INTRODUCTION

The informal sector concept became a focus of research in the area of urban labour markets only from the early 70’s. Since, then it has acquired a central role in the theory and practice of development.

The theoretical basis of the concept of the informal sector would require two sectors in the urban economy. Keith Hart first suggested such a concept across a large number of self-employed informal employment generating activities in the third world cities. The concept was also gaining ground among economists and policy makers in developing countries. For example, the World Employment Programme (WEP) of ILO realized that the trickle down theory was not always operating as expected. So the late 1970’s saw a shift in development thought which led to restrict the emphasis on the growth of large scale establishments and more emphasis on target group approaches made through the ILO country missions in Brazil, Philippines and other several city studies (ILO, 1979). The major findings of these studies resulted in the shift of the development strategy based mainly on economic growth.
INTRODUCTION

The informal sector concept became a focus of research in the area of urban labour markets only from the early 70’s. Since, then it has acquired a central role in the theory and practice of development.

The theoretical basis of the concept assumes the coexistence and persistence of two sectors in the urban economy. Keith Hart first used the term, informal sector to suggest such a dichotomy in a study of urban Ghana. In his study he came across a large number of self employed people engaged in income and employment generating activities in the unremunerated sector of urban settlements. These new entrants to the urban labour market, particularly migrants from rural areas were forced to work in the informal sector partly due to lack of adequate opportunities in the formal sector and partly due to the workers lack of skills and experience required for jobs in the formal sector.

The concept started gaining popularity after its wide usage in a number of country and city studies in developing nations carried out under the supervision of ILO world employment programme. In the early sixties the development theorist realised that the trickle down theory under the accelerate growth policy were not operating as expected. So the late sixties saw a re-organisation of development thought which led to search for alternative solutions. More emphasis came to be laid on target group approaches. One such attempt was made through the ILO country missions in Kenya, Columbia, Sri Lanka, Philippians and other several city studies (ILO, 1970, 1971, 1972, 1976a. etc). The major findings of these studies resulted in the shift of emphasis from a development strategy based mainly on economic growth whereby employment
was obtained as residual to a strategy which focus on employment as a prime objective.

"Most of the ILO country studies found a variety of structural imbalances as being the basis of unemployment or under-employment. One of these imbalances, particularly relevant to urban areas, was assumed to be caused by the discriminatory treatment of, or the lack of support for the informal as against the formal sector. These studies have tended to view this sector in a more positive light. They recognised their potential and productive role especially in terms of generating employment and distribution of income". 1

Using the same model of the country studies, the studies also laid emphasis on the productive role of this sector to generate growth and equitable pattern of income distribution.

As a result of the findings of these ILO studies, research emphasis shifted to the whole gamut of complex activities from which a large system of the urban population literally derives its daily bread. Subsequently it has been recognised that research in urban employment and economy is not confined to the modern manufacturing sector alone.

In the following pages an attempt is made to review such studies carried out in various country and cities in the developing nations such as Africa, Latin America and Asia.

1 Meera Mehta : Urban Informal sector ; An Indian sketch. 1995
THE INFORMAL SECTOR IN FREETOWN (Sierra Leone – Africa); Opportunities for self-employment: D.A. Fowler – 1976.

The sample size of the study in Freetown informal sector consisted of 1000 enterprises belonging to manufacturing, construction, trade, transport and services. The Freetown study shows that migration is closely linked to the informal sector. A substantial part of the migrants originate from outside the country, notably from Guinea. The migrants are younger and have little education, skills and capital. They nevertheless seem to gain entry into the informal sector by acquiring the necessary skills on the job or through apprenticeship within the informal sector. Many of them manage to acquire the necessary capital through own savings and establish their own business as their duration of stay in Freetown increases. A good number of them seem to enter the tertiary sector owing to its low capital and skill requirements. The evidence seems to suggest that there is some upward mobility in the sense that a greater proportion of the older enterprises is to be found in manufacturing and related activities requiring relatively more capital and skills. Though a substantial number of the migrants were unemployed before, many were previously employed, notably in agriculture. Thus, the informal sector seems to play a vital role in bringing about the change from agriculture to non-agricultural occupations. Few women seem to participate in the informal sector either as “heads” or as “workers”. Most of the enterprises are single person units, concentrated in the tertiary activities. Capital per worker is low; yet the average income of the entrepreneur is significantly higher than the legal minimum wage or the wage for comparable labour in the formal sector. But the few wage workers, mainly in manufacturing and related activities seem to earn below the legal minimum wage even though the enterprises work long hours.
Though there is a significant dependence on non indigenous enterprises for inputs and much of the informal sector is starved of capital from the banking system, the major problem confronting these enterprises seems to be one of competition within the informal sector, particularly in trade. This is partly due the fact that the number of enterprises, mainly in trade, has been growing at an incredibly high rate of about 35 percent per year. One of the key questions therefore seems to be: how can the emerging enterprises be assisted to move into more lucrative and productive activities and over a shorter period of time?

**HUMAN RESOURCES AND THE LAGOS INFORMAL SECTOR**

*(Nigeria-Africa): O.J. Fapohunda, 1976*

The Lagos study focused on a wide range of activities such as manufacturing, construction, trade, transport and services including a few enterprises in primary industries relating to agriculture and mining utilities.

The sample survey of 2000 enterprises was covered. The findings based on the Lagos study are in many respects similar to those of Freetown. Migration plays an important role in informal sector employment unlike in Freetown only a small proportion of the migrants originate from outside the country. The study also confirms the role played by the informal sector in generating skills and in facilitating a smooth transition from agricultural to non-agricultural occupations. Irrespective of the level of education, training on the job and apprenticeship in the informal sector seems vital to employment generation.

Though some 60 percent of the enterprises had apprentices, few of them were paid. Consequently, a majority of the apprentices tend to quit their masters once
the skills are acquired and established their own enterprises rather than seek wage employment.

With regard to the functioning of the labour market, 80 percent of the entrepreneurs seem to be satisfied with their current job and were not interested in changing their job. This is partly explained by their current level of income – 60 percent higher than the legal minimum wage of N-60 (or about US $100) per month. However, there are substantial variations between entrepreneurs, notably between activities and different size groups. For wage workers, on the other hand the conditions of work seem to be far from satisfactory as in the case of Freetown. Wage were significantly lower than the legal minimum wage, hours of work were longer, and yet only a quarter of the enterprises reported losing workers. Women participation, both as entrepreneurs and as workers seemed to be quite insignificant. Though some 40 percent of the entrepreneurs did not have any dependants, the average size of the household for the remaining was over six persons. About half of these households seem to have additional earners, though their contributions to household income was estimated to be only 38 percent of what the entrepreneurs earn.

And yet, the Lagos study shows that the average amount of capital per enterprise, mostly acquired through own savings, was around N450. Even though these figures are only a fraction of the capital labour ratio prevailing in the formal sector, it is remarkable that the informal sector generates respectable levels of income to the entrepreneurs.

Finally it is estimated that the informal sectors contributions to GNP of Lagos is N-380 million (value added) which is indeed not an insignificant amount.

The town of Cordoba, capital of the province of the same name, is one of the three largest cities of Argentina, located in the centre of the country. Its population in 1976 is estimated to be 9,50,000.

The Cordoba study covered all enterprises with five or less number of persons (employed). Further, it sought to distinguish between high and low income activities, within the informal sectors itself calling them “quasi-formal” and “informal sector” respectively. Those enterprises with five or less number of persons employed an earning a high income either because of advanced skills or because of high capital intensity or because of oligopolistic market environment – were termed as belonging to the “quasi-formal sector” and the rest with low incomes as belonging to the “informal sector”.

The number of persons depending on the quasi-formal and informal activities in Cordoba – including owners and paid and unpaid workers was estimated to be 138,000 or 37.6 percent of the town’s economically active population. One of the interesting conclusions emerging from the study is the large proportion of female participation in the informal sector activities. Sixty three percent of the employed population (both head and wage workers) in the informal sector were women, as compared to only 23 percent in quasi-formal sector.

In terms of education, majority had under 8 years of schooling with a greater proportion of less educated and unskilled ones participating in low-income activities. Education and skill acquisition seems to be complementary.
The informal and quasi-formal activities in the city are dominated by trade, construction and service activities. Both the level of capital utilisation and the income generated is significantly lower than those in the formal sector. In fact, a large majority of the participants in the two sectors seem to be earning below the legal minimum wage.

The study revealed that most of the informal sector units in Cordoba did not have any hired workers, only 14 percent provided wage employment. Thus, the informal sector is mainly a source of self-employment rather than wage employment. It is also observed that only a small fraction of the sample units operated in fixed location implying lack of access to markets in choice locations as an important factor constraining their income and expansion. A greater proportion of those in low-income activities (70 percent) operated in their own residential premises.

Although the level of income generated in the sector was substantially lower relative to that of the formal sectors, the living conditions and access to urban amenities were significantly better as compared to African cities.
The findings from this study revealed that a large majority of the selected enterprises had significant amounts of capital yielding income well above the legal minimum wage to their owners suggesting that the informal sector in Campinas is substantially better off as compared to the other city studies cited earlier.

It was observed that women participation is quite small, only 12 percent among the heads and 16 percent among wage workers. Unpaid family labour plays an important role. Only 22 percent of the heads were under 30 years of age. The medium level of education of the heads was only around primary level. Though migration is important in the sense that 78 percent of the heads were born outside Campinas, very few were recent migrants; over two-thirds has been in the city for longer than 10 years. Also, very few migrated from rural areas.

The study revealed a large majority of the heads had experienced occupational mobility. Perhaps this is largely related to the massive transformation from agriculture to industry, commerce and services that took place in the region. The average amount of capital possessed and income earned by these entrepreneurs
was substantially higher than in the city studies noted earlier. What is more interesting is that few encountered obstacles either in switching occupations or in starting their own enterprises and this seems mainly due to the fact that many had accumulated skills and capital from formal sector wage employment before entering the informal sector.

The study is also significant because the sector not only generated respectable levels of income to entrepreneurs but also experienced few constraints to growth and expansion. A large majority experienced increase in volume of capital, however small it may be. Only 6 percent of the enterprises experienced a decline in business.

Access to credit from the banks was however a problem as was the case in other cities too. Taxes seem to pose a constraint to expansion to a majority of the sample enterprises.

Finally, unlike many other cities, almost all of the informal sector enterprises in Campinas had fixed location and access to markets. Almost all of them were legal and a majority even paid taxes to the government, also most of them worked longer hours and six days in a week. The relatively better physical conditions and environment in which the Campinas informal sector operates can partly be attributed to little recent migration and partly to the mobility of entrepreneurs from formal sector wage employment to the informal sector. The evidence suggests that the role of the informal sector is highly dependent on the size of the town/city, the role of migration and the stage and rate of economic development of the region.
OCCUPATIONAL MOBILITY AND THE INFORMAL SECTOR IN
JAKARTA (Indonesia-Asia) Hazel Moir, 1975

Jakarta is one of the fastest growing cities in south-east Asia, from about half a million in 1930 the population increased to over 4.5 million in 1971. It is observed that migration has played an important role in the process of rapid growth of population. It is estimated that almost half of the employed population of over one million is engaged in the informal sector.

The study in Jakarta covered manufacturing construction, transport, trade and services activities and the sample was representative of all parts of the city.

The findings of the study revealed that the median household size was between five and six. Surprisingly, the proportion of single member household was only 2 percent. As much as 14 percent of the household had ten or more members.

The contribution of the informal sector to the total income generated in the Jakarta region was about 30 percent. Most of the participants were men and less than a third were below 30 years old, though a greater proportion of the migrants were younger.

The median level of education seems to have been only three years or so. In terms of occupation, most of them belonged to either sales worker or production worker categories.

For nearly two thirds of the migrants, the informal sector seems to have provided their first job, emphasising the employment generation aspect of this sector. For many others, the sector facilitated their switch from agricultural to non-agricultural employment. Further, within the informal sector, a third seem
to have moved to different jobs though generally within the same occupational
groups. Thus the sector seems to offer some job mobility. To some half of those
who experienced job mobility, particularly the better educated ones, acquisitions
of new skills seem to have facilitated their move. As elsewhere, informal sector
sources of training played a dominant role.

Some two-thirds of the participants were satisfied with their current job and the
level of dissatisfaction seems to be greater for better educated ones. Also, the
less educated ones experienced less difficulty in finding a job.

Significant income inequalities within the informal sector seem to exist, partly
due to differences in earnings between the heads and the workers. Since only a
tenth of the enterprises engaged wage workers, much of the inequality seems to
be the result of variations in capital and in the type of activity. The median daily
wage of workers seems to have been around Rp.500 per day or Rp.3000 per
week, which is substantially lower than the minimum wage prevailing in the
formal sector. In comparison with the median earnings of heads (about Rp.7000
per week) it is less than half.

Notwithstanding the sizeable number of persons engaged in this sector most of
the participant (over two thirds) lived in temporary structures with poor urban
services and many operate their business in their own premises or in the same
neighbourhood. These findings raise serious question; to what extent can
improvements in the physical environment contribute to better working
conditions and higher productivity and incomes in this sector? And to what
extent can the development of this sector contribute to improved living and
working environment? These are indeed the major issues for initiating action oriented programmes in this field.

URBAN INFORMAL SECTOR IN A DEVELOPING ECONOMY: (Ahmedabad-India); T.S. Papola, 1977.

Ahmedabad, though predominantly an industrial centre with large scale cotton textile providing the economic base of the city, has also been a major trading centre with a large segment of many such industries which permit operation on small scale informal basis as well.

The sample size of the study consisted of 399 establishments employing less than 10 workers, distributed among manufacturing, trade and commerce and service on a proportionate basis. Three other sub-samples which included 487 regular workers of small establishments, 376 independent workers and 474 casual workers were selected. The total coverage of the study was thus around 1.1 percent of the estimated informal sector employment in the city.

The study revealed that 47 percent of the workers in Ahmedabad city are found engaged in economic activities in the informal sector. Three divisions of economic activity, manufacturing, trade and commerce and other services account for 78% of the total informal sector employment, contributing 24, 29 and 25 percent respectively, as compared to 44, 20 and 22 percent as their contribution in the total employment in the city. The study observed that a higher than 50 percent informal sector in terms of employment, may become unsustainable resulting into the virtual stagnation in the economy and further deterioration in the working and living conditions of workers in this sector.
It is estimated that the informal sector contributes around 28 percent of the GDP generated in Ahmedabad city; the informal sector establishments alone constitute 23 percent leaving only 5 percent to be shared between the independent and casual workers segments.

It also indicated that the segment of informal sector which shows a potential for making significant contribution to generation of employment and incomes consists of small establishments. The independent workers are doing well in terms of earning a livelihood, but their contribution to employment and income is very small; and on an average they hardly generate any surplus over their imputed subsistence wages, for reinvestment in their business. Within the establishment segment manufacturing has registered the fastest growth in output and employment and has also shown the most favourable employment – output ratio.

A turnover of Rs.1 lakh generates employment for 1.5 workers in manufacturing, 0.18 in trade and 0.25 workers services. Thus the manufacturing establishments alone seem to be the informal sector’s hope for sustained growth. It was found that these establishments have a labour productivity quite comparable with their formal sector counterpart.

The study showed that the informal sector activities which have shown better performances and continue to have a good potential for growth of income and employment are the ones which are linked up with the formal sector in terms of market and technology; and therefore their growth is highly dependent on the growth of the formal sector.
An informal sector worker is on an average 8 years younger than the average formal sector worker, suggesting thereby that the formal sector attracts the fresh entrants in the labour market, more often than does the formal sector. There are only six females out of 100 informal sector workers, while their percentage is around 10 among the formal sector workers. An informal sector has undergone on an average, schooling for five years against eight years in the case of a formal sector worker.

Regarding migration, the informal sector has a smaller proportion of migrants among its workers than the formal sector in Ahmedabad. The migrants were generally young at the time of migration; four fifth of them were below 25 years of age, over two fifth of migrants came to the city with purposes other than seeking work, and 57 percent migrated with an economic motivation. From an analysis of their past history it was found that most of the migrants were pushed out of the native place rather than pulled by any definite prospects in the city. Majority of the migrants have not yet decided to be a part of the city in so far as they keep effective links with their native places. Majority of them pay regular annual visit to their native places, even though mostly for social purposes; 70 percent of migrant workers have dependants still living at the native place for whom they send remittances on an average of Rs.500 per annum.

Employment in the informal sector being predominantly of an “absorptive” character rather than determined by demand for labour at a given wage rate, the earnings of workers are much below those obtaining in the organised sector. The informal sector earnings, on an average are about fifty percent of those obtaining in the organised sector. Even though informal sector workers are certainly worse off than those in the formal sector in terms of earnings and security of work,
they still have availability of work assured on a continuous basis and have earnings which at least enable them to make both ends meet.

With an average number of 1.75 earners per family, the monthly household income of the informal sector workers averages to Rs.467 around one-fifth have less than Rs.200 per month, but they are mostly smaller sized families.

The housing condition of the informal sector workers is not miserable though it cannot also be considered satisfactory. Around 10 percent workers, mostly living alone, have no accommodation and live either on pavements or at place of work. But overwhelming majority of those who live with families in the city have independent accommodations and most of them have water sanitary facilities available independently.

The city of Jaipur was and is noted through India and abroad for its skilled artisans, and their beautiful art work. It has a population of 1.52 million in 1991. It is estimated that the size of the informal sector in Jaipur in terms of the number of enterprises is around 96 percent and is growing. In terms of employment, the work force engaged in the informal sector accounted for 58.7 percent. The universe of the informal sector comprises all manufacturing, processing and servicing establishments, trading establishments and other establishments which employ less than 10 workers. The scope of inquiry was primarily confined to micro-businesses in the manufacturing sector with the employment size of 10 or less number of worker. The sample size of the study was around 350 enterprises only, covering the major activities in Jaipur city for an in depth analysis.
The study shows that the sampled manufacturing firms in a rapidly growing city, Jaipur, have most of the features of an informal sector enterprise though there are differences among the firms within the same activity. The location is fixed for most establishments and quite a few combine residences-cum-work place and almost all have permanent structures. Amenities like power and water is available with quite a few and a sizeable number of firms operates from rented premises.

Very few enterprises are reported to have made any modifications in their structure of operations and a large number had shifted from the original locations. A sizeable number of the firms are of recent origin and thus, age differences was noticed across the industrial groups.

Non-availability of capital was reported to be the major hurdle at the time of establishing the units. Also all enterprises are single owner units irrespective of the size of the firms. Majority of the entrepreneurs are of urban origin and the dominance of a particular community in some industries was observed. A fairly high proportion of entrepreneurs have 6 plus years of schooling which shows that most have better capacity to comprehend newer skills and technology.

The sector is predominantly male oriented though unpaid female members do participate in the production process. Apprenticeship whether in the family business or otherwise is the primary determinant of access to these activities. However, once an individual is accepted as an apprentice, skill acquisition period is invariably short and self-employed unit could be set up in a short time provided the resources are available.
It is observed that most of the entrepreneurs depend on internal sources such as own savings, relative and friends to mitigate their financial needs of capital and growth. Formal credit institutions are hardly seen to be playing any role in this sector's development, the reasons being complications in lending procedures and very long drawn processes. A large number felt that it was because of the smallness of the unit that they did not go to banks for credit while some were of the view that banks help only large units.

The view that self employment might be a panacea for labour surplus economies has been subjected to severe scrutiny. In the present study the jobs have been found to be tied closely to caste, clan or community for generation to generation. Like any informal sector enterprises the sampled firms too have family labour contributing to the product both as full time paid and unpaid workers and also as part time workers.

The average employment in these firms comes to 4.3 persons per unit (inclusive of the head of the enterprises). The labour force is young, more than half being of less than 20 years of age.

The average monthly wage bill per unit is Rs.3286 while the average wage per worker is Rs.1202. The average wage per worker ranges between a low of Rs.300 in jewellery firms to a high of Rs.2007 in the stone carving firms. There is an indication of child exploitation by these firms whether from within the family or without the family.

The average sales turnover for the sample as a whole turns out to be Rs.4440 per month with intra-firm variations. The capital intensity is to vary from Rs.50 to
An overwhelming majority is satisfied with their present job/occupation. To the query whether the entrepreneurs would like to change from the present

On being questioned about the role of the state in helping them expand and increase their profits and viability the entrepreneurs response was easy credit, easy raw material supply, distribution of raw material through government and/or co-operative outlets, liberal imports, by providing land, power etc. facilities for operations and sales, by preventing large units to produce similar goods by providing technical know-how and by removing license, registration, etc.

An overwhelming majority is satisfied with their present job/occupation. To the
occupation if new skills are taught to them an overwhelming number was not for change under any circumstances.

The study also observed that it was surprising that most of the entrepreneurs were not aware of the government run training programmes to train workers. Of those who were aware of such training programmes the majority view was that such training programmes are inadequate, not useful, of poor quality and usually do not reach the people who need them the most.

Nevertheless, the study found that the majority of the entrepreneurs find their vocation having a promising future, though a minority expressed a foreseeable depressing future.

INFORMAL SECTOR IN GUWAHATI (India 1986) Dr. P. Deka, Dr. Dilip Medhi, Dr. B.K.Nath, Dr.G.Bardoloi

The above mentioned authors undertook a study of the informal sector in Guwahati as an assignment from the state bank of India, Guwahati.

The city of Guwahati which is rightly called the nerve centre of Assam and its six neighbouring states has a population of over 3 lakhs having a density of 6237 per sq. km. The estimated size of the informal sector employment as a percentage of total employment calculated for the study is 69.33 percent in 1985-86 in the manufacturing sector. For the sake of convenience, the whole informal sector identified on the basis of employment and other criteria was divided into two segments viz. organised segment and unorganised segment. The organised segment is that which has formal connection with the local authority in ways of obtaining a licence, a trade permit or a registration number.
Almost all the households showed interest to improve the condition of their

In Guwahati city, activities like grocery, service, stationary, pan shop and small roadside hotel and tea stall are some of the popular activities among the low income group of people.

The Common Attributes of Informal Sector

Of the unorganised segment of the informal sector 68.84 percent of all activities are run by the people having annual income of Rs.9000 or less and 37.87 percent with investment of Rs.5000 or less.

On the basis of the information so collected, 32 activity profiles were prepared. A study of these profiles gives an insight into various aspects of the socio-economic health of the households and the basic problems they have to face to run such activities. It is interesting to observe that besides economic constraints, accommodation, place to run the activity, parking spaces, restrictions in the movement of rickshaws, handcart, pony-cart, etc. are some of the most common problems of the informal sector.

It is also very significant to note that more than 90 percent of the households all seem to be contented with their present activity in a sense that they showed no interest to change their present occupations or activity.

Analysis of the income and education of the households in the unorganised segment reveals that nearly 3/4th of the households have annual income of Rs.9000 or less and 87 percent are either illiterate or have less than 6 years of formal schooling. Rest of them are matriculate or with higher qualification but not a single person was found to be graduate or technically qualified.
Almost all the households showed interest to improve the condition of their activities by taking financial assistance but they are seen to be quite ignorant of the banking system or of the various schemes.

THE COMMON ATTRIBUTES OF INFORMAL SECTOR

From the foregoing deliberations of various studies and their findings on informal sector conducted in various countries the following common attributes of the informal sector can be presented:

1. The share of informal sector in urban employment in developing countries is anywhere between 20 and 70 percent, depending on the case in question and the definition adopted, the typical figure being in the range, 40 to 50 percent.

2. The proportion of urban regional income attributable to the informal sector is between 25-33 percent. What is significant about these findings is that it takes so little capital per worker in generating this income. They also emphasise the low capital requirements for creating jobs in the informal sector which is only a fraction of what is required in the formal sector.

3. Notwithstanding the low level of investment, the informal sector generates respectable levels of income to the entrepreneurs.

4. Informal sector is mainly a source of self-employment; however those entering the sector are generally poor and hence lack the necessary capital to start their own business.

5. Besides capital, entrants to this sector are in general confronted with constraints limiting their access to resources and markets, including skills.
6. A majority of the wage-earning employees in this sector receive wages below the legal minimum. It must, however be noted that the “average” marks more than it reveals for wages show systematic variation between different activities.

7. The evidence emerging from the study suggest that a strong link exist between migration and the informal sector. Migration from neighbouring countries in search of opportunities in the urban informal sector is an important feature. The findings also imply that not only migration is important but also that the informal sector provides significant opportunities for self-employment to recent migrants.

8. The findings of the studies indicates that the informal sector not only provides jobs for the jobless, but also facilitates the switch to non-agricultural occupations.

9. The level of schooling of participants was anywhere between 3-10 years, indicating that the informal sector absorbs persons with relatively little education.

10. Female participation in the informal sector seems surprisingly small between 11-38 percent only.

11. The studies show that formal sources of training such as government training institutions plays a minimal role. An overwhelming majority obtained their skills through the apprenticeship system or on the job training, mainly in the informal sector itself.

12. The impression that one gets from the above studies is that there is some upward mobility within the informal sector. Moreover, virtually all of them seem to view the informal sector as a permanent source of employment and income.
13. The informal sector with the use of very little capital generates respectable levels of income for a majority of the petty entrepreneur and for a substantial part of its workers. Most important of all, it provides a means of livelihood to many who would otherwise be jobless. The capital used by them is mostly generated from within; far from draining the scarce resources of the economy, it contributes to resource mobilisation.

From the above discussions, it is clear enough that many factors about the informal sector are unknown and each study has its own limitations since the selection of universe’s also differ from one study to the other.

After analysing the scope and areas of study and their findings, it is our endeavour to cover the informal sector in Nagaland both in urban and rural areas. The main parameters in our study will be employment generation, income generation, migratory character of the entrepreneurs, age, education, financing pattern and to examine the government approach towards informal sector in Nagaland.

In the next chapter, the socio-economic profile of Nagaland has been analysed.