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## STRUCTURE AND DYNAMICS OF LABOUR MARKET FRAGMENTATION: DIVISIONS AMONG CONSTRUCTION LABOURERS IN SOUTH INDIA

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### INTRODUCTION

The paper analyses the factors and mechanisms determining the structure of labour markets in South India. Besides labour relations and recruitment procedures, the dynamic aspects related to occupational mobility have also been analysed in some detail. This investigation is important for explaining the differences in job quality between different types of workers. It may be pointed out that the structure of the labour market has a significant impact on the scope for employers' strategies in the area of subcontracting relations and labour arrangements (see Van der Loop, 1992). The present paper is focussed on the factors causing fragmentation, and its consequences for the workers, and their implications in a dynamic situation. In other words, the central question analysed in the paper is "... how people become trapped in particular low income labour market segments", and how permanent is this structure (Rodgers, 1993).

The 'segmented labour market theory' was developed in the United States in the sixties analysing "... the existence of compartments within the labour market which are more or less self-contained and composed of non-competing groups of workers, whose options are severely constrained by social and institutional factors." (Harriss, 1986, p. 9). The theory was developed to explain urban poverty and the labour market disadvantages of minority groups. Therefore, it is usually dualist in nature, highlighting the difference between, on the one hand, the high earning, permanent and preferred jobs, and on the other hand, the temporary, casual and unattractive ones.<sup>1</sup>

Applied to the urban labour markets in developing countries, this has led to the distinction between 'formal' and 'informal' sector jobs. The shortcomings of this dualism have been the subject of much debate, neglecting as it does, both the relations between the two sectors, as well as the labour systems of each sector (Breman, 1976; for an overview see Van der Loop, 1992). For example, with the increase in subcontracting relations in different branches, organized sector enterprises may make use of labour systems characteristics of the 'unorganized sector'. The "World Underneath" is not in the process of disappearing, but there is widespread evidence that it is persisting or even expanding in many countries (Castells & Portes, 1989).

Because 'segmentation' is closely associated with such dualist theories, and because it suggests well-defined segments which, as will be shown, can hardly be identified in real situations. I prefer to use the term "fragmentation". The fragmented labour market thesis contrasts sharply with the neo-classical approach, whereby barriers in the labour market are perceived as 'market imperfections', which will be eroded by competitive forces, especially if policies to remove

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such imperfections (Stretton 1985).

A crucial question concerns the mechanisms underlying labour market fragmentation, and especially whether these mechanisms originate from the employers or the workers. Hart contends that fragmentation in rural Java, Indonesia, is actively promoted by employers:

“..by selectively extending ‘privileges’ to particular workers, employers are better able to ensure not only an adequate labour force, but also a hard-working and docile one (...). This principle of selectivity is crucial. The key mechanism through which the employer seeks to influence the worker is the latter’s perception of being in a relatively privileged position: fear of jeopardising this position is the motivating force that drives the worker.” (1986, p.689).

According to Hart, the main plank of the “exclusionary” mechanism is that employers provide job security to particular groups of the workers, while explicitly excluding the others. In return, the privileged workers sometimes have to pay an ‘employment fee’. Although Hart also shows that under certain circumstances the organisation of labour may lead to a considerable reduction in the incidence of exclusionary labour arrangements, the ultimate conclusion is that “.. employers use exclusionary arrangements not only to recruit and discipline labour but also in the exercise of social control.” (1986, p.694).

An analysis of the degree of fragmentation of the labour market is of prime importance, especially because informalisation processes can take place more easily and more profitably if the labour market is highly fragmented. Different groups of workers, who are separated in different fragments, can be played against one another in order to keep the wages at low levels.

In the following section, I will indicate the context by discussing some crucial aspects of construction workers, especially in South India. In Section 3, the so called ‘pre-entry’ factors which structure the labour market are analysed in the context of construction sector in the study area. Some of the consequences of the particular labour market for the different types of labourers will be investigated in Section 4. In the fifth section, attention is focussed on the dynamic aspects, i.e., the ‘post-entry’ factors or the kinds of occupational mobility. The conclusions are presented in the last section.

## THE CONSTRUCTION SECTOR

The construction industry consists of diverse sub-sectors according to the nature of projects, such as building construction, civil works, and building materials production. Here the focus is on building construction.<sup>2</sup> Construction is distinct from most other industries because it is based on projects. With each new project, an entrepreneur has to start from scratch as it were, having no fixed work premises and shifting the tools and machinery from one site to another. Therefore, the logistics of personnel and material management constitute a crucial aspect in any construction project. Furthermore, it is a demand driven industry and therefore characterised by instability and fluctuations.

The field research on which this paper is based has been carried out in two medium-sized cities in Northern Tamil Nadu, India: Salem, with almost half a million inhabitants, and Vellore, which is approximately half this size (Census of India, 1991). The research was set up in such a way that the entire branch of building construction was covered in the analysis. The production system, i.e., the different types of firms and their interrelations, was examined by means of a survey of all building sites in both cities, and through in-depth interviews with entrepreneurs and different types of subcontractors. To examine the labour system, interviews were held with regular and casual labourers. Furthermore, survey was conducted on various squares which function as veritable labour markets for the casual labourers.<sup>3</sup>

In Tamil Nadu, four types of enterprises are usually distinguished. *Hutmakers* are the

traditional craftsmen, presently building and repairing huts (made of mud and thatch or grass) for low-income groups. The *Mistris*, independent small scale entrepreneurs, are by far the most numerous category. They build the large majority of private housing, and the clients range from lower-middle income groups to higher-income groups. They are solely responsible for the labour aspect of the building process; the owner takes control of every other aspect (including the purchase of building materials).

The *government contractors* are capitalistic entrepreneurs, who possess some real properties, which could be registered as security or collateral. On the basis of this, they are eligible to execute construction works for government institutions. Finally, there are *private contractors*, who are mostly qualified engineers, taking up execution of full construction contracts (instead of restricting themselves solely to the designing of building plans). They work mainly for people in high income group. In Vellore, they hardly exist, but in Salem their number is expanding, especially because there are many people in high income category (e.g., wealthy textile businessmen, factory owners, the professionals, etc.). The majority of both types of contractors resemble the 'financier'-type of entrepreneurs that Holmstrom (1984; pp.87-109) describes, as opposed to the 'technician'-type which is applicable to the *mistris*. Thus, the sales markets of the different types of building firms are segmented.<sup>4</sup>

The construction sector is an important provider of employment, especially for the poorer sections of society. In 1983, construction accounted for almost 8% of employment in urban Tamil Nadu (about 4% in rural areas; MIDS, 1988, p. 66). Furthermore, it has registered a relatively high rate of growth in employment-- over 10% per annum-- between 1983 and 1988 in India as a whole (E.A.C., 1990).

The surveys of building sites in Salem and Vellore indicated that about 40% of the total (including regular and casual) workers are women (all are considered as 'unskilled'), a quarter are unskilled male workers, and a substantial 5% being below 15 years of age. The remaining, about 30%, are 'skilled' workers, especially masons. They also include carpenters, centering workers, steelbenders, painters and electricians.

### Regular and Casual Labourers

The labourers who most of the time are employed by one and the same building entrepreneur, may be described as regular workers, although they can never be entirely certain of the continuation of their work, the latter depending wholly on the decision of the entrepreneur. What is more important, these regular workers are not in any way protected by labour laws (Van der Loop, 1992). The major difference with 'casual' labourers is that the latter have to search for work themselves, often changing employers daily, that is, if they are able to find work at all. An important question is, therefore, how some workers become regular, and others remain casual. In other words, which pre-entry factors contribute to this difference? This will be investigated below.

Hutmakers employ the least number of regular workers (usually 5 or less). *Mistris* maintain a regular workforce of about 16 on average. The largest number is noted in case of government contractors in Vellore (an average of over 50). In Salem the government contractors employ much less regular workers (about 20) because they resort much more to subcontracting practices like the private contractors (an average of only 8 workers). Compared to casual workers, the regular workforce of the entrepreneurs comprise a large segment of skilled workers, and very few unskilled men. This is not unexpected since entrepreneurs are in need of trusted, skilled workers.

For casual workers, it is difficult to estimate the number and characteristics because these very, of course, according to the requirements of the work on a certain day. The most important recruitment procedure is contacting the workers on a few well known squares where the latter come specifically to find work. In other words, these squares function during the early morning

hours as veritable labour markets. There are five such squares in Salem and two in Vellore. 'Five Roads', located in the expanding western suburbs of Salem, is by far the most important square supplying an average of 308 workers per day. This square has no equal in Vellore. The second most important square in Salem is 'Chinna Kadai' (80 workers). The total (average) number of casual workers who gather in squares in Salem, is four times as large as that in Vellore (505 and 114 respectively). In view of the fact that the number of inhabitants in Salem is 'only' twice as large as in Vellore, one may conclude that the supply of (this type of) casual labourers is of much more in the former. This question explains, at least partly, why the entrepreneurs in Salem employ substantially less regular labourers (on an average almost 13) than those in Vellore (an average of 20).

## FACTORS STRUCTURING THE LABOUR MARKET

The structure of the labour market is determined at first instance, by the pre-entry factors, which correspond largely to the components of the ILO's 'social stratification' (1987a, p.124). Several of these factors can generally be distinguished.

### Sex and Age

In contrast to most countries of the world, in India many women are employed in construction sector. Due to the labour-intensive nature of the techniques used, many (unskilled) pairs of hands are needed, and since women work for much lower wages than men (see below), they are preferred. The tasks they perform on a building site are considered different from those done by male helpers who are said to be doing slightly heavier work (Roelofs, 1989). Especially fetching and carrying water, needed in large quantities, is the domain of the women.

Age is another powerful segregating factor. The male construction workers (on an average, 20 years of age) enter into *regular* work at a very young age (often well below 20 years). After working for a number of years as unskilled labourer, a few may become a skilled workers, i.e., masons; their average age being 28 years. Most of the *casual* workers on the squares have long passed the 'entry-age': they are often even older than the regular masons. It is thus not very likely that these casual workers will be able to enter the regular workforce. This also may be true for the female helpers, since entrepreneurs often prefer younger women. Nevertheless, among regular workers the female helpers have the highest average age (30).

With the exception of Five Roads, the average ages of the casual workers are quite similar for the different squares—45 years for skilled workers, 35 for unskilled men, and 41 for women. The averages are much lower at Five Roads (31, 26 and 32 respectively), and this is in part related to the geographical origin of these workers as discussed below.

### Religion, Ethnicity and Kinship

Religion and caste have traditionally been powerful factors in Indian society, resulting in intra-group cohesiveness as well as in inter-group partitions. Although the influence of caste seems to be on the decrease, marriages are still overwhelmingly arranged within caste group. Some occupations continue to be carried out mainly by one caste, traditionally attached to this or a related occupation. One example of this would be the Boyers, traditional earth workers, who have now taken to the profession of digging the foundations of modern, concrete buildings. In case of the construction sector proper, there is no such example. This is due to enormous expansion of this sector during the past few decades, drawing a large number of workers who have never been employed in any related activity. Instead, construction workers come from a variety of castes, although many among them belong to the lower castes.

One caste which dominates construction is *Vanniyar Gounders*, traditionally a caste of small peasants and landless agricultural workers, although for many of them this is a fact of the past. In Vellore they constitute one-third to half of the labourers and entrepreneurs, and in Salem the figure is even more (half to two-thirds). The difference between the two cities can, therefore, be explained. While the general caste composition of Vellore is dominated by Mudaliars with Vanniyars in the second place, in Salem the Vanniyars are by far the most numerous caste: The local caste association claims that they constitute as high as one-third of the population in Salem District. The same factor would explain the dominance of the construction sector in Vellore by Mudaliars, and its absence in Salem. About one-third of the construction workers in Salem belong to the lowest, 'scheduled castes', while this percentage figure is below 20 in Vellore.<sup>5</sup>

Caste relations and those of kinship, play an important role in the modes of recruitment. This will be examined in a following section but first the geographical origin and migration patterns of workers will be examined.

### Geographical Origin and Place of Living

In the literature concerning construction, it is often stated that the labourers are circular migrants, living in villages and residing temporarily at building sites in towns or elsewhere until the work is finished. It is a very striking phenomenon in Delhi or Bombay. However, in Vellore and Salem, this type of circular migration does *not* exist. Firstly, the great majority (70 to 80%) of the labourers live permanently within the limits of the agglomeration. The casual labourers gathering on squares do not generally commute daily from the rural areas outside the town. In Vellore (a large majority of these labourers live in the neighbourhoods adjacent to the square in question. The same is true for the city-centre squares of Salem as well. 'Five Roads', the largest square) is in a way an exception. It attracts labourers from nearby areas. However, since it is located in the periphery, the labourers come overwhelmingly from adjacent suburbs (within the agglomeration), or from villages in Omalur Taluk. About 40% of the workers on this square live outside the agglomeration. Finally, between masons, male and female helpers, there are only slight differences with respect to their living place.

Secondly, most of the labourers were born within the agglomeration. Female workers were however, often from outside the agglomeration, which is due to the marriage practice in Tamil Nadu whereby the female partner shifts to join the family of the male partner.

The absence of circular migration as described above can at least in partly be explained by the fact that Vellore and Salem are relatively small cities compared to Delhi, Madras or Bangalore. In these metropolises, huge construction projects (absent in medium-sized towns), are underway, that require many labourers to be recruited from a wider area. In these cases it is remunerative to recruit labourers from a distance, especially rural areas who are willing to work for wages less than that prevailing in the locality. In Salem and Vellore there are hardly any building site where the workers are actually residing on the site itself. Almost all workers have a permanent residence to which they return in the evening.

When the living places are considered in detail, it becomes clear that entrepreneurs and their regular labourers quite often live in the same neighbourhood. This applies also to the regular female workers. In view of the fact that women are traditionally more homebound than men in Tamil Nadu, the conclusion that women construction workers are as mobile as most of the men is surprising.

### Fragmentation at Work: "Recruitment Channels"

The actual modes of recruitment determine the nature of the fragmentation. Crucial in this respect is how the labourers acquired their first job in the construction sector. Recommendation

by a relative is the most common way of being introduced into this kind of work, especially in case of the regular male workers (about 60%). The introduction is mainly through their father. The "father factor" is of much less importance in respect of the casual workers, and almost negligible for women. This is not surprising because in case of married women, their husbands have generally taken over the dominant role of the father.

The second most important way of recruitment is recommendation by a neighbour or a friend. This is the case for about a quarter of the labourers, but more so in case of casual workers. Since friends, and relatives are often living in the same neighbourhood, the impact of the neighbourhood ties is abundantly clear, and explains, to a large extent the continuation of locational specialisation. The recruitment channel may start with some coincidence, but thereafter it is carefully maintained.

A substantial minority among each type of worker find employment by approaching the employers directly. They go to the house or the building site of a building entrepreneur and directly ask for work. The squares play only a minor role as a means to acquire the 'regular status', especially for the male workers. This leads to the important finding that casual workers, do not automatically become regular.

Several ways of recruitment which may come to mind are typically absent here. The official way, i.e., through the employment exchange, does not occur at all, nor do the Industrial Training Institutes (I.T.I.'s) play a role of any significance. Their students more often graduate in the field of plumbing, carpentry, etc., than in masonry. Secondly, semi-bondedness through substantial advance payments, such as in the building materials sector (Van der Loop, 1994), does not occur. In conclusion, informal networks of contacts dominate the way of entering the construction sector, and these contacts are, in large part, neighbourhood-based. In other words, entry is restricted.

A regular worker has the advantage that he/she does not have to search for work. This is done by the employer. A large majority of the regular labourers, therefore, did not have to do much to find their present work except reporting at site on time. An employer may want his labourers to gather at his house or at a regular gathering place. Nevertheless, a few of the workers found their present employment in a different way, mainly because their regular employer *temporarily* had no work (for them). In these cases, the work was found either with the help of relatives and neighbours, or through their own efforts, such as going to a square or asking for work at building sites. However, the large majority of the regular labourers stated firmly that they *never* go to squares, as if finding work this way is beneath their dignity.

Casual masons, male and female helpers play an important role in construction in the sense that only a few entrepreneurs *never* hire these workers. The most frequently used method is recruiting them on squares (over 35%). These are the genuine casual labourers, never sure of work for the day when arriving on the square, and when they are recruited, it is by ever changing employers. This contrasts with other casual workers who are likely to be employed off and on by the same entrepreneur, and therefore form a third, intermediate group of workers, often called *badlis* (Kooman, 1978, pp.49-50). These *badlis* are recruited in more personalised ways-- either they live in the same area as the employer, (20%) or they are recruited through the regular labourers who are their neighbours (16%).

If recruitment takes place through a regular labourer, then the latter is responsible for the performance of the new worker. Such a regular labourer resembles strongly what Streefkerk (1985, p.227) calls a *chamcha* (literally 'spoon'): "In every firm the proprietor has at least a few trusted *chamchas*, who keep him abreast with workers' moods and whom he can use to foster discord or break strikes. In every workshop there are workers who have been brought in by other workers and have therefore limitations in the roles they may adopt." It is thus obvious that the modes of recruitment have a large (if not definite) influence on the labour relations, not only between the employer and his labourers, but also between labourers. At the same time, it explains why the entrepreneurs use such recruitment methods.

Other modes, i.e., recruiting casual workers in certain suburbs/villages and through headmasons or subcontractors, are adopted by only about 10% of the entrepreneurs. On the whole, casual labourers have a much less direct personal relation with entrepreneurs, compared to regular labourers.

The casual workers going to squares rarely try to acquire employment in other ways. Upon leaving the square jobless (which happens quite often, as discussed in the following section), the large majority of the workers go home to perform household duties or to rest. Only about 10% of them go sometimes to building sites to ask for work. Of all the workers interviewed at squares (i.e. 919), almost 70% has no other occupation, while another 13% has a related job in construction as a second occupation. The other most important sideline is coolie work in agriculture (9% of the workers). Contrary to expectation, these casual workers are not generally agricultural workers seeking to overcome slack periods in the agricultural cycle. For the large majority, casual construction work is their major profession.

The abundance of *casual* labourers, enables the entrepreneurs to employ only a limited number of *regular* labourers in the first place. That they constitute a 'reserve army' of (casual) labourers, is clear from the fact that the overwhelming majority of the entrepreneurs in both cities (more than 80%) state that there is no problem whatsoever in finding additional labourers—not even at the peak of the building season. This means that labourers are in no position to bargain for a higher wage or better working conditions.

### Education and Union Activities

Apart from the four pre-entry factors discussed above, two others contribute to the degree of fragmentation. Firstly, formal education or professional courses are required for certain occupations. However, in construction these play only a minor role. Skills are usually learnt on-the-job. The educational level reached by the labourers is quite low. Almost half are illiterate, and three-quarters have not reached the sixth standard. Furthermore, education does appear to have an influence on a construction worker's career. Masons, on the other hand, have some education. One must add immediately that education is more or less a luxury, affordable only by the (soemewhat) better-off. They generally have better access to masonry jobs more because of their 'better' socio-economic position, their educational level. For all types of labourers, the most important reason for not going to school or for leaving it prematurely, is poverty. Leaving school was often necessitated by some 'calamity in the family' (e.g. death of father). Many informed that their income was needed for the survival of their family.

Secondly, the impact of unions' activities may enhance fragmentation (Harriss, 1986). The role of unions in construction, however, is very limited. Mobilisation at the point of production is weak. The existing unions are not able to organise large number of workers, partly because they are divided amongst themselves, but especially because construction workers have no fixed workplace. Therefore, unions often try to organise the workers at their point of residence. Consequently, the joint participation of direct employers (especially mistress) and labourers is no exception. For casual workers, union activities might even be detrimental as they are often the first to be dismissed (Streefkerk, 1985, p.243).

In conclusion, the so-called "formal-sector" workers, recruited through formal channels and employed permanently, hardly exist in construction sector. However, to say that all are "informal-sector" workers is not meaningful either. Regular workers should be divided into male and female groups, and contrasted with casual workers. The latter clearly function as a reserve army of labourers, waiting to be recruited, either at home (the *badlis*), or on some square.

## CONSEQUENCES OF LABOUR MARKET FRAGMENTATION

### Stability and Security of Employment

The regular labourers have a substantial degree of *employment stability*, in the sense that many of them have been working for their present employer for several years. Surprisingly, over 50% have had such regular work for more than two years now inspite of the instability of demand in the building sector. Masons work on an average almost twice as long for the same entrepreneur than the male helpers (3.3 and 1.7 years respectively). This reflects, on the one hand, the importance attached to a good mason by the employer and, on the other hand, the fact that achieving the status of mason is a major career move which is much valued by the workers.

Although employment stability is higher than expected, *employment security*, is very poor. Payments of wages are usually made daily or at the most weekly, which means in effect that employment can be discontinued whenever the entrepreneur chooses to do so. He might discontinue the work relationship permanently, but more often it is temporary. Working on a certain building site till the work is finished is usually the maximum degree of security, the labourers have. The workers interviewed on the building sites were employed there for an average period of 2.5 months, beyond which security comes to an end. When the work on a building site is completed, they have to wait and see whether and when the entrepreneur will assign them to another site.

For the labourers, the temporary unemployment may extend upto several months in a year (on an average 2.2 months in a year for the regular workers). Furthermore, there are more incidental causes for unemployment, such as rain, financial position of the client, scarcity of building materials, illness of worker, (religious) festivals and family duties. During the week before the interview, the regular labourers worked on average for 4.7 days. Since most of them expect to be employed for six days per week (Sunday being a holiday for them, in contrast to the casual workers), they are losing a quarter of their potential income.

The casual workers gathering on the squares get work far less, i.e., 2.5 days per week, although the workers came to the square on an average for 6.1 days out of the previous seven. In other words, they came in vain on 60% of the days.<sup>6</sup> Between the different squares, there are substantial variations in the figure. The workers going to Five Roads are employed on 52% of the days, while this is much lower in Vellore viz., 41%, and even more so for the inner city squares of Salem viz., 27%. Thus, even though Five Roads is frequented by many more workers than all the other squares in Salem taken together, it provides the best employment opportunities. However, the direction of causality might be reversed and one may argue that more workers visit the square as it has the best opportunities. In general, it takes special circumstances to prevent the casual workers from going to the squares, such as a national incident (e.g. the death of a Minister, or the Vanniyar demonstration paralyzing traffic), illness of the worker, family duties etc.

The difference between regular and casual labourers can be inferred from carrying of tiffin boxes which is very popular in India. When casual workers go to the square, they are not sure of being actually employed, while the regular workers are told the previous day whether they would get work or not. Thus, the large majority of the regular workers take their tiffin boxes to the work site, just as most of the office-employees do. The casual workers, however, rarely use a tiffin box. In the event they are employed, they take their tiffin in a local restaurant, spending part of the wages for the day. This is quite often a necessity, since the food for the day can only be bought after the wages have been received.

### Wage Rates

The wages of the interviewed labourers are always based on a daily rate irrespective of whether



these were paid daily or weekly. The average daily wage rates show great gap between skilled and unskilled workers and between males and females. The pattern is similar for regular as well as for casual workers (Table 1). The wage rate of the male helpers is 1.5 times as large as that of the female workers, who in fact do tasks which are (at the most) only slightly different. In Vellore, this ratio is substantially smaller than in Salem (1.4 and 1.7 respectively). This may explain the relatively greater use of female helpers in Salem. In its turn, the masons' rate is on average 1.75 times that of the male helpers (in both cities).

**Table 1: Current Average Wage Rates in Rs. per Day for Different Types of Worker in Vellore and Salem, 1985**

	<i>Regular Labourers</i>		<i>Casual Labourers</i>		<i>Avg. Wage in 1985</i>
	<i>Vellore</i>	<i>Salem</i>	<i>Vellore</i>	<i>Salem</i>	<i>Reg. Lab. Vellore</i>
Mason	33.4	34.8	34.5	32.7	24.5
Male Helper	18.1	19.1	20.4	19.9	15.0
Female Helper	13.2	11.4	14.3	11.9	8.2

*Sources:* Interviews with regular and casual labourers and entrepreneurs. Data for women are based on interviews with female helpers by Roelofs.

The Table given above shows that the wage rates of the casual workers are on an average somewhat *higher* than those of the regular ones (except in the case of the Salem masons). This, suggests that the major indication of labour market fragmentation consists of wage differentials. Deshpande (1985:14) has argued that "The *prima facie* case for the existence of segments is established by the extent of wage differentials between the segments." He further observes that in the so-called 'formal' sector. "Rates are fixed for the job and not for the man. In the informal sector, it is often the man who is rated and not the job. Absence of unions gives the managers, mostly proprietors, freedom to vary the reward according to the skill of the person employed." However, the wage rates in construction are at least *partly* fixed for the job. This is most pronounced in case of the female helpers: over half of the regular as well as casual workers receive Rs. 12 per day. Besides, young girls get a relatively lower rate. The lack of wage differentiation is more general among women workers, and it is an indication of the low status attached to their work.

The differentiation is much larger in case of men, especially the male helpers. Nevertheless, Rs.35 per day is a common rate for the job of a mason, and Rs.20 for that of a male helper. Various aspects of wage determination are discussed in Van der Loop (1992) to explain these variations. One of these is the 'commission' paid by the labourers to their employer. The latter deducts a part of the labourers' wages as a payment for arranging employment. The incidence and amount paid, however, is a well-kept secret. Another aspect is the 'procedure' for a rise in wages. Generally it depends on the entrepreneur, but the workers may use the threat of absenteeism. Both practices are responsible for wage variation which is quite significant.

With respect to the casual workers, there are some clear differences between the squares. The rates are higher at the squares located in the very heart of the towns, viz., Chinna Kadai and Ammatan Kulam.<sup>7</sup> On these squares, one often hears the militant opinions. For example, the women on Chinna Kadai stated firmly: "We will not accept work unless they pay us at least Rs.13". This united position may occasionally be broken by someone in desperate need of money. In general, however, the workers stick together when it comes down to their 'fixed' rate. Such solidarity is lacking at Five Roads, the square with the lowest rates. This might be attributed, on the one hand, to the sheer size of the workforce gathering here, and, on the other hand, to the fact that the workers are more often ruralities. The latter are in general less inclined to make wage

demands, since they are less familiar with the local circumstances. Also, they have a more submissive attitude towards their employers.

Although the wages in Vellore and Salem are very similar, this is not true for other towns of different sizes in South India. In the small town of Rasipuram in Salem District, the wages are much lower; these are much higher in the large metropolises, such as Madras. This is probably related to the fact that the costs of living increase with city-size, as does the readiness to stand up for one's rights. Since Vellore and Salem are both medium-sized towns, the difference between workers in these towns is very small.

In view of the employment stability, one would have expected the casual labourers to look forward eagerly to having regular work. However, many have serious reservations about this. One-third of these labourers prefer casual work, because they receive a higher daily wage since no commission is to be paid to the employer or because the labourer is not obliged to work overtime. The others do prefer regular work because of the regularity of employment and the higher income attached to it and sometimes because the employers provide advance payments and a bonus. Nevertheless, three-quarters of the casual labourers think it is impossible for them to acquire a regular job, mainly because the employers already have their own regular workers. The others think it is possible, but mainly conditional, i.e., only if they pay commission to the employer, or if they accept lower wage rates.

### **Fringe-Benefits**

Apart from the wage payments, there are important fringe-benefits for the regular labourers, such as an annual bonus in kind (viz. clothing), or in cash (Rs.50 to 100), the possibility of acquiring advance payments, borrowing money from employers and the possibility for compensation or immediate medical expenses in case of an accident at work.

Certain other fringe-benefits are not provided by the employer, but by the client. The owner and the mistri often have some common ties. But when the owner cannot control the labourer, the solidarity of the mistri vis-a-vis his labourers comes to the fore. The refusal to provide tea at work, for example, negates one of the very few generally accepted labour benefits, and the mistri can immediately retaliate with the threat of withholding his labourers.

### **Organisation among Workers**

An important consequence of labour market fragmentation is that labourers are divided. Their loyalty is much more directed to their immediate employer, and consequently trade unions on the whole are not very influential. On the other hand, recent events in Tamil Nadu have shown that people can be organized along other principles. In the years 1987 and 1988, one caste based association grew very strong by focussing on the issue of separate reservation quota in government jobs and educational institutes for its caste. It concerns the Vanniyars, a backward caste, which is one of the most populous castes of Tamil Nadu. It is also one of the most backward castes in the state, but among them, there are many belonging to high income groups. Severe agitations during a week long bandh in 1987 paralysed traffic in the Northern part of the state. This reflects certain degree of organization which is surprising in view of the fact that the "average Vanniyar" will have no access to such institutes or jobs anyway, because they cannot afford it. Their only hope is that their children might benefit from it (see further: Van der Loop, 1992). This confirms that classes become defined more by their struggles than by their structure (Castells and Portes, 1989).

**DYNAMICS OF LABOUR MARKET FRAGMENTATION**

An important question concerning the fragmentation in labour market, is occupational mobility. Such mobility would evidently decrease the degree of fragmentation.

The majority of labourers and entrepreneurs have never worked outside the construction sector during their careers. They can be placed in two categories; one, the casual labourers and hutmakers who started their career in sectors other than construction, especially in agriculture. They lacked the contacts necessary to enter regular employment and when their previous occupation was no longer financially viable, they had to resort to casual employment (especially on the squares), or to hutmaking. In the second category, we have the workers who have been outside construction, at least once in their career. In most of these cases, this happened with their very first job. Quite often they were still so young (well below 15 years of age) that their fathers decided construction work was not yet suitable for them. So these boys were temporarily accommodated in different types of child work such as silversmithing, errand-boys in shops and restaurants, and beedi-making, never once forgetting that with the coming of age they were destined to take up construction work.

Furthermore, the movement of workers between construction proper and other subsectors, such as foundation work, concrete pouring, centering work (Van der Loop, 1992), and the production and distribution of building materials (Van der Loop, 1994), is very limited. The only (partial) exceptions are foundation workers because a few of them have worked in stone quarries, and several of them found their way into employment as male helpers. Nevertheless, fragmentation is very evident and in no way it is possible to perceive construction workers in general as one homogeneous mass of labourers.

Once a worker has entered construction proper, there are certain well-defined paths of occupational mobility for each fragment, with only very little movement between the fragments. Female helpers are the worst off in this respect; they hardly ever reach the status of 'skilled' workers (Roelofs, 1989). Hutmaking, concentrated as it is in slum areas, is done by and for the poorest of the poor. It demands skills (thatch weaving and making mud walls) which are not needed in more modern types of construction. Ironically, casual male helpers and masons cannot generally shift to regular employment. Initially lacking the right contacts, they are now too old to be considered for that. Some of the regular workers do have the possibility of starting their own firm as a *mistri*. Government contractors have a variety of backgrounds, but the main factor is the ownership of capital goods which can be used as security for their registration. For this, it helps considerably to have a relative or father doing the same work. Permanent ('formal') employment in engineering or architectural departments, whether public or private, has been accessible only for the private contractors (and for some government contractors). Costly formal education in engineering or architecture is a precondition for this.

Only a few of the hutmakers, *mistris* and labourers (or of their family members for that matter) have been able to acquire such permanent jobs either in construction, or outside it. Holmstrom (1976), therefore, hit the nail on the head when he spoke of a 'citadel' comprising the workers with these permanent jobs. For those without such jobs, this citadel seems almost another kind of world of which they can only dream (e.g. for their children). However, in a more recent book Holmstrom himself (1984) criticised this concept, because, among other things, fragmentation exists within the citadel as well and because entry may be achieved by employment first as a casual labourer. The proposition cannot be denied nor confirmed statistically since the workers who left construction for 'better' jobs, either permanent or self-employed, were not part of the sample. Even so, if this occurs on a substantial scale, then at least some of the interviewed labourers might follow as well. They would have plans and express their wish to leave this sector. This has not been noted significantly during our survey. Besides, the high expectation of a future career as mason and/or *mistri* itself is an indication of a strong reliance on construction as the

source of employment, or as Stretton put it a strong commitment to this sector.

## CONCLUSIONS

There is an important policy inference that can be drawn from the above analysis. Among policy options 'training' of workers is often recommended very strongly. Is it based on a serious empirical analysis of the labour market? Considering the substantial degree of labour market fragmentation in construction, what is the real use of training? A project in Vellore to train masonry skills to female helpers ended in a deadlock because of the attitudes of clients, entrepreneurs and workers. These women were never hired as skilled workers outside the project context. In other words, despite their proven abilities, they could not escape the constraints of a fragmented labour market.

The importance of the existing fragmentation of the labour market goes beyond that. On the one hand, most of the employers' strategies, i.e., subcontracting practices and exclusionary labour arrangements, work only because of the divisions between groups of labourers. On the other hand, the nature and degree of fragmentation determines the scope for the survival strategies of the workers' and, in particular, their occupational alternatives.

In this paper it has been argued that the concept of a fragmented labour market not only offers basis for a realistic analysis, in that the different types of employment are identified (among others casual, regular or permanent, and male or female), but also helps to explain why some labourers are much worse-off than others who superficially seem very similar to them. It can be concluded that the workforce is divided in various fragments. Consequently it becomes difficult to mobilise the workers who have almost no bargaining power. This results in low wages, irregular employment and the absence of contractual fringe benefits.

The social relations of production and labour conditions show that whatever may change in the production system, the labour system undergoes only minor modification. For example, the recent arrival of private contractors on the construction scene may result in dramatic changes in the production system if their number increases significantly (Van der Loop, 1992). However, the labour system is not affected, because the private contractor will leave the labour management to subcontractors or headmasons, who will perform this task in the same way as the mistress. In other words, although the entrepreneur is formally registered, the labour system continues to be operated in an 'informal' manner having adverse implications for labourers, as mentioned above. The ones who profit most from this situation are the owners of buildings under construction who can bring down the cost substantially.

## Notes

1. See Deshpande, 1985, pp. 6-7. Also see, the "Crude Dual Labour Market Hypothesis", developed by Loveridge & Mok (1979): Stigmatised groups are identifiable because people with their characteristics are crowded into low wage paying jobs, jobs with no upward career prospects, jobs with low security of employment, and jobs with bad working conditions.
2. 'Building construction' comprises the construction of housing, offices, factories, religious buildings, and so forth, while 'civil works' consist of bridges, dams, irrigation facilities, roads, railways, and the like which are more often than not rural projects (see. Van der Loop, 1992). The production of building materials is much less project-bound, although on-site production exists as well (see. Van der Loop, 1994).
3. The parts of the research and the number of interviews conducted in Vellore and Salem:

Parts of the Research		Vellore	Salem
General:	1- Survey of building sites: Number of sites:	412	1596
Production System:	2- Interviews with entrepreneurs:	100	150
	3- Repeat interviews with entrepreneurs:	93	—
	4- Interviews with subcontractors:	19	30
Labour system:	5- Extended interviews with labourers:		
	(a) On the building sites (regular labourers)	50	200
	(b) On the squares (casual labourers)	10	30
	6- Surveys on squares ('short' interviews):	221	752

4. In this case, segmentation is a better concept (than fragmentation) since the segments can be pointed out in detail
5. Christians are often ex-Scheduled Castes, but only few of them participate in construction, while the Muslims are almost completely absent in this sector. The caste pattern of casual workers does not differ from that of the regular ones.
6. Based on the 917 short interviews on the squares, excluding 8% of the cases when on various days certain labourers did not go to the square at all. A majority of the workers went to a square on all seven days (60%), and another 35% went there on four to six days in the previous week.
7. The average daily wages offered on the squares are (in Rs.):

	Chinna Kadai	Five Roads	Other Salem	Ammatan Kadai	Kuttai Medu
Masons	34.6	32.2	32.5	36.9	32.9
Male Helpers	23.9	19.7	18.2	20.4	20.4
Female Helpers	12.5	11.6	12.0	15.1	13.4

(Source: Short interviews on the squares; number =887).

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