

Trade, Informality and Other Aspects of Job Quality Research and Future Research

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- Study impact of trade reforms on informal economy encompassing production processes, products, employment, and income distribution.
- Trade reforms cause wages of casual workers to increase with full flexibility in both the labour markets (namely formal and informal).
- Casual labour intensive sectors expand (Heckscher-Ohlin conjecture) under tariff reduction as erstwhile-protected sectors contract.



Changing Shares of INF Workers by Broad Sectors-India

Broad Sectors	1999-00	2004-05
Agriculture	100	100
Manufacturing	77.55	89.34
Services	67.65	83.11
All	87.68	93.33

Sources: Unit Level data from the NSSO Rounds 55th and 61st



Reverse Movement Workers to GDP: 2004-05 over 1999-00-India

Manufacturing	Growth 2004-05 over 1999-00 (Average per annum)
GDP Constant prices	
Registered	11.94
Unregistered	8.64
Labour	
Formal	-7.43
Informal	5.41
Output/Labour per annum	
Formal	34.96
Informal	2.44
Productivity Difference	14.32

Worker distribution for 2004-05-India

	OAW	Employer		Worked as helper in HH	Worked as regular employee	
	<i>Informal</i>	<i>Formal</i>	<i>Informal</i>	<i>Informal</i>	<i>Formal</i>	<i>Informal</i>
Agriculture	54.03	5.48	58.24	79.90	7.48	1.60
Minning & quarrying	0.01	0.00	0.01	0.00	2.33	0.23
Agro processing	2.03	3.05	3.15	2.25	1.70	3.04
Other Manufacturing	10.51	28.22	6.31	7.21	13.74	23.64
Readymade Garments	0.88	4.44	0.63	0.34	0.95	2.14
Capital Goods	0.15	3.21	0.44	0.05	1.62	1.48
Construction	2.72	23.38	2.71	0.29	0.71	2.24
Other services	29.64	31.94	28.49	9.95	48.33	62.89
Public Administration	0.03	0.28	0.03	0.00	23.14	2.73
Total	100.00	100.00	100.00	100.00	100.00	100.00



Worker distribution for 2004-05-India

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	worked as casual labour in public works	worked as casual labour in other types of work	Total Workers		All Total Workers	Total Workers (%age)	
	Informal	Informal	Informal	Formal	Total	Informal	Formal
Agriculture	5.06	68.89	61.09	7.43	57.40	99.111	0.889
Minning & quarrying	0.90	0.17	0.08	2.27	0.23	31.530	68.470
Agro processing	0.21	3.70	2.70	1.73	2.63	95.472	4.528
Other Manufacturing	2.88	5.88	9.22	14.09	9.56	89.869	10.131
Readymade Garments	0.02	0.21	0.63	1.04	0.66	89.173	10.827
Capital Goods	0.00	0.12	0.23	1.66	0.32	64.847	35.153
Construction	79.35	14.80	5.89	1.27	5.57	98.438	1.562
Other services	7.22	6.15	19.91	47.93	21.83	84.918	15.082
Public Administration	4.36	0.09	0.27	22.58	1.80	13.750	86.250
Total	100.00	100.00	100.00	100.00	100.00	93.130	6.870

Trade and Labour Market

- Competitiveness in export markets generates low-wage and low productivity and informal jobs.
- Informal workers function outside job security, formal regulations, earn lower wages, are generally not under the wings of trade union wage agreements, largely devoid of welfare benefits.
- The very bindings, which result in greater expansion in the informal sector, namely the wage rigidity causes the informal sector wages to contract at the margin.
- Global recession there are two types of shocks that arise from globalisation, first import prices fall resulting in imports to increase generating competition for domestic producers who attempt to cut cost by job cuts.

Burden of Adjustment

- When nominal wages are fixed for formal workers, the entire burden of the adjustment falls on the informal work force, who sustains a wage loss even in real terms.
- If real wages and not nominal wages of formal workers are fixed then formal sector workers are unaffected in real terms, fewer of them are displaced.
- The pressure on informal labour market is less, and informal wages do not suffer as much as in the case of nominal wage rigidity. This suggests a more flexible labor market is better placed to withstand external shocks.

Future Research: Differential Trade

- In general, the differences between North-South trade and South-South trade should be examined more closely, especially concerning impacts on countries from the South.
- What are the trade impacts if my country trade with the North or the South? Is it enhancing the development of the formal or the informal sector?

Occupational health risk by sectors

- This is an important linkage and impact productivity
- is hardly researched in a structured manner.
- Informal and non-market work have overlaps that might be interesting to examine. Mainly because both could be home based work.



Informal workers, nature of ailment by sector (9) in percentage of total informal workers

nature of ailment	sectors									Total
	Agriculture	Mining & Quarrying	Agro Processing	Other Manufacturing	Readymade Garments	Capital Goods	Construction	Other Services	Public Administration	
Worm infestation	1.39%	0.00%	0.02%	0.27%	0.05%	0.00%	0.22%	0.52%	0.00%	2.49%
Hepatitis/Jaundice	4.86%	0.05%	0.10%	0.37%	0.00%	0.02%	0.60%	2.39%	0.02%	8.42%
Tuberculosis	9.14%	0.00%	0.25%	0.80%	0.02%	0.00%	1.05%	1.82%	0.00%	13.07%
Bronchial asthma	5.88%	0.00%	0.37%	0.65%	0.02%	0.02%	0.65%	2.56%	0.07%	10.23%
Disorders of joints and bones	5.05%	0.00%	0.32%	0.65%	0.10%	0.02%	0.80%	2.32%	0.00%	9.26%
Glaucoma	1.27%	0.00%	0.00%	0.17%	0.00%	0.00%	0.02%	0.40%	0.00%	1.87%
Cataract	6.55%	0.02%	0.12%	0.77%	0.05%	0.00%	0.50%	2.59%	0.05%	10.66%
Goitre	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.07%	0.00%	0.37%
Accidents/injuries/burns/fractures/poisoning	25.17%	0.05%	1.15%	2.69%	0.07%	0.05%	3.69%	10.56%	0.20%	43.63%



Informal workers, nature of ailment by sector (9)

in percentage of total informal workers

nature of ailment	sectors									Total
	Agriculture	Mining & Quarrying	Agro Processing	Other Manufacturing	Readymade Garments	Capital Goods	Construction	Other Services	Public Administration	
Total major ailments	59.56%	0.12%	2.34%	6.37%	0.32%	0.12%	7.57%	23.23%	0.35%	100.00%
Total other ailments	56.37%	0.14%	2.48%	7.31%	0.52%	0.16%	7.77%	24.72%	0.53%	100.00%
Total all ailments	57.12%	0.13%	2.45%	7.09%	0.47%	0.15%	7.72%	24.37%	0.48%	100.00%
Total informal workers	58.08%	0.10%	2.35%	7.04%	0.45%	0.15%	7.92%	23.46%	0.45%	100.00%
Total workers	47.27%	0.55%	2.30%	8.62%	0.53%	0.40%	6.76%	28.33%	5.24%	100.00%
Share of ill informal workers	35.45%	47.92%	37.63%	36.32%	37.85%	37.68%	35.14%	37.44%	38.60%	36.04%
Share of total informal workers	96.93%	14.50%	80.35%	64.42%	67.30%	28.40%	92.47%	65.34%	6.80%	78.88%

Future Research: Data Needs

- Non-Market Work Linkage
- Fillip Up Data Gaps
- Capital Data
- Credit Data
- Raw materials Data
- Workers Data
- Informal service sector
- Inter Sectoral Linkages

Thank You

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