

CHAPTER-II

CHARACTERISTICS AND GROWTH OF URBAN INFORMAL SECTOR IN INDIA AND WEST BENGAL

2.1 Introduction

The term 'informal sector' has been debated much during the last decade for want of a universally acceptable definition. Various issues relating to the concept and definition of the informal sector were discussed in the Fifteenth International Conference of Labour Statisticians held in January 1993 (ICLS-1993) at Geneva and a Resolution (Resolution-II) concerning statistics of employment in the informal sector was adopted at the end of the conference. Later, the System of National Accounts (SNA) (1993) recommended by United Nations also endorsed this resolution with regard to the concept of informal sector. The concept and definition of the informal sector as per the resolution adopted at the Fifteenth International Conference of Labour Statisticians (ICLS-1993) is briefly presented below.

(a) Informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations, where they exist, are based mostly on casual employment, kinship, or personal or social relations rather than contractual arrangements with formal guarantees.

(b) The production units in informal sector have characteristic features of household enterprises. The owners of these production units have to

raise the necessary finance at their own risk and are personally liable, without limit, for any debts or obligation incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. The capital goods¹ may be used indistinguishably for the business and household purpose. The fixed and other assets used do not belong to the production units as such but to their owners.

(c) Activities performed by production units of the informal sector are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing labour or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground² economy.

2.2 Definition of Informal Sector

(a) For statistical purpose, the informal sector is regarded as a group of production units, which form part of the household sector as household enterprises³ or equivalently, unincorporated enterprises owned by households.

(b) Within the household sector, the informal sector comprises of '*informal own account⁴ enterprises*' and the '*enterprises of informal employers*'.

(c) The informal sector is defined irrespective of the kind of work place where the productive activities are carried out, the extent of fixed capital assets used, the duration of the operation of enterprise (perennial, seasonal or casual), and its operation as a main or secondary activity of the owner.

According to the United Nations System of National Accounts (SNA) (Rev. 4), *household enterprises* (or equivalently unincorporated enterprises owned by households) are units engaged in the production of goods or services, which are not constituted as separate legal

entities independently of the households or household members that own them, and for which no complete sets of accounts are available which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners. The household enterprises include unincorporated enterprises owned and operated by individual household members or by two or more members of the same household as well as unincorporated partnerships formed by members of different households.

2.3 Informal Sector in the Indian Context

(a) The expert group, constituted by Department of Statistics, Government of India, for defining the informal sector in its meeting held on November 5, 1998 felt that 'Informal Own Account Enterprises' and 'Enterprises of the Informal Employers' as mentioned in the resolution adopted at the Fifteenth International Conference of Labour Statisticians (ICLS-1993) are conceptually close to that defined in the Indian Statistical System', i.e., 'Own Account Enterprises' and 'Establishments' with at least one hired worker. This definition which is enterprise based provides a good coverage of enterprises to work out the value added by industry groups required for the National Accounts Statistics. The group also felt that the work force in the Informal Sector could be better measured through the household surveys by taking into account the principal and subsidiary activities of each member of the household. In India, the term 'informal sector' has not been used in the official statistics or in the National Accounts Statistics (NAS). The terms used in the Indian NAS are 'organised' and 'unorganised' sectors. The *organised sector* comprises of enterprises for which the statistics are available regularly from the budget documents or reports, annual reports in the case of Public Sector and through Annual Survey of Industries in case of registered manufacturing. On the other hand, the *unorganised sector* refers to those enterprises

whose activities or collection of data is not regulated under any legal provision and or those which do not maintain any regular accounts. Non-availability of regular information has been the main criteria for treating the sector as unorganised. This definition helps to demarcate organised from the unorganised. For example, units not registered under the Factories Act 1948 constitute unorganised component of manufacturing on account of activity not regulated under any Act. In case of the sectors like trade, transport, hotels & restaurants, storage and warehousing, and services, all non-public sector units constitute the unorganised sector. However, the enterprises covered under Annual Survey of Industries (ASI) do not fall under the purview of unorganised sector survey.

(b) The NSSO conducted the first ever nation-wide survey on informal sector non-agricultural enterprises during 55th round (July 1999 - June 2000). Information on workers including those working in the proprietary and partnership non-agricultural enterprises was also collected for each member of the household during employment-unemployment survey. In this survey, all unincorporated proprietary and partnership enterprises were defined as informal sector enterprises. This definition differs from the concept of unorganised sector used in National Accounts Statistics. In the unorganised sector, in addition to the unincorporated proprietary or partnership enterprises, enterprises run by cooperative societies, trusts, private and public limited companies (Non ASI) are also covered. The informal sector can therefore be considered as a subset of the unorganised sector.

The informal nature of farm and non-farm activities in rural areas causes this trend of overwhelming presence of unorganized sector in India. Thus, nearly 95 percent of rural workforce is engaged in unorganized activities whereas barely five percent of rural workers are found in formal economic activities. The gender break-up of

workforce in informal sector in rural areas suggest that roughly 97 percent and 94 percent of male and female workers are found in unorganized sector respectively. On the other hand, roughly two-third of the urban labourers constituting around 76 percent are engaged in unorganized sector and the rest one-third of them are engaged in organized segment. As far as male and female break-up is concerned, the results shows that the former accounted for little over one third while the latter around 80 percent in the urban unorganized sector (55th round NSS, 1999-2000).

Although the informal nature of farm activities in rural areas is well documented, even non-agricultural activities appear to be extremely unorganized in nature in India. Estimates derived from non-agricultural sector reveals that nearly 80 percent of the workers are unorganized and the rest belongs to the category of formal employment. Further, nearly 80 percent of rural non-farm activities are found to be in the informal sector, while the share of the informal sector in urban areas accounts to around 75 percent (55th round NSSO, 1999-2000).

About 369 million workers constituting 92.9 per cent of the total workforce in our country are employed in the informal sector as per NSS Survey 1999-2000. It plays a vital role in terms of providing employment opportunity to large segment of the working force in the country and contributes to the national product significantly. The contribution of the informal sector to the net domestic product and its share in the total Net Domestic Product (NDP) at current prices has been over 60% (NAS, 2003). In the matter of savings the share of household sector in the total gross domestic saving mainly informal sector is about three fourth. Thus informal sector has a crucial role in our economy in terms of employment and its contribution to the NDP, savings and capital formation. At present Indian economy is passing through a process of economic reforms. It has been experienced that

formal sector could not provide adequate opportunities to accommodate the workforce in the country and informal sector has been providing employment for their subsistence and survival. Keeping in view the existing economic scenario, the informal sector will expand further in the years to come. Thus, it needs to be strengthened and activated so that it could act as a vehicle of employment provider and social development.

Table-2.1

Share of Organised and Unorganised Workforce in India, 1999-00

Sector	(In Percent)					
	Organised Workforce			Unorganised		
	Male	Female	Total	Male	Female	Total
Overall Workforce						
Rural India	6.39	3.11	5.23	93.60	96.89	94.77
Urban India	24.23	19.57	23.30	75.77	80.43	76.70
All-India	10.91	5.28	9.10	89.07	94.67	90.87
Non-Farm Workforce						
Rural India	16.15	9.49	14.72	83.95	90.51	85.28
Urban India	25.66	23.30	25.24	74.34	76.70	74.76
All-India	21.14	15.91	20.12	78.86	84.09	79.88

Source: Computed from Unit Level Records of Employment-Unemployment Survey, 55th round of NSSO, 1999-00

2.4 Characteristics of Workers in Informal Sector

Those who work on the streets or in the open-air are the more visible occupational groups in the informal economy. The streets of cities, towns, and villages in most developing countries – and in many developed countries - are lined by barbers, cobblers, garbage collectors, waste recyclers, and vendors of vegetables, fruit, meat, fish, snack-foods, and a myriad of non-perishable items ranging from locks and keys to soaps and detergents, to clothing. In many countries, head-loaders, cart pullers, bicycle peddlers, RP, and camel, bullock, or horse cart drivers jostle to make their way down narrow village lanes

or through the maze of cars, trucks, vans, and buses on city streets. But the informal economy also includes activities and workers that are less visible and, even, invisible. Less visible informal workers work in small shops and workshops. On the street corners of most cities, towns, or villages, even in residential areas, are countless small kiosks or stalls that sell goods of every conceivable kind. On the crowded lanes of most cities, towns, or villages are small workshops that repair bicycles and motorcycles; recycle scrap metal; make furniture and metal parts; tan leather and stitch shoes; weave, dye, and print cloth; polish diamonds and other gems; make and embroider garments; sort and sell cloth, paper, and metal waste; and a many more.

The least visible informal workers, the majority of them women, sell or produce goods from their homes: garment makers; embroiderers; incense-stick rollers; bidi-binders; cigarette-rollers; paper bag makers; kite makers; hair band makers; food processors; beauticians and others. These least visible workers are not confined to developing countries. Only home-based workers are to be found around the world, including: garment workers in Toronto; embroiderers on the island of Madeira; shoemakers in Madrid; and assemblers of electronic parts in Leeds. Some of these home-based workers work on their own account, while others work on a piece-rate basis for a contractor or a firm. Other categories of informal work are common in both developed and developing countries: Casual workers in restaurants and hotels; sub-contracted janitors and security guards; casual or day laborers in construction and agriculture; piece-rate workers in sweatshops; and temporary office helpers or off-site data processors. Most workers in all of these categories of work are informally employed, without secure contracts, worker benefits, or social protection.

Conditions of work and the level of earnings differ markedly among those who scavenge on the streets for rags and paper, those who produce garments on a sub-contract from their homes, those who sell

goods on the streets, and those who work as temporary data processors. Even within countries, the informal economy is highly segmented by location of work, sector of the economy, and status of employment and, across these segments, by social group and gender. But most workers in the informal economy share one thing in common: the lack of formal labour and social protection.

2.5 Magnitude of Workforce Engaged in the Informal Sector

According to NSSO (1999-2000), the total employment in both formal and informal sector in the country was of the order 397 million. Out of this, 28 million (7.1 per cent) were in the formal sector and the balance of 369 million (92.9 per cent) were in the informal sector [Table-2.2]. The break-up of the informal sector reveals that 237 million (59.7 per cent) were employed in agriculture, 17 million (4.3 per cent) were employed in construction, 41 million (10.3 per cent) in manufacturing and 37 million (9.3 per cent) in trade, transport and communication and 37 million (9.3 per cent) in personal and community services.

Table-2.2
Total employment in formal and informal sector [1999-2000]

	Number (million)	% of total
1. Organized sector	28	7.1
2. Unorganized sector	369	92.9
a. Agriculture	237	59.7
b. Construction	17	4.3
c. Manufacturing	41	10.3
d. Trade, transport and Communication	37	9.3
e. Personal ad community services	37	9.3
Total (1+2)	397	100.0

Source: The Ministry of labour in its annual report 2004-05 (Para 8.2)

Out of 41 million workers in informal manufacturing sector, about 24 million (65 %) are in rural areas and about 13 million (35%) are in urban areas (Table-2.2). Percentage of female workers to the total workers is 20.2 percent. It reveals that over a decade, the employment in the informal sector has been almost stagnant or slightly declined. The workers in unorganised sector fall into various categories but a large number of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jari and embroidery work. From the various reports it is evident that current data (after 1999-2000) regarding unorganised workers is not available. However reports also does not contain any specific data to ascertain the magnitude of contract and casual workers working in organised sector industries or public sector industries in India.

Table-2.3

Workers in Organized and Unorganized Sector in India [1999-2000]

(In million)

Sr. no.	Sectors	Total 1	Organized Sector			Unorganized Sector	
			Public Sector	Private Sector	Total	5=1-4	5 as % of 1
			2	3	4	5	6
1	Agriculture	190.94	0.52	0.87	1.39	189.55 (61.40)	99.30
2	Mining & Quarrying	2.26	0.93	0.09	1.02	1.24 (0.40)	54.90
3	Manufacturing	40.79	1.57	5.18	6.75	34.04 (11.00)	83.50
4	Electricity, Gas & Water Supply	1.15	0.96	0.04	1.00	0.15 (0.00)	13.00
5	Construction	14.95	1.11	0.07	1.18	13.77 (4.50)	92.10
6	Trade, Hotels &	37.54	0.16	0.32	0.48	37.06	98.70

	Restaurants					(12.00)	
7	Transport, Storage & Communications	13.65	3.08	0.07	3.15	10.50 (3.40)	76.90
8	Finance, Insurance, Real Estate & Business Services	4.62	1.30	0.35	1.65	2.97 (1.00)	64.20
9	Community, Social & Personal Services	30.84	9.79	1.70	11.49	19.35 (6.30)	62.70
	Total	336.75 (100.00)	19.42 (5.77)	8.70 (2.58)	28.11 (8.34)	308.64 (100.00)	91.66

Note-Column percentage in brackets

Source: NSSO, 1999-2000.

Employment in the organized sector has been hardly 8.34 per cent, of which public sector accounts for 5.77 per cent and private sector only 2.57 per cent in the total employment generated in 1999-2000. The main source of employment generation is the unorganized sector of the economy including self employment and small business with 92 per cent of the total employed labour force. Among all other activities mentioned in the Table-2.3, small and medium enterprises contribute to nearly 80 per cent of manufacturing employment and its employment elasticity is 3.8 times more than the organized sector.

Table-2.4

Output, Employment and Productivity of Organized and Unorganized Sector in India

(In percentages)

Variables	Year	Organized Sector	Unorganized Sector	Total
Value-added (at 1993-94 prices)	1993-1994	36.80	63.20	100.00
	1999-2000	41.10	58.90	100.00
Growth Rate %		8.50	5.27	6.52
Employment (million)	1993-1994	8.60	91.40	100.00
	1999-2000	8.35	91.65	100.00
Growth Rate %		0.56	1.12	1.07
Employment		0.066	0.213	0.165

Elasticity				
Labour Productivity (Per cent per annum)		7.88	4.10	5.38

*Source: Ruddar Dutt (2003): Employment Policies and Unorganized Sector (p.206)
Economic Reforms, Labour and Employment - Deep and Deep Publications
Pvt.Ltd, Delhi.*

Value added at 1993-94 prices (Table-2.4) is more in unorganised sector than organised sector with 58.9% bur rate of growth in organised sector is higher than unorganised sector. Employment growth rate of unorganised sector is much higher than the organised sector. In case of employment elasticity, unorganised sector accounts more than organised sector with .213. But labour productivity in unorganised sector is far less than organised sector.

2.6 Growth of Unorganised Employment in India: Residual Estimates

The broad employment trends for the organized and unorganized sector are depicted in Table-2.5 for the years 1983, 1987-88, 1993-94 and 1999-2000⁵. It is evident from this Table that throughout this period an overwhelmingly large portion of the workforce in India is found to be employed in the unorganized sector. Out of 399 million workers in 1999-2000, it is estimated that 371.2 million workers (nearly 93 per cent) are employed in the unorganized segment of the economy whereas only 27.8 million workers (7 per cent) are engaged in the organised sector. The share of unorganized employment in the economy did not fluctuate notably for the period under study. The share of informal employment has risen from 92 per cent (nearly 276 million out of 300 million) in 1983 to 93 percent in the 1999-2000. It is clear that employment opportunity in organised sector has remained more or less stagnant, showing only a marginal increase from 24 million in 1983 to 27.8 million in 1999-2000.

Table-2.5
Size of Workforce in Organised and Unorganised sector in India
(In million)

Year	Organised	Unorganised	All	Organised (%)	Unorganised (%)
1983	24.0	275.6	299.6	8.0	92.0
1987-88	25.4	301.9	327.3	7.8	92.2
1993-94	27.4	348.8	376.2	7.3	92.7
1999-00	27.8	371.2	399.0	7.0	93.0

Source: Organised Employment figures are taken from Annual Reports (1983 & 1988) and Quarterly Employment Review (1994 & 2000), DGE&T. Unorganised Employment Figures are calculated using Residual Method.

The near stagnancy of employment opportunity in organised sector becomes evident from Table-2.6, where the compound annual growth rates of employment in the organised and unorganised sector is represented.

Table-2.6
Compound Annual Growth Rates for Employment in Organised and Unorganised Sector

Year	Organised	Unorganised	All
1983 ~ 1987-88	1.25	2.05	1.99
1987-88 ~ 1993-94	1.26	2.43	2.34
1983 ~ 1993-94	1.26	2.27	2.19
1993-94 ~ 1999-00	0.34	1.25	1.19

Source: Calculated from Table-2.5

Employment in the organised sector has registered a growth of 1.25 per cent between 1983 and 1987-88 and 1.26 per cent between 1983 and 1993-94. But during the decade of 90s, we witness a sharp decline in the employment opportunities. During this period organised employment grew by only 0.34 per cent. Overall, the decade of 90s in India is characterized by slow growth in employment opportunities. This is also true for the unorganised sector of the economy.

The stagnancy of the employment opportunities in the organised sector in the 1980s is to a large extent compensated by a significant expansion of workforce in the unorganised segment of the economy.

We observe that during 1983 to 1987-88, employment in unorganised sector grew by 2.05 per cent while during the period of 1983 to 1993-94, the growth rate was around 2.27 per cent. This fact clearly indicates that unorganised sector acted as a buffer for the workforce when the employment opportunity in organised sector had dwindled. However, unorganised sector had also undergone sharp slump during 90s with the growth rate of employment falling to 1.25 per cent.

2.7 Trends in Industry-Wise Employment

In the following table (Table 2.7) the size of the workforce employed in different sub-sectors is presented. One can observe that over the last two decades, agriculture, hunting, forestry & fishing industry claims the bulk of the workforce in the Indian economy. Moreover, unorganised pattern of cultivation is most prominent. The size of unorganised workforce in this category was 203.8 million in 1983, 209.9 million in 1987-88, 238.3 million in 1993-94 and 238.6 million in 1999-2000 respectively. The prominence of unorganised employment on this category of industry is shown in Table 2.7.

Table-2.7

Industry-wise Employment in Organised and Unorganised Sector (In million)

Industry	1983			1987-88			1993-94			1999-00		
	Og	Uno	All	Og	Uno	All	Or	Uno	All	Og	Uno	All
Agriculture, Hunting, Forestry & Fishing	1.3	203.8	205.1	1.4	209.9	211.3	1.4	238.3	239.7	1.4	238.6	240.0
Mining & Quarrying	1.0	0.8	1.8	1.0	1.3	2.3	1.1	1.6	2.7	1.0	1.3	2.3
Manufacturing	6.3	25.7	32.0	6.3	29.9	36.2	6.4	33.4	39.8	6.5	37.2	43.7
Electricity, Gas & Water	0.8	0.1	0.8	0.8	0.3	1.2	1.0	0.4	1.4	1.0	0.3	1.3
Construction	1.2	5.5	6.7	1.2	11.0	12.2	1.2	11.0	12.2	1.1	16.4	17.5

Trade, Hotels & Restaurants	0.4	18.5	18.9	0.4	22.8	23.2	0.5	28.0	28.5	0.5	40.1	40.6
Transport, Storage & Communication	2.9	4.5	7.4	3.0	5.7	8.7	3.1	7.4	10.6	3.1	11.4	14.5
Services	10.2	15.1	25.2	11.2	19.2	30.4	12.6	27.2	39.9	13.2	24.7	37.8

Source: Same as Table 2.5

Note-Og=Organised; Uno=Unorganised.

It is clear that Table 2.8 shows that during 80s and 90s, 99 per cent of employment in agriculture, hunting, etc. can be categorized under unorganized segment. Employment in trade, hotels & restaurants is also highly unorganised. Share of unorganised employment in this category varied from 98 per cent to 99 per cent for the period under consideration. Construction and manufacturing sector are the other two sectors that are witnessing rapid informalisation of the workforce. In construction industry, share of unorganised employment has increased from 82 per cent in 1983 to 90 per cent in 1987-88 (an increase of 8 per cent points). In the post liberalization period, this share further increased to 94 per cent in 1999-2000 (an increase of 12 per cent points between 1983 and 1999-2000). As far as the manufacturing sector is concerned, the share of unorganised employment has increased from 80 per cent in 1983 to 83 per cent in 1987-88. And in the next decade, this share has further risen to 84 per cent in 1993-94 and in 1999-2000 the share is found to be 85 per cent (an increase of 5 per cent points between 80s and 90s). Careful examination of Table 2.8 also reveals that during the 80s, informalisation of the workforce is most prominent under electricity, gas & water supply industry where, the share of unorganised worker has increased by 19 per cent points (from 9.3 per cent in 1983 to 28.7 per cent 1987-88). But in the next decade, transport, storage & communication industry claims the top slot for rapid informalisation

of the workforce where the share of the unorganised workers has increased by 8 per cent points (70.3 per cent in 1993-94 to 78.45 per cent in 1999-2000). In fact, this particular category of industry has experienced the fastest informalisation of the labour employed here registering an increase of 17 per cent points in the share of unorganised employment (from 61.2 per cent 1983 to 78.5 per cent in 1999-2000).

Table-2.8

Share of Organised and Unorganised Employment for Eight Industrial Categories

Industry	1983		1987-88		1993-94		1999-00	
	Or	Uno	Or	Uno	Or	Uno	Or	Uno
Agriculture, Hunting, Forestry & Fishing	0.6	99.4	0.7	99.3	0.6	99.4	0.6	99.4
Mining & Quarrying	55.5	44.5	44.2	55.8	40.7	59.3	43.2	56.8
Manufacturing	19.7	80.3	17.3	82.7	16.1	83.9	14.9	85.1
Electricity, Gas & Water	90.7	9.3	71.3	28.7	69.7	30.3	79.0	21.0
Construction	17.7	82.3	10.1	89.9	10.0	90.0	6.5	93.5
Trade, Hotels & Restaurants	2.1	97.9	1.8	98.2	1.6	98.4	1.2	98.8
Transport, Storage & Communication	38.8	61.2	34.8	65.2	29.7	70.3	21.5	78.5
Services	40.3	59.7	36.8	63.2	31.7	68.3	34.8	65.2

Source: Calculated from Table 2.7;

Note- og=organised; uno=unorganised.

In Table-2.9, the compound annual growth rates for the unorganised workforce distributed over the eight broad industrial categories are represented. In the pre liberalization period, informalisation of Work-force involved in the electricity, gas and water supply industry

Table-2.9**Industry-wise Compound Annual Growth Rates (CAGR) of Unorganised Workforce in India**

Industry	1983 to 1987-88	1987-88 to 1993-94	1983 to 1993-94	1993-94 to 1999-00
Agriculture, Hunting, Forestry & Fishing	0.65	2.14	1.50	0.02
Mining & Quarrying	11.29	3.74	6.91	-4.56
Manufacturing	3.42	1.86	2.53	2.17
Electricity, Gas & Water	38.11	4.18	17.56	-9.05
Construction	16.58	-0.05	6.76	8.32
Trade, Hotels & Restaurants	4.72	3.49	4.02	7.45
Transport, Storage & Communication	5.01	4.63	4.79	8.93
Services	5.57	5.98	5.81	-1.98

Source: Calculated from Table 2.7

most rapidly (unorganised workforce in this industry grew by 18 per cent between 1983 to 1993-94). Growth rates for unorganised workers in mining & quarrying and construction industry were also quite high for this period (7 per cent growth for each of these industries). But in the post liberalization phase, the situation changed dramatically. Between 1993-94 and 1999-2000, the highest growth rate for the unorganised workers was observed for transport, storage and communication industry (compound annual growth of 9 per cent). Growth rates for unorganised workers in construction industry (8 per cent growth rate) and in trade, hotels & restaurants (7 per cent growth rate) were quite high. But for electricity, gas & water supply industry and mining & quarrying industry, growth rates for unorganised workers were found to be negative. This suggests that in the post

liberalisation era, informalisation of the workforce is most prominent in the transport industry, construction industry and for wholesale and retail trade and hotel industry.

2.8 State-Wise Unorganised Workforce in India

In this section, we analyse on state-wise distribution of the unorganised workforce. Due to non-availability of reliable estimates for some of the states and union territories, the analysis is confined only to the major sixteen states of India⁶. The largest pool of workforce (including organised and unorganised together) is found to be originating from Uttar Pradesh throughout the period of study. But by looking into the distribution of organised and unorganised workforce within each state [Table-2.10], we find that informalisation of workforce in 1999-2000 is most prominent in Haryana (96 per cent of employment is in unorganised sector). In most of the states, 90 per cent or more of the employment is concentrated in unorganised segment. Only in Assam (88 per cent) and Himachal Pradesh (78 per cent) the share of unorganised sector employment is found to be less than 90 per cent. - This degree of informalisation has shown inconsistent pattern for the states we have considered here. For example, in 1983 Orissa is the state where informalisation was highest (95 per cent) and in 1993-94 Uttar Pradesh, Andhra Pradesh and Madhya Pradesh was the prominent states in this regard where we find 95 per cent of the workforce is engaged in unorganised sector. As far as west Bengal is concerned, the share of unorganised sector workers to total workforce is increasing day by day. 1999-2000 data shows that unorganised sector workforce accounts 91.7% to total workforce as compared to previous years. Similarly the contribution of organised sector workforce to total workforce is decreasing day by day with only 8.3% in 1999-2000.

Table-2.10

Employment in Organised and Unorganised Sector for the Major Sixteen States of India (in million)

States	1983			1987-88			1993-94			1999-00		
	Or	Uno	All									
Andhra Pradesh	1.6 (5.8)	25.9 (94.2)	27.5 (100.0)	1.6 (5.3)	29.2 (94.7)	30.8 (100.0)	1.9 (5.2)	34.4 (94.8)	36.2 (100.0)	2.1 (5.7)	34.3 (94.3)	36.4 (100.0)
Assam	0.9 (13.1)	5.7 (86.9)	6.6 (100.0)	0.9 (12.4)	6.6 (87.6)	7.5 (100.0)	1.1 (12.9)	7.2 (87.1)	8.3 (100.0)	1.1 (12.4)	8.0 (87.6)	9.1 (100.0)
Bihar	1.6 (5.8)	25.2 (94.2)	26.8 (100.0)	1.6 (5.8)	26.1 (94.2)	27.7 (100.0)	1.7 (5.4)	29.9 (94.6)	31.6 (100.0)	1.6 (4.6)	33.6 (95.4)	35.2 (100.0)
Gujarat	1.4 (9.5)	13.8 (90.5)	15.2 (100.0)	1.5 (9.2)	15.2 (90.8)	16.8 (100.0)	1.7 (8.9)	17.5 (91.1)	19.2 (100.0)	1.7 (7.9)	19.7 (92.1)	21.4 (100.0)
Haryana	0.5 (11.5)	4.2 (88.5)	4.7 (100.0)	0.6 (9.8)	5.3 (90.2)	5.9 (100.0)	0.6 (9.7)	5.9 (90.3)	6.5 (100.0)	0.3 (4.40)	6.6 (95.6)	6.9 (100.0)
Himachal Pradesh	0.3 (11.5)	1.9 (88.5)	2.2 (100.0)	0.3 (12.0)	2.1 (88.0)	2.4 (100.0)	0.3 (9.9)	2.6 (90.1)	2.9 (100.0)	0.6 (22.3)	2.3 (77.7)	2.9 (100.0)
Karnataka	1.2 (6.9)	16.0 (93.1)	17.2 (100.0)	1.3 (7.1)	17.3 (92.9)	18.6 (100.0)	1.5 (6.8)	20.8 (93.2)	22.4 (100.0)	1.9 (7.9)	21.7 (92.1)	23.6 (100.0)
Kerala	1.1 (10.4)	9.1 (89.6)	10.2 (100.0)	1.1 (10.1)	9.7 (89.9)	10.8 (100.0)	1.2 (10.6)	10.2 (89.4)	11.3 (100.0)	1.2 (10.2)	10.9 (89.8)	12.1 (100.0)
Madhya Pradesh	1.4 (5.7)	23.6 (94.3)	25.0 (100.0)	1.5 (5.6)	26.1 (94.4)	27.7 (100.0)	1.7 (5.3)	30.2 (94.7)	31.8 (100.0)	1.6 (4.6)	32.6 (95.4)	34.2 (100.0)
Maharashtra	3.4 (11.3)	26.7 (88.7)	30.1 (100.0)	3.5 (10.7)	29.5 (89.3)	33.0 (100.0)	3.8 (9.9)	34.4 (90.1)	38.2 (100.0)	3.7 (9.1)	37.1 (90.9)	40.8 (100.0)
Orissa	0.6 (5.3)	10.8 (94.7)	11.4 (100.0)	0.7 (5.7)	11.6 (94.3)	12.3 (100.0)	0.8 (5.6)	13.4 (94.4)	14.2 (100.0)	0.8 (5.5)	13.9 (94.5)	14.7 (100.0)
Punjab	0.7 (9.0)	6.8 (91.0)	7.5 (100.0)	0.7 (9.2)	7.3 (90.8)	8.0 (100.0)	0.8 (10.4)	7.2 (89.6)	8.0 (100.0)	0.8 (9.0)	8.5 (91.0)	9.4 (100.0)
Rajasthan	0.9 (5.6)	16.0 (94.4)	16.9 (100.0)	1.1 (5.7)	17.4 (94.3)	18.4 (100.0)	1.2 (5.6)	20.7 (94.4)	21.9 (100.0)	1.3 (5.5)	21.8 (94.5)	23.1 (100.0)
Tamil Nadu	2.1 (8.8)	21.4 (91.2)	23.5 (100.0)	2.2 (8.5)	23.4 (91.5)	25.6 (100.0)	2.4 (8.4)	25.9 (91.6)	28.3 (100.0)	2.5 (8.7)	26.4 (91.3)	28.9 (100.0)
Uttar Pradesh	2.5 (5.7)	42.0 (94.3)	44.5 (100.0)	2.6 (5.6)	44.7 (94.4)	47.4 (100.0)	2.7 (4.9)	51.5 (95.1)	54.2 (100.0)	2.5 (4.4)	54.9 (95.6)	57.4 (100.0)
West Bengal	2.6 (12.4)	18.2 (87.6)	20.8 (100.0)	2.5 (10.7)	21.0 (89.3)	23.5 (100.0)	2.3 (8.8)	24.3 (91.2)	26.6 (100.0)	2.3 (8.3)	25.3 (91.7)	27.6 (100.0)
All India	24.0 (8.0)	275.6 (92.0)	299.6 (100.0)	25.4 (7.8)	301.9 (92.2)	327.3 (100.0)	27.4 (7.3)	348.8 (92.7)	376.2 (100.0)	27.8 (7.0)	371.2 (93.0)	399.0 (100.0)

Source: Organised Employment figures are taken from Annual Reports (1983 & 1988) and Quarterly Employment Review (1994 & 2000), DGE&T. Unorganised Employment Figures are calculated using Residual Method; og=organised; uno=unorganised

Estimated Number of Informal Sector Workers

Comparisons between India and west Bengal regarding the estimated number of informal sector workers is shown in Table-2.11.

Table-2.11
Estimated Number of Informal Sector Workers by Sex

	Male			Female		
	Rural	Urban	Total	Rural	Urban	Total
West Bengal	3326102	2654478	5980580	1719573	388244	2107817
India	29407056	34238048	64645104	10401228	5736123	16137351

Source: NSSO, 1999-2000

The Table shows that out of total 8088395 informal sector workers in west Bengal, predominant majority of workers are male with 74%. In India male workers in the informal sector constitutes 81% which is higher than state percentage. Thus we can say that compare to India, higher percentage of female workers are engaged in informal activities.

Informal Sector Enterprises According to Activities

Manufacturing enterprises comprises highest percentage of informal activities in west Bengal (40.5%). In India, trading and repairing services accounts highest percentage among the informal sector activities (39.67%) [Table-2.12].

Table-2.12
Informal Sector Enterprises in India and West Bengal

Activities	West Bengal	India
Manufacturing	1877682[40.5]	12351048[31.8]
Construction	139221[3]	1698149[4.38]
Trading and repair	1580863[34]	15392866[39.67]

services		
Hotels and restaurants	126492[2.72]	[3.54]
Transport, storage and communications	566263[12.2]	353548[9.11]
Financial intermediation	12122[.26]	118429[.30]
Real estate, renting and business activities	42354[.91]	571760[1.5]
Education	83071[1.8]	404855[1.04]
Health and social work	74305[1.6]	627319[1.61]
Other community, social and personal service activities (excluding domestic services)	135252[2.9]	2724681[7.02]
Total	4637626	38798948

Source: NSSO, 1999-2000.

Note-Column percentage in brackets

Estimated Number of Informal Enterprises

Among all rural informal enterprises in west Bengal Own Account Enterprises [OAE] accounts most with 96.74% and in India it is 94.36% [Table-2.13]. In urban areas, 80.72% OAE comprise in west Bengal and in India it is 78.27%. In aggregate 91.54% OAE comprise in west Bengal and 87.36% OAE comprise in India. Thus we see that both in India and west Bengal OAE comprise higher percentage than the establishments.

Table-2.13
Estimated Number of Informal Enterprises in India and West Bengal

	Rural		Urban		Total	
	W B	India	W B	India	W B	India
OAE	3312383	23656857	1325344	15142091	4637626	38798948
Establishments	111569	1411483	316576	4201998	428145	5613481
All enterprises	3423951	25068340	1641820	19344089	5065771	44412429

Source-NSSO 1999-2000 survey on informal sector

Estimated Number of Workers by Type of Worker and Nature of Employment in India and West Bengal

In west Bengal and as well as in, India, working owner category of workers accounts most in OAE and hired workers accounts most in establishment type enterprises [Table-2.14]. In aggregate working owner category workers comprise most in OAE as well as establishment type enterprises.

Table-2.14
Estimated Number of Workers by Type of Worker and Nature of Employment in India and West Bengal

	Working owner	Hired workers	Helpers	All workers['000]
OAE[rural+urban]				
West Bengal	5413149	140395	810057	6363.60
India	48100074	965418	7192606	56258.10
Establishment[rural+urban]				
West Bengal	532699	1119673	72424	1724.80
India	7415388	15050570	1059200	23525.16
All enterprises[rural+urban]				
West Bengal	5945648	1260068	882481	8088.40
India	55515461	16015988	8251806	79783.26

Source —NSSO, 1999-2000

Estimated Annual Value Added Per Worker in Informal Sector

Annual value added per worker in informal sector is low in case of west Bengal than India which draws attention to the lower productivity of informal sector workers in west Bengal in respect of India [Table-2.15].

Table-2.15
Estimated Annual Value Added Per Worker [Rs]

	Value added[Rs]
West Bengal	17908.00
India	24242.00

Source—NSSO, 1999-2000

Notes

- ¹ Building and vehicles of the workers.
- ² Characteristics of underground economy involving evasion, avoidance, circumvention, abuse and corruption of the rules, as well as accompanying efforts to conceal this illicit behaviour from the view point of public authorities.
- ³ An enterprise is an undertaking which is engaged in the production and distribution of goods and services meant mainly for the purposes of sale whether fully or partly.
- ⁴ Run by household labour without any hired worker employed during the last one year.
- ⁵ Employment figures correspond to usual principal and subsidiary status. A person spends relatively longer time pursuing some activities during last 1 year is called principal status and pursuing relatively shorter time is called subsidiary status.
- ⁶ More than 95% of the total employment in India is generated by these sixteen states.