

## **GROWTH AND CHARACTERISTICS OF INFORMAL SECTOR EMPLOYMENT IN KERALA**

Dr Deepa V D

Assistant Professor on Contract, Department of Economics,  
University of Calicut, Dr John Matthai Centre, Thrissur.

### **ABSTRACT**

This study is an attempt to trace the growth and characteristics of informal sector employment in Kerala. It has been divided into four sections. The first section describes the growth of formal and informal sector employment in India and Kerala and is followed by an analysis of growth rate and shares of various rounds of NSSO. The second part deals with the characteristics features of employment in the informal sector in Kerala. The third section focuses on the logit regression to determine significant factors associated with the informal sector, and in the last section, it results in the major findings of the analysis.

**Keywords:** Informal Sector, Informal Employment, Type of Enterprise, Number of Workers In The Enterprise, Type of Job Contract, Availability of Social Security Benefits.

### **1.1 INTRODUCTION**

Informality is one of the most noteworthy features of the developing labour market. Several countries recognised the role of this sector in generating employment and income, especially for the poor. India stands second in population in the World followed closely after China (Census, 2011). The unorganised sector in India is one of the overriding sectors in the Indian economy, (Sakthivel, S., & Joddar, P. 2006). A major share of socially and economically weaker sections of the society is concentrated in the unorganised economic activities in the country (Naik, 2009).

A Social Anthropologist named Hart (1973) was the first person to converse in the Informal sector into the academic literature. Hart brought this concept into use while creating a presentation on Informal Income Opportunities and Urban Employment in Ghana in the Institute of Development Studies in 1971 (Naik 2009). Thus the phrase 'Informal Sector' was first coined by Hart in early 1970, to describe the array of subsistence activities of the urban poor. ILO (1972) enumerated the extensive and specific characteristics of the informal sector, to identify the board groups. It includes the small size of operation, family ownership and Informal

structure, non-modern technology, lack of entrance to government favours, competitive and insecure product market and labour market (Papola 1981 and Mehta, M. 1985).

The ILO (1988) reported that the Informal sector had played a crucial role in absorbing labour and providing urban incomes in many countries. A substantial portion of total urban employment was found in the informal sector. According to Mazumdar (1976), there are three aspects to the problem of income distribution with the theory of informal sector is expected through light on the subject. The informal economy was formerly regarded as residual, transitional and bound to disappear with modernisation (Sethuraman,1981). Sethuraman (1988) estimated that the informal sector seems to account for between, one-third and two-thirds of total urban (non-agricultural) employment depending on the definition of the sector. Cherunilam (1981) pointed out that the substantial part of the workers in the informal sector is the main earners in the household. He also argued that the ease of entry and exit is an important characteristic of the informal sector, which means almost all categories of people can find one or other economic opportunity.

Lillian (1987) focused on the three issues regarding the understanding of informal sector that is heterogeneity and the differentiation within the informal sector, linkages with other economic sectors, and the effect of government regulatory policies in the informal sector. Sabur (1989) found that the informal sector makes a significant contribution to development by offering many incomes earning opportunities to the labour force and by skill formation and no public cost. Aman (1991) traced out whether the human capital investment is measured in the informal sector as they are in the formal sector. Srivasthava (2005) highlighted that the informal economy continues to develop because it subsidises the economy by keeping the cost of labour low.

## **1.2 Growth of Informal Sector Employment in India**

Before examining the growth of informal sector employment in Kerala, let us examine India's proportion of informal sector workers on the various rounds of NSSO. According to the National Sample Survey Organization (NSSO), the proportions of informal sector workers are on the increasing trend (Thomas, 2004; Patric, 2012). From the 27<sup>th</sup> round onwards, the NSSO has been conducting the household's survey quinquennially. A nationwide enquiry is regularly conducted to find out the estimates of various characteristics about employment and unemployment both at national and state levels. The main objective of the employment and unemployment surveys conducted by NSSO at the periodic interval is to estimates of level parameters of various employment and unemployment characteristics at national and state or Union Territory (UT) level. NSSO conducted various quinquennial rounds which are given below.

- 1) 27<sup>th</sup> Round (October 1972-September 1973)
- 2) 32<sup>nd</sup> Round (July 1977-June 1978)

- 3) 38<sup>th</sup> Round (January 1983-December 1983)
- 4) 43<sup>rd</sup> Round (July 1987-June 1988)
- 5) 50<sup>th</sup> Round (July 1993-June 1994)
- 6) 55<sup>th</sup> Round (July 1999-June 2000)
- 7) 61<sup>st</sup> Round (July 2004-June 2005)
- 8) 66<sup>th</sup> Round (July 2009-June 2010)
- 9) 68<sup>th</sup> Round (July 2011-June 2012)

For growth analysis, we used NSSO data of employment and unemployment survey ranging over the periods from 1993-1994 to 2011-2012. Besides examining the various characteristics of the informal sector, the study also analyses the unit level data for the comparison of two rounds of NSSO, i.e.; 61<sup>st</sup> and 68<sup>th</sup> rounds. For taking the 2004-2005 NSSO data included the complete information about the variables of the informal sector and worker. The 68<sup>th</sup> round is the latest round of NSSO, which makes a comparison between the two time periods, which is clearly shown in the table1.

**Table 1: Distribution of Formal and Informal Sector Employment in India**

Various NSSO Rounds	The average Annual Growth rate			Share (in per cent)		
	Formal sector	Informal sector	Total growth	Formal sector	Informal sector	Total
38 <sup>th</sup> Round	1.72	1.73	1.73	7.9	92.1	100
43 <sup>rd</sup> Round	1.05	2.54	2.43	7.9	92.1	100
50 <sup>th</sup> Round	5.05	0.83	1.16	7.3	92.7	100
55 <sup>th</sup> Round	0.12	3.96	3.62	8.8	91.2	100
61 <sup>st</sup> Round	1.03	0.21	0.12	7.6	92.4	100
66 <sup>th</sup> Round	1.03	0.21	0.12	7.1	92.8	100
68 <sup>th</sup> Round	7.93	1.00	1.51	8.1	91.9	100

*Source: Computed from the various NSSO Rounds*

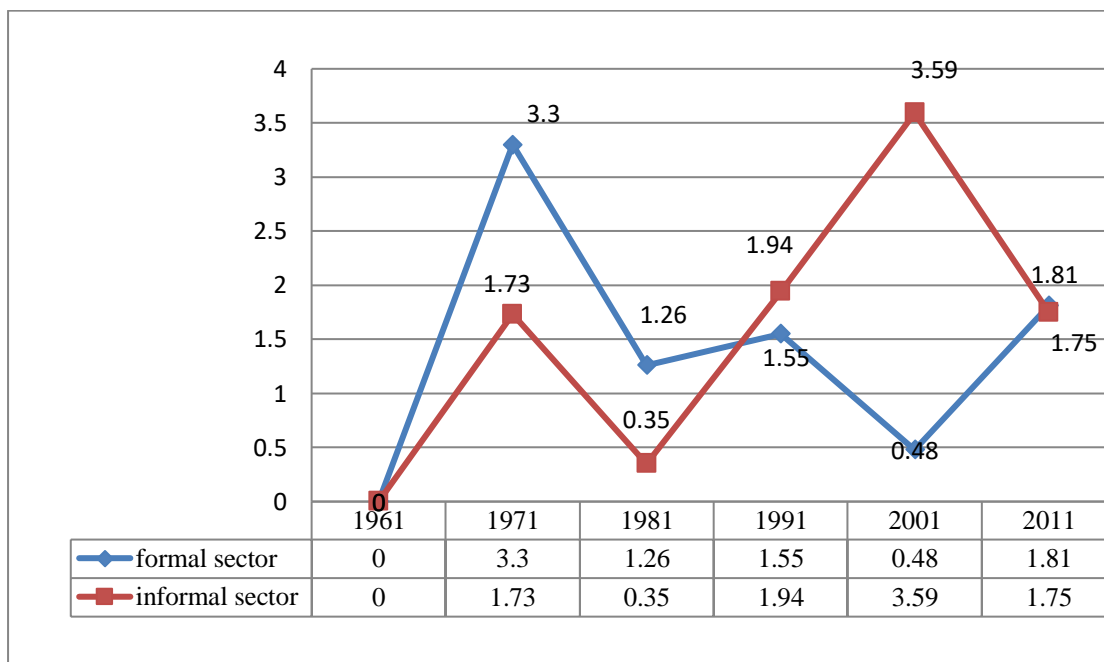
The main highlights of table 1 is that the majority of the employment generated in India was calculated over the years from the informal sector. It is significant to note that only a small proportion of the workers are in the formal sector. Of the total employment in the informal sector, the growth is highest in the 55<sup>th</sup> round of NSSO. Then it declines continuously over the periods. But in the latest round, it is observed that there is a slight increase, which is insignificant. At the same time, while comparing the formal sector, it is very high. This shows that a high percentage share of informal employment in India over the period.

**Table 2: The Growth of Informal Sector Employment in India (Census report 1961-2011)**

Years	Average Annual Growth Rate			Share (in per cent)		
	Formal	Informal	Total	Formal	Informal	Total
1961	-	-	-	-	-	-
1971	3.30	1.73	1.86	38.36	18.72	20.24
1981	1.26	0.35	0.43	13.37	3.53	4.41
1991	1.55	1.94	1.90	16.59	21.21	20.76
2001	0.48	3.59	3.33	4.87	42.26	38.77
2011	1.81	1.75	1.75	19.64	18.94	18.99

Sources: Computed from the Census of India 1961 to 2011q

**Figure 1: Annual Growth Rate of formal and Informal Sector Employment in India**



Source: Authors own calculation from Census data

From figure 1, it is clear that the growth of formal and informal sector workers found in 2001 census. In the 2011 census, there is a slight decline in percentage. It shows that informalisation increases over the years and sometimes it declining. This is happening in the informalisation in the formal sector of the economy (Bairagya, I. 2010).

### 1.3 Characteristics of Informal sector employment in Kerala

This section mainly focuses on the characteristic features of informal sector employment in Kerala from 2004-2005 and 2011-2012 periods. The characteristic features are discussed regarding gender, religion, social group, Age, Marital Status, Educational qualifications both general and technical. Besides the usual principal Status, the informal sector workers are classified on the basis of the type of enterprise, a number of workers in the enterprises, type of job contract, availability of social security benefits. It can be explained in detail.

**Table 3: Distribution of informal sector and worker in Kerala by sector (In Percent)**

Sector	Informal sector		Informal worker	
	2004-2005	2011-2012	2004-2005	2011-2012
Rural	57.2	59.7	77.7	80.1
Urban	61.8	65.9	75.4	78.9
Total	58.2	61.3	77.2	79.8

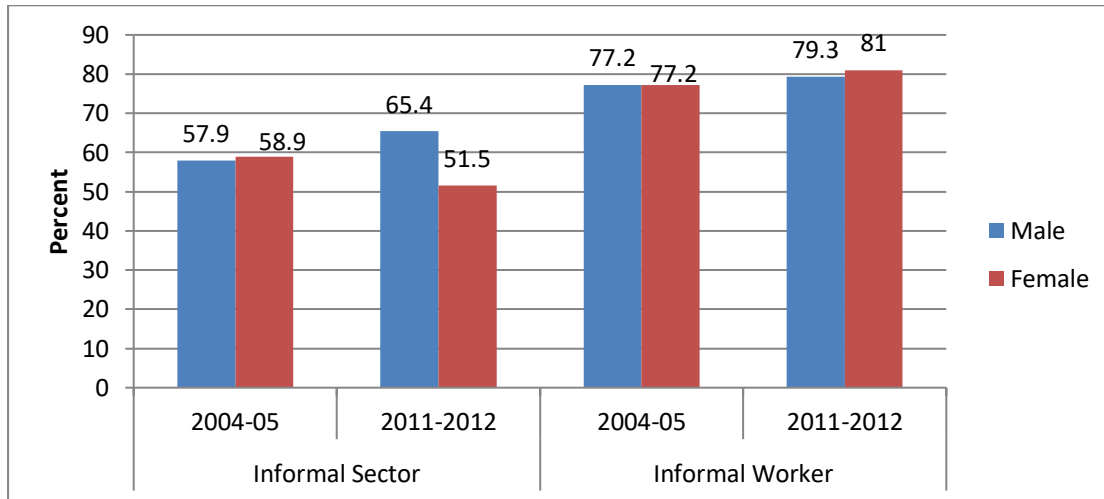
*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

From table 3, it is observed that a comparison is made between the informal sector and informal workers. The total proportion of informal sector workers is on the increase. It must be because of the growth of urbanisation and thereby urban informalisation. So it is understood from the table that informal sector workers proportion is significantly higher in the rural area than in urban area. The total proportion of the informal sector and the worker's increases in both the rounds. The total proportion of the informal sector is 58.2 per cent in 2004-2005, and it increased to 61.3 per cent in 2011-2012. The informal worker's proportion increased to 77.2 per cent in 2004-2005, and 79.8 per cent in 2011-2012. So it is obvious from the table that the informal sector and worker proportion are continuously increasing in Kerala.

**Gender**

In every discussion, we have mentioned the classification based on gender. In the present study, we also examine the gender aspects of the informal sector and informal employment in Kerala. This is an inevitable factor in the global scenario. Gender discrimination is found every sector in the economy.

**Figure 2: Distribution of Gender by Informal sector and worker in Kerala (in per cent)**



Source: Author's own calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

Figure 2 shows that the male-female proportion of informal sector and worker in Kerala. It is seen that the males are higher in the informal sector as per the latest rounds (2011-2012). In the case of a worker, females are showing an increasing trend. In the 68<sup>th</sup> round, the male proportion is 79.3 per cent in Kerala, whereas the female proportion is 81 per cent.

### Religion

How do the religious groups determine the participation of the informal sector which is presented in this subsection. The three main religious groups in India are Hindus, Islam, and Christians. As the share of another religious group such as Sikhism, Jainism, Buddhism, Zoroastrianism, etc., existing in India is low, they are included under the heads of others. Whereas; in Kerala, only three religious groups are found. They are Hindu, Islam and Christian.

**Table 4: Distribution of Religion by Informal sector and worker in India and Kerala (in per cent)**

Religious groups	Informal Sector		Informal Worker	
	2004-05	2011-2012	2004-05	2011-2012
Hinduism	58.3	62.4	79.1	80.9
Islam	68.2	69.2	78.7	83.9
Christianity	50.0	47.3	70.8	70.3
Total	58.2	61.3	77.2	79.8

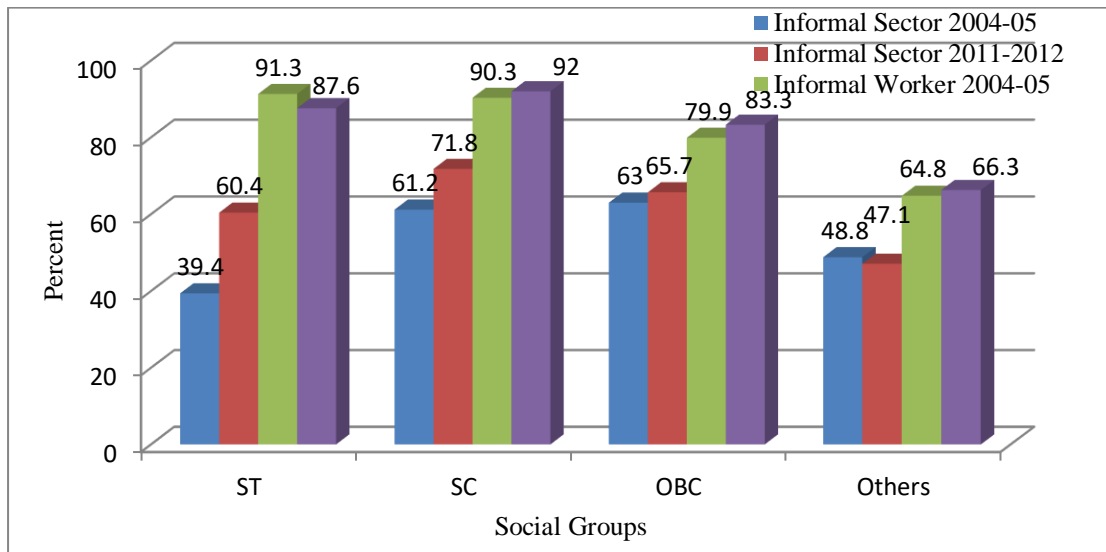
*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

From table 4, religious group classification among the informal sector and informal worker. It is seen that Islam and Hindu communities are found to be the highest proportion compared to other religious groups in the informal sector and worker. It is observed that the informal sector was 68.2 per cent in 2004-2005, and 69.2 per cent in 2011-2012. The proportion of informal workers entering into the Christian community is lower than that of other religious groups. So it is clear from the table that major proportion of informal sector workers is Muslims and followed Hindus and finally Christians.

### **Social groups**

Human identity in labour society was identified by caste, which has a strong divisional root. The discrimination arises at the community level and the caste level itself (Pattanaik, 2012). The NSSO classified the social groups into four categories mainly Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) and Another category. The (figure 3.3) shows the classification of social groups by informal sector and informal workers in Kerala.

**Figure 3: Distribution of Social groups by Informal sector and worker in Kerala (in per cent)**



Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

From Figure 3, it is learnt that the OBC share is significantly higher in the informal sector. Whereas the informal worker's proportion of SC is the highest. Hence, it is significant to note that the SC communities are highly participating in the informal sector activities in Kerala followed by ST, OBC and other communities. SCs and STs are the most marginalised and impoverished sections of the economy. Therefore, it is significant to note that the SC communities are shown an increasing trend over the last ten years.

### Age

Age is the most important criteria for entering the labour market. From the investigation, it is understood that the child labour proportion is relatively less in Kerala (below 15 years). In other words, the participation of informal sector employment from the age group of below 15 years is declining. It must be because of the expansion of the educational system in Kerala. All the ages are classified into five groups. The first group includes those workers who are engaged between 0 to 14 years. This is the school going age group. The other groups are 15 years to 25 years, 25 years to 35 years, 35 years to 45 years, 45 years to 60 years and lastly 60 years and above.



**Table 5: Distribution of Age by Informal sector and worker in India and Kerala (in per cent)**

Age	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
15-25	71.9	70.2	93.9	92.8
25-35	61.7	70.5	85.0	88.1
35-45	55.0	60.6	76.4	80.2
45-60	52.0	55.6	69.3	74.6
60 and above	49.4	47.5	56.1	59.3
Total	58.2	61.3	77.2	79.8

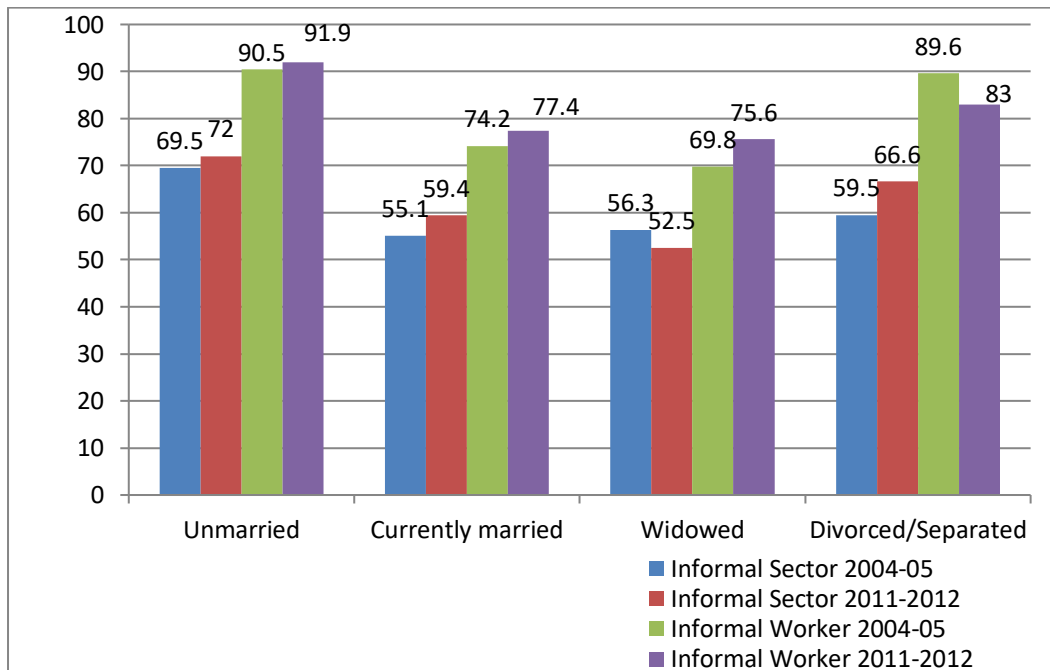
*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

Table 5 shows the majority of the informal sector workers are from the age 15-25. Due to the educational expansion process, as cited earlier, the participation of employees in the age group of below 15 years is negligible in Kerala. Also, it is found that the highest proportion of informal sector workers is from the age group of 15 to 35 as per the latest NSSO round.

### **Marital Status**

Marital status is yet another important parameter to determine the engagement of informal sector activities. As per the NSSO classification, the marital status is classified into four categories namely never married, currently married, widowed, and divorced or separated.

**Figure 4: Distribution of marital status by informal sector and worker in Kerala (In Percent)**



Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

From the NSSO survey, it is understood that a large proportion of our labour force in the informal sector belongs to the category of not married. From the 68<sup>th</sup> round, it is inferred that majority of the informal sector workers in Kerala are unmarried and divorced persons. Since the entry and exit are easily possible in the sector. The majority of the Divorced or separated persons depending on the informal sector for their livelihood. So this is one of the crucial factors in Kerala.

### Education

Education is not considered to be an important factor for the informal sector workers for entering into the informal labour market. A person who can both read and write in a simple message with understanding in at least one language is to be considered literate. Those who are not able to do so are to be considered not literate. As we know, Kerala is one of the high literacy states in India, but one of the major problems that exist in Kerala is unemployment. Most of the unemployed people are forced to shift into the unorganised and unregistered activities in Kerala.

**Table 6: Distribution of General Education by informal sector and worker in Kerala (In Per cent)**

Education-General	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
Not literate	61.0	74.3	88.8	92.6
Primary	61.8	66.7	85.2	88.4
Secondary	62.0	65.4	80.6	82.7
Higher secondary	55.3	61.2	62.0	76.2
Graduate	39.4	41.3	43.5	60.7
PG and above	24.5	23.1	29.4	37.2
Total	58.2	61.3	77.2	79.8

*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

From the latest NSSO report, it is seen that the highest proportion of workers are not literate. From table 6, it is noticed that the majority of the informal sector workers have education up to below secondary level. In the latest NSSO report shows that the highest proportion of informal sector workers are not literate and below secondary level.

### **Educational Level -Technical**

The technical education is classified into a Technical degree in agriculture/ engineering/ technology/medicine, etc. Diploma or certificate (below graduate level) in Agriculture, and (graduate and above level) above in Agriculture, Engineering/ Technology, Medicine, Crafts, Other subjects. Most of the informal sector workers are not getting any technical education.

**Table 7: Distribution of Technical Education by informal sector and worker in Kerala (In Percent)**

Technical Education	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
No technical education	59.5	63.1	79.5	81.5
Technical degree in agriculture/ engineering/ technology/ medicine, etc in below graduate level	48.7	43.8	55.2	62.9
Diploma or Certificate (graduate and above level) in Agriculture,	31.0	40.5	30.6	47.3
Other subjects	21.4	23.6	27.3	47.8
Total	58.2	61.3	77.2	79.8

Source: Author’s calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

Compared to general education, the technical education among the informal sector workers is on the decline. It is evident from table 3.7 that as regards the 68<sup>th</sup> round of NSSO survey majority of the informal sector workers (81.5 per cent) has any technical education.

**Factors that determine the informal sector Employment**

Logit regression model is used to determine the relative significance of the different variables that have associated with the informal sector employment. Logistic regression analysis helps in predicting the probability of occurrence of Y (dependent variable), given the values of X (independent variables), when the dependent variable is dichotomous. Logistic regression is a more flexible technique because it makes no assumptions about the nature of the relationship between the independent and dependent variables. Moreover, independent variables are not required to be normally distributed.

In the logit regression model, the dependent variable contains data coded as 1 or 0, with 1 indicates the participation of informal sector activities.

$$\text{Prob (event)} = 1/1+e^{-z}$$

Where Z is  $b_0+b_1x_1+b_2x_2+\dots\dots\dots b_px_p$  and x is predictors (independent variables). The logistic regression can be rearranged into a linear form by converting the probability in to Log odds or

$$\text{logistic log}\{\text{Prob (event)}/ \text{Prob (no event)}\} = b_0 + b_1x_1 + b_2x_2 + \dots + b_px_p$$

Where  $b_1$ =informal sector,  $b_0$ =formal Sector

$X_1$ =Sector (1-Rural,2-Urban)

$X_2$ =Sex (1-Male, 2-Female)

$X_3$ =Social group (1-ST, 2-SC, 3-OBC, 4-Others)

$X_4$ =Marital Status (1-Unmarried,2-Currently Married,3-Widowed,4-Divorced/Separated)

$X_5$ =General Education (1-Not literate, 2-Primary,3-Secondary,4-Higher Secondary,5-Graduate,6-PG and above)

**Table 3.8: Logistic Regression Results**

Selected Variables	Category	B	S.E.	df	Sig.	Exp(B)
Sector	Rural					<b>1.00</b>
	Urban	0.508	0.002	1	0	1.661
Sex	Male					1.00
	Female	-0.457	0.001	1	0	0.633
Social Group	<b>Others</b>			3	0	1.00
	ST	0.316	0.005	1	0	1.372
	SC	0.782	0.002	1	0	2.186
	OBC	0.56	0.001	1	0	1.75
Marital Status	<b>Divorced/Separated</b>			3	0	1.00
	Unmarried	0.262	0.007	1	0	1.3
	Currently Married	-0.345	0.006	1	0	0.708
	Widowed	-0.653	0.007	1	0	0.52
General Education	<b>PG and above</b>			5	0	1.00
	Not Literate	2.532	0.006	1	0	12.574
	Primary	1.963	0.005	1	0	7.12
	Secondary	1.825	0.005	1	0	6.204
	Higher Secondary	1.582	0.006	1	0	4.864
	Graduate	0.68	0.005	1	0	1.973

Constant	-	-2.013	0.012	1	0	0.134

Source: Author’s calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

Note: 1% confidence level, -5% confidence levels.

In the case of the sector (rural-urban), the workers from the highest informal sector are 66 per cent more likely to work in the urban area than those in the rural area. Compared to other social groups, 37 per cent of workers in ST and 18 per cent of SC proportion of workers are more likely to report to work in the informal activity. In the case of general education of workers not literate, primary, secondary, higher secondary and graduated workers are more engaged in the informal sector activities than the PG and above educated once. So we can conclude from the model is that the major proportion of informal sector workers are urban male, urban SC, unmarried and education below secondary levels.

**Usual Principal Status (UPS) Distribution of informal sector and worker in Kerala**

The majority of the informal sector workers employed in the category of Usual Principal Status (UPS). It means that the activity status of the person during the reference period of one year (NSSO 68<sup>th</sup> Round). From the UPS, the activity status is classified into six. They are own account workers or self-employed workers(SE), employer, unpaid family worker, Regular salaried or wage employee, and casual labour(CL). It emerges that during the period 2004-2005, to 2011-2012.

**Table 9: Distribution of Usual Principal Activity Status (UPA) by informal sector and worker in Kerala (In Percent)**

Usual Principal Activity Status(UPA)	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
(Self-Employed): Own Account Worker	76.1	75.4	76.1	75.4
Employer	49.9	42.5	49.9	42.5
Unpaid Family Worker	69.2	71.6	100	100
Regular Salaried or Wage Employee	28.8	33.1	-	59.2
Casual Wage Labour :In Public Works	-	13.0	100	99.8

In other Types of Casual Work	59.9	76.3	100	99.5
Total	58.2	61.3	77.2	79.8

*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

*Note: I - It includes self-employed, employer, and unpaid family labour.*

*II – Casual wage worker plus other types of work.*

From table 9, it is noticed that the higher the proportion of informal sector workers belong to the category of self-employed, regular wage or salaried earners, and casual labours. The informal sector witnessed a clear tendency of increasing self-employed, unpaid family and casual labours (considering all workers). Thus the percentage of casual workers increased in Kerala 2011-2012. But the worker's proportion it declined to a small proportion. This increase in the percentage of casual workers accompanied by the same increase in the percentage of own account workers, unpaid family workers and casual labour in public works. So it is clear from the table is the majority of the informal sector workers are coming under the various type of casual activities. This increase in the percentage of casual workers and unpaid family workers are accompanied by a fall in the percentage of regular workers and self-employed workers. However, this trend reversed during the period 2004-2005 and 2011-2012. Where as the percentages of self-employed and unpaid family workers is declining while the percentages of casual labour in another type of work and public works, regular wage or salaried workers are decreasing?

The present study tries to focus on the four variables like

- a) Enterprise Type
- b) Number of workers in the enterprises
- c) Type of Job Contract
- d) Availability of Social Security benefits

**a) Enterprise type**

The NSSO Employment and Unemployment Survey Report suggest that the informal sector as consists of a proprietary and partnership enterprises as (Excluding those run by non-cooperative societies trusts and non-profit institutions in the non-Agricultural sector). The persons categorised as employed by the usual principal status approach distributed among the following broad categories of enterprise type. i) Proprietary ii) Partnership iii) Government or Public sector iv) Public or Private Limited Company v) Co-operative society/trust/non-profit institution vi) Employers households vii) Other categories. In the 68<sup>th</sup> round survey, like information on enterprise type was collected for all the usual status workers and the enterprise type's proprietary

and partnership classified as informal sector enterprises. Thus, using the information on the type of enterprise, estimates of the workforce in the informal sector can be derived.

**Table 10: Distribution of type of enterprise by informal sector and worker in Kerala (In Percent)**

Enterprise type	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
Proprietary male	78.5	83.1	92.0	93.8
Female	93.1	94.7	94.5	97.3
Partnership: with members of the same household	66.0	76.5	79.7	86.6
With members from different household	43.1	61.5	72.2	81.3
Govt/public sector	-	-	9.0	39.9
Public/private limited company	-	-	18.9	58.8
Co-operative societies/ nonprofit institutions	-	-	20.8	56.5
Employers house holds	54.5	-	99.5	100
Others	43.7	48.8	90.4	84.1
Total	64.5	66.4	79.8	84.7

*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

From table 10, it is clear that the type of enterprise includes both proprietary and partnership. The majority of the proprietary female workers are coming under this sector. Proprietary female workers are higher than male workers. In the case of informal sector enterprises, 78.5 per cent of them are working in the informal sector in 2004-2005, and 83.1 per cent in 2011-2012. Besides the partnership is divided into two: with the members of the same household 76.5 per cent and different households 86.6 per cent.

**b) The number of workers in the enterprises**

The second variable is the number of workers in the enterprises. As per the definition of NCEUS (2007), it is inferred that the informal sector workers should be less than ten in number and they are categorized as either proprietary or partnership. The size of the informal sector activity usually measured by the number of people employed by it. Sethuraman (1976) argued that employment of fewer than ten persons should be considered part of the informal sector. The



number of workers as classified as per the NSSO employment and unemployment survey was categorised some workers by the classification of less than 6, 6 and above but less than 10, 10 and above but less than 20, 20 and above, etc. This discussion focus on the informal sector workers only that are less than ten workers are coming under the category of informal sector workers.

**Table 11: Distribution of Number of Workers by informal sector and worker in Kerala (In Percent)**

Number of workers	Informal Sector		Informal Worker	
	2004-2005	2011-2012	2004-2005	2011-2012
Less than 6	87.5	90.8	91.6	94.7
6 and above but less than 10	83.4	81.6	88.5	89.5
10 and above but less than 20	-	-	60.2	67.7
20 and above	-	-	35.7	50.9
Not known	41.7	46.2	69.6	76.6
Total	64.5	66.4	79.8	84.7

*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

It is clear from table 11, shows that the majority of the informal sector workers are coming under less than six categories and less than ten categories in both the time periods. From this, it understood that 90.8 per cent of the informal sectors workers are work in the less than six-member categories in 2011-2012. Then the second category like 6 and above but less than ten category employers. Above ten workers category are coming under the formal sector in Kerala.

**c) Type of Job Contract**

Another variable constituting the informal sector workers are the type of job contract. The written job contract by one year or less, more than one year to 3 years, and more than three years. The informal sector workers are facing the lack of written job contract. At any time they can leave out of jobs, and there is no fixed workplace in this category of workers. From the analysis of NSSO's 68<sup>th</sup> round, the proportion was about 96.3 per cent in India and 96.8 per cent in Kerala. The proportion of employees without any written job contract was increased between 2004-2005 and 2011-2012 for India and Kerala. During this period this proportion increased from 95.6 per cent in (61<sup>st</sup> round ) to 96.3 per cent ( 68<sup>th</sup> round)in India and 98.5percent (61<sup>st</sup> round) to 96.8 per cent in (68<sup>th</sup> round) in Kerala.

**Table 12: Distribution of Type of job contract by informal sector and worker in Kerala (In Percent)**

Type of Job Contract	Informal sector		Informal Worker	
	Kerala		Kerala	
	2004-2005	2011-2012	2004-2005	2011-2012
No written job contract	63.8	65.1	93.9	91.4
Written job contract for 1 year or less	19.1	14.1	33.8	89.1
More than 1 to 3 years	14.3	16.6	35.2	55.4
More than 3 years	2.3	6.7	4.1	18.6
Total	51.1	55.4	73.9	82.3

Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).

**d) Availability of Social Security Benefits**

The National Commission for Enterprises in the Unorganised Sector (NCEUS) submitted its first report on social security for unorganised workers so on 16<sup>th</sup> May 2006, recommending the creation of entitlement of a National Minimum Social Security for all the eligible unorganised workers. It will be a historic decision towards ensuring a bare minimum of protection to the vast majority of unorganised workers in the country by Financing of Enterprises in the Unorganised Sector (NCEUS, 2007:13). The Constitution of the NCEUS on September 20, 2004, was one of the first step taken by the UPA Government in pursuance of its common minimum programme that committed itself to ensure the welfare and well-being of all workers particularly those in the unorganised who constituted 93 per cent of the labour force in India. The below table13 gives the availability of social security benefits provided by the informal sector workers in India and Kerala.

**Table 13: Distribution of Social Security benefits by informal sector and worker**

Availability of Social Security Benefits	Informal sector		Informal Worker	
	2004-2005	2011-2012	2004-2005	2011-2012
Eligible for only PF/Pension(i.e GPF,CPF,PPF,Pension,)etc	23.6	14.8	29.9	6.5
Only gratuity	20.3	59.5	15.7	4.8

Only health care and maternity benefits	33.3	20.4	11.1	10.6
Only PF/Pension and gratuity	12.3	9.2	2.2	24.0
Only PF/Pension and health care and maternity benefits	8.0	4.2	17.8	18.9
Only gratuity and healthcare & maternity benefits	8.2	0.8	11.5	-
PF/Pension, Gratuity, Health Care and Maternity benefits	1.5	3.4	4.1	4.4
Not eligible for any of above social security benefits	64.4	66.9	100	100
Not known	-	34.9	-	-
Total	51.1	55.4	73.9	82.3

*Source: Author's calculation from 61<sup>st</sup> (2004-2005) and 68<sup>th</sup> (2011-2012) Rounds of Employment and Unemployment Survey, National Sample Survey Organization (NSSO).*

From the table 13, it is seen that Informal sector workers are not eligible for any of the social security benefits provided by the government in 2011-2012. Only 14.8 per cent of them are eligible for PF or pension. There is only 5 per cent of the whole who enjoys gratuity benefits. 10.6 per cent enjoys the maternity and health care benefits and so on. The present study analysed the informal sector workers in Kerala in the 68th round of NSSO (2011-2012). A high proportion of workers are concentrated in the unorganised economic activities in Kerala. From this study, it is learnt that out of the total workforce in Kerala almost 64.4 per cent were concentrated in the informal sector in 2004-05. But in 2011-12, it is revealed that this has been increased sharply to 66.9 per cent.

## CONCLUSION

In this article, we have attempted to explore the growth and characteristic features of the informal sector and employment in Kerala. It was found out that informalisation is growing continuously in Kerala, between the various rounds of NSSO. Besides the growth analysis, this article also looks into the various characteristic features of informal sector employment in Kerala. So one of the important findings is that urban informal sector workers are growing continuously in Kerala. Then we have discussed the characteristic features; it is entirely based on the sector and worker definition of (NCEUS-2007). One of the important findings are all these characteristics like gender, religion, social groups, education-(general and technical), leads to the growth of the informal sector and workers. This gives detailed information on workers engaged

in the informal sector employment. The educational background shows that majority of workers are secondary and below secondary educated once, and those who have higher secondary and above educated persons are very low in this sector. The majority of the workers have not attained any technical education. Besides, the variables are taken from the Usual Principal Status (UPS). By Usual Principal Status (UPS) classification, casual and self-employed workers are showing highest proportion. This study tries to focus on the four dichotomous variables selected by Usual Principal Status (UPS) as the enterprise type, some workers in the enterprises, type of job contract and availability of social security benefits provided by the employers. By enterprise categorisation, majority informal sector workers are proprietary male workers than are female workers. As per the definition of (NCEUS: 2007), the total number of workers in the informal sector enterprises are less than ten. According to the analysis, the number of workers in the enterprises with less than six numbers of workers is more and between six and ten workers, is comparatively less in (2011-12) NSSO data. A large informal sector worker has no written job contract. And finally considering social security benefits, the majority of them did not get any of the of social security benefits provided by the government in Kerala.

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