CHAPTER-III
Importance and Growth of Urban Informal Sector

3.1. Importance of Informal Sector.

3.2. Reasons Behind Growth of Urban Informal Sector in Developing Countries with Reference to India.

3.3. Trend of Urbanization, Urbanities and its Impact on Economy of Assam.

3.4. Significance of NGOs in Informal Sector.
INTRODUCTION:

The importance of any sector depends on its absorption capacity of manpower. From the experience of developed countries it is known that majority of people in those countries are engaged in organised sector where productivity, efficiency and expertise are very common terms for workers working at different levels of economic activities. In contrast opposite scene prevails in the developing countries. Inspite of that there exists variation in level of development among the contesting countries because of differences in quality of human resources reflected through Human Development Index (HDI). Coming to the national science where regional imbalance is a common phenomenon, it will be found that while some states are prosperous others are lagging behind. There are many reasons for regional imbalance but instead of dwelling on it, here issue will be discussed with relation to informal sector which is expected to provide birds-eye view about economic condition of the state in terms of employment, industrialisation, urbanization and incidence of poverty. Considering all aspects such brief discussion is essential as it will throw light about its growing role in this aspect of part of the country.

3.1. Importance of Urban Informal Sector in term of Employment:

The 45th round NSS survey report¹ on unorganized manufacturing sector reveals that of the total employment 73 percent are in rural areas and rest 27 percent are in urban areas. According to Mitra urban areas of Tamil Nadu, Uttar Pradesh, Maharastra, Andhra Pradesh and Gujarat employment in this sector amounts to nearly 56 percent whereas in Assam employment in

1. NSS 45th round (July 1989- June 1990)
unorganised manufacturing sector is less than 56 percent i.e. in between (50-55) percent. Again, in case of some advanced states like Andhra Pradesh, Gujarat, Kerala, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh and West Bengal employment (DGE&T) in this sector is more than 70 percent whereas according to Economic Census report contrasting figure is in between 60-70 percent. According to Mitra employment in informal sector (DGET) at national level is 72.36 percent against Assam's capacity of 44.79 percent.

On the basis of both Economic Census 1990 and DGE&T he opines that Assam absorbs low level of informal sector employment is noted down for Assam i.e. figures are 51.20 percent and 44.79 percent respectively against All India figures of 61.03 percent and 72.36 percent. In case of some leading states figure varies in between (60-79) percent by DGE&T method. From such revelation conclusion can be drawn that this sector has become very much employment sensitive and in case of Assam since it is a growing concept it is yet to gather momentum.2

The importance of informal sector has also grown in term of organised sector as trend of employment in later is not at all encouraging because of "economy drive" or austerity measures adopted by many state governments. Quoting Economic Survey 2001-2002 it can be said that in 1999-2000 there are only 7 percent of total employment in this sector. There is declining trend of employment in public sector from 1.52 percent per annum (1983-1994) to (-) 0.03 percent per annum (1994-2000)3. However, growth of employment in organised sector depends on employment growth in private sector - as noted down in the report.

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In terms of women employment there is increased participation of women-workers as there is 0.8 percent increase in between 1998 and 1999. Of the total women-workers only 17.2 percent are engaged in organised sector and rest are in unorganised/informal sector.\(^4\) In urban areas they are absorbed by household industries, petty traders and services, construction etc. The Report further reveals that the importance of self-employment for both rural and urban is declining rather there is increase in the casualisation of women-workers in rural areas. In 1972-73, 1997 and 1999-2000 the figures were 31.4 percent, 40.9 percent and 39.6 percent.

3.1.1. Importance of Sector in terms of Urbanization and Industrialization:

Different sources of information on urbanization lead to conclusion that process of urbanization is slow in Assam i.e. it is only marginally above 11 percent whereas in advanced states like Maharashtra, Karnataka and Tamil Nadu it is more than 35 percent. The general impression is that there is close relationship between urbanization and industrialisation creating job opportunities for surplus population in new atmosphere. Industrialization becomes faster in and around urban areas due to availability of infrastructural facilities.

With the growth of new industries in organised/formal sector many tiny units crop up in informal sector due to close linkage between formal and informal sectors. But this may not be true in all cases if statistical information about Maharashtra and Assam are accepted to be true. Maharashtra with highest range of urbanization (38 percent) in the country engages less than 50 percent manpower in informal sector, whereas Assam with only 11.10 percent of

\(^4\) ibid, p. 245.
urbanization engages more than 51 percent workforce.\(^5\) Such deviation from common perception in case of Assam suggests that increased urban employment in this case is not due to industrialisation but for some other reasons like increasing importance of construction, retail trade and general trade and commerce - being the nodal centre for North-Eastern Region. Here it may be pointed out while percentage share of construction workers in rural areas has declined after 1987-88, in urban scenario it is increasing.\(^6\) Incidentally women in large number are visible in this segment as their relative share has increased from 3.7 percent in 1987-88 to 4.1 percent in 1993-94 at national level with a fall from 2.7 percent to 0.9 percent in rural areas for same period.\(^7\)

Again relationship between informal sector and industrialisation defined as percentage of workers engaged in non-household manufacturing (1991) is not direct i.e. in less industrialised areas like Bihar, Orissa, Madhya Pradesh, Rajasthan, Uttar Pradesh have more than 60 percent workforce who are working in informal sector.\(^8\) In Assam with far lesser rate of industrialisation engages higher amount of workforce, than the states with comparatively high growth of industrialization like Maharastra and Gujarat.

From such discussion it becomes clear that though process of urbanization and industrialization are both very slow in Assam in comparison to leading states but employment in informal sector is more than average i.e.

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8. *ibid*, p. 90.
more than 50 percent. So it can be said that if proper attention is given to this sector it can play significant role in state exchequer.

3.1.2. Importance of Sector in Relation to Incidence of Poverty:

The widely accepted view is that it is the rural poverty that indulges in migration to towns and cities in search of alternative livelihood. These migrants instead of ameliorating their status they further aggravate urban-poverty. Due to their economic insufficiency take shelter in among slum dwellers and become part of slum life. Being poverty striken they accept any kind of occupation (begger should not have any choice!) without giving any second thought that how much they will be benefited by accepting immediate offer of employment. So very nicely question is raised "does informal sector employment necessarily mean low wages and high poverty"?9

It is justified by different writers that incidence of poverty is more in informal sector and across the activities it is high in construction followed by transport and trade.10 Moreover poor are classified as a) those who are outside caste system and b) the rejects of the system (e.g. single woman, widowed and divorced).11 But one thing is to be remembered that urban poverty is not openly felt like rural poverty for which most of the welfare schemes are diverted to rural upliftment. It would be thus appropriate to address urban poverty as "disguised poverty" as corollary to "disguised unemployment". Though picture of urban poverty is not clear, but there exists positive

association between the two. As for example (1990) incidence of poverty in case of Orissa is above 55 percent where corresponding figure of employment in informal sector is more than 65 percent. In case of Assam the incidence of poverty is more than 40 percent against informal employment rate of 51 percent. Though degree of intensity may vary from state to state but incidence of poverty does exist in informal sector.¹²

Here it will not out of place to mention that general poverty in Assam (36.09 percent) is higher than Arunachal Pradesh (33.47 percent), Manipur (28.57 percent), Meghalaya (33.87 percent), Mizoram (19.47 percent), Nagaland (32.67 percent), Kerala (12.72 percent), Maharashtra (25.03 percent) and Punjab (6.16 percent) against All India level of 26.10 percent. More specifically rural and urban poverty levels for Assam are 40.04 percent and 7.47 percent respectively.¹³ So it is very natural that crowding of migrants to urban areas will amplify urban poverty in disguise.

In a country where people live in "vicious circle of poverty", the magnitude of poverty in urban informal sector is definitely matter of serious concern. So while on the one hand volume of unemployment is increasing tremendously due to many reasons on the other hand incidence of poverty is also alarming.

In India when it is impossible to check the trend of informalisation of labour market, it is desirable to bring qualitative change simultaneously as ultimate aim of economic development is to raise standard of living of people irrespective of their residential status.

¹² Amitabh and Alak, N. : op. cit., p. 91.
From such discussion it becomes easy to understand importance of urban informal sector more deeply. It is appropriate to assume that so long developing countries fail to overcome accumulated problems, urban informal sector will play important role in economic development of the country.

3.2. Reasons Behind Growth of Urban Informal Sector in Developing Countries with Reference to India:

Growth of urban informal sector is neither recent origin nor any particular factor is responsible for its occurrence. In developed countries like England informal sector exists but scholars are more concerned about developing countries because of their peculiar problems, which have accelerated process of its growth.

The scholars of different regions are of universal opinion that urbanization and migration are the two main causes for the growth urban informal sector. Besides, there are some specific reason for growth of this sector. We intend to discuss the general factor in the following pages followed by specific factors.

3.2.1. General Factors Responsible for Growth of Urban Informal Sector

Urbanization:

In developing economics, under the influence of dualism, informal sector is an integral part of urban economy, creating enough curiosity among the intelligentsia to make an in-depth study in this segment that represents sign of modernity resulting from economic development in the context of changing scenario of present century. Rate of urbanization is considered to reflect changes in socio-economic pattern of the country; therefore degree of urbanization is of strategic importance from development point of view.
Referring to the situation in the Third World cities 38 percent of 724 million of total population i.e. around 275 million people were city dwellers during the period 1950 which subsequently increased to 2.3 billion in 1990, (61 percent living in metropolitan areas) and projected figure for 2000 is 66 percent. The figure represents an overall increase of 166 percent or 1.32 billion fresh urbanities in less privileged countries of Asia, Africa and Latin America. Among the states of India Kolkata and Mumbai with historical background of commercial importance also show sharp rise in population from 11.8 million and 11.1 million in 1990 to 15.9 million and 15.4 million in projected report of 2000 respectively.\(^{14}\)

The rising trend of urbanization reflects an increased number of urbanities caused by factors like:

a) Natural growth rate of population.

b) Rural-urban migration.

c) Reallocation of areas as urban between two points of time.

Apart from these factors growing participation of women in labour market is also responsible for expansion of urban informal sector.\(^{15}\)

Consequent upon "over urbanization" underemployment and poverty have become serious matter of concern for the policy makers including ILO. As a matter of solution it is suggested that urban policy should be:

i) Development orientation.

ii) Selective urban development.

iii) Developing rural districts.

iv) Relieving pressure on big urban areas.\(^{16}\)


\(^{15}\) Arup : *op. cit.*, p. 18.

In this connection International Conference on Population and development in its "Program of Action 1994" observed that:

In the early 1990s, approximately half the governments of the world, mostly those of developing countries, considered the pattern of population distribution to be unsatisfactory. A key issue was the rapid growth of urban areas.17

Even McNamara Expressed his shocking view on urbanization in following words:

"The cities are filling up and urban unemployment steadily grows. "The marginal men" the wretched strugglers for survival on the fringes of farm and city, may already number more than half a billion, by 1990 two billion. Can we imagine any human order surviving with so gross a mass of misery pilling up at its base"?18

With all the odds urbanization helps development of manufacturers, service sectors of industrialization, and ultimately commercial, financial and other activities like repair, maintenance etc get expanded, helping the urban population to earn livelihood either through formal or informal sectors. Since formal sector absorbs population in qualitative term, burden is always heavy with informal sector, thus higher numbers of workers are found to be engaged here.

In the following table annual growth rate of employment in the organized sector for both public and private for the period 1991-99 is shown to visualize real burden of informal sector as rate of employment generation.

by formal sector seems to be inadequate to clear backlog of unemployment. The following table as compiled in the Economic Survey 2000-2001 will make the position clear.

**Table - 3.1**

**Growth Rates of Employment in Organized Sector (percent)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Sector</th>
<th>Private Sector</th>
<th>Total Organized</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>1.52</td>
<td>1.44</td>
<td>1.44</td>
</tr>
<tr>
<td>1992</td>
<td>0.80</td>
<td>2.21</td>
<td>1.21</td>
</tr>
<tr>
<td>1993</td>
<td>0.60</td>
<td>0.06</td>
<td>0.44</td>
</tr>
<tr>
<td>1994</td>
<td>0.62</td>
<td>0.01</td>
<td>0.73</td>
</tr>
<tr>
<td>1995</td>
<td>0.11</td>
<td>1.63</td>
<td>0.55</td>
</tr>
<tr>
<td>1996</td>
<td>(-) 0.19</td>
<td>5.62</td>
<td>1.51</td>
</tr>
<tr>
<td>1997</td>
<td>0.67</td>
<td>2.04</td>
<td>1.09</td>
</tr>
<tr>
<td>1998</td>
<td>(-) 0.00</td>
<td>1.72</td>
<td>0.46</td>
</tr>
</tbody>
</table>
were 32.4 percent and 37.3 percent respectively. In today's world while quality reigns over quantity there is need to reduce level of poverty among the urbanities.

3.2.2. Migration:

The rapid urbanization process has resulted into burgeoning supply of job seekers both into formal and informal sectors of urban economy. It is found that in most of the developing countries urban unemployment is at least double of rural unemployment (in India urban unemployment according to 1961-62 was 3.2 percent against 1.7 percent rural unemployment), which is contrary to developed nations. Hence urban economy needs special attention for healthy development of human capital. Here it would not out of place to mention few observations of National Commission on Urbanization (NCU).

"N.C.U. predicts that by 2001 urban population will be around 35 crores, of which half the increase in urban population comes from rural areas or small towns and large villages. The projected figure seems to be realistic and on this basis it can be further said that rural migration into the urban centres would be in between 7 and 8 crores by the year 2001."

In this backdrop the N.C.U. recommends that for urban infrastructural development share of urbanization must be 8 percent of the total plan instead of 4 percent, with the central sector outlay being increased to 50 percent rather than 35 percent. Moreover development of small towns must be in such a pattern that they act as growth centres with rural linkage.

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The inherent tendency of human being is to search for better amenities in life. From the dawn of prehistoric period, people are in search of better settlement; on their way to realization of this objective they were engaged in war, established territory and so on. There is of course difference between nomadic and migrant but purpose of both the groups is same i.e. to lead a better way of life.

**Factors Contributing to Migration**:

The decision of migration depends on various complex factors consisting of economic, social demographic educational, cultural and psychological factors, which are discussed below:

1. **Social factors**: Includes desire of migrants to break away from traditional constraints of social organizations.
2. **Physical factors**: Including climate and meteorological disaster like floods and draughts.
3. **Demographic factors**: Including the reduction in morality rates and the concomitant high rates of rural population growth.
4. **Cultural factors**: Including the security of urban extended family relationship and the allure of the "bright city lights".
5. **Communication factors**: Including improved transportation, urban oriented educational systems and the modernizing impact of the introduction of radio, television and the cinema.

Among all the factors economic factor is the strong guiding force behind migration. Migrants constitute a significant portion of urban labour force, so to chalk out any policy for balanced urban development, one must

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23. M.P. : *op. cit.*., p. 278.
know reasons behind migration, composition, age, and their limitation. Migrants are poor, since villages are poor. So with poor socio-economic background, migrants are very likely to be under employed or employed at low-paid jobs. It is only urban-informal sector which can only accommodate surplus urban population, since formal sector is restricted by do's and don'ts due to operation of "industrial law". For many reasons "urban unemployment" has become a serious matter of concern for policy-makers and it is to be decided whether employment opportunities in urban areas can really solve "open unemployment" problem in real sense of the term. Employment opportunities of this sector on the one hand size minimises of unemployment but on the other encourages migration due to "push" and "pull" factors as admitted by different scholars. So it is feared that urban areas may act as "death-trap" for poor migrants who easily become victims of unhealthy growth of urbanization.

To know reasons behind "rural-urban migration and unemployment" Todaro's Model is represented hereunder which was later on used during field survey to know about causes of migration among the sample-size. The model holds good that it is the "expected income" rather than "actual earning is responsible for migration" (Diagram-I).24

In one of the studies Santhapparaj25 distinguishes between different categories of push and pull factors. While push factor comprises of unemployment, underemployment, low wages, general poverty, indebtedness, malnutrition, small land holdings, landlessness, flood/draught, social conflict

24. ibid, p. 280.
Todaro's Model of Rural-Urban Migration and Unemployment

- Complementary Factors (e.g., land)
- Government Policies (e.g., taxes)
- Social System (e.g., decision unit)
- Education
- Urban-Rural Remittances
- Urban Wage
- Self-Employment Earnings
- Probability of a Job

Rural Income

- Psychic Returns (e.g., urban amenities)
- Returns to Migration
- Distance
- Education Media, etc.

Urban Income

- Expected Present Value of Migration
- Information Flows
- Percentage Value of Migration

Cost of Migration

- Opportunity Cost
- Cost of Living
- Transport Cost
- Psychic Cost (e.g., risks, social adjustment)

Migration Decision
and etc., pull factors are better employment, better wages, job security, better food, better social status and mere attraction of city life.

Here the push factor simply substantiates view of classical economist like Lewis who observed that most of the underdeveloped countries suffered from population growth, higher labour land ratio and low wages which was later extended by Fei and Ranis. The theory postulates that at some point of time marginal productivity of labour becomes zero. It is generally "disguised unemployment situation" of rural economy that contributes towards migration and creates "open employment" in urban economy.

It is observed that due to rural-urban linkage "pull-factor" of migration becomes more active. The linkage is normally maintained through "remittance" that brings change in household of the migrant and as demonstration effect it influences others. Thus there is need to reshape rural economy in long run to reduce burden of urban informal sector.

Whether it is push or pull factor, various studies provide information that a large number of migrants in different capacities are engaged in Gujarat, Punjab, Haryana, Maharrastra, Karnataka, West Bengal and "Assam".

On the basis of rough estimate it could be said that around 45 lakhs inter-state migrant workers are engaged for temporary period in different sectors like agriculture, blick-kilns, construction, small-scale and other allied activities and 60 lakhs intra-state workers i.e. more than 10 million inter-

28. ibid, p. 601.
state and intra-state migrants exist in the economy in addition to seasonal migrants who work in urban informal manufacturing construction, services or transport sectors- as casual workers and head loaders, coolies, rickshaw pullers, hawkers and so on.  

So whether it is Ghana, India or elsewhere migrant workers are integral parts of urban-informal sector and contribute towards economic development of the country.

3.2.3. Specific Reasons for Growth of Urban Informal Sector:

Apart from urbanization and migration there are some specific reasons for the growth of urban informal sector. We have designed the reasons under following heads.

i) Bureaucratic model/attitude: Interaction between politics and economics in many cases creates problem for which actual requirement of developing countries fail to get due importance as former enjoys supremacy. The labour surplus developing nations in the name of modernity should not follow any such policy, which becomes suicidal in the long run. If problems of such countries are to be analyzed, in present political scenario, then one can guess that things are more politicalised rather than of intellectual reflection. So large number of people remain marginalized, they can be used as "vote-bank" by the politicians. Probably because such of "power psychosis" politicians nurture and create a big reservoir of poor in the developing countries.

Referring to Hernado de Soto's (1987) study of informal sector in Peru "El Otro Sendero" (English version is The Other Path) the author

30. htmsia, loc. cit.
establishes the fact that root problem of informal sector originates from bureaucratic model of development since government focuses its attention on large industries following trend of developed nations. Bureaucratic or industrialization approach to development exerts great influence on policy makers, creates wealthy class to help them become owners of large enterprises and denies entrepreneurial talent to many to improve their lives.31 Despite the fact that micro-enterprises and informal sector can become dynamic and healthy sectors in developing process, as a large number of individuals and tiny units prefer to be off the books, because of excessive government control. As a result they are deprived of benefits of formal institutions, credit markets, insurance institutions etc. though on the contrary it may be mentioned that "Peruvian-government" collects more than half of its tax revenue from informal sources, the informal sector pays more taxes than the formal sector in that country".32

So it is the bureaucratic attitude, which contributed towards growth of informal sector of Peru. Peruvian model was applied in selected countries like Bangladesh, Egypt, and Morocco. The Philippines, Sri Lanka and Thiland33, and if same is extended to India it may derive given result.

In this regard bureaucratic attitude in Indian democracy can be discussed to know how far government decisions are too responsible for growth of this sector. Critical estimation of planning is the best way to asses country's achievements in all spheres of development. The opening of planning

31. ibid, p. 5.
32. ibid, p. 7.
33. ibid, p. 9.
regime started with agricultural emphasis but subsequently attention shifted to establishment of heavy and basic industries. There is thus variation in the performance of primary and secondary sectors; while former lacked behind the target because of much dependency on nature, the later more or less maintained consistency.

If improvement of economic condition of common people is measured in terms of "employment, poverty and distributive justice" then much remains to be achieved. Employment analysis records a growth of 2.1 percent in 1992-93 and 1.8 percent in 1993-94 and over the period 1992-97 35 million additional job is needed, 36 million for 1997-2002 period, while backlog of unemployment is 23 million in 1992. So projected estimate is 94 million of additional jobs by 2002. In addition 2 percent per annum reduction in the size of the government which means over the next 5 years there will be 10 percent reduction in employment aggravating the problem further. Povertanalysis also records that 40.4 percent of the rural population and 28.1 percent of the urban population live below poverty-line. Distributive justice in favour of poor remains a distant dream with the growth of monopoly houses in the industrial sector, as industrial sector failed to absorb growing population. Buch observes "The industrial location policy has also had very little impact on backward people, largely because the jobs thus created go to better educated and trained people from the more advanced areas, who follow industry to the new location".

35. R.K. : op. cit., p. 28/VI.
As such in a labour intensive country the Indian planners must have pragmatic approach rather than high ambitious growth model. It will be judicious for country to give more impetus to small-scale units as over saturated point of unemployment is already being reached. In the same way "Institutional-finance"\textsuperscript{37} should meet requirement of small borrowers rather than indirectly encouraging "pillar to post tactics". The changing attitude of financial institutions will boost up entrepreneurial ability and development of individuality.

So it is the failure of trickle down theory in association with inner urge for survival of millions of poor, unemployed and self-searching individuals, who are responsible for growth of informal sector throughout India as happened in case of Peru. Thus it can be said that Peruvian model can be fitted to Indian soil also.

\textbf{ii) Economic policy} : Rather than going into details the present discussion is kept confined to post reform period of New Economic Policy (NEP) launched by India in phased manner. The liberalization policy within framework of mixed economy tries to stimulate economic growth and social justice by initiating delicensing system as delays\textsuperscript{38}, inflexibilities, absence of competition, inefficiency, parallel economy, distorted pattern of industrial growth, corruption, and sub-optimal resource allocation etc which are all outcome of "license-subsidy Raj" proved to be counter productive.


\textsuperscript{37} Seminar Papers - Assam Beyond 2000.
\textsuperscript{39} Idem.
While the first three phases had minimal effect, the fourth phase brought significant change in economic scenario in terms of liberalization, privatization and globalization (LPG).

Since success of any scheme/policy lies in the welfare of common people, it will be justified to measure achievement of LPG in term of "labour", who are both part and parcel of production and consumption.

To start with view of L.C. Jain, former member of Planning Commission: "The gravest crisis Indian political economic and social order faces today is in the mounting unemployment. Nothing exposes the barrenness of pure growth rate observed development strategies than the empirical results of the past decade in India. G.D.P. has shot up from 3.5 to 5.3 in the period but the employment growth rate has fallen from 2.82 during 1973-78 to 1.55 during 1983 to 1987-88. In agriculture the employment growth rate declined from 1.8 to an insignificant 0.07 in the 15-year period ending 1988.40

Looking into gigantic figure of (more than 94 million by 2002) unemployment the critics are of opinion that job-oriented economic growth can only bring benefits of structural change in country like India to realize fruits of LPG.

The unemployment crisis is deepened further by large number of retrenchment of workers, "golden-handshake scheme", shrinkage of public sector due to budgetary constraint resulting into increasing demand in non-farm activities to be associated with urbanization, as agriculture alone cannot meet increasing demand of growing population.

Though then Finance Minister Dr. Manmohan Singh described the crisis only as temporary, but fact is that NEP is also responsible for growth

of urban informal sector in India. In new atmosphere how condition of general workers can be improved became serious matter of concern to policy makers; accordingly National Development Council (NDC) has given due recognition to informal sector in its Committee Report\textsuperscript{41} on employment as more people are likely to be absorbed under changed economic situation. This shows government is also worried about fate of informal sector workers.

iii) \textbf{Immigration} : Immigration is extended form of migration. Such movement of population throughout the world takes place when people of state of origin suffer from sense of insecurity and migrate to nearest country in search of peace and stability. Assam being bounded by Bangladesh, Nepal and etc. faces influx of population causing immense change in demographic set-up of the state. How immigration effects economy of the state is discussed with special reference to Assam in subsequent pages.

Hence, it can be said that instead of giving importance to any factor, all the factors should be held responsible for growth of urban informal sector in a developing economy and India is not an exception in this case.

\textbf{3.3. Trend of Urbanization, Urbanities and its Impact on Economy of Assam} :

The definition of urban areas though has remained more or less constant since 1971 but some modification in census reports of 1981 and 1991 are made, accordingly the term is defined as\textsuperscript{42} :

\begin{itemize}
  \item[a)] All places with a municipality, corporation, cantonment board or notified town area Committee.
  \item[b)] All other places which satisfy the following criteria.
\end{itemize}

\textsuperscript{41.} \textit{Ibid.}

i) A minimum population 5,000.

ii) At least 75 per cent of male working population engaged in non-agricultural pursuits and

iii) A density of population of at least 400 persons per sq. km.

Moreover urban agglomeration is also an important aspect of urbanization and its constituents are:

a) A city or a town with a continuous outgrowth, the outgrowth being outside the statutory limits but falling within the boundaries of adjoining village or villages, or

b) Two or more adjoining towns with their outgrowth.

c) A city and one or more adjoining towns with or without outgrowing, all of which form a continuous spread.

The scheme launched by central Government to develop small and medium towns (IDSMT) is also responsible for rapid industrialization in recent time.

Urbanization is a natural phenomenon of economic development. In comparison with advanced cities (mega cities are excluded) like Punjab, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Karnataka43 and etc. pace of urbanization is slow in Assam mainly due to failure of industrialization. It can be mentioned that while in 1901 it was 2.34 percent, the figure increased to 11.10 percent during 199144 i.e. over the next nine decades the increase in size of urban population is not significant when it is compared against the All India figures 10.84 percent and 26.73 percent respectively for corresponding period.45

43. Idem.

44. Talukdar, B.M. : *Slow Pace of Urbanization in Assam*: The Assam Tribune, July 21,

But as a sign of relief it is pointed out that density of population in Assam according to 2001 (P) census is 340 against All India figure 324 (P). Again it is found that highest number of urban people live in Kamrup district though density of population is highest in Nagaon\textsuperscript{46}, showing that among 23 districts Kamrup absorbs highest number of urbanities, Guwahati being its district headquarter.

3.3.1. Factors Responsible for Increasing Number of Urbanities:

With shifting of capital, there is immense change in administrative set-up, which at initial period absorbed growing population according to requirement; thus it paved way for rapid urbanization, accompanied by natural growth rate of population. Modification accepted by the previous census reports (1981 and 1991) and urban agglomerations are also responsible for growth of urbanization. Besides the administrative reason, there are some additional factors responsible for growth of this sector in the state. They may be common in character like preceding one but degree of intensity hopefully will be different as the state represents different topographical character hence with new taste the factors are discussed below:

1. Creation of towns: With the passage of time number of towns in Assam has increased helping the process of urbanization further. Though little variation is found in different studies regarding increase in number of towns but it has definitely gone up from 08 in 1872 to 80 statutory towns in 2001\textsuperscript{47} whereas contradictory figure is 94 (1991).\textsuperscript{48} It is remarkable to note that in

\textsuperscript{46} Economic Survey-Assam, 2001-2002, Appendix - I.
\textsuperscript{47} Talukdar: loc. cit.
\textsuperscript{48} P. K.: op. cit., p. 57.
1872 population of Guwahati and Barpeta towns were 11,492 and 10,606 being first and second largest populous towns in the state respectively. But in 2001 while population of Barpeta increased only by four fold, in Guwahati the increase is by seventy one fold. The sharp variation in size of population between these two towns shows that number of urban people has increased tremendously in Guwahati supporting previous reference that "highest number of urban people live in Kamrup district". Again excluding Guwahati three towns (out of eight towns) are having less than 2 lakhs of population (2001); in six towns there are more than 1 lakh population, whereas in Guwahati the population is slightly more than 8 lakh49 (In one of the news item it is said that looking into increasing problems of Guwahatians which is inhabited by almost 15 lakhs of people the city will be declared as district on 15 August- AmarAsom-Assamese daily, 11 Aug. 2002). This estimate shows that out of 80 towns only in a few towns number of population is more than lakh with different magnitude i.e. urbanisation has taken place in limited way in the state of Assam. The increased size of population in Guwahati emphasises that due to locational advantage of the city urbanization has become faster here in comparison to other towns and cities of the state.

2. Migration : Both intra and inter state migration take place as Guwahati has become nodal centre of development for whole of North Eastern Region. Very-recently its importance has gone up with opening up of GNB International airport, so it is hoped that with increased commercialization pressure of population on the city will also increase. In addition flood prone people and seasonal agricultural labour irrespective of gender will migrate to this growing city in search of new avenues.

49. Talukdar : loc. cit.
3. **Immigration**: Influx of population from neighboring countries like Bangladesh and Nepal have also contributed towards growth of urban population, and they find livelihood in low paid non-agricultural occupation seemed to be available in urban areas.

The additional population with poor human capital picks up any kind of low-grade job both in rural and urban areas. One can easily feel large-scale presence of immigrants in urban Guwahati engaged in economic activities like rickshaw pulling, construction, brick-kilns, meat/egg sellers, daily wage earners, maid servants and many other tiny trade.

During the period of 1961-71 immigration problem took serious turn, statewide agitation was launched; after that level of immigration has come down, but still flaw continues as per observer.

According to the Union Home Minister sources, the number of Bangladeshi immigrants in Assam is 40,00,00, 54,00,000 in West Bengal, 8,00,000 in Tripura, 5,00,000 in Bihar, 3,00,000 in Delhi and 50,000 each in Rajasthan and Maharashtra. The Supreme Court of India too expressed fear that "unchecked migration of Bangladeshi citizens to India might pose a threat to the economy and security of the country". Illegal migration has further compounded misery of people, and if the situation is not checked at this moment, it will destroy political, economic and social stability of not only the Northeast but of the entire country. The immigrants are also responsible for increasing size of urban population, so it is desirable that measures are taken to reduce burden on urban Guwahati by putting vigil on illegal immigration.


Moreover it is informed by Deputy Chairman of the state Planning Board that unabated influx of foreigners to the state is one of the main factors for gradual decrease in per capita income of state.\textsuperscript{52} In another case it has reduced indigenous people into minorities causing a serious threat to demographic pattern of the state.

According to observer influx of population has adversely affected per capita income of the state inspite of her richness in terms of forestry and minerals. To check influx of illegal migration AASU movement launched in early 70's has further lowered down process of industrialisation which is another reason for slow pace of urbanization of the state as mentioned earlier. As per current price estimate per capita income for 1993-94 and 2000-2001 (Q)\textsuperscript{53} are Rs. 5,715 and 10,19,5 respectively against All India figures for same period are Rs. 7609.2 and Rs. 16487.7 respectively reflecting poor performance of economy in comparison to leading states of the country like Punjab, Haryana, Gujarat, Maharastra, West Bengal, Rajasthan, Kerala etc. Appreciating role of per capita income it can be said that people of Assam are not so much economically self-sufficient as they should have been with richness of physical resources. In a backward state like Assam when one experiences higher cost of living it can be concluded that poverty is "much more acute by any standard of measurement.\textsuperscript{54}

4. \textbf{Neglect of village economy} : Inspite of huge potentialities, agricultural sector remains neglected due to lack of agricultural research, absence of intensive cultivation and modernization, slow development of village

\textsuperscript{52} The Assam Tribune, Monday, May 8, 2000.
\textsuperscript{54} Sarkhel : loc. cit.
industries etc have forced villagers to find out alternative sources of living in urban areas.

Colin Clarke and G.B. Fisher are of opinion that economic development is always followed by shifting of population from the rural to the urban areas.\textsuperscript{55} Shifting of people from rural to urban is due to many factors and one of them is psychological which gives them mental satisfaction in terms of education, medical benefit, job opportunities, social status, together of which determine quality of life.

5. Miscellaneous factors: Slow rate of industrialization, employment policy, nature's apathy, nepotism in appointment, red-tapism, reduced dependency in agriculture, spread of education among rural youth, unemployment, urge for self employment and increased tendency among women to be part of economic process are mainly responsible for growth of urban informal sector in Guwahati. In addition Guwahati is well connected with all modes of transportation and communication with rest of the world, so from commercial point of view it has become important city in entire North-Eastern Region (NER).

To sum up, it is to be appreciated that urban informal sector in greater Guwahati has gained momentum due to many reasons, for which time has come to pay attention to this sector for healthy growth of state economy.

3.4. Significance of NGOs in Informal Sector:

Development activities are initiated with a view to enhancing standard of living amongst different constituting strata of society. But due to complex bureaucratic process the objectives of socialism enshrined in constitution

\textsuperscript{55} P. K.: \textit{op. cit.}, p. 52.
could not be achieved and the poor living both in urban and rural areas remained neglected. In order to overcome barrier to communication between the grassroot people and government the emergence of voluntary organization is really significant as they involve themselves in sustainable development rather than simply development process. The voluntary organizations or Non-Government Organizations (NGOs) as addressed by UNO vocabulary amplify communities' need, encourage people's participation, and mobilize local resources for self-development and self-reliance and act as surveillance to government schemes. Their closeness to grassroot people is oriented to reflect their organizational strength which is thus source of future course of action. In term of accessibility to common people the NGOs are in superior position to GOs; but their advantageous position unfortunately is lately recognized i.e. during sixth plan only since earlier strategy was confined to welfare and charity work alone.

Both sixth (1980-85) and seventh plans (1985-90)\textsuperscript{56} on realizing importance of participatory development categorically emphasized on active role of NGOs to make people more self-reliant and self-content. In recognition of catalytic role, performed by NGOs in the matter of empowerment of weaker section of community, the Planning Commission Organized "National convention of voluntary organizations" on March 7 and 8 in 1995 which further institutionalized relationship between government and voluntary organizations.\textsuperscript{57}

\textsuperscript{56} Noorjahan : \textit{op. cit.}, pp. 127-129.

3.4.1. **Achievement of NGOs Relating to Women's Issues:**

One of the distinguishing activities of NGOs is to work for weaker section, be it women, children, old, downtrodden or backward communities. Depending on organizational capacity the NGOs can involve themselves in any type of socio-economic activity, but while carrying out their mission the category of beneficiaries are to be given due weightage.

From different relevant sources it can be ascertained that NGOs took interest in women-issues even during pre-colonial period but it gathered momentum only after 1970 when world voices became louder. It is well admitted that NGOs have done yeomen's service to the cause of women and children; taken up very sensitive issues to stop atrocities; simultaneously women organizations too have involved themselves in women issues. Both NGOs and women organizations working on women-issues are to devote attention before total women empowerment is attained.

To alleviate poverty from amongst rural people successful implementation of "Poverty Alleviation Programme" is essential; in the same way parallel schemes are to be evolved to reduce urban poverty in order to maintain balance in overall poverty scenario.

Here it may be mentioned that to give thrust to women's welfare programme under Five Year Plans provision was made for grant-in-aid to women organizations too. In the sixth plan an amount of Rs. 237 lakhs was earmarked for such programme.58

Lastly it can be said that roles of GOs, NGOs and women organizations are complementary not supplementary. It is through better

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coordination desired result can be achieved. Their struggle for "gender equality" will be more forceful and accelerate momentum when academicians, social scientist and social thinkers join their hands for this noble cause. All the combined forces will definitely help restore lost glory of women.

It is to be noted that women as a whole need sympathetic support of patriarchy for smooth continuation of civilized society, women of informal sector living below poverty line (BPL) are badly in need of care, attention and love, as they are the victim/sufferers of present social system. By bringing them under social security measures a new society can be evolved, where discrimination in any form will cease to exist and women will get their due recognition in the society and in this aspect NGOs are to play very significant role.

While working together problems may arise but when they all are working for common cause, judicious minds should take care of situation so that there is real improvement in status of women, rather than deterioration caused by nepotism, corruption and III practices.