

## **Livelihood and Income: Informality and Poverty in Bangalore's Slums**

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### **1: Introduction**

As a city, Bangalore's history in the last six decades has undergone many changes. In the post independence decades Bangalore was known as a garden city of retirees' bungalows, and for a significant public sector presence, as a large number of centrally owned public sector units as well as state government owned enterprises were set up from the early to mid nineteen fifties onwards. The city also saw the growth of several premier scientific research institutions, set up by the central government. The city's development in the first four decades was closely aligned with the development of the state sector.

As the era of economic reforms began, from the late 1980s, successive governments in Karnataka, across political parties, pushed an economic reform agenda which underlined the need to curtail public expenditure, wind down loss making public sector units and provide multiple incentives for the state's economic growth based on private sector expansion<sup>1</sup>. As is well known, the city has now become the icon of India's information technology revolution, a major centre for multi national companies, international banking, finance and hospitality, and an attractive destination for an upwardly mobile, tech savvy middle and upper class of citizens with multiple channels of connection to the global economy and culture. All of this has entirely transformed the city's landscape, as real estate prices soared in the wake of the economic boom, and the horizontal architecture of yesteryears gave way to the inevitable multi storied complexes of offices and residences, malls and multiplexes . The large campuses of sprawling public sectors and their employees, were transformed more into shadows of a past, as much of their land were put up for sale, units were shut down, some companies were closed down, and the permanent workforce in the public sector was gradually downsized and contractualized.

Cities like Bangalore are important sites of contestation over the impact of globalization and market oriented economic reforms. In cities the transformation of economic and

political structures, dramatic changes in consumption patterns, the emergence of a newly affluent, highly mobile new upper class, and rapidly changing information and communication channels are everyday manifestations of the processes of globalization in individual lives as well as in broader political-economic structures. It is in cities too, that social and economic inequalities are highly conspicuous. The gap between the rich and the poor is not a new phenomenon in cities of the developing world. But as cities become sites of spectacular wealth and consumption, the widening chasm between those who can access the benefits of global marketization, and those who remain on the margins, or are in structurally disadvantageous positions within it, becomes far more stark. These contradictory tendencies are significantly visible in Bangalore. While neo liberal ideas that underpin globalization advocate the rolling back of the state, at the same time, the continuing and perhaps increasing marginalization of the urban underclass highlights the obligation of the state to balance the impact of the market on these classes. Many cities of the developing world are caught in these emerging contradictions, of wealth and deprivation, free market and public responsibility.

While globalization has brought some opportunities to some sections of the urban lower classes in Bangalore, there is as yet no substantive analysis of the precise nature of these opportunities, and more importantly, whether these translate to increased access to economic and social resources for the urban poor and their progeny. It should be noted that large sections of the urban underclass in Bangalore have remained untouched by the process of globalization which appears to have offered no significant opportunities to those, for example, who have only unskilled labour to sell.

This paper looks at urban poverty related issues in Bangalore. As mentioned above, in recent decades Bangalore has drawn attention not only as an IT hub, but also for its high profile development of cutting edge industries like Bio Tech, the presence of a large number of multi national companies, international finance and global consumerist trends. On the other hand, the typical features of urban poverty have been the decline of

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<sup>1</sup> For a more elaborate discussion of economic reforms pursued by successive governments in Karnataka in the period 1999-2004, see RoyChowdhury:2007.

employment in organized manufacturing and in the public sector, the casualization of work, rising numbers of slums and increasing urban squalor. The questions examined in this paper are: what happens to the urban poor in a context of rapid economic growth of the city : what are the channels through which the urban underclass get drawn into the city's growing economy, what are the modalities of inclusion and exclusion?

**Methodology** The paper draws on research on six inner city slums in South Central Bangalore in the busy commercial hub of Lalbagh. These six slums are part of a larger cluster of 16 slums in Wards 46,47 and 48, which were studied to examine issues relating to property rights of slum dwellers<sup>2</sup>. The methodology followed is a combination of a questionnaire based survey and qualitative discussions. The survey was conducted on 300 households over six slums. Lists of households were provided by a local NGO , and the questionnaire was administered on the basis of random selection, taking care to get a physical representation across each slum. While the results of the questionnaire survey are reported in quantitative terms, this analysis is indicative of broad features. The results of the survey were checked many times in Focus Group Discussions which form the basis of the paper's insights.

The paper is organized as follows: section 2 below provides a brief discussion of current policy approaches to urban poverty, and an outline of the conceptual framework of the present work. Section 3 provides an outline of Bangalore's growth in recent years, setting out the broader economic and institutional framework within which the issue of livelihood in slums is examined in the following sections. Section 4 provides a discussion of poverty in the context of slums. Section 5 presents empirical materials, based on field research, on occupations and incomes. This section then draws on this material to throw light on the connections between occupations and poverty levels in slums, as well as a discussion of the dynamics of occupational mobility for some households in a context where other households are left behind. Section 6 provides a discussion on the importance of viewing informality within the broader dynamics of the capital-labour relationship.

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<sup>2</sup> See RoyChowdhury: 2007..

## **2: Conceptual framework: informality and class**

The dominant paradigm for looking at as well as addressing urban poverty in India has emerged from an unstated consensus ( amongst government agencies, international lending institutions, NGOs, global and domestic donors) over a core set of ideas: first, delivery of basic amenities (housing, health and social services such as primary education, adult literacy, water, roads, street lighting, sanitation, toilets) must improve through improved governance. Governance is widely and loosely defined, but in the context of urban problems the dominant theme seems to be the idea of public-private partnership in the delivery of basic services. Empirically speaking, it has meant institutional changes such as inviting private participation in delivery of water supply to slums, introducing a system of metered water supply; it has also meant the involvement of NGOs in implementing government schemes, for example, in running anganwadis ( child care centres) in slums.

The second important theme running through the urban poverty policy discourse is that of local participation. Governments, multi lateral institutions, international and domestic donor agencies, as well as NGOs are in agreement that the principal agency in addressing urban poverty issues must be granted to the poor themselves. The typical form that this prescription takes is that local “communities” , by which is meant slum level associations or committees, are encouraged and guided by NGOs, donors, government agencies to undertake a variety of activities, such as self help groups, credit societies, or projects to construct facilities within the slum and so on.

Finally, the unstated assumption in both of the above is of course that the issue of urban poverty can be addressed without addressing the questions of economic livelihood. The basic services approach stays away from issues of employment/livelihood/income and wages. This approach therefore does not engage with broader questions of macro economic policy ( for example, why economic growth has at the same time been accompanied by decline in the rate of growth of jobs, the debate over capital intensive versus labour intensive industries, and so on), The extension of basic services does not involve the issue of redistribution of urban wealth. To the extent that civil society

organizations address the question of property rights of slum dwellers, they do so in localized spaces, without, again, engaging with the state's urban land policy and practices.. Similarly, the discourse of popular participation, is confined to highly localized structures such as slum committees, which are for the most part moribund, and powerless without political party patronage which, in most cases is not sustained or seriously engaged. The point to highlight here is that the basic services/community participation approaches, now dominant in the urban poverty discourse, occur in a space that is distanced from the economic domain, as well as from asking questions such as, who are the urban poor, or what are the structural roots of urban poverty<sup>3</sup>.

I will argue in this paper, that while lack of basic services is a crucial dimension of urban poverty, lack of work and adequate income provide the most substantive clues to the poverty of the urban poor. The livelihood of the urban poor are seen here primarily through the prism of the informal sector, where the urban poor work. The character of the informal sector – physically disparate, highly diverse in size and character – does not yield any ready understanding in terms of structure. These features of urban informality undeniably pose formidable challenges both to urban theorists and activists. However, what appears to have been missed is the structural uniformity that actually defines the urban underclass, even when they appear to be highly heterogeneous. The urban subaltern mostly shares a common economic characteristic, that is, that they work in the informal sector of the urban economy. The tentative argument here is first, the nature of informality in the current context is different from petty structures of production and trade in early industrialization which is expected to be erased as industrialization proceeds. One must, then, view informality in the present context as an integral part of the structure of global capitalism as it is unfolding in developing country contexts such as India.

Secondly, the informal sector now provides a context for understanding the enduring albeit shifting nature of the capital-labour relationship and the nature of the state. The condition of labour in this domain can only be understood in terms of the broad framework of the capital labour relationship within the evolving structure of capitalist

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<sup>3</sup> For a fuller discussion of these themes, see chapter 1.

industrialization in a context of globalization. In the case of Bangalore, the present work draws attention to two significant domains: first, industries like Construction and Ready Made Garments exports represent the growing and dynamic sectors linked to the global economy ( see chapter 2) . Private profit accumulation takes place here within the framework of low wages paid to a workforce which is abundant in supply, unskilled, non unionized and therefore not in a position to bargain for higher wages or better working conditions. Secondly, in the domain of self employment in petty trade, low capital, self and family labour and low returns provide subsistence income for a large workforce. This workforce, a large percentage of which is illiterate and unskilled, cannot be absorbed into the growth channels of the city's economy: capital and knowledge intensive sectors, in manufacturing and services. Thus the city's growth, whether in labor intensive sectors like Construction and Ready Made Garments exports, or in capital and knowledge intensive sectors like IT, ITES, bio technology, banking and financial services, have not provided any significant opportunities to the urban underclass in terms of income or resources. On the other hand, while labour in industries like Construction and Garments exports provides the conditions for profit accumulation<sup>4</sup> the large domain of petty self employment in providing a minimum livelihood to large numbers sustains the conditions in which the narrow and exclusivist growth model of the city, the benefits of which are confined to a small section, can be pursued relatively undisturbed<sup>5</sup>.

It is in this sense that I locate the dynamics of urban poverty and deprivation in the character of the informal sector, and the dynamics of the informal sector itself is seen in the structural conflict, between the urban workforce, as outlined above, and the ongoing process of capitalist accumulation. Given the character of the informal sector workforce - - non-unionized in the case of industrial workers, and physically scattered and otherwise disparate in the case of the self employed -- this conflict rarely has overt, political manifestation. The absence of class conflict in this sense, and the multiple social and cultural identities that characterize many urban social movements have of course constituted important reasons for the declining salience of class as a tool to understand

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<sup>4</sup> see chapter 2 for discussion on these sectors

<sup>5</sup> See Sanyal (2007) for an elaboration of this point, which is also discussed at length in Chapter 1, and in the concluding section of the present chapter.

the urban question. However, in so far as we locate a capital- labour relationship within the informal economy of cities, as briefly outlined above, and discussed in more detail in the sections that follow, the re-location of class as a conceptual tool provides important insights into the contestation that underlies the deprivation and exclusion of the urban underclass. Without entering here into current debates over the concept of class, the relatively simple argument made in the present chapter is that while class-in-itself and class-for –itself are indeed mutually reinforcing concepts, the absence of class-for-itself can obfuscate a situation where significant clues to the character of the political economy can be missed by abandoning at the same time the concept of class it itself. This chapter, then, is an effort to use empirical materials drawn from a study of lower class livelihoods in Bangalore city in order to relocate significant elements of class conflict within the informal sector of the urban economy.

### **3 Bangalore: dimensions of recent economic growth.**

By all accounts, the growth of Bangalore has been remarkable in the last two decades. Annual growth rate of Gross District Income recorded 5.32% during 1980-81 to 1993-94, 10.79% during 1993-94 to 1999-00, 9.29% during 1999-00 to 2004-5, and 10.98% during 1993-94 to 2004-5. More importantly, throughout this period, growth rates and levels of GDI, and per capita GDI of Bangalore remained higher than for Karnataka state, all India and urban India (Narayana: 2008). A closer look reveals that there has been a gradual decline of secondary sector (manufacturing industries) in GDI (from 48.92% in 1993-94 to 39.23% in 1999-00, and to 35.41% in 2004-5.) The share of tertiary sector increased from 47.96% to 56.72% to 62.91% during the same years. The highest growth is recorded for the sectors: real estate, ownership of dwellings, and business services (includes information technology). Urban employment is dominated by tertiary/services sector rather than by secondary sector. This is consistent with the distribution of Bangalore's GDI by secondary and tertiary sectors. Within the tertiary sector, urban employment is concentrated in trade, hotels and restaurants, financing, insurance, real

estate, business services, community, social and personal services. In 2004-5, these service sectors accounted for 66% of total employment in Bangalore, higher than million plus cities (62%), and in urban India (57%) (Narayana: 2008).

This growth has been spurred mainly by the dramatic growth of Information Technology in Bangalore. Bangalore houses 500 international IT companies. 40% of whole of India's IT is in Bangalore, 33% of India's \$32 billion IT exports are from Bangalore. . The new economy of the city is represented not only by IT and ITES, but also by cutting edge sectors like Bio Technology, and the modernization of older industries like automobiles, through the participation of multi national companies, bringing in advanced technologies. The growth has had a transformative effect on the city's economy in the expansion of the service sector: banking and finance, hotels, transportation, malls, luxury accommodations, corporate colonies such as Electronic City and so on. The expansion of the city's economy has taken place through the expansion of capital intensive rather than labour intensive industries, as well as skill-based industries, which offered limited scope of employment, and only to technically skilled personnel.

The erosion of traditional industries, such as textiles, the decline of the public sector and small scale industries sector created a context where large numbers of the urban underclass lost, or could not find, industrial employment. The rapid expansion of the construction industry, and of the almost 100% export oriented Ready-Made Garment industry has provided employment to large numbers of poor migrants seeking a living in the city, but at low wages and working conditions.

The extent to which the expansion of the service sector in the city has translated into jobs for the urban lower classes has not been precisely recorded. It would appear that a large number of jobs are now available – drivers of cars and vans run by BPOs and Call Centres, fleets of rental taxis which serve the new international airport, security and maintenance personnel in malls and super markets, low end jobs in taxi/travel agencies (office boys), waiters and other support staff in the expanding hospitality industry.

However, whether in manufacturing (construction and export zones) or in services, work remains in the casual/contract mode with no security of service, insurance or pension.

What are some features of the city's broader political economy which frame the context in which the poor work? As a state, Karnataka attained rapid economic growth from the 1990s onwards. During the second half of the 1990s, Karnataka was the only state to have experienced a growth rate of more than 8%. The corresponding figure for fourteen major states in India was around 5.6%. This growth rate was sustained; in 2001-2, the economy grew at 7.1%, in 2005-6, at 7.8% and in 2006-7 at 9.2%. Some of the more known and impressive facts about this growth are of course the achievements in cutting edge industrial sectors. Thus the Bio Technology industry in Karnataka grew by a phenomenal 35% during 2003-6, and Bangalore in fact houses 92 of the total 180 bio tech companies in the country. Similarly the number of software export companies in Karnataka grew from 13 to 1154 during 1991-2003 and software exports grew from Rs.5.6 crores to Rs.12,350 crores during these years. Karnataka also emerged as leader in attracting foreign investment, being among the three largest recipients of FDI among Indian states ( Karnataka Development Report, 2007).

However, there were some disquieting signs in this pattern of growth. Decline in the rate of growth of employment is particularly relevant to note here.

Table: 1 Employment Growth in Karnataka and All-India: 1983 to 2007-08

**(Percent per annum)**

Year	Gender	Rural		Urban	
		Karnataka	All-India	Karnataka	All-India
1983 to 1993-94	Females	2.7	1.5	0.6	3.2
	Male	2	2	2.7	2.8
	Persons	2.3	1.8	2.2	2.9
1993-94 to 1999-00	Females	0.3	0.8	3.9	1.5
	Male	1.8	1.6	2.5	2.6
	Persons	1.2	1.3	2.8	2.4
1999-00 to 2004-05	Females	2.56	2.93	2.69	1.5
	Male	0.10	1.60	4.04	2.6
	Persons	1.11	2.11	3.72	2.4
2004-05 to 2007-08	Females	-5.89	-3.33	2.74	-3.59
	Male	-1.21	1.14	2.13	2.55
	Persons	-3.13	-0.44	2.26	1.34

Source: Karnataka Development Report, 2007.

In the context of Bangalore, particularly, the last two decades have seen a gradual but sustained thrust on downsizing/privatizing/ closure of PSUs. In 2001 and again in 2009, two successive Public Sector Restructuring Commissions were appointed, with the

stated mandate to wind up state-run industries. More than 10 state public sector units have been privatized/closed down. Many workers have been forced to take voluntary retirement. The long run impact of the depletion of state sector employment has not been studied systematically. However, a study in 2004 found 68% of those who took the VRS, but were not in the retirement age group, remained unemployed (Rajeev and Das Gupta:2004). Other studies have recorded that central public sector companies in Bangalore have embarked on a gradual process of restructuring involving closure of units, workforce reduction through VRS, and so on (RoyChowdhury:2003). What is to be highlighted is that public sector manufacturing is no longer a significant option for those who might seek factory employment.

The other important feature in Bangalore's political economy has been the decline of the Small Scale Industries sector. The growth of SSI in the city had occurred partly in response to the large presence of the public sector, as many small scale enterprises emerged and grew as ancillary to the public sector units. The decline of the small scale sector has occurred in the wake of the receding presence of the public sector, overwhelming competition from large scale industry, as well as technological obsolescence and lack of competitiveness of many small units. The decline of investment and employment in SSI has taken place in the context of the closure large number of units in this sector. The rate of growth of employment in the SSI sector during 1971-80 was 14%, during 1981-90, and 1991-94 it fell to 8%, during 1995-96 to 6%, 2001-2 to 5.5 and in 2002-3 to 3.36%. Employment per unit declined from 9.14 in 1985 to 6.68 in 1994, 5.96 in 1998-99, 5.83 in 2001-2 and 5.77 in 2002-3. These figures highlight that a large number of units have closed down, and many have reduced their scope of operations and workforce.

A study of the SSI sector in Bangalore Division highlights the extraordinary rate of erosion of the SSI sector. Following the announcement of a 25% capital investment subsidy (CIS) in 1993, 3339 units received subsidy during the period 1993-94 to 1998-99. Of these, 66% were working and 33% were closed when the study was conducted in 2001. Bangalore Urban district (Bangalore city and outlying areas) had 36% share in the

total CIS. Within Bangalore Urban district, 82.46% of the units had closed down ( Gayathri:2002) .

In Bangalore, nearly one million poor live in slums, and about one third of slum dwellers fall below the poverty line, with a monthly income of less than Rs 2500 ( US\$55). The questions with which this chapter is concerned are : what happens to the poor in a city that is on a high growth chart? What are the channels through which they are incorporated into the city's growing economy, and what are the structures of exclusion?

#### **4: Slums in Bangalore**

The poor in Bangalore live in a large variety of habitations and spaces: notified slums, (the government is responsible for providing some basic services to notified slums) , non notified slums, in temporary squatter colonies, on pavements and railway stations, or in labour camps which are temporary shelters provided by builders to migrant construction workers. This paper is based on research on slums which are legally recognized by the government. Although slums provide an useful angle to cut into the issue of urban poverty, it should be remembered that the enormity of poverty and destitution in a city like Bangalore is only partially understood by studying slums.

The city's poor can physically as well as conceptually be divided into the old poor and the new poor. The new poor are those who may have migrated to the city anywhere between 1-10 years and are typically found living in temporary settlements in the city's peripheral areas, near construction sites, or in shelters provided at construction sites by builders, (or workers in the city's rapidly growing export in Ready Made Garments who are found living in one room tenements in poorly serviced areas of northern Bangalore). It needs to be highlighted that the first group do not come under the category of slum dwellers as far as the government is concerned, as the slums in which they live are non notified, that is not recognized officially as slum. While they are entitled to general benefits for the poor, such as the public distribution system, and their children are entitled

to free schooling, they are not covered by slum development policies, or even by urban poverty eradication projects<sup>6</sup>.

The old poor live in the inner city slums which have existed for 40-70 years and are inhabited by second, sometimes third, generation of original residents. As places of poor habitation recognized by the government, these slums are entitled to certain basic services to be provided by the government, slum dwellers may demand property rights on the land which they occupy, and as older residents of the city have more entrenched links with political parties and civil society associations than do recent migrants in the peripheral slums. Occupationally, the new poor in peripheral slums are predominantly in the construction industry, working in a range of functions, but the largest number as unskilled labour. The older slums, on the other hand, represent a diversity of occupations, incomes and standards of living, although predominantly characterized by low incomes, multiple vulnerabilities and low levels of basic amenities. The slums examined in this paper belong to the latter category.

There has always been a gray area with regard to the number of slums in Bangalore, one reason being that many slums are not “declared” and therefore not counted by official agencies. In 1999, the Karnataka Slum Clearance Board had a list of 297 slums, while a study conducted by Ramachandran and Shastry had identified a total of 444 slums. However, the growth of slums in Bangalore needs to be underlined. A land mark survey of Bangalore slums conducted by Prakash Rao and Tiwari in (1979) had counted only a total of 132 slums, with a population of 1,32,000 (1979:351). Twenty years later, there were approximately 450 slums with an estimated population of 9,00,000- more than 20% of the population (Schenk:2000). While the official figure states that 10-15% of the city’s population live in slums, NGO figures are higher at 20%. It should be stated, however, that compared to cities like Mumbai (54%) Kolkata (32%), Meerut (44%), Faridabad (46%), the percentage of slum dwellers in Bangalore is low at 20%.

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<sup>6</sup> For a discussion on urban poverty policies in Karnataka in the period 1999-2008, see RoyChowdhury :2009; for a discussion on living conditions and livelihoods in peripheral slums mainly inhabited by recent migrants into Bangalore city, see Chapter 3 of Report on “Migration, Informal Work and Welfare: a Policy Perspective on Karnataka’s Cities”, Institute for Social and Economic Change, Bangalore, 2011.

The following points, however, should be highlighted. The rate of growth of population in the Bangalore metropolitan area increased from 21% between 1951-61, 36.9% between 1961-71, 76.8% between 1971-81 and declined to 40.6% between 1981-91 (Schenk:2000), and further to 37.69% during 1991-2001 (Census 2001). Migrant heads of slum households had declined from 60% in 1973 to 36% in 1992 (Ramachandran and Subramaniam:2000). It should also be noted that three out of every 10 slums in Bangalore have existed for over 40 years (Schenk: 2000) According to Ramachandran and Subramaniam, the role of migration in explaining slum growth had declined significantly. Particularly where the old inner city slums are concerned, population increase and the role of migration in explaining slum growth had declined significantly. Thus we need to carefully consider the nature of continuing or deepening urban poverty as manifested in the growth of slums.

A non governmental organization, Energy, Economy and Environmental Consultants, conducted a survey of slums in Bangalore city in 1999, sponsored by the KSCB (Integrated Slum Development Programme for Bangalore City). According to the survey details, there were 344 slums in Bangalore City in March 1999, which increased to 362 slums in September 1999. The survey estimated that there were about 1,02,218 households and 5.91 lakh people residing in these 362 slum areas. Out of the total identified slums, about 69 slum areas are under the jurisdiction of the Bangalore Development Authority, about 69 slums under the control of the Bruhat Bangalore Mahanagara Palike and 224 slum areas are under the control of the KSCB. In addition, the Report states that there are a number of undeclared slums and the total number may well be in the region approximately of 680 slums, covering the entire urban jurisdiction of the city. An increasing number of slums are now located on private land. In 1972, 57 out of the 159 declared slums in the city were located on private land, while in 1982, this number had increased to 143 out of a total of 287.

Thus while acknowledging that the number of slums in Bangalore does not yield to absolute accuracy, for the reasons mentioned above, it is possibly not far from the truth

that about 20% of the population of the City currently live in slums, and that both in terms of absolute numbers as well as in terms of percentage of the total population of the city, this number has steadily increased.

While the extent of poverty in slums remains a matter of debate, as also the fact that slums are not the only locales of urban poverty, there is some convergence of opinion that slums represent in some sense the darkest side of urban deprivation, in terms of exclusion of a large number of people from social status, economic security, social mobility, as well as from amenities like water and sanitation which are basic requirements for a life of minimum dignity. In this context, a valuable addition to studies on urban poverty in Bangalore is an article by H. Ramachandran and S.V. Subramanian "Slum Household Characteristics in Bangalore: A Comparative Analysis (1973 and 1992)". In this article the authors resurvey eight slums which had been part of an 11 slum survey conducted in 1973. This resurvey, as well as a survey of nine new slums, enabled the authors to do a comparison, across time, in order to chart changes that had occurred at the household level in terms of access to basic amenities, education, employment and so on.

This resurvey throws up some interesting points for consideration. The slums surveyed were spread across the core, intermediary and peripheral areas of the city. While educational and income levels showed some improvements in 1992, compared to the base year 1973, other indicators provided a more gloomy picture. Thus the incidence of child labour was about the same in both periods of study. The participation of children in work had in fact increased from about 30% in 1973 to 34% in 1992. Secondly, lower status occupations and semi skilled occupations accounted for a greater proportion of the workforce in 1992 as compared to 1973. For example the percentage of persons engaged in construction and coolie work had increased from 32% to 38%, while those working in clerical and sales activities had declined from 13% to 11%. The study also revealed that there had occurred an increase in the number of owned hutments over rented hutments, as also in other urban household characteristics such as the provision of kitchen, bathroom and toilet, water tap and electricity. Improvements in educational status were found to be lowest in the core areas, yet income levels had improved significantly there,

despite less than commensurate increase in the proportion of earners. According to the authors, one possible reason could be the differences in the nature of employment. The core areas tended to employ workers from slum areas in services and commercial activities, whereas the intermediate and peripheral areas employed workers in labour related activities such as construction.

Studies such as these add value to our understanding of the changing situation in Bangalore's slums. However, many questions indeed remain unanswered, which relate to the complexity of the issues around urban poverty. Thus for example, the study mentioned above records improved levels of income and education, but increased levels of child labour. Again, while income has improved, lower status and semi skilled occupations had increased rather than jobs requiring skills or jobs in the service sector. These findings, though valuable, do not address questions relating to, for example, the possibilities of social and occupational mobility, within slum households, over a period of time. Indeed if there is an increase in the incidence of child labour, as well as in lower end, low skill jobs over clerical/sales jobs, what would this imply for an overall understanding of the situation of the urban underclass? On the other hand, if as is recorded in this and other studies, there is an overall increase in income, what accounts for this?

The point to underline here is indeed the complexity and multi layeredness of the problem of understanding that confronts us, and one of the first things to note is that within the urban underclass, as seen in slums, there is a high degree of variation in terms of returns to labour, earnings, assets, skills, opportunities and future life chances. This diversity is indeed perhaps the most important characteristic feature of informal work. Slums provide a first cut clue to this diversity. This survey highlights diversities at different levels: within the same slum, between slums within the same Ward, and slums within the same municipal jurisdiction. While there are slums in which a large number of households, if not all, belong to the BPL category, there were slums where we found large variations in incomes, consumption, education levels, and so on. Secondly, within the same Ward, we found slums that were significantly different in terms of income

levels, career paths, availability of physical infrastructure and so on. (thus within Ward No 46, in KS Garden Slum, household income per month went as high as Rs 8000-Rs.12,000, we found a variety of occupations and education levels, including a lawyer, and a post graduate degree holder. In the neighbouring Cement Huts Slum almost all 400 households were garbage pickers, the average income of most households did not go above Rs.3500 per month).

### **5: Livelihood, Income and Poverty in Slums**

Slum dwellers in Bangalore are employed in a wide range of economic activities in the services (auto/bicycle repairing, small eateries, auto rikshaw driving, head load bearing, domestic work) or in self employment (push cart vendors, street side/traffic light sellers, rag pickers and so on). In this section I provide a discussion of the livelihoods and income of slum dwellers based on field research. We conducted a survey of 300 households covering six slums. The slums are located in J.C. Road, close to Lalbagh, the central commercial hub of the city. This area was selected in order to study older slums, ( 40-70 years) as also to gain an understanding of slum living in the heart of the city. The number of households in these slums ranged from 300 to 500. Of the households studied, 50 households belonged to the rag picking community of Cement Huts slum, where over 90% households are engaged in rag picking. The information regarding these households is given in the case study of Cement Huts. The results of the survey conducted in the remaining five slums is presented in tables 1,2 and 3. Case studies of two slums, KS Garden Slum and Cement Huts Slum highlight the specific linkages between the modern and growing sectors of the city's economy, on the one hand, and slum dwellers on the other.

Table: 2. Major Occupations found in six slums in JC Road.

Major occupations Found in slums	Average Income per month
<b>Coolie labour (head load bearer in city market area</b>	<b>Rs.3372</b>
<b>Construction worker</b>	<b>Rs. 2500</b>
<b>Rag picker</b>	<b>Rs. 1552</b>
<b>Auto driver</b>	<b>Rs. 3870</b>
<b>Maid servant</b>	<b>Rs. 1386</b>
<b>Flower seller</b>	<b>Rs. 1578</b>
<b>Skilled labour (electrician, plumber, auto/two wheeler repairing, steel metal work, welding, cable, carpentry, tiles fitting)</b>	<b>Rs. 5550</b>
<b>Self employed (vegetable vendor, tea shop owner)</b>	<b>Rs/2054</b>
<b>Chowltry work</b>	<b>Rs. 2175</b>
<b>Government service ( Bangalore Municipality : sweeper, maintenance work )</b>	<b>Rs.8,000</b>
<b>Social worker</b>	<b>Rs.3000</b>
<b>Office assistant in private office</b>	<b>Rs.8,000</b>
<b>Watchman in apartment building and retail shop</b>	<b>Rs.3000-5000</b>

Table: 3 Percentages of households dependent on different occupations

**Percentages of household dependent on different occupations:**

		<b>Coolie labour</b>	<b>Auto driver</b>	<b>Maid servant</b>	<b>Flower seller</b>	<b>Skilled labour</b>	<b>Self-employed</b>	<b>Others</b>	<b>Total</b>
Vinobha nagar		50.0	1.7	3.4	0.0	36.2	5.2	3.4	100.0
K.S. Garden		36.7	7.0	15.6	0.0	18.8	7.0	14.8	100.0
Ramanna gardens		38.0	10.1	30.4	0.0	7.6	3.8	10.1	100.0
Papanna Gardens		3.9	3.9	0.0	15.6	19.5	54.5	2.6	100.0
Rajagopal nagar		6.1	12.1	7.1	36.4	23.2	12.1	3.0	100.0
All Slums		26.1	7.5	12.0	10.9	20.2	15.6	7.3	100.0

**Table 4 :Poverty Ratio in Surveyed Slums**<sup>7</sup>

Name of slum	Poverty ratio (head count index)
Cement huts	67%
KS Garden	38%
Vinobha Nagar	52%
Ramanna Garden	80%
Papanna Garden	58% %
Rajagopal Gardens	40%

Overall Poverty ratio: 56%

Source: field research

Of the 250 households surveyed, 26.1% were coolie labour ( mostly head load bearers in the city market area). The largest number, then, were occupied in one of the lowest income categories. Amongst other low return work, were those who were in the category of self-employed (15.6%). This category covered a wide range of activities, involving minimum capital investment and own or family labour : owning a small corner tea shop, selling a few vegetables on the pavement or pushing a cartload of fruits, hawking plastic goods on a pushcart, working as a mobile tea seller (carrying a jug of tea and plastic cups, mainly serving street sellers and small shop owners), selling toys and magazines at traffic lights, and so on. Flower sellers ( in the category of the self employed) constituted a significant percentage (10.9%), in the survey, they have been categorized separately. Domestic servants constituted 12% of the households surveyed. ***Thus together, the lowest paying occupations, coolie labour, self employed, flower sellers and domestic servants, constituted 62% of those surveyed.*** Flower selling and domestic work, predominantly female occupations, were among the lowest paid. Thus the survey

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<sup>7</sup> Urban poverty line in Karnataka is Rs 892 per capita per month. For the computation on poverty index, we have first computed household income and subsequently divided the household income by the number of family members to get per capita income.

highlighted that 62% of the households were dependent, wholly or partially, on incomes that ranged from Rs.1578 (flower seller) to Rs. 2054 (self employed in petty trade) to Rs. 3372 (coolie/head load bearer), domestic servants ( Rs 1386). In terms of income, then, more than half of the households surveyed had at least one earner whose income would be placed at the BPL level.

Moving on to other kinds of work, the average return to skilled work of any kind was obviously higher than returns to unskilled labour. Here, the institutional framework as well as the availability of work determined differential earnings. It should, however, be noted that in various parts of the city, those who practice so called traditional skills, such as shoe repairing, are often without work and earn a mere pittance. Those who have skills such as electrical and plumbing work, tiles fitting and even carpentry, have found a growing market in the expanding construction industry. Incomes in these kinds of work could be as high as Rs 8-10,000 depending on enterprise, networks, whether the person is attached to an organization, or is free lancing, and so on. The institutional framework in the informal sector varies from occupation to occupation, but the defining character of informality --unregulated wages and working conditions and hence a certain degree of insecurity -- remains a hallmark across occupations in the informal sector. Thus while returns to skilled labour (whether in plumbing, electrical work, or tailoring) are higher than returns to unskilled labour, the overall framework of informality creates a context lacking security of work and income.

As table 3 highlights, only a few were employed in government service, by the BBMP, as sweepers and as maintenance personnel. Here too the institutional framework of service determined returns to labour. Those employed on a casual/contract basis earned between Rs.1500 to Rs. 2500, and were employees of the contractor or contracting agency rather than of the BBMP directly. Those who were in permanent service with the BBMP, as maintenance personnel, earned as much as Rs. 12,000 per month.

A very small number belonged to the category of office assistant/ receptionist in travel/transport agencies, where the income could be around Rs.6-8000. The entry of

slum dwellers into these growing areas of the private sector had been very limited. Other higher income occupations in the slum in which only a very few were engaged were those of watchmen in offices, shops and apartment buildings, helper in high end hotels; in these activities income could range from 3,500-6000.

### ***5:a Explaining poverty levels in slums***

The results of the survey presented here show high levels of poverty , overall, (56%) and particularly in two of the slums, where the poverty ratio is 67% and 80%. It must be noted that in many cases there is serious under-reporting of income. As such, the household level information on income can only be fully confirmed on the basis of detailed surveys of wages and earnings from specific employments in which a large number of slum dwellers are engaged, for example, coolie labour/head load bearers, domestic servants, construction workers, painters/carpenters and so on. While such data is generally unavailable, on a macro basis, our survey attempted, in a very small way, to fill this gap.

Thus the information reported in the tables shows that the largest number of households depend on the lowest paid work. While the households may be dependent on more than one income, typically we found that the lowest pay categories appeared in the same households, for example, there were a large number of households where husband and wife were coolie labour and domestic worker/flower-seller respectively. As the table on slum level poverty ratio shows, in Ramanna Garden the number of households below the poverty line is 80%. If we look at the income and occupation structure, persons employed in the lowest income categories, coolie labour and maid servant) constitute 68% of this slum. Similarly in Papanna Gardens, 58% of the households are BPL, with 70% of the people surveyed working as self-employed and as flower sellers, occupations in the lowest income category. Thus while the poverty figures look astonishingly high, a closer look at the occupational and income structure within these slums provides some insights on the dynamics of poverty.

At the outset it was mentioned that the slums demonstrate a high degree of variation in terms of incomes, as well as, to some extent of physical infrastructure. This variation is seen to some extent within the same slum, but more notably, between slums which are within the same ward, and at close physical proximity. From focus group discussions held with slum leaders as well as with the slum communities, we attempted to arrive at a rough approximation of categories of households within the slums, categories which the slum dwellers themselves suggested to us is a good way of describing the changes that have occurred in the community<sup>i</sup>. In the first were those who had “done well”, and in this category were households where income ranged from Rs.8-12,000 per month and the typical occupations were permanent government service, wholesale fruit or vegetable business (both in the traditional domain); skilled labour, office assistant in private offices, organized waste collector, helper in five star hotel, receptionist or sales woman, social worker attached to an NGO ( all of these in the domain of the so-called modern economy).

In the next category were those who were “just managing”; this category was typically represented by the coolie labour/ vendor and domestic servant/flower seller duo (couple); Both coolie labour and domestic servants may not find regular work, Even given these constraints, such families were managing to keep themselves afloat, and to send their children to school. In the opinion of slum dwellers, continuing to send children to school was some kind of a sign that the family was not in crisis, and if an older child dropped out (after SSLC) he or she started to work thus signaling an increase in the family’s income. However, such families remained afloat unless affected by a major illness, accident, death or any other crisis. In such situations, they could quickly fall into the “very poor” category<sup>8</sup>.

In general, the “very poor” category typically was represented by large households where coolie labour/daily wagers were sole earners in the family, single women garment workers (in the helper category whose income did not exceed Rs 2000) were sole supporters of their families, households consisting only of older widows unsupported by

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<sup>8</sup> See, in this, context, particularly, Anirudh Krishna (2010).

any family member, or, the very old who could neither work nor afford medical help, or, households consisting of a member who was disabled or sick, dependent on family members, those who had some kind of addiction, dependent on the help of neighbors or relatives, or on begging, and who lived on the fringes of the slum<sup>9</sup>.

### ***5:b Explaining diversity?***

In order to highlight this variation across these three categories, we present below contrasting case studies of two of the slums in our cluster, K.S. Garden and Cement Huts, with comparatively lower and very high poverty ratios respectively, both within a few yards of each other in ward No 46.

**K.S. Garden Slum:** As the poverty figures show, K.S. Garden has the lowest poverty ratio. While the distribution of occupations in this slum is not significantly different from that of the other slums, we found that the clue to the relatively greater prosperity (seen in the poverty figure and confirmed through repeated visits and focus group discussions in the slum) could possibly be found in the category of the “other”. In this slum the category “other” constituted 14 % of the surveyed households, the highest in the slums surveyed. Several persons in KS Garden slum were earning anywhere between Rs.6-12,000. These occupational categories ranged from

1. permanent employee in BBMP, HAL, BHEL, (in maintenance, gardening)
2. office assistant in travel agent.
3. watchman in apartment building.
4. helper in a top-end club in a posh area.
5. wholesale trader in fruits and vegetables, or scrap business
6. social worker employed by NGO.
7. attendant/messenger at Vidhana Soudha,
8. plumber or mason working with construction company
9. receptionist in office /sales girl in shop

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<sup>9</sup> Urban destitution is examined typically in the context of the homeless, who live on streets, in railway stations. However, although we saw significant destitution within slums, a more detailed study of urban destitution was beyond the scope of the present research.

Thus in this slum, the occupations in the higher income categories (skilled labour:18%, three wheeler driver 7%, and Others 14%,) constituted 39% of the households ( table:3) . The families of those who were in these occupations with relatively higher incomes obviously enjoyed a standard of life that was higher, in terms of being able to send their children to private, English medium schools/computer training, afford metered water supply, had built individual toilets in their houses and so on.

What has enabled groups of households within slums to move into higher order earnings? What keeps other households confined to lower incomes? In discussions about what had led some to gain relative prosperity, many emphasized the role of individual enterprise and energy. Discussions indicated that the “push factor” had worked in different ways for some households in this slum. Information received from friends, networks, contacts with persons who know of a job or a position was of critical importance. In case of death of a person who had a permanent job with the corporation or the BBMP, the son or the brother would get a similar position. Similarly, those who now had regular salaried work in the private sector, had been able to get some kind of “push” from a father/brother who had been in government service, and who had sent them to an English medium school, and/or for computer training, and so on. Such persons had started with a slight edge of advantage over others, which they had used.

For those who appeared to have somehow climbed out of poverty and were seen, as well as perceived themselves, as “doing well”, the source of well-being appeared to be either a government job, or in the case of younger persons, that they had somehow managed to get a foothold in the private sector, via the so-called modern economy of the city. About 50 youths in the slum had managed to get some kind of computer training. Of these, some 25-30 women were working as receptionist in small offices, or showrooms, at cash counters in small super markets. In other words, they had stepped out of the traditional low paying occupations (described above).

The contingent nature of the opportunities received was, however, fairly clear. Leaving aside the few who were employed by the government, those who had some connection

to the so-called modern, private economy appeared to have attained this almost as an accidental spin off. Thus in focus group discussions it appeared that even those with some computer training frequently remained unemployed or only partially employed. In cases where a foothold had been gained in the private sector, a connection through family or network had worked in most cases; there had not been any systemic or policy based effort to incorporate the urban underclass into the city's growing economy.

Thus the connections to the growing sectors of the city's economy remained limited to some households in the slum, their prosperity, clearly visible in the way in which they lived, was not reflected in the condition of the slum as a whole. As mentioned above, about 39% were in the higher income categories, which accounted for the relative prosperity of some households. On the other hand, most remarkably, coolie labour and maid-servant accounted for 52.3% of the households surveyed, thus indicating that a large number remained in the low income categories of work. According to slum leaders, households in these categories frequently had two members (husband and wife) working as coolie labour and domestic servant/flower seller. They managed to pull along and to educate their children up to a certain point, unless struck by a crisis related to death, accident or illness. Their children frequently drop out before the SSLC stage and find work in similar occupations.

The limited nature of this impact became particularly clear when we looked at the third category, that is, at the 100 or so households, which were described by the slum leaders, as well as in focus group discussions, as "very poor". Several of them do cart vending for their livelihood. Several do loading and unloading work (coolie labour). They are typically single earners with large families. Several in this category collect waste vegetables from the city market, which they sell in the slum. About 20-30 households have individuals with serious medical or addiction problems and are dependent on donations from relatives and neighbours.

Thus alongside the relative prosperity of some households, (reported above) during repeated visits we saw scenes that depicted a picture of stagnation and deprivation: in the

inner roads that snake through the slum there would be older men and women, obviously sick, in need of medical care, sometimes the level of destitution obvious as they languish on the road side, or near a temple; women sitting on the inner slum streets with a few vegetables laid out in front for sale, loitering children, obviously out of school; men who had been unable to get any work on a particular day in construction sites or in the city market.

The city's growing economy, predominantly the service sector, has had an impact in terms of expanding job opportunities, reflected in the relative prosperity of a number of households, and reflected further in the lower poverty ratio in this particular slum. As outlined above, as far as the slum dwellers were concerned, such mobility appeared to be the result of individual, isolated and often accidental factors that linked the slum to the city's modern economy. There were no educational or employment related policies that could provide a systemic bridge between the slum and the new economy; this explained the large number of people who remained outside its margins.

**Cement Huts Slum:** Cement Huts, a few metres down the road from K.S. Gardens, is known to be predominantly a slum of rag pickers.. There are 400 households here, with around 2400 inhabitants. There are approximately 1200 working adults, of which around 900 are rag pickers. The slum is 70-80 years old, and around 70% of the people living here are, and have always been, rag pickers/garbage collectors. Although a rag picking community, no individual from this slum works for the Bruhat Bangalore Municipal Corporation (which employs a large number of sweepers both as permanent and as contract workers). The entire business of rag picking goes on here, at various levels, connected to different types of waste disposal networks in the city, and bringing highly differential returns to labour, depending upon the type of network that the individual is connected to.

In the mid 1990s, the an NGO named Mythri started work in the slum; their main activity was centred around an Australian grant, through which they built roads, toilets and provided water taps. Mythri, along with another NGO, Waste-Wise, put through a

programme of connecting some of the rag pickers of this slum to the Electronic City and to a few Five Star hotels in central Bangalore. Out of approximately 900 rag pickers in the slum, around 150 are connected to the Mythri-Waste Wise initiative. Groups of four to five persons work for each company in the Electronic City. They collect the waste from these companies. Several companies, such as WIPRO, pay a few persons who do the actual work of collection and sorting for a weekly payment.

Collection of waste from the hotels happens in a different manner: waste collectors themselves pay the hotels in order to collect their waste. The collection is done by a few persons working for the person who has the contract with the hotel. All of this waste is carried to a ground in Madhavapura, which is lent to the rag pickers by Mythri. A group of persons from the slum are hired to do the segregation. After the segregation, the principal contractor then sells the material. Close to fifty members of the slum are now engaged in working for the hotels. Mythri has also organized some members of the slum, mostly women, who work as sweepers and collect the waste from the neighbourhood shops in pushcarts. Under Mythri's guidance, they now sell their waste to a fixed set of scrap dealers. However, their earnings remain low, at Rs.40-50 per day.

The limited reach of Mythri's activities is a source of disappointment and frustration for many slum dwellers here. Some enterprising individuals here have gone ahead organized a scrap business on their own. They buy the waste collected by the people in the slum and then sell it to a whole seller in the Jali Mohalla market area. The income from this activity is around Rs.4500. Those who do the actual collection are paid by the kilogram according to the day's market price. The actual collectors earn no more than Rs.1500 per month.

At the bottom of the heap are those, mostly women, the old and the infirm, as well as children, who are unconnected to any kind of organized activity. They sell their daily collection at whatever price they can get.

## **Work and earnings through rag picking in Cement Huts slum**

### **Aligned to Mythri/Waste Wise**

<u>Category of Work</u>	<u>Earnings p/m</u>
Principal Contractor with Hotels & Electronic City	Rs.10,000
Collecting	Rs.4/5000
Sorting/Segregation	Rs.16/1700

### **Independent scrap business**

<u>Category of work</u>	<u>Earnings p/m</u>
Selling collected scrap to whole seller	Rs.3-4000
collecting	Rs.1500

### **Individuals collecting from streets and garbage heaps and selling independently**

Rs.1500

While there is a clear gradation among the three different categories, within the categories, the incomes differential is determined by the kind of work and relative position, as contractor, collector, sorter, or merely as an independent rag picker.

This gradation in the incomes of persons in the slum doing the same work, highlights a number of issues. First, the scope of the NGO's activities in this area has obviously been limited : thus the NGO provided organized work, with higher remunerations, for a few persons, but there was complete absence of effort to visualize a programme that could provide a framework of organized waste collection for this slum, and thereby lift this entire community of rag pickers from a cycle of low and insecure earnings. Secondly, we found that those who had benefited from the NGO's initiatives were the more

resourceful persons in the slum: men, who were relatively young, who had some organizational skills. Apart from this small circle, the NGO had also related itself to an outer ring of waste pickers, mostly women who picked waste from nearby shops. However, their earnings were much lower than of those mentioned above. Thus within the network created by the NGO, the lowest paid were women who were linked to the organization's activities, but in highly vulnerable, low and insecure returns to their labour. Finally, the weakest members of the slum: the old, the infirm, women and children were completely outside the loop of organized activities.

These findings were corroborated by some facts that emerged from focus group discussions with 20 women from Cement Huts slum. This discussion enabled us to gain a qualitative and historical insight into this community which resides in the center of the city but which represents a stunning spectacle of stagnation, material degradation and decline in the lives and livelihoods of three generations of slum dwellers. Of these 20 women, only three were not working. The rest were working as waste pickers who collect waste from road side garbage bins and sell either to scrap dealers in the chicpet area who deal in waste plastic and paper, or sell directly to slum dwellers who do scrap business. The women were aged between 40-70. The average earnings of these women ranged from Rs30-50/60 per day, that is, between Rs.1200-1800 per month. Of the 20 women, only two came to the slum after marriage; the rest had been born and brought up in Cement Huts slum as children of rag pickers, married to residents of the slum, and continued in this occupation. In these 20 households, there were 28 of the next generation, between the ages of 6-18. 8 children between the ages of 6-12 were going to school. 20, ages ranging from 10-18, had dropped out of school as early as in fourth class, and of these 16 were engaged in rag picking.

The typical household thus seemed to be where the women, working as rag pickers, were married to men who were coolie labourers, or rag pickers; these women represented the second generation living in this slum of rag pickers; a large number of the third generation had either taken to rag picking, or after dropping out of school they were sitting idle at home, in some cases working as coolie labour or domestic servant.

If one were to compare the two slums, in both there is an ongoing process of integration into the modern sectors of the city's economy. In KS Garden individuals had found a foothold in salaried employment through access to education and networks. Although a large number of households in KS Gardens still remained tied to traditional, low paying occupations, the relatively larger presence in this slum of those who had made it to higher incomes explained the low poverty ratio here. In Cement Huts a group of men from the community have been pulled into the new economy by an NGO by transforming their work into organized waste collection for IT companies and Five Star hotels which has brought them higher returns and a stable source of income. However, the numbers remained low and limited to the initiatives of a single NGO. The large majority of households remained excluded from any kind of organized activity, and the study highlights the continuing ghettoization of the second and now even the third generation in low incomes generated from isolated, road side waste picking. Thus the channels through which this deprived community can be linked to organized structures of waste collection and higher incomes are indeed narrow and limited. Perhaps more importantly, the fact that a large number of persons in this slum

represent the second generation of rag pickers making a living off the streets, and their children, constituting the third generation, continuing to do so, underlines the complete failure of the state to reach into their marginalized lives and livelihoods, and perhaps more astonishingly, the selective nature of civil society intervention, as the concerned NGO limited its activities and impact to a hundred odd individuals in a community of 400 waste picking families.

What perhaps needs to be underlined is that even given a margin of error, due to under reporting of incomes, the general impression of deprivation that we gained from repeated visits to several slums, corroborates the poverty ratio figures generated by the survey. The poverty that struck us was not that of starvation; deprivation meant primarily the absence of security of income, lack of adequate housing, and of access to basic amenities such as water and sanitation, of social security, as well as the complete lack of subsidized health care and education which would be essential to create a buffer against low and insecure incomes.

## **6: Poverty and Informality**

The central theme of enquiry running through this research is the question of how to conceptualize the urban lower classes ( located in slums, working in low paying occupations), in terms of their position in the economic structure. Although the terms informal economy/informal sector are now widely used, the relationship of subaltern groups to the urban economy remains to an extent ambivalent. Urban informality undeniably poses formidable challenges both to urban theorists and activists. The informal sector is marked by diversity of occupations, size of enterprises, incomes as well as the physical disparateness of large numbers of people. And the urban informal sector's diversity has become the reason for much scholarly throwing up of hands in that it neither yields precise characterization nor is an effective ground for collective action.

However, what appears to have been missed is the structural uniformity that actually defines the urban underclass, even when they appear to be highly heterogeneous. The urban subaltern mostly shares a common economic characteristic, that is, that they work in the informal sector of the urban economy. The tentative argument here is that the informal sector now provides a context for understanding the enduring albeit shifting nature of the capital-labour relationship, and the nature of the state. The nature of informality in the current context is different from petty structures of production and trade in early industrialization which is expected to be erased as industrialization proceeds. One must, then, view informality in the present context as an integral part of the structure of global capitalism as it is unfolding in developing country contexts such as India. I argue that this understanding must inform our thinking about the urban underclass, both as economic category and as political subject<sup>10</sup>.

The incorporation of unskilled urban workers into sectors that reflect the dynamism of global economic activities,( Construction, Ready Made Garments exports) highlights that such inclusion has taken place on terms and conditions that appear to be disadvantageous to the urban poor in terms of their life chances. While the urban poor are drawn into the framework of the growing and modern structures of the city's economy, these domains are marked by low wages, insecure work and sub standard working conditions. As far as the workforce is concerned, therefore, these sectors of employment remain occupational ghettos, providing subsistence, but few opportunities for occupational and social mobility. The condition of labour in these domains can only be understood in terms of the broad framework of the capital-labour relationship within the evolving structure of capitalist industrialization in a context of globalization.

This context draws our attention to the fact that within industries, private profit accumulation is taking place within a framework of low wages paid to a workforce which is abundant in supply, unskilled, non unionized and therefore not in a position to

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<sup>10</sup> For a discussion on this theme see RoyChowdhury :2011 ( forthcoming); also chapter on civil society.

bargain for higher wages or better working conditions. The boom in the construction industry in the city of Bangalore is a direct fall out of the city's global connections, as IT as well as international banking, finance, hospitality have changed the physical profile of the city, and as rising numbers of upwardly mobile professional classes who have flocked to the city demand world class housing in gated colonies, swanky villas, apartment buildings and so on. While this boom has expanded the growth in employment in the construction sector, the condition of workers in this sector remains low paid, insecure and vulnerable on many fronts.

Similarly, the growth of the export oriented Ready Made Garments industry, this industry is to be seen in the framework of the global supply chain wherein global retailers ( Gap, Walmart, Nike, and many others) sell in the international market garments made by manufacturing units set up in India. While these manufacturing units are run on the basis of a combination of multi national/Indian capital and Indian management, it is well known that the economic logic of the relocation of garments manufacturing in developing countries like India, Bangladesh, Sri Lanka and Philippines is primarily driven by the low wage cost in these countries. A semi rural, predominantly female, non unionized and first generation workforce, faces in this industry low and unregulated wages, poor working conditions, abusive shop floor relations and absence of job security, pension benefits etc. Currently there are moves to raise the wage levels and improve working conditions/management worker relations through civil society activism, social audit, international monitoring agencies and so on. However, the logic of high profits in garments exports is determined by its low wages and unregulated working conditions, which provide the edge in a globally intensely competitive industry.

The point is that in both these sectors which are closely linked to the globalization boom in Bangalore city, it is not difficult to see that labour is underpaid and otherwise vulnerable and that these vulnerabilities are given in the very structure of these industries. Thus even though in each of these domains, labour related unrest or industrial disputes are not conspicuously present, the interests of capital and labour are clearly juxtaposed in the way in which these industries function. It is important to highlight that in these

specific sectors, the capital-labour relationship is structured predominantly by informality, that is, the lack of regulations. Informality, therefore, is meaningfully seen not as pre capitalist or pre modern, but essentially as part of the dynamics and logic of global capitalism. The absence of industrial disputes or class related activism is often the basis for stating that the capital-labour relationship is no longer meaningful for understanding urban conflict. Overt conflict is of course absent. However, where the structure of the industry clearly reveals an economic opposition between capital and labour, and where the extraction of surplus value through an underpaid labour is clearly present, class in an economic sense provides us with an useful conceptual tool to unpack the dynamics of these industrial sectors. The widely shared view that class is no longer useful, when seen in the perspective of these industries, could be translated as the death of class but not of capitalism. The question that comes out of this analysis obviously is whether we can at all talk of capitalism without class, even when overt class action or politics is not seen.

Informality, therefore, clearly structures the capital- labour relationship where the wage relationship is seen, as in the above cases. Secondly, a huge domain of the informal sector exists outside the wage relationship, in the sphere of self employment. Tiny production units based on small capital and self or family labour, petty trade, street selling, all of these are characterized as self employment. Given the scale of these activities, their complete exclusion from the city's mainstream, modern economy, there are enormous problems of definition and conceptualization. These problems are compounded by the fact that in terms of scale and size too, the domain of self employment is highly diverse. Thus a thriving fruit shop owner in a city market, who possibly runs other such businesses with the help of family members, and frequently may own land/property, is self -employed, and in some sense comparable to the vendor who sits on the pavement with a few fruits laid out in front. (There may be ways of distinguishing such enterprises, however that is beyond the scope of this paper). Without pushing the issue of comparability or otherwise of different sizes and scales of self employment, we would underline that very often the self employed, engaged in petty trade, constitute one of lowest income earning categories. The present survey confirmed

this. Other studies<sup>11</sup> have examined particular kinds of activities within the category of the self employed, such as street vending, and have highlighted the income and other vulnerabilities of these occupations. Therefore, for the present purposes the diversity of scale in self employment is not so much the concern as the vulnerabilities associated with a large majority of those who are self employed.

Kalyan Sanyal, in a now widely cited book (Sanyal: 2007) underlines that the clue to inequality and exploitation in post colonial economic formations lies in the informalization of work. Sanyal's point of departure from other work on the informal sector is that while informalization of work within capitalist production provides an important clue to the nature of exploitation therein, informal production *outside* the framework of capitalism characterizes what he calls *exclusion* within the capitalist system. Large numbers of both rural and urban under-classes continue to be displaced from their traditional means of livelihood, and separated from the means of production and survival, at the same time they cannot be incorporated within the capitalist structures of production, whether in agriculture or in industry. Thus it is that huge numbers become *self employed*; given the nature of their operations, minimum capital investment, use of self and/or family labour, meager earnings at subsistence levels, their singular characteristic feature is that they are disconnected to the mainstream capitalist economy.

This space of employment is significant, according to Sanyal for two reasons. In the first place, the narrative of the transformative effect of capitalism, given in liberal, Marxist, as well as dependency theories, is substantially challenged, when we find that an ever larger space in the economy, in terms of numbers, is occupied by those pursuing livelihoods which are disconnected from the capitalist economy. Secondly, what emerges is a new understanding of capitalism, not only a system that expands on the basis of surplus value, but a system that can survive only by the systematic and continuing dislocation and exclusion of large numbers

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<sup>11</sup> See Bhowmik:

Informality is therefore necessary to the current phase of capitalism, whether in the domain of unregulated wages, or in the domain of petty self employment. I use the word necessary here in order to indicate that this feature is given in the structure of capitalist development as we find it now.

Finally, informality as a specific trajectory of industrial capitalism in developing countries, must be seen to be closely aligned to state practices and policies in the domain of labour. Here the state's own employment practices, as well as the state's posture towards employment practices in the private sector, are important cases in point. Contractualization of employment in the public sector, has been widely noted. A large number of state industrial enterprises, as well as state owned institutions ( in education, health) have turned towards contract employment, particularly of support staff, gradually replacing permanent employees with those hired through contracting agencies. Thus with regard to a large number of workers, the state has withdrawn, so to speak, from a regulatory framework of wages on a scale, medical leave, pension, provident fund, accident insurance and so on. Secondly, where emerging sectors such as garments exports are concerned, while a nominal regulatory framework is in principle in place, it is routinely flouted ( chapter 2) in practice. This is possible not only because the workforce is largely non unionized, but also because the state's inspection system is hugely inadequate, and in this particular context, state agencies have preferred to turn a blind eye to the inadequate regulation of this export sector.

These practices, it is important to note, are anchored in the state's broader economic policy paradigm which is to gradually reduce permanent employees in the state sector, and implicitly supporting unregulated labour practices in particular sectors in order to encourage FDI and export-led industries. Therefore, there is a certain naiveté in assuming that absence of regulations is the only cause of informality and it can be corrected by introducing effective regulations. The absence of regulations is a dimension of state policy itself, stated or unstated, and related to a larger economic policy

framework. Informality, then, is far more complex than a trap<sup>12</sup> which can simply be skipped and the question of avoiding it may make it necessary for us to explore the broader economic policy framework rather than only the labour regulatory framework.

The findings reported in this chapter, read in conjunction with chapter 2, would indicate the following: the policy discourse on urban poverty which is predominantly basic amenities and local participation oriented, misses a crucial dimension of urban deprivation which is rooted in the domain of occupations, livelihood and income of the urban underclasses. Chapter 2 looks at income, working conditions and tenurial security in two industrial sectors which represent the dynamism of the city's economic growth as well as its ties to global capital : construction, and ready made garments exports. Both in the Construction industry and in Ready Made Garments industry, formal regulations relating to the workforce are by and large ignored; the result is a workforce a significant percentage of which is paid below the stipulated minimum wage, and enjoys no security of tenure or insurance related to age, illness, accident. The present chapter has looked at occupations and income in six Bangalore slums. These are spread over a number of occupations, and we have highlighted that most households remain tied to traditional, low paid work either in wage employment or in petty trade in self employment. Only a few households have been able to acquire regular salaried positions in the city's so-called modern sectors. The two chapters , read together, indicate the centrality of informality as it determines the context in which the urban poor work. I have highlighted, particularly the following: by and large informality is seen as widely present, but as elusive of precise definition and character. Efforts to arrive at precise definitions do not pay sufficient attention to the structural roots of informality in the context of globalization. This chapter has located informality in the context of capitalism structured by globalization. The nature of informality indicates the enduring centrality of class for the understanding of the urban condition. The class profile of urban subaltern groups is largely submerged in the inchoateness of the informal economy. This chapter, and the

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<sup>12</sup> The term "informality trap" has been recently used by the economist Ravi Kanbur. In the introductory chapter I have discussed at length competing perspectives, including Kanbur's, on the informal sector.

previous one, suggest that in fact the world of informal work, whether in wage labour, or in self employment, is infused with the capital-labour relationship.

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<sup>i</sup> see note on methodology above.