

Chapter I

Introduction

Research efforts in urban employment and urban labour markets in the past have most often focused on the organised sector with an emphasis on industrial development. It is needless to say that a large share of the benefits from the growth of this sector have accrued to a small and exclusive group of people. The different socio-economic groups within an urban area have generally shared in highly unequal proportions. A large section of the urban poor are generally excluded from this sector and the resultant benefits.¹ The third world countries are the best examples of this discrimination.

In the past, urban growth in India has largely been due to the migration of people from rural areas. It has also been agreed by most researchers that major motivation behind such migration from rural areas is the employment opportunity in the urban centres. The initial spurt to migration generally came from the 'modern' sector in manufacturing, administrative and commercial establishments. However, the output growth of this sector especially in manufacturing, due to its capital intensive nature, has failed to promote a proportional growth of labour demand.² Initial models based upon competitive markets and distinguishing two sectors viz. the subsistent and the capital sectors as developed by Lewis (1954) and Ranis & Fei (1961) failed to explain this phenomenon. The 'push' factors operating in the rural areas were strong enough to send large supplies of labour to urban areas. This has been attempted to be explained by lifetime earnings and 'expected income' of the potential migrants

(Todaro, 1969 and Harris-Todaro, 1970). However, despite the failure of the 'modern' sector to absorb these labour supplies, large scale unemployment has not been rampant in the urban centres as would be predicted by competitive models. The so-called surplus labour unable to gain entry in the formal (modern) sector is generally found to be absorbed by the rest of the urban economy which has been largely termed as the informal sector.

1.1 : The Concept of Informal Sector

The classification of labour market of labour market into formal and informal sector is not a very old phenomenon. It was only in 1973 that Keith Hart, launched the term 'informal sector' to mean that part of the urban labour force that falls outside the organised labour market.³ During his field work among the urban workers of Ghana, he came across a large self-employed sector which provided means of livelihood for new entrants to the urban labour force who were unable to obtain employment in the formal sector. He then questioned the traditional attitudes of treating this sector as being highly unproductive and constituting surplus labour and broadly put this sector into informal sector. The informal sector since then has been further refined by a mission of the International Labour Office while studying the employment situation in Kenya, within the framework of the world employment programme. Hart has used the term informal income generating activities, unorganised sector, unenumerated sector, self-employed individuals and urban proletariat in his study more or less alternatively and interchangeably.⁴ In order to understand the meaning and scope of 'informal' sector, it is necessary to have an idea of the 'formal' or the more frequently used concept of the 'organised' sector of an economy.

The formal or organised sector of an economy is generally taken to mean wage labour in permanent employment, employment being registered under the Factories Act so that the conditions

of works get regulated such as that which is featured by industrial enterprises, govt. offices and other large and small scale establishments.⁵ Employment, generally in the formal sector involves a wage contract of employment with an employer who has a continuous identity through time and many other employees. The employer can either be a private capitalist or the govt. and is usually engaged in producing 'advanced' or 'modern' goods with a given technology.⁶ The work-force is required to have skills and discipline. At the same time, the job is permanent. The management may be bureaucratic and working conditions of production units permit both the formation of union of labour and govt. protection and regulation of employment. All these aspects categorically uphold the fact that the employment of labour is secured and that the employees do come under the social security schemes. The working conditions are laid down subject to the Minimum Wages Act. In view of these characteristics, some authors have referred to the employment in the formal or organised sector as 'protected' or 'registered'.

Economic activities which do not meet these criteria are grouped under the term 'informal sector', a key-word which covers a considerable range of economic activities in most of the third world countries. The employment in informal sector falls outside the purview of the existing statistical data collection machinery and therefore very often ignored by official census. Another important aspect of the employment in the informal sector is that working conditions here are rarely covered by the legal statutes. This description of the informal sector is very inadequate in view of its large and growing scope. This raises a number of problems in properly defining the informal sector. Jan Breman, in this context, has remarked:

"..... the lack of a proper definition is very often, although not very sat-

isfactorily compensated by a somewhat arbitrary listing of these activities which meet the eye of anyone who strolls through the streets of a city in the 3rd world: Street vendors, newspaper sellers, shoeshine boys, stall keepers, prostitutes, porters, beggars, hawkers, rickshaw drivers etc." ⁷

This, in other words, implies that the informal sector includes those activities of small tradesmen and unskilled workers which bring them low and irregular incomes.

S.V. Sethuraman has defined the informal sector as consisting of goods and services with the primary objectives of generating employment and income to their participants notwithstanding the constraints on capital, both physical and human. ⁸ Papola's definition of informal sector is rather very simple. In his study on the informal sector of Ahmedabad, he has said that the informal sector is a convenient way of designating a segment of economy having certain characteristics which lead to unfavourable conditions for the growth of enterprises and activities operating in this segment. He has identified a number of well acceptable characteristics of the informal sector. These are as follows:

(i) Small size of operations - Informal sector generally consists of small establishments. The term "smallness", however, may have different interpretations in different economic situations. The small size generally means a relatively small size of employment having low capital intensity and low rate of return on capital.

(ii) Informal structure and family ownership - This means that the informal sector does not have a formally structured organisation; there is limited function of division of labour and specialisation and most of the management and supervisory and

even the production functions are performed by the proprietor. Also there can be very expensive use of family labour. Papola is found to be very cautious and has remarked that all these characteristics may not exist together.⁹ Small size itself makes it necessary and possible to run an organisation without a structural division of labour and management hierarchy. Even organisations with wider ownership and using hired labour may reveal these characteristics of their size of operations is not large enough. On the other hand, large enough family-owned enterprises can not be run on the basis of informal and unstructured organisation and undefined functional division of labour. Structure of organisation is mainly a function of size and is not necessarily related to the pattern of ownership.¹⁰

(iii) Non-modern technology - Non-modern technology means the use of labour intensive, predominantly manual, low productive techniques as compared to capital intensive, highly mechanised and high productivity ones used by the formal sector units. According to John Weeks, the private formal sector is also often characterised by foreign ownership and imported technology and intermediate goods and it usually produces for sophisticated markets. The informal sector, on the other hand, is characterised by small scale operations, labour intensive techniques, low-level of income and indigenous ownership.¹¹ In fact, there are some opinions which state that the distinction between formal and informal sectors on the basis of the use of imported foreign technology and adopted indigenous technology appears to represent a rather extreme view point. Examples in this regard can be cited. Technology used in Indian large textiles can no longer be considered foreign, yet to include them in the informal sector because they use indigenous technology would make an absurdity of the informal sector concept.¹²

(iv) Lack of access to govt. favours - It is a well

accepted view that the informal sector receives ill-treatment from the government. Formal sector enterprises are supposed to have access to resources controlled and distributed by the government. Thus the advantage of organised capital market, bank finance, foreign technology, imported raw materials, protection from foreign competition etc. are not expected to be available to the informal sector enterprises. Papola is of the opinion that these facilities are not denied to the informal sector units but the fact is that they are not able to avail of them because of their meagre material resources.¹³ It is our experience that even when governments have tried to mitigate some of their disadvantages by giving them a preferential treatment, the benefits have not gone to the smallest of the informal sector units because of their inability to cope with official procedure for obtaining them.

There are some services and inputs such as bank credit, space, electricity, water etc. which are not supplied on a government license. Even these items are not adequately availed to the informal sector units. It is the picture everywhere in a country like ours. This situation is the result of uneven distribution of private resources which seem to directly determine the distribution of the benefits of public resources as well. It is a basic contradiction of a mixed economy that even the state measures to reduce them often result in accentuating them.¹⁴

(v) Competitive and unprotected product market - Generally, the informal sector in the 3rd world countries are found to have competitive and unprotected markets. However, it is not always true that informal sector produces goods and services of general use while formal sector predominantly caters to the demand of high and sophisticated sectors of people and foreign markets; nor do all the informal sector enterprises operate in a

competitive market and all the formal sector enterprises operate in an oligopolistic and protected markets.¹⁵ We can cite plenty of examples in support of this argument. Personal services like that offered by domestic servants in the urban areas are the examples of an informal sector activity catering to the needs of high income groups. The whole range of artistic handicrafts produced by the informal sector units in our country can also be mentioned in support of this. Textile clothing, washing soap, matches and many other items of mass consumption are produced both in the formal and informal sectors. The formal sector products have an advantage of brand names and better marketing network. But it has to be admitted that the formal sector units are required to operate in a highly competitive market. The producers of artwork and handicraft goods in the informal sector, on the other hand, operate in a market mostly devoid of any competition.¹⁶

Still, the informal sector units can not realise the same revenue per unit of their output from the market as do the formal sector units. It is not due to the nature of the demand for product and the nature of the markets faced by them but on account of the relative lack of holding capacity and marketing arrangements available to them.

(vi) Unprotected labour market - This is another important aspect of informal sector establishments. It is true that the labour market in the informal sector is supposed to be unregulated and highly competitive as there is absolute freedom of entry while the labour market in the formal sector is regulated and has entry restricted on the basis of some standard and neatly chalked hiring norms and finalised hiring procedures.¹⁷ The supply of labour in the informal sector consists mainly of new entrants in the labour market - immigrants or young persons entering the labour force. These immigrants as well as young persons are keen to get jobs in the formal sector but the opportunities are limited and also the entry is very much

restricted. Hence, they become compelled to start doing something or the other in the informal sector. They may start small business of their own thereby selfemploying themselves or may absorb themselves in any part-time work or apprentices or as full-time workers in small establishments. The informal sector thus formed as a consequence of the non-availability of jobs in the formal sector suffers from the problem of excess supply of labour and hence a situation of significant underemployment and depressed wages arise in contrast of the formal sector where workers and conditions of work are regulated. Their jobs are secured and the level of wages assured while various studies undertaken in the third world countries including India have shown that the informal sector suffers not only from the vicissitudes of market fluctuations but also from the whims of the employers.

The various definitions of informal sector we have considered above summarily distinguish the formal sector and informal sector under four different heads, namely, mode of production, market structure, technology and relationship with the government. Whereas formal sector is capitalistic in nature operating as large oligopolies with capital intensive technology, the informal sector generally uses traditional methods of production and operates on highly competitive market. The former has sufficient access to and influence over the machinery of the government; the latter, however, is denied of any such protection. This is extremely important since the informal sector units can not approach the organised credit market for finance. Besides, it is generally true that workers in the formal sectors are unionised mostly being led by the political parties whereas the workers in the informal sector are open to exploitation because they are not unionised.

Having understood the concept of informal sector in the

light of the above discussion, we can well in the line of Sethuraman say that the informal sector as its name suggests is not formal in its characters.¹⁸

1.1.1 : Contrasting Characteristics of the Informal and Formal Sectors

Informal Sector	Formal Sector
(a) Easy entry to the sector	Restricted entry to the sector
(b) Family ownership of enterprises	Corporate ownership
(c) Small scale of operations	Large scale of operations
(d) Labour intensive and adapted technology	Capital intensive and use of imported technology
(e) High degree of resourcefulness	Frequent reliance on "other" resources
(f) Skills acquired outside the formal school system	Formally acquired skills
(g) Unregulated and competitive markets	Protected markets (through tariffs, quotas and trade licenses)
(h) Labourers open to exploitation as they are not unionised	Less chance of labour exploitation as trade unions are there.

1.1.2 : Relation Between Formal and Informal Sectors

Having discussed the meaning and scope of the informal sector, a question that generally strikes one's mind is that whether these two sectors have watertight compartmentalisation or whether they do have any interlinkage. If there existed any interlinkage, what sort of is it? A number of studies have been done in this particular direction; a few of these are highlighted below.

The interlinkage at the very basic level may be classi-

fied into direct and indirect. The direct linkage may be in terms of resource inputs from formal to informal sectors or technology and market linkages. The indirect linkages, on the other hand, refer to the demand for goods and services generated in the informal sector by a clientele whose income is dependent upon the formal sector.

Direct linkages - Many of the field studies have identified the nature of these relationships. Brienfield's study is worth mentioning in this connection. Brienfield starts his paper based on Tanzania with a tentative framework which assumes that

"many small scale operators are engaged in a process of production and of technological development but their ability to develop cumulatively over extended periods is limited by their being exploited through the terms of trade; by their dependence on large scale industry for inputs (often illegally obtained) and by the fact that when the markets they serve grow beyond a certain size this will not be a gradual but accelerating stimulus to further will-not-be-a-gradual development of the forces of production. Instead, it will trigger a discontinuous shift to international technology which will incorporate this market by virtue of its efficiency and/or its market power the latter based on effectively limited access to capital and on the establishment of brand name products through heavy advertising".¹⁹

Brienfield thus places great stress on the exploitative character of their linkages and attributes this reason for the relatively involuntary character of this sector.

Bose, in his study of the informal sector in the Calcutta Metropolitan Economy for the ILO, explains the direct linkage between the formal and informal sectors in the following lines.

"The casual hypothesis that this study has thrown up is that the formal and informal sectors operate in basically two different markets that it is the difference that mainly differentiates the informal sector from the formal, and that these two sectors are dependent upon one another in much the same way that a colonial economy and a metropolitan economy are dependent upon each other. This means that the underemployment and backwardness of the informal sector are necessary conditions for the development and advancement of the organised formal sector dominated by a few oligopolistic houses."²⁰

This recognition of the interdependence of the formal and informal sectors comes from the fact that a sizeable segment of the informal sector is dependent upon the formal sector for marketing of its own product and acquisition of technology. On the otherhand, the employees in the formal sector are assured of the sufficient supply of labour from the very existence of the informal sector. And accordingly, they have a domination in wage-fixation in the formal sector. Studies in India and abroad have supported this hypothesis. For example, T. Duttachaudhuri has established linkages between the informal and formal sectors. In his study he has shown how the interactions between the two sectors determine wage, availability of finance and output of the total economy.²¹ N. Vijay Jagannathan, on the otherhand, explained the direct linkage between the two sectors and went in to conclude that the low wages in the informal sector in developing countries are the result of the existence of a huge parallel

urban informal sector.²²

After looking at the structure of economic activity in the informal sector Papola concluded that though the informal sector provided a significant part of the goods and services in the urban economy and provided employment to practically the entire residual labour force, its growth depends on the fortunes of the formal sector.²³ However, he did not look into whether the linkages between the two sectors were exploitative or benign in character. He did distinctly identify the informal manufacturing activities which are linked up vertically to the formal sector through market and technology linkages as the ones which promised better productivity and earnings.²⁴

Based on her study of shoe manufacturers in Bogota, Colombia, Peattie found that these enterprises served two distinct categories of clientele. First, as Bose has found in Calcutta, these enterprises were producing an inferior and cheaper products in a way which makes it accessible to persons who can neither buy in large quantities nor transport them for long distances.²⁵ The other type serves "a small and individualised market (as in custom made furniture and shoes) or where a great deal of flexibility in marketing is advantageous (as in street vending and illegal occupations)".²⁶

The two sectors are thus neither exclusive circuits nor distinct compartments. Strong backward and forward linkages are quite typical, which are often of very complex arrangements and extremely unfavourable to the smaller enterprises.

Besides these direct linkages in terms of market technology and resource inputs, researchers have found the existence of social dependency relationship which have their basis in the lack of economic insecurity.²⁷ A complete lack of public welfare or unemployment situation coupled with a highly irregular and inse-

cure nature of income, forces the people enter into either social dependency relationships of petty entrepreneurs. Breman's work in South Gujarat vividly illustrated these. He pointed out :

"it should be realised that the poor try to increase their security within the urban system by entering into dependency relations with social superiors, and in doing so they accept a wide range of contractual and semi-contractual commitments".²⁸

Indirect Linkages - The indirect linkages refer to those generated by the goods and services produced in the informal sector for a clientele whose income is dependent on the formal sector. The building and furnishing of middle class houses, repair services, traders of fresh vegetables, fruits etc. and of course the well known domestic servants are dependent upon formal sector activities for their livelihood. Thus only a growth in the formal sector's productivity and wages would create additional demand for these activities. This, infact, has sometimes led researchers to conclude as informal sector dies and lives with formal sector.²⁹ However, there is a paradoxical relationship arising out of the demonstration effect of formal sector goods. The rise in the demand for formal sector goods is likely to increase the formal sector production and accordingly, formal sector wages. This growth would worsen the income distribution and induce a shift in the pattern of demand away from the informal sector's products.³⁰

Thus, we can conclude that the informal sector is in no way an independent and exclusive entity. It is linked to the formal sector and the rest of the economy through a variety of linkages. The possibility of growth of the informal sector then depends on the nature and types of linkages that are operating in reality.

1.1.3 : Importance of the Informal Sector in the Light of Women's Participation in it

It has been recognised by all sections of researchers and writers that the working and labour conditions in the informal sector are deplorable and in fact, the informal sector is at a disadvantageous position deserving supportive policy measures. This, however, in no way reduces its significance in a populous country like ours. Informal Sector, has become a perennial source of employment generation. It is surprising to note that this sector absorbs more than 90% of the total work force in our country.³¹ The size of the informal sector has been substantial although it shows a declining trend.³² The majority of Indian workers being employed in the informal sector also produce useful goods and many formal sector industries depend on the informal sector for the supply of raw-materials. Thus, the informal sector not only provides income earning opportunity to the poorer group of population but also feeds the industries of the country. It is estimated that over 60% of the employment in Nairobi,³³ and Kumashi³⁴ and 50% in Jakarta³⁵ is found in this sector.

To be more specific, informal sector has established itself to be the main source of survival to a large segment of female work-force, in particular. An increasingly large portion of women has been absorbed by this sector. Women all over the world and more so in India are part and parcel of the labour market. But it is a fact that everywhere they are excluded from crucial economic activities. For example, in the agricultural sector in India women are employed in production, processing and preservation of agricultural produce and are not at all active in ploughing. In the urban areas, they are engaged in works which sometimes have no exchange value or low exchange value, as in the case of domestic servants. As a matter of fact, in LDCs, the women have inferior status in the society; they are looked upon as

meant for bearing and nurturing the children and caring for their husbands and other members of the family. We can refer the world economic profile of women, in this context, to ascertain their status and contribution in the world economy. As per ILO report, women represent nearly 50% of the world population, constitutes 33% of world's labour force, contributes 60% of all working hours but controls less than 1% of the world property. Now, the question is that women are mostly excluded from the crucial economic activities and also they have inferior status than how do they contribute 60% of the total working hours? Answer lies in the fact that women are mostly absorbed in informal sector activities. They are found employed in informal sector as domestic servants, sweepers, construction workers, brick-kiln workers, agricultural labourers, coolies and as self-employed workers in knitting, sewing, weaving and trading. All these works are characterised by low productivity and low-wages. According to 1981 census, in India, out of total working women, 96.33% are absorbed in the informal sector. The following table shows the absorption of women workers in the informal sector in 1971 and 1981.

Table 1.1 : Women Work-force in India

	1971	1981
Female Population	264 million	331 million
% of total population	48.2	48.3
Work Participation	31 million	48 million
Working women as % of total women	12.3	14.44
Total women workers in the informal sector	29 million	46.24 million
Women in the informal sector as % of total working women	94	96.33

Source :Sudha Kumari, Women Workers in Unorganised Sector of India, Yojana, Vol. 33, No. 12, July 1-15, 1989.

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From the table above, it is clear that the ratio of women workers in the informal sector in India has gone up considerably from 94% in 1971 to 96.33% in 1981. This implies that female workforce has increased more than the job-opportunities for them in the formal sector. This has thrown the higher proportion of women into secondary jobs. Thus, their participation in the informal sector has become an increasing phenomenon.

No one thus can deny the importance of informal sector so far its role in absorbing the women workers is concerned. Furthermore, due to the availability of cheap labour in this sector, there is chance of more and more activities diverted to this sector. All these facts have raised strategy issues before the policy makers of our country. Should the national strategy be that of promoting informal sector in preference to the formal sector or should it involve an integrated development utilising the instrument of growth and employment in the short-run only or a dichotomous model of urban economy for a long period goals as well?

1.2 : Review of Related Literature

The concept of informal Sector, as already mentioned, is a relatively new concept (the concept being introduced in 1973). Since then a number of theoretical and empirical studies of the labour in the informal sector have been made in our country and abroad. The Studies on women workers, on the otherhand, over the years have become a separate branch in the socio-economic literature at present. As such, there have been vast literature on the subjects of informal sector as well as on the women workers.

The Studies of ILO (1972) in Ghana and Kenya initiated the proceedings of studies about the informal sector abroad. Among the other famous studies in Africa and Latin America, mention may be made of Bunster (1983), House (1984), Rossini and

Thomas (1990), Tannen (1991) etc. All these studies at the very outset have explained the importance of the informal sector in the LDCs, and the role played by the workers engaged in it in building the economy. However, Researcher like House has raised the issue that the simple dichotomy of the urban economy in the LDC into the formal and informal sector is inadequate. He maintained the view that informal sector can be further categorised into atleast two subsectors : an intermediate sector, which appears as a reservoir of dynamic entrepreneurs, and the community of the poor, which contains a large body of residual and underemployed labour.³⁶

Tannen, while studying the dual-market model in Brazil stated that rural labour markets are distinct from urban ones in the setting of wages and level of employment and urban workers are considered to have greater skills than rural ones. Urban labour markets are themselves separated into formal and the informal sectors, with corresponding high-paying and low-paying jobs. These wage-differential in the urban economy, according to him is due to the differences in the quality of human capital.³⁷

Such studies at the conceptual level have been undertaken in India too. The studies of Bose (1974), Lubell (1974), Dipak Majumder (1976), Breman (1976), Banerjee (1976), Joshi and Joshi (1976), Sethuraman (1975,1976,1977), D'Souza (1978), Papola (1980), Desai and Krishnaraj (1982), Rajula Devi (1985) etc. are worth-mentioning in this context. The theoretical studies of Jagannathan (1987), Dattachaudhuri (1989), Sudhakumari (1989) and M.R.Gupta (1991) etc. have dealt in with the policy-implications and suggestions to make the informal sector in LDCs competitive with the formal sector. Some of these studies are briefly summarised below.

Jan Breman (1976) has examined the utility of the concept of informal sector in Indian context. He argues, partly on the

basis of research into labour relations, in a small town in Western India, that the concept of informal sector is inadequate. The informal sector, he has suggested, can't be demarcated as a separate economic compartment and/or labour situation. He has suggested that rather than divide the urban system into segments, it is preferable to emphasise the fragmented nature of the entire labour market.³⁸

Papola (1980) has also explained the informal sector enterprises in Indian context. He has raised the debate whether govt. measures should be taken to improve the working conditions in informal sector. According to him, if done so, informal sector may lose the characteristics of its "informality".³⁹

Jagannathan's study (1987) seems to be a landmark in the context of informal sector analysis. He has developed a conceptual framework in assessing the true potential of an urban informal sector. According to him, the small scale enterprises of informal sector of many developing countries have contributed to increase in both private and social wealth. He has also held the opinion that although employment and wealth are generated in the urban informal sector, there are no institutional mechanisms available to ensure equitable diffusion. He is thus in favour of a practical policy that encourages diffuse urbanisation, by which the flexible adaptive manufacturing enterprises of the informal sector can be encouraged in small rural towns and large villages. This policy involves encouraging sub contracting in rural areas or smaller districts or sub-regional towns, so that labour can secure the benefits of economic growth without having to shift residence to overcrowded cities. This policy of diffuse urbanisation, according to him, would be far less expensive than the massive infrastructural investments required to tackle the manifold problem of rural poverty.⁴⁰

The existence of urban informal sector and its employment

potential have encouraged the large scale migration of rural people to the cities. Ashish Bose (1974) thus has pointed out that the process of urbanisation has been essentially a process of migration to the cities. The cities can provide employment in the informal sector to rural migrants who are largely unskilled and illiterate. Majumdar (1976) and Sethuraman (1977) have agreed that the primary reasons for rural-urban migration is economic, and the rural poor migrate to the cities in search of employment rather than better employment opportunities. In this connection, a study of Birla Institute of Scientific Research (1980), has argued in favour of the positive contribution made by this sector. This study reveals that informal sector is marked by significant turnovers both in occupations and labour mobility.

With regard to the policy implications, Studies made by Dattachaudhuri (1990) and Gupta (1991) command unquestionable respect. Odded Stark (1982), in his study has assumed a downward linkage between the formal and informal sector and then has concluded that informal sector lives and dies with the formal sector. It implies that informal sector can not prosper if formal sector did not.⁴¹ Dattachaudhuri, in his work, has established the fact that increasing capital cost is the reason for the informal sector units not to grow. Hence, given the provision of cheap credit to the informal sector, output and employment can be increased there. He then has refuted Odded stark, by establishing the fact that in spite of the downward linkages between the formal and informal sectors, the informal sector can expand in the face of a contracting formal sector.⁴²

Development policies like capital-subsidy policy and price subsidy policy to the informal sector have been often recommended. Gupta has criticised all these subsidies for not dealing with the effects of these policies on the welfare of the society. He has, thus, developed a model in the line of Harris-

Todaro. This model studies the impact of the welfare programmes on the informal sector. In his model, there exists open urban unemployment even in migration equilibrium in spite of the existence of the formal sector.⁴³

On the status of women, their role in the society and their position, numerous works have been done. Among the notable works about the problems, prospects, status and the changing scenario of the working women in India, we can mention the works of Padmini Sengupta (1960), Promilla Kapoor (1974), Devaki Jain (1977), P.Sundar (1981), Jaya Arunachalam and Nandini Azad (1985), Nirmala Banerjee (1989,1991), Sujata Gothoskar (1989), P.Devi Devaki (1994), etc. All these works highlight the patterns of employment, the wage-differentials, the sources of demand and supply of the female labour, the problems the women face in the employment etc. The literature on the role of women in the informal sector, in particular, is very limited in our country.

However, a number of literature on women's participation in informal enterprises in the global scenario have come out. Acknowledging the significance of women's participation in the informal sector — the subsequent studies oriented to explain why women are a majority in certain of its branches, have contributed to build up and popularise a paradigm in women's studies on the informal sector.

Many studies have relevelated the inferior status which women occupy in the informal labour market [Arijpe (1977), Jelin (1977), Heyzer (1981) etc.]. These studies have tended to identify poor women, survival strategies and informal workers as synonymous in their analysis. The paradigm is recognizable in Heyzer's overview of women's participation in the informal sector in which she states :

"Many of the women in the informal sector came from extremely poor households and this includes single woman with children, women married to men in low-income brackets and older, married, divorced and widowed women for many of these women working in the informal sector is a matter of survival!"⁴⁴

Similarly, some studies such as Arijpe's (1977), have looked at women working in the informal sector, such as vending in the streets as performing a needless, unproductive activity. She speculates that these women would change jobs if they had the chance to.⁴⁵

Another important study of the women in the informal sector of Peruvian is done by Bunster (1983). In his work, Bunster transmits, when looking at a Peruvian market, the image of women as powerless, victimised people on the very fringe of society, who suffer from authoritarianism and constant intimidation by inspectors. They are seen by the author as "..... Powerless to fight back".⁴⁶

Although it can be argued that the situation portrayed above seems to constitute a pattern in many third world countries, other studies have also argued against the validity of the paradigm of poor women in the informal sector, by highlighting remarkable exceptions. The case of women in Grand Dakar as shown by Van de Laar (1991) is a good example. This study has found that it is privileged women who could participate in the informal sector.⁴⁷

The studies made by Indian scholars, however, are different in character. They have mostly given the statistical information of women's absorption in the Indian informal sector. Of course, there are some exceptions to this. The studies of

Malavika Karlekar (1982), Sujata Gothoskar (1992), Renana Jhabvala (1992), Helji Noponen (1987) and Nirmala Banerjee (1991) etc. have dealt with some special dimensions of women workers of informal sector. Helji Noponen has shown how the women's organisations under the able leadership of WWF and SEWA are helping in mobilising the street vendors, fisherwomen, and the women petty traders in South India. Noponen views that the lack of institutional credit is the main problem of the women workers and her study has shown how the women's organisations have come out with the positive results of the institutional credit programmes.

Renana Jhabvala (1992), on the otherhand, has concentrated in highlighting the problems the women petty traders in Gujarat and in other states of India are facing. According to her, they face not only the financial problems but also the police atrocities and exploitation. She feels that the women workers of the informal sector are compelled to bear with these evils only because they do not have the legal status. It is this legal status for which SEWA, according to her, is trying to get for them.⁴⁸

Among the other studies about the women workers of informal sector, the following have some sort of relevance to our study. The study of the socio-economic aspects of the brick-kiln workers in Kerala by Leela Gulati (1979) is worth notable. She has discussed the causes of the wage differentials between male and female workers in the informal sector industry. She is worried to note that women's wages for work which is not physically less exhaustive than that done by men are only about half of those earned by men.⁴⁹ Kumari (1989) has studied the constraints that women face while working in the informal sector. She finds that the method of payment of wages, retrenchment etc. in the informal sector are all arbitrary. The hours of work are

longer than permitted by law and also medical and maternity benefits are conspicuously absent.⁵⁰

Nirmala Banerjee (1976), on the basis of an empirical study in Calcutta, has said that women have a target income level which they try to attain in order to survive. Over a period of seven years, an increasing number of women were coming found by her even though the wage rates remained almost constant in the informal sector. The factors that encourage the participation of the women workers in the informal sector can be understood, with some limitations, from the studies of Neera Desai and Maitreyee Krishnaraj (1982). They have found that economic development with its capital intensity has adversely affected female labour absorption in this sector. Growing mechanisation has reduced the number of women in foodgrains processing, food and vegetable products, footwear and earthenware. The same trend is seen in construction, trade and commerce. Desai and Acharya's Study (1986), confirms that the displacement of labour is continuing. There has been some structural changes which is tilted against female occupation. Displacement of women by men in the formal as well as in informal sector is more pronounced in Punjab and Haryana.

Chakrabarti and Tewari have also said that with industrial development there will emerge a preference for men even in predominantly feminine jobs. This is inevitable in view of the growing mechanisation in various occupations (quoted in Kumari, 1989). But Ranade and Ramchandran (1982) have denied such possibility and have gone further to comment that transplantation, food processing and domestic services still prefer female over male. They, however, agreed that changes in land relations have adversely affected the rural women workers in agriculture. It has pushed them down to a state of dependence on men.

1.3 : Objectives of the Study

Darjeeling hill areas in the state of West Bengal has a higher work participation rate of female than the Indian average or the state average. Due to the social constraints, like the economic hardship in the family, the alcoholism among the male earning members among the poor, the women are compelled to take up various jobs in Darjeeling hills. But their entry in the formal sector activities is very limited. The major formal sector establishment in Darjeeling hills where the female workers are in majority is the plantation industries. Elsewhere, they are rarely seen. The unskilled, semiskilled women are absorbed in various informal sector works. This varies from working as maid servants to affluent families, to wage labourers in construction work, to artisan workers in home based industries, to independent vendors of commodities, to the owners of roadside restaurants etc. in the urban areas. In the rural areas agriculture is the only informal sector activity where hill women are taking part actively. It is quite surprising to see women traders and vendors every where in all three major urban centres of Darjeeling hills dealing in petty consumption items to tea leaves, vegetables, cosmetics, woolen garments and foreign goods. While the majority of women are full time workers, there are women who have taken up part-time jobs such as weaving, knitting and embroidery works in the informal sector. Darjeeling, famous for its educational institutions, recently has envisaged the upcoming of a large number of nursery and other preparatory schools for the children. These privately-run schools mostly employ the educated women as the teachers and instructors at a very low wage. The employment in all these establishment is very much unsecured and the working conditions are not protected by law.

There have been a number of empirical studies about the informal sector undertaken in selected areas in different parts

of our country. But the hill areas of the state of West Bengal where the women play a pivotal role in the society have remained completely undiscovered. The hill areas are also experiencing a fast rural to urban migration of people, thereby increasing the urban population and with that the female workers in the informal sector is expected to increase further. It is in this context, the present study is a modest endeavour to study the problems involved in the process of such participation of hill women in the informal sector as well as the manner in which working women's lives in this sector are being affected by the process of economic development, social change and population dynamics. An attempt has also been made to trace out the entrepreneurial qualities of the women workers. It has also been tried to find out whether the migrant or the native women in the urban informal manufacturing sector have proved themselves to be successful entrepreneurs. Having studied the nature of the informal sector works in the rural and urban areas of Darjeeling hills, efforts have been made to assess their potentials too.

Voluntary organisations are seen to play a crucial role today in mobilising the workers of the informal sector. This study also intends to examine the role played by such organisation, if any, in Darjeeling hills. The lacuna in this direction would also be highlighted at the same time. Further, the study is extended to prescribe some policy implications in regard to informal sector activities. It seems that some observers have tended to undermine certain policy considerations. Even if its granted that informal sector employs people, particularly women, produce useful goods and provides income earning opportunities, the question of public intervention in economic and social matters can't be decided on the consideration alone that the sector is absolutely informal. Whether the emphasis should be on promoting more formalisation or should the informal sector be

allowed to continue and grow in the Darjeeling hill areas would be a point of discussion and prescription accordingly.

1.4 : Methodology and Limitation of the Study

This socio-economic study of the women workers of the informal sector in Darjeeling hills is an empirical one. Therefore, it is based on the survey research technique. The bulk of the informations about them are acquired from the field through observations and interview schedule. Personal interactions with many such workers also gave insights of their problems. As the women workers of the urban informal sector constitute a heterogeneous group, stratified method has been used while collecting the sample workers. By doing so, it has been tried to eliminate between-the-strata error and the proper representation of the population.

To get acquainted with the role of women in the rural informal agricultural and allied activities, in Darjeeling hills, two agriculture based villages --- one each from Kalimpong subdivision and Darjeeling subdivision have been selected at random. The reference of these two villages have been given in chapter III while explaining the role of the women workers in the rural informal sector. The informations about the works connected with agriculture performed by the women have also been collected from the randomly picked up households from the two villages.

Besides these primary data, other necessary data have been collected from various types of secondary sources. A few such secondary sources are the tea statistics, published by the Tea Board, various issues of the district census handbook and many other public documents.

For studying the various themes, related to these women workers, in depth, statistical tools have also been used. For example, to find out the determinants of the entrepreneurial

traits and also of the earnings of the women workers engaged in informal sector activities, multiple regression has been carried out. In the process of analysis, chi-square test has also been undertaken. Besides, to explain the nature of relationship between two variables, correlation coefficient has also been calculated.

This study, however, is not free from its limitations. Several problems that arose during the course of field work and later on have, to some extent, reduced the scope of the work. The respondent women were mostly illiterate and poor. The widespread illiteracy and ignorance of theirs at a time helped in getting free, frank and sincere responses, but on the other appeared to create problems in getting precise informations. Their inability to give the exact information to the researcher had sometimes put him in trouble in generalising the case.

It is a general phenomenon that the respondents do not want to give the exact picture of their income and expenditure. In this case too, the incorrect informations from the respondents, particularly about their income and the pattern of consumption put the matter on some occasion in a very ambiguous situation. In some cases, language was also a problem to communicate with. While interviewing a few of the aged Tibetan lady engaged in weaving and in home based production, the researcher was required to take the help of the interpreter, as they were not well conversant in other languages except their mother tongue. There was the possibility of these interpreters to use their own judgement while answering for others. This may have affected the survey result to a limited extent.

1.5 : Distribution of Chapters

Chapter I : Introduction.

Chapter II deals with the historical backdrop of the district of

Darjeeling in West Bengal along with the causes of the growth of the urban informal sector with special reference to the stagnation in the plantation industries of the hills since 1951. The causes of heavy concentration of the women workers in the informal sector of hills have also been dealt in this chapter.

Chapter III is devoted to study the nature of rural informal activities where women are absorbed in large number. The rural informal sector, in fact, constitutes of the agricultural activities. And accordingly, the differential participation of male and females in different agricultural occupations have been calculated and it has been shown that the contribution of women in various enterprises in the rice-based hilly farming is greater than that of men. In a separate section, in the chapter, the informal contracting processes in the agricultural sector have been discussed. And quite in support of Ashoke Rudra's content, it has been found that the attached agricultural labourers in the hills earn some rent over the semiattached and the daily wage labour.

Chapter IV onwards we move on to the nature of the urban informal activities of women workers. In chapter IV, the problems and the socio-economic aspects of women construction workers have been analysed. Chapter V, on the otherhand, discovers the role played by the most neglected domestic servants. Employers' attitude towards the servants have always been questioned. It is in this context, a section in this chapter has been devoted to study this particular aspect.

Self-employment has been considered to be the best policy in view of the increasing unemployment situation in our country. We have studied the role and status of self-employed women, particularly the petty traders in the hill economy in chapter VI.

Chapter VII has dealt with the problems of women entrepreneurs in

the home based industries in the hills. It has been established that the women workers of Darjeeling hills have the required entrepreneurial traits and given the adequate support, entrepreneurship in the home based industries can be well developed. It has also been shown in this chapter that the immigrant entrepreneurs in Darjeeling hills like the Tibetan and Bhutia women have proved themselves as more successful entrepreneurs than the majority natives. This is the chapter where a few interesting case studies have been incorporated which help establish the above phenomenon.

In chapter VIII the common institutional features of the various urban informal occupations of women are analysed. The important determinants of the informal sector earnings in the hill areas of Darjeeling district have also been found out using multiple regression analysis.

Chapter IX varies greatly from the rest in the sense that here the role of various govt. and non-govt. organisations in mobilising the women workers of our study-area has been carried out. A reference to a few notable women's organisations in Indian context has been made in order to highlight the role such organisations can play for the purpose of a meaningful contribution to uplift the status of the exploited women workers in the society.

Chapter X contains the concluding remarks and the suggestions made accordingly for the upliftment of the status and conditions of the women workers engaged in the informal sector of Darjeeling hills.

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LOCATION MAP OF THE STUDY AREA

