

## **Chapter 3**

# **Structure of Unorganized Sector in India - An Overview**

### **3.1 Definition and meaning of the concept**

In India, the terms ‘unorganized sector’ and ‘informal sector’ are used interchangeably in research literature. The term ‘unorganized sector’ is used commonly in all official records and analysis. The literature regarding this sector is so vast and so there is a multitude of conceptualizations and definitions relating to this concept. Keith Hart is the first person to introduce the term ‘Informal sector’ and distinguished formal and informal income opportunities on the basis of whether the activity entailed wage or self employment (Hart, 1973).

The term ‘informal sector’ came in a broader sense in the academic literature only after the visit of International Labour organization (ILO) Employment Mission to Kenya in 1972. Since then, the informal sector has been the subject of several studies and seminars covering various aspects like its size, employment potential, its relationship with the formal sector, technological levels, etc. According to UN Economic and Social Council (ECOSOC), informal workers are defined “to include persons whose employment relationship is not subject to labour legislation, social protection and certain employment benefit”.

The first National Commission on Labour (1966-69) defined unorganized sector as that part of the workforce “who have not been able to organize in pursuit of a common objective because of constraints such as

casual nature of employment, ignorance and illiteracy, small and scattered size of establishments and superior strength of the employer operating singly or in combination”. The Commission listed illustrative categories of unorganized labour consisting of 1) construction workers 2) labourers employed in small scale industry 3) casual labour 4) handloom/ power loom workers 5) beedi and cigar workers 6) employees in shops and commercial establishments 7) sweepers and scavengers 8) workers in tanneries 9) tribal labour and other unprotected labour.

The National Commission on Self Employed Women set up in 1987 under the chairmanship of Ella R Bhatt defined unorganized sector as “one in which women do arduous work as wage earners, piece rate workers, casual labour, paid and unpaid family labour whose economic and social conditions are dismal”. The Commission Report observed that this sector is characterized by a high incidence of casual labour mostly doing intermittent jobs at extremely low wages or doing their own account work at very uneconomical returns. There is a total lack of job security and social security benefits. The areas of exploitation are high, resulting in long hours, unsatisfactory work conditions and occupational health hazards.

The National Council of Applied Economic Research–Self Employed Women’s Association (NCAER-SEWA) workshop proposed a definition for the informal sector based on employment and stated that this sector included all workers in informal enterprises, some workers in formal enterprises, self – employed workers and those doing contract work for informal or formal sector enterprises and contractors (Kantor 1997). A similar approach is given by NCEUS (2007, P.3). It stated that “Unorganized workers consists of those working in the unorganized enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector

without any employment and social security benefits provided by the employers”. Thus, all workers, who are not covered by the existing social security laws like Employees State Insurance Act, Employees Provident Fund and Miscellaneous Provisions Act, Payment of Gratuity Act and Maternity Benefit Act, can be considered as part of the unorganized sector.

The National Sample Survey Organization (NSSO) which has been conducting surveys of unorganized enterprises at periodical interval generally adopted the following criteria for the identification of unorganized sector.

1. In the case of manufacturing industries, the enterprises not covered under the Annual Survey of Industries (ASI) are taken to constitute the unorganized sector.
2. In the case of service industries, all enterprises except those run by the government (Central, State and Local Bodies) and in the public sector are regarded as unorganized.

### **3.2 Major characteristics and categories of unorganized workers**

The unorganized sector is in no way an independent and exclusive sector. It is linked to or in many cases, dependent on the organized sector and the rest of the economy through a variety of linkages such as for raw materials and other output requirements, generation of employment, marketing facilities and so on. Some specific characteristic of unorganized workers are the following.

1. The unorganized labour is overwhelming in terms of its number and range and therefore, they are omnipresent throughout India.

2. As the unorganized sector suffers from cycles of excessive seasonality of employment, majority of the workers does not have stable and durable avenues of employment.
3. As the work place is scattered and fragmented, the workers do the same kind of jobs in different habitations and may not work and live together in compact geographical areas.
4. There is no formal employer-employee relationship existing in the unorganized sector.
5. In rural areas, the unorganized labour force is highly stratified on caste and community considerations while in urban areas, such considerations are much less because bulk of them are basically migrant workers.
6. They are usually subject to a lot of fads, taboos and outmoded social customs like child marriage, excessive spending on ceremonial festivities, etc which lead to indebtedness and bondage.
7. The workers are subject to severe exploitation by the rest of the society. They work under poor working conditions, get wage much below than in the formal sector and even for closely comparable jobs where labour productivity is not different. The work status is of inferior quality in terms of both remuneration and employment.
8. Primitive production technologies and feudal production relations are rampant in the unorganized sector and they do not permit or encourage the workers to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy are also responsible for such poor absorption.

9. The unorganized workers do not receive sufficient attention or protection from the trade unions.

Unorganized workers can be categorized broadly under the following four heads namely (Economic Review 2010, Government of Kerala),

1. In terms of occupation

Small and marginal farmers, landless agricultural labourers, fishermen, leather workers, weavers, artisans, those engaged in animal husbandry, beedi rolling, labeling and packing, building and construction, brick kilns and stone quarries, sawmills, oil mills, etc come in this category.

2. In terms of nature of employment

Agricultural labourers, bonded labourers, migrant workers, contract and casual labourers come under this category.

3. In terms of specially distressed categories

Toddy tappers, scavengers, carriers of head loads, drivers of animal driven vehicles, loaders and unloaders belong to this category.

4. In terms of service categories

Midwives, domestic workers, fishermen and women, barbers, vegetable and fruit vendors, news paper vendors, etc come under this category.

### **3.3 Size of informal or unorganized workers**

Until 1999-2000, estimates of the informal economy in India have been based on organized employment data reported to various government agencies. Since then, the NSS Employment –Unemployment Surveys enable us to estimate the size of the unorganized sector directly.

The three consecutive rounds of the Employment –Unemployment surveys of NSSO (in 1999-2000, 2004-05 and 2009-10) have enabled an examination of the relationship between the formal/ informal sector and formal/ informal employment. This is shown in table 3.1.

**Table 3.1 Distribution of formal and informal workers by sector (in million).**

**Figures in bracket indicate percentages.**

Sector	1999-2000			2004-05			2009-10		
	Informal worker	Formal worker	Total	Informal worker	Formal worker	Total	Informal worker	Formal worker	Total
Unorganized sector	341.28 (99.60)	1.36 (0.40)	342.64 (100)	393.47 (99.64)	1.43 (0.36)	394.90 (100)	385.08 (99.40)	2.26 (0.60)	387.34 (100)
Organized sector	20.46 (37.80)	33.67 (62.20)	54.13 (100)	29.14 (46.58)	33.42 (53.42)	62.56 (100)	42.14 (57.80)	30.74 (42.20)	72.88 (100)
Total	361.74 (91.17)	35.03 (8.83)	396.76 (100)	422.61 (92.38)	34.85 (7.62)	457.46 (100)	427.22 (92.83)	33.00 (7.17)	460.22 (100)

Source: NCEUS (2007), Figures computed from NSSO 55<sup>th</sup> (1999-2000), NSSO 61<sup>st</sup> (2004-05) and NSSO 66<sup>th</sup> (2009-10) Round Survey on Employment and Unemployment.

The table indicates that between 1999-2000 and 2009-10, the total work force in India expanded from 396.76 million to 460.22 million and majority of them are engaged in the informal sector. The concept of informal worker is based on the personal characteristics of the worker rather than enterprises. A major part of the workers engaged in organized sector are also informal workers. The share of informal employment in the unorganised sector is unchanged at 99.5 percent throughout the decade. While there has been a

decline in the share of formal employment from about 8.83 percent in 1999-2000 to 7.62 percent in 2004-05 and further to 7.17 percent in 2009-10, there has been a consistent increase in informal employment, especially in the organized sector. The table shows that their proportion in the organised sector is increasing over the years, ie, from 37.80% in 1999-2000 to 46.58% in 2004-05 and then to 57.80% in 2009-10. In fact, their number is actually more than doubled (20.46 to 42.14 million) during the ten year period. This indicates the increased casualisation and the implementation of contractual labour practices in the formal sector which is a matter of great concern for policy makers. Conversely, the share of formal employment in the organized sector has been falling continuously from 62.20 percent in 1999-2000 to 53.42 percent in 2004-05 and further down to 42.20 percent in 2009-10. Thus, while the organized sector's share in employment is increasing, it is only due to the increase in informal employment in that sector.

The table indicates while 99.40 percent of informal sector workers are informal workers, only 42.20 percent of formal sector workers are formal workers. Thus a large number of workers in the formal sector are informal in nature. They do not have any social security, job security and other benefits which the regular wage employees enjoy in the formal sector.

### **3.3.1 Rural-urban distribution of formal and informal workers**

Estimated number of informal and formal workers in rural and urban area according to gender as per the NSSO estimates in 1999-2000, 2004-05 and 2009-10 are depicted in table 3.2. Size of informal workers increased in both male and female category during the decade 1999-2000 to 2009-10. The data shows that in 2009-10, 91.75 percent of male and 95.63 percent of female workers are in informal sector and the remaining 8.25 percent of males and 4.37 percent of females are in formal sector. The table also indicates that

96.59 percent of workers in the rural area and 82.54 percent in urban area are informal workers and in both areas, the proportion of females is much higher than that of males.

**Table 3.2 Rural- urban distribution of informal and formal workers by sex between 1999-2000 and 2009-10 (in million). Figures in brackets show percentages.**

Area	Sex	1999-2000			2004-05			2009-10		
		Informal	Formal	Total	Informal	Formal	Total	Informal	Formal	Total
Rural	M	186.17 (94.63)	10.57 (5.37)	196.74 (100)	209.01 (95.42)	10.3 (4.78)	219.04 (100)	222.50 (95.91)	9.50 (4.09)	232.00 (100)
	F	101.71 (97.61)	2.31 (2.22)	104.2 (100)	121.60 (98.04)	2.43 (1.96)	124.03 (100)	103.02 (98.11)	1.98 (1.89)	105.00 (100)
	T	287.88 (95.71)	12.88 (4.29)	300.76 (100)	330.61 (96.37)	12.46 (3.63)	343.07 (100)	325.52 (96.59)	11.48 (3.41)	337.00 (100)
Urban	M	58.33 (75.70)	18.72 (24.30)	77.05 (100)	71.60 (79.20)	18.80 (20.80)	90.40 (100)	82.10 (82.10)	17.90 (17.90)	100.00 (100)
	F	15.53 (81.90)	3.43 (18.09)	18.96 (100)	20.40 (85.00)	3.60 (15.00)	24.00 (100)	19.60 (84.41)	3.62 (15.59)	23.22 (100)
	T	73.86 (76.94)	22.15 (23.06)	96.01 (100)	92.00 (80.42)	22.40 (19.58)	114.40 (100)	101.70 (82.54)	21.52 (17.46)	123.22 (100)
Total	M	244.50 (89.31)	29.28 (10.69)	273.78 (100)	280.61 (90.68)	28.83 (9.32)	309.44 (100)	304.60 (91.75)	27.40 (8.25)	332.00 (100)
	F	117.24 (95.33)	5.74 (4.67)	122.98 (100)	142.00 (95.33)	6.02 (4.07)	148.02 (100)	122.62 (95.63)	5.60 (4.37)	128.22 (100)
	T	361.74 (91.17)	35.02 (8.83)	396.76 (100)	422.61 (92.38)	34.85 (7.62)	457.46 (100)	427.22 (92.83)	33.00 (7.17)	460.22 (100)

Source: Computed from NSS 61<sup>st</sup> Round (2004-05), NSS 55<sup>th</sup> Round (1999-2000) and NSS 66<sup>th</sup> Round (2009-10).



### 3.3.2 Annual growth rate of formal and informal workers by area and sex

Table 3.3 shows the average annual growth rate of workers in formal and informal workers category. The table indicates that between the period of 1999-2000 to 2009-10, growth rate of formal workers is negative (-0.58) and informal workers is positive (1.81). This positive growth rate is mainly due to the higher growth rate of male informal employment especially in the urban area. The data indicates that negative growth of male formal workers (-0.65) is due to fall in formal male employment in both rural and urban areas and for the female workers, it is due to the decline in formal female employment in rural area (-1.43).

**Table 3.3 Average annual growth rate of workers by area and sex between 1999-2000 and 2009-10 (in percent)**

Sector	Sex	Formal workers	Informal workers	Total
Rural	Male	- 1.01	1.95	1.79
	Female	-1.43	0.13	0.07
	Persons	- 1.09	1.31	1.20
Urban	Male	-0.44	4.08	2.98
	Female	0.55	2.62	2.25
	persons	-0.28	3.77	2.83
Total	Male	- 0.65	2.46	2.13
	Female	-0.24	0.46	0.43
	Persons	-0.58	1.81	1.60

Source: Computed by the researcher on the basis of NSS 55<sup>th</sup> (1999-2000) and 66<sup>th</sup> (2009-10) Round.

### **3.3.3 Magnitude of informal workers in different types of employment**

So far it is clear that unorganized workers form the major chunk of the total workers in Indian labour market. Hence, it is better to have a clear understanding of their involvement in the variety of industrial categories. The table 3.4 gives the estimated number of informal workers and their share to total workers and average annual growth rate by industrial classification between 1999-2000 and 2009-10. Out of the total 427.22 million informal workers in 2009-10, 243.11 million belongs to the agriculture sector which forms 60 percent of the total and within the agriculture, the share of informal workers to total workers is 99.29 percent. Next to agriculture, other industry groups whose share of informal workers to total workers is more than 90 percent are manufacturing (94.76 percent), trade (98.85 percent), construction (96.61 percent), hotels and restaurant (96.45 percent) and other social activities (95.90 percent) as per the data of 2009-10. The growth rate of informal workers by industry group shows that highest rate is recorded in banking and insurance (15.71), followed by construction sector (15.27), real estate (13.44 percent), education (6.67%) etc.

**Table 3.4 Percentage share of informal workers to total workers and their average annual growth rate (in percent) by industry group between 1999-2000, 2004-05 and 2009-10**

Industry group	Estimated number of informal workers (in million)			Share of informal workers to total workers (in percent)			Average annual growth rate between 1999-2000 to 2009-10
	1999-2000	2004-2005	2009-2010	1999-2000	2004-2005	2009-2010	
Agriculture	234.79	256.07	243.11	98.79	98.89	99.29	0.35
Manufacturing	36.85	49.30	48.08	83.65	88.38	94.76	3.05
Mining	1.56	1.78	1.90	71.75	67.39	69.09	2.18
Electricity, gas & water supply	0.21	0.24	0.28	18.75	18.72	23.72	3.33
Construction	16.90	25.32	42.70	96.40	97.33	96.61	15.27
Non manufacturing	18.67	27.33	44.88	89.59	91.22	92.96	14.04
Trade	35.41	42.54	41.60	96.69	98.11	98.85	1.75
Hotels and restaurants	4.35	5.80	5.70	94.30	95.02	96.45	3.10
Transport and communication	11.44	15.28	16.80	78.30	82.70	86.78	4.69
Banking and Insurance	0.63	1.21	1.62	27.80	39.24	43.32	15.71
Real estate	2.24	3.73	5.25	83.73	80.09	91.30	13.44
Public administration	1.60	1.19	1.20	15.27	13.46	13.27	-2.5
Education	3.24	5.29	5.40	38.22	46.28	50.95	6.67
Health	1.50	2.18	2.05	52.51	58.80	59.59	3.67
Other social services	11.02	12.69	11.53	95.15	94.99	95.90	0.46
Total services	71.43	89.91	91.15	75.82	79.70	78.35	2.76
Total	361.74	422.61	427.22	91.17	92.38	92.83	1.81

Source: Computed from NSS 55<sup>th</sup> (1999-2000), 61<sup>st</sup> (2004-05) and 66<sup>th</sup> (2009-10) Round Survey.

### 3.3.4 Share of informal workers across the States

State level analysis of informal workers is depicted in Table 3.5 on the basis of data given by 55<sup>th</sup> (1999-2000) and 66<sup>th</sup> round (2009-10) NSS survey. In the poor states, the share of informal workers is more than national average. This is evident in the case of all BIMARU states. Bihar has the highest percentage of informal workers (96.46%) followed by Uttar Pradesh (95.53%), Rajasthan (95.17%), Madhya Pradesh (94.93%), etc. The share of informal workers in Kerala is 91.51 percent.

**Table 3.5 Percentage share of informal workers to total workers among the states**

State	Share of informal workers to total workers	
	1999-2000	2009-10
Andhra Pradesh	92.23	93.95
Assam	85.36	90.19
Bihar	95.45	96.46
Gujarat	91.44	91.59
Haryana	87.51	90.20
Himachal Pradesh	91.22	90.20
Jammu and Kashmir	89.14	88.49
Karnataka	91.51	91.90
Madhya Pradesh	94.36	94.93
<b>Kerala</b>	<b>89.03</b>	<b>91.51</b>
Maharashtra	87.25	89.61
Orissa	93.46	94.53
Punjab	90.26	90.88
Rajasthan	93.88	95.17
Tamilnadu	89.27	89.89
Uttar Pradesh	94.03	95.53
West Bengal	90.75	91.19
<b>Total</b>	<b>91.17</b>	<b>92.83</b>

Source: Computed from 55<sup>th</sup> and 66<sup>th</sup> NSS Round Survey.

### **3.4 Poverty ratio among Unorganized workers**

According to the Planning Commission, a person consuming items worth more than Rs 32 per day in urban areas and Rs.26 in rural areas are not poor. Thus a family of five spending less than Rs 4,824 per month (at June 2011 prices) in urban areas and Rs.3,905 per month in rural areas belong to BPL category. According to Suresh Tendulkar Committee Report, a person consuming items worth more than Rs. 50 per day or Rs.1,506 per month for rural areas and Rs.62 per day or Rs. 1850 per month for urban areas are not poor. India's poor are defined on the basis of access to basic amenities like education, health, housing conditions, clean drinking water availability, etc.in addition to the amount of food they consume. It is evident that unorganized workers belong to the most disadvantage group living in poverty.

NCEUS commission divided the unorganized workers into six groups based on their consumption expenditure. The first group of 'Extremely poor' are those having a monthly percapita consumption expenditure of up to three-fourths of the official poverty line (Rs 8.9 percapita per day in 2004-05 prices). The second group 'poor' are those between the extremely poor and up to the official poverty line (average expenditure of Rs 11.6 percapita per day). The third is called 'marginally poor' with percapita consumption expenditure of 1.25 times of the poverty line (Rs 14.6 percapita per day) and the fourth called 'vulnerable' with percapita consumer expenditure of two times the poverty line (Rs 20.3 percapita per day). The proportion of workers belonging to these six types of economic status is given in table 3.6 for the two periods. In 2004-05, the extremely poor constituted 6.3 percent, the poor 15.4 percent and the marginally poor 19.0 percent and these three constituted 41 percent of the unorganized workers. If the vulnerable are added to this group the total accounts for 77 percent of the population. The fifth group 'middle income'

with percapita consumption of two to four times the poverty line and the last category of 'High income' class with percapita consumption above four times the poverty line indicated an increase in their proportion over the five year period.

**Table 3.6 Percentage distribution of informal workers on the basis of expenditure status 1999-2000 to 2004-05**

Economic status	Percentage of unorganized workers	
	1999-2000	2004-2005
Extremely poor (up to 0.75 PL)	8.7	6.3
Poor (0.75 PL to PL)	17.3	15.4
Marginally Poor ( PL to 1.25 PL)	19.9	19.0
Vulnerable (1.25 PL to 2 PL)	34.8	36.0
Middle income ( 2 PL to 4 PL)	16.7	19.3
High income ( Above 4 PL)	2.6	4.0
Total	100	100

Note: PL refers to poverty line.

Source: Computed from unit level data of NSS 55th (1999-2000) and NSS 61st Round (2004-05) Employment- Unemployment Survey, quoted from Report on Conditions of Work and Promotion of livelihoods in the unorganized sector, Academic Foundation 2008.

As seen in table 3.7, it is quite significant that 76.8 percent of the informal or unorganized workers belong to the poor and vulnerable group. Their involvement is 74.70 percent among self employed, 67 percent among regular wage and 90 percent among casual employment.

**Table 3.7 Percentage distribution of unorganized workers according to income group**

<b>Type of employment</b>	<b>Poor and vulnerable group</b>	<b>Higher income group</b>	<b>Total</b>
Self employed	74.70	25.30	100
Regular wage workers	66.70	33.30	100
Casual workers	90.00	10.00	100
Total	76.80	21.30	100

Source: NSS 61<sup>st</sup> Round 2004-05, Employment –Unemployment Survey computed, quoted from NCEUS Report (2007, P 25).

### **3.5 Globalization and the informal economy**

Liberalization, Privatization and Globalization (LPG) policies adopted in India lead to an increase in the informal sector work. With the advent of globalization, the concept of capitalism has changed. The motive for more profit is driving the capitalists to make huge profits by adopting new methods of production. More companies are moving to countries having lower labour costs and are shifting to informal employment arrangements. All these resulted a lot of pressure on low skilled workers and petty producers by weakening their bargaining power and subjecting them to increased competition. Lay off of employees has become a strategy of the companies to cope up with the economic crisis. The informal sector will again become the lender of last resort for the employees. Also, informalisation is happening within the formal sector, where some jobs are outsourced to sub contractors.

A drastic transition is occurring in the labour market scenario all over the world. The concept of permanent workers is slowly disappearing. By adopting outsourcing, the industries and companies started employing temporary workers to avoid the provision of social security measures for the workers. In addition to this, the informalisation of the existing formal sector jobs is also taking place. As a result, the economic crisis and other financial downturns of the industry had a negative impact on the temporary workers.

The traditional trade unions in India have been working with the formal sector workers. Now that the informal sector is expanding drastically, the unions had formulated new strategies for organizing and including the informal sector workers in the union. Besides, new trade union initiatives are established exclusively for organizing the unorganized sector workers. Some non government organizations and similar social movements are also engaged in such activities for the welfare of the unorganized sector workers.

### **3.6 Structure of the labour force in Kerala**

Kerala is generally known as a labour -friendly state. There is genuine concern and commitment to the protection of the interests of labourers and promotion of their welfare from the part of government.

#### **3.6.1 Share of employment in different sectors in Kerala**

According to the Report of the Working Group on Employment, Planning and Policy for the 12<sup>th</sup> five year plan, total employment in Kerala is 12.95 million workers in 2009-10. Share of employment in agricultural sector to total employment has reduced to 32.10 from 40.10 percent indicating -8 percent change during 2004-05 to 2009-10 period. The same phenomenon can be noticed in the manufacturing sector also (13.50 to 12.40 percent during the same period). But in non- manufacturing sector, employment share



increased from 11.60 in 2004-05 to 16.30 percent in 2009-10 and in service sector, it has increased from 34.80 to 39.20 percent. The change in share is shown in Table 3.8.

**Table 3.8 Share of employment among different sectors (in percentage)**

Sectors	2004-05	2009-10	Change in share of employment (percentage points) 2004-10
Agriculture	40.10	32.10	-8.00
Manufacturing	13.50	12.40	-1.10
Non manufacturing	11.60	16.30	4.70
Services	34.80	39.20	4.40
Total	100.00	100.00	

Source: Computed by the researcher on the basis of the data given by Working Group Report of 12<sup>th</sup> Five year Plan.

### **3.6.2 Rural and urban distribution of workers by employment status in Kerala**

According to the 66<sup>th</sup> round NSS survey, self employed workers constitute 38.3 percent of the total workers in Kerala and it is higher in rural area. The data indicates that 39.9 percent of female workers and 37.7 percent of male workers in Kerala are self employed. 23.2 percent of total workers are regular wage/salaried employees and a large part of them are employed in urban areas. In this category, female workers are higher (29.60%) compared to their male counterparts (20.50%). Casual labours constitute 38.5 percent of labourers and are mostly employed in rural areas and among them, male workers (41.80%) exceed female workers (30.50%).

**Table 3.9 Percentage distribution of workers by status in employment in Kerala -2010**

Employment status	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Self employed	38.8	42.1	39.8	34.5	32.9	34.1	37.7	39.9	38.3
Regular wage/salaried	17.6	23.8	19.4	28.8	48.2	34.2	20.5	29.6	23.2
Casual labours	43.6	34.1	40.8	36.7	19.0	31.7	41.8	30.5	38.5
Total	100	100	100	100	100	100	100	100	100

Source: NSS 66<sup>th</sup> round survey.

### 3.6.3 Size of formal and informal workers in Kerala

The estimated number of informal workers in Kerala in 2009-10 is 11.85 million (91.51 percent of total workers) and it is higher than 2004-05 with 0.52 percent annual growth rate. Conversely, there is a decline of -0.53 percent annually with regard to formal workers during the same period.

**Table 3.10 Size of formal and informal workers in Kerala (in million)**

Category of workers	2004-05	2009-10	Annual growth rate (in %)
Formal workers	1.13 (8.91)	1.10 (8.49)	-0.53
Informal workers	11.55 (91.09)	11.85 (91.51)	0.52
Total	12.68 (100)	12.95 (100)	0.43

Source: Economic review 2011, NSS 61<sup>st</sup> and 66<sup>th</sup> round survey.

### 3.6.4 Employment in the unorganized sector

Proportion of informal sector workers among the different industry groups/ sections in Kerala is depicted in table 3.11. The table shows that during 2009-10, nearly 90 percent of the rural and urban workers engaged in agriculture sector belong to the informal sector where the proportion of female workers is higher. Among the different broad sections, industries having a very high proportion of workers in the informal sector are mining and quarrying (88%), manufacturing (89%), construction (82%), wholesale and retail trade (91%), hotels and restaurants (94%), real estate and business activities (84%) and transport and communications (82%).

**Table 3.11 Proportion of informal sector workers among different industry groups in Kerala, 2010**

Industry groups/ sections	Rural			Urban			Total		
	M	F	T	M	F	T	M	F	T
Agriculture	83.9	93.4	89.3	91.9	92.3	92.0	86.0	93.3	89.7
Mining and quarrying	97.8	20.0	88.1	83.8	100.0	85.2	95.2	30.7	87.6
Manufacturing	91.4	92.9	92.1	79.5	89.8	83.3	87.0	92.0	89.2
Electricity, Gas and water supply	14.2	-	8.8	-	-	-	11.1	-	6.9
Construction	86.6	42.1	80.9	87.7	75.5	86.9	86.9	46.7	82.3
Wholesale and retail trade	91.7	91.3	91.6	90.1	82.6	88.7	91.1	87.8	90.6
Hotels and restaurants	98.0	85.9	96.3	89.7	86.6	88.8	95.5	86.2	93.8
Transport and communications	83.9	84.9	83.9	80.4	39.1	77.5	82.8	62.2	82.0
Financial intermediation	38.0	83.5	51.9	22.0	24.0	22.8	30.9	51.5	38.0
Real estate and business activities	91.9	90.2	91.6	73.9	70.7	73.3	83.9	81.7	83.5
Education	31.2	28.0	29.0	21.8	30.7	28.5	28.9	28.8	28.8
Health and social work	34.8	26.2	29.6	51.0	41.8	45.1	41.1	32.8	35.9
Other social and personal services	59.3	43.2	55.9	44.8	47.7	46.0	56.2	45.1	53.2
All categories	80.9	66.2	76.5	75.9	56.0	70.3	79.3	63.3	74.6

Source: NSS 66<sup>th</sup> Round.

### **3.7 Conclusion**

Inferences from various studies indicate that about 93 percent of workers in India are informal workers and their share is increasing gradually. About 60 percent of them are engaged in agriculture sector. In Kerala, 91.51 percent of workers are informal and their share is increasing every year. Most of them receive very low wages and face discrimination in labour market. They live and work in unhygienic conditions and are susceptible to many infectious and chronic diseases. A vast majority of them do not get any statutory social security allowance such as health care benefits, paid leave for illness, maternity benefits, insurance, old age pension, etc. In spite of these problems, they contribute a major share of GDP.