CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The informal sector represents an important part of the economy and the labour market in many countries, especially developing countries. Measurements of the informal sector are of intrinsic interest in their own right and contribute towards exhaustive measures of gross domestic product (GDP). Considering that the informal sector provides employment for income creation to a large number of poor and contributes significantly to the GDP of many developing countries, as most of the informal sector enterprises do not maintain business accounts. The informal sector represents a substantial portion of economic activity, especially in developing and transition countries. Some people engage in legal but informal work in India is in a system of cash-only exchanges. These individuals are operating unregistered businesses or engaging in under-the-table work. This type of economic activity is often called “informal work” or referred to as “the informal economy.” There is a natural link between the informal economy and the services provided by microenterprise programs. Estimates (Charmes 2000) show that the sector accounts for more than two thirds of total employment and more than one third of the total gross domestic product (GDP) of the non-agricultural sector in Asia.
Management

Management is a universal phenomenon. It is a very popular and widely used term. All organizations - business, political, cultural or social are involved in management because it is the management which helps and directs the various efforts towards a definite purpose.

According to Harold Koontz, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”.

According to F.W. Taylor, “Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way”.

POSDCORB Functions of Management in Informal Sector Entrepreneurs

The following are the important functions of management

- P – Planning
- O – Organizing
- S – Staffing
- D – Directing
- CO – Coordinating
- R – Reporting
- B – Budgeting

The above mentioned functions of management are very important for any type of business entrepreneurs. The informal sector entrepreneurs are also
following certain functions of management in unsystematically. They are very lack in organizing the activities in systematic manner.

They are lack in proper planning of their activities, classification of different sections, appointing wrong person for the right job, improper way of direction and coordination, unsystematic record of their business transactions and no pre-determined plan for future activities and growth of their business. So, there is a need to study on management practices of informal sector entrepreneurs.

MANAGEMENT PRACTICES

The management practices of entrepreneurs in the informal sector are unique and survived the test of time. There is a need to study the management practices in the functional areas of management in the entrepreneurs in the informal sector. Marketing management practices and human resources management practices are based on the value systems and ethos unique to India that requires to be theorized. The entrepreneurs in this sector are not getting finance from the formal financial institutions. They are depending on informal financial sources like money lenders, friends and relatives.

ENTREPRENEURSHIP

Entrepreneurship is the process of creating something new of value by devoting (giving) the necessary time and effort. By accepting and acknowledging the necessary financial, psychological, and social risks, and finally receiving the resulting rewards be it monetary and personal satisfaction and freedom to do what you want.

- Robert D.Hisrich, M. Peters & D.A Shepherd
A person who creates and manages change by the recognition of opportunities (needs, wants, opportunities, problems, and challenges) and develops people and manages resources to take advantage of the resources to take the opportunity and creates a venture (profitable business).

- Eston Kimani, MIT

**Characteristics or Personal Competency of an Entrepreneur**

- Risk Bearing
- Initiative
- Acts on Opportunities
- Persistence
- Information seeking
- Concern for High Quality Work and Output – Increased Productivity.
- Commitment to Work Contract
- Efficiency Orientation
- Systematic and organized planning
- Problem Solving
- Self Confidence
- Assertiveness – Negotiation with suppliers & customers
- Persuasive & Influential – Peers and stakeholders
- Inspirational - employees
- Effective Communicator – external & internal of organization.
INFORMAL SECTOR

The informal sector or informal economy as defined by governments, scholars, banks, etc. is the part of an economy that is not taxed, monitored by any form of government, or included in any Gross National Product (GNP), unlike the formal economy. In developing countries, some 60% of the potential working population earns their living in the informal sector. They would define this economy or sector in other words: not in what it is not, but what it is: the only way to earn a living for people who are self-employed outside the formal economy and not on anyone's payroll. Most of them live and work in this sector not because it is their wish or choice, but because they have no chance to be hired by an employer from the formal sector except for a few hours or days, with no legal right to be hired again.

In developed countries the informal sector is characterized by unreported employment. This is hidden from the state for tax, social security or labour law purposes but is legal in all other aspects.

In describing this sector, one should bear in mind that the informal economy is not a deviation of the formal economy, if only because all economic activities started informal and formed the basis from which the formal economy sprang, with firms and annual accounts, taxes, chambers of commerce, etc.
INFORMAL SECTOR IN GLOBAL PERSPECTIVE

The informal sector and informal employment

In most developing countries, women who are not engaged in farming as own-account workers or contributing family workers are often employed as street vendors, independent home-based workers, industrial outworkers, contributing family workers in non-agricultural family businesses or domestic workers in the homes of others. Many women are also engaged in waste collecting or small-scale mining and construction and a few others as employers in small-scale enterprises. Although these jobs are very different in the activities performed, modes of operations and earnings, all are part of informal employment and provide the main source of work for women outside agriculture.

Defining informal sector and informal employment

The concepts of the informal sector and informal employment are relatively new in labour statistics, developed to better measure employment in unincorporated small or unregistered enterprises (informal sector) and employment that is not covered by legal and social protection (informal employment). In 1993 the 15th International Conference of Labour Statisticians (ICLS) adopted a resolution setting out the statistical definition of the informal sector to refer to employment and production that takes place in unincorporated small or unregistered enterprises. Ten years later, the 17th ICLS adopted the definition for the related and broader concept of informal employment. Informal employment refers to all informal jobs, whether carried out in formal sector enterprises, informal sector enterprises or households. It comprises:
Persons employed in the informal sector (except those rare persons who are in the sector who may have formal employment) including:

- Own-account (self-employed) workers in their own informal enterprises;
- Employers in informal enterprises;
- Employees of informal enterprises;
- Contributing family workers working in informal sector enterprises; and
- Members of informal producers’ cooperatives.

Persons in informal employment outside the informal sector, specifically:

- Employees in formal enterprises not covered by national labour legislation, social protection or entitlement to certain employment benefits such as paid annual or sick leave;
- Contributing family workers working in formal sector enterprises;
- Paid domestic workers not covered by national labour legislation, social protection or entitlement to certain employment benefits such as paid annual or sick leave; and
- Own-account workers engaged in the production of goods exclusively for own final use by their household (e.g., subsistence farming, do-it-yourself construction of own dwelling).

While informal employment is also an important source of employment for men in developing countries, it is more so for women. In the late 1990s, 84 per cent of women non-agricultural workers in sub-Saharan Africa were informally employed compared to 63 per cent of men; in Latin America it was 58 per cent of women compared to 48 per cent of men. In Asia the proportion of women and men non-agricultural workers in informal employment was roughly equal, at 65 per cent. These statistics, prepared in
2001, are based on what is called a “residual estimation method”. Until recently only a few countries directly measured informal employment and employment in informal enterprises, so an indirect approach based on existing published statistical data available in many developing countries was used.

With the establishment of the definitions of informal sector and informal employment and the recognition of the importance of informal employment, an increasing number of countries are now collecting data on informal employment and informal sector directly through household surveys, in some cases supplemented by enterprise surveys. Not many countries have fully analyzed their data, but data for seven countries in different regions are shown in table to illustrate the importance of informal employment among women as well as men in these countries – and not just in the informal sector but also outside of it.

### Table No.1.1: Informal employment as a percentage of total non-agricultural employment, by sex, 2003–2004

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<tbody>
<tr>
<td>Brazil</td>
<td>2003</td>
<td>52</td>
<td>50</td>
<td>32</td>
<td>42</td>
<td>24</td>
<td>12</td>
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<tr>
<td>Ecuador (Urban)</td>
<td>2004</td>
<td>77</td>
<td>73</td>
<td>44</td>
<td>36</td>
<td>33</td>
<td>37</td>
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<tr>
<td>India</td>
<td>2004/05</td>
<td>88</td>
<td>84</td>
<td>73</td>
<td>71</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Mali</td>
<td>2004</td>
<td>89</td>
<td>74</td>
<td>80</td>
<td>63</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Republic of Moldova</td>
<td>2004</td>
<td>18</td>
<td>25</td>
<td>5</td>
<td>11</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>South Africa</td>
<td>2004</td>
<td>65</td>
<td>51</td>
<td>16</td>
<td>15</td>
<td>49</td>
<td>36</td>
</tr>
<tr>
<td>Turkey</td>
<td>2004</td>
<td>36</td>
<td>35</td>
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Sources: For all countries except India, ILO Department of Statistics: for Brazil, ILO estimates based on official data from various sources; for Mali and South Africa, ILO estimates computed from labour force survey micro data; for the rest, ILO estimates based on labour force survey data. For India, estimates provided by Jeemol Unni based on the Survey of Employment and Unemployment.
The proportion of women’s non-agricultural employment that is informal in the seven countries ranges from a low of 18 per cent in the Republic of Moldova to a high of 89 per cent in Mali. In most of the countries, informal employment comprises more than half of women’s non-agricultural employment. Further, in all of them except the Republic of Moldova informal employment is a greater source of employment for women than for men. It is noteworthy that in India and Mali nearly 90 per cent of women employed in non-agriculture are in informal employment with over 70 per cent in the informal sector. In India, these women are in jobs such as street vendors, garment makers in informal enterprises in the home and construction workers.

The relatively low rates of informal employment in the Republic of Moldova reflect the legacy of a centrally planned economy where informal activities were considered illegal and even forbidden. Now in countries of Eastern Europe and the CIS such activities have an important role in creating jobs, in providing income and in the production of goods and services. For example, if agriculture were included, the proportion of women’s employment that is informal in the Republic of Moldova would rise to 38 per cent.

Generally, women’s informal jobs are more likely to be in the informal sector than outside of it. The exception again is the Republic of Moldova and, in addition, South Africa. Employment in the informal sector often is in own-account self-employment, in activities such as street vending or in small scale production in one’s home. The low rates in South Africa in part reflect the history of apartheid with its prohibition of black-owned businesses.

INFORMAL SECTOR IN INDIA

Informal sector in India is broadly characterized as consisting of units engaged in the production of goods and services with the primary objectives of
generating employment and incomes to the persons concern. These units typically operate at low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations, where they exist, are based mostly on casual employment, kinship or personal or social relations rather than contractual arrangements with formal guarantees. Thus, production units in informal sector are not constituted as separate legal entities independently of the household or household members that own them and for which no complete sets of accounts are available which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners. The owners of their production units have to raise the finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. For statistical purpose, the informal sector is regarded as a group of production units, which form part of the household sector as household enterprises or equivalently, unincorporated enterprises owned by households.

In India, the term informal sector has not been used in the official statistics or in the National Accounts Statistics (NAS). The terms used in the Indian NAS are ‘organised’ and ‘unorganised’ sectors. The organised sector comprises enterprises for which the statistics are available from the budget documents or reports etc. On the other hand the unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision or do not maintain any regular accounts. In the unorganised sector, in addition to the unincorporated proprieties or partnership enterprises or partnership enterprises, enterprises run by cooperative societies, trust, private and limited companies are also covered. The informal sector can therefore, be considered as a sub-set of the unorganised sector.
Magnitude of workforce engaged in the unorganised/informal sector.

The National Sample Survey Organisation (NSSO) carried out a sample survey in 1999-2000 and its results showed that out of total workforce of 397 million, only 28 million workers are employed in the organised sector and remaining in the unorganised sector. It reveals that over a decade, the employment in the organised sector has been almost stagnant or slightly declined.

In the light of definition of informal sector encompassing private unincorporated enterprises as mentioned above, NSS 55th round, 1999-2000 also covered non-agricultural enterprises in the informal sector in India. As per survey, there were 44.35 million enterprises and 79.71 million workers employed thereof in the nonagricultural informal sector of the economy. Among these 25.01 million enterprises employing 39.74 million workers were in rural areas whereas 19.34 million enterprises with 39.97 million workers in the urban area. Among the workers engaged in the informal sector, 70.21 million are full time and 9.5 million part times. Percentage of female workers to the total workers is 20.2 percent.

Relevancy of the Informal Sector in Indian Context.

Broadly, the informal sector provides income-earning opportunities for a larger number of workers. In India, there is large magnitude of workforce getting their livelihood from the informal sector. The enactment of legislations and other measures to bring them under the regulatory and social protection instruments will adversely affect the existing mechanism prevailing in the informal sector as it would lead to market imperfections creating hurdles
in the smooth functioning of the market led economy. Besides, it requires huge infrastructural and institutional arrangements involving financial implications beyond the capacity of the Government in the changing scenario all over the world. The Government has to play a role of facilitator and promoter so that the workers employed in the informal sector are able to get requisite level of protection and security to have decent work environment enabling them to express their skills fully and according to their capabilities necessary for enhancing the competitiveness of their outputs and thereby raising their income and socio-economic status.

**Importance of Informal Sector in Indian Economy**

About 370 million workers constituting 92% of the total workforce in a country were employed in the unorganized sector as per NSS Survey 1999-2000. It plays a vital role in terms of providing employment opportunity to large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganised sector to the net domestic product and its share in the total NDP at current prices has been over 60%. In the matter of savings the share of household sector in the total gross domestic saving mainly unorganised sector is about three fourth.

Thus unorganised sector has a crucial role in our economy in terms of employment and its contribution to the National Domestic Product, savings and capital formation. At present Indian Economy is passing through a process of economic reforms and liberalization. During the process, merger, integration of various firms within the industry and up gradation of technology and other innovative measures take place to enhance competitiveness of the out put both in terms of cost and qualitative to compete in the international market. The low inefficient units either wither away or merge with other ones performing better.
In this situation, there is a special need to take care of the interests of the workers by providing them training, upgrading their skills, and other measures to enable them to find new avenue of employment, improve their productivity in the existing employment, necessary to enhance the competitiveness of their product both in terms of quality and cost which would also help in improving their income and thereby raising their socio economic status. It has been experienced that formal sector could not provide adequate opportunities to accommodate the workforce in the country and informal sector has been providing employment for their subsistence and survival. Keeping in view the existing economic scenario, the unorganised sector will expand further in the years to come. Thus, it needs to be strengthened and activated so that it could act as a vehicle of employment provider and social development.

**Social Security**

In India the term social security is generally used in its broadest sense, it may consist of all types of measures preventive, promotional and protective as the case may be. The measures may be statutory, public or private. The term encompasses social insurance, social assistance, social protection, social safety net and other steps involved. There are number of models of providing social security to the workers in the unorganised sector. These may be classified as under:

- Centrally funded social assistance programmes.
- Social insurance scheme.
- Social assistance through welfare funds of Central, State Governments, and
- Public initiatives.
The centrally funded social assistance programmes include the employment oriented poverty alleviation programmes such as Swarnjayanti Gram Swarojgar Yojana, Jawahar Gram Samridhi Yojana, Employment Assurance Scheme. National Social Assistance Programme (NSAP) comprising old age pension, family benefit and maternity benefits to address the social security needs of the people below poverty line.

The social insurance schemes include several schemes launched by the Central and the State Governments for the benefit of weaker sections through the Life Insurance Corporation of India and General Insurance Corporation of India. There are schemes for the employees of shops and commercial establishments and other weaker sections. ‘Janshree Bima Yojana Yojana’ is a group insurance scheme and covers natural/accidental death, partial or total permanent disability due to accident and the people below poverty line and marginally above are eligible to join the Scheme. Another group insurance scheme for the agriculture landless labour, ‘Krishi Shramik Samajik Suraksha Yojana-2001’ launched in July, 2001 provides for pension and insurance besides providing money back. The contribution of the beneficiary is Re.1 per day while the Government contributes Rs. 2/- per day.

Several public institutions and agencies are also imparting various kinds of social security benefits to the selected groups of workers. Among these Self Employed Women’s Association (SEWA) has made significant achievement in promoting social security through the formation of cooperatives.

Welfare funds represent one of the models developed in India for providing social protection to workers in the unorganised sector. The Government of India has set up five welfare funds. Central funds are
administered through the Ministry of Labour for the beedi and workers in certain other occupations for whom no direct employers-employee relationship exists and is implemented without any contribution from the Government. The scheme of welfare fund is outside the framework of specific employer and employee relationship in as much as the resources are raised by the Government on non-contributory basis and the delivery of welfare services is affected without linkage to individual worker’s contribution. These funds are constituted from the cess collected from the employers and manufacturers / producers of particular commodity/industry concerned.

**Informal Sector in Tamilnadu**

The Government has also enacted a Central legislation for the building and other construction workers towards creation of welfare funds at the level of States. There are around 20 million construction workers in the country. A small cess is collected on the basis of the cost of a construction project which makes the corpus of the welfare fund for the construction workers. All facilities as enumerated above are provided to this section of the unorganised sector workers. Presently three States in the country namely, Kerala, Tamilnadu and Delhi have started implementing schemes under this Act. However, other States are in the process of adopting.

Moreover, the welfare fund models have successfully been implemented by various States for various categories of workers. The State of Tamilnadu is running 11 Welfare Boards for workers like construction workers, truck drivers, footwear workers, handloom and silk weaving workers. Similarly, State of Kerala is also running several welfare funds for agricultural workers, cashew workers, coir workers, fisherman, toddy-tappers etc. The model is so popular that some of the other States like Andhra Pradesh,
Karnataka and Madhya Pradesh are in the process of bringing out their own legislation for creation of welfare funds in the unorganised sector workers for providing them social security.

**Informal Sector in Dindigul District**

Informal sector covers activities like Vegetable vendor, Grocery shops, fruit shops, mobile hotel, road side hotel, foot-path traders, dry cleaning shop, tailors, informal agents, milk suppliers, mason, tuition centre, mechanics, electricians, fitter, plumber, carpenter, puncher shop, tea shop, meat stall, garments shop, flour mills, agricultural equipment makers, animal feeds sellers, road side cloth sellers, money lenders, rural areas browsing center, mobile recharge shop, real estate renting and business activities. All these activities can broadly be grouped as ‘financial’ and ‘non-financial’ activities in the informal sector, wherein the financial intermediation services constitute the former while the remaining activities form the non-financial sector.

**FEATURES OF INFORMAL SECTOR**

From the point of view of mode of production or economic activity, the distinguishing features of the informal sector are as follows:

- Low level of organization, small in scale usually employing fewer than ten workers and often from the immediate family.
- Heterogeneity in activities.
- Easier entry and exit than in the formal sector.
- Usually minimal capital investment. Little or no division between labour and capital.
Mostly labour intensive work, requiring low-level skills; there is usually no formal training as workers learn on the job.

Labour relations based on casual employment and or social relationships as opposed to formal contracts; employer and employee relationship is often unwritten and informal with little or no rights.

Due to their isolation and invisibility, workers in the informal sector are often largely unaware of their rights, cannot organize them and have little negotiating power with their employers and intermediaries (ILO 2000).

Informal or unorganized sector workers dominate the Indian labor market and represent some 90% of the total Indian workforce. India’s unorganized sector is one of the largest, if not the largest, in the post-industrial world. Informal employment that characterizes the unorganized sector comprises both self-employment in informal enterprises (small or unregistered) and wage-based employment undertaken without a transparent employment contract in both informal and formal sector enterprises.

1.2 NEED FOR THE STUDY

In order to expand the base of entrepreneurship in the country, Entrepreneurial Development movement is gaining momentum by different agencies since the beginning of first five year plan. Recent industrial policies have given vast powers to the government to create not only enterprise but also entrepreneurs. Today, the Government and Private have to pay attention to the development of informal sector by providing personal loan, daily collection method at the concessional rate of interest.
In recent decades, the country has undergone tremendous changes and has experienced higher rates of growth economically, industrially and technologically. Increasing attractive environment, price behaviour would affect middle and low category people. Government sector employees can get their increment in salary based on DA, HRA, MA and some other allowance by the implement of as per Government rule. But in private sector, all the employees are not getting equally the allowances and cannot able to meet the daily life needs. Since informal sector occupies an important role in fulfilling the basic needs of the human being, which focused on bird’s eye view in tapping informal sector business in the study area. Dindigul is one of the important activities on informal sector business in Tamilnadu.

1.3 STATEMENT OF THE PROBLEM

The entrepreneurs in the study represent a large group who have broken away from the beaten track and are exploring new vistas of economic participation and achievement satisfaction. In this study, an attempt is made to evaluate the entrepreneurs, management practices, almost all the informal sectorial business has not followed the scientific management practices. The researcher then only get into the informal entrepreneurs various kinds of problems i.e. POSDCORB. A business should be success with the use of POSDCORB method. So that, every business should have Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting. For this purpose, need and achievement, risk taking, personal efficiency, desire were considered as important elements to conclude their success in informal business. Hence a study is taken up to know the participation of men/women in entrepreneurship, their success, satisfaction and problems encountered.

They are lack in proper planning of their activities, classification of different sections, appointing wrong person for the right job, improper way of
direction and coordination, unsystematic record of their business transactions and no pre-determined plan for future activities and growth of their business. So, there is a need to study on management practices of informal sector entrepreneurs.

The study seeks to answer the following queries:

1. What are the problems encountered by the informal sector entrepreneurs in their business?
2. Have informal sector entrepreneurs been successful? If so, what are the determinants of success?
3. Are entrepreneurs satisfied with their informal business?
4. What are the factors that motivate to become informal sector entrepreneurs?

1.4 OBJECTIVES OF THE STUDY

The following are the main objectives of the study.

1. To gain insight into the origin and growth of informal sector entrepreneurs in India and in particular about Dindigul District of Tamilnadu.
2. To identify the factors motivating to become informal sector entrepreneurs.
3. To identify the factors influencing the level of satisfaction to do the informal sector business.
4. To determine the successfulness of entrepreneurship and to identify the factors contributing to success.
5. To find out the problems faced by the informal sector entrepreneurs in their business.

6. To summarizing the findings of the study and to offer suitable suggestions to overcome their problems.

1.5 HYPOTHESIS OF THE STUDY

For the purpose of studying the level of satisfaction and their success level of informal sector entrepreneurs, the following null hypothesis has been framed.

1. There is no significant relationship between personal and profile factors and their level of satisfaction in their business in the study area.

2. There is no significant difference between socio-economic factors and their success level of their business in the study area.

1.6 RESEARCH METHODOLOGY

The validity of any research depends on the systematic method of collecting the data and analyzing the same in a logical and sequential order. In the present study, an extensive use of both primary and secondary data was made.

1.6.1 Sampling Design

Dindigul district has been purposively selected for the study since it is the informal business-hub-of informal business of all types. For collecting primary data, field survey technique was employed in the study area. First-hand
information related informal business, level of satisfaction of the entrepreneurs were collected from 700 sample respondents.

Stratified random sampling method was employed to select the sample respondents. Dindigul District has been divided into two divisions viz., Dindigul division and Palani division. In Dindigul division, it comprises of Dindigul, Shanarpatti, Athoor, Reddiarchatram, Natham, Nilakkottai and Bathlakundu and in Palani division, it comprises of Kodaikkannal, Palani, Oddanchatram, Thoppampatti, Vedasandur, Vadamadurai and Guziliyamparai were chosen from these two divisions in the study. As the population frame could not be defined properly, a sample size of 700 was considered as reasonable. Hence, selecting 50 respondents from each area, totally 700 (14×50) informal entrepreneurs were selected randomly from 14 locations of Dindigul District.

1.6.2 Data Collection

Primary Data

In order to fulfill the objectives set, a sample study was undertaken by using a well framed questionnaire that was duly filled in by the respondents. The respondents with varying backgrounds were selected based on the important aspects of their age, gender, educational qualification, monthly income, marital status, family size, and so on. A noteworthy feature was that all the 700 respondents filled the questionnaire with much zeal. This was due to the significant level of literacy among the respondents and the researcher’s rapport established with them.
Secondary Data

The primary data were supplemented by a spate of secondary sources of data. The secondary data pertaining to the study was gathered from the records from Dindigul district municipality. Latest information was gathered from well equipped libraries in Dindigul, Chennai, Coimbatore and Bangalore and from Internet web resources. Further, the secondary data were also collected from various leading journals inclusive and exclusive of entrepreneurs. A number of standard text books were studied to obtain pertinent literature on entrepreneurs. In order to know the entrepreneurs behaviour, several rounds of discussions were held with knowledgeable persons in the field of entrepreneurs, informal sector businessmen and also with the Research Supervisor for clarifications.

1.6.3 Tools of Data Collection

By virtue of a mass of data obtained from research survey, as well as data from secondary sources collected and presented in the present report, descriptive and analytical research was considered the most appropriate for the study. The research problems and the questionnaire were all framed accordingly. The researcher used close-ended and open-ended questions in the questionnaire to collect the necessary primary data. The suggestions offered in the final chapter of the present research report emerged from the inferences drawn from the study during the study period.

1.6.4 Construction of Questionnaire

The key aspect of the present research was identified through the preliminary interviews (Pilot study) with some selected informal entrepreneurs. The questionnaire so drafted was circulated among some research experts,
informal entrepreneurs and Research Scholars for a critical view with regard to wording, format, sequence and the like. The questionnaire was re-drafted in the light of their comments.

### 1.6.5 Pre-test

The questionnaire meant for the respondents was pre-tested with 30 informal entrepreneurs. After pre-testing, necessary modifications were made in the questionnaire to fit in on the track of the present study.

### 1.6.6 Frame Work of Analysis

The core of the study being ‘Success level of Informal sector entrepreneurs and their satisfaction’, the study centers around the dependent variable viz., the level of satisfaction perceived by the informal sector entrepreneurs and their success level in business and its relationship with the related independent variables.

**Approach to assess the extent of satisfaction of informal entrepreneurs**

The difference in the extent of satisfaction of informal entrepreneurs between the different types of respondents based on their Sex, Age, Marital Status, Community, Educational Level, Nature of Family, Family size, Income per month, Savings per month, Nature of Business, Daily business hours, Source inhibited to do the business, Support of starting business, Period of Experience in the business, Period of using the place for business and Nature of management was studied by means of Percentages, Averages, Ranged, Standard Deviation, Two-way tables, Chi-squared test, ANOVA test, Multiple Regression Analysis and Factor Analysis.
1.7 PERIOD COVERED BY THE STUDY

The period of the study was confined three years from August 2009 to August 2011. The review of literature and conceptual frame work of the study took six months period. Preparation of the interview schedule and conducting the pilot study took six months. The Collection of Primary data from the informal sector entrepreneurs took one year of time. Seven hundred informal sector entrepreneurs in all the 14 blocks of Dindigul district were selected as respondents for this study. The analysis and interpretation of the data took another six months. The last three months period was used for rough drafting and final form of the thesis.

1.8 SCOPE OF THE STUDY

The present study has been an in depth research confined to informal sector in Dindigul district of Tamilnadu. The study would confine to the entrepreneurship performance of the informal sector entrepreneurs. As the entrepreneurs would constitute the majority in total work force of their business, deal with a heterogeneous population daily in their work schedule and pursue a risky and crucial job, there would be a greater focus on them in this study. The different type of business entrepreneurs have been subjected to work under the heavy work burden due to their everyday life of the informal sector. Thus the present study would focus on the level of the satisfaction of the entrepreneurs of informal sector particularly in Dindigul district of Tamilnadu.

1.9 LIMITATIONS OF THE STUDY

The Universe for the study about Dindigul District; therefore findings are applicable for the district. However, some of the findings may be applicable
to other areas, with care to take into account the local conditions. The methodology is replicable. The sample is small but it is selected by random sampling method and it is sufficient to meet the requirements of statistical analysis. Therefore, results are valid in terms of precision of estimates and allowed their generalization to the universe for the study. The study is based on primary data collected from a sample of informal sector entrepreneurs. The data included also qualitative information i.e. success level and satisfaction of the respondents. Personal interview method of data collection helped minimize response errors. The limitations of tools of analysis were kept in mind while evaluating the estimated parameters and their implications. Hence, the generalization of the findings of the study is subject to these limitations.

1.10 CHAPTERISATION

For a neat and clear presentation the present study is classified into five chapters

- The **first chapter** includes Introduction, Informal sector Entrepreneurs in India and about Dindigul, Need for the study, Statement of the problem, Objectives of the study, Hypothesis of the study, Research Methodology, Period of the study, Scope of the study, Limitations of the study and Chapterisation.

- The **second chapter** presents related review of the literature.

- The **Third chapter** focuses on theoretical overview of an entrepreneurship, informal sector entrepreneurs and profile of the study area.
• The **fourth chapter** deals with the data analysis and interpretation. It consists of four sections viz., 1) factors motivating to become informal sector entrepreneurs, 2) factors influencing the entrepreneurs level of satisfaction to do the informal sector business, 3) entrepreneurial Success and Determinants of Success and 4) Problems faced by the informal sector entrepreneurs in their business.

• The **fifth chapter** presents the summary of findings, suggestions, conclusion and scope for future research.