

REVIEW OF LITERATURE AND INFORMAL SECTOR IN INDIA

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Abstract: The share of informal unorganised sector is more than fifty percent and given the size of India, dependency on surveys of unorganised informal sector is inevitable. The administrative data on these enterprises and on employment is also not available given the size and characteristics of the informal sector. The frequency of surveys of unorganised enterprises and employment are around 5 years. This paper presents, the different approaches followed in the compilation of various different sectors of Gross Value added of the informal economy. An approach titled Effective Labour Input approach to estimating the GVA of the unorganised sector is presented in the paper. The present paper is an initiative to understand the various dynamics related to workers in organized and unorganized sector. The objectives of the papers are to know the various issues related to workers in unorganized and organized sectors and to undertake empirical study on this topic. Secondary data used for the present study. Some of the findings are poverty is more in unorganized sector, lack of technology and market orientation, no social security, poor health condition, substandard working conditions, harassment at work places, inadequate and unequal wage structure, long working hours, poor housing facilities, lack of safety measures, no proper education to children, low earning etc. in additions to others.

Key words: Informal economy, unorganised sector, System of National Accounts, Working and living conditions, organized sector, unorganized sector, social security.

Introduction: To study the socio-economic conditions of the street vendors, it is very necessary to know the age group of the street vendors, educational level of the street vendors, status of the family, caste of the vendors, nature of the family, number of persons dependent and independent, migrated or non-migrated, causes for migration, assets over in native place or not, total length of the occupation, area of occupation, time of business etc. Second section of the chapter throws light on the economic conditions of the street vendors like expenditure on addictive habits, food, non-food items, durable assets, education of their children, medical expenditure and expenditure on selected items and whether vendors possess ration cards etc. Chapter - V: Financial Accessibility and Housing Conditions of the Street Vendors in Shimoga District This chapter is divided into three sections. First section deals with general and operational activities in street market. Second section throws light on marketing activities of street vendors and third section indicates the financial accessibility and housing conditions of the street vendors in Shimoga district. This section explains about the theoretical study of the housing like meaning and importance of housing and problems of housing etc. In third section researcher has made an attempt to discuss housing conditions and problems of the sample street vendors.

An Overview:

Organized and unorganized sectors play a significant role towards the development of an economy. Country's growth mainly depends on these two sectors and out of these unorganized sector's contribution seems to be more in terms of participation of workforce.

Like any other country, India has also witnessed the growth of these two sectors. These two sectors have its own rules and regulations and thus make it unique. These sectors have its advantages and disadvantages. Movement of the workforce also varies and it has a direct link with the skills that the workers acquire through various sources. Traditionally, unskilled workers are moving towards unorganized sectors and skilled workers are moving towards organized sectors. Various organizations in MSME category also become part of unorganized sectors to bypass the stringent rules and regulations that they have to comply with. On this background it is important to judge the conditions of the workers in both the sectors so that corrective measures may be taken if there is a need. The present paper is also focusing on the issue of the workers as, effective utilization of workforce and their socio economic aspect becomes an important issue for the economic growth of the country. Since, a mass workforce is working in these sectors, prior importance should be given so as to improve the conditions of the workforce. But before going into the details of the study it is important analyse the existing body of research that may have been conducted by various researchers in the same field. This introduces the review of literature concept.

Literature Review:

Review of literature is an important part of any empirical research which highlights on the works that are already been conducted by various researchers in the same field. Review of literature has many purposes. The most important among them is to identify the gaps in the existing body of research. If the work is already covered the present research area, then it can be understood that that the new research may not add any significant value in the same filed. Most of the primary research covers a specific segment and specific part of the country. Unless and until it is a country wise analysis some amount of regional biasness may be Witnessed. So, factors like sectors where the labour force are working, regional diversification, specific rules and regulations of the government, cost of living etc. are some of the important factors which may affect the living and working conditions of the workers. Most of the existing body of researches is focusing on the unorganized sectors only. Thus, a rich literature may be available for this sector though this gives only one side of the story. It should not be assumed that the working and living conditions of the labours working in the organized sectors are in a better off position as compared to unorganized sectors. Thus, through this research an idea may be developed so as to get a clear picture about both the sectors. The gap has been witnessed in the existing body of research and the review has been conducted accordingly. The review has been conducted with the help of various research papers and articles published by other researchers in the same field.

THE CONCEPT OF INFORMAL SECTOR:

An Overview Informal sector is rather a new jargon in the literature of economics that appeared in the late 1960's. The sector thereafter has been widely recognized by the academicians and policy makers, as the sector provides a chance of survival to a large number of people who have no option other than to remain openly unemployed. The term 'informal sector' was first launched by the Keith Hart in 1971, and he described the sector as that part of the urban labour force, which falls outside the organised labour market. The concept has been further redefined by the mission of International Labour Office (ILO) which studied the employment situation in Kenya within the framework of the world employment programme. The division of the economy into formal and informal sectors has a long

heritage—Arthur Lewis in his seminal work *Economic Development with Unlimited Supply of Labour* published in 1950's was the celebrated paradigm of development for the newly independent countries in 1950's and 1960's. The model assumed that unorganized sector with the surplus labour will gradually disappear as the surplus labour gets absorbed in the organised sector. The Lewis model is drawn from the experience of capitalist countries in which the share of agriculture and unorganized sector showed a spectacular decline but it didn't find true in many developing countries including India. On the other hand, probabilistic migration models developed by Harris and Todaro in 1970s envisaged the phenomenon of informal sector as a transitional phase through which migrants migrates to the urban centres before shifting to formal sector employment. Hence it is not a surprise to see policy invisibility in the informal sector. Curiously, the informal sector does not find a permanent place in the Marxian theory since they anticipate the destruction of the pre-capitalist structure as a result of aggressive growth of capitalism. To them, in the course of development, 'the small fish is being eaten by the big fish'. Therefore, neither in the Marxian theory nor in the classical economic theory, the unorganized sector holds a permanent place in the economic literature. On the contrary, Indian scenario is quite different, where the share of 3 unorganized sector in national income has been declining but the number of enterprises and employment in the unorganized sector continues to swell. However, five decades of capitalist mode of development in India has not been able to absorb the growing labour force in the organized manufacturing sector yet. In the Indian context, both the terms 'informal manufacturing' and 'unorganized manufacturing' have been used interchangeably. Unorganized sector received much importance due to second plan approach, confined only to one segment of the unorganized sector i.e. small-scale industries and it was assigned the main task of meeting the bulk of the additional consumer goods (Mathew, PM 1996).

SIGNIFICANCE OF INFORMAL SECTOR:

The informal manufacturing is undoubtedly a major part of the informal sector which can also be synonymously used for unorganized manufacturing with mild modifications. In 2000-01 (NSSO 56 round 2000-01), more than 99 percentage of manufacturing enterprises were in the unorganized segments alone. In terms of employment, the sector absorbed 84.3 percentage of work force in the manufacturing sector in 1984-85 and came down only marginally to 82.5 percentages in 2000-01. On the other hand, organized segment accounted for 15.7 percentage of manufacturing employment in 1984-85 and stood up only to 17.5 percentages in 2000-01. Therefore unorganized manufacturing nearly sumps up the total industrial scenario in India both in terms of employment as well as in the number of enterprises. The informal sector is characterized by variables such as; low capital intensity, low level of productivity, prevalence of family labour and the ease of entrance. The most distinguished feature is the employment opportunities facilitated by the informal sector in developing countries for solving the unique problems like poverty and unemployment as they conclusively use local materials, age old traditional methods that merely cater local demands.

FACTORS FOR THE GROWTH:

The informal sector is a manifestation of a distressed phenomenon especially in the urban segment. Urban informal manufacturing growth is negatively related to the growth of formal manufacturing sector (Mitra, 1998). On the other hand, there are many authors who relate the growth of informal sector and the performance of agriculture together. They argued that the agricultural distress in the

rural areas can be attributed to the development of informal sector in the suburban areas. Growth of rural non-farm sector is crucially dependent on the performance of agricultural sector (Hazel and Haggblade, 1999). The farm - nonfarm linkage operates through improvement in agriculture performance leading to stimulation of demand for both consumer and agro inputs. Meaningful correlation can also be found among organized factory growth, urban poverty, agricultural growth (Dipa Mukherjee, 2007).

Conclusion:

Conclusion and Suggestions the present chapter contains two sections. The first section includes a summary of the major findings of the previous chapters made by the researcher on the basis of primary and secondary data. In the second section of the chapter, few suggestions are suggested on the major findings. This could be useful to reduce the problems of street vendors. As a result improving working conditions, socioeconomic conditions and minimize the problems of the street vendors in Shimoga District.

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