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INTRODUCTION

The presence of informal sector is one of the characteristics of less developed countries. In many of the underdeveloped nations a large proportion of work force depends on informal sector. Unemployment, underemployment and disguised unemployment are the major problems of development among the underdeveloped and developing nations. Informal sector became a major sector which provides huge employment opportunities to the unskilled labour force in the developing nations.

Informal sector is characterized as consisting of units engaged in the production of goods and services with primary objectives of generating employment and income to the people concern. These units typically operate at low level of organization, 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 the 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 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. 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.

Low level of organization, small scale usually employing fewer than ten workers, heterogeneity in activities, easier entry and exit than in the formal sector, minimal capital investment, little or no division between labour and capital, labour intensive work requiring low level of skill, there is usually no formal training as workers learn on job. Labour relations based on the casual employment and or social relationship. Employer and employee relationship is often unwritten and informal with little or no rights. Workers in the informal sector are often largely unaware of
their rights; they are unorganized and have little negotiating power with their employers.

Informal sector plays a major role in the Indian economy. It provides gainful employment opportunity for millions of people and also contributes significant share to the nation’s output. The emergence of informal sector is a major source of employment and is an income generating sector in developing countries in the recent years. The NCEUS Report 2009 reveals that unorganized sector constitutes 93.00 per cent of total workforce in India. It is a manifestation of increasing pressure of burgeoning population, immaturity of employment market and inefficient alternative income generating source for rural surplus labour. The rising inflation rate and growing poverty has further aggravated the situation thereby forcing the labourers to enter into the informal sector for their living.

At present Indian economy is passing through the process of economic reforms and liberalization. During the process of merger, integration of various firms within the industry and upgradation of technology and other innovative measures takes place to enhance the competiveness of the outputs both in terms of cost and quality to compete in the international market. The low inefficient unit either closes down or merges with better performing units. 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 avenues of employment, improve their productivity in the existing employment, necessary to enhance the competiveness of their products 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.

Review of literature on informal sector reveals that not much research has been done to investigate its conditions after the adoption of globalization policy. Hence, research questions as to how to preserve the local labour force and informal
sector, nature of structural change taking place in the informal sector, the major problems of informal sector, employment opportunities in informal sector, the nature of response from supply side in labour market for the changes in demand for the products of informal sector were kept in mind to undertake research.

**Objectives**

The main focus of this research was to analyze the employment opportunities generated in the informal sector. The specific objectives of the study includes identifying the major Informal sector activities that could absorb the labour force in Coastal Karnataka, evaluation of the employment potential of informal sectors in Coastal Karnataka, analyzing the role of entrepreneurship development activities of NGO’s, SHG’s, in imparting employability among the people, discussing the problems of employment in the Informal sector and providing a comprehensive form of welfare engaging employment in the Informal sector.

Informal sectors have remarkable employment potential and Informal sectors have problems of marketing their products in the changed globalized context – these are the two hypothesis kept for the study.

**Methodology**

The study is based on primary and secondary data. The important activities of informal sector were identified. The various problems of the people engaged in this sector are studied. The employment prospect of this sector is also highlighted. For collecting primary data, a well structured interview schedule was employed for field level interaction. Secondary data is collected from various journals, periodicals, published and unpublished articles and books and research thesis. A necessary random purposive sampling tool was adopted for the field study. A total of 300 Informal sector activities were selected as sample from three districts of Coastal Karnataka. Care has been taken to make sure that most popular activities under informal sector are selected.
Secondary and primary data were analyzed using percentage, ratio and central tendency values. Further, comparative analysis of various sectors has been attempted. Impact assessment of the Informal sector on household income, employment, assets and standard of living has been attempted on the basis of the opinions of the respondents using Likert scale.

Attempt is made to analyze the economics of informal sector, considering income generation, cost of production, employment and marketing of the products. Change in occupation, and employment potential in the informal sector are also analyzed and compared.

Problems of informal sector activities are analyzed to understand their internal constraints of growth or expansion. Further, satisfaction level of those engaged in informal activities are analyzed using Likert’s five point range scale, with reference to income earning, employment, availability of inputs, and working conditions. Trend of structural changes in the informal sectors are also analyzed using ‘before – after’ analysis.

For the field study the districts of costal Karnataka are selected. Costal Karnataka comprises of three districts - D.K, Udupi and Uttara Kannada. Traditionally informal non-farm activities like pottery, bell metal making, black smithy, beedi rolling, etc are popular in these districts. In recent years, a large number of activities like flour mills, tailoring, telephone services, photo copy centres, iron and steel works and so on are functioning in this area. Further a large number of NGOs, Self-Help Groups are functioning in these districts to make people self-sufficient and economically independent. The functioning of SHGs and NGOs emphasizes people to depend on informal non-farm activities. Hence, the research is focused to know the result of non-farm activities on the extent of employment generation.

The study is organised in seven chapters, Chapter – I Introduction, contains details on conceptual frame work, need for the study, research questions, objectives hypothesis and methodology. Chapter- II provides details on theoretical background
and review of literature, Chapter-III, provides the macro profile of the informal sector in India. Chapter -IV contains the profile of the study region and sample description. Chapter- V provides discussion on economics of informal sector, Chapter -VI provides discussion on problems and prospects of informal sector. Chapter- VII contains summary and conclusion.

**MAJOR FINDINGS**

The research results are analyzed and discussed in macro perspectives and micro perspectives. Macro perspective analysis is based on secondary data and micro perspectives are analyzed using primary data.

**Macro perspectives**

Marco perspectives of Informal sector in Indian economy reveals that 93.00 per cent of the labour force is employed in it and the informal sectors are expanding in terms of new activities emerging in this sector. A few traditional activities of the sector are vanishing due to various reasons.

The Report of National Commission for Enterprises in the Unorganized Sector 2009 (NCEUS) reveals that the share of labour input in Informal sector is 93.00 per cent of the total work force in India. Sector wise classification of the labour force indicates that Informal workforce includes 99.9 per cent of the total workforce in Agriculture and Forestry, 98.70 per cent in Fishing, 64.4 per cent in Mining, 87.7 per cent in Manufacturing, 12.40 per cent in Electricity, Gas, Water supply, 92.40 per cent in Construction, 98.30 per cent in Whole sale and Retail trade, 96.70 per cent in Hotel and Restaurants, 82.20 per cent in Communication, 32.40 per cent in Financial Intermediaries, 81.40 per cent in Real estate, Renting and Business activities, 2.60 per cent in Public Administration and Defence etc., 37.90 per cent in Education, 55.10 per cent in Health and Social work, 92.50 per cent in Other Community, Social and Personal services, 100 per cent in Private households with employed persons,87.80 per cent in Extra Territorial Organizations and Bodies.
State Wise Comparison of Informal Workers

A state wise comparison of the unorganized workers reveals that in all the states there is a degree of concentration of informal workers. A high degree of disparity is also observed among the Indian states-ranging from 81.3 percentage (Jammu and Kashmir) to 97.5 percentage (Bihar). In all the states except Kerala, the proportion of informal female workers is much higher than the informal male workers. Kerala is a model state in terms of qualitative progress in human capital with high level of literacy and health care; the pervasive effect of which can be seen in case of female employment as well. In Karnataka, informal workers constitute 91.9 per cent of the total workforce which includes 90.00 per cent of male workers and 95.30 per cent of female workers.

In the informal sector, female workers get substantially lower wages than their male counterparts. Besides, female workers get discriminated in various other ways. Thus a large proportion of informal female workers actually points out towards their grievous exploitation. This adds to the vulnerability of informal sector towards poverty and deprivation.

Informal sector activities in Coastal Karnataka

A large number of informal activities are being carried on by the people in the Districts of coastal Karnataka. Major informal non-farm Traditional activities include: Pot making, Bell metal making, Black smithy, Carpentry, Gold smithy, Laundry, Tailoring, Coconut coir rope making and so on. Modern informal activities include Food processing, Pickle manufacturing, Group leaf plate making, Areca leaf plate making, Spice, Incense stick production, Rexene, Soap products, Squashes, Readymade garments, Condiments and so on. Modern service activities include: Flour mills, Telephone services, Photo copy centres, Iron and Steel works, Repairing, Services, Petty shops, Refreshment and eating stalls, Photography, Hairdressers, Beauticians, and so on.
Profit is not the only objective of informal sector; it is a continuation of family occupation. Therefore, they find difficult to gain competitive strength in the modern market. Moreover, maintaining the product as a part of culture is very important. Marketing is to preserve the informal sector at local level. It has got cultural significance. Marketing of informal sector products remained as social responsibility rather than a commercial venture.

In the districts of coastal Karnataka, there are several traditional informal activities functioning since time immemorial. Of them a few products are marketed through Co-operative organizations. For example; Pot makers, gold smithy and others. There are few co-operatives of pot makers functioning in the districts of coastal Karnataka. This facilitates them to get better market for their products. It ensures stable production, marketability and better price.

**Micro perspectives**

Micro perspectives of employment generation in Informal sector are analyzed on the basis of the sample study undertaken in Coastal Karnataka. The study undertaken in Coastal Karnataka with 300 sample respondents and the findings of the study is reported in different sections. Section A- Profile of the sample respondents, Section B- Economics of Informal sector activities, Section C- Impact of informal sector activities, Section D- Motivational aspect of Informal sector activities, Section E- Problems of the Informal sector activities and Section F- Satisfaction level of the respondents.

**A. Profile of the sample respondents**

1. **Age composition of the respondents:** Age composition of the sample respondents shows that, 4.50 per cent belong to the category of 18-25 years, 30.80 per cent respondents were in the age group of 26-35 years, 32.30, a maximum percentage of respondents were in the category of 36-45 years and 25.50 per cent of the respondents were between 46-55 years age group. Only 6.90 per cent of the respondents belong to the age group of above 56 years. Age composition reveals that people between the age of 26 years and 55 years
were involved much in the Informal sector activities in Coastal Karnataka. People between the age group of 18-25 years are not much attracted to these activities.

2. **Traditional informal sector activities:** Traditional activities are not successful in attracting the young generation between the age group of 18-25 years to Informal sector activities.

3. **Modern informal sector activities:** Modern informal sector activities like Tailoring are much success in attracting the young generation between the age group of 18-25 years.

4. **Sex and marital status of the respondents:** Among the respondents selected, 80.33 per cent were male and 19.67 per cent were female respondents. 91.00 per cent were married and 9.00 per cent of the sample respondents were bachelors.

5. **Level of education:** Educational level of the sample respondents reveals that 6.00 per cent were illiterates, 34.80 per cent had primary level of education, 34.00 per cent had obtained secondary level of education. 19.20 per cent obtained P U C level of education and only 6.00 per cent of the respondents were graduates.

6. **Size of the family:** The average family size of the respondents of all the activities is 6.81, which comprises 3.55 male members and 3.26 female members. The average number of male members was more than female members in the families of these informal sector activities.

7. **Income of the family:** The average annual income of the families of the respondents was Rupees one lakh eighty four thousand one hundred and eighty eight (Rs184188).

8. **Annual income of the family:** The annual income of the family includes the income earned from the informal activities and income received through other sources. 3.33 per cent of the total sample respondents have received income from coolie, 28.33 per cent of the respondents received income from agricultural activities, 0.67 per cent entrepreneur earned income from manufacturing and 24.67 per cent respondents received income from services.
Among all the respondents 59.33 per cent received income through other sources like beedi rolling, income earned on assets and the like.

9. **Expenditure pattern of the respondents:** Average annual family expenditure of the respondents is Rupees One Lakh Nine Thousand Two Hundred and Three (Rs, 109203), which include Sixty Four Thousand Eight Hundred Thirty Six (Rs 64836) on food items and Rupees Forty Four Thousand Three Hundred Sixty Seven (Rs 44367) on non-food items.

10. **Age of the informal activity:** Age of the informal sector activity indicates that 35.67 per cent of the respondents carry on these informal sector activities for more than 16 years. 22.33 per cent of the sample respondents followed these activities between 11 to 15 years. 37.67 per cent followed between 6 to 10 years. 4.33 per cent of the respondents were engaged these activities for less than five years.

11. **The character of informal sector activities:** The character of informal sector activities reveals that 44.00 per cent of the total sample respondents have followed the informal sector activities as hereditary activity. 56.00 per cent of the sample respondents followed the activities on their own interest or without any family background. Traditional activities were being hereditarily transferred and modern informal sector activities were newly acquired activities.

12. **Availability of raw materials:** The study reveals that an average of 54.20 per cent of the total required raw materials were locally available. About 34.30 per cent raw materials were available within the Taluk, 10.80 per cent raw materials were available within the district and only 0.70 per cent of the total required raw materials available within the state. The study reveals that the above informal sector activities largely depend on the local resources. Hence, they are locally developed. They make use of the local resources and talents.
B. Economics of Informal activities

Economics of informal activities include the analysis on cost of production, value of the goods and services turned out, employment generation, wage structure of the labourers, comparative analysis of labourers employed and wage structure in different districts of the study area, facilities to the labourers, and marketing of the products.

1. **Cost of production:** It was found that there was an average increase of 38.08 per cent in the cost of production of informal activity products between 2008 and 2013. Traditional informal activity products incur higher cost as they are labour intensive.

2. **Value of products and services:** There was an average increase of 46.97 per cent in the value of products and services rendered by the respondents of all the products as witnessed between 2008 and 2013.

3. **Employment of labourers:** With regard to employment of labourers, a total average of 1.15 household male labourers and 1.04 household female labourers were employed. An average of 1.95 hired male labourers and 1.79 hired female labourers were employed by these informal entrepreneurs. The rate of employment of hired labourers was more than the household employment. Informal activity provides employment to the local people. More male labourers were employed than the female labourers in the sample informal activities.

4. **Wage structure:** Wage rate of the household male labourers was Rs 419.06 per day and Rs 288.33 per day for the household female labourers. Average wage of the hired male labourers is Rs 337.75 and Rs 250.28 for the hired female labourers. Regarding wages male labourers were paid more than the female labourers. The informal sector activities need skill and talents. Therefore, their wages are more than any ordinary labour.

5. **Employment generation – A comparison:** Average labour employed in sample informal sector activities in the study region was 2.75 labourers. The average labour employed in sample informal sector activities was more in D.K. district (3.3), compared to Udupi (2.73) and Uttara Kannada (2.02)
6. **Wage structure – A comparison:** Average wage of the labourers employed in the sample informal sector activities in Coastal Karnataka was Rs 303. The wage structure of the labourers employed in the sample informal sector activities was more in D.K. district (Rs 330), compared to Udupi (Rs 300) and Uttara Kannada (Rs 280). Labourers in informal sector activities in D.K. district obtain more wages compared to the other districts of the study region.

7. **Education level of the employees:** Education level of the employees reveals that 3.64 per cent employees were illiterates, 58.13 per cent of the total employees had primary education and 33.01 per cent of the total workers were with secondary education. Workers with pre-university education were about 4.85 per cent and only 0.36 per cent of the workers were graduates. Illiterates were found more in the traditional informal activities. Modern informal activities such as Tailoring and Photo copy centres have hired workers with slightly higher level of education. Community based skills play a vital role in the development of informal sector activities of this region.

8. **Working hours and days:** Utilization of labour hours per day and working days in a year shows that, employees were made to work for seven to eight hours per day and 272.75 days in a year on an average.

9. **Facilities to the employees:** Facilities provided to the employees reveals that 40.67 per cent of the total sample entrepreneurs provide bonus to the employees in the informal sector. 6.33 per cent respondents provide medical facilities to their employees. 2.67 per cent of the total sample respondents offer educational facilities to the children of their employees. Accommodation was provided by 9.67 per cent respondents. 98.67 per cent respondents provide various other facilities to their employees in one or the other way. Informal sector activity labourers were not covered under any specific social security measures.

10. **Mode of marketing:** Mode of marketing indicated that 6.20 per cent of products on an average were marketed through commission agents. 36.90 per cent of the total output was marketed directly by the entrepreneurs. A major
proportion of the output, that was around 56.90 per cent of the total output, was marketed on orders placed.

11. **Market Place:** Place of marketing indicates the demand for the products produced in informal sector. The informal sector products depend more upon the local market demand. The proportionate share of local market has declined from 69.60 per cent in 2008 to 63.00 per cent in 2013. 30.40 per cent of the total output was sold at outside market in 2008, which has increased to the level of 37.00 per cent in 2013. This nature of demand underlines the increased importance of outside market for the informal sector products in recent years.

12. **Sale of products:** Sale of Informal sector products shows that 23.50 per cent of the total products were sold in daily market, 43.00 per cent were sold in Weekly market. Remaining 33.50 per cent of the total output is sold in Monthly market.

13. **Source of borrowing:** Commercial Banks (74.33 per cent), Self Help Groups (44.33 per cent) and Co-operative Banks (29.00 per cent) together constitute important sources of borrowing to the informal sector activity entrepreneurs in Coastal Karnataka.

**C. Impact of informal activities**

Findings of the study on impact of informal sector activities on household income, employment, household assets and standard of living is given below

1. **Impact on household income:** 16.67 per cent reveal relatively higher impact on their household income. 61.33 per cent of the sample respondents felt moderate level of impact and 21.67 per cent respondents felt low impact on their household income. Informal activities have nil impact upon 0.33 per cent respondents. The study indicates that informal sector activities largely contribute to the household income of the respondents.

2. **Impact on employment:** 38.00 per cent of the total sample respondents felt relatively higher level of impact. 60.33 per cent of the total sample respondents felt moderate level of impact. Only 1.67 per cent of the total
sample respondents felt low impact on employment. Informal sector activities in Coastal Karnataka contribute largely to the generation of employment opportunities.

3 **Impact on household assets:** The study shows that 12.34 per cent respondents felt relatively higher impact on their household assets. 56.33 per cent respondent felt moderate level of impact on their household assets. 30.67 per cent respondents felt low level of impact on household assets and 0.66 per cent felt no impact on household assets. There was positive impact on the household assets of the sample respondents in the study area.

4 **Impact on the standard of living:** Higher impact on the standard of living was felt by 13.67 per cent of the total sample respondents. 83.33 per cent felt moderate level of impact on their standard of living. 3.00 respondents felt no impact on their standard of living. Informal sector activities helped the people to become self-sufficient and to lead a peaceful life.

D. **Motivation aspect of the informal sector activities**

With regard to motivation to the sample respondents to take up informal sector activities following aspects were found:

1. **Government:** Motivation by the Government to take up informal sector activities reveals that 2.67 per cent of the sample respondents were highly motivated, 37.66 per cent respondents felt a moderate level of motivation, 57.00 per cent felt a low level of motivation and 2.67 per cent felt no motivation by the Government.

2. **Banks:** Motivation by Banks was relatively very high for 0.33 per cent of the sample respondents. 74.00 per cent respondents felt moderate level of motivation, 18.33 per cent felt low level of motivation and 0.67 per cent felt no motivation by the Banks.

3. **Non Government Organizations:** Motivation by the Non Government Organizations reveals that 3.33 per cent of the sample respondents were highly motivated, 56.33 per cent of the respondents felt moderate level of
motivation, 39.33 per cent respondents felt low motivation and 1.00 per cent felt no motivation.

4. **Self Help Groups**: 22.00 per cent of the sample respondents were highly motivated by the Self Help Groups. 55.00 per cent respondents felt moderate level of motivation. 22.00 per cent respondents felt a low level of motivation and 1.00 per cent felt no motivation from the SHGs in the study region.

5. **Family members**: A high support and motivation from family members was received by the respondents of informal activities in Coastal Karnataka. 26.67 per cent of the total sample respondents felt high and 1.00 per cent felt very high motivation from their family members. 66.33 per cent respondents felt a moderate level of motivation, 5.67 per cent felt low and 0.33 per cent felt no motivation from their family members in the study area.

6. **Relatives and friends**: Motivation by the relatives and friends shows that 22.00 per cent felt high and 1.00 per cent of the respondents felt very high motivation. A moderate level of motivation is felt by 66.33 per cent respondents. 10.67 per cent respondents felt low level of motivation by the relatives and friends.

7. **Beneficiaries of Self Help Groups**: Membership and Beneficiaries of Self Help Groups indicates that 68.33 per cent of the total sample respondents in the informal sector activities were the members of Self Help Groups and 66.67 per cent were beneficiaries of the Self Help Groups in Coastal Karnataka.

8. **Beneficiaries of Government promotion schemes**: The study indicates that 38.33 per cent of the total sample respondents were aware of the Government promotional schemes. 13.67 per cent of the total respondents availed the benefits from the Government promotional schemes in the study region.
E. Problems of informal sector activities

The findings with regard to problems of informal sector activities are as follows:

1. **Production problems:** Problems pertaining to production reveals that 0.33 per cent respondents felt very high and 4.33 per cent felt high problems pertaining to production. 33.67 per cent of the total respondents felt moderate level of problems.58.33 per cent of the respondents felt low level of problems and 3.33 per cent felt no problems pertaining to production in informal sector activities.

2. **Problem of raw materials:** Problems pertaining to raw materials reveal that, of the total sample respondents 0.67 per cent of the respondents felt very high problem, 13.67 per cent of the respondents realized high level of problems pertaining to the raw materials.41.00 per cent of the respondents faced moderate level of problems pertaining to the raw materials. 40.00 per cent of the sample respondents face a very low and 4.66 per cent of the respondents face no problems pertaining to raw materials.

3. **Labour problems:** Labour problems indicate that 20.33 per cent felt high and 0.67 per cent felt very high problems. 69.00 per cent of the respondents had moderate level of labour problems. And 10.00 per cent of the total respondents face low level of labour problems.

4. **Marketing problems:** The study on marketing problems reveals that 2.00 per cent of the total sample respondents experience a very high level of marketing problems. 17.33 per cent of the total respondents had high and 45.67 per cent of the respondents face moderate level of problems. 32.67 per cent of the respondents experience low level of marketing problems and 2.33 per cent of the respondents were without any marketing problems in the study region.

5. **Technological problems:** Technological problems were felt very much by 25.00 per cent of the sample respondents of the Informal sector activities in
Coastal Karnataka. 42.33 per cent of the total respondents experiences average problems pertaining to technology. Remaining 32.67 per cent of the respondents face either low or no problem pertaining to technology.

6. **Financial problems:** Financial problem is one of the major problems of the entrepreneurs of the Informal sector activities in Coastal Karnataka. 25.66 per cent of the total respondents face relatively higher financial problems. 69.67 per cent of the total respondents face average financial problems. Thus 95.33 per cent of the total respondents of informal sector activities in Coastal Karnataka face the financial problems. Only 4.67 per cent of the total respondents are without any financial problems.

7. **Threats to the informal sector entrepreneurs:** Threats faced by the respondents include non availability of infrastructure such as transport, electricity, water, delay in getting licenses, permission from the local administration, and competition from large industries, lack of demand for the products and so on. The study reveals that 6.33 per cent of the total respondents face relatively more threats. 56.33 per cent face average threats. 37.33 per cent of the respondents face relatively low or no threats.

**F. Satisfactory status of the sample entrepreneurs**

The study on satisfactory status of the sample respondents revealed the following aspects

1. **Satisfaction pertaining to easy work:** The level of satisfaction pertaining to easy work shows that 5.34 per cent of the total respondents were shown relatively higher level of satisfaction. They found absolutely no problems in running the activities and felt more appropriate and convenient. 58.00 per cent of the total respondents have moderate level of satisfaction pertaining to easy work. They have positive response towards the work. 36.66 per cent of the total respondents felt low level of satisfaction pertaining to easy work.
2 **Satisfaction pertaining to cooperation of family members:** Level of satisfaction pertaining to cooperation of family members indicates that 4.67 per cent of the total sample respondents received very high support from the household members in running the Informal sector activities in the study area. 27.33 per cent of the respondents had moderate level of satisfaction pertaining to cooperation of family members. A larger proportion of the respondents i.e. 66.33 per cent were of the opinion that the contribution of family members to the work was low. 1.67 per cent of the total respondents felt no contribution by family members to the informal sector activities.

3 **Satisfaction pertaining to regular income:** Level of satisfaction pertaining to regular income shows that 9.00 per cent of the total sample respondents attain a higher level of satisfaction pertaining to regular income. 56.00 per cent of the sample respondents attain a moderate level of satisfaction over the informal activities pertaining to regular income. Therefore, about 65.00 per cent of the total sample respondents have positive response pertaining to regular income. 35.00 per cent of the total sample respondents felt low level of satisfaction pertaining to regular income.

4 **Satisfaction pertaining to sufficient income:** Level of satisfaction pertaining to sufficient income indicates that 5.00 per cent of the total respondent felt higher satisfaction and 51.33 per cent of the total respondents felt moderate level of satisfaction. 43.67 per cent of the total respondents felt low level of satisfaction pertaining to sufficiency of income.

5 **Work satisfaction of the entrepreneurs:** Work satisfaction of the entrepreneur shows that 21.00 per cent of the total respondents felt relatively higher satisfaction and 77.33 per cent of the total respondents felt moderate level of satisfaction towards work. 1.67 per cent of the respondents felt a low level of satisfaction on the work.
IMPLICATIONS OF THE RESEARCH

Informal activities in every economy are more important and more so in a developing economy. Mostly, they are unorganized, local based, traditionally practiced and a few new activities have also entered this sector. Most of the informal activities being labour intensive, they create employment opportunities. Local resource based informal activities do not require much education and skills. Skills are acquired from family elders as the activities are continued from generation to generation.

Informal economy from the production and distribution perspective is different from that of formal economy which is more professionalized, mechanized and to a great extent governed by administrative, managerial and marketing experts. Several micro economic principles are very much suitable for such formal sector. Whereas, the micro economic principles may not fit in case of many informal activities. Nature of cost of production, input use, and technology varies from time to time, place to place and activity to activity. Hence, there is a need to design a model to understand the economics of informal sector.

Further, the results of present research, indicates that the nature of problems of informal sectors are distinct from that of formal sector. Therefore, there is a need to bring all the informal sector activities into a single framework which may be attempted by framing an ‘informal sector policy’.

Traditional informal sector activities are environmental friendly and hence, need to be encouraged to continue for sustainable development. The Government needs to support this sector through proper policy formations.

Marketing of informal activity products is another problem. In the changed market scenario, the modern mechanised and foreign goods are posing a threat to the locally produced goods. Consumer’s demand for informal sector products is declining against the demand for modern goods. However, few new ventures of informal sectors are finding a good market demand. But, those traditional products under informal sector need to be encouraged by appropriate policies.
DIRECTIONS FOR FURTHER RESEARCH

Research findings of this study have its own limitations. The present study is more descriptive than analytical in nature. One of the major limitations normally acknowledged by similar studies is that the results can only reveal general trends in the informal sector in Coastal Karnataka. Hence, it may not contain convincing logical explanations of the informal sectors elsewhere due to its limitations. However, these limitations should be viewed as promising opportunities for further research in this field. Accordingly, the research offers some directions for future research in the following sections.

Theoretically informal sectors have to be viewed from the microeconomic perspectives. Principles of firms in terms of production, and marketing have matching features in informal sector. But distinguishing factor is that it is unorganized. Entry and exit of new firms are based on demand in the market. Therefore informal sector ventures have be analyzed with micro economic principles.

Moreover, informal sector activities are having regional differences, in the sense that different regions have different activities under informal sector. Their nature and scope varies from time to times. Therefore there will be immense scope for the researchers to diagnose the economics of informal sectors.

In the changed context, with globalization policy, future researchers cannot afford to ignore the fact that some cross-national surveys of informal sector policies and practices are available, but there has been a lack of comparative data covering a comprehensive range of informal sector issues. Hence, a few more empirical studies will have to be conducted to examine the overall trends and status of informal sector activities in cross-national contexts. Such studies would go a long way in proving an appropriate policy frame with varied conditions in different countries whose presence, or absence, may explain the differential adoption of innovative informal sector practices.
Another issue for further research is that there is still little evidence to indicate that informal sectors have added value to business. Informal activities still considered to be minor activities hence investments too are on a small scale in this sector. More research in to informal sector activities would open up new avenues of employment. The development of ways of evaluating the Informal sector activities to assess the impact of them on local economy and local people may be of high priority for researchers interested in this topic.

CONCLUSION

Informal economy constitutes an important component of any economy. But, its importance is more significant in backward, highly populated or developing economy. Importance of informal sector may be identified on the basis of its employment potential. It provides employment opportunities for families which have been continuing activities of informal nature since long time. Whereby helping the family members in acquiring the skills to continue such activities domestically. Further, low skilled, less educated labour force would find it easy to get into this sector.

However, informal sector owing to its nature, is unorganised, free from tax and other controls, but has its own problems. Economics of informal sector shows, challenges like increasing cost of production, decline in the traditional activity, and competitiveness for their products in the market. Therefore, there is a need to provide policy protection for the informal sector so that its prominence may not decline.

In India, more than 90.0 per cent of the workforce and about 50.00 per cent of Gross Domestic Product (GDP) are accounted for by Informal economy. This research on ‘Employment generation in Informal sector: A case study in Coastal Karnataka’ notices that a large proportion of socially and economically underprivileged sections of the society are employed in informal sector activities. Most of the informal activities are exhibit the features of traditional micro firms. Such micro firms have low investment, low turnover and low profit. The labourers
are both hired from outside and household members themselves working almost in equal proportions. Workers in this sector acquire skills from their family elders as well as skills are learnt on the job. Informal activity entrepreneurs make use of local talents, local raw materials. But, involvement of large number of middlemen is found in the marketing of their products.

It is essential to frame a policy for protecting informal activities so that its prominence in national and local economy will not decline. Impact of informal activities on the household income, employment, household assets and standard of living of the people of Coastal Karnataka is much more visible. The role of the Government, Banks, Non Government Organizations, Self Help Groups and family members in expansion of informal sector activities are crucial.