CHAPTER : ONE

INTRODUCTION : CONCEPTUAL FRAMEWORK OF THE INFORMAL SECTOR
SUMMARY: The term 'Informal Sector' derives its origin from the dualistic concept formally put forth by Lewis (1954) and Fei and Ranis (1964). The rapid diffusion of this term, however, emerges through a much quoted paper presented by Hart (1971) in a conference on urban unemployment in Africa who for the sake of describing the dichotomous nature of the urban economy of Ghana used this term for the first time. He evaluates the productivity of the informal sector as an employment outlet which was so long relegated in terms of urban research and policies.

The discussions of the conference served as a springboard as within a year the informal sector has been incorporated into the conceptual underpinnings of numerous research works based on urban economy. In order to explain the concept of informal sector, most of these studies have commonly adopted a 'two sector' approach which differ from Hart's dualistic approach in a sense that unlike Hart's classification of economic activities as 'formal' and 'informal', the former divides the same as 'traditional' and 'modern'. The originality of Hart's dualistic model lies in the tracing out of new income generating activities in the informal sector and in the emphasis on significance of self-employment in this sector.

For practical reasons, the concept of informal sector has finally been incorporated in the ILO's World Employment Programme. Consequently, a series of country studies were undertaken which explore the unemployment problem of the developing economics from various aspects. The major contributions of these country missions was the
identification of several dimensions relating to employment and the evolvement of a new approach towards the urban traditional sector which was ultimately incorporated into the concept of informal sector.

Borrowing the same model of the country studies, the ILO-WEP city studies placed greater emphasis on the productive role of the informal sector in terms of growth and redistribution. The remarkable contribution of the ILO-WEP city studies was that these studies induce a 'target group' approach to policy recommendations and trace out the 'working poor' as a particular category within the urban economy requiring special attention.

Despite of the contributions, mentioned above, the ILO country studies had been criticised for their 'politically utopian recommendations'. The redistributive recommendations, in particular, were challenged on the ground that the groups who were subject to suffer financially themselves were the patrons of the alliance between foreign and domestic capital. Besides, it was also argued that the recommendations of the country missions had been failed to consider their position within the total economic structure.

As mentioned already, most of the conceptual explanations relating to informal sector have been originated from dualistic concept. The practitioners, at different times, consider either the working masses or their activities so as to define the informal sector. Sethuraman categorises different studies concerning informal sector under two groups. In this regard, D. Mazumdar makes a significant approach by
describing formal sector and informal sector as 'protected' sector and 'unprotected' sector respectively. In his opinion, irrespective of productivity in real terms, the 'unprotected' sector competes poorly with the 'protected' sector in financial terms.

However, it is necessary to review some of the relevant studies so as to have an overview of the concept of informal sector. All of these studies use several criteria for explaining this sector due to the fact that such studies were undertaken in different contexts and in different environments where different social relations of production prevail.

The concept of the informal sector might be spelled out clearly through an exploration into its characteristics. And here lies the rub. Although the ILO, in its study over Kenya, enumerated some of the major features of this sector but it has been criticised on several grounds. Yet one might consider the opinion of John Weeks who remarked that the informal sector is characterised by the insecurity of operation and by the absence of such benefits which the formal sector enjoy through government assistance.

However, all characteristics of the informal sector, as laid down by different studies, can be grouped under three categories; those characteristics which lay down specific emphasis on the enterprise may form the first category. In the second category, those features can be placed which disclose the nature of exchange relationship between the state and the informal sector and the third category can be formed by those characteristics which are based on the employment situation or labour market processes.
But the formal/informal classification of economic activities have been seriously challenged on several grounds. The deficiencies of the classification of this sort are, therefore, worth emphasizing in this regard. Most of the critics have denied to accept the two sector terminology on justified grounds and some of them make a new interpretation of the informal sector activities as 'petty commodity sector' (Moser, '77) or as 'fragmented labour market' (Breman, '76).

Nevertheless, the dualistic concept has its validity if it provides sufficient room for a policy-oriented discussion on the interaction between several subsectors of the overall economy. In addition, the dualistic concept is still valid in a sense that it facilitates to pay attention on some particular groups of economic activities of which very little is known so far.

In the conclusion, it can be said that only three basic areas of the informal sector concept have so far been explored. There is enough room for further studies which might be helpful for rectifying the theoretical inadequacies of the formal/informal dualistic model.

**ORIGIN OF THE CONCEPT**

The theoretical basis of the concept 'Informal' sector is deeply rooted to the dichotomy of the urban economy of the third world countries. The models of sectoral dualism were first introduced by Lewis\(^{(a)}\) and Fei and Ranis\(^{(b)}\). In their formulations, the modern capitalist sector is the dynamic one and the growth of this sector depends on the
expansion of output and on the ploughing back of profit. The exodus of labour from the surplus of the traditional sector to the modern sector is assumed to be unlimited at constant real wages. The extension of the urban traditional sector induces a dichotomous character to the urban economy.

To explain such a dichotomy, the term 'Informal' sector was first used by Hart\(^{(c)}\). In September, 1971, a conference on 'urban unemployment in Africa' was held by the Institute of Development Studies at the University of Sussex. At the conference, Hart presented his much quoted paper on the informal sector, based on his work in the low-income neighbourhood of NIMA in ACCRA. During his field work, he traced out a vast self-employed sector which absorbed a countable new entrants to the urban labour force who were unable to obtain employment in the formal sector. He did not agree with the traditional outlook of treating this sector as being highly unproductive. Due to this attitude, numerous diversified activities likely to fall in this sector were neglected so long both in terms of urban research and policies.

In the aforesaid conference, John Weeks\(^{(d)}\) presented a paper reviewing the literature on urban unemployment and introducing the concept of the 'unenumerated' sector, - a close intellectual cousin of the 'informal' sector. The discussions held in the conference act as a springboard for the informal sector concept. Within a year, the concept was incorporated in revised form into the ILO report on Kenya\(^{(e)}\). From then on, this particular sector was incorporated into the conceptual underpinnings of a considerable numbers of urban research in the ILO's
World Employment Programme and consequently into the urban research programmes of other international organisations. As a result, a whole gamut of research work was directed towards this particular arena and an international academic and policy prescribing network came into being around the concept and its application.

However, for the purpose of clarifying the concept of informal sector, most of the related studies have commonly adopted a 'two sector' terminology and mode of analysis. In particular, the 'two sector' approach is characterised by the divisions of economic activities and employment into 'traditional' and 'modern' sector, viewing the latter as a result of a number of factors like foreign investment, application of advanced technologies and the advent of sophisticated professional and governmental activities. While the former has been considered as a precapitalist mode of production which survives even in the face of penetration created by the western capitalism.

The two-sector approach has been boosted up with the presentation of Hart's influential paper on urban employment as mentioned already. The dualistic approach as introduced by Hart was something new in a sense that it divides the economic activities as formal and informal instead of modern and traditional. He emphasized the significance of self-employment and the degree of statistical underestimation in the informal sector. However, his model was based exclusively on a distinction between wage earning and self-employment with the key variable being the extent of rationalisation of work. The genuinity of his model lies in the identification of new income generating activities in the informal sector.
The concept of informal sector has been aired publicly and the chronic and intractable unemployment in every developing country, due to the failure of the expected trickle down effect under the accelerated growth policy, had finally become the subject of international agency debate. The ILO's employment policy convention (No:122) committed governments to adopt 'active full employment policies'. An additional step was the implementation of the world employment programme at the ILO, 1969 session. In order to analyse the problems of unemployment as well as to frame out policies accordingly, a series of country studies were undertaken to evolve 'employment oriented strategies of development'.

The ILO country missions played an important role in the development of a new outlook to the employment problem. The prime objective of all these missions was to highlight the consequences of varying types of 'accelerated growth' development strategies in terms of 'structural imbalances'. As the Kenya mission noted in its preamble: "It is increasingly clear that these employment problems are closely related to inequalities in income and opportunities which are not merely among their consequences but among their causes as well. Thus, social justice and a fair distribution of benefits of growth are not only needed for their own sakes but have become conditions for eradicating unemployment".

The Colombia mission enumerated three distinct but related dimensions of unemployment. These are: lack of employment opportunities,
lack of adequate sources of income and a volume of unutilised or under utilised labour. The conclusion of this mission was that "Poverty, therefore, emerges as the most compelling aspect of the employment problem in Colombia." In order to solve unemployment, their recommendations were: structural and institutional changes, ranging from land and fiscal reform and limiting consumption expenditure, to the development of labour-intensive urban industrial employment in such areas like construction and handicrafts.

The Sri Lanka mission recommended a full employment strategy through such measures as land reform for absorbing more rural workers and wages policy to reduce differentials and limit consumption growth to a minimum. Besides, it also recommended the reorganisation of the educational system to cope with structural imbalances.

The Kenya mission like the Colombia mission but with greater clarity enumerated four basic imbalances: at the global level, the gap between the existing capacity of the economy to provide productive employment opportunities and the large number of job seekers; 'centre-periphery' imbalances due to large scale migration; imbalances in education between the prevailing education system and job opportunities available; and finally, imbalances caused by partial treatment of or lack of support for, the informal as against the formal sector. The Kenya mission emphasized on the rectification of these structural imbalances and on the productive role of the informal sector. In addition, the mission recommended a speedy promotion of this sector through ceasing of demolition of informal sector housing and intensifying research on products suitable for production or use in the informal sector.
The major contribution of the country mission relating to employment can be narrated as: firstly, they contributed to the improvement of a comprehensive approach to employment; secondly, they helped to define different aspects of the employment; thirdly, they traced out the specific imbalances responsible for creating unemployment problem in the developing countries and finally, they contributed to the evolvement of a new outlook to the so-called 'traditional' urban sector. Through the different reports, a specific progression was made towards this new outlook which was ultimately incorporated into the concept of informal sector.

THE ILO-WEP CITY STUDIES

Borrowing the same model of the country studies, the city studies under ILO's World Employment Programme also laid an emphasis on the productive role of the informal sector in terms of growth and redistribution. The city studies did go beyond this generalisation for searching out its local implications. For example, the Calcutta study revealed some structural imbalances in the labour market. Calcutta's problems are, in fact, a reflection of several structural disparities, between a slowly-growing agricultural economy in its rural hinterland and a more dynamic growth of its own urban economy; between the kinds of available jobs and the aspirations of the existing labour force; and between the output of the formal educational system and the job market for educated persons. The study argued that industrial and occupational employment patterns were highly correlated with the
geographical and linguistic origins of the working population. This had a notable repercussions for the policy question of for whom jobs were to be created. According to this study, Calcutta's small scale engineering units might have a good role to play as a supplier of inputs (tubewells, pumpsets and other agricultural tools and equipments) to an expanding agricultural sector. The study concluded with the recommendations for implementing some definite measures for the improvement of this sector so that employment in Calcutta can be geared up.

The ILO-WEP city studies concerning Abidjan, Jakarta and Sao-paolo disclosed the fact that a substantial portion of the workers engaged in small individual enterprises earn less than the workers of the formal sector industries. Besides a disproportionate share of the additions to the urban working masses, caused by the rural-urban drift, tended to be absorbed into this sort of employment. Most of the city studies placed greater emphasis on the informal sector in their policy solutions.

The major contributions of the ILO-WEP city studies were, through these studies, there was a simultaneous evolution of a 'target group' approach to policy recommendations and an identification of the 'working poor' as a particular category within the urban economy which was resulted in recommendations to increase the volume of employment within particular sectors to the extent of ignoring their position within total structure.
CRITIQUES OF THE ILO COUNTRY REPORTS

The ILO country reports were all criticised for their "politically utopian recommendations". In fact, all these reports solicited structural and institutional changes like land reform and fiscal redistributive policies on such a scale that it was impossible to implement them without any change in the political level.

Colin Leys, while criticising the Kenya mission argued that the mission, in considering the situation as capable of being rectified through a programme of reform, misrepresented the actual modes of production in Kenya and their mutual articulation. In his opinion, the mission treated the problem in Kenya as an 'imbalance' and not as 'the contradictory reality'. They failed to see the struggle between oppressing and oppressed classes and wrongly considered only a series of particular 'conflicts' of interest which the leadership would resolve.

The redistributive recommendations of the ILO country reports were also challenged on the ground that the groups who were required to make the financial sacrifices were themselves the linkmen of the alliance of domestic and foreign capital.

In addition, the 'target group' approach of the ILO country studies had been criticised due to the failure of the projects to operationalise their earlier contention that "the employment problem could not be seen in isolation. Its position at the centre of the whole development process meant that the employment strategies could only be made sensible within an overall development strategy". It indicates, there-
fore, the recommendations of the ILO country mission have been criticised for the failure to consider their position within the total economic structure.

DIFFERENT CONCEPTUALISATION OF THE INFORMAL SECTOR

We have already mentioned that the informal sector has its conceptual basis in dualistic concept and has been adopted as a policy tool by ILO's target group approach. Their emphasis on informal sector has had a greater impact in shifting research emphasis to the whole gamut of complex activities from which a countable portion of the urban workers earn their livelihood. Gradually, it is being realised that research work on urban economy and employment should not be circled round the modern manufacturing sector alone.

Since the utility of the informal sector is being recognised, researchers and policy makers have applied it to a diversity of empirical data and in many different contexts. Consequently, the informal sector has been defined in vivid ways. For example, it has been regarded as synonymous with the urban poor or with people residing at slums or squatter settlements or with the immigrants of the city. In addition, certain kinds of occupations have been enlisted as belonging to the informal sector. It is also interesting to note that it has been regarded at different times that all enterprises which operate on an illegal basis or violate government rules are included in the informal sector. Suffice it to say that such wide usage has created too much confusion about this concept.
However, some of the concepts related to informal sector has been originated from Hart's model. Sethuraman{superscript}\(s\) explains how the target groups identified in different studies fall into two basic categories. He enumerates them as follows: firstly: those that are characterised by the level of income of the individuals concerned or by such variables which rest on the income level (such as access to housing or other urban services, adequate foods etc.) and secondly: those that are based on the variables which determine the income of the individual worker. (for example: personal characteristics, occupational characteristics, status of employment, characteristics of the enterprises on which the worker depends etc.)

A different approach to this concept was contributed by D. Mazumdar\(t\). He considers the informal sector as 'unprotected' as against the formal 'protected' sector. In his opinion, the distinction between formal and informal sector lies on the assumption that employment in the formal sector is protected so that the workers, in order to get entrance, are supposed to cross the related hurdles. This kind of 'protection' may be resulted from the action of the trade unions, of government or of both acting together. He then argues that irrespective of the productivity of the unprotected sector in real terms, in practice, this sector competes poorly with the protected sector in financial terms.

However, for the purpose of reviewing the concept of informal sector, we present some of the studies in the following table. These studies are characterised by using several criteria: for empirical delineations of formal and informal sector of India:
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Author</th>
<th>Study Area (Reference Population Year)</th>
<th>Total Population</th>
<th>Estimated Size as a % of total employment</th>
<th>Criteria used</th>
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<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3) (4)</td>
<td>(5)</td>
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<tr>
<td>1:</td>
<td>Joshi &amp; Joshi (1976)</td>
<td>Greater Bombay 1971</td>
<td>59,71,000</td>
<td>49.5&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Employment in Unorganised Sector is a residual of organised sector including all public sector establishments and all privately owned establishments with more than 25 employees.</td>
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<tr>
<td></td>
<td></td>
<td>1961</td>
<td>41,52,000</td>
<td>47.7&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
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<tr>
<td>2:</td>
<td>Deshpande (1979)</td>
<td>Greater Bombay 1961</td>
<td>41,52,000</td>
<td>51.3&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>Same as above.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1971</td>
<td>5,97,1,000</td>
<td>50.4&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
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<tr>
<td>3:</td>
<td>Bose (1978a)</td>
<td>Calcutta 1971</td>
<td>31,48,746</td>
<td>28.3&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>For manufacturing all non-registered units including non-household and household units (with less than 20 persons) &amp; excluding registered units. For non-manufacturing all units employing 4 or less workers including independent workers.</td>
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<td>4:</td>
<td>Papola (1976)</td>
<td>Ahmedabad 1971</td>
<td>16,06,165</td>
<td>46.5&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>Workers in units with 10 or less workers and all unattached workers.</td>
</tr>
<tr>
<td>5:</td>
<td>Breman (1977)</td>
<td>Valsad District (Gujarat)</td>
<td>N.A.</td>
<td>75.0&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>Informal non-organised workers for the entire district including seasonal migrants.</td>
</tr>
<tr>
<td>6:</td>
<td>Mazumdar (1980)</td>
<td>Delhi 1961</td>
<td>23,59,408</td>
<td>61.4&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>Residual of workers in all units employing 10 or more workers.</td>
</tr>
<tr>
<td>7:</td>
<td>ORG (1978)</td>
<td>Madras Metropolitan area, 1971</td>
<td>25,00,000</td>
<td>50-70&lt;sup&gt;(7)&lt;/sup&gt;</td>
<td>Workers in all establishments employing 10 or less workers and unattached workers.</td>
</tr>
</tbody>
</table>
The diversified criteria used by different studies for spelling out the concept of informal sector was mainly due to the wide spectrum of economic activities that this sector covers as well as the different social relations of production and contexts, under which such studies were carried out.

**CHARACTERISTICS OF THE INFORMAL SECTOR**

The increase of research work on the urban informal sector has led to a vagueness and inconsistency of definition. The main reason is the lack of a 'clear empirical basis' for the concept. We have mentioned it already that the term 'informal' sector has been used by the practitioners for defining both the enterprises as well as the personnel. The crucial point is, therefore, to decide whether it is the firms or the activities of individual worker that are being considered in this regard.
In his dual model, John Keith Hart (1975) made a distinction between income opportunities in wage and self-employment. He considered employment in the formal sector as wage-employment and that of the informal sector as self-employment. The ILO's report on Kenya disclosed the following characteristics of the informal sector:

"Informal activities are a way of doing things, characterised by (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership of enterprise; (d) small scale of operation; (e) labour intensive and adapted technology; (f) skills acquired outside the formal school system and (g) unregulated and competitive markets". Besides, according to this report, informal activities are largely ignored and rarely supported; often regulated and sometimes actively discouraged by the governments.

From above, it is evident that the ILO emphasis has been on enterprises supposed to be in the informal sector. The above characteristics, as identified by the ILO, have been questioned by Peattie. In her opinion, a lot of organisations generally exist in the informal sector and possibilities for new entry are differentiated. Therefore, she is reluctant to accept that there is ease of entry in the informal sector. In her words "what seems to characterise these occupations designated as the informal sector, is, therefore, not so much a lack of formal structure, but a diversity and complexity of structure" (p:24).

Another major criticism of the characteristics of informal sector comes from Breman. He remarked that the decisive factor in getting employment in the informal sector is personal contact. The nature and extent of the network of contacts determines not only whether
one is incorporated into the work process but also where and for what type of work. Finally, he concludes, "these different criterias do not cumulate in a clear and consistent stratification." (p:1906)

Weeks in his conceptualisation of the formal/informal sector distinction lays down specific emphasis on the economic insecurity of operation in the informal sector. In his opinion, the formal sector includes government activity itself and all private sector enterprises which are officially recognised, nurtured and regulated by the state. Numerous measures are seen to formal sector economic operations: e.g.: tariff and quota protection, import tax rebates, low interest rates etc. While operations in the informal sector are characterised by an absence of such benefits; enterprises and individuals operating outside the systems of benefits and regulations of governments and thus without access to formal credit institutions and sources of transfer of foreign technology, can be enlisted under the informal sector.

Weeks, however, did not agree with the view that these prevailing features make the informal sector static. He considered both formal and informal sector as dynamic in the sense that both of these sectors were continually adapting to external changes. Hence, he also remarked that a dynamic and evolving informal sector was beneficial in many ways provided the relation between formal and informal sector were benign.

On the whole, the characteristics, used to clarify the informal sector concept may be bracketed under the following groups:
Firstly: those characteristics which lay down specific emphasis on the size, ownership, mode of production etc. of the enterprise.

Secondly: those characteristics which disclose the nature of exchange relationship between the state and the informal sector such as lack of support and recognition from the government, non-existence of credit facility from public institutions etc. and,

Thirdly: those characteristics which are based on the employment situation or labour market processes like easy entrance, self-employment, non-existence of formal agreement for employment etc.

DEFICIENCIES OF THE CLASSIFICATION FORMAL/INFORMAL

In sharp contrast to the theoretical formulations put forth by Weeks and the ILO, many of the field studies have pointed out the major deficiencies of the classification formal/informal. As King remarked that "intellectuals have discovered the plight of the working poor, only to decide rather rapidly that unfortunately nothing can be done about it".

However, the major deficiencies of the formal/informal classification are worth emphasizing. These are:

Firstly: it is crude and simple to divide all economic activities into two parts. An ideal outlook is to divide enterprises on a continuum. So as to stress on the intermediate categories as well as the processes of transition along the overall continuum.
Secondly: The definition of the informal sector, as found in different studies may be confusing enough. So many criterias have been used to define this sector instead of outweighing their relative importance. Yet there is no appropriate guideline for classifying such activities having some common features of both informal and formal sector.

Thirdly: instead of being two separate and independent sector it is more likely to be the case that they are in a constant changing state of interaction and that one sector may be dominated or created by the other sector.

Fourthly: it would be a gross mistake to apply a particular policy for launching development to the whole informal sector. For example, in order to finance the informal slum units of Calcutta, a Co-operative amongst those units can be formed. But the same policy will not sound well for those informal units scattering all over Calcutta. Therefore, in order to counter with the wideness and diversity of this sector, it would be wise to implement different sets of policy measures.

Fifthly: there is a peculiar trend, as commonly depicted in the literature, to consider the informal sector as exclusively urban. While the analogous activities in the rural areas have been described in some other terms like 'rural traditional units' etc. The rural part of the informal sector receives less attention also. This is unjustified. The term 'informal' sector should logically include both parts, so as to enlight the existence of identical activities and equal situations in the rural areas. Besides, the related essays in this context, "... fall to clarify what the other components of the total rational system actually are."(y).
Sixthly: some of the analysts hold pessimistic view about the future of informal sector. They make the delimitation between formal and informal sector by the criteria like absence of government support and recognition. But, the underlying mistake is, the informal character will be no longer present, as soon as the government assists and recognises this sector. According to the opinion of these analysts, government support is virtually a guarantee of success. This is simply overlooking some basic facts. In the practical field, there is a complex, competitive and subordinate relationship between large and small enterprises. The monopolists have in their armoury wide range strategies for outplacing the small competitors,\(^{(z)}\) (e.g.: differential pricing, 'media pressure' on consumers etc.) against which government support alone could provide a little help.

Seventhly: another inconsequent tendency is to intermingle neighbourhoods, households, people and activities with enterprises. It is doubtful whether this two sector concept is applicable at all for those people who work in both sectors at different stages in their life cycle, times of the year or even times of the same day. Problem may also arise, if some one applies this concept to household or neighbourhood. Because some members may earn their livelihood from formal sector while others from informal sector. Again, it is questionable whether this dual approach should be applied to activities, as the identical activity may be carried out by both formal and informal sector firms.

Eighthly: some of the followers of dualistic concept even consider 'urban informal sector' and 'urban poor' as synonymous. This is a simple
fallacy. It is not always true that all poor people work in the informal sector; nor is it a fact that all persons who work in the informal sector are poor. In many countries of the third world, there are countable numbers of low-paid formal sector workers.

Ninthly: even if we accept the two sector terminology, it is still doubtful how far the official programmes aim at the amelioration of informal sector could provide real benefit. The paradox of the situation is that the recommended policy changes will inevitably be detrimental to an elite which is responsible for its execution.

Finally, Mazumdar argued that "the characteristics which constitute the basis of the formal informal sector distinction represent a pattern of continuous variation in a typical LDC labour market and, therefore, the dichotomy is unwarranted."

VALIDITY OF THE DUALISTIC CONCEPT

The deficiencies listed above do not imply that the dualistic concept is totally irrelevant. It is useful if the conceptual distinctions amongst different subsectors facilitate, "a policy-oriented discussion of the dynamic interactions between different subsectors and the changes that could be expected to follow specific developments."

Besides, we think that all of the failings of the dualistic concept might be remediable by greater clarity and rigour in the use of the formal/informal terminology and by the development of appropriate subdivisions within the two sectors.
The formal/informal sectoral classifications are good buckets to keep together and to focus attention upon, particular groups of activities and the voluminous research on the informal sector has added to our knowledge of many comparatively little known economic activities. Therefore, we might as well use this concept and terminology until something better comes along.

CONCLUSION

The theoretical basis of the informal sector has been deeply rooted into the dualistic concept. It has been used in the ILO's target group approach as a policy tool. The influence of the ILO's emphasis on the informal sector has drawn many researchers into this particular field. The conceptual development of the informal sector concerns with three fundamental areas: these are, the features of the informal sector, its articulation with the rest of the urban economy and the differentiations within the informal sector itself.

However, due to the inherent major deficiencies of the formal/informal classification, it is needless to mention that there should be more studies in different urban areas which might bring forth workable, locally relevant and comparatively logical definition of the informal sector so as to enable others to have a better understanding about this sector.
REFERENCES


f) ILO : (1972) : ibid : p:XI.


h) Besides, the Colombia mission has differentiated amongst open unemployment, disguised unemployment and under employment. Open unemployment : persons without work and seeking it; Disguised unemployment : persons without work and who would probably seek it if unemployment were much lower; open under employment : persons working less than 32 hours per week and seeking to work longer; Disguised under employment : persons working less than 32 hours per week who would probably seek longer hours if the opportunity were available.


This summary is based on the analysis made by Thorbecke.

E: "The Employment Problem: a critical evaluation of four comprehensive country reports in ILO, strategy for employment promotion op. cit.


This is why informal sector and formal sector have been considered by many writers as: Two juxtaposed systems of production, one derived from capitalist mode of production, the other from the peasant system (T.G. McGee: "Peasants in cities: a paradox, a paradox, a most ingenious paradox": Human organisation: Vol.32 ('73) p:138) as two types of economy 'a firm centred economy' and 'a bazaar type economy' (C. Geertz: Peddlers and Prices: social change and economic modernisation in two Indonesian towns: Chicago: University of Chicago press: '63) as two circuits: the upper and lower circuits (M. Santos: "Economic Development and Urbanisation in Underdeveloped countries: the two circuits of the urban economy and their spatial implications" unpublished manuscript '73) and as two sectors 'a high profit/high wage international oligopolistic sector.


z) See for example, Oliveira, F.De: "A economia brasileira: critica a razao dualista". Estudos Cebrap. No.2 (Oct.'72), P:3.

