

Need of Encouraging Urban Employment and Earnings of Informal Sector

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Abstract - This paper reviews about Informal sector labour work force of India's informal economy. Informal sector workers consist of those operating in the unorganized enterprises or households, excluding regular workers with social security benefits. This reveals that Unorganized sector should be protected and this entails that all attempts should be made to implement those policies, which will release the basic growth constraints and ensuring a level playing field for this sector.

Key Words: Informal Sector; Economy; Employment; Earnings; Urban Job Security

1. INTRODUCTION

This research paper is based on employment and net income of the informal sector economy, so here we have two terms for the introduction.

1. Informal Sector
2. Informal Economy

1.1 Informal Sector

A sector or group (1 to 9) of the labor force or a person who earn their livelihood from illegal activity or in an institute who does not provide identity that a mortal is an employee of their company all this labor force come under informal sector and they also not registered under any law.

1.2 Informal Economy

Economic activity which hides from government to procure money from taxation, all kinds of cash payment which are not recorded known as the informal sector economy. The informal sector economy also represent as gray economy or shadow economy.

2. BACKGROUND

The terminus of "informal sector" is first introduced by Kaith Hart in 1971 as a presentation on informal income

opportunities and urban employment in Ghana. After his presentation ILO (International Labor Organization) did with its report "employment Incomes and Equality". Later in this report informal sector becomes a popular subject for discussion and study of Economist, anthropologist and policy maker.

3. LITERATURE REVIEW

3.1 Characteristics Of The Informal Sector Workers

- ✚ Easy entry (anyone who likes can join this sector and find some sort of work).
- ✚ Provide freedom of choice of work and region.
- ✚ Ranges of labor available in terms of services.
- ✚ The workplace is broken up and fragmented.
- ✚ No formal relationship maintains between employer and employee.
- ✚ Labor power is highly stratified on the basis of caste and community specially in rural area.
- ✚ Their income doesn't match with their livelihood needs.
- ✚ Poor working conditions, especially wages which always below as compare to a person who work with formal sector hence work have no dispute.

3.2 Benefits In Informal Sector Employment

- ✚ Provide job to the urban poor.
- ✚ Utilize labor forces in a huge sum of money.
- ✚ Provide facility at a low monetary value.
- ✚ Promote compete venation in the securities industry.

3.3 Causes of Growth of Informal Sector:

When opportunities or source of income, scarce, people turn to the informal sector.

There Are Four Theories of Growth of the Informal Sector

Lack of Growth Thorey: Formal sector employment increases when per person production for gross domestic product grows.

Jobless Growth Thorey: Recent trend of economic policies and enterprises like privatization, globalization, deregulation has led to decline a number of jobs in the formal sector.

Growth From Below Theory: small scale enterprises easy to access in a market with small budgets.

Period Of Adjustment Theory: adjustment going all ebonyes results shifts from formal to informal.

4. DELHI CASE STUDY

4.1 Introduction

This study is focuses on informal economy of Delhi. Household industry and street Vending is a major Informal Sector of Delhi Economy, so this study is main focused on these above sector. Aim of this study to rise benefit for Delhi's economy to give decent employment and informal working condition.

4.2 National And Urban Dimensions Of Delhi's Informal Economy

In term of population our country stands in a second largest country and in terms of illiteracy multiple times of European country , which is also one of the major reason for increasing into Informal economy , as per Government of India 92% of Urban work force work in a Informal Sector.

4.3 Expansion Of The Urban Informal Economy

In most Indian cities shows that poverty and lack of job opportunity in rural areas force them to the big cities for sustain there livelihood due to low skills and lack of education technique they have to choose informal sector which provide source of livelihood with minimum budget and started work as street vendor and who have semi literate they join casual type of work like construction site or in other enterprises. Another reason saw that labour force who work in formal sector those who are employed in a formal jobs In textile mill in Mumbai, Ahmdabad Engineering firm in Kolkata they join Informal Sector due to closure of these factories. A survey of street vendor shows that around 30% of those active in Ahmdabad and Mumbai and 50% In Kolkata.

4.4 Delhi's Informal Economy

Delhi is a union territory of India . as per 2001 census population was 12.9 million , Street vending and household

industry is the two major industry . where maximum were engaged in trade are street vendor or petty shop owner . similarly manufacturing work operate in home based industry.

TABLE - 1 : Delhi: Population (2001)

Population	Total	Urban	Rural
Residents	13,850,507	12,905,750	944,727
Males	7,607,234	7,085,147	522,087
Females	6,243,273	5,820,633	422,640

Source : Census 2001

TABLE - 2: Delhi Nature Of Employment (2001)

Manufacturing	23
Trade, hotels	29
Public administration, education, health	27
Transport, communications, finance	13
Construction	6
Agriculture, mining	2
Total	100

Source : Census 2001

4.5 Street Vending

Following definition used in a India's National Policy for urban Street Vendor , " street vendor is a person who sell product to public through temporary structure , cart , moving vehicle . hawkers and vendors are generally use interchangeable. As per study (Manshi Trust 2001) approx 500000 street vendors in Delhi population but here lack of official survey data depend on the source.

4.6 Household Industry

In this category household cater five workers and maximum five kilowatt of electricity or nine workers who consume zero electricity (rather than residence use) consider under this category. As per census data 2001 Delhi have total 140032 population work in household industry in which 112522 are male and rest of female and average employment was 1.2 person for household industry and 3.7 person in non household industry which shows potential of non household enterprises.

4.7 Existing Regulatory Framework

4.7.1 street Vending

Municipal corporation of Delhi have rule to regulate street vending they have rights to provide them license and destroy stalls without any prior notice. As per 1992 in response to a legal case the supreme court of India changed the condition for hawking . in this act MCD provided a licensing system which known as tehbazari which comprises in a four category:

Regular Tehbazari : who operated since 1979 which determined by MCD yearly basis. Issues of this category they got receipt for goods which stored or occasional fine for encroachment .

Casual Tehbazari : in this MCD provide license for a weekly market.

Open Tehbazari : In this MCD provide license who have engaged in hawking since 1982 and they also have to give proof that they still engaged and proof of resident and nationality.

Mobile Hawking : they are not come under tehbazari , who sell there product at there work place come under this category and they can move only in specified areas with their goods on their hand , on bicycle , push cart.

4.7.2 Household Industry

Household industry established in a very small scale with low budget . Which result reflected with a unpaid household labour. The state Government of the National Capital Territory of Delhi showed interest for encouraging household industry in this system , They adopted two step registration:

In first Step A provisional registration which provided compassion for starting a new business , where registration is not mandatory . If they registered in start up stage Government provide benefit through providing different kind of facilities like: water network , electricity connection and affordable building material etc. once a company start production they have to apply for permanent registration which is very elaborated. That's why most of the enterprises avoid this step in fear of inspection and heavy rent of department .

4.8 DRAWBACK

vendor process of getting license is very complex and time taking . A hawkers and vendors who have license after-all these police have rights to destroy there trade of the street which they found they are the reason of obstruction of street or public place .

5. SIZE OF THE UNORGANISED SECTOR

5.1 The Growth Of Informal Sector In India

The growth of informal sector in India came within formalization OF Industrial Sector in India since 1960's. As per NSSO report in year 2009-10 71% workers work in rural areas and 67% in urban countries. The primarily informal sector work was limited in the manufacturing, shipping, storage, communication, construction, wholesale and retail trade. A latest report of National Commission reveals that 86% of the total employment were in a basically informal sector, which shows that 1999-2004 employment increased only in informal sector employment.. Most of the labor station used term "informal Sector" for representing employment of informal enterprises.

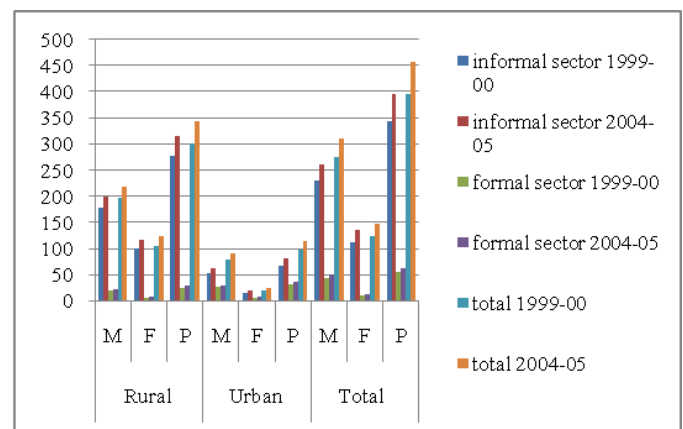


Chart - 1 : Distribution Of Informal And Formal Sector Workers By Sector And Sex Between 1999-2000 And 2004-05 (In Million)

- India is an emerging economy with 457.46 million workers in 2004-05. The size of the work force was 396.76 million in 1999-2000.
- A big chunk of the workforce was engaged in the informal sector.
- The calculated number of informal sector workers in 2004-05 was 394.90 million in India contributing 86 percent of total workers.
- In rural areas the percentage of informal sector workers in each population segment recorded more

than 90 percent and the share of female workers (94.5 percent) is more than male workers (90.34 percent) in 2004-05.

- In 1999-00 the situation was same for rural area, but over the years the percentage share declined in rural regions.
- Contrast to rural regions, in urban areas around 70 percent of workers worked in the informal sector, but between the study period the share of informal workers in urban areas increased.

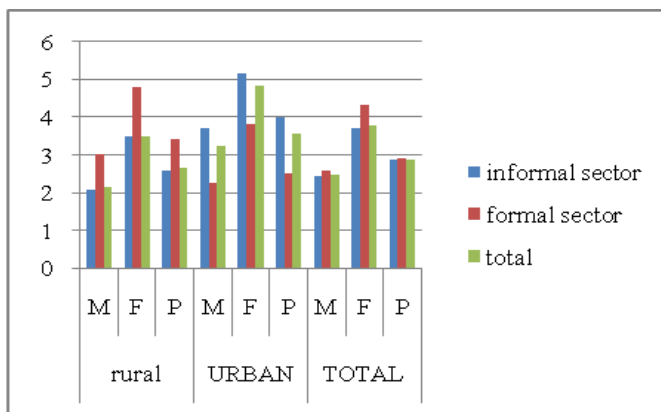


Chart-2 : Average Annual Growth Rate Of Workers By Sector And Sex Between 1999-2000 And 2004-05 (In Million)

ANALYSIS

- The growth rate of total formal sector workers (2.94 percent) is a little bit higher as compared to informal sector growth rate (2.88 percent).
- It is observed from the graph that the increase rate of formal sector workers in rural areas in all categories is higher than the growth rate in informal sector workers but the reverse happened in urban areas.
- The increase rate of the urban informal sector is higher than formal sector workers.
- The highest growth rate registered in the case of urban female at 5.18 percent.

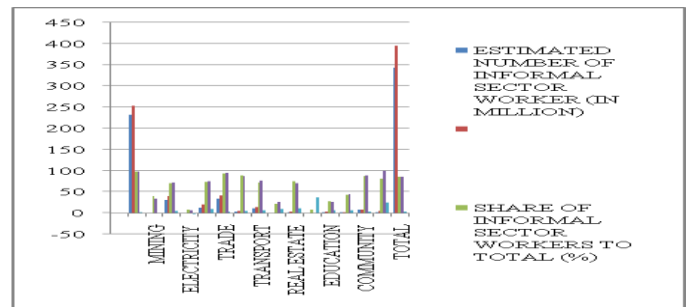


Chart - 3 : Estimated Number Of Informal Sector Workers, Percentage Share Of Informal Sector Workers To Total Workers And Median Annual Growth Rate By Industry Group Between 1999-2000 And 2004-05

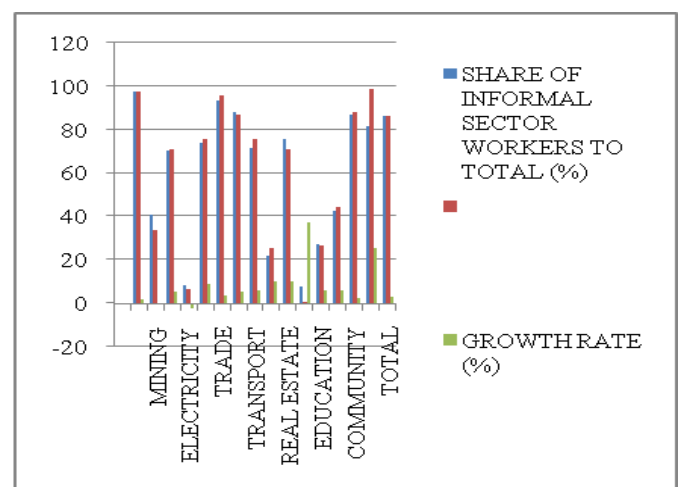


Chart- 4 : Estimated Number Of Informal Sector Workers Per Thousand Population, Percentage Share Of Informal Sector Workers To Total Workers And Median Annual Growth Rate By State Between 1999-2000 And 2004-05

6. ISSUES

- A great burden of taxes, bribes and bureaucratic hassles drives many producers into the informal sector.
- Lack of property rights and legal contracts in the informal segment lock in a huge quantity of capital, blocking development all around.
- Employment unit, status of employment and specific group.
- Main segment is labor intensive.
- In the Indian context, it can be typically viewed as a proxy to the household sector combined with non profit institution serving household.
- Major component household enterprises there are a number of constitutions as all the manufacturing establishments which are not covered by ASI.

- ✦ Street vendor they said illegal, but at the same time they pay legal tax. Hence, they don't cause any social protection and place to sell.
- ✦ Closure of industry.

7. GAP / FINDINGS

- ✦ Definition Is never clearly specified in India, the researcher has adopted the same glide path.
- ✦ Their income doesn't come across with their livelihood needs.
- ✦ Wages are lower than the conventional sector, hence from work has no differences.
- ✦ The high rate of illiteracy, which turn signal lack of skill among a big sector of the work force is one the India's informal economy.
- ✦ Reason of growth of informal sector when opportunities are scarce men and women turn into Informal Sector.
- ✦ The monetary value of creating new business and maintaining it in a formal sector is very costly.
- ✦ Government implacability for creating businesses as per growth of the labor force.
- ✦ Significant difference between women and man workers by industry branches,
- ✦ Determine ways to ensure urban livelihood.
- ✦ Agencies organization definition difference in accounting labor force which creating a problem to estimate labor force.

8. CONCLUSION

India is an emerging economy with 457.46 million workers in 2004-05. The size of the work force was 396.76 million in 1999-2000. where A large chunk of the workforce was engaged in the informal sector.

If we look by Industry group after agriculture it is trade sector where a sizable number of informal sector workers engaged.

Just about three fourth of the trade sector workers are in the profession of merchants & shopkeepers, wholesale & retail trade and salesmen, shop assistants and related workers. The part of informal sector workers in the trade sector was 93.64 percent in 1999-00 and it increases to 95.54 percent in 2004-05. As per above study, we establish that government cannot create a sufficient job for the population of the country. Which turns people to informal sector for supporting their livelihood. We should boost them for education and provide knowledge of technology and skill that they can also take a formal job. Aware them from leading programs and policy. The government should initiate

policy makers to make policy for fixation of wages together with the sailing price of the product and provide same social protection and wages for same job weather employment is informal sector or in formal sector.

Government and public Should accept that the urban informal economy is there to rest and will treat as a part of the solution not as a problem.

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