

CHAPTER IV

Size and Structure of Informal Sector Worker in India and Assam

4.1 Introduction: -

This chapter is based on secondary data collected from different sources attempts to highlight various features of the informal sector enterprises in India as well as Assam. For calculating the informal sector employment in India and Assam, National Sample Survey (NSSO) data have been used.

It has already been discussed in the Chapter 1 that the informal sector is a significant part of the developing as well as underdeveloped economies like India. The Indian economy is characterized by the existence of a huge percentage of the informal labour employment Banerjee & De (2018). According to MLEL, (2014) more than 90% of workforce as well as around 50% of the national product are accounted by informal economy.

In India, NSSO provides extensive data base on the field of informal sector. In the NSSO survey, employment is defined in four distinct measures i.e. - Current Daily Status (CDS), Current Weekly Status (CWS), Usual Principal Status (UPS), and Usual Principal and Subsidiary Status (UPSS). NSSO has also categorized the workers as regular, self-employed and casual. Aside from this, students, pensioner, homework etc. are categorized as non-worker (NSSO 61st Round).

From various review of literature, we observe two procedures to estimate the informal employment in India. These two methods are - (i) residual method and (ii) Direct method.

1. Residual Method: - The residual method calculates informal employment by subtracting formal employment from firstly, subtracting the formal sector employment (available from DGE and T sources) from total employment obtain from Employment and Unemployment survey (EUS) Bhalla (2003), Satpathy, (2004).

1. Residual Method formula:

$$ISE = TE - FS$$

$$\text{Where, } TE = ER \times LF$$

$$LF = (LFPR) \times P$$

$$FSE = PSE + Pvt.SE$$

ISE= Informal Sector Employment, TE= Total Employment, FS= Formal Sector Employment, LFPR= Labor force Participation Rate, ER= employment Rate, LF= Labour force, FSE= Formal Sector Employment, P= population, PSE= public sector enterprise, Pvt.SE= Private Sector Enterprise

2. The Direct Approach

This method estimates the formal as well as informal portion of the workers directly from Employment-Unemployment Surveys (EUS) based mainly on the different variables i.e. salaried/regular workers, self-employed workers as well as casual workers; types of job; types of enterprise; and so on.

4.2 Characteristics of Labour Force in India:-

4.2.1 Labour Force Participation Rate (LFPR): - Even though India is one of the most populated country in the world after China, still it has been observing low labour force along with the low workforce participation Sakthival & Joddar (2006). According to the NSSO, “LFPR is defined as the number of persons/ person-days in the labour force (which includes both the employed and unemployed) per 1000 persons /person-days”. Labour force participation rate (LFPR) of various years is given in Table 4.1

Table 4.1

Labour Force Participation Rate of India, Usual Status (PS+SS)

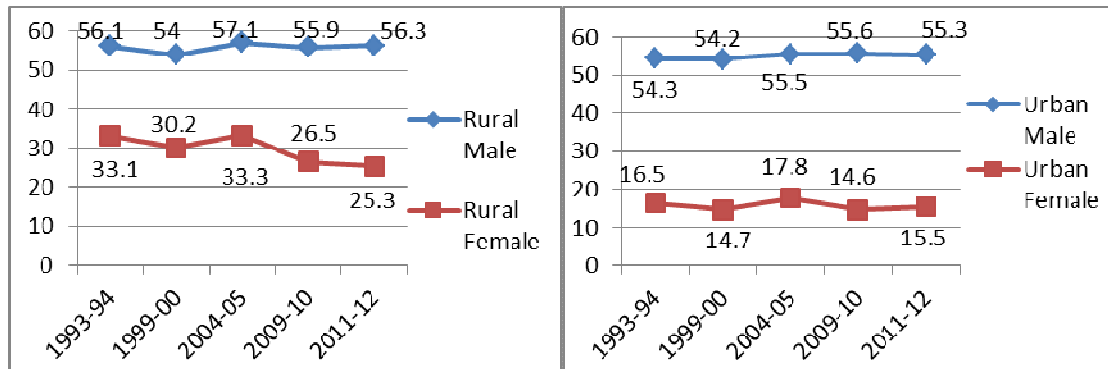
Year	Labour Force Participation Rate (In Percent)	
	Rural	Urban
1993-94	44.9	36.3
1999-2000	42.3	35.4
2004-05	44.6	38.2
2009-10	41.4	36.2
2011-12	40.6	35.2

Source: NSSO various rounds; 55th, 61st, 66th and 68th round

From Table 4.1 it is noticed that the labour force participation (LFP) rates are higher in case of rural areas as compared to the urban areas. During 1993-94 and 2011-2012, the LFPR of rural area was 44.9 per cent and 40.6 percent respectively. The LFPR declined by 4.3 percent in 2011-12 as compared to 1993-94. On the other hand, the LFPR of urban areas was 36.3 per cent in 1993-94 which declined by almost 1 percent to 35.2 per cent in 2011-12. For the period of 1999-2000 and 2004-05, the LFPR of urban areas rose by 3 percent and stood at 38.2 per cent in 2004-

05 and again decreased by 2 percent to 36.2 per cent in 2009-10. Apart from this, the trend of Labour Force Participation Rate of rural male and female as well as urban male and female is explained in Fig 4.1 (a) and (b)

Fig 4.1 (a) Rural LFPR of Male & Female Fig 4.1 (b) Urban LFPR Male & Female



Source: NSSO, various rounds

Fig 4.1 (a) and (b) shows that rural- urban LFPR of male has stable trend during 1993-2011. But the female labour force participation (LFP) rate in India has shown a gloomy picture. In case of rural female LFP rate declined from 33.1 percent in 1993-94 to 25.3 percent in 2011-12 while urban female LFP rate declined from 16.5 percent in 1993-94 to 15.5 percent in 2011-12. The rural female LFP rate was slightly higher than urban female labour force participation but there was a vast gap between overall male labour force and female labour force participation rates. Apart from this, the female labour force participation rate in the rural areas is showing a continuous declining trend as compared to the urban female labour force participation rate. ILO, (2009) have found that the decreasing trend of women labour force participation in India is the consequence of various social as well as economic factors like rising educational enrolment of young women, lack of employment opportunities, effect of household income on participation.

Aside from this, in case of rural areas the LFPR is far more than the urban areas because of higher percentage of active labour force in the agricultural sector. Usually, as compared to the urban labour force, the rural labour force is hard working Vankatsamy,(1998). Again education plays a principal role in the declining of the size of the labour force in case of urban areas. Das, (2014) found that the urban youths are more concern towards their study purpose as compared to the rural youths. But it has been seen that (Table (4.1), from the year 1993-94 to 2011-12, the LFPR of rural areas was decreased by 4.3 percentages from 44.9 to 40.6 percent. Researchers have found that the rural LFPR are continuously falling due to declining the rate of female labour force participation. The main reasons behind this are the lack of suitable work at village level, non- availability of efficient jobs, flexibility in the work timings and proximity to their households.

4.2.2 Estimates of Informal Sector Workers in India since 1999-2000 to 2011-12:

Informal sector plays a dominant role in the Indian labour market since employment in the formal sector has been remain more or less stagnant in the last decades and employment opportunities in the informal sector has been tremendous, Sakthival & Joddar (2006). Both formal and informal employment trend has been shown in table 4.2 for the years 1999-2000, 2004-05, 2008-09, and 2011-12. It is observed that throughout this period a huge percentage of the labour force is found to be engaged in informal sector of India. Out of 472.9 million workers in 2011-12, it is computed that 446.37 million workers (around 95%) are engaged in informal sector whereas 26.53 million (nearly 5%) workers are employed in formal sector. Apart from this, the total employment in informal sector is increased from 370 million to 446 million between 1999-2000 and 2011- 12 where employment is increased by almost 76 million or which is nearly 21 percent. The proportion of informal employment in the economy has shown remarkable steadiness over the years. The percentage of informal sector employment has risen from 93 percent in 1999-2000 to 94 percent in 2004-05, 93.92 percent in 2009-10 and again increasing to 94.67 percent in 2011-12. Aside from this, it is observed that the percentage of employment opportunities in the formal sector have remained stagnant during the period of 1999-2000 to 2011-12, only a marginal decreasing from 7.00 to 5.61 percent.

Table 4.2

Size of Workforce in Formal and Informal Sector (PS+SS) in India since 1999-2000 to 2011-12

Year	Formal (million)	Informal (million)	All (million)	Formal (Percentage)	Informal (Percentage)
1999-2000	27.84	370.05	397.89	7.00	93.00
2004-05	26.46	431.02	457.48	5.78	94.22
2009-10	28.29	436.98	465.27	6.08	93.92
2011-12	26.53	446.37	472.9	5.61	94.67

Source: Computed from NSSO 55th, 61st, 66th and 68th round

4.3 Characteristics of Labour Market in Assam: -

Assam is one of the relatively backward states in India. In this state also, the informal sector plays a dominant role in terms of employment generation in the informal labour market. Apart from this, in Assam, the labour force participation rate (LFPR) and work force participation rate (WFPR) shows a dark picture of the labour market of the state. According to 68th round of

NSSO, the Work Participation Rate (WPR) in Assam is 34.1 per cent (table 4.3) whereas male 54.1 percent and female 11.9 percent. On the other hand, during 2009-10, WPR in Assam was 36.3 whereas male 55.1 percent and female 15.1 per cent. Overall work force participation rate of Assam was much lower than the national level due to low rate of female worker participation.

Table 4.3

Work Force Participation, Labour Force Participation and Unemployment Rate for all Persons according to the (ps+ss) for Assam

Year	Work Participation Rate			Labor participation Rate			Unemployment Rate		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2009-10	55.1	15.1	36.3	57	16.1	37.8	15.7	33.5	21.6
2011-12	54.1	11.9	34.1	56.5	12.6	35.8	17.5	39.5	25.3

Source: NSSO 66th and 68th round

Table 4.3 depicts a clear picture about the labour market characteristics of Assam. During the period 2009-10 and 2011-12, the overall Labour Force Participation Rate (LFPR) in Assam has decreased by 2 per cent from 37.8 percent to 35.8 percent. The LFPR is found to be higher in rural areas as compared to urban areas. It is further noticed that the percentage of the female labour force participation was much lower than the rate of male. Additionally, the Unemployment Rate (UR) in the state of Assam has increased from 21.6 per cent to 25.3 per cent whereas the rate of male worker increasing from 15.7 per cent to 17.5 percent on the other hand the rate of female workers increased from 33.5 percent to 39.5 percent.

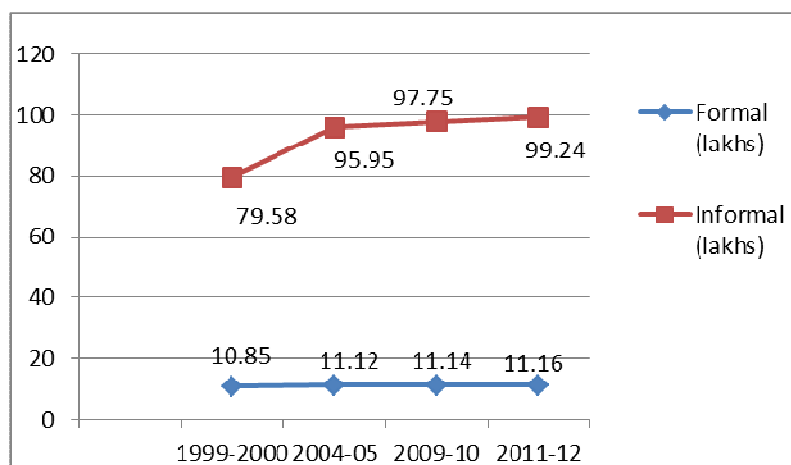
From the gender perspective, various characteristics of female labour force in Assam are work participation rate, labour force participation rate as well as unemployment rate. The percentages of these rates are poorer than that of male rates. Das (2017) & Das, (2014) found their study on Goalpara district as well as Kamrup district in Assam and point out the main factors responsible for the low participation of employment in the formal as well as informal sector jobs of Assam. The challenges relate to choice of work, access to employment, working condition, wage parity, employment security as well as family responsibilities.

4.4 Estimates of Informal sectors workers in Assam during 1999-2000 to 2011-12

Similar to the national scenario, an overwhelmingly large proportion of the workers are engaged in informal sector of Assam Bhatt, (1999). Fig 4.2, shows that out of 110.40 lakh workers in 2011-12, 11.16 lakh workers were engaged in formal sector and 99.24 lakh labours were engaged in informal sector which is nearly 90 percent of total workforce. The magnitudes of the

informal workers increased from 79.58 lakh (88 percent) in 1999-2000, 95.95 lakh (89.61%) in 2004-05, and 97.75 lakh (89.77%) in 2004-05 and to 99.24 lakh (89.90%) in 2011-12.

Fig 4.2: Trend of Formal and Informal Employment in Assam



Source: NSSO various rounds

Table 4.4 Share of Formal and Informal Sector Workers in Total Employment of Assam (In Percentage)

Year	Male (%)		Female (%)		Persons (%)	
	Formal	Informal	Formal	Informal	Formal	Informal
1999-00	10.24	89.76	18.77	81.23	12.00	88.00
2004-05	9.29	90.71	13.66	86.34	10.39	89.61
2009-10	8.63	91.37	16.41	85.59	10.23	89.77
2011-12	8.59	92.40	15.49	84.50	10.07	90.22

Source: NSSO various rounds

Apart from this, the trend of the formal sector workers has remained more or less stable during this period (Table 4.4). The share of formal sector had remained stable at nearly 11% in 2004-05, 2009-10 and 2011-12. (Table: 4.4), it is noticed that almost 88% of the total workforce of Assam was engaged in informal sector in 1999-2000, whereas 12 percentage was engaged in formal sector. Approximately, 90% of the total workforce had been working in informal sector among

the three NSSO round of 2004-05, 2009-10 and 2011-12. The category of male and person, (Table 4.4) the share of informal sector workers has been showing a rising trend from 89.76% to 92.40% and 88% to 90.22% during the period of 1999-2000 and 2011-2012 respectively. In case of female worker, the rate of percentage was increased from 81.23 per cent in 1999-2000 to 86.34 per cent in 2004-05, and again slightly decreasing to 84.50 percent in 2011-12.

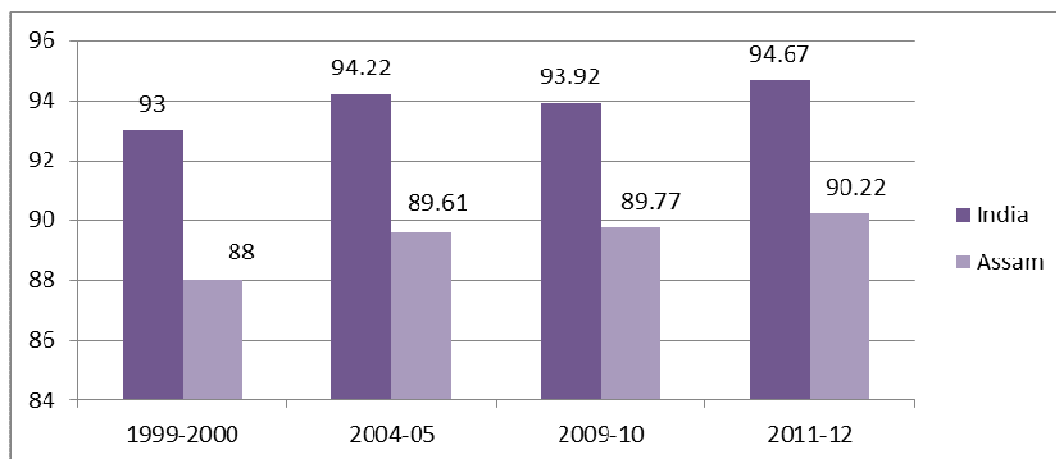
In case of formal sector employment it is observed that the growth of the trend is stagnant whereas in the informal sector the trend of employment graph shows high variation. This is due to the fact that increase of the vast population in number forces which there is lack of job opportunities in the formal sector. People are more inclined towards the informal sector due to the easy availability of work. It also seems that the employment generation in the formal sector is found to be less as compared to the informal sectors. So these are some of the reasons contributing towards the wide variation in the trend of formal and informal employment sector.

4.5 Comparison of Informal Sectors Employment between India and Assam:

From the above discussion it is clear that as compared to Assam, the percentage of the informal sector workers are higher in all categories at all India level. Fig 4.3, it is observed that in 1999-2000, in India 93% of workers were engaged in informal sector whereas in Assam around 88 % of workers were engaged in Informal sector. The proportion of informal sector was marginally declined to 93.92% in 2009-10 and remained stable at 93.97 at all India level. On the other hand, in Assam, the proportion of informal sector employment was slightly raised to 89.77 percent in 2009-10 and 90.22 percent in 2011-12. It is observed that as compared to the National level, there is a massive amount of labours are engaged in formal sector of Assam (Table no 4.4 and fig 4.3).

Thus, the Informal sector has a vast scope of employment opportunities in India as well Assam. It is observed that the informal sector is more visible in various sectors of the Indian economy as compared to the Assam for e.g. household, industry, agriculture as well as service sectors Satpathy, (2004). Also, the formal sector may totally fail to provide employment opportunity to the fastest growing labour force as compared to Assam. Secondly, researcher like Banerjee, (2016) has found that during 2008-09, not only the formal sector but also overall employment rate has decreased due to the world financial crisis which started 2008-09, and affected world employment as well.

Fig 4.3 Comparison of Informal Sectors Employment between India and Assam



Source: NSSO various rounds

4.6 Structure of Informal Sector Workers in Different activity Status: Categories of workers among the informal workers: -

There are different types of categories of workers in the informal sector. Both international as well as national organization have classified workers on the basis of written job contract in the employment, eligibility for paid leave and social security benefits, etc. According to the International Classification of Status in Employment (ICSE, 1993) the informal sector workers have been classified into five categories-

- 1) Own account worker
- 2) Employers
- 3) Contributing family workers
- 4) Employees
- 5) Members of producers co-operative

According to ICLS, (1993) "Own account workers as well employers are those person who have their own informal sector enterprises. On the other hand the Contributing family workers are those workers who have no written job contracts, no explicit, no social security regulation, as well as no labour legislation etc. Employees who have jobs in informal sector enterprises or as paid domestic workers by household are considered as an informal job because their employment status is not subject to social protection, standard labour legislation, taxation etc. Apart from this

the Casual jobs as well as jobs of a limited short duration are also regarded outside the formal sector jobs”.

In the past, apart from service, trade and manufacturing, NSSO 55th round has only covered the activities of non-agricultural activities; but the various rounds of NSSO 61st, 66th, and 68th has also covered non- agricultural activities together with AGE GC (Agricultural Sector Excluding Growing Of Crops, Plant Propagation, Combined Production Of Crops And Animals Without A Specialized Production.)

In spite of these, NSSO classified the workers of Informal sector broadly in two types of workers i.e. (i) wage workers and (ii) non- wage workers. “Wage workers can be defined as a person who earns regular monthly wages and are also the workers who work temporary or casual in the informal sector. Aside from this, non-wage workers are those workers who worked in the household enterprises such as own account worker, unpaid family workers during the reference period” NSSO, 66th round. There are basically three broad categories in employment where large amount of the informal sector workers are engaged i.e. self-employed, casual labour as well as regular wage/salaried employees. Apart from self-employed and regular salaried workers, the casual workers engaged in public work are considered as outside the coverage of informal sectors. (NSSO, 66th round).Table 4.5 depicts the distribution of workers in the informal Non-agricultural sector (ps+ss) by employment status

Table 4.5

Percentage Distributions of Workers in the Informal AGE GC and Non-Agricultural Sector (PS+SS) by Employment Status, 2011-12.

Employment Status	Rural		Urban	
	Male	Female	Male	Female
NSSO 68 th round, 2011-2012				
Self-employed	54.5	59.3	41.7	42.8
Regular wage/salaried	10.0	5.6	43.4	42.8
Casual workers	35.5	35.1	14.9	14.3
NSSO 66 th round, 2009-10				
Self-employed	53.5	55.7	40.1	41.9
Regular wage/salaried	8.5	4.4	41.9	39.3
Casual workers	38.0	39.9	17.0	19.6

Source: - NSSO 66th and 68th round, (key indicators) table no S-34

Table 4.5 reveals that the self-employed workers of both urban and rural areas have witnessed an increase during 2011-12 (68th round) compare to 2009-10 (66th round). During 68th NSSO round (2011-12) at all India level, the percentage of self-employed was higher among females (urban+ rural) 51.05 percent than among the males which are only 48 percent. Again it is observed that there has been continuously growing the regular wage/salaried employment of urban male and female labour force as compare to the rural male and female since 2009-2012. The regular/wage salaried employees composed a higher percentage of urban workforce 43.6 percent as compared to the rural areas. It is observed that the share of regular salaried employees was only 7.8 percent of the rural workforce. Self-employed as well as casual labour had a share of almost 92.2 percent of total workforce in rural areas. Apart from these, in case of urban areas, about 56.8 percent of the labour force was working as self-employed or casual workers. It is also noticed that self-employed as well as casual labours are higher among the rural female workers with 94.4 percent as compared to the three categories i.e. (urban female- 57.1%, urban male- 56.1%, and rural male- 90%). Thus it can be concluded that, a higher percentage of female self-employed together with female casual labour force has increased over the years since 2009, but mainly in the field of informal sector. This situation was generally regarded as increasing casualisation of work force, S. Banerjee & N.de (2018). Many researcher and economist such as Satpathy,(2004) and Majumder (1975) have described the dominant of such employment opportunities is a poor indicator of living standard. On the other hand, some researcher like, Chakrawarty, (2008) argued that it is better to be employed as well as earn something rather than remaining unemployed.

4.7 Structure of Informal Sector Self-Employed Workers in Different Activity Status in Assam: -

It has already been discussed in 4.5 that the informal sector is a common component of the under developed as well as developing countries like India. Assam being one of the relatively backward states in India is not an exception. As like national scenario, in Assam, there are three broad categories of employment where most of the informal sector workers are engaged i.e. self-employed, regular wage/salaried workers as well as casual labours.

Table 4.6**Percentage Distributions of Workers in the Informal AGE GC and Non-Agricultural Sector (PS+SS) by Employment Status, during 2009-10 & 2011-12.**

Employment Status	Rural		Urban	
	Male	Female	Male	Female
NSSO 68 th round, 2011-2012				
Self-employed	71.1	64.3	54.9	46.9
Regular wage/salaried	10.4	17.5	35.3	44.9
Casual workers	18.5	18.2	9.8	8.2
NSSO 66 th round, 2009-10				
Self-employed	71.8	65.3	49.0	48.8
Regular wage/salaried	9.1	10.8	45.0	36.7
Casual workers	19.1	23.9	6.0	14.6

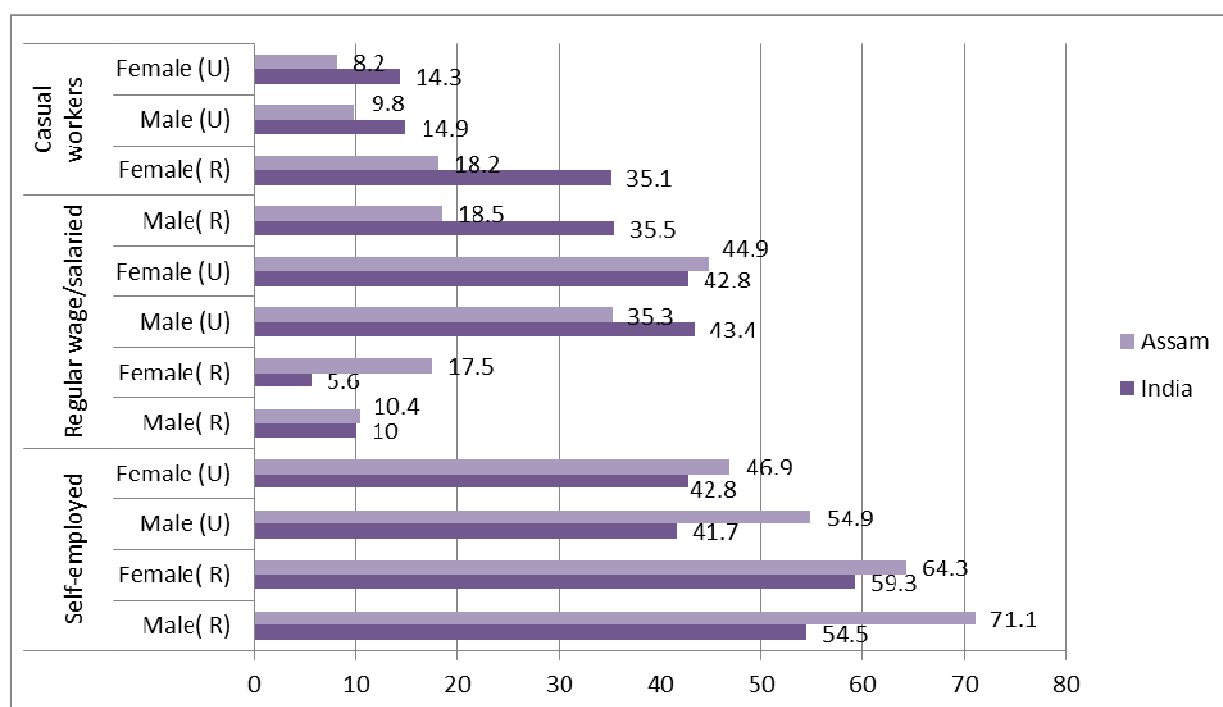
Source: - NSSO 66th and 68th round, (Key indicator) table S34

Table 4.6 depicts that during NSSO 66th round (2009-10) and NSSO 68th round (2011-12), self-employment of rural male and female workers of Assam remained more or less stagnant as compared to the urban male; excluding the urban female self-employed workers which was sharply declined from 48.8 percent to 46.9 percent.

It is observed that (Table 4.6), during 68th NSSO round (2011-12) at all Assam state level, the percentage of regular/wage salaried workers were higher among female workers (rural+urban) as compared to the workers among males in urban and rural areas. Again it is noticed that there has been continuously raising in regular wage/salaried employment of urban male and female workforce as compare to the rural male and female since 2009-2012. During 2009-2012, it is seen that the proportion of casual labours of male in urban areas has been continuously increasing from 6 percent to nearly 10 percent as compared to the casual labour force of female in the urban areas and casual labours of both male and female in rural areas. The percentage of casual labour of male and female in the rural areas was decreased from 19.1 and 23.9 percent to

18.5 and 18.2 percent in 2009-2012. Thus it can be concluded that unlike national scenario, the women labour force participation has increased merely in case of regular wage/salaried, apart from this, both self-employed and casual labour among female workers had slightly disappointed.

Fig 4.4 Comparison of Percentage distribution of Informal workers in AGEGC and Non-Agricultural Sector (PS+SS) by Employment Status, in India and Assam during 68th round (2011-12)



Source: -NSSO 68th round

Fig 4.4 shows that during 2011-12, almost 87 percent of the self-employed workers were engaged in informal sectors in Assam as well as approximately 94 percent workers were engaged in informal sector. Among the three categories of employment status (self-employed, casual labour and regular wage/salaried), Assam played a dominant role in case of Self-employed and regular wage/salaried as compared to the national level except the casual labour workers. It is observed that at all Assam state level the percentage of self-employed and regular/wage salaried was higher among female workers (rural+urban) as compared to the national level. Apart from this, the percentage of casual labour engaged in informal sector was very disappointed in Assam than the national level.

Conclusion: -

The main findings of this chapter may be summed up in the following points-

- Informal sector has a vast scope of employment opportunity in India as well Assam; almost 95 percent of workers in India and about 90 percent of the total workers are engaged in informal sector of Assam.
- As compared to the state level of Assam, in India, the percentage of informal employment is much higher because the informal sector is quite visible in various sectors of the Indian economy as compared to the Assam for e.g. household, industry, agriculture as well as service sectors
- NSSO various rounds shows that both India and Assam have been facing low labour force as well as workforce participation rates. Female labour force and workforce participation rates are much lower than that of male for both India as well as Assam. So, the gender difference is completely visible in the labour market of India as well Assam.
- Self-employed, regular wage/salaried employees as well as casual labours are the three different categories of informal sector worker. Among the three categories of employment status, Assam plays a dominant role in case of Self-employed and regular wage/salaried, excluding the casual labour workers as compared to the national level.