

Chapter – I

INTRODUCTION

1.1 Concept of Informal Sector

The concept of ‘informal sector’ is not easy to define precisely. Most often it is defined negatively by indicating the absence of characteristics that belong to formal activities, of special emphasis being labour market characteristics, security or regularity of work, better earnings, existence of non wage and long term benefits, protective legislation and union protection (Papola 1980, Banerjee 1985). Since a number of activities within the formal sector are getting ‘informalised’ and private, small scale manufacturing units employing predominantly women labour is growing, the borderline becomes blurred. While earnings may still be better in the emerging formal sector, its major advantages in terms of non-wage and long term benefits, security and protection of work, likely to be getting diluted (Eapen 2001: 2390). At the same time, within the informal sector itself, evidence discloses that a number of self-employment activities in the form of micro enterprises are undertaken with great ingenuity and entrepreneurial spirit and therefore have a growth potential (Rakowski 1994).

The term ‘informal sector’ was first initiated by Keith Hart (1971) in a study of urban Ghana. He describes the informal sector as that part of the urban labour force, which falls outside the organised labour market. The study identified a number of incomes and employment generating activities in the ‘un-enumerated’ sector of urban settlements. The workers involved in the un-enumerated sector mainly served as self-employed, as against the wageworkers in the ‘enumerated’ sector. The new entrants to the urban labour market particularly migrants from rural areas were forced to work in the informal sector partly on account of lack of adequate opportunities in the formal sector and partly due to the workers’ lack of skills and adequate experience required for the jobs in the formal sector. Keith Hart has used the terms, namely, informal income generating activities, unorganised sector, un-enumerated

sector, self-employed individuals and urban proletariat in his study more or less alternatively and interchangeably.

The concept has been further refined by a mission of International Labour Organisation (ILO 1972), which studied the employment situation in Kenya within the framework of the World Employment Programme. The ILO employment mission to Kenya adopted the term 'informal sector' for analysing the employment situation and for working out a strategy for employment generation in Kenya. The study reveals that informal sector has the characteristics like easy entry for the new enterprises, reliance on indigenous resources, family ownership, small scale operations, unregulated and competitive markets, labour intensive technology and informally acquired skills of workers.

Mazumdar, in a World Bank paper (1975), describes informal sector as an easy entry, residual sector providing mainly services and crowded with secondary workers with low productivity and wages.

Sethuraman (1976) has defined the informal sector as consisting of small scale units engaged in the production and distribution 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.

Tokman (1978) looks at the informal sector as a self-contained sector with well-defined and significant links with the rest of the economy.

Squire (1981) defines informal sector as a sector in which wages are determined by demand and supply forces.

Papola (1981) has defined informal sector as 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.

Nattrass (1987) defines informal sector at the interface of formal sector, reserve army and marginal pole.

Gibson and Kelly (1994) have defined informal sector as a sector that uses inferior technology. According to them, initially multiple production

processes exist in informal sector but competition among informal sector units ensures survival of only the most profitable process.

According to ILO (1999) informal sector refers to activities typically at a low level of organisation and technology, with the primary objective of generating employment and income. The activities are usually carried out without proper recognition from authorities and escape the attention of the administrative machinery responsible for enforcing laws and regulation.

Therefore, the informal sector is its identification with pre-capitalist mode of production, own account of workers and no access to the benefits of social security and is characterised by low capital intensity, low level of productivity, a tiny and usually poor clientele, a low level of formal schooling, intermediate technology, preponderance of family labour and ownership, ease of entrance and last but not least, lack of support and recognition from the government.

1.2 Basic Characteristics of Informal Sector

The rapid rise in research focusing on the urban informal sector in developing countries have led to a greater vagueness and inconsistency of definition of the term informal sector. Obviously, the major reason behind this state of affairs is the lack of a 'clear empirical basis' for the concept (Mehta 1985:327). However, several scholars have attempted to make generalisation of the salient characteristics of group of activities and workers in the informal sector. The identification of characteristics of the informal sector has mostly been derived from the various empirical studies conducted in developing countries. The following are the basic characteristics of informal sector in studies on the subject:

(a) Ease of Entry: The informal sector is characterised by its fluidity and mobility of its labour. It is the entry point to the city for immigrants who left their native villages in the aspiration of urban income higher than their poor agricultural income. New entrants depend on their friends and relatives already settled down in the city to support them financially and search for job opportunities (Romaret 1983: 2115)

(b) *Small Scale of Operations:* Informal sector generally comprises of tiny establishments. The sector may be single worker establishments and those with only self-employed and own account workers form (Hart 1973: 66, Mc Gee 1973:33, Bienefeld 1974, Breman 1976:1873). Small scale of operation is considered a necessary condition for inclusion of an enterprise in the informal sector, because ‘smallness’ is usually accompanied by several other attributes, which make such enterprises disadvantaged (Sethuraman 1976:76). The small size indicates a relatively small size of employment with low capital intensity and low rate of return on capital employed.

(c) *Family Ownership of Enterprise:* In informal sector, functional division of labour and specialisation is limited and most of the managerial and administrative functions are to be performed by the owner. The family labour is extensively used in the sector. These all features are not necessarily found to go together. Small size itself makes it possible to run an enterprise without a structural division of labour and management hierarchy. The organisations with wider ownership and using hired labour may disclose these features if their scale of operation is small. On the contrary, large even family owned organisations cannot be run on the basis of informal and unstructural organisation and undefined functional division of labour. Thus, structure of organisation is mainly a function of size and is not necessarily related to the pattern of ownership (Papola 1981).

(d) *Labour Intensive and Adaptive Technology:* The informal sector units use labour intensive, predominantly manual, low productivity techniques of production. According to John Week (1975:2), informal sector is characterised by small-scale operations labour intensive techniques, low levels of income and indigenous ownership. Informal sector may not adopt capital-intensive modern technology, either because it does not have access to it or because it does not suit the sector in the given relative cost position of capital and labour is hired at a much lower wage rate than the formal sector.

(e) *Lack of Support and Recognition from the Government:* Informal sector activities have grown without any government support. The

organised capital market, bank finance, foreign technology, imported raw materials, protection from foreign competition etc. are not available to the informal sector enterprises on account of meagre material resources. Sometimes, the informal sector units are found to engage in certain activities requiring legal permission without obtaining it or to acquire certain inputs requiring licence from the illegal market, as a consequence of official limitation of access to the formal sector (Week 1975:3). The government's attempts to enforce certain regulations are naturally considered by these enterprises as 'hostile' conditions making their operations difficult (Sethuraman 1977: 198).

(f) Competitive and Unregulated Product Market: The informal sector in developing countries is generally found to have competitive and unregulated market. It is not always true that the informal sector produces goods and renders services of general use, while the formal sector enterprises predominantly cater to the demand of high income group of population and foreign market nor do all informal sector enterprises operate in a competitive market and all formal sector enterprises in a oligopolistic and protected market (Weeks 1975:3, Joshi and Joshi 1976).

(g) Unprotected Labour Market: The labour market in the informal sector is supposed to be unregulated and highly competitive because of absolute freedom to entry in the sector. The supply of labour in the informal sector consists of mostly new entrants in the labour market in-migrants or young persons entering the labour force. Since the opportunities for getting a job in the formal sector become restricted, they move towards a small establishment in the informal sector. As a result situation of underemployment and depressed wages prevail in the informal sector (Mazumdar 1977).

On the whole, these characteristics of informal sector may be grouped into three broad categories as follows (Mehta 1985:328):

- i) Those related to the characteristics of the enterprise, like size, family ownership, source of inputs, labour intensive technology etc. In this category, the emphasis is on the context within which people work, the stress being placed on the mode of production.

- ii) Those related to the nature of exchange relationship with the state and the rest of urban economy like unregulated and competitive markets, lack of support and recognition from the government, lack of structural organisation, unregistered nature of enterprises etc.
- iii) Those based on the employment situation or labour market processes like ease of entry, self-employed or casual nature of work, lack of formal contractual arrangement for employment etc.

1.3 Formal-Informal Sector Dichotomy

[A] Contrasting Characteristics

The most commonly used classification is the one, which segregates the economy into formal and informal sectors. As a classification of economic activities, one would intuitively assume that distinction refers to the fact of formal or informal character of producers. However, it has not meant so, the distinction has been made on the basis of certain empirical facts of size, nature of market and relation with the state (Papola 1981). Various empirical studies highlight distinguishing characteristics of formal and informal sectors.

Joshi and Joshi (1976) have laid down the distinguishing characteristics of the two sectors. According to them, informal sector contains large manufacturing firms operating in oligopolistic markets sheltered from foreign competition by high tariffs and quantitative restrictions, selling their product mainly to middle and upper income groups. On the other hand, informal sector contains a very large number of small producers operating on narrow margins in highly competitive product markets, selling a variety of goods and services mainly to low-income groups. They also added that while formal sector uses capital intensive, imported technology, the informal sector adopts labour intensive indigenous technology.

In John Weeks (1975) study, on analytical base to the descriptive nature of the distinction between formal and informal sectors is found. According to him, formal sector is characterised by privileged access to resources, large scale of operations, capital-intensive techniques, high wage rates and salary packages. Besides, informal sector is characterised by deprived of privileged

access to resources, tiny scale of operations, labour intensive techniques, low level of earnings and indigenous ownership.

Mazumdar (1977) has explained the distinction sharply focusing on the fact that entry into the informal sector labour market is unrestricted, while that in the formal sector labour market is restricted by artificially raised hiring standards, norms and producers.

Thus, the distinguishing characteristics of the two sectors may be summarised from the various studies as follows:

Table 1.1
Distinguishing Characteristics of Formal and Informal Sectors

| Formal Sector | Informal Sector |
|---|---|
| a) Difficult to entry | a) Ease of entry |
| b) Legal form of enterprises, corporate ownership | b) Cottage enterprises, family ownership |
| c) Large size of operations | c) Small size of operations |
| d) Capital intensive and foreign technology | d) Labour intensive and indigenous technology |
| e) Regulated and restricted competition | e) Unregulated and high competitive product market |
| f) High level of earnings | f) Low level of earnings |
| g) Formally acquired skill | g) Skill acquired through on the job training |
| h) Less chance of exploitation of labour for existence of trade union | h) More chance of exploitation of labour for non-existence of trade union |
| i) Access to government favours | i) Development of activities without government support |
| j) Definite structure | j) Structure less |
| k) Permanent and stable | k) Temporary and instable |
| l) Official channels of communication | l) Own communication, commonly known as grapevine |

[B] Linkages

Apart from the contrasting characteristics of formal informal sector, it is worthwhile to identify the nature of linkages between the two sectors or among the various economic activities in the urban economy. The linkages may initially be classified as direct and indirect. The direct linkages may be in terms of resource inputs from formal to informal sectors or technology and market linkages (Bose 1978, Scott 1978). On the other hand, indirect linkages refer to the demand of goods and services generated in the informal sector by a clientele whose income is dependent on the formal sector.

Many of the research studies have identified the nature of direct relationships between formal and informal sectors. Bienefeld's (1975) study in Tanzania with a tentative framework assumes that many small scale operators are engaged in a process of production and of technological development but their ability to develop cumulatively over 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 unlimited access to capital and on the establishment of brand name products through heavy advertising (Bienefeld 1975:56). Thus, exploitative character of linkages has been identified by Bienefeld.

Bose (1978) in his study explains the exploitative character of linkages in the urban economy of Calcutta. According to him, the informal sector enterprises perform two basic functions. First, they produce cheap goods for rural and urban poor, who are finding it increasingly difficult to purchase high cost, standard industrial goods. This is based on the low wages in this sector. The second function is to supply the large units with huge trading profit through an unequal exchange relationship. Thus, the poor in the informal sector operate in a separate market both for resource inputs and outputs, which

is highly unfavourable to them, the gains being appropriated by the large sector.

Other studies including Bose's show that official programmes which aim at stimulating industry in the informal sector are of little use in practice. Breman (1976:1874) explains that neither can increase aid by the state be expected as long as the political system is dominated by interests, which are linked to the formal sector.

Papola (1979) identifies the informal manufacturing activities, which are linked up vertically to the formal sector through market and technology linkages. He concludes that although the informal sector provides a significant part of goods and services in the urban economy and generates employment to practically the entire residual labour force, its growth largely depends on the fortunes of the formal sector.

Jagannathan (1987) focuses on the direct linkage between formal and informal sectors in developing countries are the result of the existence of a large parallel urban informal sector.

In Datta Choudhury's (1989) formulation, formal and informal sectors are linked together because capital costs and wages differ between them. Informal sector will exist as long as these differences exist if cheap credit is provided to informal sector, it will in due course of time specialise in producing intermediate products. It may even completely take over their production from formal sector.

Peattie (1980) in her study of small manufacturing enterprises in Bogotá, Colombia finds that these enterprises served two distinct types of clientele. Firstly, enterprises were producing on inferior and cheaper product in a way, which makes it accessible to persons who can neither buy in large quantities nor transport for long distances. The other type served 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).

Operations Research Group (1980) in their study of informal sector in Madras looks at the backward and forward linkages for informal enterprises in

manufacturing, trading and service activities. They find that it was more in terms of resource inputs that a variety of linkages with large dealers were common. However, the activities on the whole were more individual customer oriented. Only in craft based items, there were some links with other dealers.

Stark (1982) has extended Harris - Todaro model by incorporating a linkage coefficient to denote the connection between formal and informal sectors. The coefficient can assume both positive and negative values. Thus, expansion of formal sector can lead to both expansion and construction of informal sector. One more possibility is considered, viz., if rural migrants take up informal sector jobs, a negative signal about their human capital acquisition is flashed and their future employment and earning prospects are harmed. Therefore, the journey from formal sector to informal sector is easy but not vice versa. The model disposes that the dominance of formal sector cannot be presumed in migration decisions. It arrives at the result that the determinants of informal sector growth originate in formal sector but the role of informal sector in urban growth can not be predetermined analytically (Stark 1982: 413-416).

So far as the indirect linkages are concerned, it refers 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 activities namely building and furnishing of middle class houses, repairs and maintenance services, trading of fresh vegetables, fish, fruits etc. and of course are dependent on the income of a clientele who in turn is dependent on formal sector activities. Thus, a growth in the formal sector productivity and wages obviously creates the additional demand for these activities.

Besides, these types of direct indirect relationships, there also exist social dependency linkages, which have their basis in the lack of economic security. A complete lack of public welfare or unemployment compensation, coupled with a highly irregular and insecure nature of income, forces these people into either social dependency relationships or petty entrepreneurship (Mehta 1985:329).

Therefore, it can be concluded that the informal sector is in no way an independent and exclusive entity rather it is linked to the formal sector and the

rest of the economy. The possibility of growth and expansion of the sector largely depends on the nature and type of linkages that are prevailing in reality.

1.4 Social Security and Minimum Wages for Informal Sector

[A] Social Security

There has been an increasing interest among policy makers and demand from the workers in informal sector for economic and social security protection. This social security aims at bringing some protection to informal sector workers by narrowing the gap between formalised and informalised workers.

The ILO (1989) first proposed a comprehensive definition of social security as under:

The protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and the provisions of subsidies for families with children.

Many commentators agree that the ILO's definition is inadequate for developing countries and it suffers from certain limitations. Therefore, alternative definitions are suggested to overcome the weaknesses of the ILO definition.

Subramanya (1994) defines social security as a guarantee by the whole community to all its members of the maintenance of their standard of living or at least of tolerable living conditions by means of redistribution of income based on national solidarity. In other words, the concept social security in its broadest sense should be understood to mean the support provided to the individual by the society to enable him/her to attain a reasonable standard of living and to protect the same from falling due to the occurrence of any contingency. This definition focuses on the obligation of society to maintain all its members in tolerable living condition.

The definition proposed by Getubig (1992) with an expansion of social security redefined. He advocated that any kind of collective measures or activities designed to ensure that members of society meet their basic needs (such as adequate nutrition, shelter, healthcare and clean water supply) as well as being protected from contingencies (such as illness, disability, death, unemployment and old age) to enable them to maintain a standard of living consistent with social norms.

There is a general recognition that social security must be expanded to include not only new elements such as food provision, housing and sanitation, but also income and employment. Hirway (1995) defines the concept of social security to imply a broad pro-poor approach, which has three major components, namely, promotional component that aims at improving endowments, exchange entitlements, real incomes and social consumption, preventive component that seeks to advert deprivation in more specific ways and protective component (also termed as safety net measures) that is yet more specific in generating relief against deprivation. This definition is extremely useful in pointing out a different dimension of social security in developing countries.

Therefore, the programmes and activities connected with the provision of employment, income and assets, basic standard of living may be termed as economic security and those connected with other basic needs such as food provision, healthcare, childcare, maternity care, old age pensions, housing etc. may be called social security. Thus, economic security and social security are intimately related to each other. Economic security is fundamental means by which persons are able to get their social security needs. On the contrary, social security is a means to increase and maintain productivity of the workers so as to ensure economic security.

There is considerable debate on whether social security can be provided to the informal sector. It is obvious that workers in the informal sector should be covered by social security protection through provision of insurance, social security funds and childcare. However, a general approach to the issue of social security for the informal sector can be put forth as under:

(i) Linkages between Economic and Social Security

Social security can be linked to economic security in the following ways:

- (a) All employment sectors should have social security schemes for their workers. The schemes can be financed by the individual sector itself.
- (b) Savings and credit schemes can be linked to insurance.
- (c) Provision of social security itself can be an employment generating activities, e.g., providing healthcare through community health workers or women's group running a ration shop.
- (d) Employment based programmes should have social security built in e.g., Handloom Corporation could have different social security schemes like childcare and housing.

(ii) Multiplicity of Approach

The social security schemes and programmes must be totally decentralised with a view to getting advantages of local strength. There should be no attempt to impose standard patterns on social security systems. In some cases welfare funds may be the more appropriate type of mechanism, whereas in other cases either co-operatives may be most useful or it may be run by local government and in some areas non-government organisations may take participation. This approach will facilitate in reaching to the large number of workers in the informal sector with a maximum number of schemes.

(iii) Strengthening Existing Programmes

A number of social security schemes already exist. So, it is important to identify the strength and weakness of each scheme. The lacunae of these schemes can be overcome as under:

- (a) Schemes presently administered by the government should be as far as possible decentralised to the local level. This will make the schemes more effective and empowering. The non-official schemes run by the government personnel should be debureaucratized and made participatory.

- (b) The innovative organisations at the grass root level running social security schemes can be encouraged by expanding their coverage through making expanded finance available, capacity building, helping them to become sustainable etc.
- (c) The schemes should have multiple funding sources such as contributions from workers in cash or kind, contribution from industry, tax or cess on products instead of relying on government budgetary allocations.

[B] Minimum Wages

The minimum wage may be defined as a wage, which must ensure preservation of level of efficiency of the workers and provide for some basic amenities to them. The committee on fair wages regarded the minimum wage as an irreducible (minimum) amount considered necessary for the sustenance of the workers and for the preservation of their efficiency at work. The minimum wages may be determined by an agreement between the employer and worker but it is usually fixed by means of legislation. In formal sector where the trade unions are quite powerful, the employers have usually to yield on the pressure of the workers for a proper wage. But in the informal sector not having labour unions, government interference becomes imperative to ensure that the workers are not exploited and they are paid at least basic minimum. In fixation of minimum wage, it is not merely the needs of the workers that are to be considered, but what is equally important; allowance has to be made for differences in the content of various jobs as regards skill required and strain involved. Another factor usually considered for fixation of a minimum wage is the capacity of the sector to pay such wage. If the minimum wage is based only on need, it may not be easily afforded by some units of the sector. Hence, a sector which can not even afford to ensure a basic minimum standard of living to the workers has little justification for survival in the long run.

The workers in the informal sector really are unionised into any form of organisation that would be able to give them a voice or represent their

interests. It has now become necessary to argue for the workers in the informal sector in the following ways:

- (a) The minimum wages are basically meant for the weakest section of the workers in the informal sector who get a low wage despite hard working. Implementation of Minimum Wages Act is a mechanism of removal of poverty of this weakest section.
- (b) The efficiency and productivity of the workers largely depend on the fulfillment of their certain basic needs. If a bidi worker remains hungry, his/her efficiency will automatically decline and this will further lead to a vicious poverty cycle for the worker and a low productivity for the sector. Hence a worker can remain productive and efficient only if he/she is provided a basic minimum wage.
- (c) As far as women workers are concerned, if they are not paid enough to maintain their family, workers get malnourishment. As a result, low weighted children are born. So, payment of minimum wages is indirectly related to a healthy next generation.
- (d) In many cases children are forced to work in lieu of schooling because their parents earnings are not enough for the survival of family. Payment of minimum wages to the adult workers will ensure that parents do not need to send their children at work as well as employers do not hire children instead of adult workers.

A major development with regard to the formulation of wage policy was the passage of the Minimum Wages Act, 1948. The Act was passed with the basic object of fixing minimum rates of wages in certain employments. It was therefore made applicable to such informal sector units as woolen, carpet making or shawl weaving establishment, rice, flour or dal mills, tobacco (including bidi) manufactories, plantations, oil mills, employment under any local authority, road construction or building operations, stone breaking or stone crushing, lace manufactories, mica works, public motor transport, tanneries, leather manufactories and agriculture. The application of the Act has been extended to several other employments from time to time. The Act empowers the central and state governments to fix minimum rate of wages

payable to the workers in the informal sector. The minimum rate may be minimum time rate, minimum piece rate, a guaranteed time rate and an overtime rate for different occupations, localities or classes of work and for adult, adolescents children and apprentices. It may consist of basic rate of wage and cost of living allowance and cash value of concession in respect of essential commodities supplied at a concessional rate or an all-inclusive rate. The Act provides for the appointment of advisory boards, committees and subcommittees by the state governments. The activities of these bodies in the various states are sought to be coordinated through the central advisory board appointed by the central government.

Although the Act was a positive step in the direction of guaranteeing decent wages to the exploited workers in the informal sector, yet it has not succeeded in bringing about uniformity in the standards of minimum wage fixation over different regions of the country. Despite existence of the Act, large numbers of the workers in the informal sector live below the poverty line, because:

- (a) In major parts of the country there is lack of implementation of minimum wages e.g., agriculture workers in many parts of the country, except for boom season, receive half to two-thirds of the minimum wage and also the workers in road construction and forestry are paid below minimum wages.
- (b) The government itself tries from paying the minimum wages by issuing notifications and using exemption clause (26-2) of the Minimum Wages Act for the government work like construction, forestry etc.
- (c) Though minimum wage is fixed as a monthly or daily rate basis, but in many areas like construction, bidi rolling, other home based work etc. wage paid on piece rate basis is fixed so low so as to an average worker working all day may not get the minimum wage for the day. Also, the revision of minimum wages is not made for a long period in many states.

Although the workers in the informal sector get so little from the economy, they contribute substantially to the growth of the economy. A minimum wage alone is not enough for a worker's survival, a minimum wage with sufficient days of employment is also a necessary condition. Therefore, a minimum wages and full employment together would certain provide adequate earnings to the informal sector workers and hence a minimum wages for informalised workers based on their needs is an immediately required strategy for poverty removal (Jhabvala 1998:502).

1.5 Classification of Workers in Informal Sector

Since informal sector is very diverse and it covers many types of work, so it is difficult to classify it into a specific group as uniform. However, the workers in the informal sector may be classified broadly into four categories as under:

(i) *Home Based Workers*

The workers in this category carry out their activities using their traditional skill and labour. The majority of the home based workers work in the privacy of their homes and they are invisible. This category of workers engages in earthen pots making, rural artisans etc.

(ii) *Self Employed or Own Account Workers*

Self-employed or own account workers are those who do not have any permanent place for carrying out their activities. Some of them have to change their place of activity almost on a daily basis. In this category of workers includes street vendors, hawkers, rag pickers, rickshaw pullers, sex workers etc.

(iii) *Piece Wage Workers*

There has been a tremendous growth of private informal manufacturing such as garment making, knitting etc. These categories of workers are employed by entrepreneurs. They are usually employed on a piece rate basis. This type of workers carry out their work independently, but employers exercise control over them by supplying raw material and sometimes

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advancing a minimum cash. This kind of labour is often found in bidi making, carpet and mat weaving, lace industry etc.

(iv) Time Wage Workers

This type of workers sells their labour power in exchange of a low paid time rate of wage. The most of the workers in this category are quasi permanent. These workers are placed in a most disadvantageous position. Their activities rely heavily on manual labour. This category includes gardeners, cleaners, sweepers, construction labourers, bricks workers, agricultural labourers, domestic servants etc.

1.6 Legislative Measures for Welfare of the Workers in Informal Sector

The Indian workers employed in the informal sector engage in agriculture, forestry, fishing, petty service, small manufacturing units, bidi, match, garment, cotton, spinning and weaving industry, mining and quarrying activity, construction, rural artisans and even domestic services. By and large, the workers in the informal sector are either self-employed or engage in small units including a large number of household based units. However, these workers can be broadly classified as home based workers, self-employed workers and wageworkers. The work place of the workers in the informal sector is often characterised by unhygienic working condition and poor residential accommodation, low earnings, long working hours, insecure nature of job and middleman phenomenon. The informalised work force is also unprotected in matters of security of employment, wages, working condition, maternity benefit, health care and retirement benefit.

The government has enacted some beneficial social legislation for the workers in the informal sector to protect their interest. The Eight Five Year Plan document (1992-97) clearly states the objective of 'Labour and Labour Welfare' especially for the workers in the informal sector as under:

Improvement in the quality of labour, productivity, skills and working conditions and provision of welfare security measures, especially of those working in the unorganised sector are crucial elements of the strategy for

quantitative and qualitative enhancement of employment opportunities. The programmes in the sector 'Labour and Labour Welfare' therefore, lay emphasis on skill formation and development strengthening and modernisation of employment service, promotion of industrial and mines safety, workers' education, promotion of self-employment, rehabilitation of bonded labour, enforcement of labour laws especially those relating to unorganised labour and women and child labour, promotion of a healthy industrial relations situation and encouragement of workers' participation in management.

There are a number of Acts related to labour law for the workers in the informal sector. These Acts contain some provisions for the welfare and benefit of the workers in the informal sector. While some Acts are directly related to the workers in cinema theatre, dockyards, mining, construction, motor transport, plantation and bidi factory, others are related to the workers in informal sector indirectly. The relevant provisions of each Act can be stated by dividing the workers in the informal sector broadly into following categories:

(a) Child Labour

There are a number of Acts, which deal with the prohibition of child labour.

The Children (Pledging of Labour) Act, 1933 declares any agreement, whether written or oral, void in which the child's parent or guardian pledges the labour of a child below 15 years of age in return of any payment or benefit and makes both contracting parties liable to a fine.

The Plantations Labour Act, 1951 which is applicable to all tea, coffee and rubber plantations prohibits employment of children under 12 years of age and the child can be employed only between 6 a.m and 7 p.m. The maximum working hours suggested for a child and adolescent is 27 hours a week.

The Mines Act, 1952 prohibits employment of children below 15 years of age and their presence in any part of a mine, which is below ground level or in an open cast working, in which any mining operation is being carried on.

The Merchant Shipping Act, 1958 and Motor Transport Workers Act, 1961 prohibit employment of children below 15 years in any ship and motor transport undertaking respectively.

The Apprentices Act, 1961 states that any child below 14 years of age is not eligible for any apprenticeship training.

The Child Labour (Prohibition and Regulation) Act, 1986 prohibits engagement of children in certain employment and regulates the conditions of work of children in certain other employments. The Act prohibits employment of children in certain occupations and processes namely, transport of passengers, goods or mail by railways, work in catering establishments at railway station, work in construction of a railway station or any port authority, bidi making, carpet weaving, cement and soap manufacturing, building and construction industry. The Act stipulates that no children can be permitted to work between 7 p.m and 8 a.m and to work overtime. The appropriate government can make rules and regulations for the health and safety of the children.

(b) *Women Workers*

There are two Acts, which are directly relevant to women workers in respect of their welfare and wage protection viz., Maternity Benefit Act, 1961 and Equal Remuneration Act, 1976 was to protect the dignity of motherhood by providing for the full and healthy maintenance of women and her child while she is not working. The Act intends to regulate the employment of women in certain establishments for certain period before and after childbirth and to give maternity and certain other benefits. The Act is applicable to every shop, establishment, commercial organisation or a public institution where ten or more persons have been employed in the preceding twelve months.

Equal Remuneration Act, 1976 provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination against women on the ground of sex. The Act also seeks to provide for increasing opportunities for women in specified employments. The Act is applicable to various establishments, manufacturing units and processes, agriculture and services.

(c) *Contract Labour*

The contract labour is mostly employed in mining industry, construction business, dockyards, plantation etc. The legislative measures and the nature of

protection to contract labour vary in different categories of labour, industry and area.

The Contract Labour (Regulation and Abolition) Act, 1970 seeks to regulate the employment of contract labour for certain categories, establishments and has deleted the system of contract labour in certain circumstances. The Act is applicable to every establishment and every contractor who employs twenty or more workers on any day of the preceding twelve months. A worker shall be deemed to be employed as 'contract labour' in or in connection with the work of an establishment when he/she is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer. The government may require of the establishment to provide canteen, rest room, drinking water facilities, first aid facilities or any other amenities for the welfare and health of the contract labour. The contractor is bound to make payment of wages to the contract labour in presence of the authorised representative of the principal employer.

(d) Construction Labour

The Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996 seeks to regulate the employment and working conditions of building and other construction workers and to provide for other matters related to their social security.

The system of employing of inter state migrant labour in construction industry is an exploitative system prevalent in various states. The Inter State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979 seeks to regulate the employment of inter state migrant workers and to provide for their conditions of service. The Act applies to every establishment or every contractor where five or more inter state migrant workers are employed on any day of the preceding twelve months. These migrant workers are entitled to get fixed wages under the Minimum Wages Act, 1948 along with displacement and journey allowances. The appropriate government can provide for legal aid to inter state migrant workers to protect their interest under the Act.

(e) *Agriculture Labour*

A number of labour related legislative measures are applicable to the agricultural labour also. The Minimum Wages Act, 1948 and The Trade Unions Act, 1926 are applicable to agricultural labour. Agricultural farms operated on commercial terms are covered under the Industrial Disputes Act, 1947. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 are applicable to agricultural labour engaged in specified plantations. The Workmen's Compensation Act, 1923 is applicable to the workers employed in agricultural farms where tractors and other mechanical instruments run by power and electricity are used.

(f) *Other Workers*

There are various legislations, which are relevant to the workers employed in certain categories of workers in the informal sector.

The Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981 deals with the regulation of the conditions of employment of cine workers and cinema theatre workers who are paid low wages or artists and technicians engaged in the production of feature films.

The Apprentice Act, 1961 regulates and controls the training of apprentices who are over 14 years of age and satisfy certain standards of education and physical fitness.

The Beedi and Cigar Workers (Conditions of Employment) Act, 1966 provides for welfare of the workers in beedi and cigar establishments and regulates the conditions of their work.

The Dock Workers (Safety, Health and Welfare) Act, 1986 provides for safety, health and welfare of dockworkers. It includes the workers engaged in loading and unloading of ships.

The Mines Act, 1952 relates to the law relating to the regulation of labour and safety in mines. The Act has provisions with regard to health and safety of workers.

The Personal Injuries (Compensation Insurance) Act, 1973 imposes on employers the liability to pay compensation to the workers sustaining personal

injuries and provides for the insurance of employees. The Act is applicable to the workers employed in mines as well as plantations.

The Plantations Labour Act 1951 provides for the welfare of labour and regulates the conditions of work in plantations. The Act is applicable to any plantation used for growing tea, coffee, rubber, cinchona or cardamom. As per the provisions of the Act every plantation worker is entitled to get wages during leave period, sickness benefits and maternity benefits for women workers.

The Minimum Wages Act, 1948 provides for fixing the minimum rate of wages in certain employments such as woolen, carpet making or shawl weaving establishments, rice, flour or dal mills, tobacco (including bidi) industry, plantations, oil mill, employment under any local authority, road construction or building operations, stone breaking or stone crushing, lac industry, mica works, public motor transport, tanneries, leather factory and agriculture.

The Payment of Wages Act, 1936 regulates the payment of wages to the workers engaged in docks, mines, quarries, plantations, any establishment related to construction, development or maintenance work or manufacturing process. The employer is responsible for payment of wage and fixing time period for payment of wages. However, the wage period shall not exceed one month.

Though there have been a number of legislations for the economic and social benefits of the workers in the informal sector, the implementation and enforcement of those legislations has so far been very inadequate in practice.

1.7 Women Employment in Informal Sector

An increasingly large proportion of the work force has been absorbed by the informal sector. The work force in the informal sector is on the rise due to several factors such as the impact of economic liberalisation and privatisation, urban and rural poverty, shrinking agricultural sector due to deployment of modern farming methods, unevenness of development of capitalism etc. In

India, according to a rough estimate there is a labour force of nearly 450 millions, of which more than 90 percent are in the informal sector.

The share of employment in informal sector in 1981 was 92.42 per cent (Table 1.2), this may be compared with corresponding share of net domestic product of 70 per cent (Table 1.3). Between 1980-81 and 1995-96, the share of informal sector in net domestic product decreased further from 70 per cent to 59.7 per cent but the share in employment over the same period showed a steady increasing trend.

The women work participation rate in the informal sector has registered an increase from 12.3 per cent in 1971 to 22.27 percent in 1991 (Table 1.4). The table 1.4 also shows that women workers in the informal sector as a percentage of total working women has gone up from 94 per cent in 1971 to 96.33 per cent in 1981, but between 1981 and 1991, the percentage of women workers has sharply declined from 96.33 per cent to 95.8 per cent.

Table 1.2

Estimates of Employment in Formal and Informal Sectors (in Millions)

| Year | Formal Sector | Informal Sector | Total Labour Force | Share of Informal Sector Employment |
|------|---------------|-----------------|--------------------|-------------------------------------|
| 1981 | 22.9 | 279.31 | 302.21 | 92.42 |
| 1985 | 24.58 | 304.43 | 329.01 | 92.53 |
| 1990 | 26.35 | 330.45 | 356.80 | 92.61 |
| 1991 | 26.73 | 345.88 | 372.61 | 92.83 |
| 1992 | 27.06 | 352.33 | 379.39 | 92.87 |
| 1993 | 27.18 | 359.05 | 386.23 | 92.96 |
| 1994 | 27.38 | 365.47 | 392.85 | 93.03 |
| 1995 | 27.53 | 372.09 | 399.62 | 93.11 |
| 1996 | 27.94 | 378.67 | 406.61 | 93.13 |
| 1997 | 28.25 | 395.20 | 423.45 | 93.33 |

Source: Adapted from D. Dutta, Economic Liberalisation and Globalisation: Implication for India's Unorganised Segment, Artha Beekshan, Vol. 9, No. 2, December 2000,p.20

Table 1.3

Share of Net Domestic Product by Formal and Informal Sectors at Current Prices (Percent)

| Year | Formal Sector | Informal Sector |
|---------|---------------|-----------------|
| 1980-81 | 30.0 | 70.0 |
| 1985-86 | 35.2 | 64.8 |
| 1989-90 | 36.3 | 63.7 |
| 1990-91 | 36.2 | 63.8 |
| 1991-92 | 36.7 | 63.3 |
| 1992-93 | 36.5 | 63.5 |
| 1993-94 | 37.7 | 62.3 |
| 1994-95 | 38.3 | 61.7 |
| 1995-96 | 40.3 | 59.7 |

Source: National Accounts Statistics, 1993 (pp. 203-04) and 1998 (pp.198-99)

Table 1.4

Women Labour Force in Informal Sector (in Millions)

| | 1971 | 1981 | 1991 |
|--|---------------|------------------|-----------------|
| Female Population (% of total population) | 264 (48.2) | 33 (48.3) | 407 (48.1) |
| Work Participation (Working women as % of total women) | 31 (12.3) | 48 (14.44) | 90.6 (22.27) |
| Total Women Workers in the Informal Sector (Women in the informal sector as % of the total working women) | 29 (94.0) | 46.24 (96.33) | 86.8 (95.8) |

Note: Figures in parenthesis denote percentages.

Source: Based on various census figures.

According to the 1991 census, out of 90.6 million women workers, 64.2 million are main workers, while the rest constitutes marginal workers. Among the total main workers, women are only 22.5 per cent. Women workers are concentrated in agriculture, forestry, fishing, mining, quarrying, construction, manufacturing, processing, servicing and repairs. Within these industrial categories, the majority of the workers are in the informal sector (Table 1.5).

Table 1.5

Women Main Workers by Industrial Categories: 1991 (in Millions)

| Industrial Category | Total Main Workers | Female Main Workers |
|--|--------------------|---------------------|
| Agriculture, Forestry, Fishing, Hunting etc. | 191.3 | 51.9 (27.1) |
| Mining and Quarrying | 1.7 | 0.2 (11.8) |
| Manufacturing, Electricity, Gas and Water | 28.8 | 4.8 (16.7) |
| Construction | 5.5 | 0.4 (7.3) |
| Trade and Commerce | 21.3 | 1.4 (6.6) |
| Transport, Storage & Communication | 8.0 | 0.2 (2.5) |
| Other Services | 29.3 | 5.3 (18.1) |
| Total | 285.9 | 64.2 (22.5) |

Note: Figure in parenthesis denotes percentages of total main workers in each industrial category.

Source: Based on census figures.

The status distribution of women workers discloses a gradual increase in the proportion of female casual labourers from 30.6 per cent to 37 per cent over the period 1972-73 to 1993-94 (Table 1.6). It is noted that the proportion of female workers in self-employment is on the decline. Along with this trend, the level of female regular labour is more or less stationary between 1972-73 and 1993-94 except a rise in percentage over the period 1987-88.

Table 1.6

**Women Workers by Self Employed, Regular and Casual Labour Status as
Percent of Total: 1972-73 to 1993-94**

| Status | 1972-73 | 1977-78 | 1983 | 1987-88 | 1993-94 |
|----------------|---------|---------|------|---------|---------|
| Self Employed | 63.1 | 60.8 | 60.0 | 59.0 | 56.8 |
| Regular Labour | 6.3 | 5.3 | 5.4 | 6.8 | 6.2 |
| Casual Labour | 30.6 | 33.9 | 34.6 | 34.2 | 37.0 |

Source: Based on National Sample Survey Organisation (NSSO) rounds data.

Therefore, over the years, with the pressure of population on available land and natural resources, economic necessity compels most of the women workers to participate in the labour market. The type of activities carried out by the women workers is primarily manual and their nature of employment is largely informal.

1.8 Review of Related Literature

The concept of informal sector is of recent origin. A number of theoretical and empirical studies on the women workers in the informal sector have been attempted in India as well as abroad. Hence, there have been numerous literatures on the subject of informal sector and working women.

The studies of ILO (1972) in Ghana and Kenya initiated the proceeding of studies on informal sector abroad. Among other interesting studies in Africa and Latin America, studies conducted by Bunster (1983), House (1984), Rossini and Thomas (1990), Tannen (1991) etc. may be mentioned. All these studies have highlighted the importance of the informal sector in the less developed countries (LDCs) and contribution of informalised workers in the economy.

House (1984) in his study argued that classification of urban economy in the LDCs into the formal and informal sector is not sufficient. According to him, informal sector can further be categorised into at least two sub-sectors, namely an intermediate sector, which appears as a reservoir of dynamic entrepreneurs and community of the poor, which contains a large section of residual and unemployed labour.

Tannen (1991) in his study of dual market model in Brazil explained that rural labour markets are separated from urban ones in formulation of wages and level of employment. According to him, urban workers have greater skills than rural ones. Urban labour markets are themselves separated into formal and informal sectors, with corresponding high paying and low paying jobs. This wage differential in the urban economy arises on account of differences in the quality of human capital.

In India, studies at the conceptual level have been made. The studies of Bose (1974), Mazumdar (1976), Breman (1976), Banerjee (1976), Joshi and Joshi (1976), Sethuraman (1975, 1976, 1977), Papola (1980), Rajula Devi (1985), Mehta (1985), Jagannathan (1987), Datta Choudhuri (1989), Sudha Kumari (1989) etc. are worth mentioning in this context.

Bose (1974) has mentioned 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 mostly unskilled and illiterate.

Mazumdar (1976) and Sethuraman (1977) have pointed out that the primary reasons for rural urban migration is economic and the rural poor migrants to the city in search of job rather than better employment opportunities.

Breman (1976) has examined the utility of the concept of informal sector. He argued that partly on the basis of research into labour relations in a small town in Western India, that the concept of informal sector is analytically inadequate. The informal sector cannot be demarcated as a separate economic compartment and/or labour situation. He further argued that any attempt to demarcate the informal sector would provide rise to numerous inconsistencies and difficulties. He suggested that rather than divide the urban system into two segments, it is preferable to emphasise on the fragmented nature of the entire labour market.

Papola (1980) has also highlighted the informal sector in Indian context. According to him, a major part of the economy of a developing country comprises of small and tiny production organisations run on informal, self-employment basis, which suffer from severe infrastructural, marketing and technological handicaps. The informal sector is characterised by low productivity and earnings of those engaged in it. He examined the concept of informal sector as an analytical category within the widely used dichotomous frame of the urban areas of developing countries and the implications of the informal sector based strategy of development.

Mehta (1985) has attempted to trace out the conceptual development in urban informal sector. She grouped the characteristics of informal sector into three categories as based on features of the enterprise, nature of relationship with the state as well as the rest of urban economy and employment situation. According to her, relationship between formal and informal sector may at the very basic level be classified as direct and indirect. Besides these two types of linkages, she advocated, there exist social dependency relationships, which have their basis in the lack of economic security.

Jagannathan (1987) has built a conceptual framework in assessing the true potential of an urban economy. According to him, the small-scale enterprises of informal sector in many developing countries have contributed to rise in both private and social wealth. He argued that although employment and wealth are generated in the urban informal sector, there are no institutional mechanisms available to ensure equitable diffusion. He was in favour of a practical policy that encourages diffuse urbanisation by which the flexible adaptive manufacturing enterprises of the informal sector can encourage in small rural towns and large villages. This policy includes encouraging subcontracting in rural areas or smaller districts or sub-regional towns so as to labour can secure the benefits of economic growth without having to shift residence to over crowded cities. This policy of diffusion urbanisation is far less expensive than the massive infrastructural investments required handling the manifold problem of rural poverty.

The study of Datta Choudhuri (1990) is noteworthy in the direction of policy formulations for informal sector. Datta Choudhuri has established the fact that rising capital cost is the reason for the informal sector units not to flourish. He argued that output and employment could be increased in the informal sector following the provision of cheap credit to the sector.

A number of works have been done on the problems, prospects, status and changing scenario of workingwomen in India. The notable works in these areas are the studies of Padmini Sengupta (1960), Promilla Kapoor (1974), Devaki Jain (1977), Puspa Sundar (1981), Jaya Arunachalam and Nandini Azad (1985), Nirmala Banerjee (1991), Sujata Gothoskar (1989), P. Devaki

Devi (1994), Ravi Chopra and Deepa Ghosh (2000), Renana Jhabvala and Shalini Sinha (2002) etc. All these works focus on the employment patterns, source of demand and supply of women labour, the wage differentials, problems that women face in the work place etc.

At global level many studies on women participation in the informal sector have been undertaken. Arizpe (1977), Jelin (1977), Heyzer (1981) etc. found that women possess the inferior status in informal labour market.

Smith (1973) in his study of female domestic servants in Lima, Peru has stated that domestic service provides one of the few opportunities available to lower class migrant women for upward socio-economic mobility within the broad spectrum of the lower classes.

Arizpe (1977) has looked at the workingwomen in the informal sector like vending in the streets as performing a needless, unproductive activity. She argued that these women would change jobs if they had the chance to.

Bunster (1983) in his study of women in the informal sector of Peru has found the image of women as powerless, victimised people on the very fringe of society, who suffer from authoritarianism and constant intimidation by the inspectors.

Van de Laar's (1989) study of women in Grand Dakar explained that it was privileged women who could participate in the informal sector.

The studies on women participation in the Indian informal sector are very limited. The studies of Nirmala Banerjee (1976), Leela Gulati (1979), Malavika Karlekar (1982), Helzi Noponen (1987), Sudha Kumari (1989), Renana Jhabvala (1992), Sujata Gothoskar (1992), Uma Kothari (1997), Preet Rustogi (1997), Mridul Eapen (2001), M.V.S Warrier (2001) etc. deal with special dimensions of female workers in the informal sector.

Nirmala Banerjee (1976) on the basis of empirical study in Calcutta has indicated that women have a target income level, which they try to achieve with a view to survive. She found that over the period of seven years, an increasing number of women were engaging in the informal labour market even though the wage rate remained almost stationary in the sector.

Leela Gulati (1979) in her study of socio-economic aspects of the brick kiln workers in Kerala has explained the causes of the wage differentials between male and female workers in the informal sector units.

Helzi Noponen (1987) in a study of women petty traders and home based producers in South India has described their overall status as they are perpetually indebted to money lenders or to wholesale suppliers, thus losing much of their meagre earnings in paying exorbitant weekly interest charges. They often suffer the indignities of sexual harassment, being jolted away from prime selling spots, and lack of access to public water and toilet facilities.

Sudha Kumari (1989) has studied the constraints that women face while working in the informal sector. She found that method of wage payment, retrenchment etc. are all arbitrary in the informal sector.

Renana Jhabvala (1992) has focused on the problems of women petty traders in Gujarat and other states of India. According to her, they face not only the financial problems but also police atrocities and exploitation. She felt that the women workers of informal sector are forced to bear with these evils only because of non-existence of their legal status.

Sujata Gothoskar (1992) has looked at women workers in the health care industry and at the relationship between their paid works on the one hand and their unpaid work on the other as well as the health issues they face.

Uma Kothari (1997) has examined the paid domestic labour of lower class girls and women from landless households within the context of a rural society undergoing rapid transformation, particularly in South Gujarat. According to her, the organisation of domestic articulates not gender differences and inequalities within and between households but also those of class and caste. The study also examines the ways in which these class, caste and gender relations are constructed, reinforced and negotiated in an activity which cut across the dichotomies of paid and unpaid, reproductive and productive and the household and market to distinguish domestic work from other types of employment.

Preet Rustogi (1997) has also examined changing nature of female employment in the informal sector emphasising the need of labour

organisations for women workers in the sector. According to him, organising the unorganised is the most challenging task facing the women workers to get their rights in the informal sector.

Mridul Eapen (2001) in his study of women in informal sector in Kerala has explained the nature of women participation in the informal sector. He argued that though women's earnings contribute substantially to the household, this is more often than not denigrated. Women to cope with physical hardships that impact their health, they continue to be paid much lower wages than men in the same category.

MVS Warrier (2001) has discussed the nature of fish processing industry in India at a general level focusing on issues concerning the migrant women workforce specifically.

1.9 Objectives of the Study

Over last few decades, there have been a rapid growth in the number of women employed in India with majority of them being engaged in informal sector of the economy where jobs are often low paid and repetitive.

As the number of female workers in the informal sector in India has gone up considerably, it implies employment opportunities for them in the formal sector have become restricted. On account of easy availability of low paid labour in the informal sector, there is every possibility of more and more economic activities in this sector. Therefore, an attempt has been made in this study to trace out the problems associated with the process of women participation as well as the manner in which workingwomen's lives in the informal sector in Cooch Behar district of West Bengal are being affected by the process of economic development and social change.

The objectives of the study are to examine the level of women labour participation in domestic services and bidi rolling. An effort has been made to reveal the socio-economic conditions of paid domestic servants and bidi workers in the district. It has also been tried to examine the general nature of working conditions of women domestic and bidi workers, their special problems and how they combine wage work with domestic responsibilities in

the district. A comparative analysis of female domestic and bidi workers has been made for the decision making purpose. Further the study is extended to prescribe sonic policy implications in regard to informal sector activities, namely, domestic services and bidi rolling.

1.10 Methodology and Limitation of the Study

The study of women at work in the informal sector with special reference to female domestic and bidi workers in Cooch Behar district of West Bengal is an empirical one. The study is based on survey research technique. The various informations on female domestic and bidi workers in the informal sector have been gathered from extensive survey of field investigation. Since working women in informal sector of Cooch Behar district constitute a heterogeneous group, stratified sampling method has been undertaken while collecting the sample workers. Besides these primary data few secondary sources namely, various issues of district census handbooks and other public documents have been used.

This study, however, is not free from its limitations. The data is based on the respondents estimate and memory recall. Since most of the women workers in informal sector are illiterate, their inability to provide precise information put in trouble in generalising the case. Some respondents were unwilling to disclose their exact earning and they had no idea regarding their expenditure patterns. These limitations may have affected the survey result to some extent. Despite these limitations, the researcher has taken utmost care in analysing the problems.

1.11 Summary

The term informal sector was first used by Keith Hart (1971) in a study of urban Ghana and it has been further refined by ILO (1972) while studying the employment situation in Kenya.

The informal sector is characterised by ease of entry, small-scale operations, family ownership of enterprise, labour intensive and adaptive technology, lack of support and recognition from the government, competitive

and unregulated product market, unprotected labour market etc. In addition to these, the other characteristics include deplorable working condition and low level of wage, low capital accumulation and reinvestment, insecure and temporary nature of employment etc.

The urban economy can be classified broadly as formal and informal sectors. As far as the contrasting characteristics of the two sectors are concerned, the entry into the informal sector labour market is unrestricted and level of earning is also very low, while that in formal sector labour market, entry is restricted and level of earning is high. Apart from the distinguishing characteristics, there exist strong direct and indirect inter-linkages between formal and informal sectors.

There is a need to provide social security and minimum wages to the workers in the informal sector. The social security aims at bringing some protection to the workers in the informal sector. The social security measures cover food provision, healthcare, childcare, housing, sanitation, old age and maternity benefits along with income and employment for the workers. On the other hand, minimum wage for informal sector's workers based on their necessity is an immediate required strategy for providing adequate income as well as poverty removal. Therefore, it is essential to supplement minimum wage by social security measures for the utmost social and economic benefits to the workers in the informal sector.

The workers in the informal sector may be classified into four categories on the basis of their nature of works namely, home based workers, self-employment workers, piece wageworkers and time wageworkers. There have been a good number of legislations for almost all categories of the workers in the informal sector, but the implementation and enforcement of those legislations has so far been limited in practice.

A large segment of the work force has been absorbed by the informal sector. In India, more than 90 percent of the total workforce is in the informal sector. It has been observed that women work participation rate in the informal sector is on the rise. Over the years, with the pressure of population on

available land and natural resources, economic need compels most of the women workers to take participation in the informal labour market.