Introduction

India is currently the fifth largest retail market in the world as the market size for 2007 was estimated to be US$ 330 billion. Retailing has played a major role the world over in increasing productivity across a wide range of consumer goods and services. In the developed countries, the retailing has developed into a full-fledged industry where the organised sector accounts for almost 80 per cent of the total retail trade. But in third world countries like India organised retail trade accounts for merely 4 per cent of the total retail trade.¹

The retail industry in India has often been hailed as one of the sun rise sectors in the economy. A.T. Kearney², the well known international management consultancy, recently identified India as the ‘second most attractive retail destination’ globally among thirty emerging markets. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes with a contribution of 14 per cent to the national gross domestic product (GDP) and employing 7 per cent of the total workforce (only agriculture employs more) in the country. Thus, the retail industry may be treated as one of the pillars of the Indian economy.

Retailing is a dynamic industry constantly changing due to changing demand for and supply of goods and services provided by the retailers. According to Bajaj, Tuli and Srivastava³ (2007), retail sector in India is highly fragmented and consists predominantly of small, independent and owner managed shops. In 2001, retail trade in India was worth Rs. 11228.7 billion. There were about 5 million retail outlets in India. In addition to retail outlets there are innumerable number of low cost kiosks and push carts/ mobile vendors etc. Total retail sales area in India was estimated at 328 million square metres in 2001, with an average selling space of 29.4 square metre per outlet. Thus, the per capita retailing space comes to about two square feet which is quite small compared to that of the developed economies.

Retailing and Retailer

The word ‘retail’ is derived from the French word ‘retailier’, meaning ‘to cut a piece off’ or ‘to break bulk’. Thus, retailing is defined as a conclusive set of activities or steps used to sell a product or a service to consumers for their personal or family use.⁴ According to Berman and Evans⁵ (2002), retailing includes every sale of goods and services ranging from automobiles to apparel to meals at restaurants to movie theatre
tickets. Retailing is different from other businesses especially from manufacturing because there is direct end-user interaction, a platform for promotions, sales in smaller unit sizes and a large number of retail units to meet the requirements of geographical coverage and population density.

A person, agent, agency, company or organisation involved in retailing activities is a retailer who is involved in providing goods, merchandise or services to the ultimate consumer. Stanton Futrell⁶ (1987) defines a retailer as a business enterprise whose primary function is to sell to ultimate consumers for non business use i.e. for satisfying human wants directly. Retailers perform specific activities such as anticipating customers’ wants, developing assortments of products, acquiring market information and financing. Retailing encompasses selling through mail, the internet, and door to door visits - any channel that could be used to approach the consumer.

**Organised v/s Unorganised Retailing**

‘Organised retailing’ refers to trading activities undertaken by corporate sector/large business houses which use modern technology for increasing their sales. These may include the corporate-backed hypermarkets, Malls and retail chains, and also the privately owned large retail businesses. ‘Unorganised retailing’ on the other hand, refers to the traditional formats of low cost retailing e.g. the local ‘kirana’ shops, owner operated general stores, *paan/ beedi* shops, convenience stores, hand cart and pavement vendors etc. Generally retail stores are shops with a very small area, stocking a limited range of products, varying from region to region according to the needs of the customers or the whims of the owners. Unorganised retailing is by far the prevalent form of trade in India - consisting of 98 per cent of all retail trade, while the organised sector accounts for the remaining 2 per cent.⁷

**Informal and Unorganised Sector**

The terms unorganised, unregulated, traditional household and informal are used interchangeably. The terms ‘organised’ and ‘unorganised’ as used in India are internationally known as ‘formal’ and ‘informal’ respectively. According to Sinclair⁸ (1979), the definition of informal sector indicates broad spectrum of heterogeneous activities of urban poor households, starting from employment in small scale industries (SSIs) to self employment, skilled and unskilled including street vendors and petty traders with low and irregular incomes.

According to International Labour Organisation⁹ (1999), unorganised sector often refers to activities typically at a low level of organisation and technology with the primary
objective of generating employment and incomes. The activities are usually conducted without proper recognition for authorities and escape the attention of the administrative machinery responsible for enforcing laws and regulations.

According to National Commission for Enterprises in the Unorganised Sector\(^{10}\) (2007), the unorganised sector consists of all unincorporated private 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 total workers. The Commission considers all agricultural activities undertaken on agricultural holdings, either individually or as partnership, as being in the unorganised sector. According to this definition, it excludes only the plantation sector and other types of organised agriculture (e.g. corporate and co-operative farming) and covers a very large part of agriculture. Thus, the unorganised enterprises have no legal personality of their own (other than the person who owns it); it is small in employment size and; more often than not, associated with low capital intensity and labour productivity. The diverse nature of unorganised enterprises is often a response to the demand for a variety of low price goods and services produced in different modes of self employment, unpaid family labour and wage work (often concealed as self employment under different forms of putting-out systems).

The unorganised sector plays a vital role in terms of providing employment opportunity to a large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganised sector to the net domestic product (NDP) and its share in the total national domestic product at current prices has been over 60 per cent.\(^{11}\) In the matter of savings, the share of household sector in the total gross domestic saving (GDS) mainly of unorganised sector is about three fourth. Thus, unorganised sector has a crucial role in our economy in terms of employment and its contribution to the national domestic product, savings and capital formation.

**Unorganised Workers and their Characteristics**

According to National Commission for Enterprises in the Unorganised Sector\(^{12}\) (2007), unorganised or informal workers consist of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment/ social security benefits provided by the employers. According to the Unorganised Workers Act of Madhya Pradesh, an unorganised worker is a person working in unorganised sector directly or through any agency or contractor whether exclusively for one employer or in a group or otherwise for
one or more employers whether simultaneously or otherwise and includes a casual or temporary worker, a migrant worker, a home-based worker whether self employed or employed for wages, but does not include any number of member of family of an employer, any person employed mainly in a managerial or supervisory capacity drawing wages exceeding such amount as may be prescribed.\textsuperscript{13}

The unorganised workers are that vast majority of employed, employable unemployed and self employed workforce which encompass contract labour, casuals, temporaries, home workers, domestic servants, time rated and piece rated, part-time workers, own account workers, agricultural workers, share croppers, marginal farmers, contractual workers and include women, child labour and old aged workers. They are engaged in unorganised economic activities which encompass small scale industries (SSIs), cottage industries, micro units of production, construction, in large manufacturing units, textile and garment, horticulture, agriculture, rural occupations, forest-based employments, fisheries, sweeping-leaning, loading-unloading, mining, forestry, service sector, entertainment and thousands of many more occupations or avocations. Their wages and earnings are too poor to make savings hence they constitute the most vulnerable section of the society. Not only the most vulnerable but also the most neglected lot too.

The employees with informal jobs generally do not enjoy employment security (no protection against arbitrary dismissal), work security (no protection against accidents and illness at the workplace) and social security (maternity and healthcare benefits, pension etc.) and, therefore, any one or more of those characteristics can be used for identifying informal employment. The unorganised workers are not organised in any form of trade unions or associations and generally face inhuman or hostile social environment.

A larger percentage of women workers is unorganised or informal workers as compared to their counterparts, necessitates focused studies on the plight and condition of women workers. In a significant number of cases such as beedi rolling, agarbatti making, food processing, chiken work, handloom weaving and domestic services, the condition of the women workers is akin to that of ‘concealed wage workers’. They are technically classified as self employed but they own very little capital and have little scope for applying entrepreneurial talent. Most often they work at home therefore such women’s work is invisible.
Employment Growth Rate in Informal and Formal Sectors

Employment growth rates of informal and formal sectors by economic activity show that total employment between 1999-2000 and 2004-2005 was about 2.89 per cent. The employment in the informal and formal sectors registered a growth rate of 2.88 per cent and 2.94 per cent respectively during the same period. In case of agriculture, employment in the formal sector grew at a higher rate of 2.20 per cent as against a growth of 1.72 per cent in the informal sector. The growth rate in industry was 6.13 per cent and 4.79 per cent in the informal and formal sectors respectively. In case of services, employment in the informal sector grew at a higher rate of 4.48 per cent as against 1.70 per cent in the formal sector. (Table 1.1)

Table 1.1 Sector-Wise Employment Growth Rates by Economic Activity, 1999-2000 to 2004-2005

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Employment Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Informal Sector</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.72</td>
</tr>
<tr>
<td>Industry</td>
<td>6.13</td>
</tr>
<tr>
<td>Services</td>
<td>4.48</td>
</tr>
<tr>
<td>Total</td>
<td>2.88</td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008

Size and Distribution

In 2004-2005, there were 394.90 million workers employed in informal sector out of which 315.08 million were in rural and 79.82 million workers were in urban areas. Out of 62.57 million workers employed in formal sector, 27.99 million were in rural and 34.58 million were in urban areas respectively. In totality employment was 457.46 million in both sectors. In rural areas, male employment was 197.87 million and 21.17 million in informal and formal sectors respectively, and female employment was 117.21 million and 6.82 million in informal and formal sectors respectively. While in urban areas, male workers were 61.94 million and 28.46 million in informal and formal sectors respectively, and female workers were 17.88 million and 6.12 million in informal and formal sectors respectively. (Table 1.2)
### Table 1.2 Sector-Wise Distribution of Workers by Area and Sex, 2004-2005

*(In million)*

<table>
<thead>
<tr>
<th>Area</th>
<th>Sex</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Male</td>
<td>197.87</td>
<td>21.17</td>
<td>219.04</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>117.21</td>
<td>6.82</td>
<td>124.03</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>315.08</td>
<td>27.99</td>
<td>343.07</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>61.94</td>
<td>28.46</td>
<td>90.40</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>17.88</td>
<td>6.12</td>
<td>24.00</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>79.82</td>
<td>34.58</td>
<td>114.40</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>259.81</td>
<td>49.63</td>
<td>309.44</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>135.09</td>
<td>13.94</td>
<td>148.03</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>394.90</td>
<td>62.57</td>
<td>457.46</td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008

Percentage distribution of workers by sector, area and sex in 2004-2005 given in table 1.3 shows that 79.79 per cent of the total informal sector workforce was employed in rural areas and the remaining 20.21 per cent was employed in urban areas. Similarly, 44.74 per cent of the total formal sector workforce was employed in rural areas and the remaining 55.26 per cent was employed in urban areas. A point to be noted here that percentage of informal workers was greater in rural areas as compared to formal sector while the percentage of formal sector workers was greater in urban areas as compared to informal sector.

### Table 1.3 Sector-Wise Percentage Distribution of Workers by Area and Sex, 2004-2005

<table>
<thead>
<tr>
<th>Area</th>
<th>Sex</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Male</td>
<td>50.11</td>
<td>33.84</td>
<td>47.88</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>29.68</td>
<td>10.90</td>
<td>27.11</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>79.79</td>
<td>44.74</td>
<td>74.99</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>15.69</td>
<td>45.48</td>
<td>19.76</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>4.53</td>
<td>9.79</td>
<td>5.25</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>20.21</td>
<td>55.26</td>
<td>25.01</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>65.79</td>
<td>79.32</td>
<td>67.64</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>34.21</td>
<td>20.68</td>
<td>32.36</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008

Distribution of workers by type of employment and sector for the years 1999-2000 and 2004-2005 are given in table 1.4. As is clear from the table, about 37.80 per cent of the employees in the organised sector were informal workers during 1999-2000 and it went up to 46.6 per cent by 2004-2005. There was also formal employment in the informal sector to the extent of about 0.4 per cent and 0.36 per cent in 1999-2000 and
2004-2005 respectively. Out of the total workforce, 91.2 per cent were informal workers in 1999-2000 and it increased to 92.4 per cent in 2004-2005.

**Table 1.4 Distribution of Workers by Type of Employment and Sector**

(In million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>1999-2000</th>
<th></th>
<th>2004-2005</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Informal</td>
<td>Formal</td>
<td>Total</td>
<td>Informal</td>
</tr>
<tr>
<td><strong>Unorganised Sector</strong></td>
<td>341.28 (99.60)</td>
<td>1.36 (0.40)</td>
<td>342.64 (100.00)</td>
<td>393.47 (99.64)</td>
</tr>
<tr>
<td><strong>Organised Sector</strong></td>
<td>20.46 (37.80)</td>
<td>33.67 (62.20)</td>
<td>54.12 (100.00)</td>
<td>29.14 (46.58)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>361.74 (91.17)</td>
<td>35.02 (8.83)</td>
<td>396.76 (100.00)</td>
<td>422.61 (92.38)</td>
</tr>
</tbody>
</table>

Note: Figures given in brackets indicate percentages.
Source: NCEUS Task Force Report, GOI, 2008

Distribution of formal and informal employment by economic activity has been given in table 1.5 which shows that in agriculture sector, about 98.8 per cent of the workers were informal workers in 1999-2000 and the percentage marginally increased to 98.9 per cent in 2004-2005. In case of industries, the percentage of informal workers in 1999-2000 was 85.6 per cent and it increased to 89.4 per cent by 2004-2005. In service sector also, there was an increase in the percentage of informal workers from 75.8 per cent in 1999-2000 to 79.7 per cent in 2004-2005.

**Table 1.5 Distribution of Workers by Type of Employment and Economic Activity**

(In million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Informal Workers</td>
<td>Formal Workers</td>
<td>Total Workers</td>
<td>Informal Workers</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>234.79 (98.79)</td>
<td>2.89 (1.21)</td>
<td>237.67 (100.00)</td>
<td>256.07 (98.89)</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>55.52 (85.56)</td>
<td>9.37 (14.44)</td>
<td>64.89 (100.00)</td>
<td>76.64 (89.39)</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>71.43 (75.83)</td>
<td>22.77 (24.17)</td>
<td>94.20 (100.00)</td>
<td>89.91 (79.70)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>361.74 (91.17)</td>
<td>35.02 (8.83)</td>
<td>396.76 (100.00)</td>
<td>422.61 (92.38)</td>
</tr>
</tbody>
</table>

Note: Figures given in brackets indicate percentages.
Source: NCEUS Task Force Report, GOI, 2008

Table 1.6 shows that in the year 2004-2005 among the scheduled tribe workers about 94 per cent were in rural areas with 51.92 per cent males and 42.07 per cent females and about 6 per cent workers were in urban areas with 3.95 per cent males and
In case of scheduled caste workers, about 84.81 per cent were in rural areas with 52.65 per cent males and 32.16 per cent females, and about 15.19 per cent were in urban areas with 11.14 per cent males and 4.05 per cent females. Among the other backward classes 80.84 per cent were in rural areas with 50.36 per cent males and 30.49 per cent females, and about 19.16 per cent were in urban areas with 14.49 per cent males and 4.67 per cent females. Among other informal sector workers only 69.01 per cent were in rural areas and 30.99 per cent were in urban areas.

**Table 1.6 Percentage Distribution of Informal Workers by Social Groups, Area and Sex, 2004-2005**

<table>
<thead>
<tr>
<th>Social Group</th>
<th>Rural</th>
<th>Urban</th>
<th>Rural + Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Persons</td>
</tr>
<tr>
<td>STs</td>
<td>51.92</td>
<td>42.07</td>
<td>94.00</td>
</tr>
<tr>
<td>SCs</td>
<td>52.65</td>
<td>32.16</td>
<td>84.81</td>
</tr>
<tr>
<td>OBC</td>
<td>50.36</td>
<td>30.49</td>
<td>80.84</td>
</tr>
<tr>
<td>Others</td>
<td>47.11</td>
<td>21.90</td>
<td>69.01</td>
</tr>
<tr>
<td>NR</td>
<td>65.32</td>
<td>26.15</td>
<td>91.47</td>
</tr>
<tr>
<td>Total</td>
<td>50.11</td>
<td>29.68</td>
<td>79.79</td>
</tr>
</tbody>
</table>

STs = Scheduled Tribes, SCs = Scheduled Castes, OBC = Other Backward Classes, NR = Non Reporting
Source: NCEUS Task Force Report, GOI, 2008

In India, ten states with the highest percentage of informal sector workers to total workforce in 2004-2005 are given in table 1.7. Bihar had the highest share of 96.19 per cent informal sector workers out of total workforce in that state. It was followed by Uttar Pradesh (92.47 per cent), Rajasthan (91.16 per cent), Orissa (90.08 per cent), Chattisgarh (89.71 per cent), Madhya Pradesh (89.06 per cent), Andhra Pradesh (88.28 per cent), Jharkhand (87.61 per cent), Uttrakhand (87.38 per cent) and Karnataka (86.58 per cent).

In the year 2004-2005, about 77.35 per cent workers were in rural areas with 40.19 per cent males and 37.16 per cent females, and about 22.65 per cent were in urban areas with 10.03 per cent males and 12.62 per cent females under the age group of 0-5. Similarly, about 83.18 per cent were in rural areas with 43.37 per cent males and 39.80 per cent females, and about 16.82 per cent were in urban areas with 10.32 per cent males and 6.50 per cent females under 6-14 age group. 49.83 per cent males and 25.12 per cent females constituted about 74.95 per cent of rural areas, and 20.23 per cent males and 4.82
per cent females constituted about 25.05 per cent of urban areas under the age group 20-24. Age group 40-44 consisted of 78.07 per cent informal workers in rural and 21.93 per cent informal workers in urban areas. There were about 80.98 per cent workers in rural areas and 19.02 per cent workers in urban areas under the age group 50-54. Those aged 60 years above constituted about 84.26 per cent of rural areas and 15.74 per cent of urban areas. (Table 1.8)

Table 1.7 States with the Highest Percentage of Workforce in the Informal Sector, 2004-2005

<table>
<thead>
<tr>
<th>S. No.</th>
<th>State</th>
<th>Male</th>
<th>Female</th>
<th>Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bihar</td>
<td>95.63</td>
<td>98.43</td>
<td>96.19</td>
</tr>
<tr>
<td>2</td>
<td>Uttar Pradesh (U.P.)</td>
<td>90.67</td>
<td>97.09</td>
<td>92.47</td>
</tr>
<tr>
<td>3</td>
<td>Rajasthan</td>
<td>88.33</td>
<td>95.55</td>
<td>91.16</td>
</tr>
<tr>
<td>4</td>
<td>Orissa</td>
<td>88.15</td>
<td>93.88</td>
<td>90.08</td>
</tr>
<tr>
<td>5</td>
<td>Chattisgarh</td>
<td>85.49</td>
<td>95.60</td>
<td>89.71</td>
</tr>
<tr>
<td>6</td>
<td>Madhya Pradesh (M.P.)</td>
<td>87.27</td>
<td>92.54</td>
<td>89.06</td>
</tr>
<tr>
<td>7</td>
<td>Andhra Pradesh (A.P.)</td>
<td>85.33</td>
<td>92.66</td>
<td>88.28</td>
</tr>
<tr>
<td>8</td>
<td>Jharkhand</td>
<td>84.44</td>
<td>94.04</td>
<td>87.61</td>
</tr>
<tr>
<td>9</td>
<td>Uttranchal</td>
<td>81.71</td>
<td>96.00</td>
<td>87.38</td>
</tr>
<tr>
<td>10</td>
<td>Karnataka</td>
<td>84.61</td>
<td>90.08</td>
<td>86.58</td>
</tr>
<tr>
<td></td>
<td><strong>All States</strong></td>
<td><strong>83.96</strong></td>
<td><strong>91.26</strong></td>
<td><strong>86.32</strong></td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008

Table 1.8 Age Composition of Informal Workers by Sex and Inhabitance, 2004-2005

(In per cent)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Rural</th>
<th>Urban</th>
<th>Rural + Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>0-5</td>
<td>40.19</td>
<td>37.16</td>
<td>77.35</td>
</tr>
<tr>
<td>6-14</td>
<td>43.37</td>
<td>39.80</td>
<td>83.18</td>
</tr>
<tr>
<td>15-19</td>
<td>51.96</td>
<td>28.13</td>
<td>80.19</td>
</tr>
<tr>
<td>20-24</td>
<td>49.83</td>
<td>25.12</td>
<td>74.95</td>
</tr>
<tr>
<td>25-29</td>
<td>48.48</td>
<td>27.03</td>
<td>75.51</td>
</tr>
<tr>
<td>30-34</td>
<td>44.92</td>
<td>31.35</td>
<td>76.27</td>
</tr>
<tr>
<td>35-39</td>
<td>46.38</td>
<td>30.95</td>
<td>77.33</td>
</tr>
<tr>
<td>40-44</td>
<td>48.27</td>
<td>29.80</td>
<td>78.07</td>
</tr>
<tr>
<td>45-49</td>
<td>50.05</td>
<td>29.38</td>
<td>79.43</td>
</tr>
<tr>
<td>50-54</td>
<td>51.49</td>
<td>29.49</td>
<td>80.98</td>
</tr>
<tr>
<td>55-59</td>
<td>52.79</td>
<td>29.96</td>
<td>82.75</td>
</tr>
<tr>
<td>60 +</td>
<td>60.30</td>
<td>23.96</td>
<td>84.26</td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008
Educational Profile of Informal Sector Workers

Education is a significant attribute and an asset to an individual to obtain gainful, productive and remunerative employment. Percentage distribution of informal sector workers by level of education is represented by the table 1.9 which shows that as high as 42.4 per cent of the workers in the informal sector were illiterates and another 11.6 per cent were literates but below primary level. Both these categories taken together accounted for 54 per cent of the workforce in the informal sector as against 49.8 per cent in the total workforce. Among rural males, 35.6 per cent of the informal sector workers were illiterates while among rural females 67.5 per cent were illiterates. Within urban informal sector workers 16.3 per cent males and 44.4 per cent females were illiterates.

Table 1.9 Percentage Distribution of Informal Sector Workers by Level of Education, 2004-2005

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Rural</th>
<th>Urban</th>
<th>Rural + Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Persons</td>
</tr>
<tr>
<td>Illiterate</td>
<td>35.57</td>
<td>67.51</td>
<td>47.45</td>
</tr>
<tr>
<td>Below Primary</td>
<td>13.85</td>
<td>8.79</td>
<td>11.97</td>
</tr>
<tr>
<td>Primary</td>
<td>16.44</td>
<td>10.17</td>
<td>14.11</td>
</tr>
<tr>
<td>Middle</td>
<td>18.05</td>
<td>8.50</td>
<td>14.50</td>
</tr>
<tr>
<td>Secondary</td>
<td>8.64</td>
<td>3.19</td>
<td>6.62</td>
</tr>
<tr>
<td>Higher Secondary</td>
<td>4.15</td>
<td>1.14</td>
<td>3.03</td>
</tr>
<tr>
<td>Diploma/ Certificate</td>
<td>0.61</td>
<td>0.25</td>
<td>0.47</td>
</tr>
<tr>
<td>Graduate and Above</td>
<td>2.69</td>
<td>0.44</td>
<td>1.85</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: NCEUS Task Force Report, GOI, 2008

The table 1.10 shows mean years of schooling of non-agricultural workers by employment status, sector and sex in 2004-2005. The average number of years of schooling of all non-agricultural workers was 6.5 years. There was a marked difference in the mean years of schooling between workers in the organised sector (9 years) and unorganised sector (5.6 years). Obviously, education is an important asset that helps entry into coveted organised sector jobs. Unorganised workers in the organised sector had 6.2 years of schooling while regular unorganised workers had 8.5 years, equivalent to the organised sector workers. Entry into the organised sector even as an unprotected worker requires higher mean years of schooling. The fact that the regular workers with similar mean years of schooling actually obtain jobs without social security, protection is yet another indicator of the informalisation process in the organised sector.
Table 1.10 Mean Years of Schooling of Non-Agricultural Workers by Employment Status, Sector and Sex, 2004-2005

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unorganised Sector: Casual</td>
<td>3.6</td>
<td>1.5</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>4.3</td>
<td>2.1</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>3.8</td>
<td>1.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Unorganised Sector: Regular Workers</td>
<td>7</td>
<td>5.6</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>7.1</td>
<td>4.8</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>7.1</td>
<td>5.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Unorganised Sector: Self Employed</td>
<td>5.3</td>
<td>2.9</td>
<td>4.7</td>
</tr>
<tr>
<td></td>
<td>7.7</td>
<td>5.1</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>6.5</td>
<td>3.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Unorganised Sector (Total)</td>
<td>5.1</td>
<td>2.9</td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td>7.0</td>
<td>4.7</td>
<td>6.6</td>
</tr>
<tr>
<td></td>
<td>6.1</td>
<td>3.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Unorganised Workers in Organised Sector: Regular Workers</td>
<td>7.9</td>
<td>7.2</td>
<td>7.7</td>
</tr>
<tr>
<td></td>
<td>8.8</td>
<td>9.6</td>
<td>9.0</td>
</tr>
<tr>
<td></td>
<td>8.5</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Unorganised Workers in Organised Sector</td>
<td>5.3</td>
<td>4.0</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>7.4</td>
<td>7.3</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>6.4</td>
<td>5.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Organised Sector: Total</td>
<td>7.6</td>
<td>5.7</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>10.1</td>
<td>10.1</td>
<td>10.1</td>
</tr>
<tr>
<td></td>
<td>9.1</td>
<td>8.1</td>
<td>9.0</td>
</tr>
<tr>
<td>All Workers</td>
<td>5.7</td>
<td>3.6</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td>8.1</td>
<td>6.3</td>
<td>7.7</td>
</tr>
<tr>
<td></td>
<td>6.9</td>
<td>4.9</td>
<td>6.5</td>
</tr>
</tbody>
</table>


Industrial Profile

The distribution of informal workers among different industry groups is given in table 1.11 showing that the single largest industry after agriculture, which employed the largest share of informal workers, was retail trade with a share of 8.2 per cent in 2004-2005. The other industry groups which had at least one per cent share in total informal employment in 2004-2005 were manufacturing of weaving apparel, dressing and dyeing of fur, hotels and restaurants, other service activities, education, wholesale trade and commission trade etc.

Outside agriculture, manufacturing is one of the most important segments of the economy. Percentage distribution of non-agricultural workers across industrial categories by sex shows that in 2004-2005 women workers in the unorganised sector were predominantly concentrated in manufacturing (about 48 per cent) and nearly 33 per cent of men were concentrated in trade followed by manufacturing with 23 per cent. (Table 1.12)
Table 1.11 Industries with the Highest Share of Informal Workers, 2004-2005
(In per cent)

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>53.17</td>
<td>75.25</td>
<td>60.59</td>
</tr>
<tr>
<td>Retail trade and repair of personal and household goods</td>
<td>10.79</td>
<td>3.14</td>
<td>8.22</td>
</tr>
<tr>
<td>Construction</td>
<td>8.06</td>
<td>1.90</td>
<td>5.99</td>
</tr>
<tr>
<td>Land transport</td>
<td>4.84</td>
<td>0.10</td>
<td>3.25</td>
</tr>
<tr>
<td>Manufacture of textiles</td>
<td>1.85</td>
<td>2.79</td>
<td>2.17</td>
</tr>
<tr>
<td>Manufacturing of weaving apparel, dressing and dyeing of fur</td>
<td>1.55</td>
<td>1.97</td>
<td>1.69</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>1.66</td>
<td>0.80</td>
<td>1.37</td>
</tr>
<tr>
<td>Other service activities</td>
<td>1.46</td>
<td>1.04</td>
<td>1.32</td>
</tr>
<tr>
<td>Education</td>
<td>0.91</td>
<td>1.93</td>
<td>1.25</td>
</tr>
<tr>
<td>Wholesale trade and commission trade</td>
<td>1.75</td>
<td>0.20</td>
<td>1.23</td>
</tr>
<tr>
<td>Manufacture of wood and products of wood and cork</td>
<td>1.29</td>
<td>1.09</td>
<td>1.22</td>
</tr>
<tr>
<td>Manufacture of food products and beverages</td>
<td>1.34</td>
<td>0.96</td>
<td>1.21</td>
</tr>
<tr>
<td>Private households with employed persons</td>
<td>0.47</td>
<td>2.38</td>
<td>1.12</td>
</tr>
<tr>
<td>Manufacture of furniture and manufacture n.e.c.</td>
<td>1.33</td>
<td>0.50</td>
<td>1.05</td>
</tr>
</tbody>
</table>


Table 1.12 Percentage Distribution of Non-Agricultural Workers across Industrial Categories by Sex, 2004-2005

<table>
<thead>
<tr>
<th>Industrial Categories</th>
<th>Unorganised Male Workers (%)</th>
<th>Unorganised Female Workers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>22.7</td>
<td>48.2</td>
</tr>
<tr>
<td>Construction</td>
<td>16</td>
<td>5.8</td>
</tr>
<tr>
<td>Trade and Repair etc.</td>
<td>32.7</td>
<td>15.8</td>
</tr>
<tr>
<td>Transport, Storage etc.</td>
<td>12.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Other Services etc.</td>
<td>8.7</td>
<td>23.8</td>
</tr>
<tr>
<td>Other Industry Group</td>
<td>7.8</td>
<td>5.5</td>
</tr>
</tbody>
</table>


Occupational Profile

Unorganised workers are distributed in different occupations shown in table 1.13. Women are concentrated in production related occupations in the unorganised
manufacturing sector whereas men are predominantly in sales activities after production related activities in the unorganised sector.

Table 1.13 Percentage Distribution of Non-Agricultural Workers across Occupational Groups by Status and Gender, 2004-2005

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, Technical etc.</td>
<td>4.5</td>
<td>6.5</td>
<td>4.9</td>
</tr>
<tr>
<td>Administrative and Managerial</td>
<td>9.4</td>
<td>7.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Clerical etc.</td>
<td>1.9</td>
<td>1.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Sales</td>
<td>26.6</td>
<td>15.3</td>
<td>24.2</td>
</tr>
<tr>
<td>Service</td>
<td>6.9</td>
<td>19.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Farmers and Related</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Production, Transport and Related</td>
<td>50.5</td>
<td>50.2</td>
<td>50.4</td>
</tr>
<tr>
<td>All Occupational Categories</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


Physical Conditions at Workplace

Important components of physical conditions at workplace are space, volume (space and height of workplace), ventilation, illumination, temperature, humidity, hygiene, cleanliness and the provision of protective equipments against loss of life and limbs. Numerous studies have pointed out poor working conditions in the unorganised sector in India. Studies on the conditions of workers in the manufacture of locks, beedi rolling, diamond cutting, carpet making, handlooms and powerlooms, artistic metalware and so on, have all pointed to the pathetic conditions under which workers are engaged in production for long hours. Studies have also noted that a large number of workers is cramped in a tiny room or that the roof the workshed was very low making the workplace hot, humid and stifling as mentioned by Breman (1996). Desai and Raj (2001) found that the workspace was same as the living space for the worker and her family and the result was the highly inadequate working space as was the living quarters.

Ventilation

Proper ventilation is very important in many industries such as chemicals, metallurgy, leather tanning, pottery, brick-kilns, meat and fish processing, manufacture of matches and fire works. Sekar (2003) through his research work noted poor ventilation and Roy (2000) noted health hazards (e.g. respiratory diseases) at workplace and long exposure to dust and fumes.
**Illumination**

Proper illumination is necessary to protect not only the workers’ eyes but also from injuries such as from moving parts of machines and sharp cutting tools. According to Raj and Srivastava (2000), adequate illumination of the workplace is required in general but specifically for three reasons. One, the work after sunset means appropriate lighting for night work is necessary. Two, as certain production involves intricate operations that are performed manually by the workers using hand tools such as a sharp knife etc. In such circumstances, proper illumination is necessary for both the safety of the worker and for maintaining quality in the production process. Three, as the main raw inputs can be of different colours, textures and surfaces appropriate lighting is essential for matching the colour and textures as in carpet weaving. In the unorganised sector where a large part of the work on piece rates and the workers end up paying penalty for mistakes, errors and bad quality of work due to inadequate illumination is a double punishment. In the long run, this has affected the eye-sight of a large number of workers involved in carpet weaving.

**Safety Provisions at the Workplace**

The Second National Commission on Labour (2002) highlighted that the working conditions in certain unorganised sector industries such as underground mines, ship breaking, fire works and match industry were dangerous and full of hazards. It noted that workers in underground mines were at the risk of loosing limbs or lives due to fire, flooding and collapse of roof, emission of (toxic) gases and the failure of ventilation systems in the underground mines. Loss of limbs and amputations due to accidents occur most often when workers operate unguarded or inadequately safeguarded machines such as mechanical power presses, power press brakes, powered and non-powered conveyers, printing presses, roll-forming and roll-bending machines, saws including band saws, portable and table saws, shears, grinders and slitters, drilling machines, grinding machines and milling machines. In India, the Second National Commission on Labour (SNCL) has noted very high rate of accidents in mining industry and a high rate of fatalities in the ship breaking industry. About 20 per cent of deaths had been caused by falling objects, while 25 per cent were due to fire.

**Incidence of Diseases**

Unorganised workers at different workplaces suffer from different kinds of chronic diseases such as tuberculosis, pneumoconiosis, silicosis, strained muscles, hernia,
falls, permanent damage to the uterus of women workers, coughs, shivering bouts, skin related problems, bodyache and exhaustion etc.

**Availability of Facilities**

No study has found facilities such as crèche, canteen and shelter for rest or recreation of workers in the unorganised sector. Only at some workplaces, these facilities are available for workers but at a very low standard. Suryanarayanan\(^{20}\) (2004) noted lack of welfare measures such as crèches for children, rest rooms for workers, separate toilets for women and potable drinking water. The unorganised sector clusters face extremely limited facilities for sanitation. Open sewer drainage systems, over flowing drains, flooding during monsoons etc. lead to unhygienic living and working conditions.

Ghosh\(^{21}\) (2004) found long hours of work in the unorganised sector and Suryanarayanan\(^{22}\) (2004) observed that there was no provision of leave of any form in the unorganised sector. It is a feature of the unorganised sector that work goes on for seven days a week. In some instances the work is for six days a week with one day break. In such cases, workers are given a day off from work without wages. The provision of paid maternity leave seems to be very rare in the unorganised sector, though some studies have found limited instances of women being given maternity leave without pay.

**Employment**

Employment is obtained in the unorganised sector mainly through three modes – first is by ‘standing at the factory gate’, second is through a family, caste and community-based network and third is through labour contractors or ‘Jamadars’. There is a total absence of any form of formal publicity for employment, no news paper advertisements or posters in public places announcing job vacancies etc. Occasionally, employers stick notices such as ‘Wanted: Sample Tailors’, ‘Wanted Skilled Workers for Shirt Making’ and ‘Wanted: Packers’. Posters with ‘Wanted Sales Man’ or ‘Wanted Typist’ are not uncommon in the unorganised service sector. Workers are also recruited through relatives and friends.

**Wages and Income**

According to Dewan\(^{23}\) (2005), the monthly income is affected by the fact that while wages are calculated on a daily basis it is paid only monthly. Only six days of the week are taken into account and the compulsory holiday in the week is unpaid. As has been noted in earlier studies most of the workers worked for more than eight hours a day. The overtime wages added little to the monthly income because it was really an extension of the working day from ten hours to twelve hours. The extra two hours were recorded in
a register and when this added up to a full working of ten hours an extra day’s wage was received. The overtime, therefore, did not increase the wages but merely added to a normal work-day.

The studies have also revealed that there is gender discrimination in the payment of overtime wages. The wages were already determined by the length of service and gender. Overtime ‘single’ wages were given to those who were employed for less than five years and ‘one and a half times’ for those between five and ten years, and ‘double’ the wages were paid to those employed for more than a decade. The basis of calculation of overtime rates is even more exploitative. In respect of leave benefits he says the unpaid compulsory holiday during the week was treated as a break in service. Besides some of the women reported that they were laid-off for one week every two months even though they had been working in the same unit for five years. Almost 70 per cent of men and 76 per cent of women workers said that they got no paid leave ever. It was reported that 3/4th of the workers did not get even public holidays.24

In an interesting case study of sales workers in shops in Ernakulam district in Kerala, Patrick25 (2001) found discrimination in wages paid to women sales workers. The women received an average of Rs 448 per month, which was half of the minimum wage as prescribed by the Shops and Commercial Establishments Act, Rs. 880 per month in 1991.* The male-female wage gap was the lowest among the youngest workers and rose steadily for the older workers across the sectors. Women workers in the age group of 21-25 years earned almost 89 per cent of the male wage while women workers aged 41-45 years earned only 76 per cent of the male wage. However, experience was rewarded and women workers with more than eight years of experience had lower wage-gap with the male counterparts.

* United Provinces Shops and Commercial Establishments Act, 1991 (given in Appendix I) provides that the minimum wages for semi-skilled workers is Rs. 880 per month.
References

1. www.equitymaster.com
4. Ibid, p 2
11. www.labour.nic.in


24. Ibid.