

## The casualization of organized labour

At a time when the government is talking of the benefits of formalizing the informal sector, what we're seeing is the increasing informalization of the workforce in the organized sector

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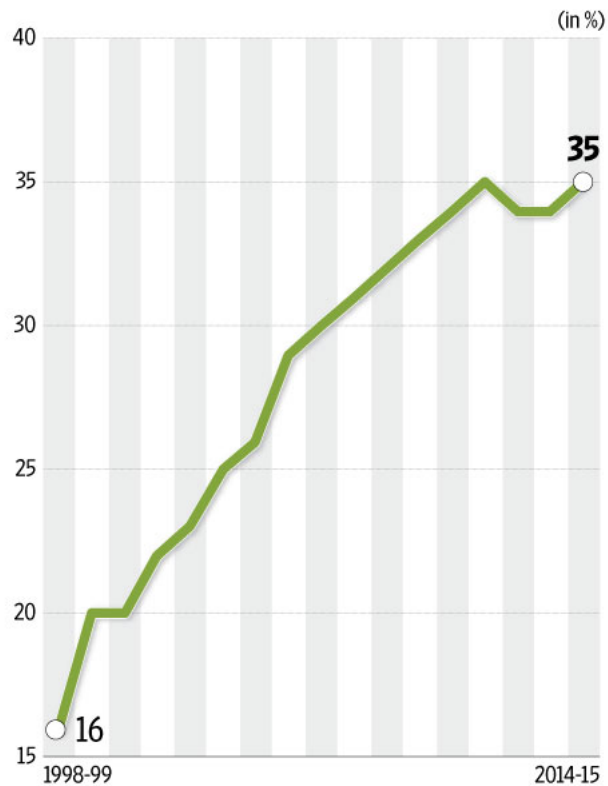


The trend towards the casualization of labour is well established and certain to continue. Photo: Pradeep Gaur/Mint

In 2014-15, the latest year for which the numbers are available, as much as 93.9% of the addition to the workforce in the formal manufacturing sector was hired through contractors. That means these people weren't directly employed by the manufacturing companies. At a time when the government is talking of the benefits of formalizing the informal sector, what we're seeing is the increasing informalization of the workforce in the organized sector.

## Workers employed through contractors as a percentage of total workers employed in organized manufacturing sector

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Source: Centre for Monitoring Indian Economy, Annual Survey of Industries

The year 2014-15 was an exceptionally bad one from the point of view of additional direct employment in manufacturing. But the trend towards the casualization of labour is unmistakable. The accompanying chart shows that the number of contractual employees is growing by leaps and bounds—they accounted for 16% of the total manufacturing workforce in the formal sector in 1998-99 and by 2014-15 they were 35%.

The compound annual growth rate for direct employment of workers in the organized manufacturing sector in this century has been 2.17%. For workers employed through contractors, it has been 7.76%. The trend towards the casualization of labour is well established and certain to continue. For businesses, the advantages of such “flexibility” are obvious.

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