

Employment and Working Conditions in Urban Informal Sector: A Study

Radhakrishna. M¹ and Shripathi Kalluraya. P²

Abstract: *Informal sector contributes largely to the economic development of all the countries. Informal sector reduces the unemployment. The entrepreneurs are in this sector for their livelihood, not for making profit. But some entrepreneurs in the informal sector like vegetable vendors, agents, brokers, footpath traders, carpenters, refreshments, repairing and service shops earn more than the formal employees. Majority of the informal sector activities are community based. Most of the rural and urban people are continuing their family business, because of lack of employment opportunity. Informal sector activities became major source of income to the majority of the population in India. It provides the basic financial support to the family for their children education, family commitments etc. Informal sector plays a significant role in the economy in terms of employment opportunities and poverty alleviation. This sector generates income earning opportunities for a large number of people)*

Keywords: Informal sector, Employment, Urbanisation

Introduction

Informal sector contributes largely to the economic development of all the countries. Informal sector reduces the unemployment. Majority of the informal sector activities are traditional, local and community based. Informal sector activities became major source of income to the majority of the population in India. It provides the basic financial support to the family for their children education, family commitments etc. Informal sector plays a significant role in the economy in terms of employment opportunities and poverty alleviation. This sector generates income earning opportunities for a large number of people.

The informal sector units are labour intensive in character. The Informal economy in India employs about 86.0 per cent of the country's workforce and 91.0 per cent of its women workers. Urbanisation leads to economic growth. The development of a large number of urban areas is a sign of economic progress. However, rapid urbanisation will affect adversely upon all the sectors of the economy. Informal sectors play crucial role in those cities and towns, where industries are not much developed.

In this context, an attempt is made to analyse the employment and working conditions in urban informal activity such as Bell metal, Gold smiths, Carpentry and Tailoring in Dakshina Kannada district of Karnataka.

¹ Assistant Professor of Economics, Sri Mahaveera College Moodbidri

² Professor of Economics, Dept. of Economics, Mangalore University, Mangalagangothri

Corresponding author: Radhakrishna can be contacted at: rkssow@gmail.com

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Statement of the Research Problem

Informal sector became one of the major employment providers to the poor in the urban areas. Informal sector workers are not organised and their working conditions in the urban areas is much poor. In the sense, that security in terms of safety, health protections at work place are less. On the other hand, economies of their activity are also low. Hence, it is essential to investigate how working conditions of informal workers? How can their productivity improved? There is a need to focus on the improvement of working conditions in the urban informal sector. With this background, this paper attempts to analyse the working conditions of the labour working for informal sector.

Objectives

The main objective of the paper is to analyse the employment opportunities and working conditions of labourers in urban informal sector in India. The specific objectives are:

1. To analyse the structure of urban informal sector employment in India
2. To analyse the working conditions of labourers in urban informal sector
3. To understand the major problems of urban informal sector

Methodology

The paper is analytical in nature and the analysis is based on both primary and secondary data. For collecting primary data, 50 respondents (Informal sector occupants) are selected at random basis in Dakshina Kannada district of Karnataka State. Respondents include the informal activity entrepreneurs of Bell metal, Gold smiths, Carpentry and Tailoring. Bell metal, Gold smith and Carpentry are the traditional informal sector activities and Tailoring is one of the Modern informal sector activities which provide employment to a large number of people in the study region. Data pertaining to employment and working conditions were collected through interview method from all these sample activities of informal sector.

Urbanisation in India

The eleventh five year plan of India (2007-2012) emphasized Urbanization as the ‘key indicator’ of economic and social development. India is making a slow but steady shift from rural to urban. But, rural urban migration was not taking place in response to the increased demand for labour in productive sectors of economy. The urban centres have not developed so as to accommodate the migrants. Hence, they have settled various informal activities. (Amith Kundu). The level of urbanisation is shown in table-1

Table 1: Level of urbanisation in India

Distribution of Population in India (in millions)					
Year	Total	Rural	Percentage of Rural Population.	Urban	Percentage of Urban Population.
1961	439.2	360.3	82.04	78.9	17.96
1971	548.2	439.1	80.1	109.1	19.90
1981	683.3	523.8	76.66	159.5	23.34
1991	846.3	628.7	74.29	217.6	25.71
2001	1028.6	742.5	72.19	286.1	27.81
2011	1210.2	833.1	68.84	377.1	31.16

Source: Census of India, various years.

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Out of the total population of 1210.2 million in India, the size of rural population is 833.1 million (or 68.84 % of the total population) Urban population constitutes 377.1 million (or 31.16%) during 2011. The urban Population has increased from 78.9 million to 109.1 million between 1961 and 1971. But there was rapid increase in urban population between 2001 and 2011. It has increased from 286.1 million to 377.1 million. It indicates the rapid urbanization in India.

Urban Informal Sector Employment

Urban informal sector provides employment to the urban poor and migrants. Manufacturing, construction, Trade and Non-trade services constitute the important segments of urban informal employment. Urban employment by industry group and type is shown in table-2

Table 2: Urban employed (male and female) by Industry Group and Employment Type (Percentage distribution) 2009-10

Industry	Male		Female	
	Formal	Informal	Formal	Informal
Agriculture	0.1	6.0	0.0	14.0
Manufacturing	5.0	17.0	2.0	25.0
Home based	9.0	23.0	2.0	10.0
Construction	0.6	11.0	0.2	5.0
Trade	1.0	23.0	0.4	10.0
Street vending	0.0	51.0	0.0	63.0
Non-trade services	14.0	22.0	16.0	28.0
Transport	16.0	38.0	5.0	2.0
Domestic workers	0.00	13.0	0.00	31.0
Waste pickers	0.00	0.6	0.00	0.5
Total urban employed	21.0	79.0	19.0	81.0

Source: WIEGO Working Paper Report No. 7, November 2011

The vast majority of the urban work force in India is informally employed. 21.0 per cent of the urban male work force are employed in formal employment and 79.0 per cent are employed in informal employment during 2009-10. 19.0 per cent of the urban female workforce is employed in formal employment and 81.0 per cent are employed in informal employment during 2009-10.

Table 3: Urban Informal Employment (Non-Agriculture) by Sector or Industry Branch and by Sex (Percentage distribution)

Industry	Total	Male	Female
	2009-10		
Manufacturing	26.0	24.0	38.0
Construction	13.0	15.0	7.0
Trade	29.0	32.0	14.0
Street Vendors	15.0	16.0	9.0
Non-Trade Services	32.0	30.0	41.0
Transport	9.0	11.0	1.0
Waste picking	0.2	0.2	0.2
Domestic workers	6.0	4.0	13.0
Total of the above	100.00	100.00	100.00

Source: WIEGO Working Paper Report No. 7, November 2011

Women were over represented in non-trade services, other than transport as well as manufacturing. Men informal workers are more in trade than women informal workers in trade. The percentage of the urban informal workforce concentrated in manufacturing and non-trade services during 2009-10 constitute 26.0 per cent and 32.0 percent respectively. 13.0 per cent of the urban workforce are in the construction industry and 29.0 per cent are in the trade industry.

Employment in urban informal sector: A case study in Dakshina Kannada District.

For the case study 50 respondents (Informal sector occupants) are selected at random basis in Dakshina Kannada district of Karnataka State. Of the total 50 respondents 11 respondents are from the Bell metal activity, 12 respondents are from Gold smith activity, 12 respondents belongs to the Carpentry and 15 respondents are from the Tailoring activity. Field study is made in Belthangady, Bantwal and Mangalore Taluks of Dakshina Kannada district in Karnataka by taking 15 samples in Belthangady Taluk, 15 samples in Bantwal Taluks and 20 samples in Mangalore Taluk.

Educational background of the Employees: Educational background of the labourer working in the informal sector activity shows the skill and knowledge possessed by the labourers working in the informal sector activity. Educational background is classified in to five categories such as illiterates, labourers with primary education, secondary education, labourers with Pre University education and those labourers obtained degree education. Educational background of the labourers are shown in table-4

Table 4: Educational background of the employees

Informal Activities	Total Employees	Illiterates	Primary	Secondary	P.U.C.	Degree
Bell metal	38	02(5.26)	19(50.0)	15(39.48)	02(5.26)	-
Gold smith	15	-	08(53.33)	04(26.67)	03(20.00)	-
Carpentry	52	02(3.85)	26(50.00)	23(44.23)	-	01(1.92)
Tailoring	50	-	16(32.00)	28(56.00)	-	06(12.00)
Total	155	04(2.58)	69(44.51)	70(45.16)	05(3.23)	07(4.52)

Source: Field survey

The study reveals that 50 informal sector activity respondents have employed 155 labourers in their activities. Of the 155 labourers 2.58 per cent of the labourers are illiterates, 44.51 per cent of the respondents are with primary education, 45.16 per cent of the total labourers are with secondary level of education. 3.26 per cent of the labourers obtained Pre-University level of education and only 4.52 per cent of the respondents obtained degree level of education. Large proportion of labourers employed in informal sector activities are with low level of educational background. 89.67 per cent of the labourers employed by the sample respondents are with primary and secondary level of education.

Employment and wage structure

Employment of labourers by the sample respondents include total number of male and female labourers employed by the sample respondents. Wage structure indicates the average wage rate of the labourers employed in the informal sector activities in the sample study. Wage structure and labourers employed by the sample respondents are shown in table -5

Table 5: Wage structure and labourers employed by the sample entrepreneurs (in averages)

Informal activities	Sample Respondents	Male Labourers	Wages (in Rs)	Female Labourers	Wages (in Rs)
Bell metal	11	1.82	380.00	1.64	270.00
Gold smith	12	1.25	410.00	-	-
Carpentry	12	3.33	370.00	1.00	260.00
Tailoring	15	1.47	285.00	1.87	250.00
Total	50	1.97	361.25	1.50	260.00

Source: Field survey

Average number of male and female labourers employed by the sample respondents is 1.97 and 1.50 labourers. The number of male labourers employed by the sample respondents are more than the number of female labourers employed. The average wages of male labourers is Rs. 361.25 and female labourers is 260.00. The study reveals that in informal sector activities male labourers are paid more than the female labourers.

Working conditions and facilities provided to the employees

Working conditions of the labourers employed by informal sector activity entrepreneurs is poorer comparing to the labourers employed in formal organisations. There is no provision of social security to the labourers employed in informal sector. Facilities like Bonus, medical facilities, education, housing facilities and other facilities are given to the employees by the sample respondents. Other facilities include paid leaves, festival gifts and incentives to the labourers. Working conditions and facilities provided to the labourers by the sample respondents are shown in table-6

Table 6: Facilities Provided To the Employees by the Sample Informal Sector Activity Entrepreneurs

Informal activities	Sample respondents	Bonus	Medical Facilities	Education	Housing Facilities	Other Facilities
Bell metal	11	-	03(27.27)	02(18.18)	03(27.27)	11(100.00)
Gold smith	12	08(66.67)	02(16.67)	01(8.33)	03(25.00)	12(100.00)
Carpentry	12	06(50.00)	-	01(8.33)	04(33.33)	12(100.00)
Tailoring	15	09(60.00)	01(6.67)	-	01(6.67)	15(100.00)
Total	50	23(46.00)	06(12.00)	04(8.00)	11(22.00)	50(100.00)

Source: Field survey

46.00 per cent of the sample respondents provide Bonus to the employees. 12.00 per cent respondents provides medical facilities to their employees. 08.00 per cent respondents bear the educational expenses of the children of the employees. 22.00 per cent offers housing facilities to their labourers. All the respondents provide various other facilities to the labourers. Other facilities include paid leaves, festival gifts and incentives. It is evident from the study that the working conditions of urban informal sector are low. There is no social security provision for the workers employed in this sector.

Problems of urban informal sector

1. Poor organization, less bargaining power.

2. There is no social security to such informal workers. There is absence of labour laws to protect their rights. They are put to more hours of work they are paid low wages.
3. Street vendors face harassment from the police and government authorities.
4. Inflow of large cheaper goods from the foreign market also posed new challenge to the domestic informal sector.
5. Inconsistent demand for the products produced under the informal sector also a threat to the growth of informal sector.
6. Lack of support by the government for the welfare of workers in the informal sector as well as poor encouragement to the development of informal activities became threat to the growth of informal sector.

Findings

1. Urban population as per the 2011 census 377.1 million which is 31.16 per cent of the total population
2. The growth of Population during 2001-2011 was evenly divided between rural and urban settlements. Population growth is expected to be largely an urban phenomenon. During 2001-2011, the population of the country increased by 181.4 million. Increase in rural areas population is 90.4 million. Increase in urban areas population is 91.0 million.
3. The unemployment rate was higher among women (7.0%) than among men (4.0 per cent) in the urban labour force. But since 2004-2005, there was a marked slowdown in employment growth in both rural and urban India.
4. Women were over represented in non-trade services, other than transport as well as manufacturing. Men informal workers are more in trade than women informal workers in trade. The percentage of the urban informal workforce concentrated in manufacturing and non-trade services during 2009-10 constitute 26.0 per cent and 32.0 per cent respectively. 13.0 per cent of the urban workforce are in the construction industry and 29.0 per cent are in the trade industry.
5. It is revealed from the study that a large proportion of labourers employed in informal sector activities are with low level of educational background. 89.67 per cent of the labourers employed by the sample respondents are with primary and secondary level of education.
6. Average number of male and female labourers employed by the sample respondents is 1.97 and 1.50 labourers. The average wages of male labourers is Rs. 361.25 and female labourers is 260.00.
7. It is evident from the study that the working conditions of urban informal sector are low. There is no social security provision for the workers employed in this sector.

Conclusion

Informal activities became the source of life to the people in the urban areas. Facilities available to the workers are poor. Work place security in terms of safety and health protections are the major facilities required for the welfare of the informal sector workers. The absence of proper training, lack of awareness on Government welfare schemes makes them deprived from such benefits. In the recent years, the role of Self Help Groups and Non-Government Organisations in promoting Informal activities is impressive. Globalisation and the reforms in the retail sector led to the inflow of Mall culture in the cities and urban areas. It has increased the competition, which further deteriorated the conditions of informal activity entrepreneurs in the urban areas.

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