployment and post-retirement disabilities while their counterparts in the unorganized sector are deprived of such benefits.

Social Security and Economic Reforms

The impact of social security measures initiated in India right from the beginning of independence on the working population needs careful analysis. In recent years, as part of globalisation¹, several reforms are being initiated on “Labour” which has significant influence on

¹ Globalisation involves liberalisation, privatisation, minimization of economic regulations, reduction of expenditure on public goods, fiscal discipline, favouring of free flows of capital, strict controls on organised labour, tax reductions and unrestricted currency repatriation.

the labour market². The issues related to globalisation and its impact on the labourers have drawn the attention of researchers and policy makers in the recent past. Though their coverage is wide, we shall review only a few major critical studies relevant for conceptual clarity.

Dalip S.Swamy (1997) highlighted the possible effects of globalisation on employment and worker's standard of living in India. According to him, employment is the second major casualty of globalisation, next to infrastructural output and the worker's standard of living would decline. Ngaire Woods (2000) argued that workers who rely upon minimum wages or working conditions as established by the government would lose out since such government policies become anachronistic in an era of global competition. Neeraj (2001) argued that globalisation is threatening to destroy the very livelihood of hundreds of millions of working people of the unorganised sector in India. Shridhar Pandey and J.S. Tiwari (2001) argued that with the start of the process of liberalisation and globalisation, the employment opportunities in the organised sector of India have been continuously shrinking and the economy is suffering from recession resulting in increasing unemployment due to globalisation. Dutt Ruddar (2001) observed that the unemployment rates, which showed a declining trend during the period 1977-78 to 1993-94, got reversed during 1993-94 to 1999-2000 and argued that liberalisation has driven more and more people from the organised to the unorganised sector. Chakraborty, Debashis and Prabal kr. De (2001) argued that the economic reform has resulted in the increasing trend of casualisation of the labour force. Kunhaman M (2002) argued that the process of globalisation would lead to progressive pauperisation and extermination of the marginalised sections in India. He has also stated that there would be loss of employment for the agricultural labourers. Jeemol (2003) argued that the impact of economic reforms on the informal sector is two fold: firstly, workers in the formal sector lose jobs and move to the informal sector; and, secondly, the informal workers may lose due to further reduction in wages and even in employment.

It is thus evident from the foregoing discussion that in India, as implied by economic reforms under the globalisation process, dislocation from economic and corporate restructuring and from

² For detailed discussion on labour market reforms in India, refer Dhas A.C and H.M.Jacqueline (2005) Debroy and Kaushik (2005).

dismantling the institutions of social protection have meant greater insecurity in the jobs and incomes of the working population in both organised and the unorganised sectors.

Against this background we attempt in this paper to examine changes in the social security status of the working population that have been brought about since the introduction of globalisation process in terms of employment, labour absorption and the labour market conditions in India.

Trends in Employment and Labour Absorbtion

The Indian economy is unfortunately characterised by the predominance of the informal or unorganised sectors³. The workers in the organised sector constitute less than 20 per cent of the country's total work force, the rest comprising subsistence farmers, agricultural workers, fisherfolk, dairy workers and persons working in traditional manufacturing like handlooms in the unorganised sector. In fact, the term 'unorganised labour' has been defined as workers who have not been able to organise themselves in pursuit of their common interests due to certain constraints such as the casual nature of employment, ignorance and illiteracy, and the small and scattered size of establishments.

As per the 2001 census, the total work force in our country is 402 million, of which 313 million are main workers and 89 million are marginal workers. Out of the 313 million main workers, only about 28 million (9 per cent) are employed in the organised sector⁴ and the remaining about 285 million (91 per cent) are in the unorganised sector⁵ (Government of India, Economic Survey: 2005-06). The extent of workforce in the unorganized sector and its changes over time could be understood by the information provided by the Alternative Survey Group, see Table 1.

³ For details, refer Kundu and Sharma (2001), Uchikawa (2003), Soundarapandian (2005) and Dubey and Pala (2005).

⁴ The organised sector included both under public and private sector employment.

Table 1
Trends in Employment in Organised and Unorganised Sectors in India
(in lakhs)

Year	Organised	Unorganised	Total Workforce
1983	240.10	2640.00 (91.67)	2880.00
1987-88	257.00	2680.00 (91.25)	2937.00
1991-92	267.33	2966.22 (91.73)	3233.55
1992-93	270.56	3027.42 (91.80)	3297.98
1993-94	271.77	3089.14 (91.91)	3360.91
1994-95	273.75	3157.21 (92.02)	3430.96
1995-96	275.25	3224.26 (92.03)	3499.51
1999-2000	277.89	3355.41(92.35)	3633.30

Source: Alternative Economic Survey : 1991-1998 and 2000.

Note: Figures in brackets are percentages to the respective totals.

The share of the unorganized workforce which had been about 91.67 per cent by 1983, increased to 92.35 per cent by 1999-2000. Though the number of workers employed in the unorganized sector increased, its contribution to the Net Domestic Product (NDP) declined marginally during the nineties (Keshab Das:2000). The growth rate of employment (overall and organised sector) from the seventies is given in Table 2.

Table 2
Growth Rate of Employment in India

Period	Growth rate of overall employment	Growth rate of employment in the organised sector (%)		
		Public	Private	Total
1972-73 to 77-78	2.75	---	---	2.45
1977-78 to 1983	2.36	2.99	1.41	2.48
1983 to 1987-88	1.77	2.17	0.43	1.38
1987-88 to 1993-94	2.37	1.00	1.18	1.05
1993-94 to 1999-2000	1.07	(-)0.03	1.87	0.53

Source: Economic Survey 1998-99 and Planning Commission, 10th Five year Plan, Vol.1.

⁵ Ministry of Labour has categorised this unorganised labour force under four groups in terms of occupation, nature of employment, specially distressed categories and service categories

It may be seen that the overall growth rate, of the organised sector employment maintained its declining trend from the period 1977-78 to 1999-2000. The growth rate of the public sector employment declined more than the private sector employment and this trend continues up to the present. From 1997, the public sector employment grew negatively (Economic Survey: 2005-2006). Though there has been marginal increase in the percentage growth rate of employment in the private sector, the quality of the life of the working population may not have increased as the characteristics of these employees are similar to those in the unorganized labour with lower or no social security.

When labour absorption in the organised sector declines, it would naturally push the additional labour force to the unorganised sector leading to further swelling of unorganised workers. The situation would be found to be worse if pruning or retrenchment activities taking place in the public sector are also taken into consideration. Taking into account the backlog of unemployment and the overall magnitude of additional employment required to be generated, we find that the task of employment creation is a major challenge for the country. In the context of declining growth rate in employment generation in the organized sector and absence of any scope for creating additional jobs, the additional labour force has necessarily to become self-employed or remain casual workers. In this scenario, if the unorganized enterprises were not in a position to absorb the additional labour force, the situation would become even worse.

In order to understand the changing dimensions of unorganized sector, the data on the growth performance and labour absorption in agricultural and non-agricultural enterprises in India from the Economic Censuses 1980, 1990 and 1998 are presented in Table 3.

Table 3**Growth Performance and Labour Absorption of Enterprises in India (1980-1998)**

Particulars	Type of Enterprise	Year			Annual Growth Rate (%)	
		1980	1990	1998	1980-1990	1990-1998
Enterprises (in million)	Agricultural	1.45	2.32	3.45	6.00	6.09
	Non-agricultural	16.72	22.19	26.09	3.27	2.20
	Total Enterprises	18.17	24.51	29.54	3.49	2.57
Employment (in million)	Agricultural	2.87	4.71	6.81	6.41	5.57
	Non-agricultural	50.31	65.68	73.83	3.05	1.55
	Total Enterprises	53.18	70.39	80.64	3.24	1.82
Employment Per Enterprise (persons)	Agricultural	1.98	2.03	1.97		
	Non-agricultural	3.01	2.96	2.83		
	Total Enterprises	2.93	2.87	2.73		

Note: Excluded Assam and J & K, as economic census was not conducted in 1980 and 1990 respectively.

Source: Economic Census 1980, 1990 and 1998.

In terms of absolute numbers, there has been a steady increase in the total number of both the Agricultural and the Non-Agricultural Enterprises and in total employment. It could be seen that the increase in employment has been much lower than that of the number of enterprises, indicating the low labour absorption capacity in both the Agricultural and the Non-Agricultural Enterprises.

In terms of growth rates, a differential pattern of change could be observed between the eighties and the nineties. While the number of enterprises recorded an annual growth rate of 3.49 per cent during the eighties, it declined to 2.57 percent during the nineties. A corresponding decline in the growth rate of employment from 3.24 per cent to 1.82 per cent is also observed. Above all, the number of workers per enterprise has shown a steady decline from 1980 to 1998, revealing a falling trend in labour absorption in enterprises of both sectors.

Another serious problem faced by the economy is that as a large proportion of the labour force is pushed into the unorganised category of workers, the excess labour supply creates disequilibrium or imbalance in the labour market thus leading to several readjustments in the unorganised sector of the economy. The flow of surplus or excess labour supply into the unorganised category may

lead to the creation of part-time or casual employment at low wages without job or social security of any kind (Rao and Rao: 1994).

From the foregoing discussion, it is evident that the most daunting challenge for a developing country like India is not only the acceleration in the growth rate of the labour force but also the arresting of the secular downward pressure on the employment intensity in the organized and the unorganised sectors.

While this analysis does not indicate any trends of production it has indicated its implications for the labour market systematically.

Implications for the Labour Market

The reduction of the total volume of employment in the organised sector and the low level of absorption of the labour force in the unorganised sector indicate the deplorable situation of our economy. The crisis is felt in both the organised and the unorganised sectors of the economy.

If we assume the total labour force as the supply of labour, the total employment could be considered the total demand for labour. But, in a real sense, all those employed under the organised and unorganised sectors could not be treated as the demand for labour. This is because of the fact that high levels of disguised employment are found in the unorganised sectors as those who are not demanded or absorbed by the organised sectors are invariably pushed into the unorganised sector. If one accepts the above argument, the study of the labour market becomes increasingly complex.

The disturbances in the labour market causing disequilibria between the demand for and the supply of labourers are aggravated by the jobless growth promoted by the new technological changes and structural shifts in the global economy in favour of the so-called 'new economy'. Though a country like India needs a labour-intensive technology to accommodate its labour force, the process of globalisation and liberalisation ushers in a shift towards capital-intensive technology. Needless to say that in order to meet competition and to increase productive

efficiency, firms are forced to modernise their operations involving machinery and high technology, setting aside simple, labour-intensive techniques. Labour-intensive technology thus becomes obsolete and irrelevant.

The immediate and direct consequence of the shift in the industrial technology is the replacement of unskilled skilled personnel (Rao and Rao:1994, Wood:1997). Under the new production environment, the nature of work changes and shifts the demand in the labour market to skilled workers. Taking into account the basic qualifications and the nature of the Indian worker, the effort and the time needed to transform an unskilled person into a skilled worker would be enormous. Till the time this endeavour is completed for all members of the labour force the inefficiency would continue even in the new production environment and the labour market would remain in a state of disequilibria.

Summary and Conclusion

With an understanding on the characteristics of the working population and their changes over time, its implications on the labour market are analysed. The supply of labour to the organised and the unorganised sectors would expand further in the present context of new economic reforms. But, the demand for labour would be steadily on the decline. This would lead to imbalance in the labour market due to excess supply of labour and declining demand for labour.

To conclude, the trends in the non-agricultural enterprises and the labour market reveal deplorable conditions of the labour market. This situation would affect not only the social and economic conditions of the present working population, but also the further additions to it. Therefore, it can be argued that the policies towards de-linking budgetary support to the working population, reducing labour absorption in the public sector as part of the globalisation strategy and relying on the market forces to absorb labour and fix their wages, would adversely affect the employment situation in India. Hence, efforts should be initiated to improve the labour absorption capacity of the country at remunerative levels of real wages so that the problems of rise in unemployment could be solved. The status quo of the workforce in terms of real wages

and income should be at least maintained at their existing levels in order to enable to benefit from the process of globalisation and lead it towards sustained growth of our economy.

The question to be considered here is: should there be budgetary support (in the form of concessions) to the corporate sector or provision for social security to the working population? As 61% of the population (Census of India, 2001) belongs to the working class, the welfare of the majority should receive the priority considerations lest in should confront social uprisings in the face of falling real wages and declining employment opportunities.

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