

Informal Employment, Poverty and Growth in India and China

**Collaborative research project between India and China
May 2011**

Institutional Collaborators

Host Institution: **Institute of Rural Management, Anand (IRMA), India**

Collaborating Institution: **Chinese Academy of Social Sciences (CASS), Beijing, China**

Local partners in India: **Institute of Human Development (IHD), New Delhi.**

Funded by **International Development Research Centre, Canada (IDRC), Regional Office for Southeast and East Asia, Singapore**

Period of the Project: September 1, 2009 to December 31, 2011

Rationale for India-China Collaborative Research

A burgeoning literature on India and China has focused on changes in the overall economy and drivers of growth. In China, a significant literature on the transformation of labour markets has emphasised first, the transfer of surplus labour out of agriculture, and second, the transition towards more efficient allocative mechanisms particularly following the restructuring of the state sector. The growing sphere of 'informal' employment in urban areas has not been systematically examined. In India, a larger body of literature has focused on informal employment, but little analysis has been undertaken on the links between this phenomenon, the nature of the labour market and the implications for growth, poverty and welfare. The current project will address the gaps noted above: it will focus on the labour force rather than the economy, and on employment and welfare outcomes rather than the drivers of economic change. It will seek to understand the nature of 'real' labour markets through the comparative analysis of two major economies; and to explore the implications of this for poverty and growth.

Project Objectives

The overall objective of the Project is to build knowledge and understanding of the relationship of informal employment to the processes of economic growth and development in India and China in the context of global economic and financial conditions. Further it seeks to examine the institutional basis of informality in the two countries and to analyze the role of the state in

regulating the economy and in delivering appropriate social protection for informal workers.

The specific objectives of the project are as follows:

- to fill a number of conceptual and empirical gaps in the analysis of labour markets in India and China, through improved definitions and instruments for measurement of informal employment;
- to contribute to the collection of better national statistics on informal employment;
- to analyze employment and labour market structure (with a specific focus on informal employment) under conditions of rapid growth, economic reform and global integration, under different historical trajectories and institutions;
- to understand the positive contribution of informal employment to economic growth and poverty reduction;
- to assess the opportunities and constraints facing different groups of working poor in the labour market, in particular along lines of gender, age, ethnicity or rural/urban residence status;
- to contribute to policy debates on how to improve employment opportunities and conditions for those engaged in informal work.

The Team

Project Leader

Professor Jeemol Unni
RBI Chair Professor in Rural Economics
Institute of Rural Management, Anand (IRMA)
Post Box No. 60, ANAND, 388001, India
Phone: 91-2692-221629(O)221710(R)9898235114(M)
Fax: 91-2692-260188/262422
jeemol@gmail.com

China Team Leader

Professor Cai Fang, Director
and
Professor Du Yang
Chief of Division of Labor and Human Capital
Institute of Population and Labor Economics, CASS
5 Jianguomennei Dajie, Beijing, China, 100732
Phone: 86-10-8519-5416
Fax: 86-10-8519-5427
duyang@cass.org.cn

India Team

Alakh N. Sharma, Institute of Human Development, New Delhi
Rajendra Prasad Mamgain, Indian Institute of Dalit Studies, New Delhi
Uma Rani, International Labour Office, Geneva
Dipak Mazumdar, Institute of Human Development, New Delhi
Ravikiran Naik, Institute of Rural Management, Anand
Sudipa Sarkar, Institute of Rural Management, Anand
Diksha Arora, Institute of Human Development, New Delhi
Dhruv Sood, Institute of Human Development, New Delhi

China Team

Wu Yaowu, Institute of Population and Labor Economics, CASS, Beijing
Qu Xiaobo, Institute of Population and Labor Economics, CASS, Beijing
Lu Yang, Institute of Population and Labor Economics, CASS, Beijing
Meiyan Wang, Institute of Population and Labor Economics, CASS, Beijing
Qu Yue, Institute of Population and Labor Economics, CASS, Beijing
Albert Park, Corpus Christi College, Oxford, UK
Ren Mu, The Bush School of Government and Public Service Texas A&M
University, Texas
John Giles, Development Research Group, The World Bank, Washington, DC

IDRC

Evan Due
Senior Program Specialist
Globalization, Growth and Poverty (GGP) Initiative
Regional Office for Southeast and East Asia
IDRC / CDRI
22 Cross Street, #02-55
Singapore 048421
Tel: (65) 6594-3713
Mobile: (65) 9271-5574
Email: edue@idrc.org.sg

International Advisors

Martha Chen, International Coordinator, WIEGO, Boston, USA
Joann Vanek, Statistics Program, WIEGO, USA
Ralf Hussmann, International Labour Organisation, Geneva
James Heintz, PERI, University of Massachusetts, Amherst, USA
Sarah Cook, UNRISD, Geneva
R. Nagaraj, Indira Gandhi Institute of Development Research, Mumbai, India

India Advisory Committee

T.S. Papola, Institute for Studies in Industrial Development, New Delhi

Ajit Ghose, Institute of Human Development, New Delhi, (retired, ILO)
Sheila Bhalla, Institute of Human Development, New Delhi
Amitabh Kundu, Centre for Studies in Regional Development, Jawaharlal
Nehru University, New Delhi
Gerry Rodgers, Institute of Human Development, New Delhi, (retired, ILO)
T.C.A. Anant, Secretary, Ministry of Statistics and Programme Implementation,
Government of India, New Delhi
N.S. Sastry, National Sample Survey Organisation, Government of India, New
Delhi, (retired)

Project Output (tentative)

Special issue of an international journal: The idea was to present the comparative collaborative papers on each topic for India and China in such a journal. The journals that were considered were The Journal of Comparative Economics, World Development, Journal of Development Studies and Development and Change.

Book volume: All individual country papers of the project in an edited book volume.

Policy Brief: A short document on the policy options arising from the comparative study of India and China will be written on completion of all the papers. This will be prepared in collaboration between the country team leaders. This can also be used as a chapter in the book volume.

Working Papers: A set of working papers dedicated to the project could be brought out by CASS, IRMA or IHD. Each of the authors could bring out the papers in their individual institutional working paper series as well.

International Seminars proposed

International Policy Seminar on Informality in China and India, Beijing in August-September 2011. Individual country papers will be presented

International Policy Seminar on Informality in China and India, New Delhi December 15, 2011. Collaborative India-China papers will be presented

Panel Discussion on India China's Informal Employment at the Annual Conference of the Indian Society of Labour Economics in Udaipur, India, December 17-19, 2011

Tentative titles of Country Papers

1. Informality and structure of the labour force in India, Jeemol Unni and Ravikiran Naik
2. Measuring informal employment in Urban China, Wu Yaowu
3. A measure of vulnerability in transition labour market in Urban China, Du Yang and Qu Yue
4. Poverty and inequality and relationship to informality in India, Dipak

Mazumdar

5. Poverty and employment informality in China, Ren Mu
6. Returns to human capital investments and employment outcomes in India, Jeemol Unni and Sudipa Sarkar
7. Returns to education in formal and informal sector in China, Qu Xiaobo and Albert Park
8. Migration and Informality in India, Alakh Sharma and Dhruv Sood
9. Social Protection and poverty reduction in India, Alakh Sharma and Diksha Arora
10. Social Insurance coverage in Urban China, John Giles and Dewen Wang
11. Urban Dibao: Targeting and Effect, Lu Wang
12. Job/employment mobility in India: Empirical evidence from field based survey, Uma Rani and Rajendra Prasad Mamgain
13. Labour mobility in Urban China: Evidence from CULS 2010, John Giles and Qu Yue
14. Gender issues in work participation in China, Ren Mu and Jeemol Unni

Topics for Collaborative India China papers

Tentative titles of papers and authors are as follows.

1. Meaning of informality and labour market outcomes: Jeemol Unni, Du Yang and Wu Yaowu.
2. Returns to education in formal and informal sectors: Jeemol Unni and Albert Park.
3. Social protection and poverty reduction: Alakh Sharma, John Giles and Lu Yang.
4. Job mobility in the labour market: Uma Rani, Rajendra Mamgain, John Giles and Qu Yue.
5. Gender issues in work participation: Ren Mu and Jeemol Unni
6. Poverty, inequality and employment informality: Dipak Mazumdar and Ren Mu. (Tentative)