



Living on Urban Informal Economy: A case study of three selected Wards of Kolkata Municipal Corporation

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Abstract

About 92% of India's labour force is employed in the informal sector. Nowadays, its proportion is growing steadily, rapidly and significantly, particularly in urban areas. The informal workers are mainly found in markets, streets, homes, factories, sweet shops or in the fields and the majority of them are poorly educated, economically backward and live in unhygienic conditions. Basically, the slum dwellers and the vulnerable poor contribute to the highest share of the labour force in the informal sector. This paper examines the theoretical construct of the urban informal sector and its impact on the socio-economic condition as well as the quality of life of the households in three selected Wards of Kolkata Municipal Corporation.

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Introduction

All over the world, a huge number of workers are forced to survive in the informal environment of economic sectors. In recent decades, it has taken a leading part in the developing countries especially in India and simultaneously attracting the attention of academics, researchers, social development activists, and policy planners (Papola, 1981). The unorganized sector refers to those initiatives that are not supervised by any legal provision and also does not have any record of data or regular accounts (West Bengal State Development Report, 2010). Keith Hart was the first person to introduce the term 'Informal Sector' while making a presentation on "Informal income opportunities and urban employment in Ghana" in Institute of Development Studies (IDS) in September 1971 at a conference (Hart, 1973). According to Indian National Statistical Commission (NSC), the term 'Unorganized Sector' and 'Informal Sector' are used interchangeably which has a pivotal role in the country economic sector (NSC report 2012;15 ICLS, ILO, 1993). This sector is a significant characteristic of many developing countries (like India) and the relationship between the

informal sector and the stage of economic development is quite intricate (Porta and Shleifer 2008).

India has a dispersed informal economy which is not addressed by the Government under any Act and is capable of providing jobs to thousands of unemployed people, whose total contribution to the nation's economy is invisible but relatively significant (Kalyani, 2016). The setup of an economy depends on the workforce of a country who is the sole root of all types of production (Vanithamani, 2014) and is also known as the backbone of the country (Singh, 1998). This sector of the economy is having high-income opportunity and easily can absorb a large number of urban migrants (ILO, 1972) who are mainly meagerly-paid workers having poor working circumstances (ILO, 2004).

In India, about 92% of the workers are engaged in informal occupation (India Labour and Employment Report, 2014). The city of Kolkata also has a vast number of informal workers who mainly live in the slums (Chaudhuri, 1990). They are enforced to survive in backward socio-economic condition, inadequate facilities of living along with unhygienic environment which leads them to disease-prone



circumstances (Jena and Mahapatra, 2009). The reasons behind it includes lack of elementary education and proper skill to get occupational opportunity in formal sector (Indian Labour and Employment Report, 2014). All these have led to the growth of slums by rural-urban migration in India as well as in Kolkata along with the expansion of informal economy (Bhat and Yadav, 2017). In spite of having the various legal provisions and laws for the labour welfare and protection, these are only accessible to formal workers not to the informal workers (Basu, 2015). Although having many complexities, according to the estimates of the National Council of Applied Economic Research, the informal or unorganized sector constitutes about 62% of GDP, 50% of the national savings and 40 % of the national exports of our economy (ILO 2002b, Report VI).

According to the International Labour Organization, the nature of urban informal workers is either visible or invisible in terms of their occupation. The more visible occupational groups in the informal economy are those who work on the streets or in the open air of cities, towns and villages (i.e., barbers, cobblers, garbage collectors, waste recyclers, vendors of vegetables and fruits, construction workers, rickshaw pullers etc.), less visible occupational groups are work in small shops and workshops such as repair bicycles and motorcycles, tan leather stitch shoes; weave, dye and print cloth, make and embroider garments and many more. Finally, among the least visible informal workers, the majority of them are women who sell or produce goods from their homes as garment makers, embroiderers, incense-stick rollers, bidi-binders, cigarette-rollers, paper bag makers, hair band makers, kite makers, food processors, beauticians and others (ILO, 2002). According to the International Labour Organization, the informal workers of Kolkata are engaged in various kinds of small manually-operated activities like transport, portage, domestic service, small shops, hawkers and similar low-earning self-employed works who face many problems in their working tenure (Chaudhuri, 1990).

Objectives

The informal sector of the city of Kolkata provides a significant source of income. The major objective of this article is to analyze the standard of living of the informal workers along with their problems in the three selected Wards of Kolkata.

Database and Methodology

The city of Kolkata is not only the capital of West Bengal but is also one of the largest as well as oldest metropolitan city that experienced huge occupational migration in different economic sectors. The informal sector is a complex area of study where it is difficult to find out the actual figure of informal units and its workers for research analysis. In spite of these, some qualitative data has been employed for analysis based on the empirical thoughts.

The Ward Nos 135, 136 and 137 have been selected as the study area through empirical observations and consultation with the personnel of the Borough office of the Kolkata Municipal Corporation. These Wards have the major

concentration of slum population (75% + in 2011) with poor education, who are entirely dependent upon informal works for livelihood. They are mainly engaged as daily wagers and contractual workers in informal sectors. The sample households have been selected through 'convenient sampling' method. Total number of sample households taken are 240 that comprise a total population of 988. The entire work is based on secondary information. Primary data has been collected through a well-designed questionnaire and direct interview with the respondents of the sample households.

Results and Discussion

Living and Livelihood

Population is a major issue confronting the development scenario of the contemporary world and also the most important factor affecting modernization. A nation's strength depends not only on the quantity of population but also on its quality (Sreeramamurty, 1986). A glance of the demographic and socioeconomic structure of population reflects this quality. Their distribution pattern and the decadal growth rate of the population have resulted in unsustainable exploitation of the existing resource base. A continuous influx of population resulted in changes in the socioeconomic characteristics of the city's population. It has its impact felt on the sex ratio, social parameters like literacy and education, the occupational structure etc. Urban areas are the most densely populated regions. Urbanization has become a global phenomenon. In developing nations, however, it is characterized by a set of social and economic conditions that differ from those of the industrialized world, as well as by explosive population growth. Kolkata, for example, is currently experiencing mass migration from the countryside (Mishra and Alam, 2014). As a result, the demand for occupation and service is higher but the prospects of informal sectors in the city forced people to get engaged in different informal units. This scarcity leads to the informalisation of the economy which absorbs widespread self-employed individuals, contractual workers, contractors and low-wage earning workers (Alleyne, 2001).

Educational Status

Education is one of the most important social needs which lead the country to a better future for gaining a productive as well as a remunerative occupation (NCEUS, 2007). In developing countries like India, although literacy rate is higher but in reality, the incidence of school dropout is common that is basically responsible for the deep-rooted socio-economic problem. Because of poverty and unemployment, the majority of students are forced to drop out at an earlier stage of school. They are expected to contribute to their family income and are compelled to work as child labour in tea stalls, factories, roadside food stalls, housemaids and etc. It is found that only 50% of them are literate, among which about 31.98 % have education up to Class X, 15.79% up to Class V and only 2.43% up to H.S. level.

Occupational Structure

The occupational structure of a country reveals its strength of



labour force. Informal employment is generated due to the powerlessness of formal economy to produce sufficient occupational opportunities in urban as well as rural areas (Mijere, 1989). Sometimes informality is a hindrance to the development process because it endows employment in low-productive activities (Levy, 2008). Occupational pattern also shows dependency regarding the non-working people and status of unemployment.

The work participation rate among the sample workers reflects a surprising fact that the amount of the working population (46.96%) is less than 53.04 % non-working population (Table - 1). Here the dependency ratio of the non-working population is higher. On the other hand, the work participation rate in the study area is much higher than the national average (39.8%), state average (39.8%) and also Kolkata Municipal Corporation average (39.9%). This shows a marginalization of economic sectors and a huge engagement of people in the informal economy (Census of India, 2011). The fact of moving to better-paid jobs is mostly invisible in informal economy because those who join the lesser ranks of the urban informal sector, usually remain stagnant without any increasing occupational mobility (Bremar, 1976).

The study has identified a number of informal works (Table - 2) which help to sustain the livelihood of the sampled population. Basically, there are two different categories of informal workers: self-employed and daily wage earners. In the study area, about 72.41% of the workers are self-employed while 27.59% are wagers. This study also reveals that 21.55% and 18.10% of the population are involved in embroidery and *jari* work of garments respectively. These two kinds of informal units are now getting popularity in the study area because of more demand for embroidered materials and availability of cheap labor.

Earlier, kite making was a dominant activity but currently, due to lack of demand and launching of attractive and cheaper Chinese products this unit of work has slowed down and stagnated. About 35.34% of the workers belongs to other category of works including maidservant, which shares the highest proportion among all. This group comprises the accumulation of other units of work where less number of people is involved in each such as maidservant, a street vendor, own shops, construction workers etc. It is found that the workers of embroidery, kite making and others (street vendor, own shops, selling sandles and clothes etc.) are entirely occupied by self-employed workers while the category of maidservants and *jari* works are employed by wage workers and the remaining categories share workers in both the types.

Daily Working Hours

In general, informal workers do not have any particular period of working hour like the formal sector. Workers of this sector neither have a time limit nor any social security so they are forced to work more for securing daily bread and butter. Most of the sampled workers (64%) work for 8-12 hours daily and about 8% of them work for more than 12 hours. Such a long duration of daily working hours often causes physical, mental and psychological stresses that lead to chronic health problems.

Index of Household Economic Status (IHES)

The index of 'household economic status' (IHES) represents the state of economic condition of sampled households. It is simply an income-expenditure ratio in the past to that of the present. In general, income enhancement may be regarded as the economic progress of a family or a group of the family but in research one must not be biased with this nomenclature because the benefit of income enhancement over time may not keep pace with the increment of commodity price. Consequently, the rate of savings which is potential to capital formation will increase with the increase in income over time only when income-expenditure ratio will be higher than that of the past time. In its estimation, the absolute value of income and expenditure and subtraction of expenditure from income can't be the index of economic status at present time in comparison to that of past time. Three types of ratio or the index of household economic status (IHES) can be calculated, i.e., index equal to 1.0 for the households of stagnant economic status under the condition of no change of income-expenditure ratio at present time from that past time, index less than 1.0 for the families with lesser income-expenditure ratio at present time than that of past time which indicate threat of economic crisis in future and if pace remain to continue family may come on footpath for survive, however, index more than 1.0 will reveal progressive economy of the family of higher ratio of income-expenditure at present time than that of past time exposing a fair potential of capital formation thereby household economic advancement.

Table - 3 shows that only 18.33% of the households fall under the 'progressive economic condition', 75% of under 'stagnant economic condition' and the remaining 6.67 % fall under the 'threatened economic condition'. Population of the low-income group falls under the 'stagnant economic' condition, who try to make their living with whatever income they could manage. Workers of the threatened economic condition try to sustain their family in any possible way. On the other hand, workers of the progressive economic household earn a bit more than others and can save a few for future.

Problems of Informal Workers

In India, more than 90% of the labourers are engaged in informal sectors. They face various problems, viz., poor wage rate, poor pay, unhealthy living area, high job insecurity, malnutrition, health issues and many more. They are disjointed workers unassociated with any labour union (Chatterjee, 2016). Their working conditions at workplace is often unhealthy. They do not get motivated and commonly suffer from frustration and depression. Human is an organic system of nature and not a machine that depends on the input of energy like food, water etc. that are converted by them into outputs of behavior. It reflects the relationship between their characteristics as an organic system and the environment in which they live (Sharma, 2017). As they are not registered, they do not have any social security. However, the National Commission on Rural Labour (1987) recommended old-age pension, life insurance, and maternity, disability, and minimum health care and sickness benefits to be provided to all as a matter of social protection.



Job Insecurity

Job security is a part of social protection which is one of the human rights given by any government but this is not available to the workers of the informal sector. Hence, they suffer from insecurity. On the other hand, only workers of the formal sector get many benefits from social security schemes. This is a major problem of the informal workers. Here majority (63.33 %) of the workers face job insecurity while about 36.67% do not have any complain. The main reason behind this is the lack of social protection. Although central or local government launched various schemes for them, these are not implemented properly. Besides this huge workforce even do not have any knowledge of these schemes due to their illiteracy.

Work Mobility

Job insecurity is the main reason of work mobility among informal workers. As each work of the informal sector is more or less insecure, people try to shift from one to another in search of better job assurance. Correct decision is the most important in their life as sometimes it may lead to worse condition. In the study area, about 65% of the sampled respondents have shifted for better earning and about 35 % of them are happy with their new job.

Health Issues

Health is the most important parameter which helps to have a better life. Good health provides a better living. In developing countries like India, unorganized workers have improper working condition and posture and inadequate earning which lead to the various health issues. About 78.33 % of the respondents have been suffering from various diseases like spondylitis, eyesight problem (mostly who work in embroidery work), tuberculosis, high blood pressure, diabetes and malnutrition. The workers said that the chief reasons are poverty for which they are compelled to work for long hours in untidy workplace with inappropriate postures and very delicate job, e.g., Needlework.

Conclusion

Thus, informal economy is the only source of bread and butter of millions of people in developing countries like India. This sector is vast with its diversified workforce having an immense invisible impact on the nation. It contributes almost 50% of GDP and 92 % of the workforce in the country's economy. Despite these, the informal sector have many problems without any social security and well-being. Majority of the people get involved in it due to unemployment and poverty. Socio-economic conditions of the informal workers are vulnerable in terms of their working status, livelihood, educational status etc. The policymakers should take care of the problems of workers and try to make them secure. It is also needed to monitor the performance, size, and structure of the informal sector by governments.

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Table - 1: Work participation among informal economy dependent households

Work Participation of Informal Workers	No. of people	%age
Total Population (Sampled)	988	100
Working Population (Sampled)	464	46.96
Non-working population (Sampled)	524	53.04

Source: Field Survey, 2016.

Table - 2: Occupational Structure of the Sampled Population

Work units	Total respondent		Self-employed		Wage worker	
	No. of People	%e	No. of People	%	No. of People	%
Embroidery	100	21.55	100	100	0	0
Kite making	24	5.18	24	100	0	0
Jari Work (Home based)	84	18.1	0	0	84	100
Tailoring	28	6.03	20	71.43	8	28.57
Rickshaw/Van pulling	32	6.9	25	78.13	7	21.87
Auto/bus/truck driving	32	6.9	13	40.63	19	59.37
Maid Servant	10	2.15	0	0	10	100
Others	154	33.19	154	100	0	0
Total	464	100	336	72.41	128	27.59

Source: Field Survey, 2016



Table - 3: Index of Economic Status of the Sampled Households

Household economic status with index	No. of household	%age of household
<1.0 (Threatened Economy)	16	6.67
1 = (Stagnant Economy)	180	75.00
>1.0 = (Progressive Economy)	44	18.33
Total	240	100.00

Source: Field Survey, 2016.



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