

Implications of Urban Informal Sector Employment in Kerala

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Abstract: *This study is an attempt to trace the implications of urban informal sector employment in Kerala. The implications mainly take place the following variables like employment constraints, working hours, sufferings for their work, inferior tasks, borrowing details, food habits (fast food culture) and finally social security or welfare schemes provided by the government. The third section analyses the major findings of the analysis.*

Keywords: Informal Sector, Employment Constraints, Income, Hours of work, Social Security

1. Introduction

This study investigates the implications of the urban informal sector workers in Kerala. The implication of the informal workers is unknown and unexplored. Programmes which seek to improve the economic well-being of the poor employed in informal sector employment but also informal employment will be the main means for them to rise out of poverty (ILO 1992). ILO's main aim is to promote opportunities for men and women, to obtain decent and productive work, in conditions of sovereignty, equality, security and human rights (ILO, 1999). But the decent work concept is not at all applicable in the informal sector. These statistics are especially important in exploring the links between gender, work, income inequality and poverty (Chen et al.; 2005).

2. Review of the Literature

A Social Anthropologist named Hart (1973) was the first person to speak the Informal sector into the academic literature. Hart brought this concept into use while creating a management on Informal Income Opportunities and Urban Employment in Ghana in Institute of Development Studies in 1971. Then ILO (1972) enumerated the extensive and specific characteristics of the informal sector, to identify the board groups. It includes the small size of operation, family ownership and Informal structure, non-modern technology, lack of entrance to government favours, competitive and insecure product market and labour market. In a country like India, where nearly 92 percent of the workers are still engaged in informal employment the need of social protection to workers is great importance (Singh, 2012). Out of the employed in the informal sector, a large proportion of workers falls into the category of working poor. This is because of underemployment and adequate availability of employment. The total number of workers who are not sufficient for any of the social security benefits by the government in India falls nearly, 54 percent of self-employed workers, 97 percent of the casual workers, and 74 percent of all workers are still not eligible for any of the social security benefits (Deepa and Retnaraj, 2016). The fast expansion of urban population results worsening of the employment situation, increasing poverty and urban settings constitutes a most important growth challenge of planners

and urban establishment in developing countries (Tittus, 2000). One of the typical features of employment in Kerala is its informal, which is heterogeneous (Thomas, 2004). Self-employed and casual workers constitute the foremost class of the informal sector in Kerala (NSSO 68th round). Kerala is considered as an industrially backwards state, the growth of the State Domestic Product (SDP) and the sectoral performance in agriculture and manufacturing has been either on the decline or stagnant. The informal sector employment is leading in the tertiary sector (Patric, 2012). The service sector growth has been showing 72.3 percent, in National State Domestic Product (NSDP, 2013-2014).

3. Implications on Urban Informal Sector in Kerala

The implication mainly arises from the duality concept of Boeke in 1953. The informalisation is mainly happening under the dual phenomena. On one side the formalisation and decent work paradigm are working, but on the other side informalisation through inequality existing very fastly. The concept of decent work is not applicable in the informal sector workers in Kerala. There are some constraints faced by the workers in the informal sector in Kerala. Which mainly focused on the worker's point of view. The decent work paradigm is the principle applicable to all working people in all societies. There are mainly four factors that related to the concept of decent work like a) Rights at Work, b) Employment, c) Social Security and d) Social Dialogue.

The implications arise on the basis of the concept of decent work, the further information gathered from the informal sector workers is that, their employment constraints, mode of travel, working hours, income status, risks at working places, stay at workplace during the night, sufferings from the work location, insurance, borrowing details, food habits (fast food) and finally the social security or welfare schemes are not much effective under this people. Now we concentrate on all these factors related to the decent work contexts, and also how it affects the informal workers in Kerala. The following are the important variables that related to the problems of workers.

4. Objectives

To investigate the implications of urban informal sector workers in Kerala

5. Data Sources and Methods Used

The study is based on both the primary and secondary data. The secondary data were collected from the unit record data of NSSO the Employment and Unemployment Survey (EUS) 1999-2000 to 2011-2012. A stratified multistage sampling Design has been adopted for the primary data collection. The primary survey has been conducted among the urban informal sector workers in the two districts, which shown in the highest proportion of informal sector workers engaged in manufacturing, construction and trade. The primary data was collected from the 312 informal sector workers in Kerala related to the three major economic activities in like Manufacturing (29), Construction (106) and Trade (177) by NSSO 68th round data. The criteria followed for selecting the samples are taken by the a) Urban growth regarding the degree of urbanisation (Census Reports 1971 to 2011) and b) The highest proportion of the informal sector

workers engaged in these activities. Kochi was selected as it has the higher proportion of urban population (68.07 in 2011) and urban informal sector workers 15.20 per cent, and also from the northern part of Kerala, Calicut was selected, as it is has the second highest percent of urban population (67.15 per cent) in 2011 census and (14.9 per cent) urban informal workers. The following are the important variables that related to the implications of the workers.

a) Employment Constraints of the Workers

There are some constraints faced by the workers in the informal sector in Kerala. But these constraints are not solved by any authority or law. Informal sector workers are unregistered and unorganised workers; this is one of the major reasons for not getting employment security and social security for the workers. The informal sector workers employment constraints are characterised by the variables like a lack of education, low wages and long hours of work, mental harassment and high turnover of labour, etc., (Mohan Nadelta,1984).The following are the important constraints faced by the workers in Kerala.

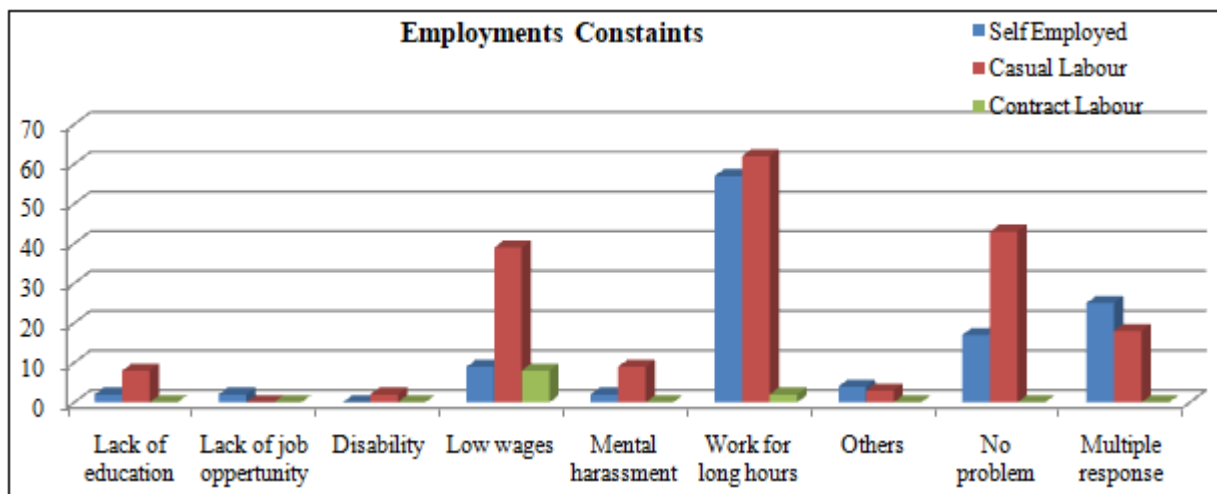


Figure 1: Employment Constraints of the Workers
 Source: Primary Survey

It is clear from figure 1 that there are some constraints faced by the urban informal sector workers in Kerala. They are lack of education, lack of job opportunity; low wages, mental harassment, and work for long hours, etc. are shown in the primary survey. We can understand that long hours of work are the major problem faced by the workers. Among the total respondent's majority of the casual labours are to work for very long hours. The reason is that higher proportions of workers are self-employed and casual workers, so they work hard and work more time on their activities. Remaining respondents responded that they didn't get a sufficient wage to improve their quality of life. From the activity wise, under the manufacturing sector, the majority of the worker's problem is education. They argued that they have no sufficient education to get a better job, so they came into this field. In the case of construction workers, a low wage is the main problem. They work hard under any circumstances, but they do not get sufficient wage. In the case of traders, they opine that long working hours is the

main issue of their work. Early they reach their working places but closing very lately.

b) Working Hours

For earning, informal workers have to work continuously for hours and hours; they do not bother heat, rain, cold, winter and other unpleasant weather conditions just to earn few more bucks needed for survival. This aspect was highlighted by NCEUS (2007) underlined that the informal workers often strive to make a meagre by self-exploitation through lengthening the working day. For this reason, a majority (67 per cent) of the informal sector workers work for on average, 6 to 10 hours daily. In the sample (33 per cent) worked for 11 to 16 hours in a day. This shows that these people work for more than the statutory provisions related to work hours as given in the Factories Act 1948.

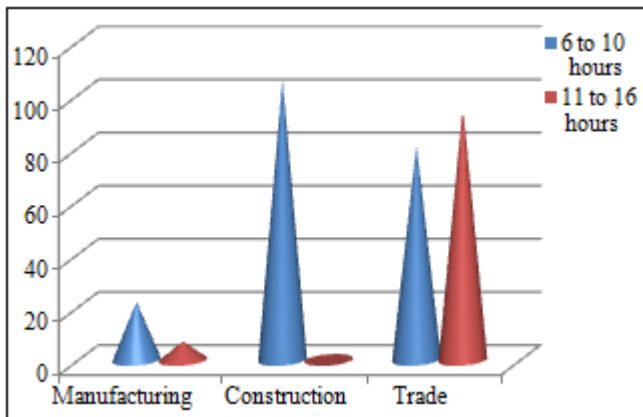


Figure 2: Working Hours and Activity Group

Source: Primary Survey

Figure 2 indicates that the hours of work is an important factor that influences the informal sector workers in Kerala. Out of the total informal workers, the majority of the workers are coming under 6 to 9 working hours. This proportion is highest in construction and manufacturing. But the working hour's increases to 11 to 16, of the workers, are still working this time also, which is higher in traders that are 96 respondents and the remaining seven respondents in manufacturing. The traders are working long hours compared to other to activities. The reason is that the majority of the workers in trade are self-employed, so they have the freedom to earn to more and spend more time in their work.

On the other hand, among the total worker's majority of the workers have engaged non-seasonal work, both seasonal and non-seasonal 19.9 per cent and seasonal only 15.1 per cent respectively. Construction workers are shown the highest proportion of non-seasonal workers then trades, but manufacturing activities are mostly seasonal one. The descriptive statistics show that the mean hours of work is highest in trade, then manufacturing and finally construction activities.

c) Income and Hours of Work

Another important variable that constituting the worker's problem is that the monthly income and hours of work. It shows a positive relation, when monthly income increases, hours of work also increases. The relation between monthly income and the hours of work explained with the help of back word bending labour supply. The labour supply curve shows how the change in real wage rates affects the number of hours worked by employees. This theory shows that the higher wage indicates, people, to spend more time working for pay. In that situation, the substitution effect will arise. The people spend more time to substitute their wage. So it implies a positively sloped labour supply curve. But it becomes negative or bends back word in some circumstances. Higher wage entices people to work less and consume more leisure or unpaid time. There are two kinds of economic effects are arising in this situation, are Income effect and Substitution effect. In this situation, these two effects are working simultaneously.

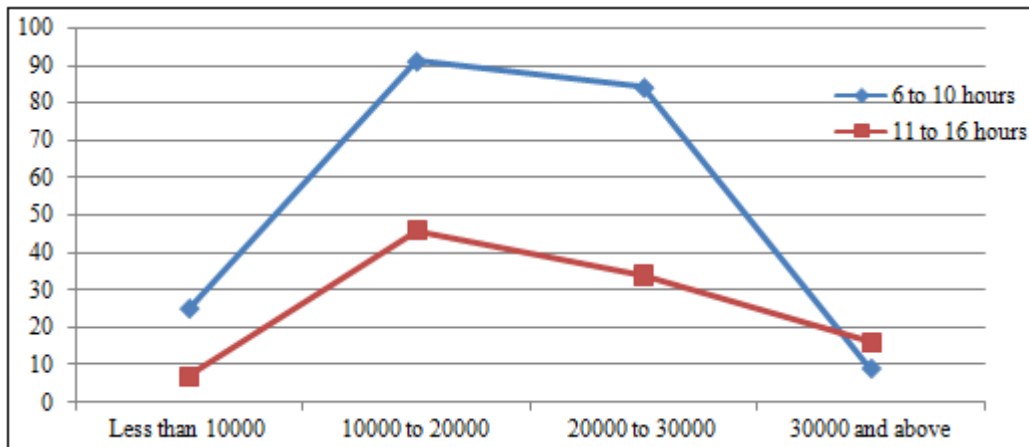


Figure 3: Monthly Income and Hours of Work

Source: Primary Survey

From table 3, it is to be noted that majority of the sampled workers are worked up to 6 to 10 hours per day. This is the most common hours of the workers in each activity. In this case, they have to earn the maximum income level of 10000-20000 per month. On the other hand, the hours of work increases to 11 to 16, it should be clear that the worker's income increases to a certain point then it must be constant, and again it turns to increases to some extent and then declines. It indicates that when an hour of work increases, their monthly income does not increase positively. The descriptive statistics show that the hours of work increases, their mean income also increases. The minimum increases to

5000 to 6000, but the maximum level of income is 52000 in both terms of working hours. There is a significant positive relation between hours of work and monthly earnings. When hours of work increases, monthly earnings also increases proportionally.

d) Sufferings and Risk factor at work

The informal workers have been suffering the following problems like inadequate lighting, noise pollution, intensive heat; improper sitting arrangements.

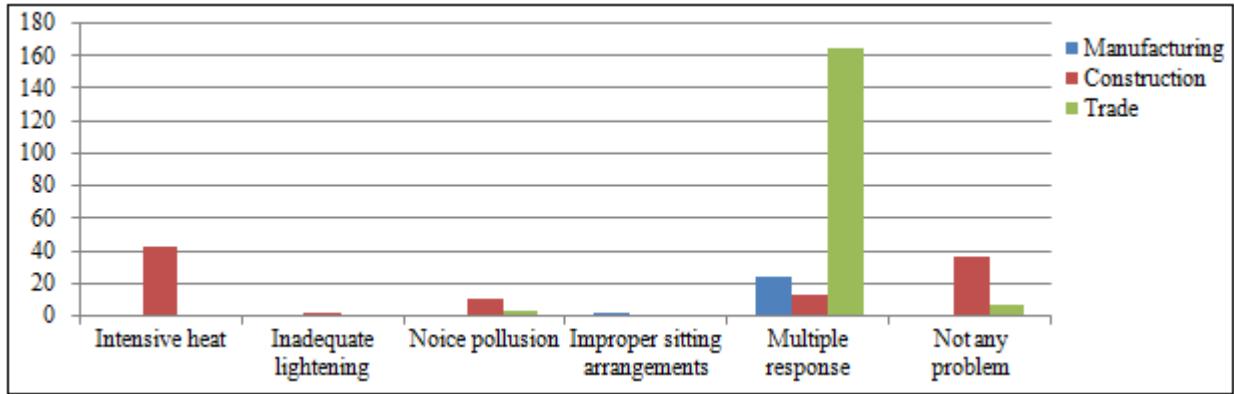


Figure 4: Sufferings of the Respondents
 Source: Primary Survey

The majority of the workers are multiple respondents that are 65.1 per cent. Only 43 per cent of the workers responded that intensive heat is the main problem. They have to work at the very hot time, and the sun burning infections are faced during the time off work. Another (5 per cent) of the respondents argued that the problem of noise pollution at the workplaces. One-third of the respondents (14.4 per cent) them have not any problem at all. In the case of activities, the majority of the manufacturing workers are suffering from the problem of improper sitting arrangements, construction workers suffer the problem of intensive heat, and the majority of the traders are multiple respondents.

e) Inferior tasks

The majority of the workers responded that they have never felt it as an inferior task, and the remaining respondents felt like their work as inferior tasks. They understood that the lower educational qualification is the main problem they have to miss the standard jobs. In the case of activity analysis, the majority of the construction workers could feel as they are doing as inferior work than others, then manufactures and traders. The majority of the traders are self-employed workers that are the main reason they could not feel as doing as inferior tasks; they never depend on others.

Table 1: Inferior Tasks, Misbehaviour by the customers and Forced to Work (in Per cent)

Inferior Tasks	Activity			Total
	Manufacturing	Construction	Trade	
Never	11.2	16.3	72.5	100
Some Time	3.8	86.1	10.1	100
Total	9.3	34	56.7	100
Misbehaviour	Manufacturing	Construction	Trade	Total
Never	8.5	33.9	57.7	100
Some Time	60	40	-	100
Total	9.3	34	56.7	100
Forced to Work	Manufacturing	Construction	Trade	Total
Never	8.2	33.7	58.1	100
Some Time	15.8	42.1	42.1	100
Most Often	100	-	-	100
Total	9.3	34	56.7	100

Source: Primary Survey

Table 1, It is observed that (98.4 per cent) of the respondents argued that, they never felt as misbehaviour by the customer's side. Only (1.6 per cent) of the workers have the experiences of miss behaviour. Thirdly the workers opine

that their owner has never forced their work (93.3 per cent) respondents have not any forces or compulsion to do the work. Only (6.1per cent) of them have most often forced to work in it.

f) The dignity of Informal Workers

It is obvious from figure 5 that most of the informal sector workers are to feel too much dignity to their work. It shows a high proportion of manufacturing activity. Another important finding is that Construction workers said that they have no such feeling in their work because their works are so hard and risky one. If their works are not risky nor on-risky, most of the workers are responded that they are continuing their work. Only a few workers responded that they don't wish to continue their work.

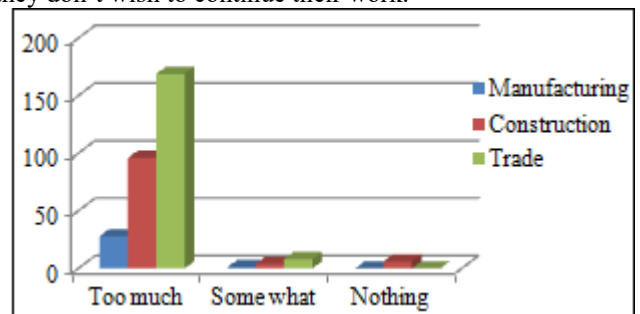


Figure 5: Dignity of Informal Workers
 Source: Primary Survey

g) Borrowing Details

Debt is one of the serious issues of any country. And its amount is very alarming among the various categories of workers and the other weaker sections of the society. The borrowing details of the informal sector workers show that the out of the total respondents consisting 53.5 per cent as not having any amount of debt at the time of the survey. However, (45.6 per cent) reported some amount of debt had taken a loan from various sources like banks, private money lenders, and friends and relatives. One of the major problem faced by the workers are the loans taken from various banks. On the other hand, the saving habit of workers is very low.

Table 2: Borrowing Details (in Per cent)

Sources of Borrowing	Manufacturing	Construction	Trade	Total
Bank	13.2	36.4	50.4	100
Private Money Lender	8.3	75.0	16.7	100
Friends/Relatives	25	75	-	100
Nature of loan	Manufacturing	Construction	Trade	Total
Hereditary	-	-	100	100
Loan Contracted in Cash	10.6	43.2	46.2	100
Loan Contracted in Kind	45.5	18.2	36.4	100
Purpose of loan	Manufacturing	Construction	Trade	Total
Educational loan	13.3	60	26.7	100
Legal Expenses	16.7	-	83.3	100
Other Consumption	-	100	-	100
Marriage and other Ceremonial Purpose	36.4	27.3	36.4	100
Purpose of Land and Construction of Buildings	7.6	53	39.4	100
Productive Purpose	25	14.3	60.7	100
Repayment of Debt	-	75.0	25	100
Multiple Response	-	-	100	100
Mode of payment	Manufacturing	Construction	Trade	Total
Monthly	12.9	40	47.1	100
Other	20	60	20	100
Total	13.1	40.7	46.2	100

Source: Primary Survey

From table 2, we can understand that most of the workers are taken loans from various sources like banks, private money lenders, friends and relatives. The majority of the informal sector workers have taken a loan by the nature of hereditary, loan contracted in cash, and kind. Most of the workers are took loan contracted in cash, then others have kinds, and the remaining (1.4 per cent) have hereditary loans. Majority workers are taking loan by loan contracted in cash in the purposive case. Low income and middle-income groups are facing serious debt issues in Kerala. The payments are made on a monthly basis. Another point reveals that the informal sector workers took a loan for various purposes like education, legal expenses, consumption purposes, marriage, purchases of land and construction of buildings, productive purposes and repayment of debt, etc.

Among the total workers, most of them took a loan for various purposes like purchase of lands and construction of buildings, marriage purposes, productive purposes, and educational purposes for their children. In the activity vice, most of the workers are taking a loan for purchases of land and other construction of building purposes. In the case of construction workers and traders took a loan by purchases of land and other constructions of buildings. The majority of the manufacturing workers are taken a loan for the productive purposes. Monthly income and borrowing of workers are directly related. The higher income category of workers also borrows higher the amount of income. So the findings are that the workers level of income increases, there may be a tendency to borrow the higher level of income from various sources for various purposes. Another noticeable feature is that the amount monthly earnings increases, their amount of loan also increases.

Consumption Details

Now a day’s our fast food culture increases by day by day. It may be divided into daily, weekly and monthly. This proportion was highest in construction activity, then traders and manufacturing respectively.

Table 3: Consumption- Fast Food

Fast Food Culture	Activity			Total
	Manufacturing	Construction	Trade	
Daily	6.5	3.9	89.6	100
Monthly	-	33.3	66.7	100
Weekly	7.2	52.3	40.5	100
Not any	18.6	27.1	54.3	100

Source: Primary Survey

From table 3, it is pointed out that the traders daily have fast food. Out of the total 312 respondents, majority workers have taken fast food daily, weekly and monthly. Only 22.4 per cent of them has no such habits. Among these, majority workers took the fast food, which is from construction activity, daily tested fast food, the majority are from the trading sector. The majority of the informal workers had the habit of fast food, but the proportion using fast food is different.

j) Welfare schemes and Social Security Coverage

Workers in the unorganised sector are characterised by low level of unionisation and lack of social security and welfare provisions. Almost all of these workers in this sector remain unprotected by the various labour welfare and social security legislation. According to NCEUS (2007), only (5.4 per cent) of the workers in the informal sector are getting benefits under the existing social security schemes. In these circumstances, these workers do not enjoy the benefits of old age pension, provident funds, maternity benefits, accident claims, medical benefits and many other welfares and social security benefits related to the conditions of work and live. Accessing the gravity of the problem of the unorganised sector workers the government enacted the social security act in the year 2008. The table shows it in detail.

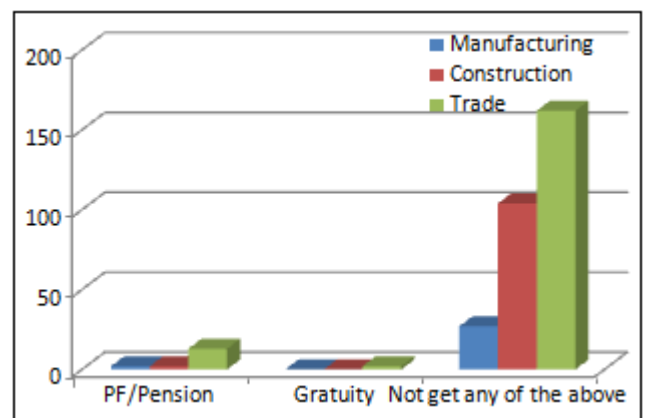


Figure 6: Social Security Benefits Provided by the Employers

Source: Primary Survey

From figure 6. highlight that, most of the respondents do not get any of the social security benefits provided by the government. Only two respondents (1per cent) responds to get a gratuity, and (5.4 per cent) get a pension. Apart from this, many of these workers do not get the benefit of various

government welfare facilities like Public Distribution System (PDS), maternity benefits, Girl Child Allowance, Provision of Free Education, etc., because either they are not aware of these welfare provisions or lacks proper documentation to claim the benefits. This analysis has been presented in the subsequent sections, like Welfare provisions, social security provisions, suggestions of the respondents about the required welfare facilities for their overall well-being and the benefits of social security schemes given as per Unorganised workers social security act, 2008.

6. Conclusion

In this study, we can conclude that the implications of informal workers in Kerala by the sampled data. The implications mainly arise from the decent work concept of (ILO, 1999). The following variables like rights at work, employment, hours of work and social security coverage. The other problems are employment constraints, the income of the workers, mode of travel, working hours, risk factor at work, stay at the workplace during the night, sufferings, insurance, savings and borrowing details, food habits (fast food habit) and finally the social security or welfare schemes. In the case of employment constraints, long hours of work is the major problem faced by the workers. The majority of the workers are reaching their workplaces by bus, and the level of income is the most important factor influencing the workers living and working conditions. So the income depends on the workers living standards. The majority of the workers are satisfied with their present condition of work, and they are ready to continue this job without any protection and security provided by the government. So one of the major findings of the study is that informal sector workers are not doing as decent work, they have, no employment security, hours of work is not properly fixed, and, no social security benefits provided by the government.

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