

An Analysis of Socio- Economic conditions of Urban Informal workers in Mysore City

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Abstract

The present study deals with the analysis of socio-economic conditions of the urban informal workers in Mysore city. The sample included street vendors, food processing workers and construction workers. A total of 425 respondents were selected through stratified random sampling of which 159 were street vendors, 143 were food processing workers and 123 were construction workers. The data were collected through a semi structured questionnaire consisting information regarding nature of work and employment, education, caste, income, house rent, insurance schemes and so on. The data were analysed through both descriptive and inferential statistics. Results revealed that majority of the sample pursued their education up to secondary, about 21% of them did not have any education. Construction workers were more educated than others, most of the street vendors were illiterates. Majority of the sample selected belonged to OBC and SC/ST categories and very few of them from general category. More of construction workers were OBC and SC/STs, whereas among street vendors and Food processing workers included minorities also. Majority of the sample selected had middle levels of income, very few of them had high income, food processing workers had higher income than street vendors and construction workers. A majority of the sample paid house rent less than Rs 4000, food processing workers paid more house rent than street vendors and construction workers. About 21% of the sample selected did not have any insurance, almost half of the sample had Ayushman Bharath insurance. Most of the construction workers possessed Ayushman Bharath scheme, and most of the street vendors did not have any insurance facility.

KEYWORDS: Urban informal economy, street vendors, food processing workers, construction workers, socio-economic status.

Introduction

The concept of informal sector attracted a lot of attention since it provided a vital missing link in particularly development economics. Hart (1973) described a part of the urban labour force which works outside the formal labour market as Informal Economy. The world urban population and labour force (defined as the 'economically active population' or persons employed plus those seeking employment) have been growing at very high rates for quite some time now (Cherunilam, 1981). Most of the definitions simultaneously emphasize a number of attributes of informality. Firm size, type of employment,

technological competence, income level, capital employed and legal status are the oft-used criteria to delineate informal activities. The conceptualization of informal sector, however, is a highly debated question. Various classifications have been used to analyse the urban economies such as organised and unorganised, modern and traditional, capitalist and subsistence, large and small, and more recently, formal and informal sector (Papola, 1981).

There has been an attempt in defining informal sector, based on the certain size of enterprise, usually by number of persons employed. The problem in the choice of size as a only criteria to determine “informality” is arises in rationalizing the choice of particular enterprise size (Amin, 1982). Another approach divides the economy in terms of the urban workers into ‘protected’ and ‘unprotected’ sectors. The informal sector workers are unprotected, where entry is free and wages are very low as compared to the formal sector (Anderson, 1987).

Informal economy is also called irregular economy, underground economy, invisible economy, hidden economy, non-official economy, imperfectly recorded in the official national accounting system (Sindzingre,2004). These different terminologies show that no single definition of informal economy could serve different fields. According to this International agreed definition, “The Informal sector consists of income generating households and unincorporated enterprises including own account enterprises and other unregistered enterprises with a unit size certain number of employees” (Habitat Debate,2007).

Lipton (1984) marks a distinction between the informal and formal sectors saying that what matters about the informal sector is not simply that it is easy to enter, unregulated, small scale, competitive, and labour-intensive, which is all true, but more important that is easy to shift labour, funds, equipment, materials and space from one use to another, even from market-production to raising children and housing repair or expansion. According to Peterson (2010), “Starting from a focus on self-employed and enterprising activities, mainstream economists generally see informal work as an ‘exit’ option from excessive regulation in the formal economy”.

The labour force working in informal sector may be called as informal workers. The informal economy plays an important role. It provides jobs and reduces unemployment and under employment but in many cases the jobs are low paid and the job security is poor. The poor and those marginalized by gender, ethnicity, or migration status are over represented in informal employment as well as in precarious work. According ECLAC (2015) publication, “Informality, poverty and exclusion end up in a mutually reinforcing phenomenon that generates a vicious cycle of intergenerational inequality and deprivation. In Latin America, the poorest 10% of the population experienced an informal employment rate of 72.5% in 2013.” That marginalized groups such as women and the poor take most of the informal employment suggests that exclusion is more important than exit. Chen (2012) noted that “the benefits and protections that come with being formal and not simply impose the costs of becoming formal.”

According to recent statistics, informal employees in formal enterprises, account for more than half of non-agricultural employment in most the world’s developing regions and

considerably more in those regions amid their urban transitions: 82 percent in south Asia, 66 percent in Sub-Sahara Africa, 65 percent in East and Southeast Asia (Vanek et al., 2014). Statistics on the contribution of the informal economy to national and regional incomes are somewhat less impressive and more uncertain, but demonstrate that the informal economy is importance to overall incomes and to employment. Schneider and Enste (2013) estimate that in the 2000s, the “shadow economy” accounted for 19 percent of Gross Domestic Product (GDP) in OECD countries, 30percent in transition countries and 45 percent in developing countries.

“The informal sector consists of all unincorporated private enterprises owned by individual 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 which is characterized by high incidence of casual labour mostly doing intermittent jobs at low wage rate and investment rate” (NCEUS, 2007). Informal sector has been expanding as more economics have started to liberalize. This pattern of expansion began in the 1960s when a lot of developing countries did not create enough formal jobs in their economic development plans, which led to the formation of an informal sector that did not solely include marginal work and actually contained profitable opportunities.

Informal Sector that has occupied more than 60% share to the Net Domestic Product (NDP) at current prices. In addition to that it also contributes to the Indian economy in terms of savings and capital formation but it is noted that the condition of the work and workers in the informal sector are very poor and miserable (NCEUS,2007). The informal work force in India is estimated about 422 million workers representing nearly 92 percent of total workforce about 457 million. According in to the National Commission on Labour there are 106 categories of workers including Agricultural workers, Agarabatti makers, Beedi rollers, Construction workers, Food processing workers, Home base workers, Rickshaw pullers and Street Vendors and so on. Sen Gupta (2009) that 86 percent of the total employment in 2004-05 was the informal sector. Further, the agricultural sector consists almost entirely of informal workers, the non-agricultural workers in the informal sector were 36.5% of the total most of whom were self-employed from 1999-2000 to 2004-05 most of increases in employment in the formal sector was informal workers.

In the present investigation, the concept of urban informal workers limit to construction worker, food processing workers and street vendors. Street vendors are the persons who offer goods and services for sell to the public at large without having a permanent space to build up structure from which to sell. They are not only sold their products (goods) in footpaths but also moving door to door in every street of the urban cities. Street Vending as a profession has been in existence in India since time immemorial; however their number has increased in recent years. According to the study, Mumbai has the largest number of street vendors numbering around 2.50.000 while Delhi has around 2.00.000, Calcutta has more than 1.50.000 street vendors and Ahmadabad has around 1.00.000, and Women constitute a large number of street vendors in almost every city. Some studies estimated that street vendors constitute approximate 2 percent of the population of a metropolis. The total number of street vendors in the country is estimated at around 1 crore.

The food processing workers usually work on a fast moving production line, which has food passing along conveyor belts and through different stages, such as mixing, cooking and packing. They work with frozen, canned, baked, dried, or pasteurized products.

A construction worker is a labourer, or professional employed in the physical construction of the built environment and its infrastructure. The term construction worker is a generic term and most construction.

The high unemployment rate leads to low informal sector presence and high incidence of open unemployment. As against this, the low unemployment rate leads to high formal sector activity and low level of open unemployment. The policy implication is that if unemployment is considered very costly, the state has to promote informal sector.

The informal workers operate their business outside regulation of the government and often employing family workers. The wages in the sector are very low. These workers must compete with the formal sector like shops, malls, stores, sale markets, super markets, mini markets, transportation etc. They provide strong backward linkage to the formal sector buying their manufacturing and raw materials. As for the information taken from the documents of the Mysore city corporation, there are 1896 registered street vendors and food processing workers. Among these workers 1416 men vendors and 480 women vendors. According into the Mysore district labour office, 3807 construction workers are recognised, 3182 women construction workers.

Research design

The research design employed in the present study was cross sectional design and type of study was comparative in nature.

Sample

The study sample consist total 425 individuals divided in three groups namely food processing workers (143) and street vendors (159) and construction workers (123). The food processing workers groups consist of individuals working in a food packing services like ready to eat (veg & Non-veg), Gobi Manchurian, Panipuri, VadaBajji and other dry snacks. The street vendors covered from vegetable, spinach, fruit, footwear, plastic vendor to steel and furniture vendors who sells their goods in the street. The construction worker includes Mason, bar binder and helper in the construction area. Tables 1 to 3 provide details of the samples selected.

Table 1

Distribution of the selected sample of Food processors by type of Items

Business Activity	Frequency	Percent
Ready To Eat -Vegetarian	33	23.1
Ready To Eat Non-Vegetarian	23	16.1
Gobi Manchurian	19	13.3
Panipuri	12	8.4
Vada Bajji	15	10.5

Snacks And Sweets	8	5.6
Dry Snacks	22	15.4
Other Items	11	7.7
Total	143	100

The above table shows us that the majority of the activity for the food processing workers were ready to eat-vegetarian with a percentage of 23.1% followed by 16.1% of ready to eat non-vegetarian, 15.4% of the respondents sold dry snacks, 13.3% of the respondents sold gobi Manchurian, 8.4% of the respondents sold panipuri, 7.7% of the respondents sold other items and 5.6% of the food processing workers sold snacks and sweets.

Table 2

Distribution of the selected sample of Street vendors by Product selling

Product Selling	Frequency	Percent
Spinach Vendor	10	6.3
Vegetable Vendor	42	26.4
Fruit Vendor	30	18.9
Flower Vendor	17	10.7
Beetle Leaves Vendor	5	3.1
Coconut Vendor	9	5.7
Food Grain And Pulses	5	3.1
Footwear Vendor	3	1.9
Fancy Item Vendor	10	6.3
Sunglass Vendor	5	3.1
Electronic Item Vendor	7	4.4
Plastic And Steel Vendor	4	2.5
Umbrella Repairer	2	1.3
Vehicle Key Maker And Repair	2	1.3
Watch Repairer	1	0.6
Furniture Maker And Repair	2	1.3
Others	5	3.1
Total	159	100

The majority of the sample was Vegetable vendors that are 26.4% of the overall sample of street vendors. About 18.9% of them were fruit vendors followed by 10.7% of flower vendors. Only 0.6 % of the sample was watch repairer. The next least was 1.3% which consisted of Umbrella repairer, vehicle key maker and furniture maker respectively. There were a total of 159 street vendors.

Table 3

Distribution of the selected sample of Construction workers by nature of work

Nature of work	Frequency	Percent
Mason	50	40.7
Helper	70	56.9
Bar binder	3	2.4
Total	123	100.0

The majority of the respondents who worked in the field of construction were 56.9% of helpers, followed by 40.7% of masons and 2.4% of bar binders.

Tool employed

Interview Questionnaire to understand contribution of vendors for informal economy growth

The interview questionnaire consisted of information pertaining to the individual’s profession, the various products they sell, the main activity of their business, the education and socioeconomic level, their health insurance policy and the amount of rent they pay on a monthly basis.

Procedure

The data collected by the researcher were tabulated and fed to the computer. Both descriptive and inferential statistics were applied for the data collected. Descriptive statistics included frequency and percentages, whereas contingency coefficient test was employed as inferential statistics.

Tables 4 and 5 present the results with necessary statistics for various aspects of socio-economic status of the sample selected with results of Cramer’s V test

Results

Table 4

Distribution of the total sample by Education qualification, caste and results of Cramer’s V test

Variables			Group			Total
			Street Vendor	Food processing workers	Construction Workers	
Education qualification	Primary	F	35	44	36	115
		%	22.0%	30.8%	29.3%	27.1%
	Secondary	F	33	58	43	134
		%	20.8%	40.6%	35.0%	31.5%
	PU	F	1	1	37	39
		%	0.6%	0.7%	30.1%	9.2%
	Graduate	F	5	6	1	12
		%	3.1%	4.2%	0.8%	2.8%
	PG	F	17	12	6	35
		%	10.7%	8.4%	4.9%	8.2%
	Illiterate	F	68	22	0	90
		%	42.8%	15.4%	0.0%	21.2%
	Test statistics			CV = .439; p= .001		
	Caste	SC	F	14	3	23
%			8.8%	2.1%	18.7%	9.4%

	ST	F	59	23	17	99
		%	37.1%	16.1%	13.8%	23.3%
	OBC	F	55	84	81	220
		%	34.6%	58.7%	65.9%	51.8%
	GM	F	2	5	2	9
		%	1.3%	3.5%	1.6%	2.1%
	Minority	F	29	28	0	57
		%	18.2%	19.6%	0.0%	13.4%
Test statistics			CV = .308; p= .001			

About 31.5% of the group had secondary education, followed by 27.1% of the sample had finished primary education. Only 2.8% of the total samples were graduates, 8.2% of them were postgraduate degree holders. The Cramer's V test showed a significant association between the groups and education qualifications (CV = .439; p= .001), where we find that construction workers were more educated than street vendors and Food processing workers.

The majority of the 51.8% of the groups belonged to OBC category followed by ST with 23.3%. The least was 2.1% who belonged to GM category. SCs constituted 9.4% of the total sample. The Cramer's V showed a significant association between the groups and social status (CV = .308; p= .001), indicating that more of construction workers were OBC and SC/STs, whereas among street vendors and Food processing workers included minorities also.

Table 5

Distribution of the total sample by Income Status, house rent, Health Insurance and result of Cramer's V test.

Variables		Group				Total
		Street Vendor	Food processing workers	Construction Workers		
Income Status	Lower income	F	20	14	36	70
		%	12.6%	9.8%	29.3%	16.5%
	Middle Income	F	134	123	87	344
		%	84.3%	86.0%	70.7%	80.9%
	Higher Income	F	5	6	0	11
		%	3.1%	4.2%	0.0%	2.6%
Test statistics			CV= .170; p= .001			
House rent	Below 2000	F	18	33	4	55
		%	28.1%	30.0%	12.1%	26.6%
	2001-4000	F	28	43	22	93
		%	43.8%	39.1%	66.7%	44.9%
	4001-6000	F	16	15	7	38
		%	25.0%	13.6%	21.2%	18.4%
	above 6000	F	2	19	0	21
		%	3.1%	17.3%	0.0%	10.1%

Test statistics			CV = .233; p= .001				
Health Insurance	No	F	73	18	0	91	
		%	45.9%	12.6%	0.0%	21.4%	
	Vajpayee Arogya	F	18	18	16	52	
		%	11.3%	12.6%	13.0%	12.2%	
	Sanjeevini	F	9	8	10	27	
		%	5.7%	5.6%	8.1%	6.4%	
	Yashaswini	F	3	23	5	31	
		%	1.9%	16.1%	4.1%	7.3%	
	AyushmanBharath	F	53	68	87	208	
		%	33.3%	47.6%	70.7%	48.9%	
	LIC	F	3	8	5	16	
		%	1.9%	5.6%	4.1%	3.8%	
	Test statistics			CV = .381; p= .001			

A majority of 80.9% of the sample fall under the Middle income group category, followed by 16.5% of lower income group. Only 2.6% of the sample belongs to the higher income group. Further the Cramer’s V showed a significant association between the groups and income status (CV = .170; p= .001). This revealed the absence of construction workers in the higher income group.

A sample of 44.9% had their house rent in their range 2001-4000 rupees followed by 26.6% of the sample paid below 2000 rupees. Only 10.1% of the sample paid a rent exceeding rupees 6000. The Cramer’s V test showed a significant association between the total sample and house rent (CV = .233; p= .001). From the table it is clear that Food processing workers paid more rent compared to street vendors and construction workers.

The sample of 48.9% had Ayushman Bharath health insurance, followed by Vajpayee Arogya scheme with 12.2%. Around 21.4% didn’t have any Health insurance. Further, Cramer’s V test showed a significant association between the groups and health insurance (CV = .381; p= .001), where we find that construction workers had at least some type of insurance, whereas 45.9% of the street vendors and 12.6% of the Food processing workers did not have any kind of insurance.

DISCUSSION

Major findings

- Majority of the sample pursued their education up to secondary; about 21% of them did not have any education.
- Construction workers were more educated than others, most of the street vendors were illiterates.
- Majority of the sample selected belonged to OBC and SC/ST categories and very few of them from general category.
- More of construction workers were OBC and SC/STs, whereas among street vendors and Food processing workers included minorities also

- Majority of the sample selected had middle levels of income, very few of them had high income, and food processors had higher income than street vendors and construction workers.
- A majority of the sample paid house rent less than Rs.4000, food processing workers paid more house rent than street vendors and construction workers.
- About 21% of the sample selected did not have any insurance, almost half of the sample had Ayushman Bharath insurance
- Most of the construction workers possessed Ayushman Bharath scheme, and most of the street vendors did not have any insurance facility.

Informality may bring positive or negative impacts on the economies. For governments, informality can be a problem. The governments cannot collect taxes from informal businesses and in turn are unable to finance the provision of good public services. Although informality creates jobs and generates income, it has its own problems. Workers in the informal sector lack access to social security offered by governments. Most of informal-sector studies conclude that the lacks of financial resources and of access to credit facilities are main obstacles to informal sector development. Credit from suppliers and money lenders frequently leads to dependence and exploitation, with the result that practically all surpluses produced is transferred to them, leaving no savings for development of the enterprise; such failures could hide the fact that an enterprise is living off and slowly reducing its capital (Ghai, 2003).

The informal economy is a very important sector of the Indian economy. The National Council of Applied Economic Research estimates that the informal sector-“unorganized sector”-generates about 62% of GDP, 50% of national savings and 40% of national exports (ILO, 2002). In terms of employment, the informal economy provides for about 55% of total employment (ILO, 2002). Urban areas attract numerous migrants from both the rural areas and from smaller urban towns and cities in the hope of a better life.

Economic activities in the informal sector play an important role in developing countries, especially in urban areas where its income opportunities have been increasing rapidly with economic development. They exist by harbouring all the residual labour (unskilled, illiterate, under-prime age groups) that is notable to get a berth in the formal sector. By its unique characteristics of employment generating potentiality it is being praised as a kind of buffer zone, cushion, safety valve, and shock absorber. It acts as a training ground by imparting practical skills and entrepreneurial talents for millions of people especially who are side-lined from the main stream of life. The significance of training imparted by the informal sector lies on the practical aspect of training, chiefly concerned with providing instruction in the use of tools, techniques and process employed in the informal sector jobs. What makes the system more attractive to young people is not only do they pay no fee during training but also they actually receive a token sum of money from their master to cover food and sometimes transport. Also, informal sector is praised as a kind of incubator in which budding entrepreneurs are nurtured, and breeding grounds for small entrepreneur. (Murukadas, 1979.)

CONCLUSION

An Urban Informal Economy is the integral part of economy which is not taxed or monitored by any forms of government. It plays a significant role in the economy. It creates jobs and reduces unemployment, but in many cases the jobs are low paid and the job security is poor, however it helps alleviate poverty. Informal workers like street vendors, food product workers, construction workers and other type of workers are the part of human society. These workers are to be looked after individuals, groups, and communities. Even though they have this kind of occupation which is not safe in their day to day life. These workers face several problems in their business, so the government should take active role to implement the policies and NGO's and professional social workers should take it as a duty and obligations to work for the well being of the informal workers.

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