THEIR VIEW

# Focus on strengthening and not replacing India's informal sector

*The informal economy depends on its own institutions and sustains nearly 90% of India's workforce. We must strengthen it*



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This is a fishy tale with a long tail. I visited Aurobindo, my usual fish vendor in Chittaranjan Park, New Delhi, two weeks ago to purchase my stock for the week. I left after paying the bill of ₹2,010 through my cellphone, or so I thought, marvelling at the convenience of India's Unified Payments Interface (UPI), one of the most advanced public digital infrastructure systems in the world. A week ago, Aurobindo called to say that I had paid him ₹20,010 instead of ₹2,010 by mistake, wanting to return the ₹18,000 that he now owed me. That evening, I visited him to collect the balance, leaving a generous gratuity for him and his colleagues, which he reluctantly accepted.

Embedded in that little tale are two important takeaways with far-reaching implications.

The first is about digitization. It has made payment transactions incredibly simple and efficient not just in the formal economy, but importantly in the informal economy as well. Of course, that also means it is very easy to make mistakes, as I did, but there is a digital record of all the transactions—a paperless trail—from which such mistakes can be easily spotted.

The more important takeaway is about honesty and relationships of trust. Even if I had checked my bank account, which I hadn't, and the payment record to spot such an error, there is little I could have done if Aurobindo did not accept that I had overpaid. However, not only did he acknowledge the overpayment, it was he who pointed it out to me. His honesty impressed me no end. A hard-working young man, he probably makes a modest living cleaning, cutting and chopping fish the whole day. But he would not take an extra rupee from his customers even because of their mistake, let alone by cheating them. I will now feel guilty about buying fish from any other vendor. With his honesty, Aurobindo is building an enduring relationship of trust with his customers.

Let me now go back nearly half a century to a survey of pavement dwellers in Kolkata undertaken by my classmate Vijay Jagannathan, an environmental economist formerly of the World Bank, and his co-researcher A. Haldar (*Informal Markets in Developing Countries*, Oxford University Press, New York, 1978). Despite being almost entirely outside the institutional structures of the formal sector, such as legally enforceable contracts, formal credit and marketing channels, regulation and others, the large majority of households surveyed had relatively stable, if modest, incomes earned through orderly transactions in informal markets. Trust, reputation, enduring relationships, continuing interactions and community networks are the pillars of these informal markets, substituting for the conventional institutions of the formal sector.

The informal sector is by no means marginal in the Indian economy. In fact, it is the main employer, accounting for 495 million workers, or 88% of the total workforce of 562 million, according to recent Periodic Labour Force Survey data. The institutions of trust, reputation and enduring relationships described earlier are thus the dominant institutions of the Indian economy, not the conventional institutions of the formal sector. Hence, the mantra of formalizing the informal sector, currently fashionable in policy circles, is a bit of a pipe dream divorced from ground reality. As Jagannathan has emphasised in a recent article, the reform challenge here is not to eliminate the informal sector, but to strengthen it by addressing its weak institutional features (*Economic & Political Weekly*, 22 August 2026).

One of those is the unequal patron-client relationships which emerge because of interlinked markets. For example, when the informal creditor is also the agent who supplies you your inputs and also buys your product. A similar relationship of dominance emerges because of asymmetric information when players from the informal sector have to engage with the formal sector: for example, a *kirana* store distributing products for a large consumer goods company.

What has changed dramatically today compared to the situation of the Kolkata pavement dwellers 48 years ago is the impact of digitization. The informal sector micro-entrepreneur now has access to all the information she needs to conduct her business, from prices to supply conditions, credit options, market conditions, weather and logistics, at the press of a button. Digitization also makes it easier to place orders, make or receive payments and arrange deliveries. So, many David-versus-Goliath type market transactions have become less unequal. Nevertheless, many weaknesses remain. Jagannathan makes a plea for startups across a range of businesses to engage with micro-enterprises to help address these weaknesses and in the process make money themselves; he cites several examples of how this has worked. One such is OfBusiness, which focuses on small and medium enterprises but has a business model that applies equally to micro-enterprises. The core idea is to not just address one need of the micro-enterprise but provide multiple services through the same platform, such as supply of raw materials and access to markets, working capital and business knowledge. Policymakers should abandon the unrealistic goal of formalizing the informal sector and instead focus on strengthening it.

*These are the author's personal views.*

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The informal sector accounts for a vast chunk of India's workforce but functions on trust, reputation and relationships, unlike the institution-heavy formal sector. Its interests matter enormously.

Unlike in the past, micro-entrepreneurs now have the benefit of technology to do business. Policymakers must aim to strengthen the sector and not rush to formalize it.

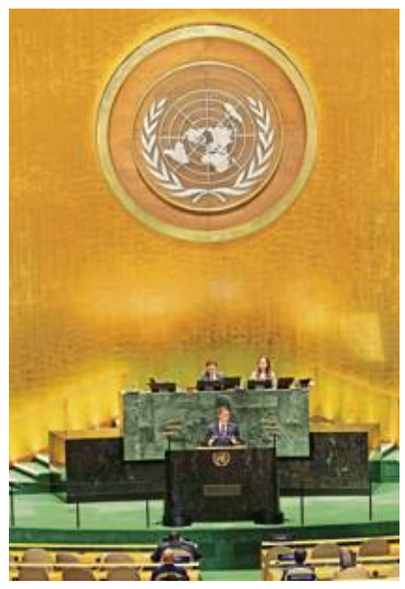
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# UN reform must urgently aim for equitable sharing of power

*Ending the veto privilege held by the UN's big five could be a start*



**RECEP TAYYIP ERDOGAN**
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The institution's current structure is widely seen as outdated. AFP

The tragedies of recent years, from pandemics, energy crises and disruptions of supply chains to regional conflicts, have demonstrated that leaving the resolution of global catastrophes to the will of a handful of country capitals is no longer compatible with the realities of today's world. Adapting global decision-making mechanisms to today's circumstances can no longer be postponed.

The United Nations Security Council still reflects the structure of the post-World War II era. A more effective, equitable and accountable approach to representation has become imperative. This requires not only broadening representation, but also sharing leadership responsibility equitably. In this respect, our call that 'The world is bigger than five' is an invitation to embrace a broader understanding of responsibility.

It is now imperative to translate the need for reform into a concrete roadmap. At the heart of this roadmap should be abolishing the veto privilege. Adding new privileged members to the Security Council would not resolve the problem of decision-making power being concentrated in the hands of a few states; rather, it would expand the scope of the privileged structure.

Within the General Assembly, a broad coalition should be built around the principle that no state should have the power to permanently obstruct the will of the majority of the international community.

The balance between the Security Council and the General Assembly must also be restored. The powers of the General Assembly should be strengthened, and the representativeness of the Security Council and its accountability to the General Assembly should be enhanced through a structure in which there are no permanent members, Security Council members are elected by the General Assembly on a rotational basis for fixed terms, and countries seeking to serve again are required to regain the confidence of the majority of member states through elections.

We cannot build an international order of the future by preserving the hierarchies of the past. The developments of the last quarter century—a relatively brief period in world history—have demonstrated that no balance of power and no international order are permanent. The system that promised humanity peace, stability and shared prosperity has failed to prevent new wars, reduce inequalities or respond to shifting balances of power.

As new centres of power have emerged across fields ranging from the economy and security to technology and diplomacy, international institutions have failed to adapt to this transformation at the same pace. Wars, the climate crisis, irregular migration and economic vulnerabilities have once again underscored the importance of states having strong institutions, resilient economies and deterrent defence capabilities. The security and sustainability of trade, logistics, transport and energy corridors have become increasingly decisive.

As Asia's economic weight grows, Africa is also calling for stronger representation commensurate with its potential, while developing countries are voicing their own priorities more assertively. The growing influence of certain regional actors also brings greater responsibility to address challenges within their own regions. The issues facing each region cannot be resolved through methods imposed from outside. We believe that approaches grounded in the will of the countries concerned, local circumstances and shared interests will produce more lasting and stable outcomes. It is an unavoidable necessity for countries with diplomatic capacity, economic resources and the ability to communicate with different parties to assume more effective roles in establishing peace and stability.

Expectations that globalization would spread prosperity have not been fully met. As income inequalities have deepened, technological and economic dependencies have become new arenas of competition. In these changing circumstances, responsibilities must be shared equitably to ensure global justice, while developing countries' right to development and access to the financing they need must be guaranteed.

Such a change requires international will on a broad scale. Türkiye will continue to draw on its strong global relations and experience in multilateral diplomacy in support of this pursuit of reform. A convergence of countries from different regions around this common ground will strengthen the legitimacy and representative capacity of the international system.

It is clear that lasting peace in today's world cannot be built through the multiplication of disconnected blocs that fail to engage with one another. Türkiye will continue to assume its share of responsibility in the pursuit of this reform. ©BLOOMBERG

MY VIEW | PEN DRIVE

# *Gurugram and 'Mirzapur': a blur of fact and fiction?*

TULSI JAYAKUMAR



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There is something uncomfortable about watching *Mirzapur: The Movie*, which arrived in theatres on 4 September to do brisk business. The franchise has travelled a long way from its OTT screen to become a cultural phenomenon, with its familiar cocktail of guns, blood, revenge, power and the language of *bhaukaal*. But this time, I found myself viewing its violence differently, perhaps because we have been seeing more off-screen violence too.

Consider what happened on Gurugram's Golf Course Road this week. A woman biker was allegedly chased by a car before it rammed into her motorcycle, throwing her onto the road. The video went viral. The accused, a 33-year-old gym owner and former *kabaddi* player, was arrested in Rajasthan after being on the run; police later added an attempt-to-murder charge and legal provisions related to stalking and insulting the modesty of a woman.

Due process should establish the facts. But watching the footage soon after *Mirzapur* creates an unsettling association, not because the film causes such behaviour, which would be simplistic, but because both inhabit a world where power is expressed through intimidation and the assumption that others' rights can just be overridden.

In *Mirzapur*, violence is a spectacle, a language of masculinity and power. The gun, the beating, the threat, the humiliation, the assertion of control over women and territory are woven into the story's grammar. To be fair, the women of *Mirzapur* are hardly all powerless. Golu, Beena and Madhuri have shown real agency, part of why the series was compelling. Yet, the larger universe stays deeply male: men hold the guns, command the territory and largely decide the terms on which women exercise power. Even reviews of the new film have noted the marginalization of its female characters amid the return of guns, blood and male ego.

Psychologists and media scholars have long studied what repeated exposure to mediated violence does to audiences. One strand concerns desensitization—reduced emotional responsiveness and diminished empathy for victims. A 2006 study by Linz *et al* (*bit.ly/4rw4Uq2*) found that men repeatedly exposed to violent films later showed less sympathy towards victims of sexual assault. Mullin and Linz (*bit.ly/4dvyaXY*) found that such exposure can increase men's acceptance of violence against women.

That doesn't mean someone who watches *Mirzapur* on Friday might suddenly turn violent on Saturday. The relationship between media consumption and behaviour is far more complicated. Audiences interpret what they watch; norms, family and institutions all matter. Media exposure can also cut the other way. Research in India has found it associated with greater female empowerment.

The worry is not that some forms of cinema may create criminals, but whether, in an already violent society, entertainment might make violence feel ordinary. We increasingly consume violence as content, with a road-rage incident going viral as a 30-second video, a murder becoming a reel and a horrific crime becoming a TV debate followed by thousands of comments and reposts. We watch, react and scroll. Something similar happens with the representation of women. When women's bodies are used as visual currency and male aggression is shown as virility, it blurs the boundaries of what's normal, funny or shocking. These can shift without anyone noticing.

Scholars have long argued that treating women primarily as bodies for observation or sexual use reinforces gender inequality, and that the way violence against women is framed can reinforce, rather than challenge, assumptions about male dominance and female responsibility.

Which brings me back to the Gurugram biker. Whatever the legal determination of intent, there is something disturbing about a woman having to worry that refusing to stop for a group of men could escalate into physical violence. Her motorcycle, her body and the road became part of a contest over male control. While that is not *Mirzapur*, the emotional grammar is familiar.

This may be the uncomfortable mirror the film holds up to us as consumers of entertainment. The franchise did not invent violence or misogyny; it reflects real social realities and, in exaggerated form, gives them dramatic currency. The question is what happens when that mirror is held up so often that we stop being shocked by what it reflects.

There is another irony here. The film is about the collapse of institutions and the triumph of informal power, where the rule of law is weak, fear acts as currency and violence fills the vacuum. Yet, the real world depends on our refusal to accept such an order as normal. While watching too much violence is one thing, becoming too good at watching it is a problem.

Even members of a society saturated with violent imagery can tell fiction apart from reality. Society's test is whether, when violence moves from screens to the roads we drive home on, we still experience it as violence and not as another piece of content waiting to go viral.

**QUICK READ**

In the film *Mirzapur*, violence is a spectacle, a language of masculinity and power. The same could be said of a viral video of a woman biker attacked in broad daylight on a Gurugram street.

The causal link between what a society watches and how it behaves is complex but we should resist routine spectacles of this kind normalizing brutality, especially against women.