SYNOPSIS

EMPLOYMENT AND WAGE LEVEL IN THE INFORMAL SECTOR IN MADURAI DISTRICT

Introduction

The informal sector represents a picture of unorganised, unregulated and unregistered but legal activities mostly in the urban areas of the developing countries. The informal sector is characterised by a large number of small-scale production and service activities that are individual or family owned. They use labour-intensive and simple technology with free entry and exit. With little formal education, the workers in this sector are generally unskilled and lack access to financial capital resulting in lower productivity and income than the formal sector. The workers in this sector do not enjoy the measure of protection afforded by the formal modern sector in terms of job security, decent-working conditions, etc. Moreover, most of them are migrants from rural areas, unable to find employment in the formal sector and their main motive is to obtain sufficient income just for survival.

The importance of informal sector cannot be disowned in a labour-surplus country like India and Tamilnadu where employment crisis has taken volcanic proportions and created multiple problems both in socio-economic and socio-
political lives. The informal sector with its historical presence in the rural economy has now become an integral part of the urban economy due to overall change in economic scenario of the country. Tamil Nadu is not an exception to this trend. Madurai district, the fastest growing district in the State has provided scope for growth of the informal sector which further necessitates making a deep study about the quality of participants and sectoring itself. If quality of urban informal sector is not healthy, work-culture and efficiency – the vital criteria for increasing productivity will be negative. Under such a situation the study seems to be appropriate and significant. While there is qualitative improvement in the informal sector, there are problems also. Unless the problems are diagnosed, it is not possible to adopt corrective measures for improvement of the situation. As such due importance should be given to components of informal sector in terms of employment generation.

Existence of informal sector was not unknown to the modern world. But its impact was realised only when an ILO / UNDP Mission adopted concentrated efforts to study income and employment scenario in Kenya (1972) followed by formal-informal dichotomy (1973) of Hart (Livingston, 1981). Irrespective of the economic condition of the country, informal sector absorbs surplus labour force but its role is more significant in developing nations where majority of population are poverty-stricken and illiterate.
From the early Seventies, most of the developing countries including India have experienced a massive addition to the urban labour force. This mass of new entrants to the urban labour force generally seemed to create their own employment or to work for small-scale family owned enterprises. ‘The self-employed are engaged in a remarkable array of activities like hawking, street vending, knife sharpening, shoe shining, snake charming etc. They are also found in jobs such as mechanics, carpenters, barbers, small artisans, personal servants, etc. Some of these workers could even graduate to the formal sector, where they become legally registered, licensed and subject to Government labour regulations. According to an ILO Report (2002), the urban labour force engaged in informal sector activities was growing (ranging from 30 per cent to 70 per cent) and in India the rate is around 50 per cent. With the unprecedented rate of growth of the urban population in the developing countries expected to continue and with the increasing failure of the urban formal sectors to absorb additions to the labour force, the informal sector serves as a panacea for the growing unemployment problem in the country.

Statement of the Problem

Though Tamil Nadu economy is considered as an agrarian economy, Tamil Nadu has also experienced a rapid urbanisation growth. Due to the rapid urbanisation, employment in the informal sector has been growing faster than the
formal sector despite some obstacles and absence of Government support or regulation. The main source of employment generation is the informal sector of the economy including self-employment and small business. The main employment generating activities in the informal sector in Madurai district are: construction, trade (vegetable vendors, street vendors), hotels and restaurants, service sector (tailoring, rickshaw pulling, washing, housemaid, loading), etc. It thus in effect, has become the employer of the last resort. Therefore, an attempt has been made in the present study to explore the role of informal sector in employment generation in Madurai district of Tamil Nadu. It can be assumed that like any other states of India, urban informal sector of Madurai district, possibly makes tremendous contribution to state economy, so there is extreme need to investigate the growth of this sector and suggest possible qualitative measures that ultimately help proper utilisation of human resource of informal sector. Therefore, the present study of the employment and wage level in the informal sector in Madurai district is considered to be significant and interesting.

Objectives of the Study

The specific objectives of the study are as follows:

1. To study the socio-economic characteristics, nature of employment and living conditions of the workers.

2. To discuss the wage, wage structure and working conditions of the workers.

3. To analyse the contribution of per capita income and its determinants.