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GENERAL SUMMARY AND CONCLUSIONS

WE WILL now recapitulate the major findings and draw certain general conclusions on the operation of labour market and the working and living conditions of workers in the construction activity. We will also attempt to derive from the findings certain policy measures towards restructuring of the construction 'industry' and its labour market, with a view to making it more efficient in relation to productivity for performing its central function of producing housing units of better quality at lower costs to the consumer, as well as more equitable to the workers in relation to the sharing of the income generation.

In summarising the findings, we note that construction in recent years has emerged as a growing activity in Ahmedabad city. Over the decade as against an annual growth rate of 2.8 per cent in the city's total workforce, the growth rate in labour absorption recorded by construction sector is almost thrice as large. It has been generating employment at a rate faster than the industrial sector and thereby manifesting its significance in the city's development.

We thus note the significant contribution that construction activity makes to the employment creation, but also underline the importance of viewing the structural characteristics of its production system and labour market, as the objective of employment creation is an integral part of a development strategy, that aims at the transformation of the basic structure, particularly in power relation and income distribution.

The structure of construction activity in Ahmedabad is in a state of flux. Though the activity retains on its traditional moorings and the process of change is yet sluggish, the onset of 'industrialisation' is clearly discernible, as evident in the activity of the State Housing Board and the emergence of fast growing

private 'developers'. The traditional moorings, which are yet dominant relate to both the technology and the organisation of building activity, that provides 'custom-built' houses and caters to the needs of varied and individualised styles of owner-consumers with preponderant preference for on-site fabrication and against standardisation of products. The process of production continues to employ traditional technology, and the pace of innovation and transformation barely incipient. The demand instability of, and localised market for, the produce are no doubt inherent factors inhibiting technological advance; but the prevailing structural relations in the production system are no less important.

The building construction in the city is organised around a number of small organisationally unrelated functionaries brought together through a complex contracting system, in which the general builder-contractor is the key figure. The building contractors coordinate the execution of various functions by bringing, on order/project basis, the required specialised functionaries to organise, move and assemble various materials and components to produce the final package. In this sense, the building construction activity in the city can be said to be highly fragmented.

In the fragmented system, as can be expected, the producers—the building contractors—are smaller in size and are organised as traditional 'partnership' or 'proprietary' firms. This is more particularly so in the residential construction. Within 'industry' the smaller firms are found to be producing a larger turnover by employing more labour per unit of capital, as compared to larger firms. In general, construction firms require a smaller amount of fixed capital investment in relation to turnover. While the working capital is of greater importance, the method of financing is unique in the sense that the production is generally financed by the client-consumer rather than the producer by periodic payments to the latter.

The activity is operating under conditions of constant return to scale. Amongst the factors of production, the relative contribution of labour to production is of high order. Interestingly, the relative contribution of capital at the mean output level of sample firms is almost negligible. Labour is thus more important than capital in terms of factor elasticity output and

marginal factor productivity. On the other hand, the wage cost accounts for only a small proportion (around 15 per cent) in the cost-structure. The cost of material is the largest component, and as can be expected, a monotonically increasing function of the output. As compared to manufacturing sector, the building construction makes a relatively larger value-added contribution, but the factor share distribution is rather uneven. The share of wages in value-added is proportionately low (40 per cent), the largest share being appropriated in terms of profits. An intense exploitation of labour is thus manifest in the production relation existing in the building construction activity.

In sharp contrast the building contractors are placed in a very favourable position. With the lower capital-intensity and the higher surplus-share in value-added, the return to capital is relatively higher. Probably, the building contractors are able to do well enough by recruiting from a large pool of unemployed, unskilled, and hence, insecure labourers at a low wage. Their ability to do so is enhanced by the fact that the mutual contact among employers (contractors) operating in a localised market setting enables them to function somewhat like an oligopolist vis-a-vis the unorganised labourers. They not only get cheap labour but also are ill-disposed towards investment in innovations and improvement in the skill-profile of the workers. The need for technological advance for further increasing labour productivity and a more equitable share in the income generation to the labour is paramount. But the impetus for the change will have to come from the organisation of labour.

Labour productivity in the building construction, nevertheless is not so low as it is generally assumed. As compared to the large scale manufacturing sector, labour productivity in the building construction is relatively higher. It is the average wage rate that is relatively lower. The low wages paid to construction workers cannot simply be explained away in terms of an assumed low labour productivity; the nature of labour market contributes largely to the economic conditions of building workers.

The labour market in a given geographical area is a system, where allocation of workforce and its price fixation takes place through the interplay of supply and demand forces of the

market. On the supply side, the market should have supporting institutions that ensure the required quantity and quality of labour supply, without at the same time adversely affecting the demand for labour. The source of labour supply is thus the important element of the local labour market and its evaluation needs a closer understanding of the socio-economic profile of the workers.

The analysis of socio-economic characteristics show that the majority of building workers of the sample are males— young, married and migrant. The female working in the labour force is also substantial (25%). The system of child labour is in vogue though is of a small magnitude. A typical building worker enters at the age of 14-18 years and exits when he is in the age of group of 45-50. The caste-status is no longer a constraint for job availability and there does not appear to be any rigid occupational stratification along caste lines. Though the labour market is dominated by scheduled caste/tribe workers, it is on account of the fact that they being illiterate and uneducated, are disproportionately represented among the unskilled workers. The educational profile of the workers is generally low and reflects in their occupational status.

A majority of the workers are migrants to the city: 71 per cent among males and 62 per cent females of the sample. An overwhelming majority of migrants (95%) are from rural areas. It is the 'push factor', as reflected in the low level of family income, heavy indebtedness and other economic compulsions, more than the 'pull' of the city life, that explain the rural-urban migration. Although, the migrants maintain links with their native home for social purposes, the very economic compulsion that has made them to migrate to the city also has sustained their continuous attachment to the city and its building construction activity.

Thus, migration from rural areas of Gujarat and the neighbouring States of Maharashtra and Rajasthan contributes largely to the supply of construction labour market in Ahmedabad. There appears a skill-specificity of regions in the supply of building workers. The migrant worker in the light of his depressing socio-economic profile (marked with poverty, illiteracy, indebtedness and social handicaps) takes up the first job he easily gets through his friends in the construction

activity, which has the dominance of unskilled and semi-skilled occupations; sticks to it even if it means moving from place to place for work within the city; and tries for another only when he loses it. His mobility profile is unique as it is limited. He moves from one work-site to another under same/different employers but within the building construction and within the city. There is very little inter-industry, inter-occupational or inter-regional mobility among the building workers. The mobility measure in respect of the past inter-industry movements is only 0.15, which means a worker on an average takes about 7 years to change his job across industries. As between occupations, the past mobility (observed measure 0.38) is slightly better. The lack of mobility (measure 0.08) is conspicuous in relation to geographical movements. On the whole, nearly one-half of the sample workers have been in the building construction activity for more than 10 years and the majority of them do not even have an effective desire for a change in job. Even in the potential sense, the building workers of the city do not seem to be members of a mobile workforce. Although construction workers are generally treated in the literature as an 'easily-entered' and 'easily-left' pool of workers, they do not seem to be a floating mass. Despite the frictional employment so characteristic of the activity, the building workers of the city constitute a somewhat 'stable' workforce.

The observed lack of mobility does not, however, imply workers' job satisfaction in the building construction activity: 97 per cent of the sample workers have expressed dissatisfaction with their present jobs. They do feel the need for a change in job, but they lack the perception of alternative opportunities and are also constrained to seek better earning jobs within or outside the city due to the absence of 'enabling factors' like education and training.

As a matter of fact, there are no effective institutional mechanism in the labour market for dissemination and communication of job information, recruitment and training of workers. The craft associations of trade unions have not emerged in any effective manner to perform these functions. The employment exchange makes no major contribution as a clearing house for job seekers and employers in the construction trades. The employers also do not make direct recruitment of

labour with a view to reducing the risk of imbalances in the supply of labour in a situation of checkered demand. In such a vacuum created by the lack of purposive social action, the outdated labour sub-contracting system continues to be the key mechanism for the recruitment of construction workers. It is found that an overwhelming majority of sample workers (97%) secured jobs through the labour contractors. They exercise a dominant influence in matching the supply to the demand for various skills and so also in the wage determination of construction workers.

The labour sub-contracting system seems to perform the labour marketing function adequately for the employer, in so far as it makes available requisite quantity of labour to them. At the moment, no problem arises because mostly unskilled and semi-skilled workers are required and they are available in plenty. Thus from the employers' viewpoint it can be regarded as functioning 'efficiently'. It may however, fail to do so with a change in the skill profile of demand for labour as a result of technological change. From the viewpoint of workers, the system is characterised by inequities and exploitation, as it makes a worker completely dependent on the contractors for a job in the given market and institutional situation.

The absence of supporting institutions in the labour market is also reflected in the system for imparting training in construction skills. The occupational structure of the construction activity is such that the jobs currently being done by a significantly large proportion of workers can be identified in apprenticeship trades and only a small proportion of workers can strictly be called 'labourers' doing manual job and requiring no specific training as such. Yet, only a negligible proportion of workers (3%) of the sample are seen to have received any formal training in the construction skills. The large proportion of workers acquire skill, as in a traditional society, either by hereditary channels or by work experience rather than formal training. Apparently, neither has the apprenticeship received the acceptance of the employers nor has the craftsmen training scheme received any serious interest of the workers. The absence of any institutional mechanism for imparting the training for upgrading the educational and skill profile of the workers by way of workers' education, apprenticeship, training

programme, etc., weakens the bargaining power of the workers for better wages and conditions of work. In the absence of supporting institutions, the labour market cannot be said to be functioning efficiently in terms of matching workers and jobs in skilled occupations like masons, carpenters and machinemen, in relation to the demand in a dynamic sense.

On the demand side, although the construction sector accounts for only about 3.2 per cent of the city's workforce, the employment growth rate is relatively higher than the industrial sector. The demand for labour is however subject to instability and seasonal volatility, with the result, job availability is generally discontinuous. Yet it is misleading to treat the building construction simply as a 'casual' economic activity, for the workers in it stay in the same job on an average for 3 years. In the sample 45 per cent are employed on 'regular basis'; (but not continuous) 52 per cent for 'upto work period'; and only a small proportion on 'day-to-day' basis. It is thus seen that subject to the frictional idleness, the workers get employment through the labour contractors more or less regularly although, they have to shift from work-site to work-site and probably from employer to employer.

The discontinuous nature of employment, nevertheless is a typical feature of the construction activity. But this feature of construction activity does not seem to be a major deterrent to the supply or a discouraging factor for the entry of workers to its labour market. However, it prevents a direct and continuing relation between employers and employees and thereby inhibits the growth of unionism and collective bargaining in the labour marketing process.

As a result, the wage determination and the method of wage payments in the building construction are as found in an unorganised activity. The construction seems to be a 'sweated industry'. It is covered under the Minimum Wages Act, but the wages current in the market are lower than the minimum fixed under the Act particularly, in the case of unskilled category of workers. Overall, the wage rate prevailing in the market at around Rs. 9 per day—Rs. 6 for unskilled, Rs. 8 for semi-skilled and Rs. 10 for skilled workers—is very low. Wages are in symmetrical relationship with skill-intensity of occupation in the building construction. Inter-occupational wage differen-

tials are quite low in unskilled occupations, somewhat high in semi-skilled and wide in skilled occupations. However, some occupations do not have any large deviation in wage rates among work-sites. It appears, jobs cluster in a systematic group pattern, implying thereby an inflexible wage structure in the construction labour market.

To the extent there is a significant similarity of occupational wage rates among work-sites, the labour market can said to be an integrated one. The low degree of variations in wages of occupations among work-sites also implies the operation of competitive forces in the form of 'wage contours' in the occupational labour market. The occupational wage differentials are narrower in building construction as compared to organised industries and over time. One would have expected that the relative scarcity, atleast of skilled workers, would have pulled up the highest wages faster and widened the wage differentials but that it has not been so suggests that the workers have not been consolidating their individual bargaining strength into a trade union power in the process of wage determination.

The study also finds that the total monthly earnings of the building workers are also poor by any standard. The monthly earning of an average building worker is only Rs. 195. It is Rs. 247 in the case of male workers and Rs. 195 in the case of female workers. By occupation, the monthly earning of a skilled worker (Rs. 260) is twice large as that of an unskilled worker. Broadly, the increasing levels of education have shown positive bearings on the worker's monthly earnings.

The conditions that tend to depress the workers' wages and earnings also contribute to their poor working conditions. Much of the work is done in open. Workers have to shift from work-site to work-site. They work for longer hours. The work is physically demanding and hazardous and hence prone to higher incidence of accidents. Yet they do not get from the employers any fringe-benefits like, transportation subsidy, paid holiday and medical facilities. Nor do they receive any insurance, pension, bonus, gratuity or other types of social security benefits available to the workers in the industrial sector. Unlike the factory workers, they do not have even access to proper drinking water, sanitation, rest, and refreshment

facilities at the work-place. Conditions of work in the construction are notoriously bad, thereby affecting adversely on their productivity.

The poor earnings and conditions of work of the building workers may be to some extent, a result of the typical nature of construction activity. But our analysis shows that the labour marketing institutions have their own contribution to make to the pitiable lot of the workers. The study particularly underlines the absence of any effective unionism to discipline the members to prevent competition among the workers, and to fight collectively for better earnings and working conditions. There are only a few registered trade unions and their docile nature is evident from the fact that the large majority of the sample workers are not even aware of the existence of unions. The building workers have a poor perception of the role of unionism for ensuring better employment relation. It is, therefore, natural that in a situation of abundant labour supply, particularly of unskilled workers, wages and earnings remain low in the construction labour market since there is no organised effort made to raise them through collective bargaining.

With the poor wage earnings, the building worker and his family can only maintain poor levels of living. The situation is accentuated by the typical family structure characterised by a bigger family with larger proportion of non-earning members, and higher dependency burden as compared to the workers of the organised manufacturing as well as informal sectors of the city. On an average, the household of a building worker consists of 2 earners and 2.9 non-earners. Consequently, the household income is very low. The majority of the household (63 per cent of the sample) get only a monthly income of less than Rs. 301. The average household income is around Rs. 298 and the per capita income Rs. 61 per month. Their consumption expenditure pattern is also typical of an urban poor. In fact the household of a building worker is placed in a relatively worse off situation as compared to that of a worker in the city's informal sector or in the organised manufacturing, albeit all these groups constitute integral parts of the city's working class.

The study estimates that 78 per cent of the households and 73 per cent in terms of persons of the sample are poor—they are living below the urban poverty line of a per capita expendi-

ture of Rs. 80.34 at 1977-78 prices, or in terms of nutritional norms below 2250 calories per capita per day. The sub-standard levels of living of the building workers are thus self-evident. In view of the low earnings, the workers by and large remain indebted to the exploitative money lenders for maintaining even the bare minimum consumption. They live more or less in 'jopadapatis' with inadequate space and unsatisfactory facilities around an environment detrimental to the health and hence the productivity. Their living conditions and environment even do not facilitate regular schooling of their children. In the given conditions of abject poverty and pitiable living, the building workers seem to have resigned themselves to their fate and that of their progeny.

In short, the findings of our inquiry into the nature and the functioning of construction labour market and the living conditions of the workers clearly project the construction workers as an exploited class eking out a pitiable living under conditions of penury and poverty. The attempt at amelioration of the conditions of construction workers is thus urgent. But measures have to be evolved against the background of the objective conditions in the labour market and labour marketing institutions. In the light of the findings of our study, some generalisation of these aspects and their policy implications can be made.

The construction industry assumes an important role in the development process. It makes an important contribution for meeting the basic development objectives including employment creation, income generation and income redistribution. It provides the basic physical needs in terms of infrastructure and shelter. In a growing economy the building construction activity is thus bound to receive an important place in terms of investment. What is however, needed is, planning of investment programmes for the public sector, cooperative sector and private sector in a coordinated way on a regional basis. The construction industry, as shown in the study, is a localised activity where regional forces play a dominant part in the mobilisation of resources and their deployment. We, therefore, suggest that systematic planning of investment in the construction sector by making regional economic forecasts for the activity should be the starting point for a policy. The

significance of the economic projection lies in the fact that the producers would find it easier to plan the manpower requirements if they could see the future with greater clarity. It must also be said that the discontinuity of employment for the construction workers revealed by our study is largely due to the fluctuation and uncertainty in the work-load of individual contractors. Since the continuity of employment for the workers is essential for further increase in their productivity and real income, it is important for the public authorities to evolve conventions, practices and policies that would assure construction firms continuity of work-load. In this context, it can be mentioned that greater productivity brought about will also have beneficial effect on the cost of housing and as such be in the interest of the clients-owners and consumers. In this direction policy-measures such as, rationalisation of 'open tendering' for construction contracts, distribution of construction materials and credit, and even phasing of construction works, particularly in the public sector, can be suggested. The aim should be to make construction a continuous rather than a project-oriented activity to the extent possible, so as to make the industry somewhat stabilised for providing continuous employment to the workers in given areas and thereby building up mutually responsible employment relationship between the builders and building workers.

Such problems of construction workers, as highlighted in the study are the result of the structural characteristics of the activity marked by general contractor dominated—project centered—ad hoc coming together of occupational sub-contractors and workers, the latter not being as closely knit together as the sub-contractor and even less than the general contractors and developers. It is a fragmented activity where the various functionaries are brought together by a contractual relationship in which the building contractor plays the central role. The building contractors undertake small scale operations; their production techniques require very little capital and employ low-skill-profile workers. The occupational structure of the industry in such a context requires a large number of unskilled and semi-skilled workers locally or through migration from rural areas. This technology however has its limits: it is not adequate to supply the product on an adequately large scale at

low cost. It in turn has a depressing effect on the aggregate demand for housing and on the employment of construction labour. Availability of land, material, etc., are already emerging as severe constraints on the expansion of building activity, necessitating better techniques, alternate materials and improved organisations of production. Some positive trends in this direction are already in evidence. There is, however, a need to induce changes in organisational and technological aspects of industry on a planned basis, in addition to increasing the total investments in the industry, with a view to fulfilling the objectives of increasing production and improving wages and working and living conditions of workers.

An expansion in the scale of building construction activity and requisite changes in technology can bring about improvements in the workers' conditions inasmuch as the duration of employment will increase and a greater stability in availability of work will emerge. Besides, increase in productivity and improvement in skill profile of workers will also provide the necessary conditions for improvement in their earnings. These changes will, however, not prove sufficient for improving workers' earnings and conditions of work if the past experience is of any guide. Our finding that the productivity in the building construction activity is not lower than in certain other activities which pay much higher wages cost goes to refute the common hypotheses that workers in this activity are paid lower wages because of low productivity. Further, wages to value-added ratio is found to be highly unfavourable in this industry as compared to most of the other activities suggesting a higher degree of exploitation of workers. The fact seems to have been recognised in so far as minimum wage legislation is made applicable to this activity implying thereby that it is a "sweated industry". But like in most of the other unorganised activities the Law has been of no avail to the workers as it is more often flouted than followed. While reiterating the need for more effective implementation of minimum wage laws and other legislations relating to the construction it must be pointed out that the effectiveness of implementation can be enhanced only when certain basic characteristics of the labour market themselves are changed and necessary institutional mechanisms are provided to strengthen the bargaining positions of workers.

One of the basic characteristics of the labour market, which tends to go against workers is the recruitment system. The labour contractor is the key figure controlling the entire hiring system. He picks up workers from a large pool of readily available workers and is therefore in a position to dictate terms and conditions of employment. Unless the workers are prevented from bidding against each other for limited jobs available which depresses their wage rates, it is unlikely that their lot will improve. To certain extent, planned expansion of activity and increase in demand for skilled workers due to changing technology may improve the bargaining position of workers, particularly of the skilled ones. Still the large pool of unskilled workers available at any point of time will continue to give a position of disadvantage to the workers as a whole. It therefore, seems necessary to ensure that the free play of market forces is not allowed to exploit the excess supply position in the labour market and necessary institutional arrangements are introduced to prevent cut-throat competition among workers for a few jobs controlled by powerful labour contractors.

A traditional trade union may not be the most effective instrument for meeting this objective in so far as it does not have any direct control over labour supply. Labour Exchange with the only source of supply of labour may also be ineffective in so far as it does not bargain with the contractors for fixation of wages. An organisation like Labour Cooperative combining the functions of labour exchange and trade union seems an appropriate instrument for dealing the problem. The proposed organisation could operate a Decasualisation Scheme for construction workers, also negotiate wages and conditions of employment with contractors.

So far as the provision of certain social security and welfare measures is concerned, our study throws up evidence casting doubts on the traditional argument that these benefits cannot be provided to construction workers because they are not permanently settled at a place and are a floating mass. Most of the building construction workers in Ahmedabad have been in the city for a long time, they do move from one site to another, but within the city. Most of them do not change their residences, which they have on a permanent basis, within the city. There is no reason why provisions of accident and sickness

benefits, could not be applied to them by extending Workmen's Compensation or Employees Insurance Scheme to them. Many of the workers do not even change the employer, the contractor, although they work with him as a casual worker only. This implies that even a Contributory Social Security Scheme can be applied to them.

With the proposed expansion in the activity and changes in technology it is also expected that duration of employment in a year will increase and there would be a greater scope for employment of workers on a more regular basis, a measure which could be attained once the Labour Cooperative starts functioning effectively. Even today, it is not very clear as to why the construction season cannot be extended up to at least 9 months in a year in a place like Ahmedabad where rainy season is very short. But a planned programme of house building and technological improvements would lead to such lengthening of construction season in any case which will increase the scope for greater regularisation of workers and effective introduction of social security measures on a contributory basis.

Similarly, the argument that the housing programme is not of much use for construction workers due to their floating nature is not substantiated by our findings. Most of them have continued to live at the same place for long, but their accommodation is generally inadequate, unhealthy and poor. There does not seem any reason as to why a subsidized housing programme cannot be undertaken for building construction workers as for the industrial workers. It is somewhat ironical that those who build houses for others have no houses for themselves!

It is also sometimes argued that the children of the construction workers cannot have regular schooling due to the change in work-place with which the entire household is moved. In our study we find that the movement of household is the least important reason for the children of building workers not attending schools. The economic and social handicaps of the households, particularly in terms of low incomes which necessitates that children work to supplement family income are the main reason for non-enrolment, irregular attendance and dropout of these children from schools. Thus their problem are common with those of any group of poor, and is not

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attributable, as is generally done, to their floating and unstable character. Therefore, if one is interested in ensuring a degree of upward social mobility to ensure that the children of the building worker are not condemned to remain perpetually generation after generation, in this hard and hazardous activity, the solution has to be sought in removing poverty from these group of workers so that their children do not have to work out of schools.

To some extent, the building construction worker seems to have resigned to their fate and that of their children in the given situation of poverty and penury. This outlook on their part may have to be changed, at least for the sake of their children. Besides poverty, lack of education has also contributed to the formation of this outlook. The adult or workers' education programme, therefore, seems important. But equally, if not more important, is the need for evolving a training programme for upgradation of the skill profile of the construction workers. Training, as emphasised in the study can do much to make possible greater continuity of employment for them and also to raise their productivity, earning capacity and levels of living. We expect that technological changes in near future will require a larger component of skills in the activity, and earnings have obviously, a direct relationship with the skill categories.

At present there is no institutional arrangement for imparting training. The employers at the moment do not seem interested in training of workers, for the technology used is rather biased more in favour of unskilled work, for which abundant labour is available. This, however, could prove a short sighted view in the wake of inevitable technological change. It is, therefore, worthwhile to plan adequate supply of skilled manpower in advance, for which the State and the building contractors jointly need to make efforts.

In conclusion, we would like to emphasise that the employment advantage of the building construction sector should not lead to an emphasis on the continuation of traditional technology to the detriment of the building workers, and potential advantage to consumers. It needs to be viewed against the drudgery of work and low productivity that it generates, thus making the work almost inhuman in many cases and providing

wages even below the poverty level. What needs to be emphasised is an expansion of activity with suitable technological changes to reduce drudgery of physical labour on the one hand and to increase productivity per worker on the other. In a way the construction activity needs to be 'industrialised' so as to provide for large scale production of output and standardised and modern techniques of production. It also needs to be equally emphasised that in order that the workers have a proper share in the gains of productivity and prosperity of the industry, the institutional set up of labour market, arrangements for recruitment, and training and fixation of wages and conditions of work, need to be restructured in a way that provides power to workers to bargain with the employers as equals. Further, it is necessary that certain social security and welfare benefits available to the other groups of workers are made available to building construction workers also, so as to enhance the real income and welfare of their households. We do not find any serious bottlenecks in the way of extending these measures to them.

Thus, the problems of construction workers need action simultaneously on several fronts, such as, planned expansion of activity, technological change, restructuring of labour market and application of suitable labour legislation.