CHAPTER-VI
CONCLUDING OBSERVATIONS AND POLICY IMPLICATIONS

6.1 Concluding Observations

Unorganised or informal segment in non agricultural activities is quite sizable in urban part of Assam. Worker’s participation in informal sector has grown in many urban locations of the state where urbanisation, per capita income and industrialisation has taken place. Both Guwahati and Tezpur town follow the pattern of urbanisation with rapid increase in unorganised workforce and enterprises. Industry groups like manufacturing and construction have got abundant UIS workforce. A close analysis of the condition of employment of the UIS workers in the non agricultural sector shows that there has been a steady decline in the social, economic and health securities of the unorganised workforce.

Chapter one deals with definitions, statement of the problem, sampling, methodology, objectives, hypotheses and chapterisation. The state of Assam is placed in third position in terms of percentage growth in the number of establishments and second position in terms of the growth of employment during the fifth and sixth economic census. The proportion of informal sector workers in urban Assam has increased from 56.2 percent to 60.7 percent as per the NSS survey reports of 61st (2004-2005) round and 68th round (2011-2012). An attempt has been made to examine the employment patterns, working conditions and status of the enterprises in the present research work. 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. The present study has also tried to segregate the informal sector between upper and lower circuit in the sample districts and has found that a sizable portion of it are in the lower circuits. Thus, the present study seeks to examine the employment, earnings and working conditions of informal sector (lower circuit) workers and enterprises in Guwahati and Tezpur town of Assam. Enterprises are classified as per the National Industrial Classification (NIC)-2008 and a sizeable proportion of it is found in the specified two digit industry groups in the state.

Chapter two deals with the concepts and approaches related to informal sector. The institutional and sectoral peculiarity puts the informal sector at a disadvantageous position. As far as the workers are concerned, it is observed in many developing countries in general and India in particular, that, they are relegated from many social, economic and health securities which are, on the other hand enjoyed by the organized sector workers. Labour productivity is found to be heterogeneous from region to region and state to state. In the enterprise level, unorganized enterprises are booming in the entire country and shifting from being an Own Account Enterprises (OAE) to Non Directory Manufacturing Enterprises (NDME) and Directory Manufacturing Enterprises (DME) clearly reflects its expansion. While few studies advocate that informal sector is a negative phenomenon, but its potentiality for employment is well examined in the development literature. Women and children in the informal sector are worst sufferers, since they are excluded from various opportunities at the workplace and outside the workplace as well. Kerala’s headload workers association, Self Employed Women Association, National Council for Enterprises in Unorganised Sector (NCEUS), Unorganised Sector Social Security Act, 2008 are some of the schemes and trade unions related to the unorganized sector, which can have a favourable impact on the betterment of both enterprises and workers therein. In the nexus between formal and informal sector, a precise boundary cannot be built between the two, but they are nearly distinct. They are not totally isolated as we find numerous links between enterprises in the formal and informal sectors. It is observed that, in developing countries, research on informal sector is usually derived from a concern with the problem of mass poverty and unemployment. On the other hand, growing economic crisis and cheap labour has fuelled the debate on
informal enterprises in developed countries. However, the possibility of shrinking of informal sector is still a debatable issue. The size of informal sector has declined in many countries in recent decade but the process is very slow. Even, countries with higher growth rates have not shown proportionate decline in informal economy. However, the structural shift that has been observed in the Indian economy also reflects the structural change that is happening in the informal sector and thus a rapid growth of output also changes the character of the informal sector and makes it more complex.

Calculated location quotients show that the information sector and the communication sector have the highest concentration of informal labourers followed by arts, entertainment and recreation, real estates and construction. The conditions of employment have not improved proportionately to the growing UIS workforce in the state. Among the Regular/ Wage Salaried (RWS) workers, 56 percent of UIS workers do not have any written contract with their employers in Assam. There are 84.2 percent of the casual UIS workers in urban Assam who do not have any written contract with their employer. The proportion of workers without written job contract has increased during the last two NSS surveys namely 61st and 68th round. Secondly, during the same period, the proportion of UIS workers not eligible for paid leave has increased from 39.6 percent to 46.1 percent. In addition, the percentage of workers who are ineligible for paid leave is more in case of female and casual UIS workers, who are always the marginalised in informal employment. A considerable percentage of UIS workers in the state (45.7 percent) are outside the umbrella of social security. Thus, the condition of employment as revealed from written job contract, paid leave and social security, the urban UIS workers in the state are not in secured positions; rather most of them are in vulnerable positions.

Chapter 3 deals with the employment pattern and working conditions of the sample UIS workers in eighteen urban locations of Guwahati and Tezpur town of Assam. Both are growing cities of two important districts of the state namely Kamrup (Metro) and Sonitpur respectively. Economic reforms of 1991 and structural shift of the city economies by various urban policies have resulted in the formation of new avenues of employment. In our study area, we observe that many services like prime cab, my taxi, Uber international, e-rickshaw, office Tiffin service, dominos, KFC, McDonalds, home
service of many items, financial services like private banking and insurance have come up in a big way. But, the workers involved therein are not taken in the present study as the impact of technological modernisation and new avenues of employment can be better understood only after few years of their success. The study is confined mostly to the lower circuits of informal sector as discussed in chapter one. There are 441 workers surveyed in eighteen urban locations of two towns. Moreover, a survey of 50 formal sector workers is conducted in the sample urban towns as part of a control group. Most of the Muslim workers were found to be significantly participating in the lower circuits of the informal sector, followed by Hindus and other categories. Workers like barbers, cobblers (worked in an enterprise) are paid both on piece rate basis, while self employed workers get their incomes on daily basis. Domestic workers receive their payments both in cash and kinds. Workers who work in households have less mean educational attainments as compared to other categories. As far as the migrants are concerned, majority of the workers belong to the state itself. The self employed respondents earn less than 10000 in the sample towns. However, education and savings are found to be significantly correlated, resulting from the correlation matrix of selected variables (except self employed workers). In the study area, among all other items provided by the employer, ‘tea’ is found to be very common among majority of the employment categories. Many sample UIS workers do have ration cards, but purchasing food items from the Public Distribution System (PDS) is not very common among them. The control group of the study shows that formal workers in formal sector like salaried government service holders are in a better off position than the other two categories. In the private formal sector, payment system is alright but very few social securities benefits are provided to them. On the other hand, casual labourers in the formal sector are not in a very better off position as their income is very low and other forms of vulnerabilities also persists. The fitted regression model-1 shows that age, education and experience have positively and significantly affected the earnings of the self employed workers. On the other hand, age, sex and working hours have positively and significantly affected the earnings of workers who work in enterprises and are employed by individuals in the study areas (Model-2). Thus, working hours only matters for those workers who are employed under someone else, but has no significance for those who are self employed.
However, it is found that financial accessibility for self-employed workers and the migration status of workers in enterprises do not have any affects on their earnings.

Chapter five deals with the status of unorganised enterprises in the sample study area. A survey of 200 enterprises has been conducted in the selected urban locations of both the sample districts. Difficulties in access to capital, non-registration of enterprises and lack of formal and informal sector relationship are some of the structural deficiencies that have been found in the process of productive production in the informal sector. Registration of enterprises usually increases the probability of getting finance from the formal sector. But, more than 74 percent of the sample enterprises were unregistered in the study area. The rest of them are registered, but they are registered only with the Municipal Corporation or market committee which cannot provide them with capital. It is observed that more educated entrepreneurs have a higher tendency to register their units. It is found that the enterprises try to maintain much higher relationship with other informal institutions as compared to formal institutions. Power shortage, transport bottlenecks are also hurdles faced by the sample enterprises followed by tax burden and complicated banking procedure and higher price of raw materials. It is observed by the researcher that the lower circuit of the informal sector units did not have any problem with taxation, but during the survey period, some entrepreneurs reported that they were faced with the problem of higher taxation. However, it was found in survey, that work experience, financial accessibility and distance from the market centre positively and significantly affected the sales revenue of the sample firms. Unfortunately, registration of enterprises and educational attainment of the entrepreneurs in the lower circuit of the sample UIS firms are not found to be significantly affecting the sales revenue of the firms.

However, it is found that the first hypothesis that 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 is proved. This hypothesis is accepted as revealed from various cross tabulations that have been made with the control group of the study. Further, working hours was not found to be significant with the sample UIS workers (workers in enterprises and workers employed by an individual). It basically
means that there is no fixed working hours for the informal sector workers. It is tested in
the regression model-1. The second hypothesis of the study was to see whether formal
education and training have any positive impact on the earnings of the informal sector
workers. It is seen that only education affects the earnings of the self employed workers.
But, it has no significant impact on the other set of workers along with the entrepreneurs
as well. Training was not incorporated in the tested model as it has hardly any presence in
the lower circuits of the informal workers and enterprises. Thus, education cannot be
always taken as an important determinant of earnings for the informal sector workers and
enterprises; hence the second hypothesis stands rejected.

6.2 Policy Implications

A good number of research works have been conducted in the informal sector in
India by reputed employment analysts. Thus, it is very difficult to formulate some
policies yielded from a small sample survey with limited scope. However, the researcher
likes to put forward following policy implications based on the present study:

1. Demand for the products of the informal sector arises from the retail consumers and
   hence a direct relationship of the UIS enterprises with the consumers was found in the
   study. The linkages of the UIS enterprises with the formal sector are found to be very
   low. Thus, sufficient formalities, in the form of registration and written agreements
   must be created by the UIS enterprises so that they can sell their products to the formal
   sector.

2. Sub contracting of work and prevalence of piece rate payment are found to be very
   common in the informal sector. The labour inspector, formal institutions and the legal
   provisions should monitor to enforce the labour laws and minimum wage act in every
   facets of production where informalization has taken place.

3. Democratic government should think multiple times in implementing some policies
   (which may be productive in long run) where the probability of random shock is
higher. Such random shocks may be hazardous for the 93.4 percent of the informal workers.

4. Female workers in the informal sector employment are mostly vulnerable as revealed in the present study. A sizeable proportion of domestic women workers were found in the study. But, unfortunately there are no effective institutions exclusively dealing with domestic workers, hence it was found that physical abuse, molestation of the female domestic workers (usually children of poor families) was very common. Thus, prohibition of child labour and institutional registration of female domestic workers was very much required.

5. Street vendors in urban locations were plenty. It was found that often there were conflicts with fellow vendors either for space or for being a native or a migrant. Thus, urbanisation should be enlarged in terms of geographical area and the conflict cases should be resolved by the municipalities in a just manner irrespective of being a migrant or a native.

6. Quality jobs must be created and a mechanism of quality self employment is the need of the hour. This is possible by strengthening ease of doing business in the state.

7. Many government enterprises where the government has invested huge amount of money are sick in the state and it has not been privatised. Steps should be taken to privatisate such sick enterprises. Further, establishment of small scale and medium enterprises should be taken up in a big way so that the locally available resources, be it labour or raw materials can be efficiently utilised.