CHAPTER-I
INTRODUCTION

1.1 Introduction

Labour and employment are always featured as the two most complex economic variables in development literature. It is a normative concept which requires both quantitative and qualitative aspects. In the last few decades, the trend of urbanization cannot be taken solely as the result of industrialization. Rather, it can be attributed to urban bias in investment of capital, finance and allocation of productive resources. Consequently, the various demographic features of the urbanization process have resulted in a substantial increase in urban labour force. The growing labour force has remained unemployed and underemployed and finally settled their lives in the urban informal sector in variety of activities. The empirical scenario of urban labour market in developing countries reflects coexistence of a small, well-organised formal sector with a large informal sector. The formal sector is characterized by relatively high earnings and attractive employment condition while the informal sector is characterized by low and volatile earnings. Research efforts in urban employment as well as labour market in the past have most often focused on the organized sector. It emerges as an extensively researched topic prior to 1970s when it became a stylized fact that the informal or broadly unorganised sector, is often the most important employment opportunity in developing nations. The models of sectoral dualism put forward by
Lewis (1954) and Fei and Ranis (1961, 1964) proved to be ineffective since the 1970s, as far as broad based employment generation is concerned. Those classical theories assumed that informal sector would gradually disappear with the process of economic development. However, the contemporary evidence negate this truth and informal sector now acts as a potential candidate capable of creating widespread income and employment.

The developing countries face the problems of poverty and employment creation coupled with malnutrition, hunger, inequalities etc. and by this time, there is limited scope for generating adequate formal sector employment. It has resulted in failure to keep pace with the continuously rising unemployment in last few decades and in turn, the informal sector gained momentum. The process of informalization is a transitory phenomenon and it gets expanded and diversified to many economic activities as the development process gears up. However, the jobless growth introduced by Structural Adjustment Programmes (SAP) compelled the private sector employers to squeeze the employability to maintain competitiveness and cost efficiency. This trend is observed in developing nations where informal sector sits in a permanent chair and employability has been a debatable issue. However, the nature of informality does not coincide between developing and developed nations. In developing countries, it can be considered as a survival instrument or “employer of last resort” for the poor people where no alternative avenues are available for them. On the other hand, the enterprises in the informal sector of the developed countries provide more autonomy, flexibility and freedom as compared to the formal sector.

1.2 Origin and Development of Informal Sector

There is an ongoing debate about a standard definition of informal sector due to inter-regional variations in its operation. The very notion of informal sector was first used by Keith Hart, a social anthropologist in a study on Ghana in 1971. The phenomenon of informal economy was initially observed in the third world
countries but eventually it has diversified to all types of countries. Formal-informal
sector dichotomy is generally recognized as a suitable and superior method of
analyzing urban economies. Hart distinguished formal and informal sector by
taking into account the distinction between wage earning and self employment
(Hart, 1973). Since then, the concept was modified and widened in the hands of
ILO (International Labor Organization) in the 1970’s. In its description, the
informal sector was viewed to be characterized by small scale of operation, family
ownership of enterprise, ease of entry, reliance on indigenous resources, labour
intensive and antique technology, skills acquired outside formal sector system,
unregulated and competitive market. But the application of such multiple criteria
was vague in the empirical operation of informal sector. Further the concept gained
prominence after the visit of ILO (International Labour Organization) employment
mission to Kenya in 1972. The ILO gradually developed a conceptual framework in
the collection of statistics on the informal sector. It was presented in the form of a
resolution in the 15th International Conference of Labour Statisticians (ICLS) in
1993. The resolution was then included in the System of National Accounts (SNA,
1993) recommended by the United Nations Economic and Social Council.

The System of National accounts (1993) states that informal sector comprised
of all unregistered and unincorporated productive entities primarily characterized
by a) low level of organization, b) little or no division of labour and capital, c)
labour relations if exists - are based on casual employment or family relations,
rather than contractual arrangements d) using antique technology etc. Such
enterprises have no legal status and separate complete accounts.

However the fifteenth ICLS, 1993 propounded an operational definition of
the informal sector which includes legal status and accountancy, employment size
or registration as its main criterion. In addition, within the household sector, the
informal sector can be divided into two sub categories:
1. Informal own account enterprises which are single member or partnership household units that do not hire workers on a continuous basis. However such enterprises may employ contributing family workers and employees on a temporary basis.

2. Enterprises of informal employers which employ one or more employees on a continuous basis. However for operational purposes, this category may be defined in terms of one or more of the following criteria a) the size of the unit which is below a specific threshold b) non registration of the enterprise or its employees and c) the upper size limit in the definition may vary between countries (Satpathy, 2004)

The Employment Market Information (EMI) program of the Directorate General of Employment and Training (DGE&T) under the ministry of labour defines organized sector as comprising of all establishments in the private sector which employ ten or more persons on any day of the reference period which is usually a quarter (Sankaran and Rao, 1995). However, some scholars incorporated worker based and invisible groups approach to identify informal employment over the enterprise approach. Under worker based approach, wage employment and non wage employment are recognized as two broad categories. The wage employment part includes employees in the enterprises of informal employers, outworkers or home workers, independent wage workers like maid servant and workers whose accounts do not conform to labour regulations. On the other hand the non wage category captures own account workers, employers of informal enterprises with at least one hired worker and unpaid family helpers. Individuals like home based workers, street vendors; gardeners etc are probably left out in the ambit of enterprise based definition. They are hence regarded as invisible groups of informal workers. However, the enterprise based definition did not make any distinction between agricultural and non agricultural informal enterprise. Interestingly under non agricultural workers in urban informal sector, women constitute the lion’s share. It reveals that a gender based analysis of informal economy is the need of the
hour. Most of the women workers are working in erratic conditions which are leading to their vulnerability.

The researchers engaged in the literature of informal sector often used the term ‘unorganised’ and ‘informal’ synonymously. But in reality the two terms cannot be always used interchangeably. In its definitional ambit, the National Accounts Statistics (NAS) divided unorganised sector into three scale based categories-

A) Directory Manufacturing Establishments (DME) covering units not registered under the factories act, 1948 and employing more than five workers.
B) Non Directory Manufacturing Establishments (NDME) which employ one to five workers.
C) Own Account Manufacturing Enterprises (OAME) which may employ only unpaid family labour.

The above definitions of unorganised sector were mainly concentrated on manufacturing sector. In light of the above definitions, the National Sample Survey Organization (NSSO) which conducted separate informal sector survey in 1999-00 pronounced another definition. It defined informal sector as ‘all non agricultural unincorporated proprietary and partnership enterprises excluding those covered under the ASI (Annual Survey of Industries) for operational purpose of the survey. Thus informal sector can be placed as a subset of unorganised sector (CSO, 2001).

In order to make the national definition comparable with international one, the National Commission for Enterprises in Unorganised Sector (NCEUS) defined informal sector as: “The informal sector consists of all unincorporated enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten workers”. Later on the commission reviewed the concept and additionally defined informal labourers as those who do not get social security benefits from the employer. In addition to above definitional discussion, there are numerous scholars and organizations that defined informal sector in many ways. As a dynamic sector,
the definitions used by different researchers vary in the changing set up of society as well as objectives and area of study.

1.3 Researcher’s Definition

As informal sector is vibrant, heterogeneous and diverse from state to state and country to country, the present study has adopted a modified version of NCEUS definition of workers in informal sector. Some important social scientists like Santos, Geertz, McGee and others recognize a dichotomous urban economy in a framework other than formal-informal classification. Santos (1979) has considered the city consisting of two sub-systems: the “upper” or “modern sector” and the “lower circuits.” The upper circuit is the direct result of technological progress and the monopolies are its leading representative elements. The lower circuit consists of small-scale activities and is almost exclusively for the poor. He assumes dependency of the lower circuit upon the higher circuit. Santos has mentioned about two dozens of distinguishing features of the “lower” circuit. According to Santos, in the lower circuit, haggling-price negotiation between buyers and sellers - is the rule. This particular feature of haggling over the terms is similarly present in the “bazaar” economy of Geertz. Thus, the researcher finds it suitable to segregate between upper and lower circuit of informal sector in the sample districts and also finds that a sizable portion of it is in the lower circuit. And the informal workers (as per 17th ICLS and NSSO 68th Round Report) from the lower circuit are studied in present research work.

1.4 Statement of the Problem

According to NSSO 68th round for 2011-12, around 72 percent of the total workforce is employed in informal sector, out of which 75 percent in the rural areas and 69 percent in the urban areas are informally employed. Among the workers in the informal sector, about 86 percent in rural areas and 98 percent in urban areas are employed in non agricultural pursuits. The workers and enterprises of the
informal sector has shown better performance in productivity, real wages, capital accumulation and investment as compared to their formal counterparts. Informal sector continues to be most dynamic and dominant sector of employment. Planning commission has uploaded a dataset in their website (data.gov.in) related to formal and informal sector in July, 2015. It classifies the employment in informal sector both in organized and unorganized segment of the country for two periods 2004-05 and 2009-10. It shows that informal sector employment in unorganized sector was 393.5 million in 2004-05 which has declined to 385.08 million in 2009-10. On the other hand, in organized sector segment, informal employment in 2004-05 was 29.1 million which has risen to 42.14 million in 2009-10. The trend is encouraging in the employment front since employment analysts argue that informal workers in formal sector are in a better off position than that of informal workers in informal or unorganized sector in terms of their working conditions and decency in work. However, formal sector employment in unorganized sector has marginally increased from 1.4 million to 2.26 million which indicates slow movement of informal workers to the formal sector. Further, there is a declining trend in the formal sector employment from 33.4 million in 2004-05 to 30.74 million in 2009-10, where we observe a declining elasticity in the formal sector employment.

Migration in India is mostly employment driven. The recent migration data of the country is available in the 64th round of NSS in 2007-08. If we analyse the reasons for migration, we observe that 55.7 percent of male migrants in urban area have migrated only for various employment related reasons. The employment related reasons basically includes – in search of employment, in search of better employment, to take up employment, transfer of service and proximity to the place of work. Of all these employment related reasons, the following three reasons, namely - in search of employment, better employment and to take up employment constitute 80.61 percent of the migrants. It indicates predominance of both the push and pull factors of migration since these are all related to urban areas. The same case is true for the state of Assam as well. In Assam, 31.9 percent of urban persons have migrated only for employment related reasons, which is higher than national
average of 22.8 percent. The urban male migrants are found to be more than that of females in employment related reasons which is 59.7 percent, more than the country’s percentage of 55.7 percent. Moreover, forced migration is also one of the highest in the state which can be attributed to the large influx of Bangladeshi migrants to Assam in the last few decades. Assam also finds second position after Nagaland in case of temporary migration of urban males ranging from 30 days to 6 months in search for employment (NSSO, 2008). Thus, migration in both the state and the country as a whole is rapid. This spurt in growth of population in urban area is mainly determined by migration, natural increase and inclusion of new areas under urban geography. The recent decadal census of 2011 has been identified, as the first decade after independence where absolute increase in population in urban areas is found to be more than the rural areas. It has resulted in an increment in the level of urbanization from 27.81 percent in 2001 to 31.16 percent in 2011 census. On the other hand, rural population has declined from 72.19 percent to 68.84 percent for the same period (Census, 2011). The same trend is also observed in Assam where decadal growth of rural population is 15.35 percent and the growth of urban population is 27.61 percent. Urbanization, across the countries has been debated because of its two fold determinants, as to whether it is a parameter of development or a parameter of distress. In most of the states, it is perceived to be a consequence of development. The state of Assam has witnessed massive influx from rural areas within and outside the state. However, the rural employment guarantee act in the name of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was passed by parliament in February, 2006. The new government (BJP) at the centre directed the states to provide more employment under the programme for pushing rural infrastructure and making it more effective. But the paradox is that Assam government has failed to implement the act under many parameters. A very few numbers of the registered household in the state are provided with employment during 2007 to 2012. In contrast, rural-urban workforce participation according to the Census 2011 shows few interesting observations. The Female Workforce Participation Rate (FWPR) has been 30.02 percent in rural areas while it is only 15.4 percent in urban areas of India. There is
nearly a 15 percent gap in the two ratios between rural and urban areas. In the same variable, Assam has a FWPR of 23.7 percent in rural areas and 14.7 percent in urban areas. The gap is less than that of the country as a whole and thus is a positive aspect of labour market

The informalization process in the country is tilted towards urban non agricultural sector, as 98 percent of the informal workers are engaged in non agricultural sector. The casualisation of the workforce has been observed with as high as 81 percent casual workers in urban areas. It has twin resultant outcome. Firstly, it benefits the employers more because of labour market flexibility. Secondly, worker’s standard of living gets deteriorated because their wages are not adjusted to inflation and thus are more vulnerable under ever increasing food inflation.

Assam was occupied by British in 1826 and division was made between Upper and lower Assam. Officially, it was annexed in 1839, from when Assam became the province of India and Assamese people as the British subject. The pre-colonial feudal economy was destroyed and replaced by capitalist economy. This became possible with large scale investments made by the Britishers in tea, petroleum, coal and timber industries of the state. Since then, Assam faced the problem of large scale immigrants from mainland India under the 600 years of Ahom rule. Semi skilled labourers, traders and East Bengal Muslims flooded the state. But the case of tea garden labourers is different. They were brought by the tea planters from central India because of the reluctance of the Assamese people to work in the tea gardens. These immigrants from mainland India into the closed Assamese society created several social tensions. Till then, Assam was the present day North East India - broadly known as Greater Assam. After the Indo-China war of 1962, the centre, instead of developing the region initiated the division of Assam from 1963 with the creation of Nagaland. Subsequently, other six states were created in 1971 and Assam became one-third of its earlier size. The present state of Assam is marked by low agricultural productivity, poor infrastructure, tenuous
communications and nascent levels of industrial activity. Government of India has traditionally considered the entire NER as deserving of single treatment. The 1991 economic reform could not yield much benefit for the region and still the gap between NER and rest of the country do exist.

The literatures related to urban labour market reveal overall importance of studying informal sector. Most of the studies are undertaken in large cities. But, in recent times, due to enactment of decentralization process to promote balanced regional development in different regions of the country, small towns have also become focal points of planning and development activities.

1.5 A Profile of the Sample Areas

The sample is centered around two important districts of Assam namely Sonitpur in Upper Assam and Kamrup (Metro) in lower Assam. Both the districts have lucrative urban centers, from which two important growing towns has been taken for study – namely, Tezpur in Sonitpur district and Guwahati in Kamrup (M). Government of Assam created the Panchayat and Community development act in 1952 in line with the centre. Later on, Assam Panchayat act, 1994 was placed with the 73rd amendment of 1992 in the constitution of India. At present, elections are held since October, 1996 under the three tier system - namely at the village, intermediate and district level. In contrast, Assam has the largest quantum of urban population in entire North Eastern States, which figures at 4.3 million as per Census, 2011. In the last decade, the percentage of urban population of the state has increased from 12.90 percent in 2001 to 14.08 percent in 2011. In the same period, the rate of growth of urbanization has declined from 38.24 percent in 2001 to 27.61 percent in 2011, there by showing a decline in the growth of urbanization in the state. Maximum urbanization has been taken place in Kamrup (M) district, having an urban population of 82.09 percent.
**Sonitpur District:** Sonitpur district is spread over northern bank of the river Brahmaputra in Assam. It is bordered by the state of Arunachal Pradesh towards north, Morigaon, Nagaon, Jorhat and Golaghat districts of Assam towards south, Lakhimpur district in the east and Darrang district in the west. It lies between 26° 30’ N - 27° 1’ N latitude and between 92° 16’ E – 93°43’E longitude. Located between the mighty Brahmaputra River and Himalayan foothills of Arunachal Pradesh, the district is largely plain with little hilly terrain and has a Sub-Tropical Monsoon climate over the year. The district of Sonitpur is divided into 14 development blocks. Under the blocks, there are Gaon panchayats (Lower Panchayat) each comprising of adequate number of villages and local self bodies. Presently, the district comprises of 5 statutory towns and 3 census towns. Of the total urban population of the state, Sonitpur district comprises of 173845 persons, which accounts for 9.04 percent. The district has a 57.58 square kilometer urban area with 40,272 persons. It is the second largest district in Assam in terms of area. Literacy in the district is 69.96 percent which is lower than the state average of 73.18 percent. Gender disparity also exists in terms of literacy rate, where male literacy is 76.98 percent and female literacy rate is 62.53 percent, but the disparity is less compared to the disparity in the state as a whole. Tezpur is the most populous town of the district with a population of 75540 persons. The town is sometimes described as a cultural capital of Assam since many cultural icons were born in this beautiful town. It has a long mythological story for which many people referred it as the “City of Eternal Romance”. Infrastructural development in the urban areas of the district has increased in the last few years. Daily Bus services operating 24×7 connects Tezpur to Guwahati, the state capital of Assam. At present three Broad Gauge trains namely Naharlagun-New Delhi, Kamakhya- Dekargaon, Dekargaon- Harmoti runs via Tezpur. Moreover, daily flight services do exist between Tezpur and Kolkata. Thus, physical infrastructure in the last few years has developed substantially in the city, and hence makes it an attractive destination for many people.
District Industries and Commerce of Sonitpur district is situated in the heart of Tezpur. A report of “Brief Industrial Profile of Sonitpur District” was published by MSME-Development institute of Guwahati in collaboration with DICC, Sonitpur in 2011. The district has nine industrial areas out of which three industries are functioning within a circumference of 5 kilometers from Tezpur. Total number of registered industrial units is 2910 of which only three numbers can be categorized as medium and large unit. There is a declining trend in the year-wise registration of units as revealed by DICC, Sonitpur. On the other hand, many petty businesses including beauty parlours, bicycle repairers, grocery shops, small hotels, Hair dresser have increased in the urban part of the district. Steel fabrication, readymade garments and embroidery, agro-based units, repairing and servicing and wooden furniture based units are maximum in the district in general and Tezpur in particular. More than 200 micro enterprises are in the service sector in the district, of which the maximum numbers are in Tezpur town.

Kamrup (Metro): Guwahati, the state capital of Assam and gateway to the North Eastern States, is located in Kamrup district of the state. It approximately extends from 91° 38'E to 91°51'E longitude and from 26°5'E to 26°12'N latitude. The city has been a centre of learning and administration since time immemorial. It was known as Pragjyotishpur in Indian mythology which was a centre of astrological studies as well as capital of the Asura dynasty. Her development started in modern line when Gauhati (Presently Guwahati) came under British rule. Guwahati was the headquarters of Assam till 1874. Later on, the headquarter was shifted to Shillong, but the office of the commissioners and Judge of Assam valley districts remained in Guwahati. The city is the most vital node in the physical infrastructure map of North East India. It is connected with rest of India by the National Highway (NH) no. 31 and with the rest part of the states by NH-37 and NH-52. Similarly, Guwahati is also well connected by railways and airways with the rest of the country. The earlier Kamrup district is bounded by Udalguri and Baska District in the north, Meghalaya state in the south, Darrang District and
Kamrup Metropolitan District in the east and Goalpara, Barpeta and Nalbari District in the west. Kamrup (Metropolitan) was created after census 2001.

It comprises of two statutory towns and ten census towns where Guwahati (Municipal Corporation + Outgrowth) is the most populous with 962334 persons. Kamrup (M) is placed in the first rank in terms of the level of urbanization of the state, where nearly 82.9 percent of the urban population reside, which is far more than the state average of 14.1 percent (Census, 2011). The district literacy is 88.71 percent, which is also more than the state literacy rate of 72.19 percent. Guwahati itself have a literacy rate of 82.89 percent but it is less than the district average. From the industrialization point of view, the entire Kamrup district has a bulk of service sector industries. There were 21 industrial areas in the undivided Kamrup district till 2011, according to the data published by DICC, Kamrup district. Of them, 43 are medium and large units with total registered units of 9901.

1.6 Sample Selection, Data Sources and Methodology

Guwahati is the fastest growing highly urbanised town of entire Assam located in lower Assam and it is the state capital of Assam. It is also the district headquarter of Kamrup (Metro) and is the biggest town for entire North Eastern States.

Many studies on informal sector are conducted in Guwahati by scholars, which are mostly confined to a particular segment of the informal workers like construction workers (Das, 2007), milk producers (Saikia, 2009), Manufacturing sector (Majumdar, 2012), tea garden labourers (Sarma, 2015) etc. Thus, the present study tries to locate the employment, earnings and working conditions of informal sector workers and enterprises of the sample urban locations, irrespective of any particular segment. In recent times, large scale construction work has been initiated in Guwahati, in which a sizable proportion of informal workers are employed, who have migrated from both within and outside the state. The sampling distribution of the research work has been summarized below:

Table: 1.1

Sample Composition in the Surveyed Districts
<table>
<thead>
<tr>
<th>Districts</th>
<th>Town</th>
<th>Urban Locations</th>
<th>UIS Workers</th>
<th>UIS Enterprise</th>
<th>Urban Formal Sector Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Kamrup (M)</td>
<td>Guwahati</td>
<td>10 Urban Locations</td>
<td>236</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td>Sonitpur</td>
<td>Tezpur</td>
<td>8 Urban Locations</td>
<td>205</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
<td><strong>441</strong></td>
<td><strong>200</strong></td>
<td><strong>50</strong></td>
<td></td>
</tr>
</tbody>
</table>

Primary data have been collected in various identified localities in Tezpur and Guwahati towns of Assam, which have a noticeable presence of informal sector. There are two elements in the sampling frame of the research work - one is worker based and another is enterprise based. Field survey is specific to eighteen different locations of both the towns of which eight locations of Tezpur and ten locations of Guwahati are identified and surveyed. A total of 441 informal sector workers from the two study areas namely Guwahati and Tezpur are covered in the primary survey, from the selected urban locations, with the help of pre-tested schedules. Apart from this, 200 enterprises of urban informal sector are surveyed to understand the status of unorganised enterprises in the study area. As a control group of the study, 50 urban formal sector workers are also surveyed. Primary data are collected from urban informal workers on various individual and household characteristics, employment pattern, nature of contractual arrangements etc. Workers are selected from each of the following activities: (i) Construction (ii) Rickshaw pulling (iii) Auto-repair and transport (iv) Hotel and restaurant (v) Petty trading and (vi) Domestic services, (vii) Beauty Parlours and other informal sector activities. The sample is carefully chosen so as to give adequate representation to both male and female workers, as well as indigenous/local and migrant workers. However, collected primary data of the enterprises are categorized by National Industrial Classification (NIC-2008) two digit classification. To provide the background and enrich the discussion, secondary data published by NSSO on
various rounds, NCEUS, Census of India, State economic census and Statistical handbook of Assam are also used. During the field survey, discussions are carried out with few worker families, researchers, labour department officials and District Industries and Commerce Centre (DICC) etc. Appropriate statistical and econometric tools are used to quantify the variables on specific information collected from the field.

Economic census provides complete count of all establishments within the country and also provides information on number of workers in unorganised sector under three broad types of enterprises namely Own Account Manufacturing Enterprises (OAME) i.e., enterprises without any hired workers and Establishments i.e. enterprises with at least one hired worker. As the study is confined to urban areas, the total number of non agricultural establishments in Assam is taken into account. It is seen that 97.24 percent of the total enterprises are non agricultural in urban Assam. Of the total Non agricultural enterprises, OAME (without any hired workers on regular basis) constitute 63.67 percent, while Establishments (with at least one hired worker) constitute 36.33 percent in urban Assam. It indicates that OAME constitute a larger share in total non agricultural enterprises in the urban areas of the state. However, the state of Assam has acquired third position in the percentage growth, in terms of total number of Establishments and is identified under the category of top five states in growth of Establishment during the fifth-sixth Economic Census. Secondly, Assam has got second position in growth of employment. But, the percentage growth in the total number of Establishments in Assam has been 100.17 percent, while growth in total employment is only 78.84 percent. It indicates that the growth of Establishments has not kept pace with total employment. Similarly, growth of Establishments in Sonitpur district has been recorded as 105.44 percent, with a rural share of 118.60 percent and a urban share of 68.63 percent. In case of both, i.e. growth in establishments and employment, figures of Sonitpur district are higher than the state average. In Kamrup (Metro), growth in employment has been recorded as 103.24 percent with a rural share of 113.76 percent and a urban share of 76.37 percent. It indicates that the pace of
growth in establishments is more than growth in employment in rural areas as compared to urban areas of the district. Kamrup (Metro) district has recorded the highest number of urban establishments of 34.24 percent in the entire state. Moreover, the district accounted for nearly 11.59 percent of the total employment in the state (Sixth Economic Census, 2013; Economic Survey, 2015). However, growth in employment and growth in establishments are encouraging in case of both the districts as indicated in the provisional results of the sixth economic census. Thus, this research work seeks to explain the urban informal sector and its condition of employment through NSS data at three stages that is - a) At the all India level, b) The State of Assam and c) Across the States.

### 1.7 Discussion on the Regression Models

The present study attempts to study the earnings of sample UIS workers with multiple linear regression models. Wage inequality in India especially in informal sector is persistent ‘within’ the group and between the groups. In contrast, earning differences do exist among workers with varied educational levels, sex, age and length of job done as well (Das, 2012; Upadhyay, 2007; Merrick, 1976; Mitra, 2008; Nagaraj, 2016). Experience is another important variable which affects the participation in informal sector and earnings of self employed workers (Arunatilake and Jayawardena, 2010). However, keeping the scope, objectives and hypotheses of the study in mind, the following regression model is applied in order to study the effect of selected independent variables on earnings of the sample self employed UIS workers:

Model-1: This model is related to determinants of earnings of self employed UIS workers. The specification of the explanatory variables is outlined below:

\[ Y_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \varepsilon_i \]

- \( Y_i \): Daily earnings of the urban self employed informal sector workers
- \( \beta_0 \): Intercept
- \( x_1, x_2, x_3, x_4, x_5, x_6 \): Independent variables
- \( \varepsilon_i \): Error term


$X_1 = \text{Age of the Respondent (in completed years)}$

$X_2 = \text{Sex of the Respondent (1=Male, 0=Female)}$

$X_3 = \text{Education (in completed years)}$

$X_4 = \text{Normal Working Hour (in Hours)}$

$X_5 = \text{Experience (1=Yes, 0=No)}$

$X_6 = \text{Access to financial assistance (1=Yes, 0=No)}$

$\varepsilon_1 = \text{Error Term}$

Model-2 attempts to study the association between earnings of sample UIS workers (workers worked in an enterprise, in a household and workers employed by an individual) and their age, sex, education, working hours, migration status and frequency in change of job. The model can be written as:

$$Y_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \varepsilon_i,$$

where,

$Y_i = \text{Daily earnings of the urban informal sector workers (other than self employed)}$

$\beta_0 = \text{Intercept}$

$X_1 = \text{Age of the Respondent (in completed years)}$

$X_2 = \text{Sex of the Respondent (1=Male, 0=Female)}$

$X_3 = \text{Education (in completed years)}$

$X_4 = \text{Normal Working Hour (in Hours)}$

$X_5 = \text{Migration status (1=Migrant, 0=Native)}$

$X_6 = \text{Frequency in change of job (in numbers)}$

$\varepsilon_1 = \text{Error Term}$

Model-3 is used to determine the association between sales revenue of the sample firms and registration status, work experience of the entrepreneur, entrepreneur’s education, financial access, location of the enterprise and distance from market centre. This model is applied for examining the performance of the sample enterprises:
\[ Y_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \epsilon_i, \] where,

- \( Y_i \) = Sales Revenue of the UIS unit
- \( \beta_0 \) = Intercept
- \( X_1 \) = Registration Status
- \( X_2 \) = Work Experience of the Entrepreneur
- \( X_3 \) = Entrepreneur’s Education
- \( X_4 \) = Access to Finance
- \( X_5 \) = Location of the enterprise
- \( X_6 \) = Distance from Market Centre
- \( \epsilon_i \) = Error Term

1.8 Objectives of the Study

The study is primarily aimed at knowing the extent, structure, nature and quality of employment in the urban informal sector of Assam. Specifically, the major objectives of the proposed study have been set as follows:

(i) To find out the contractual relations in different segments of the urban informal sector in Assam.

(ii) To investigate the quality of employment in the informal sector in terms of earnings, working hours, working environment and different dimensions of ‘decent work’, namely labour market security, employment security, job security, work security, income security and representation security.

(iii) To study the general socio-economic characteristics and conditions of the informal sector workers.

(iv) To examine the linkages, if any, between formal education and earnings in different segments of the informal sector.

(v) To bring out policy prescriptions to improve the conditions of workers in the urban informal sector.
1.9 Hypotheses

The following hypotheses have been tested empirically in this study:
1. Informal sector employment is characterised by low wages, higher working hours and lower social security provision for the workers than those in the formal sector.
2. Formal training and education has a positive impact on earnings in the urban informal sector.

1.10 Chapterisation

The chapters in the thesis are organized as follows. The background and rationale of the study, research questions, objectives, hypothesis, database and methodology have been presented in the introductory chapter. The second chapter provides an overview of the review of earlier studies on informal sector in India as well in other developed and developing countries. It also deals with the conceptual issues relating to the urban informal sector. The various theoretical and empirical discussions on the characteristics and role of the informal sector have also been incorporated in this chapter, particularly focusing upon the studies in India and in North east India in particular. The size and features of the urban informal sector in Assam and India has been presented in chapter three, mainly based on the data from the Economic Census of Assam as well as the NSS data. The fourth chapter basically deals with the findings of the primary survey of informal sector workers. The employment patterns, contractual relations, levels of earnings as well as the socio-economic conditions of the workers have been presented in this chapter. Based on the findings of the primary survey and participant observation an attempt has been made to study their conditions. The findings of the survey of unorganised enterprises in the study area have been incorporated in chapter Five. And finally, the summary of key findings and policy implications has been placed in the final chapter.
1.11 Conclusion

The state of Assam is not an exception to the trends of overall urban labour market scenario of the country as a whole. It has got third position in terms of percentage growth in total number of establishment and second position in terms of growth in employment during the fifth and the sixth economic census. In addition, the share of OAME in the state is also more than 60 percent. Thus, the Establishments those are created can be easily perceived to be unorganised. Moreover, a large chunk of the population in rural areas followed by interstate as well as inter-district migration to urban areas - clearly indicates the prevalence of a vibrant urban informal sector in the state. Similarly, a predominantly agrarian state with poor performance of the centrally sponsored flagship programmes in the rural areas has forced the people to migrate to urban areas. These workforces tend to get employed in the informal sector in very low quality jobs that gives them less than subsistence wages. The present growth rate of population coupled with high unemployment rate has put enormous pressure on the state economy to create additional jobs in the urban areas. In this backdrop, urban informal sector plays a vital role to absorb most of the unskilled or semi-skilled labour force from many areas of the state and from outside the state. However, quality of jobs, health benefits, economic and social securities are comparatively inadequate in the informal sector as compared the formal sector.