

**ROLE OF THE INFORMAL SERVICE SECTOR
IN POVERTY ALLEVIATION IN INDIA**

(Final Report)

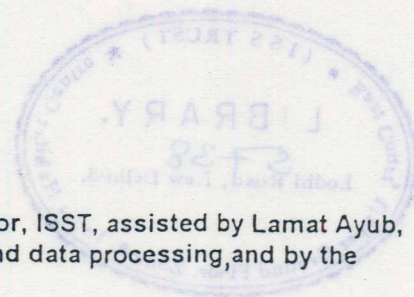
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THE URBAN INFORMAL SECTOR IN INDIA

I. INTRODUCTION

As of 1991, India continues to be primarily a rural country. By the 1991 Census count, only 25.72 % of India's 844 million people lived in urban areas -- up from 23.34 % by the 1981 Census. The average annual growth rate of urban population had in fact fallen from an estimated 3.29% and 3.68 % in 1961-71 and 1971-81 respectively to about 3.16 % per annum during 1981-91. The differential growth rate of urban population over rural population also fell from 1.83 % in 1971-81 to 1.37 % in 1981-91 .(1)

These figures, however, in no way detract from the fact that the country is confronted with serious problems associated with rapid, massive, and a largely unplanned process of urbanization. In terms of sheer numbers, the magnitude is mind-boggling. Even at roughly one-fourth of the population, the total number of persons living in urban areas in 1991 exceeded 217 million heads -- some 58 million persons more than the headcount in the earlier Census of 1981, and about twice the size of the urban population in 1971.(2). Secondly, both the degree and pace of urban-

(1) Jain, Ghosh and Kim, Occasional Paper 1, Census of India, 1991.

(2) Cf. Table 1, p.8, op. cit.

ization show significant variations across different states and regions of the country .For instance, the percentage of urbanization in 1991 varied from a low of 13.17% in Bihar in the East to a high of 38.73% in Maharashtra in the West. Similarly, decadal growth rates in 1981-91 show a wide dispersal from a low of 1.76 % in the Southern state of Tamil Nadu to a high of 4.76 % in Kerala .

Thirdly, the nature of urbanization has been anything but uniform either across space or over time.(3). For the country as a whole, while the pace of urbanization shows a decline from the previous two decades, the extent of 'hydrocephalistic' growth appears to have sharpened over time, in that the growth of population in million-plus cities appears to be more pronounced in 1981-91 in relation to growth in smaller and medium towns, as compared to earlier decades. However, the pattern varies across regions. The states of West Bengal in the East and Haryana in the North, for instance, have recorded a much higher rate of growth of population in small towns than in large cities. Thus country-wide generalizations on the pace as well as the pattern of urbanization need to be made with a degree of caution.

What appears with a certain commonality all over however, are the problems of growing urban congestion, migration, and urban poverty. A very high proportion of the urban workforce are in occupations that provide little security of income and employment and fall outside the protective umbrella of labour

(3) See Appendix Tables 5 & 6, p.77-79, op.cit.

laws -- de facto if not de jure. According to the Economic Census of 1990, 38.78 million persons were in the workforce in urban India during that year and more than half of these worked in own-account enterprises or enterprises which are run primarily without any hired workers on a regular basis, or in establishments having less than six workers. If we include Directory Establishments in the count, i. e., units having between 6 and 9 workers, the percentage would go up to anywhere between 65% to 70%. Thus the majority of urban workers in India are either self employed, eking out an existence on their own, or they work in small establishments in the informal sector, largely outside the purview of protective labour laws, without a measure of security or regularity of incomes. While, on the one hand, this explains the high degree of urban poverty persisting in the cities and towns of India, at the same time the opportunities provided through the urban informal sector are the only ones that enable the majority of urban Indian workers to earn their livelihoods.

Appreciating the role of the urban informal sector in alleviation of urban poverty, the Government of India has launched a number of special programmes for the urban worker in poverty households in recent years. The Nehru Rozgar Yojana (NRY), the Prime Minister's Rozgar Yojana (PMRY) and the recently launched Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) fall in this category. While such programmes are designed to assist the urban working poor in establishing and running productive self-employment ventures, the magnitude of

assistance made available under all such schemes have fallen far short of demand, as many micro studies on urban informal sector in India, including our own, clearly testify. The major reason for this shortfall is of course the fact that given the rate at which the informal sector has expanded, it is beyond the capacity of the Government machinery to cope with the combined requirement of credit, training and other facilities for the sustenance of this sector.

At the same time, the high rate of expansion of informal sector activities in the urban areas of India can be directly traced to the policy of benign neglect that the state had adopted towards this sector from the beginning of planning experiment in post-independence India. In the initial years of planning the Feldman-Mahalanobis strategy of capital intensive, core - sector-centred growth and the simplistic dualism of Lewis-type ideology conveniently sidetracked the existence and possible emergence of the urban informal sector to any significant extent. The Gandhian counterpoint to this strategy as manifested in such sporadic gestures as the four sector Mahalanobis model for employment planning or the emphasis on village industries, once again has focussed on development of the rural sector rather than the urban informal sector. In the Sixties, once again the focus was the rural sector when state policy made a conscious switch towards a technological solution, as opposed to an institutional solution to the country's food problems by replacing community development by adoption of green revolution technology. Subsequent develop-

ments have seen the rural lobby emerging as a potent political power, but at no point in the country's recent history has the urban informal sector had any such systematic political or economic clout. The stagnation of formal sector employment growth in recent years, fuelled in turn by the policy of subsidized capital and elitist labour, and more recently, the conscious attempt to streamline the public sector employment under the structural reform measures, has witnessed the urban workforce getting increasingly absorbed in the informal sector in large numbers. The urban informal sector has been acting as a sponge -- by sucking in surplus labour in urban areas all over the country. However, while incidence of poverty in this sector is likely to be substantially higher than in the rest of the urban economy, the sector also provides considerable opportunities for poverty alleviation as exemplified by sharp heterogeneities in incomes and job characteristics within the sector. The challenge before the policy planners consists in tapping these potentials for urban poverty alleviation especially since exigencies of the situation rule out the possibility of substantial expansion of employment opportunities within the formal sector.

Studying the informal service sector for poverty alleviation has a special significance in so far as employment in service sector activities in India has, gone up at a disproportionately high rate in recent years and much of this growth has taken place outside the formal sector. Secondly, it is also one sector where growth is occurring at two ends of the spectrum -- in profitable,

high profile activities on the one hand and low-paying, subsistence-type jobs on the other. Often this can be seen happening within the same type of jobs, within relatively narrowly defined industrial categories. We have tried to capture some of this heterogeneity in the selection of the six case studies presented in sections IV - VI of the paper. There is a third reason for concentrating on the service sector component of informal activities. It is that compared, for instance, to informal manufacturing activities, there are, relatively speaking, far less micro-studies and surveys available on the informal service sector. It is hoped that this particular study will, albeit in a small measure, correct that imbalance.

II. TRENDS IN THE INCIDENCE OF POVERTY

Estimating the incidence of poverty over time and across space has been a consummate preoccupation with bureaucrats and academics in India in recent years. This is understandable in view of the fact that alleviation of poverty has been propagated as a major social objective of the state, and consequently allocation of state resources and planning of public action becomes conditional on the knowledge of trends in the incidence of poverty. Thus, although experts differ widely in their opinions on the correct methodology for measuring poverty, the need for a quantitative measure is universally acknowledged.

II.1 A brief history and critique of poverty line estimation in India

The commonest method of measuring poverty starts with defining a poverty line. In India, the first attempt at delineating a poverty line was made in 1962 by a working group set up under the auspices of the Perspective Planning Division of the Planning Commission. An estimated national minimum of Rs 20 per capita per month in rural areas and Rs 25 per capita per month in urban areas was arrived at as the poverty line estimate, keeping in view nutritional norms, although the Commission did not get into detailed calculations on the nutritional requirements of different segments of the population. Dandekar and Rath, in their work of 1971, brought this into the forefront. They suggested an average calorie norm of

2250 calories per capita per day for both rural and urban areas for defining the poverty line. Translated in terms of rural and urban prices, they estimated the rural and urban poverty lines to be Rs 15 and Rs 22.50 respectively at 1960-61 prices.

Dandekar and Rath's paper was followed by numerous studies on various aspects of poverty estimation which were analysed and brought together by the **Task Force on Projection of Minimum Needs and Effective Consumption Demand** set up by the Planning Commission in 1979. Using the age-sex-activity status-specific calorie requirements recommended by the **Nutrition Expert Group** of 1968, and combining it with consumption data from the 28th round of the **National Sample Survey** (1973-74), an estimate of Rs 49.09 per capita per month as the rural poverty line and Rs 56.64 per capita per month as the urban poverty line in 1973-74 prices were arrived at. This has been used in all subsequent estimation of poverty in India.

A number of methodological problems have been cited against the current method of poverty estimation. (See chapter 2, Report of the Expert Group, Planning Commission, 1993). In case of India, given the size and diversity of the country, there are additional problems relating to aggregation over significant heterogeneities, such as, use of aggregated price deflators, and ignoring the importance of topographical and agro-climatic diversities for poverty measurements. These need to be kept in mind in using this data.

II.2 Estimating the Number of the Poor

The early Nineties have seen a lot of debate among Indian economists on the actual estimates of the incidence of poverty over time in rural and urban India. This was spurred by the release of official poverty estimates as given in Table II.1 below:

Table II.1

Year	Official		Poverty	Estimates (CSO method)		
	Rural poor (%)	Urban poor (%)		Total poor (%)	Rural poor (in millions)	Urban poor (in millions)
(1)	(2)	(3)	(4)	(5)	(6)	
1977-78	51.20	38.20	48.30	252.9	53.9	506.8
1983	40.40	28.10	37.50	222.1	48.7	270.8
1987-88	33.40	20.10	29.90	197.6	39.5	237.1
1989-90*	21.7	14.3	19.8	133.1	29.8	162.9
1990-91*	20.6	11.5	18.3	128.6	24.7	153.3
1992*	22.4	12.7	19.9	144.3	28.7	173.1

Source : Gupta (1995).

*Based on NSS Thin sample, annual survey results not strictly comparable with estimates generated by the larger quinquennial surveys on employment being carried out by NSSO since the 27th round (1972-73).

The method used to arrive at these estimates came under a lot of criticism (See Minhas et. al. 1991 and Tendulkar et. al., 1993). It was observed that these figures were obtained after inflating the NSS group specific consumption figures by a pro-rata adjustment factor to take care of the discrepancy between the NSS estimates of aggregate household consumption and the

CSO (Central Statistical Organization) estimates of private consumption, which are uniformly higher. Critics argued that this is not proper because the latter is arrived at as a residual in CSO's estimation of various national accounts categories and includes elements other than household consumption proper. Besides, it was argued that pro-rata adjustment in any case was an inappropriate procedure since the composition of consumption baskets vary significantly across expenditure groups. Accordingly, the revised poverty estimates were calculated using the NSS expenditure groupings as well as NSS aggregate consumption data. These are reported in Table II.2 below (Cf. Gupta 1995).

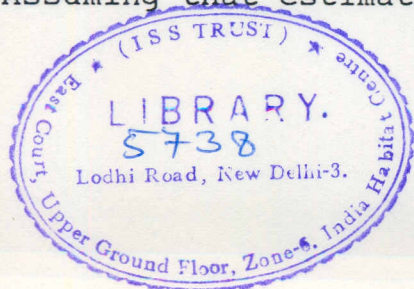
Table -II.2

Revised Poverty Estimates (NSS method)

Year (1)	Rural poor (%) (2)	Urban poor (%) (3)	Total poor (%) (4)	Rural Poor (in millions) (5)	Urban poor (in millions) (6)	Total poor (in mil (7)
1970-71	57.3	45.9	55.1	251.7	50.1	301.8
1983	49.0	38.3	46.5	26.33	66.0	333.3
1987-88	39.1	40.1	39.3	231.4	78.7	310.1
1989-90	33.7	36.0	34.3	206.7	75.1	281.8
1990-91	35.0	37.0	35.5	218.4	79.5	297.9
1991-92	41.7	37.8	40.7	269.0	85.8	354.8

Note: Based on NSS Thin Sample. Source : Gupta (1995)

Assuming that estimates in Table II.2 are closer to reality-



a proposition which is supported by the fact that the official method used to get estimates reported in Table II.1 have now been discontinued-it is clear that the poverty scenario has been worsening in recent years. This is so not merely in absolute terms, but also in terms of percentages.

Another factor that comes out clearly from Table II.2 is that urban poverty is increasingly becoming a problem to reckon with. In the early Seventies, the incidence of poverty had been much higher in rural areas -- 57.3% as compared to 45.9% in the urban population. The rural-urban differential in poverty incidence has been generally narrowing down over the years until in 1987-88 -- the most recent year for which NSS full sample estimates are available -- the scales have actually tilted against the urban poor, in that the recorded incidence of poverty in urban areas of the country was higher than in rural areas. The thin-sample based poverty estimates in the early-Nineties suggest a continuation of this trend, with the exception of the data for 1991-92. In terms of absolute numbers, however, urban poverty shows a consistent trend, unlike its rural counterpart. The number of rural poor in millions have fluctuated over the years, but there has been a steady increase in the number of urban poor -- a phenomenon that needs to be taken note of.

The other important thing to take note of is the substantial regional disparities in the incidence of and trend in urban poverty in India. The incidence of urban poverty in 1987-88 varied from a low of 2.4% in Himachal Pradesh to a high of 30.0% in the eastern state of Bihar. In 1972-73, the state with the

lowest incidence of poverty was Meghalaya with a figure of 10.8%, while the highest incidence of urban poverty was recorded in the southern state of Kerala at 52.7% .

III SIZE AND IMPORTANCE OF THE URBAN INFORMAL SECTOR.

III.1 Definitional issues

The concept of the "informal sector" was first popularized by the ILO Employment Missions in the early Seventies. Despite several attempts at defining the concept in terms of a number of positive characteristics, the term continues to be used as a portmanteau residual category, encompassing all that is not formal, however defined. Thus, most attempts at non-residual, positive definition of the informal sector end up more as descriptions.

The informal sector has been characterized as consisting of units which produce goods and services primarily with the purpose of generating employment and incomes for the persons concerned. The scale of operation is generally small, with little clear-cut demarcation between capital and labour used. Employment contracts, to the extent they exist, are generally of a casual, unprotected nature. Often the units are run with own and unpaid family labour, without the use of any hired wage-labour on a regular basis (UN-SNA, 1993).

For statistical purposes, as noted above, once there is a general agreement on the definition of the formal sector, anything that is not covered under the formal sector, however defined, automatically gets designated as falling under the informal sector. For instance, in India, conventionally the formal sector is deemed upon as comprising of all units that are covered

by the Factories Act, i.e., units employing 10 or more workers using power or those employing 20 or more workers not using power. All other units are lumped together under the banner of informal sector. The latter may be further sub-divided into the following components:

- (a) Own account enterprises, or units not using any hired worker on a regular basis.
- (b) Non-directory establishments, or units employing between 1 and 5 workers.
- (c) Directory establishments, or units employing between 6 and 9 workers.

According to a Resoultion of the Fifteenth International Conference of Labour Statisticians held in January 1993, the following operational definition of the informal sector may be adhered to :

- 6.(i) `For statistical purposes, the informal sector is regarded as a group of production units which, according to the definitions and classifications provided in the United Nations System of National Accounts (Rev.4), form part of the household sector as household enterprises or, equivalently, unincorporated enterprises owned by households.
- (ii) Within the household sector, the informal sector comprises (a) "informal own-account enterprises" and (b) the additional component consisting of "enterprises of informal employers".
- (iii) The informal sector is defined irrespective of the kind of workplace where the productive activities are carried out, the extent of fixed capital assets used, the duration of the operation of the enterprise (perennial, seasonal or casual), and its operation as a main or secondary activity of the owner.'

It is difficult to be more precise in the matter of definition than what is given above. Sometimes the terms "unregis-

tered" or "unorganized" are used interchangeably with "informal", but this may lead to confusion. Many small units which would fall in the informal sector by the employment criterion may be formally registered under various Government agencies, Commissions or Boards, such as units registered under the Khadi and Village Industries Commission, the Silk Board, or those registered under the District Small Scale Industries Boards. Similarly, workers in informal sector may be 'organized' under informal sector labour unions, like the Construction Workers Union or the Fishermen's Union, although the percentage of informal sector workers who are unionized in any form is as yet very low in India. A concerted attempt to organize them has been underway under the recently launched National Labour Council. On the flip side, formal sector units may have large number of workers who are unorganized and unprotected under standard labour laws for formal sector employees. It is therefore important to be clear about the definitions.

III.2 Contribution of the urban informal sector to employment creation and income generation.

For obvious reasons, statistical information on employment and incomes in the informal sector is much less reliable than corresponding data on the formal sector. While the Population Census and The National Sample Survey Organisation (NSSO) are the two main sources of data on overall employment in the economy, it is difficult to get this information split into the formal

and informal sector components on comparable basis. The Directorate General of Employment and Training (DGET) in the Ministry of Labour is one of the major sources of employment data in the organized sector, the other being the Annual Survey of industries of the Central Statistical Organization, Ministry of Planning. One needs to estimate employment in the informal sector by subtracting these figures from corresponding total figures given by the Census and the NSSO. The only other source that may be used to get employment estimates in the informal sector on a country-wide basis, and the only one which does so directly, is the Economic Census, the latest Census having been carried out in 1990. We present some of these estimates of employment in the urban informal sector in India in the following pages.

Table III.1 provides one set of such estimates derived by us using data from the NSS Quinquennial Employment Surveys over two decades and the DGET data adjusted for mid-year averages. The method for arriving at these estimates is detailed below:

The total employment figures for urban India are NSS estimates in the years for which data from the Quinquennial Surveys on Employment and Unemployment since 1972-73 are available. The 1990-91 data relate to the NSS Thin Sample for the year and are not strictly comparable with figures for the earlier years. Organized sector employment figures are available only in totals, i.e., for rural and urban India combined, and these were obtained from the data provided by the Ministry of Labour which pertain to calendar years. Linear interpolation method was used to get mid-

year estimates corresponding to the periods covered by the NSS rounds. These totals were further split into rural and urban area employment components using NSS ratios for corresponding years. These were then deducted from NSS total urban employment figures for broad industry divisions to arrive at unorganized sector employment estimates given in Table III.1. There would be some upward bias in these estimates for unorganized sector employment since the Labour Ministry data on organised sector employment are biased downwards due to incomplete reporting.

It can be seen from Table III.I above that roughly four out of every five persons in the urban workforce in India is employed in the urban informal sector. If anything, this ratio has gone up over the years. This corroborates results from all estimates of labour force growth done in the context of urban India in recent years. This is because corporate sector employment has virtually stagnated over time, and, growth in public sector employment has shown signs of slowing down in recent years.

Based on the estimates of unorganized sector employment in urban India reported in Table III.1, distribution of this one broad industry groups has been reported in Table III.2 . It is clear from this table, that roughly half of India's urban informal sector workers are absorbed in Service sector activities (Industry Divisions 6 - 9), roughly a quarter is employed in manufacturing, and the rest is distributed across other groups. Thus combined service sector activities play a very important role in providing employment opportunities in the urban informal sector in India.

Table III.1
Distribution of Employment(in millions) by Broad Industry Divisions and Percentage Share of the Unorganized Sector in Each - All India (Urban)

S. No.	Industry Division	1972-73	1977-78	1983	1987-88	1990-91
0	Agriculture and allied activities	5.70 (99.35)	7.53 (99.35)	8.70 (99.38)	9.31 (99.32)	9.05 (99.33)
1	Mining and Quarrying	0.35 (45.14)	0.39 (36.92)	0.60 (46.17)	0.81 (55.90)	1.40 (63.36)
2+3	Manufacturing	10.20 (76.21)	13.78 (79.81)	15.91 (81.20)	18.10 (82.78)	18.90 (84.39)
4	Electricity, gas and water	0.27 (-)	0.39 (-)	0.54 (2.59)	0.70	1.03
5	Construction	1.58 (75.95)	1.87 (76.26)	2.80	3.75 (90.08)	3.68 (87.23)
6	Wholesale & Retail trade ; Resturants & hotels	6.97 (96.54)	9.25 (97.11)	10.97 (97.94)	13.21 (98.15)	12.73 (98.07)
7	Transport, etc.	2.89 (43.98)	3.89 (53.73)	4.83 (62.48)	5.42 (66.01)	5.59 (68.19)
8+9	Services	10.55 (62.61)	12.10 (61.36)	15.26 (63.94)	18.21 (63.59)	21.79 (72.40)
	Total	38.50 (76.10)	49.2 (78.28)	59.6 (80.03)	69.5 (81.06)	73.6 (82.93)

Note : Figures within brackets are percentage shares of employment in the Unorganized sector .

Table III.2
Percentage Distribution of Total Unorganised Sector Employment
by Broad Industry Divisions

S. No.	Industry Division	1972-73	1977-78	1983	1987-88	1990-91
0	Agriculture and allied activities	19.32	19.42	18.13	16.41	14.73
1	Mining and Quarrying	0.54	0.37	0.58	0.82	1.45
2+3	Manufacturing	26.53	28.56	27.09	26.60	26.13
4	Electricity, gas and water	--	--	0.03	0.35	0.94
5	Construction	4.10	3.70	7.08	7.08	5.26
6	Wholesale & Retail trade ; Resturants & hotels	22.97	23.32	22.53	23.01	20.45
7	Transport, etc.	4.34	5.43	6.33	6.35	6.25
8+9	Services	22.54	19.28	20.46	20.56	25.85
	Total (%)	100	100	100	100	100

Table III.3
Distribution of total employment by sectors, 1971-1991 (Census)
(Rural & Urban)

	1971	1981	1991
Organized Sector(%)	9.69	10.02	8.51
Unorganized Sector (%)	90.31	89.98	91.49
Total employment (in millions)	180.51	228.21	314.12

Source : Census of India, 1971, 1981, 1991 and Directorate General of Employment and Training, Ministry of Labour, Government of India.

Using the Census ratio on a pro-rata basis, 63.96 million of the total of 287.39 million unorganized sector workers by this method of estimation would belong to the urban informal sector.

The third set of figures can be arrived at directly from the Economic Census 1990 by adding employment in own account enterprises and small establishments in urban India. This method gives a figure of 34 million workers in 1990. The wide divergence in the estimates reflect among other reasons, the fact that the Economic Census leaves out all workers engaged in activities pertaining to agricultural production and plantation.

If it is difficult to get reliable estimates of employment in the urban informal sector, it is more so when it comes to estimates of its contribution to National Income. According to the National Accounts Statistics of 1994 published by the Central Statistical Organization, value added from the unorganized sector to the National Income went down from 70% in 1980-81 to 64.3% in

1991-92 at current prices. Netting out primary sector activities, which in India are carried out almost wholly in the unorganized sector, the contribution of informal secondary and tertiary sectors would have gone down from 54.5% to 46.9% of the total during the period. The National Accounts Statistics, CSO, has estimated that value added in manufacturing from unregistered units at 1980-81 prices has declined from 42.9% in 1980-81 to 36.3% in 1991-92. This suggests that the contribution of informal service sector, although declining over time, is still likely to be pretty high even as late as in 1990-91, hovering around 50% of total income generated in the service sector.

It is difficult to arrive at sensible macro level estimates of the contribution of the informal sector in disaggregated categories. For instance, it would take a lot of doing to try to estimate the contribution of the urban informal sector to recycling of waste material or its contribution to exports, although general qualitative observations can be made about such categories based on information collected from micro studies. Collection of waste material such as waste paper, rags, used bottles, plastic bags, etc. is done in Indian cities primarily through informal channels. Waste material is used in the informal handicrafts sector extensively in the production of such items as toys, paper bags, blankets, clothing and rugs. A significant proportion of the country's exports in gems and jewellery which is among India's largest contributions to export earnings, is processed in the informal sector. In the absence of reliable

data on the sourcing of the labour used in these activities, it is difficult to put exact numbers on these estimates, but there is no denying the fact that the informal sector not merely provides employment to nearly 80% of the urban workforce in India, it also contributes substantially to all facets of the urban economy.

IV. MAIN FEATURES OF THE INFORMAL SERVICE SECTOR

Defining the scope of the informal service sector in a precise manner is not very easy, not merely because the boundaries between the 'formal' and the 'informal' is at best fuzzy (See section III.1 above) ,but also because of the added reason that very often the informal service sector worker is also involved in production activities. Take the case of roadside vendors of food items of various kinds who make and sell their wares . While there are perhaps equally as many who fall more unequivocally in the service sector in that they are not involved in any production activity proper (e.g, hawkers and vendors who may buy in bulk and sell in retail, those involved in domestic and personal services, etc.), the problem of multiple identity is more acute for some others, as for instance, the self employed in petty trading .The famous Kamla Nagar 'chholle-bhature wallah' or the well known 'pani-puri wallah' of Bengali Market in the heart of the city who have been running their thriving business for the last several decades from small roadside kiosks, have been as 'successful' as they are because of the special quality of the products they make and sell. To club them under the service sector may appear to be a misnomer. However, for the purpose of our survey, we have made no attempt to net out the imputed value of production activities to arrive at net earnings in service activities.

The small survey on informal service sector conducted by

Institute of Social Studies Trust in Delhi city covers 121 cases spread over the five broad sub sectors identified for the purpose, i.e., petty trading (42), transport (19), domestic services (18), repair and maintenance services (20) and personal services (22). The interviewees were randomly chosen from all over Delhi and care was taken to capture, to the extent possible, as wide a range of activities as we could within each sub sector. Thus, petty trading includes a range of cases involving manufacture and sale of eatables to trade in toys, used clothes and rags. Similarly, under transport, workers plying anything from 'thelas' (human carts) and tongas (horse-driven carts) to public buses have been covered . Under repair and maintenance, people involved in the repair of shoes, watches, electrical appliances and vehicles etc. have been interviewed . Personal and domestic services include, apart from usual categories, street entertainers as well. Thus, given the small size of the sample, an attempt has been made to spread out , to the extent possible, the range of activities as well as locational diversity across space.

The surge in service sector employment in urban India that comes out from secondary data, appears to have taken place across a wide spectrum of activities and enterprises in terms of worker characteristics, type of services provided, and enterprise features. However, if the results of our small survey are any indication, the distribution appears to be markedly skewed towards the lower ends of the spectrum.

Given the smallness of our sample, no claim is being made that results are representative . However, the survey does bring up some of the features of the informal service sector which are likely to be pretty pertinent. 70% of our sample is self employed, 24% are hired employees and barely 6% are employers with more than one hired worker working for them on a regular basis. Thus the large majority are what in the Indian statistical systems is known as "own account enterprises"(OAEs). This compares reasonably with NSS breakdown of urban workforce by labour status categories, keeping in view the fact that the NSS data relate to the total urban economy, formal and informal combined, and that the incidence of OAEs is likely to be minimal within the formal sector. All but one of the 'employers' are also 'self-employed' in our sample -- a hallmark of informal sector. There is only one unit that employs 18 persons. All others employ 9 persons or below. 66.1% of the sample have put in some capital and full-time labour in the venture.

The centrality of the enterprises in the livelihood of the workers interviewed is also brought out by the extent of their involvement in the present activities. More than 86% said that they spend more than 8 hours a day in their respective vocations, with 15% spending 12 hours a day or more everyday. 88.4% work for 25 days a month or more. None of the 15 female workers interviewed work for less than 25 full days in a month. Contrary to expectations, 4.13 % of the respondents said that they do not have more than one vocation.

Most respondents in our sample are poorly educated. 32.2 % are totally illiterate and 68.6% have not gone beyond the primary stage. Only 4 persons in the sample of 121 had a graduate degree. The incidence of total illiteracy is highest among those engaged in domestic service (66.7%) followed by personal services (40%) and trading (33.3%). It is least in repair and maintenance (9.1%). This pattern roughly corresponds to the expected situation.

Age-distribution of the sample population is somewhat different across the sub sectors. The spread is highest in petty trading -- with the youngest and the oldest in the sample falling in this category. The median age is in the mid-thirties in all categories.

62.8% of all respondents cited their birth place as being outside Delhi. These are birth-place migrants. However, by and large, even the migrants among the sample population are well-entrenched in the city. 76% of the respondents have been doing what they are currently doing for five years or more. 75% of the total do not send any money home at all. About 15% remit once a month. The rest do it less frequently. Amounts remitted are also quite insignificant compared to the incomes on an average, suggesting that the links with natal home are not that strong any longer.

Several interesting features emerged in the survey regarding the nature of the enterprises. About half the sample said that they operate from more or less a fixed location. Given that

categories like transport or domestic services cannot be location-specific by the nature of the services concerned, this may appear too high at first. However, a closer look at the data reveals that a fixed location does not necessarily mean a covered or a secure place. 69 respondents or 57% of the sample said they work either on side walks, pavements or on the road, and only 37 persons (30.6%) said that they operate from home, a workshed or a building.

An overwhelming majority got into the business either through the help of relatives or friends (36.4%) or through ancestral links (22.3%). Only a few said that they got into the current activity of their free choice. 14 (11.6%) cited own interest as the main reason for choosing the activity s(he) is currently engaged in and only 2 (1.7%) expressed the desire for autonomy as a major driving force. By and large, choice of occupation appears to have been limited for the large majority by circumstances and the nature of assistance available. But having made the entry, few appear to leave -- at least not in our sample. Only 15 (12.4%) reported a change in primary activity within the last five years, and an overwhelming majority (48.8%) feel that this is specifically because " they have no other options available". Other negative factors (i.e., poor qualification, failures in earlier ventures, lack of security, gender discrimination, bad health etc.) make up for much of the rest. Among the 15 persons who did change a job within the last 5 years, only 4 appeared to have a positive reason (" wanted to

earn more"). Others seemed to have been on the receiving end of a bad bargain (viz., factory closure (2), was thrown out (5), bad working conditions (2), etc.).

Few of the respondents interviewed have had any training. Only 7.4% of the entire population had any formal training -- 5% in government-run institutions and 2.4% in some private concern. These cases are concentrated in activities like auto repair, electrical repair work, or driving.

Yet a whopping 61.2% of the respondents answered in the affirmative when we asked them if they felt formal training of some kind is going to help them. It is hard for us to judge from this data whether it truly reflects the felt need for improving the quality of service rendered by the respondents or whether it is a reflection of the belief that government training is normally associated with a stipend.

Whatever be the reason, there is little doubt that earning a livelihood is far from smooth-sailing for these people. 70% answered in the positive when we probed into the question of whether they face problems in their daily dealings with the public. Harassment -- by the police, municipality functionaries, and other local government officials -- emerges as the primary source of problems (32 out of 121). Lack of shelter, poor unhygienic working conditions are mentioned as some of the other problems(14).

Asked about what kind of help they would consider to be most useful, the majority come out with asking for help in the form of

access to finance -- fixed capital (29.8%), working capital (7.4%) and credit (15.7%) emerge as the main ones.

21.5 % interviewed (26 persons) said they needed a license to run their enterprise. Of these the majority (14) said they need to renew it once in 5 years and above. License fees are cited to be generally low -- with 91.7%* saying it is Rs.100 or less, 11.6% or 14 out of 121 admit to paying other taxes. A whopping 38% say that they have to pay bribes to various officials, of these 34 persons said that they have to do so every month, or more frequently -- with 11 persons having to pay a bribe to somebody or the other every day. Police and local government officials top the list of bribe-takers. 32.2% admit to having been subjected to challans.

When it came to receiving assistance from the government, only 1 person (0.8%) admitted to having received anything concrete. This also is a special case of a handicapped person who had received help under a government scheme for the handicapped for setting up a cycle repair shop. Knowledge of government policy concerning informal service sector is minimal -- only 7 out of 121 had any knowledge of any scheme. Also, very few are members of any group, association or union. Only 8 responded in the affirmative on this question, but not all of these 8 could specify what these groups are. Only 5 have paid any membership fees, and 4 have taken some loan from the society/union. Only 2

feel they have benefitted in the net.

The lives of those we surveyed had been almost completely untouched by any NGO- intervention. All but one of our 121 respondents were totally unaware of any such organization, leave alone receiving any help from it.

The picture that emerges is largely one of stagnation, isolation and hardship, buttressed by harassment from officialdom, untempered by any semblance of assistance -- either from the government or the non-government sector. It is little wonder that over two-thirds of the respondents feel that they have not been able to make much progress in the last five years -- that their business has either stagnated (44.6%) or has actually declined (21.5%).

Box 1

FROM FOOTPATH TO FASHION PARLOUR : THE CHANGING CONTEXT OF HAIR CUTS

A hallmark of informal service sector in developing countries, perhaps much more so than corresponding manufacturing activities in the informal sector, is the wide spectrum of choices within sub-sectors of activities, even when fairly narrowly defined. In order to highlight the diversities in options and constraints faced by units placed near the two ends of the spectrum, we chose the activity of hair-cutting under the category of Personal Services within the informal service sector for in-depth interviews.

Kedar Chand, aged 50, had migrated to Delhi some fifteen years ago from the district of Sewan in the eastern state of Bihar. He had a married sister in Delhi, with a husband who had a job in the Delhi Electricity Supply Union. For the first couple of weeks he stayed with his sister and looked around for a job, failing which he decided to try out his hand as a roadside barber, a profession he practised back home. A small loan was floated by his brother-in-law and Kedar Chand started off on his venture on a spot on the pavement of Pankha Road in the south west corner of Delhi. Now a broad, divided highway, Pankha Road runs between the middle class

neighbourhood of Janakpuri on one side and the low-middle-class Uttam Nagar on the other. Kedar Chand's clients are occasionally from the latter neighbourhood, or more frequently they are passers-by who decide to have a hair-cut. Competition is keen -- we noticed several roadside barbers stationed at regular intervals along the road -- and Kedar Chand is lucky if he can gross Rs. 1200/- in a month. Out of this he has to pay a monthly rent of Rs. 250/- for the room he shares with three others like him in Vaishali, which is some four kilometers away, sends money home every month to his family comprising of his wife, two unmarried daughters and one son, and pay back the Rs 10,000/- loan he had accumulated for the marriage of two older daughters. To add to his woes, some four years back he developed some nervous disorder resulting in severe trembling of the hands and the head. He is currently undergoing treatment in a city hospital. He claims that although the severity of the ailment has lessened considerably, he is yet to overcome the loss of business he had suffered during the worst phase of the disease. At 50, Kedar Chand is an old man who accepts poverty as his fate. Yet poverty has not been able to wrest him of his dignity. When we offered him money for the favour of talking to us at length, he politely refused.

In sharp contrast to Kedar Chand's quiet acceptance of fate, is a new breed of 'hair dressers' and beauticians who are keen on cashing in on the ever-increasing demands for personal care from certain segments of the increasingly fashion-conscious men and women of the capital city. There is a visible spurt in the appearance of beauty parlours in every nook and corner of the fast-expanding city, propelled according to some, by the recent explosion of cable television in the Indian market, coupled with rising cash incomes in the hands of a large section of the urban population under economic liberalization policies. These are not regular, established saloons ensconced in five-star hotels and catering to the rich, but are of relatively recent origin, by and large less expensive, housed in a small room or two, often unregistered and unauthorised, and catering to the lower middle to middle class clientele of housewives, women "in service" and young men about town. Not all of these ventures survive long. Mortality rates are high and survival depends on the level of local competition, commitment to quality, and the ability to earn and reap profits. By and large, every locality of Delhi boasts of a number of survivors who have reaped in high profits and riding on the fashion boom, have gone ahead to consolidate their business substantially.

Ms. Rashmi of the "Rashmi Beauty Parlour" in Vikaspuri, West Delhi, is one such success story. A married woman of 42 with two college-going sons, Ms. Rashmi had

started operating from a room in her Vikaspuri flat about seven years back. She is a graduate with a husband who works in a bank, and started this business in her spare time because as she says, "she wanted to do something worthwhile." One long and two short courses on skin and beauty care and specialized-hair-cutting later, she has moved into a ground-floor room which she has bought at a rather steep price. Her monthly net earnings have been steadily on the rise at a time when a number of other "parlours" in the vicinity have downed their shutters. Ms. Rashmi is highly optimistic about the future prospects of her business.

What are the factors that seem to have launched Ms. Rashmi on a steadily upward rising curve in a profession that has been less kind to some of her erstwhile competitors presumably from a similar background? And what differentiates Kedar Chand, the road side barber, from the up-and coming hair stylists in beauty saloons?

Answer to the first question must be found in the motivation and temperament of Ms. Rashmi as opposed to others, her reaction to emerging market competition, which she appears to enjoy and faces as a challenge, and what she describes as her commitment to "quality and customer satisfaction", and the access to minimal financial resources and family support as and when she needed it. The future for her is characterized by a vision of expansion, consolidation and quality upgradation -- forward-looking to the teeth. Ms. Rashmi's case underscores the point that demand for a service is not enough for it to expand. To achieve success, the entrepreneur has to match it with quality supply.

A recent newspaper report talks about a gender discrimination suit filed in a US court by a woman who has claimed damages for discrimination against a haircutting saloon for charging more from women for providing identical services. This is an unlikely scenario in the Indian city. The market for haircutting here is highly segmented, and the Kedar Chands of Delhi are ordained to cater to the lower segments of the market -- to the customers who go for a hair cut as a basic necessity rather than a fashion statement. The cable television exposure will continue to elude the clientele of the likes of Kedar Chand.

V. INFORMAL SECTOR AND POVERTY

It is fortuitous to argue that the informal sector either increases or reduces the incidence of poverty. Clearly the incidence of poverty will be higher within the sector as compared to the rest of the urban economy. It is equally true that ceteris paribus, if job opportunities in the informal sector did not exist, poverty would have gone up manifold. The crucial issue for analysts and policy makers is to understand the factors that tend to keep average performance indicators at low absolute levels. However, in most sub-categories of activities, there appears to be a fair amount of heterogeneity in performance, in that some people appear to be doing much better than some others. Table V.1 provides a breakdown of average incomes reported to have been earned by the respondents in our survey, disaggregated by sub-sectors (i.e., petty trade, transport, repair & maintenance, domestic services and other personal services), labour status categories (i.e., self-employed, employee, employer) and gender. The corresponding standard deviations indicate the extent of heterogeneity within each category.

Table V.1
Average Incomes in Informal Service Sector Activities
(Disaggregated by Sub-Sectors, Labour Status,
Categories and Gender)

Sub Sector Categories	Categories of Labour	MALE			FEMALE			TOTAL		
		No. Of Cases	Mean	Std. Dev	No. Of Cases	Mean	Std. Dev	No. Of Cases	Mean	Std. Dev
1. Petty Trade	Self-Employed	28	2800	3564	6	2950	3008	34	2826	3430
	Employee	7	964.85	644	---	---	---	7	965	644
	Employer	---	---	---	1	1500	0	1	1500	0
		35	2433	3273	7	2743	2800	42	2485	3169
2. Transport	Self-Employed	14	3257	1594	---	---	---	14	3257	1594
	Employee	5	2480	1675	---	---	---	5	2480	1675
	Employer	---	---	---	---	---	---	---	---	---
		19	3053	1607	---	---	---	19	3053	1607
3. Domestic Service	Self-Employed	3	2567	1210	1	900	0	4	2150	1292
	Employee	9	1400	540	4	1050	465	13	1292	527
	Employer	1	10000	0	---	---	---	1	10000	0
		13	2334	2450	5	1020	409	18	1967	2155
4. Repair and Maintenance	Self-Employed	20	2940	1845	---	---	---	20	2940	1845
	Employee	---	---	---	---	---	---	---	---	---
	Employer	2	9500	7778	---	---	---	2	9500	7778
		22	3536	3112				22	3536	3112
5. Other Personal Services	Self-Employed	12	2708	1266	1	1500	0	13	2615	1258
	Employee	4	1450	264	---	---	---	4	1450	265
	Employer	1	3000	00	2	4500	3536	3	4000	2646
		17	2590	1528	3	3500	3041	20	2590	1528
TOTAL		106	2760	2605	15	2320	2392	121	2705	2605

It is clear from this table that the highest average income is earned in repair & maintenance services followed by transport, personal service, petty trading and finally domestic service. It is also to be noted that the coefficient of variation (i.e., mean and standard deviation) is very high in petty trading and to some extent in domestic services, and comparatively lower in transport, other personal services and repair and maintenance. There are also significant variations both in the means as well as in the coefficients of variation across labour status categories and between gender. Employers normally earn more than others while the self-employed does a little better than the employee, and men generally do better than women. There are exceptions though and some of it may be explained by the inclusion in our sample of some not-too-representative cases. A female Kutch-embroidered-material seller doing flourishing business on the footpaths of Cannought Place in one such case. This has substantially pulled up the average incomes in her category and also explains the correspondingly high standard deviation. A gardener with promising entrepreneurial abilities (See Box 2) has had similar effect on the averages for male workers under 'Domestic services' category.

A closer look at the dispersal of incomes in the five sub-sectors throw up some more interesting findings. Poverty is highest in Domestic services in that 14 out of 18 cases (77.7 %) have reported less than Rs.2000 per month as income, out of which 11 or (61.11 %) earn less than RS.1500/- monthly. Only one person - The gardener cited above earns above Rs. 4000/-. Income from Petty trading and Transport have bi-modal distributions, with frequencies peaking at a relatively low and a relatively high value high value suggesting considerable heterogeneity in the performance of the enterprise. Repair & maintenance as well as Personal service categories have no observations below Rs. 1000/- per month.

Table V.2
Profile of Customers by Sub-Sectors

Sub Sector	Type Of Customers										Row Total	
	a	b	c	d	a,b	a,c	b,c	b,d	c,d	b,c,d		a,b,c,d
1. Petty Trade	1	3	2	2	25		1		1	2	5	42
%	2.4	7.1	4.8	4.8	59.5		2.4		2.4	4.8	11.9	34.7
2. Transport		1	1		4		8	1			4	19
%		5.3	5.3		21.1		42.1	5.3			21.1	15.7
3. Domestic		3	4		2		6				3	18
%		16.7	16.7		11.1		33.3				16.7	14.9
4. Repair and Maintenance	1	1			9		5				6	22
%	4.5	4.5			40.9		22.7				27.3	18.2
5. Personal Service		4	1		6	1	5				3	20
%		20.0	5.0		30.0	5.0	25.0				15.0	16.5
Total	2	12	8	2	46	1	25	1	1	2	21	121
	1.7	9.9	6.6	1.7	38.0	0.8	20.7	0.8	0.8	1.7	17.4	100.00

Note : a : Poor b : Middle Income c : Rich d: Foreigners

Table V.2 gives an idea about the distribution of customers in the five sub sectors across income groups. It can be seen that for categories like petty trading and to a certain extent, personal services, the poor and the middle income groups constitute the bulk of the customers. Clearly the disposable incomes of the clients of various service providers is one of the factors explaining inter-sector differences in incomes.

Micro Impact of Macro Policy : Two Faces of Tyre Repairing Under Structural Reforms

India has embarked on a regime of trade liberalization and structural reforms since the early Nineties. One of the more visible impacts of this policy as seen on the roads of Delhi are the numerous new models of cars that are being imported or produced locally under foreign collaboration. Vehicular traffic in Delhi has gone up manifolds within the last few years. At the same time, de-control in the tyre market has pushed up tyre prices. Ordinarily, one would expect that tyre repairers across the board would be prospering on both counts. To see whether this is indeed so, we spoke to two persons - Mr Mahinder who runs a roadside tyre repairing joint in Uttam Nagar and Mr Mahesh Sharma who has a small tyre retreading shop in the Okhla Industrial area in South Delhi.

Contrary to our prior expectations, neither of the gentlemen appear to be satisfied with the status of their respective businesses but for different reasons, and the response of the two to the perceived sluggishness is quite different. Mr Mahinder who has a middle school education originally hails from the Punjab, had given up a secure job some twenty years back because he had wanted to run his own business of repairing tyres. Clearly his dream of making it big on his own has not been fulfilled. He cites extreme competition and his recent ill health - he is a heart patient - as reasons for his plight. The impact of structural reforms in the vehicular market barely trickles down to his level he feels. But for the help of his relatively affluent in-laws and the steady income that his wife makes in home-based tailoring activities, Mr Mahinder would have been decidedly much worse off than he is.

For Mr. Mahesh Sharma of the Sharma Tyres in Okhla, the impact of reforms in the car market is much more direct and perceptible. Unlike Mr. Mahinder who deals primarily in bicycle and two-wheeler tyres, Mr Sharma's main activity is repairing & retreading of car tyres. Mr. Sharma feels that the explosion of new cars on Delhi roads in recent times has not been matched by a corresponding rise in the business of retreading of old tyres because the new breed of prosperous and quality conscious car owners would rather buy new tyres than use retreaded ones. Increased local competition in tyre retreading is another reason, Mr. Sharma feels, why his own business has been sluggish for some time.

However, a graduate at 34, he is younger and better equipped than Mr. Mahinder to take on the challenge. His future plans include an expansion of his business to the market for new tyres for the upmarket cars some of which are already there and some are likely to arrive by the end of the current year. With his long family background in the business of tyres - his father had owned a tyre shop in North Delhi until about 15 years back which he along with his brothers has inherited - Mr. Sharma feels confident that he knows his job. Apart from his own savings, a cousin settled abroad would help out. Thus unlike Mr. Mahinder, Mr. Sharma has much better access to the basic ingredients that are needed for an expansion or a reorientation of his business, i.e., contacts, experience and resources.

A large majority of the respondents - 66.9% of the sample - felt that they have not grown over time, especially in petty trade. The category which comes up with the brightest, or most dynamic perception of the past is 'personal services' where 55% of the respondents felt that business has grown better over the last five years. The following table provides a breakdown by sub-sectors of the status of business over the last five years as perceived by the interviewees :

Table V.3
Status of Business : Perceptions of Change over
The Last Five Years

Sub Sector Categories	Condition Of Work			
	Grown	Remained Same	Declined	Total
1. Petty Trading	7 16.7	25 59.5	10 23.8	42 34.7
2. Transport	6 31.6	9 47.4	4 21.1	19 15.7
3. Domestic Service	6 33.3	10 55.6	2 11.1	18 14.9
4. Repair & Maintenance	10 45.5	6 27.3	6 27.3	22 18.2
5. Personal Service	11 55.0	5 25.0	4 20.0	20 16.5
Total	40 33.1	55 45.5	26 21.5	121 100.00

VI. WOMEN IN THE INFORMAL SERVICE SECTOR

15 of the respondents in our sample of 121--roughly 12 % -- are women. This is roughly of the same order of magnitude as given by the gender composition of urban workforce in macro data. To our mind, both are underestimates of the true incidence. Micro studies have systematically shown up higher work participation rates for women workers in the informal manufacturing and service sector (Bannerji, 1985, NIUA 1991, Mukhopadhyay, 1995). We believe the reason our survey has come up with a low percentage is because we expect for domestic service our survey was conducted more on the streets of Delhi rather than inside people's homes, where many of the women workers are generally to be found.

Despite the small size of the sample, the characteristics of women workers in the sample throw up interesting contrasts with those of men workers -- a phenomenon which again squares up with what is already known about them. Women in our sample are concentrated primarily in two categories --- petty trading (7) and domestic service (5). Among petty traders, barring the one exceptional case cited above, self employed women earn less than their male counterparts. Even within domestic service, women earn less than men for each labour status category. Only one woman reported having taken a loan, and that too from a money lender, although 100% of the women in the self-employed-cum-employers categories report having invested some capital in their ventures. By and large women in our sample on an average work for longer hours and

take fewer days off as compared to men. They are also less literate than men, with 57% reporting to be totally illiterate while the corresponding figure for men is 29%.

Labour supply decisions of women in the informal sector, especially in households that are not female-headed and female-maintained, are often determined by factors that are somewhat distinct from those relevant for men. Oftener than not, such women, and children along with them, are target earners. The intensity of their effort is determined,-- given the rate of earnings per unit of time-- by the difference between the subsistence needs of the family and total earnings of the male members of the family. Where the latter component is systematically low and/or insecure, women's involvement in informal sector activities automatically goes up and their reservation wage rates go down. This feature of female labour supply along with the isolation and atomization associated with home-based work, make women workers doubly vulnerable (Mukhopadhyay 1995)

Is the Domestic Services Sector a Dead-End Option ?

One of the most researched areas in feminist economics is the area of domestic work, be it the issue of its non-recognition as 'work' proper or its under-valuation, or its interface with so called 'Productive Work'. One would expect that the cultural downgrading of unpaid domestic work will rub off on the terms and conditions pertaining to paid domestic service as well, and that domestic service as such would be an unlikely candidate for an activity promising significant upward mobility for its practitioners.

Despite her uncharacteristically sunny disposition, 25-year old Saroj epitomizes the plight of the over-worked local maidservant who works in several households in a neighbourhood, sweeping the floors, cleaning utensils and washing clothes. One among many children of landless agricultural labourers, Saroj had migrated to Delhi from a remote district in Bihar some eleven years back, with a man who had promised to marry her. Two years and birth of two sons later, the man disappeared. Saroj started working as a domestic in neighbouring houses when her younger child was only six days old. She has not stopped ever since. Currently she works in five houses at Rs 150/- per job which is the local rate and earns about Rs 1200/- a month. She has rent-free accommodation with the family of a policeman in exchange for providing free household work. In nominal terms her income has increased considerably. But she cites ever-increasing cost of living and two growing sons as the major reasons why she runs perpetually short of necessities like food and clothing. Being a single parent in a poor household causes other problems too. Saroj's two sons -- like their mother -- are likely to grow up into totally illiterate adults.

In principle, the boys can get free education in the schools run by the city municipality. In practice they play truant as parental supervision is completely absent. On the positive side, Saroj is fortunate enough to get accommodation in a policeman's house, so that she is spared the harassment she could normally expect as an attractive young woman living alone without the protection of a male kin. The sporadic surfacing of her alcoholic 'husband' who has served a few jail terms for petty offences ever since he disappeared right after the birth of Saroj's second child, poses more problems than solves them. Barring some specificities of her situation, Saroj is representative of numerous women workers who work for long hours as domestics in middle class urban households.

Although domestic service may come near the bottom end of informal service sector activities in terms of the recognition and price it commands, the steady rise in nominal incomes that Saroj has experienced is a direct result of the rise in demand for the kind of services she can provide, what with increasingly more women from middle class families entering the labour market. The scarcity of "reliable" household help has pushed up the wages of housemaids in cities like Delhi, although

unlike in Bombay, which boasts of house-hold workers' unions, Delhi workers are not unionized. However, housemaids, especially those who work on part time basis in many houses in a neighbourhood, have fairly strong informal networks for channelizing information on wages and other relevant details in service conditions. Saroj also has a couple of friends who would fend for her if and when she has to absent herself for long spells, in return for similar favours when her friends are in need. However in case of housemaids, such informal networking can be resorted to for the limited purpose of protecting one's job or at best for applying some joint pressure for an upward revision of rates of pay. It is unlikely in the foreseeable future that such informal information dissemination would also lead to any upgradation in the nature of work they do in any significant way.

For some activities clubbed under the 'domestic service' sub sector, such upgradation may be possible. 34 year old Lotan who works as a gardener in a West Delhi locality has profitably used the contacts he had developed in course of his work over the last ten years to emerge as a budding entrepreneur with a steady income and a bright future. Lotan migrated to Delhi in 1985 from Moradabad district of Uttar Pradesh in search of a job. Hailing from a family of small farmers and holding a middle school degree, his first job was as an unskilled shophand in a grocery store in the Najafgarh area of south-west Delhi. Within the year he had accumulated enough money and goodwill to start his own small grocery shop in nearby Om Vihar, servicing the residents of the several local unauthorized colonies. Itching to do something better, within a few months, he took up a job as a hired casual wage worker in a local nursery looking after plants and distributing them to houses in the fast expanding neighbourhood. He liked working in the nursery and decided to work towards having one of his own. As a starter, he persuaded the owner of the nursery he worked for to allow him to buy surplus plants at a discount and sell them to customers at a profit. His polite behaviour, penchant for hard work and genuine interest in plants won him friends among his customers. Within two years of working with the nursery, Lotan wrangled a winner. The management of the local higher secondary school allowed him to use a small plot of land -- about 100 sq yds -- within the school compound for developing his own nursery in return for free gardening service for the entire school compound. In due course the school also sanctioned him a loan. At this point of time, Lotan has paid off 80% of the loan. He employs three workers to work in the nursery as well as provide plants and gardening service to several households, in the neighbourhood. He grosses a five figure monthly income, sends three small children to school and is full of enthusiasm for the future of his nursery. With the help and assistance of some agricultural experts among his customers, he is constantly trying for technological upgradation. He has already visited Calcutta and Allahabad for specialized training and improved seeds. He wants to expand his horizons.

VII PROBLEMS AND CONSTRAINTS FACED BY INFORMAL SERVICE SECTOR
WORKERS

Near total absence of access to credit and training, unsympathetic officials and a hostile macro environment appear to be some of the major problems faced by informal service sector workers, adding to the burden of pervasive poverty conditions that characterize the sector. Productivity in the service sector is particularly dependent on good public infrastructure. Overcrowding and congestion, bad road conditions and rapidly increasing pollution levels are some of the hazards that these workers have to constantly battle against. Competition is intense, especially at the lower ends, where the scope for product differentiation is limited, as is access to resources and market information.

47.1% of the interviewees in our sample did not even have a primary education and only 14% admitted to having any kind of formal training. 33.9% said that they learnt their vocation while working on the job. Given the large percentage of self-employed workers in the informal sector, and given the fact that an overwhelming majority of them (94.2% to be exact in our sample) depend on their primary activity as the sole source of livelihood, the importance of skills training for the workers cannot be over-emphasized. In spite of their presumed lack of awareness, 61.2% of the respondents in our sample answered in the affirmative when we asked them if they felt that formal training would help.

Credit is another crying need that cuts across all the sub-sectors. 67.8% of the interviewees in our sample said that they needed access to credit in some form or the other, yet only 14% said that they could avail of some loan facility in the past. Out of these, 3.3% had taken such loans from money lenders at exorbitant rates and 4.1% had access to credit from some relative. Institutional source of finance was available to only 6.7% of the sample, i.e , to only 8 out of a sample of 121 interviewees. Two of these got it from the government, two from some society and only four from a bank. The need for institutional sources of finance reaching out to these people is compelling indeed.

Our survey covering five broad categories of informal service sector activities has also brought up specific problems faced by the workers in each of these categories. Harassment by police and local government officials are reported by large number of petty traders, repair and maintenance workers and some personal service workers. The number of such complaints are relatively lower for transport workers and none for domestic service workers, who, on the other hand, being accorded the lowest social status, are on the receiving end. Workers who have to use public space for carrying out their activities, are continuously open to harassment and a large majority reported having to pay bribes to be allowed to operate. Abominably low levels of awareness of relevant rules and laws add to their vulnerability to such pressures. 92.6% of the sample have professed complete ignorance of any government policy or regulations affecting their work. Evidence of legal awareness and protection does help. In

our survey in Delhi we found that those hawkers who could produce some legal document as evidence of the usufruct rights of the public space they are using were spared a lot of harassment. In fact there is almost a natural divide between the two groups -- those who had the "parchee" (the "paper", be it a licence, or copy of a court order, or whatever) and those who do not. The latter group live in perpetual fear of harassment, shell out large amounts to grease the palms of various officials and generally are much worse off than others in terms of all indicators of performance.

It is instructive to recall the long legal battle which the Ahmedabad-based women's organisation SEWA had once launched for procuring legal rights for vegetable vendors for using public space for selling their wares. That battle was won after long years of struggle when the court ordered the municipality to provide such space. For the majority of workers in the informal sector, this would be a dream come true; they do not have any such organized support to fall back upon. In our small city survey, we found no evidence of NGO presence in the sector whatsoever. Only 1 out of 121 respondents had heard about some NGO working in the neighbourhood. Very few had been associated with any group, association or union .

While the sample is not representative, it does indicate a

general picture of isolation and supportlessness of this enormous mass of urban workers. Macro policy initiatives have rarely been designed with this large body of workers in mind. As a result, the fall-out of such policy has been directionless, and often detrimental to the interests of this group of workers.

VIII. POLICIES TO PROMOTE THE DEVELOPMENT OF THE INFORMAL
SECTOR FOR POVERTY ALLEVIATION

The Ministry of Urban Affairs and Employment at the Centre has the mandate for broad policy formulation and monitoring of programmes on urban poverty alleviation, alongwith programmes on housing, urban development and urban water supply. These are essentially state subjects, but the Central Government plays a co-ordinating and monitoring role through special Central Government schemes, institutional finance and provision of expertise.

The major schemes for urban poverty alleviation that are currently underway are the Nehru Rozgar Yojana, the programme of Urban Basic Services for the Poor and the Scheme of Environmental Improvement of Urban Slums. The NRY consists of three schemes; i.e., the Scheme of Urban Micro Enterprises (SUME), the Scheme of Urban Wage Employment (SUWE); and the Scheme of Housing and Shelter Upgradation (SHASU). Every now and then new 'schemes' are announced. Recently, a new scheme called the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIU-PEP) was introduced to supplement the Prime Minister's Rozgar Yojana (PMRY), which itself was launched a few months back to supplement the Nehru Rozgar Yojana (NRY). The successive supplementary schemes aim at reaching larger numbers by expanding the scope of the schemes in terms of new locations, new characteristics of beneficiaries and activity profiles. According to government reports, until February 1996, 4.5 million urban poor would have benefitted from these schemes -- around 2% of the urban population, and around 5 to 6 % of the urban poor. Even

for the fortunate few who have benefitted from the schemes, it is difficult to assess whether such assistance that was given to them, has resulted in substantial and lasting benefits, for few evaluation exercises have been undertaken in this area.

Our survey indicates that substantial gap exists in this sector for availability on the one hand, and, felt requirements on the other, for a range of resources and services. There are a number of issues that emerge from the small survey that we conducted in Delhi. These can be taken as pointers to existing problems faced by the urban informal sector workers and be utilized for evolving better policy. In the earlier chapters we have indicated the need for greater assistance in specific areas such as training and credit. Here we will indicate some pointers towards an overall reorientation in the formulation of policy for the informal sector that may be needed if this sector is to be looked upon as an instrument for urban poverty alleviation.

1) Awareness about an adequacy of official assistance.

As mentioned earlier in the paper, in the history of development planning in India, the urban informal sector has never had either any economic nor any political clout. No political party swears by its interest nor has it ever formed a coherent economic lobby-group. In our survey, practically no respondent had admitted to have received any benefit from group affiliation or group action. Practically nobody had come across any benevolent NGO, and hardly any had known about, leave alone access, government programmes designed to benefit informal sector workers.

Two issues are involved here. The first has to do with

adequacy of assistance available for these workers, while the second pertains to the lack of knowledge of or awareness about whatever official assistance is available in terms of services and facilities. The second problem is easier to handle, but only upto a point. It is relatively easy to spread awareness about available schemes and programmes for informal sector workers through the mass media, through distribution of leaflets and through local government structures. But given the large gap between perceived needs and availability of services -- especially personalised ones like credit and skills-training -- chances are that once the awareness percolates, the government machinery may find itself unequipped to handle the flood of demands.

It is imperative, therefore, that given the importance of urban informal sector workers in the shaping of the urban economy, policies be designed to address their problems as core issues and not, as has been traditionally done, as residual categories. In other words, government policies need to be realigned in such a manner that much more assistance is directed towards urban development through provision of better work opportunities in the informal sector than has been done before.

2) Isolation / atomisation of informal sector workers.

Most workers in our sample appear to work in isolation from one another. Indeed oftentimes they do so while fighting lone battles for survival, pitched in fierce competition with neighbouring colleagues in the same trade or profession.

There is an urgent need to look into the possibilities of co-operative endeavours in urban informal service sector activi-

ties. This is a wide open area with enormous potential, where NGO's can pitch in. There are a number of co-operative ventures espicially in manufacturing activities, that NGO's in India have been involved in rural areas -- often in officially designed programmes such as DWCRA (Development of Women and Children in Rural Areas). There are several examples of successful NGO-initiated co-operative endeavours in urban areas as well. Many of them are based on women's initiatives. The Self Employed Women's Association (SEWA) in Ahmedabad, Annapoorna Mahila Mandal (AMM) in Bombay, the Working Women's Forum (WWF) in Madras are some examples. But these have been dispersed endeavours, dependent often on the charisma and commitment of specific individuals and organizations. The National Labour Council (NLC) which has been recently launched as an umbrella organization of unions and associations of unorganized sector workers in India, can be an effective instrument for ending the isolation of these workers and embarking them on the road to empoverment.

However, these have all been initiated in the NGO sector. There has to be a commitment on the part of the government as well to ensure that the enormous wastage of human energy that one encounters at the bottom rungs of the informal sector employment in the form of competetion for bare survival be channelled into more productive uses through co-operative ventures. In the course of conducting our survey in Delhi, we came across a number of cases of co-operation of workers in the same trade in terms of informal demarcation of markets and areas of operation. There is much scope for innovative ventures which need to be explored.

3) Reforming the approach to regulatory policies

Harrassment by public officials including the police, the need for periodic bribe-giving and insensitive handling of workers in the informal sector came out among the top of the problems listed by our interviewees.

Partly this is a reflection of the fact that in a class-based hierarchical society, the poor in general are vulnerable to abuse. This is clearly a bigger, a more general problem that is the bane of our society. In the special context of informal sector workers, officials as well as the public need to be sensitised to the fact that these workers have a right to earn a living. Besides, although it is true that regulatory policies need to be geared to public interest, what is often forgotten is that such public includes the large body of informal sector workers and the customers of the services they provide. Public officials need to be sensitised about the necessity for investing such public ^{the} with concern and the dignity they deserve. Laws must be made simpler and their implementation more humane.

4) Decentralisation through structures of local governance

The 74th Amendment to the Constitution of India which came into effect as of 1st June, 1993 provides a good opportunity for empowering the people through decentralised democratic functioning of urban local bodies. It is imperative that informal sector workers who are by far the most numerous in the urban work force acquire a political presence through organisation and lobbying so that decentralised administration in local bodies is responsive to their needs and concerns.

IX CONCLUDING OBSERVATIONS

The expansion in urban service sector employment that comes up in the Indian Census data is a far cry from the type of tertiary sector expansion in mature stages of economic growth that Kuznetz had written about. Much of the Indian expansion has taken place at the lower end of the spectrum, in low-paying informal activities. Oftener than not, it is a manifestation of the limited absorptive capacity of the urban manufacturing sector.

Having said that, one must also add that there is a tremendous amount of heterogeneity within informal service sector activities, and while competition is acute, much of these activities are organically linked with the structure of production and consumption demand in the rest of the urban economy. Nobody who has the time and the interest for imbibing the flavour of informal sector activities in Delhi, can fail to notice the bustling tempo and the extraordinary variety of business conducted in the streets of the capital city, by a multitude of hawkers and vendors of all conceivable kinds of products and services, peddling just about everything under the sun -- from foodstuff to fortunes for believers in astrology. There are places, especially in the walled city and in the outskirts of Delhi where we had conducted our small survey, where one comes across almost the entire cross-section of transport devices conceived through human history, where Ferraris jostle with camel-carts in streets bursting at the seams with surging humanity. What strikes one most in these

places is the ingenuity and the immense vitality of the human spirit that refuses to yield, even in the face of extremely adverse conditions.

The challenge that faces us today is one of designing an urban policy that nurtures this spirit of enterprise towards an urban growth that is vibrant while at the same time is humane and geared to social justice.

APPENDIX

THE SURVEY

Given the small size of the survey agreed upon in the Expert Group meeting (100 cases, 20 in each of the five categories of informal service sector, i.e., (i) petty trade; (ii) repair and maintenance (iii) transport (iv) domestic services and (v) other personal services, the question of making it scientifically 'representative' did not arise. We decided to make it locationally diverse instead, so that the impact of diverse neighbourhood characteristics get reflected in some form in the data. Thus our observations come from all over Delhi -- from the newly developing, predominantly middle class, largely residential Vikas Puri in the West to the highly congested, unplanned, relatively less affluent neighbourhood of Shahdara across the river Yamuna in the East, from the placid, quiet Delhi University and the rustle and bustle of the walled city around Jama Masjid in the North to Bhogal and Okhla industrial area in the south (see attached map of Delhi). The distribution of the sample by sub-sectors over space is given in appendix Table 1.

APPENDIX TABLE - 1
Sub sectorwise Locational Distribution

	East	West	North	South	Central	Row Total
Petty Trade	9	3	8	11	11	42
(%)	(21.4)	(7.1)	(19.0)	(26.2)	(26.2)	(34.7)
Transport	3	5	5	3	3	19
(%)	(15.8)	(26.3)	(26.3)	(15.8)	(15.8)	(15.7)
Domestic Service	3	6	4	4	1	18
(%)	(16.7)	(33.3)	(22.2)	(22.2)	(5.6)	(14.9)
Repair & Maintenance	3	6	3	6	4	22
(%)	(13.6)	(27.3)	(13.6)	(27.3)	(18.2)	(18.2)
Other Personal Services	3	5	5	6	1	20
(%)	(15.0)	(25.0)	(25.0)	(30.0)	(5.0)	(16.5)
Total	21	25	25	30	20	121
	(17.4)	(20.7)	(20.7)	(24.8)	(16.5)	(100.0)

A word about the size and composition of the sample. The number of respondents in our sample is 121 instead of the agreed upon size of 100. Instead of 20 petty traders, we have 42 in our sample. This is partly a reflection of the fact that petty traders are more numerous and more visible than other categories of service sector workers on the streets of Delhi, so that if it were a scientifically designed survey, their weightage would indeed have to be higher.

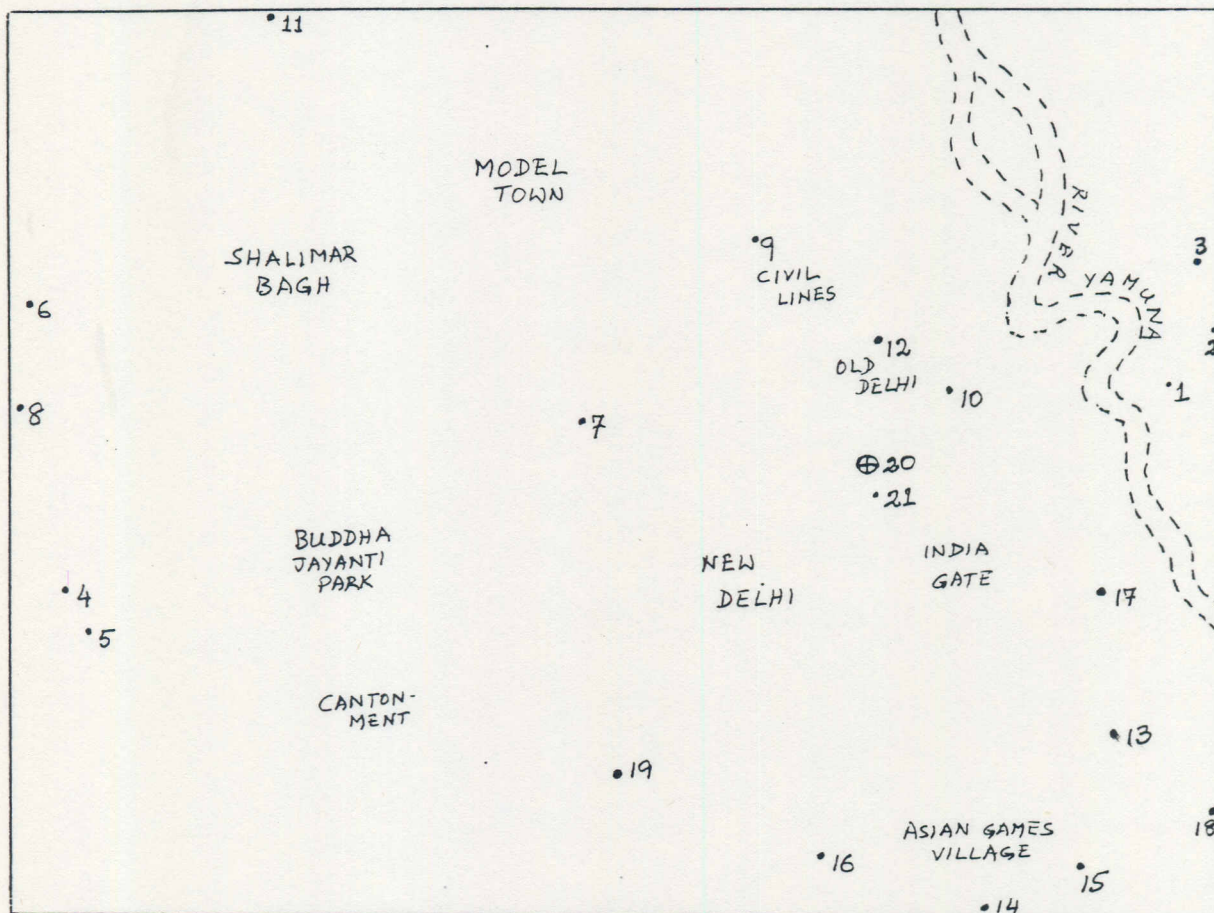
But the true explanation in this case is slightly different. It lies in the mixture of inexperience and unbounded enthusiasm of our young researchers initially conducting the survey, who got so carried away by the wide diversity in the range of products and services being sold on the streets of Delhi that they lost track of the numbers they have interviewed!

APPENDIX TABLE - 2
Disaggregated Listing Of Activity Categories
Within Each Sub sector

Sub Sector	Activity Category	Frequency	Percent	Cum Percent
1. Petty Trade	Food Seller	11	26.2	26.2
	Vegetable Seller	3	7.1	33.3
	Fruit Seller	4	9.5	42.9
	Cigarette Seller	3	7.1	50.0
	Newspaper Seller	3	7.1	57.1
	Butcher	1	2.4	59.5
	Ice-Cream Seller	1	2.4	61.9
	Rag Picker	4	9.5	71.4
	Florist	2	4.8	76.2
	Garment Seller	4	9.5	85.7
	Jewellery Seller	2	4.8	90.5
	Chandri Seller	1	2.4	92.9
	Wood Piece Seller	1	2.4	95.2
	Toy Seller	1	2.4	97.6
	Second Hand Clothes Seller	1	2.4	100.0
Total		42	100.0	
2. Transport	Thela Wala	1	5.3	5.3
	Rickshaw Wala	5	26.3	31.6
	Taxi Driver	3	15.8	47.4
	Bus Driver	2	10.5	57.9
	Tonga Wala	1	5.3	63.2
	Coolie	3	15.8	78.9
	Autodriver	4	21.1	100.0
	Total		19	100.0
3. Domestic Services	House Helper/Maid	6	33.3	33.3
	Cook	3	16.7	50.0
	Gardener	3	16.7	66.7
	Watchmen	6	33.3	100.0
	Total		18	100.0
4. Repair & Maintenance	Cobblers	4	18.2	18.2
	Watch Maker	5	22.7	40.9
	Cycle Repairer	5	22.7	63.6
	Auto Mechanic	4	18.2	81.8
	Electrical Mechanic	3	13.6	95.5
	House Repair	1	4.5	100.0
	Total		22	100.0
5. Other Personal Services	Barber	5	25.0	25.0
	Beautician	3	15.0	40.0
	Entertainer	2	10.0	50.0
	Tailor	4	20.0	70.0
	Waiter	2	10.0	80.0
	Laundry	4	20.0	100.0
	Total		20	100.0

To cater to the agreed upon size and structure of the sample, we could have thrown away 50% of our petty-traders out of reckoning. We decided against it. Given the fact that the information was already collected, and that tabulations can be and have been done separately for the five categories for whichever variables we want to, it would have been senseless to rigidly stick to the agreed upon size. Appendix Table 2 provides a list of all activity categories within petty trading as well as in the other four sub-sectors with associated frequencies.

A MAP OF SURVEY SITES IN DELHI



- EAST : 1. Patparganj
 2. Preet Vihar
 3. Shahdara
- WEST : 4. Janak Puri
 5. Uttam Nagar
 6. Paschim Vihar
 7. Karol Bagh
 8. Vikas Puri

- NORTH : 9. Delhi University
 10. Jama Masjid
 11. Rohini
 12. Turkman Gate
- SOUTH : 13. Bhogal
 14. Dakshin Puri
 15. Kalkaji
 16. Malviya Nagar
 17. Nizamuddin
 18. Okhla
 19. Sarojini Nagar

- CENTRAL : 20. Cannaught Place
 21. Janpath

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