



**Estimating Informal Employment
&
Poverty in India**

Prof. N.S. Sastry



H D R C
Human Development Resource Centre



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PROLOGUE

India has built up a rich database on the informal economy over the decades through the National Sample Surveys conducted annually. It is also in the forefront of international efforts to tackle unemployment and poverty, but the requisite methodology to translate this vast repository of statistics into meaningful policy approach at the national level is yet to evolve.

This study tests the international conceptual framework on the 1999-2000 National Sample Survey data. It makes several observations on the informal sector, informal employment and the rural-urban scenarios at both the national and State levels. The methodology and conclusions of the study can be applied to subsequent surveys as well, making it possible for policy-makers and analysts to identify areas where informal employment needs intervention and the processes that lead to unemployment.

Prof. N.S. Sastry is an expert on informal sector statistics. He is former Director General and Chief Executive Officer of the National Sample Survey Organisation, and chaired the (Delhi) Expert Group on Informal Sector Statistics at its fourth meeting in Geneva. Prof. Sastry also regularly participated in the Expert Group (third to seventh) meetings.

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ABBREVIATIONS

CES	Consumer Expenditure Survey
EUES	Employment and Unemployment Survey
ICLS	International Conference of Labour Statisticians
ICSE	International Classification of Status in Employment
ILO	International Labour Office
MPCE	Monthly Per Capita Expenditure
NE	Not Existing
NR	Not Relevant to Informal Employment
NSS	National Sample Survey
NSSO	National Sample Survey Organisation
PS	Principal Usual Activity Status
SNA	System of National Accounts
SS	Subsidiary Economic Activity Status

Executive Summary

The Background

The policy relevance of the informal sector in the economic development of India is well recognised. Workers who derive employment largely from the informal economy comprise the highest proportion of the workforce. Yet, it is only of late that policy attention is being paid to their peculiar situation and towards creating an environment in which economic growth and its benefits percolate the lives of informal workers as well.

The problems of unemployment and under-employment in the country can be resolved by focused efforts to *enhance the employment-generating capacity of the informal economy*, but little research is available on the links between the informal and formal segments of the economy. Indicators and statistical systems are yet to be evolved on the diverse attributes of the informal economy.

‘Employment in the informal sector’ may be defined as *all jobs in informal sector enterprises or all persons who are employed in a main or secondary job in at least one informal sector unit* during a given reference period. There is, however, a growing segment of workers world-wide who derive informal employment from the formal sector, yet cannot be said to have ‘formal’ jobs. This ‘informalisation’ of employment has now led to a wider definition that takes into account *the total*

number of informal jobs in a given reference period.

Policy-oriented research requires statistical studies on various aspects of the informal economy in general. At the same time, these studies must be able to analyse the formal and informal components of total employment as per status in employment – such as own-account workers, employers, contributing family workers or employees – as well as explore linkages between ‘employment in informal sector’, ‘poverty’ and ‘gender’.

The 55th Round of National Sample Survey of the employed and unemployed in 1999-2000 captured data on the informal enterprises offering employment, as well as on members of sample households and their status separately in informal and formal sector employment. The present study has re-tabulated this household-level data and tested the conceptual framework on informal employment as per these definitions.

The study has introduced some additional definitions to identify the type of households. Accordingly, it has assigned codes that apply to, for example, households sustaining on employment in informal sector, on self-employment in informal sector or on regular salaried/wage employment in informal sector in urban India, female-headed households

sustaining on employment in informal sector, self-employment in manufacturing or trade, etc.

An important indicator of the activity pattern of members of a household is the nature and type of work from which the household derives its major income. The second component of the present study is an analysis of the linkages pertaining to 'employment in informal sector' with gender, consumption spending and household poverty levels of workers deriving employment from the informal sector.

The Ground Reality

A common perception is that a higher percentage of people working in the informal sector are poor; nevertheless, it is the informal sector which offers employment opportunities keeping large numbers of households out of absolute poverty and as many others above the poverty line. The same holds true for women working in the informal sector as well. A large number of poor women work in order to keep their households going and the informal sector offers them opportunity not as plentifully available in the formal sector.

Another widely held perception relates to the economic well-being of the masses – that the standard of living in India has gone up in the last few decades, that there is more widespread employment and that incomes are now more evenly distributed. This study indicates that this may be more of a statistical illusion. It identifies large groups of the employed who continue to endure low income levels and high intensity of poverty, whether owing to the

nature of their jobs, the periodicity of their employment or even lack of adequate skills and literacy to rise above their present situation.

The fact is that the minuscule percentage of those constituting the formal sector draw heavily on the labour of casual and informal workers to sustain their own livelihoods and life-styles. The existence of slums in the proximity of affluent residential clusters and industrial establishments is only one manifestation of this phenomenon. The country's formal sector to date does not offer employment to even one among four workers, male or female, in rural or urban areas.

Some Insights

The exercise threw up several interesting insights on gender and rural-urban differentials, a few of which are highlighted here.

- 92 percent of all workers were in informal employment, covering 90 percent of the total male workforce and 95 percent of the total female workforce
- A higher proportion of females were engaged in informal employment vis-à-vis male workers
- Informal employment constituted 96 percent of total jobs in rural areas, where female informal employment was 98 percent compared to 95 percent of male informal employment
- 79 percent of total jobs in urban India were of an informal nature, with 82 percent of total female workers engaged in informal employment compared to 78 percent among urban male workers

- The gender differential in the informal sector was less pronounced in urban non-agricultural economic activities that afforded better opportunities for formal jobs

Besides, the incidence of poverty is seen to be much larger than the incidence of unemployment. Also, *poverty is related more to the nature of employment (self-employment, regular wage/salaried employment or casual wage employment) than to the absolute rate of employment.*

Data on similar lines in rural and urban areas for 16 major Indian states have also been obtained from the National Sample Survey. Considerable inter-state variation in the incidence and intensity of poverty was observed among different types of households, separately in rural and urban areas. Yet, success stories in a number of States lend hope that the right policy framework focusing on issues peculiar to a State or region can alleviate the woes of the poor and very poor.

Observations

The study indicates that self-employed workers in urban areas tend to perform somewhat better when seen in terms of average earnings than casual workers. The existence of the informal sector in urban India has to a large extent made it possible for a sizeable proportion of workers to sustain themselves through self-employment. Against such a backdrop, the approach and policies towards the informal sector acquire unique significance. All the unemployed need not necessarily be poor, but for the poor *the only solution to poverty lies in employment avenues offering reasonable income.*

It is difficult to envisage employment being generated on such a large scale in the formal sector in the country in the foreseeable future. Nevertheless, every effort should be made to provide quality employment for educated youth, and to integrate the informal sector into the mainstream of economic activities. This can be done only by providing space and facilities for such activities as well as an enabling environment that helps to upgrade the productivity of workers in the informal sector.

The literacy levels of workers no doubt play an important role in their capability to absorb higher skills. This, in turn, enhances their earning capacity and naturally leads to a lower incidence of poverty in households sustaining on employment in the informal sector.

The links among ‘employment in informal sector’, ‘poverty’ and ‘gender’, as explored in this study are complex indeed, and call for careful analytical scrutiny. The gender analysis of poverty should not be so much about whether women suffer more from poverty than men. Rather, it ought to revolve about how *gender differentiates the social processes leading to poverty*, and the possible escape routes out of such destitution. An understanding of the causal processes leading to poverty has important policy implications. It raises critical questions about whether it is right to assume, as is often done, that the kinds of policies and asset interventions which can strengthen the position of poor men will have much the same impact on the economic status of poor women as well.

Recommendations

Policy-makers, statisticians as well as economists continue to work on evolving means for raising income levels of the poorer sections of the workforce, who are critically dependent for their livelihood on employment opportunities in the informal sector. There is scope for examining more closely how the poor in informal employment can enhance their earnings, whether women from poor households are more likely to take up work in the informal sector and if their income helps keep down poverty levels. There is also need to evolve policy formulations appreciating the aspirations of the poor and aimed at creating the means to meet those with *a more diversified employment environment*.

An urgent task at hand is a focus on creating additional work opportunities for casual workers, who constitute the majority

of poor households in both rural (mostly agricultural) and urban India. This category of workers faces seasonal non-availability of work, leading to low income and high incidence of poverty. Policy interventions are required to

- provide more gainful employment to the deprived sections of society
- create more employment opportunities for women, especially in public works – both in the rural and urban areas
- raise the literacy levels among the poorer households and
- evolve training methodologies suited to their levels of understanding

It is only by equipping the workers, whose work does not come under a formal legal framework, with the ability to rise above ignorance and deprivation that policies can effectively bring about a qualitative change in their lives.

SECTION I

Introduction

Conceptual Framework

In Indian National Accounts Statistics, the ‘unorganised’ segment of the economy refers to all operating units whose activities are not regulated under any statutory Act or legal provision and/or those which do not maintain any regular accounts. More than 60 percent of the national income is generated in the unorganised segment. *The unorganised segment of the economy in India is larger than and inclusive of the informal economy.* It must be recognised here that India has widened and improved its data base on the unorganised sector for more than 25 years now, a major achievement among developing nations.¹

The International Context

At the international level, the concept of the ‘informal sector’ has been one of the most distinctive contributions of International Labour Office (ILO)² to development thinking. The phenomenon of ‘working poor’ whose economic activi-

ties went unrecorded in the public domain has been ascribed to *the inability of other sectors of the economy to provide adequate income or employment opportunities to a rapidly growing labour force.* Though widely used now, the precise meaning and definition of the term ‘informal sector’ has remained somewhat elusive.

After much deliberation (see Annexure) over a number of years and incorporating significant inputs from the Delhi Group³, ‘employment in the informal sector’ has come to be defined internationally as including *all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise irrespective of their status in employment and whether it was their main or a secondary job.*

The term ‘enterprise’, as used here, is to be understood in a broad sense, referring to *any unit engaged in the production of goods or services for sale or barter.* It covers not only production units, which employ hired labour, but also production

¹ In fact, Professor P.C. Mahalanobis, founder of the Indian National Sample Survey (NSS), organised collection of data on ‘household enterprises’ in the very first round (October 1950-March 1951) of NSS. Since then, the experience of NSS has been spread over nearly four decades (1950-56, 1958-60, 1964-65, 1968-70, 1974-75, 1978-81, 1983-86, 1988-2002) in the collection, processing and analyses of data on enterprises forming part of the informal economy. The Indian experience on building up a data base relevant to the informal economy is thus quite extensive and rich among the developing nations of the world.

² The term ‘informal sector’ first appeared in an official document in the ILO report of a comprehensive employment mission to Kenya in 1972. It found that, in a developing country like Kenya, the main employment problem was not unemployment, but the existence of a large number of ‘working poor’, many of them working very hard in the production of goods and services but whose activities were not recognised, recorded, protected or regulated by the public authorities.

³ ‘Expert Group on Informal Sector Statistics’, set up by the United Nations Statistical Commission under the Chairmanship of Secretary (Statistics), Government of India; 1997.

units that are owned and operated by single individuals working on their own account as self-employed persons, either alone or with the help of unpaid family members. The activities may be undertaken inside or outside the enterprise owner's home, and they may be carried out in identifiable premises, unidentifiable premises or without fixed location. Accordingly, self-employed street vendors, taxi drivers, home-based workers, etc., are all considered enterprises.

The conceptual framework proposed by ILO aims at *broadening the enterprise-based concept of employment in the informal sector by relating it in a consistent manner with a job-based concept of informal employment.*

The Indian Scenario

The situation in India is that a very large proportion of the workforce is in the informal economy. Without an appropriate policy environment, it is difficult for the benefits of economic growth to reach these categories of workers. It is, therefore, essential to continuously improve statistics and develop and disseminate appropriate statistical indicators on the size, composition and contribution of the informal economy. The links between the informal and formal parts of the economy are not well researched.

It is in this context that statistical studies relating to the informal economy in India in general and, in particular, to

- analyse the components of total employment into formal and informal employment according to status in employment and

- explore the informal employment-poverty-gender relationship

are crucial to promote any meaningful, policy-oriented research on the informal economy.

Relevance of Informal Economy

A recent Planning Commission report⁴ has clearly emphasised the policy relevance of the informal economy in India. In 1999-2000, the contribution of formal employment to total employment was only 8 percent and the remaining 92 percent came from informal employment. Even if the organised sector grows at 20 percent per annum and the private organised sector grows at 30 percent per annum, their contribution to aggregate employment will increase by hardly 1.5-2 percent of the total over the Tenth Plan period (2002-07).

This proportion, however, remains hypothetical since this high growth (the capital-intensity in this sector is now above 5.5) will not be sustainable due to the saving/investment constraint of the economy. On the basis of this ground reality, the Planning Commission report concluded that for generating the desirable high level of employment, there was need to target the unorganised sector (which largely belongs to informal economy) exclusively.

Informal Employment & Employment in Informal Sector

One of the components of the present study is to operationalise the concept of 'informal employment' as distinct from

⁴ Report of the Special Group on "Targeting Ten Million Employment Opportunities per year over the Tenth Plan Period"; Planning Commission, Government of India; May 2002.

‘employment in informal sector enterprises’ by undertaking detailed tabulation and analysis of household level data collected in the survey. Such a study has become possible because the National Sample Survey Organisation (NSSO) included *for the first time* in 1999-2000⁵ certain probing questions to usual status workers on some specific features of the enterprises in which they worked in its labour force survey.

The survey was so planned and executed that it was possible to identify the members of the household who were employed (including their status in employment as self-employed: own account worker, employer, unpaid family worker; employee: regular salary/wage earner, casual employee) as usual status workers separately in informal and formal sector enterprises. Separate identification of paid domestic workers employed by households was also possible. Definitions and methodologies adopted in the survey and used extensively for the purposes of the study have been discussed in Section II.

In view of these specific features of the survey, household level data disseminated by NSS on electronic media can be used for re-tabulation and testing of the conceptual framework on informal employment proposed by ILO. This has been done in the present study and the results are reported in Section III.

Employment in Informal Sector, Poverty & Gender

In addition to the specific features of the survey mentioned above, data was

also collected – through an abridged worksheet – on the consumption expenditure of the household to which the worker belonged. Another critical component has been a study involving analyses that link data on employment in the informal sector with the gender of the workers, consumption expenditure and poverty levels of households sustaining on employment in the informal sector. This is, once again, an offshoot of the recommendation of the Delhi Group that “Countries undertaking combined labour force and expenditure surveys may undertake further research to evolve methodologies for linking poverty estimates and informal sector employment”.

Research Areas

Links among ‘employment in informal sector’, ‘poverty’ and ‘gender’ have been attracting serious attention from decision-makers, thinkers and academicians who would like to believe that

- the link between poverty and economic growth is employment,
- the livelihood of the vast majority of the workforce in developing countries crucially depends on informal economy, and
- support for work of women will, in effect, lead to support for poor households.

In this context, specific research questions are:

- Does a higher proportion of the poor participate in the informal sector?
- Are households depending on the informal sector more likely to be poor?

⁵ 55th Round of Indian National Sample Survey on labour force, employment and unemployment; 1999-2000.

- Are women in poor households more likely to work in the informal sector?
- Does income of women employed in the informal sector, though low, contribute to reduction in the level of household poverty?

The relationship between employment and poverty is not a simple one. In India, unemployment rates based on usual status are not high. This is because unemployment rates are based on a time criterion. Poor people are too poor to be unemployed for a long time. Instead, we have the concept of ‘working poor’. In other words, many people are working at low wages and low working conditions in the agriculture and the non-agricultural informal sector.

Employment Quality & Income Levels

The real nature of the unemployment problem, thus, is not that people are not ‘employed’ in some activity but that *a large number of those classified as employed are engaged in low quality of employment, which does not provide adequate income to keep a family above the poverty line.* Allowing the poor to contribute to and benefit from increased economic growth rates will pose particular challenges, as employment in India is largely informal. It will be necessary to ensure that government policy and programmes recognise the perceptions and priorities of the poor, improve productivity and create diversified employment opportunities to earn income.

Perceptions: An Overview

Some of the perceptions of links between poverty and informal economy are:

- There is an overlap between working in the informal economy and being poor, and a higher percentage of people working in the informal sector, relative to the formal sector, are poor
- There is no simple relationship between working in the informal economy and being poor or working in the formal economy and escaping poverty
- The relationship between informal employment and the intensity of poverty appears only when informal workers are analysed by status in employment (self-employed, regular salary/wage earner, casual worker etc.) and by sector of industry (manufacturing, trade, construction, etc.)
- The informal sector incomes play a significant role in keeping many households above absolute poverty and keeping other households above the poverty line

Some of the perceptions about links among gender, informal employment and poverty are:

- There is a significant overlap between being a woman, working in the informal economy, and being poor:
 - Women in poor households are more likely to work in the informal sector than men in poor households or women in non-poor households.
 - Women who head households are more likely to be in the informal sector than men who head households.

- Female-headed households are more likely to be poor than male-headed households
- There is no simple relationship, however, between being a woman, working in the informal economy, and being poor
- The relationship between female informal employment and the intensity of female poverty appears only when female informal employment is analysed by status in employment (self-employed, regular salary/wage earner, casual worker, etc.)
- Women's income from informal employment, though low, contributes to a reduction in the level of household poverty, especially among the poorest households

All these perceptions require testing based on analysis of reliable data in any particular country.

The above context, it is hoped, brings out the importance and critical nature of the second component of the present study, the results of which are reported in Section IV.

Methodology & Definitions

Framework

A person can simultaneously have two or more formal and/or informal jobs. In view of such multiple job-holding, jobs – rather than employed persons – have been taken as the observation units for employment. Employed persons hold jobs that can be described by various job-related characteristics, and these jobs are undertaken in production units (enterprises) that can be described by various enterprise-related characteristics. Thus, the framework disaggregates total employment according to two dimensions: *type of production unit* and *type of job* (see matrix in Figure 1).

Type of production unit is defined in terms of legal organisation and other enterprise-related characteristics, while type of job is defined in terms of status in employment and other job-related characteristics.

Production Units

Production units are classified into three groups: Formal sector enterprises, informal sector enterprises and households.

- Formal sector enterprises comprise corporations (including quasi-corporate enterprises), unincorporated enterprises owned by government units, non-profit institutions and private unincorporated enterprises producing goods or services for sale or barter which are not part of the informal sector

- Informal sector enterprises comprise units engaged in the production of goods or services for sale or barter, including those run by self-employed individuals, and even street vendors, etc
- Households as production units include households producing goods exclusively for their own final use (e.g. subsistence farming, do-it-yourself construction of own dwellings), as well as households employing paid domestic workers (maids, laundresses, gardeners, watchmen, drivers, etc.).

The international definition of the informal sector excludes households producing goods exclusively for their own final use, but provides an option to include households employing paid domestic workers. The framework presented here does not use this option and, hence, excludes households employing paid domestic workers from the informal sector. Households producing unpaid domestic or personal services (e.g., housework, caring for family members) for own final consumption are excluded, as such activities fall outside the present System of National Accounts (SNA) production purview (see Annexure) and are not regarded as employment.

Job Categories

Jobs are distinguished according to status-in-employment categories and as per their formal or informal nature. For

status in employment, the following five groups of the International Classification of Status in Employment (ICSE-93) have been used:

- Own-account workers
- Employers
- Contributing family workers
- Employees and
- Members of producers' cooperatives

Such a breakdown by status in employment was considered useful for policy purposes (Figure 1).

Informal employment comprises the following types of jobs:

- Own-account workers and employers who have their own informal sector enterprises (Cells 3 & 4). Their employment situation can hardly be

separated from the type of enterprise which they own. The informal nature of their jobs thus follows from the characteristics of the enterprise.

- Contributing family workers, irrespective of whether they work in formal or informal sector enterprises (Cells 1 & 5). The informal nature of their jobs stems from the fact that contributing family workers usually have no explicit, written contracts of employment, and that usually their employment is not subject to labour legislation, social security regulations, collective agreements, etc. (family workers with a contract of employment and/or wage are considered employees).
- Employees who have informal jobs, whether employed by formal sector

Figure 1: Conceptual Framework – Informal employment

Production unit by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector units	NE	NR	NE	NR	1	2	NR	NE	NR
Informal sector units*	3	NE	4	NE	5	6	NR 7	8	NE
Households **	9	NE	NE	NE	NE	10	NR	NE	NE

*As defined by 15th ICLS (excluding households employing paid domestic workers)

**Households producing goods exclusively for their own final use & households employing paid domestic workers

NE: Not existing. NR: Not relevant to informal employment.

- NE – jobs that by definition do not exist in the type of production unit in question, e.g. there cannot be contributing family workers in household non-market production units.
- NR – jobs found in the type of production unit in question, but which are not relevant to informal employment, e.g. own-account workers and employers owning formal sector enterprises, employees with formal jobs in formal sector enterprises or members of formally established producers' cooperatives.
- The remaining Cells – types of jobs that represent different segments of informal employment.

Each of these Cells can and should be further disaggregated in order to identify specific types of jobs or production units for further analysis and policy-making.

enterprises, informal sector enterprises or as paid domestic workers by households (Cells 2, 6 & 10) are considered to have informal jobs if their employment relationship is not subject to standard labour legislation, taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) because of non-declaration of the jobs or employees (e.g. clandestine workers, illegal immigrant workers); casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unregistered enterprises or by persons in households; or jobs where the employee's place of work is outside the premises of the employer's or customer's enterprise (e.g. outworkers).

The definition corresponds to that of unregistered employees adopted by the 15th International Conference of Labour Statisticians (ICLS) (see Annexure). It encompasses the ICSE-93 definitions of non-regular employees, workers in precarious employment (casual workers, short-term workers, seasonal workers, etc.) and contractors.

- Members of informal producers' cooperatives (Cell 8). Producers' cooperatives that are not formally established as legal entities are treated as private unincorporated enterprises owned by members of several households. They are part of the informal sector if they meet all the criteria of the definition.

'Employment in the informal sector' encompasses the sum of Cells 3-8. Here

Cell 7 refers to employees working in informal sector enterprises, but having formal jobs. Such cases may occur when enterprises are defined as informal in using size as the only criterion, or where there is no administrative link between the registration of employees and that of their employers. However, the number of such employees is small in most countries.

'Informal employment' encompasses the sum of Cells 1 to 6 and 8 to 10. The sum of Cells 1, 2, 9 and 10 may be called *informal employment outside the informal sector*, of which Cell 2 (employees with informal jobs, employed by formal sector enterprises) tends to generate the maximum interest among researchers, social partners and policy makers.

It may also be noted that 'employment in informal sector' excluding the 'employees working in informal sector enterprises but having formal jobs' (Cell 7) form part of 'informal employment'.

Countries which do not have statistics on employment in the informal sector, or for which a distinction by type of production unit is not relevant, may use an abridged version of the framework, limiting measurements to the job-based concept of informal employment. In such cases, appropriate alternative definitions of informal jobs of own-account workers, employers and members of producers' cooperatives would have to be developed.

A similar issue in respect of the classification of persons in agricultural and related activities arises for countries such as India, which use an informal sector definition that excludes such activities.

Employment Data Collected in NSS

Workers are persons who are engaged in any economic activity. An activity resulting in production of goods and services that add value to the national product is considered as an economic activity – production of goods and services for market (market activities) i.e. production for pay or profit, and production of primary commodities for own consumption and own-account production of fixed assets (non-market activities). Unpaid helpers assisting in operation of an economic activity in the household farm or non-farm activities are also considered workers.

The activity status of a person is defined as the activity situation in which a person is found during a reference period with regard to the person's participation in economic and/or non-economic activities. A person could be in one or a combination of three broad activity statuses during a reference period:

- (i) Working or being engaged in economic activity (work) as defined above,
- (ii) Being not engaged in economic activity (work) but either making tangible efforts to seek 'work' or being available for 'work' if 'work' is available and
- (iii) Not engaged in any economic activity (work) nor available for 'work'.

Activity statuses (i) and (ii) above are associated with 'being in labour force' and the last with 'not being in the labour force'. Within the labour force, statuses (i) and (ii) are associated with 'employment' and 'unemployment', respectively.

Identification of each individual into a unique situation can pose a problem when more than one of the three broad activity statuses listed above are concurrently obtained for a person during a reference period. In such an eventuality, the identification uniquely under any one of the three broad activity statuses is done by adopting either the 'major time' or priority criterion.

'Major Time' Criterion

The 'major time' criterion is used for classification of persons according to the 'usual activity status' approach where the reference period is 365 days preceding the date of survey. In this study we are concerned with only 'usual activity status' because the probing questions in the survey were put only to 'usual status' workers in regard to the enterprise in which they worked. The activity status on which a person spent relatively longer time (i.e. major time criterion) during the 365 days preceding the date of survey is considered as the 'principal usual activity status' (PS) of the person.

To decide the principal usual activity of a person, he/she is first categorised as belonging to the labour force or not during the reference period on the basis of major time criterion. For persons belonging to the labour force, the broad activity status of either 'working' or 'not working but seeking and/or available for work' is ascertained based on the same criterion, viz. relatively longer time spent in accordance with either of the two broad statuses within the labour force during the 365 days preceding the date of survey.

Within the broad activity status so determined, the detailed activity status of a person pursuing more than one such activity is determined once again on the basis of relatively longer time spent on such activities.

The detailed activity status categories under the broad activity status ‘employed’ used in the survey are:

- Worked in household enterprise (self-employed) as own-account worker (Code 11)
- Worked in household enterprise (self-employed) as employer (Code 12)
- Worked as helper (self-employed) in household enterprise (unpaid family worker (Code 21)
- Worked as regular salaried/wage employee (Code 31)
- Worked as casual wage labour in public works (Code 41)
- Worked as casual wage labour in other types of work (Code 51)

Own-account workers are those self-employed persons who operated their enterprises on their own account or with one or a few partners and who, during the reference period, by and large, ran their enterprise without hiring any labour. They could, however, have had unpaid helpers to assist them in the enterprise.

Employers are those self-employed persons who worked on their own account or with one or a few partners and, who, by and large, run their unit by hiring labour.

Helpers in household enterprises are those self-employed persons (mostly family members) engaged in their household

enterprises, working full- or part-time and not receiving any regular salary or wages in return for the work performed. They are not running the household enterprise on their own but assist the related person living in the same household in running the enterprise.

Regular salaried/wage employees are persons working in others’ farm or non-farm enterprises (both household and non-household) and getting salary or wages on a regular basis (i.e. not on daily or periodic renewal of work contract basis) in return. This category included not only persons getting time wage but also those receiving piece wage or salary and paid apprentices, full-time and part-time.

Casual wage labour is a person casually engaged in others’ farm or non-farm enterprise (both household and non-household) and, in return, receiving wages according to the terms of the daily or periodic work contract.

A person whose *principal usual status* (PS) is determined on the basis of the major time criterion could have pursued some economic activity for a relatively shorter time (minor time) during the reference period of 365 days preceding the date of survey. The status in which such economic activity is pursued is the *subsidiary economic activity status* (SS) of that person. Thus, activity status Codes 11-51 are only applicable to persons reporting some subsidiary economic activity.

Engagement in work in subsidiary capacity could arise out of the following two situations, viz.

- A person could be engaged for a relatively longer period during the last

365 days in one economic/non-economic activity and for a relatively shorter period in another economic activity, and

- A person could be pursuing one economic activity/non-economic activity almost throughout the year in the principal usual activity status and simultaneously pursuing another economic activity for a relatively shorter period in a subsidiary capacity.

Classification of Industries & Occupations

Description of the industry-occupation is relevant to the type of economic activity pursued by the person. The National Industrial Classification-1998 has been followed for classifying industries and National Classification of Occupations-1968 for classifying occupations. In case two or more industry-occupation combinations corresponding to the status code were reported by a person, the principal industry-occupation was taken as the one in which relatively more time was spent during the reference period by the person.

Six additional codes have been introduced for recording five-digit entries for industry codes in the survey, viz., housemaid or servant (95001), cook (95002), gardener (95003), gatekeeper, *chowkidar* or watchman (95004), governess or baby-sitter (95005) and others (95009).

Non-agricultural Enterprises

The 1999-2000 survey attempted to gather data on certain particulars of non-agricultural enterprises in which members of sample households were

usually engaged in either principal or subsidiary status. Thus, data were collected on these features of such enterprises for household members working in industries with two-digit divisions 10 to 99 covering the non-agricultural sector as stated below:

The type of enterprise where household members worked was categorised as

- (i) Proprietary (male)
- (ii) Proprietary (female)
- (iii) Partnership with members from same household
- (iv) Partnership with members from different households
- (v) Public sector enterprise
- (vi) Semi-public enterprise
- (vii) Others and
- (viii) Not known.

Information was recorded under category (vii) if the informant was unable to identify the type of enterprise in which a household member worked and the investigator was unable to collect such information in spite of his/her best efforts. Definitions of enterprise types used in the survey are stated in the following:

- *Proprietary*: An individual (male or female) who is sole owner of enterprise
- *Partnership*: Describing the relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all. There may be two or more owners, belonging to the same or different households, on a partnership basis, with or without formal registration (where there is a tacit understanding

about the distribution of profit among the so-called partners).

- *Public Sector Enterprise*: Wholly owned/run/managed by central or state governments, quasi-government institutions, local bodies like universities, education boards, municipalities, etc., but not run on a loan granted by government, local body, etc.
- *Semi-public Sector Enterprise*: An enterprise in which, besides private shareholders, government (central/state/local bodies, etc.) also held some shares, irrespective of who held the majority of shares.
- *Others*: Any other type of enterprise, other than those covered above. Such enterprises included cooperative societies, public limited companies, other units covered under Annual Survey of Industries (ASI) and institutional enterprises other than those described above and managed by public trusts or societies (other than cooperative societies), training school/institutions, etc.

(Note that cooperatives were not identified separately. Households producing goods exclusively for their own final use were also not identified separately and possibly these were included in the category 'enterprises not known').

The other features collected for non-agricultural enterprises (in which members of household worked) were status of maintenance of written accounts, location of work place, number of workers, and status of use of electricity (for manufacturing enterprises only). For enterprises run by non-agricultural self-employed workers, information was also collected

on status of working under given specifications, status of source providing credit/raw material/equipment, number of outlets of disposal, basis of payment and type of specifications.

The Informal Sector

In the survey, non-agricultural private unincorporated enterprises comprising the proprietary and partnership groups of enterprises defined above constituted the informal sector of enterprises. No other feature of such enterprises was taken into consideration in defining the informal sector, nor were agricultural enterprises.

Activity Status

In the survey, certain follow-up questions on availability for work were put to persons working in the usual principal or subsidiary activity status (in respect of agriculture as well as non-agricultural industries) to understand the extent of under-utilisation of labour time and to acquire more specific information. An effort was also made to collect information on the qualitative aspects of their employment, like nature of job, availability of trade unions/associations, etc.; e.g. whether the person was engaged mostly in full-time or part-time work during last 365 days. According to the principal usual status approach, the broad activities category has been determined on the basis of the major time criterion. Thus, persons 'employed' in their principal status may or may not be employed throughout the last 365 days.

By virtue of the procedure adopted for classification of activity statuses, it is possible that some of them were not

employed for considerable lengths of time. In the case of those who were employed only in the subsidiary status, this would be the situation most often. So, questions like the following were asked:

- Whether the person worked more or less regularly during the last 365 days; also
 - whether a worker sought/was available for additional work (during the days he/she had work) on most days or on some days or on no day and
 - whether a worker sought/was available for alternative work (during the days he/she had work) on most days or on some days or on no day.
- Whether the nature of employment was permanent (i.e. in normal course likely to continue in the same employment) or temporary.
- In the case of regular salaried or wage employees whether they were covered under any provident fund (social security indicator) or not.

These questions are useful in characterising the formal or informal nature of the work for those working in agricultural or non-agricultural activities.

Classifying Informal Sector Enterprises

Applying the ILO conceptual framework on informal employment to employment data available from 1999-2000 NSS, it becomes clear that in the Indian situation production units in non-agricultural sector can be classified into:

- Informal sector enterprises comprising enterprise types:
 - (i) Proprietary (male) – Code 1

- (ii) Proprietary (female) – Code 2
- (iii) Partnership with members from same household – Code 3 and
- (iv) Partnership with members from different households – Code 4.

- Formal sector enterprises consisting of the enterprise types:
 - (i) Public sector – Code 5
 - (ii) Semi-public – Code 6
 - (iii) Others (e.g. cooperative society, public limited company, private limited company and units under Annual Survey of Industries using the provisions of ‘Collection of Statistics Act’) – Code 7.

Own-account Workers

Households producing goods exclusively for their own final use were not identified separately in the survey, although among the non-market activities, production of primary commodities for own consumption and own-account production of fixed assets were included in economic activities. Possibly, many of the own-account workers recorded under enterprise type ‘not known – Code 9’ belonged to such households.

This estimate of own-account workers under ‘not known – Code 9’ enterprise could provide an upper bound for own-account workers belonging to households engaged in production of primary commodities for own consumption and own-account production of fixed assets.

Data on paid domestic workers (informal employees) employed by ‘households’ were recorded under industry division 95 of National Industrial Classification of 1998: ‘Private households with employed persons’.

Although ‘households’ as a type of production unit was not identified separately in the 1999-2000 survey under ‘enterprise type’ codes, data in regard to ‘own-account workers in households producing goods exclusively for their own final use’ and ‘informal employees working as paid domestic workers in households’, could be generated to the extent indicated above.

Status in Employment

As regards classification of jobs by status in employment, in the 1999-2000 Indian survey separate identification was available for:

- (i) Own-account worker – Code 11
- (ii) Employer – Code 12
- (iii) Unpaid family worker – Code 21, and
- (iv) Employee categories: regular salaried/wage employee – Code 31, casual wage labourer in public works

– Code 41, casual wage labourer in other types of work – Code 51.

No separate identification was available for ‘members of producers’ cooperatives’. This category of workers would have been recorded:

- Under enterprise Code 7 and own-account worker Code 11 or employer Code 12, if the cooperatives were established as legal entities and belonged to formal sector enterprises; and
- Under enterprise Code 4 and own-account worker Code 11 or employer Code 12 if the cooperatives were private unincorporated enterprises owned by members of several households and formed part of informal sector enterprises.

It was thus considered appropriate to devise a conceptual framework outlined in Figure 2, which is an abridged version of the framework proposed by ILO.

Figure 2 : Non-agricultural usual status principal and subsidiary workers reporting enterprise type

Production unit by type	Jobs by status in employment						
	Own-account workers		Employers		Contributing family workers	Employees	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal
Formal sector enterprises	NE	(a)	NE	(b)	(c)	(d)	(e)
Informal sector enterprises	(f)	NE	(g)	NE	(h)	(i)	(j)

NE: Not Existing

In the framework above, the Cells are defined as

- | | |
|--|---|
| <ul style="list-style-type: none"> (a) status in employment Code 11 and enterprise type Codes (5 + 6 + 7) (b) status in employment Code 12 and enterprise type Codes (5 + 6 + 7) (c) status in employment Code 21 and enterprise type Codes (5 + 6 + 7) (d) as explained below (e) as explained below | <ul style="list-style-type: none"> (f) status in employment Code 11 and enterprise type Codes (1 + 2 + 3 + 4) (g) status in employment Code 12 and enterprise type Codes (1 + 2 + 3 + 4) (h) status in employment Code 21 and enterprise type Codes (1 + 2 + 3 + 4) (i) as explained below (j) as explained below. |
|--|---|

'Informal' Employees in Formal Sector Enterprises

All casual wage labourers employed in public works (Code 41) are engaged in works organised by public authorities and therefore have informal jobs in formal sector enterprises. All casual wage labourers engaged in other types of work (Code 51) in enterprise types (Codes 5 + 6 + 7) also have informal jobs in formal sector enterprises.

A regular salaried/wage employee (Code 31) working in enterprise types (Codes 5 + 6 + 7) and satisfying any one of the following criteria

- (a) part-time
- (b) temporary (in normal course not likely to continue in the same employment) or
- (c) not covered under provident fund (social security indicator)

is also considered to be an 'informal' employee in formal sector enterprise.

All the above employees, as described here, are treated as having informal jobs in formal sector enterprises. In short, the description of informal employees in formal sector enterprises, constituting Cell (d) in the framework given above, can be put down as follows:

Status in employment Code 41;

Status in employment Code 51 and enterprise type Codes (5+6+7);

Status in employment Code 31 and enterprise type Codes (5+6+7) and

- (a) part-time or
- (b) temporary or
- (c) not covered under provident fund.

'Formal' Employees in Formal Enterprises

A regular salaried/wage employee (Code 31) working in the enterprise types (Codes 5 + 6 + 7) and satisfying all the following criteria

- (a) full-time
- (b) permanent (in normal course likely to continue in same employment) and
- (c) covered under provident fund (social security indicator)

is considered to be a 'formal employee' in a formal sector enterprise. Such employees constitute Cell (e) of the framework given above.

We may write down the description in the following manner:

Status in employment Code 31 and enterprise type Codes (5 + 6 + 7) and also (a), (b) permanent and (c) as described above.

Informal employees in informal sector enterprises

These could thus be described as constituting Cell (i) of the framework as follows:

Status in employment Code 51 and enterprises type Codes (1 + 2 + 3 + 4);

Status in employment Code 31 and enterprise type Codes (1 + 2 + 3 + 4) and

(a) part-time, (b) temporary or (c) not covered under provident fund.

Formal employees in informal sector enterprises

These would constitute Cell (j):

Status in employment Code 31 and enterprise type Codes (1 + 2 + 3 + 4) and

also (a) full-time, (b) permanent and (c) covered under provident fund.

It may be noted that the framework given above can be used for working out informal employment separately in manufacturing or construction, or trade or any other non-agricultural industry.

Informal Employment in Agriculture

In the case of usual principal and subsidiary status workers engaged in agriculture (and related activities), no enterprise type was recorded. Without reference to any enterprise type in which the worker is engaged, workers constituting the category of ‘informal employment’ in agriculture are defined as follows:

- (a) All own-account workers (status in employment Code 11)
- (b) All casual wage labourers (status in employment Code 51)
- (c) All unpaid family workers (status in employment Code 21)
- (d) Regular salaried/wage employee (status in employment Code 31) and (i) part-time, or (ii) temporary, or (iii) not covered under provident fund
- (e) Employers (status in employment Code 12) and (i) approximate number of months without work: one or more and sought/was available for work during those months on most days or (ii) sought/was available for additional work on most days during the days he/she had work or (iii) sought/was available for alternative work on most days during the days he/she had work.

From total workers in agriculture, informal employment estimated as above is subtracted to obtain formal employment as a residual component.

Defining Households

In the present study, we need certain additional definitions for identifying the type of households. We introduce a new definition of a ‘household sustaining on employment in informal sector’ as *a household having at least one usual principal status worker in the informal sector and no usual principal status worker outside the informal sector.*

- A ‘household sustaining on self-employment in informal sector’ is defined as a household sustaining on employment in the informal sector and whose household type code is (a) self-employed in non-agriculture in rural areas and (b) self-employed in urban areas.
- A ‘household sustaining on regular salaried/wage employment in informal sector in urban India’ is defined as a household sustaining on employment in the informal sector and whose household type code is ‘regular salary/wage earning’ in urban areas.
- A ‘household sustaining on casual wage employment in informal sector in urban India’ is defined as a household sustaining on employment in informal sector and whose household type code is ‘casual labour’ in urban areas.
- A ‘female-headed household sustaining on employment in informal sector’ is defined as a household sustaining on employment in informal sector whose head is a female.

- A 'household sustaining on employment in informal manufacturing sector' is defined as a household having at least one usual principal status worker in informal manufacturing sector and no usual principal status worker outside informal manufacturing sector.

Other definitions as given in the preceding paragraph are also used for informal manufacturing sector. Similar definitions are also possible for construction and trade. Making use of these additional definitions and the micro data at household level available from the 1999-2000 survey of NSS, a set of tables has been specially generated by the NSSO for the present study.

Measuring Poverty

Poverty is officially estimated in India on the basis of one measure, namely, proportion of the population below an exogenously specified poverty line. For a household, monthly per capita consumer expenditure (MPCE) is its total consumer expenditure over a period of 30 days divided by the number of members in the household (size). A person's MPCE is understood as that of the household to which he or she belongs. The Planning Commission, which officially estimates the incidence of poverty based on NSS household Consumer Expenditure Survey (CES) data, has stated that in 1999-2000, the all-India poverty line corresponded to the MPCE level of Rs. 327.56 in rural areas and Rs. 454.11 in urban areas⁶.

The CES contained, as usual, a detailed schedule wherein around 330 items of

consumption expenditure are specified in detail over 15 pages to minimise recall lapse on the part of respondents.

NSS & Poverty Estimates

The proportion of the population below the specified poverty line (or head count ratio) is officially recognised as 'poverty estimate', when the distribution of persons by MPCE is based on the CES data.

- Persons with consumption (MPCE) less than the poverty line are defined as 'poor'.
- Those with consumption less than three-fourths (or 75 percent) of the poverty line are defined as 'very poor'.
- Persons with consumption less than the poverty line but not 'very poor' are termed 'moderately poor'.

Household Consumer Expenditure

The 1999-2000 Employment and Unemployment Survey (EUES) schedule included an abridged one-page worksheet, in which 32 different groups of items of consumption were specified and household consumer expenditure data on each of these 32 item groups were collected. Considering the sizes of the schedules in the CES and EUES, it was thought that it would be very difficult to obtain information for both the schedules from the same household taking into account the fatigue of the respondent. Therefore, unlike in earlier CES and EUES of NSSO, the CES and EUES schedules in 1999-2000 were canvassed in separate sets of sample households.

⁶ Press Note dated 22.2.2001

That is why the EUES schedule contained in the worksheet was considered adequate, since MPCE of the household here was merely a classification variable for tabulation of employment characteristics and not the main subject of enquiry. However, the household reporting of consumer expenditure in an abridged schedule is known to be affected by a greater degree of recall lapse than in a detailed schedule and hence would tend to understate the total consumer expenditure in comparison with that based on a detailed schedule. This downward bias may be expected to shift the distribution of persons by MPCE based on EUES to the left of that based on CES in 1999-2000.

In fact, published results of the 1999-2000 EUES and CES indicate that the cumulative distribution function of MPCE based on EUES lies uniformly above that based on CES at the all-India level, both in rural and urban areas. This suggests that the poverty estimate (head count ratio) based on EUES distribution of persons by MPCE would be higher than that based on CES (which is the official estimate) and hence, would at best provide only an upper bound to the comparable official poverty estimate in 1999-2000.

A Different Perspective

Based on EUES, Sundaram and Tendulkar (2001)⁷ estimated all-India level poverty ratios of 36.45 percent in rural areas and 28.76 percent in urban areas. Using the household level micro data set of EUES and published CES results, they found that if the understatement arising from the abridged worksheet used for consumption expenditure recording in the EUES schedule was adjusted for the distribution of persons by MPCE and the poverty estimates were made on the basis of such an adjusted distribution, then the adjusted poverty estimates derived from EUES were very close to the official poverty estimates based on CES, both in the rural and urban areas of India.

Adjusted Distributions

The above result provided the requisite confidence that the adjusted distributions of persons by MPCE in rural as well as urban India derived from 1999-2000 EUES can be used as yardsticks (standards) for obtaining valid and reliable comparisons and conclusions on the links between poverty, employment in informal sector and gender. This was done in the present study.

⁷ Sundaram, K and Tendulkar, Suresh, D. (2001): *Recent debates on Data Base for measurement of Poverty in India: Some fresh evidence*. Paper presented at the Workshop on Poverty Monitoring and Evaluation, jointly organised by the World Bank and Planning Commission; New Delhi, India. January 11-12, 2002.

SECTION III

Estimation of Informal Employment

Informal Employment among Non-agricultural Workers

Usual status principal and subsidiary workers in non-agricultural economic activities, who reported the type of enterprise in which they worked, were classified according to the abridged version of the ILO conceptual framework by re-tabulating the household level data collected in Schedule 10 of the 1999-2000 NSS.

The results at the country level are presented in Table 3.1 for all the population segments, i.e. (i) rural males, (ii) rural females, (iii) rural persons, (iv) urban males, (v) urban females, (vi) urban females, (vi) urban persons, (vii) all areas (rural + urban): males, (viii) all areas: females and (ix) all areas: persons.

Table 3.1 (p.20) shows that a high proportion of non-agricultural workers reporting enterprise type, in rural or urban areas, were engaged in 'informal employment'. About 87 percent in rural areas, 75 percent in urban areas and 80 percent in all (rural + urban) areas of India had informal employment during 1999-2000 among non-agricultural workers who reported the type of enterprise in which they worked, with a higher proportion for females in both rural areas and all areas than for males. In urban areas,

though, these proportions were not very different for males and females.

Informal employment within the informal sector enterprises constituted the major part of overall informal employment.

It accounted for

- about 80 percent in rural India
- 70 percent in urban India
- 74 percent in all areas of India.

The gender gap for informal employment within the informal sector was

- 2 percent in rural India (81 percent for females and 79 percent for males in rural areas, 75 percent for males and 73 percent for males in all areas)
- 2 percent at all-India levels
- not discernible (70 percent for both females and males) in urban India.

'Employment in informal sector' constituted

- 81 percent in rural India, much larger than
- 73 percent in urban India and
- 76 percent at all-India levels among non-agricultural (PS + SS) workers.

The gender gap was small or non-existent:

- 81 percent for rural males vs 83 percent for rural females
- 73 percent for both males and females in urban India.

Table 3.1: Percentage distribution of non-agricultural workers (PS + SS) reporting enterprise type - 1999-2000

Type of employment	Rural India			Urban India			India (Rural + Urban)		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
In Formal Sector									
1. Own-account workers (formal)	0.4	0.5	0.4	0.3	0.3	0.3	0.3	0.4	0.3
2. Employers (formal)	0	0	0	0.1	0	0.1	0.1	0	0
3. Employees (formal)	12.3	7.7	11.4	21.9	21.0	21.8	18.3	15.3	17.8
4. Formal employment in formal sector	12.7	8.2	11.8	22.3	21.3	22.2	18.7	15.7	18.1
5. Contributing family workers (informal)	0.1	0	0	0	0.1	0	0.1	0.1	0.1
6. Employees (informal)	6.4	9.3	6.9	5.1	6.1	5.3	5.5	7.5	5.9
7. Informal employment in informal sector	6.5	9.3	6.9	5.1	6.2	5.3	5.6	7.6	6.0
8. Employment in formal sector	19.2	17.5	18.7	27.4	27.5	27.5	24.3	23.3	24.1
In Informal Sector									
9. Own-account workers (informal)	42.2	28.1	39.5	35.2	24.4	33.5	37.9	26.0	35.8
10. Employers (informal)	0.7	0.1	0.6	1.5	0.2	1.2	1.2	0.2	1.0
11. Contributing family workers (informal)	7.1	31.7	11.9	7.8	16.5	9.2	7.5	23.0	10.2
12. Employees (informal)	29.3	21.5	27.8	25.3	28.8	25.9	26.8	25.6	26.6
13. Informal employment in informal sector	79.3	81.4	79.8	69.8	69.9	69.8	73.4	74.8	73.6
14. Employees (formal)	1.5	1.1	1.5	2.8	2.6	2.7	2.3	1.9	2.3
15. Formal employment in informal sector	1.5	1.1	1.5	2.8	2.6	2.7	2.3	1.9	2.3
16. Employment in informal sector	80.8	82.5	81.3	72.6	72.5	72.5	75.7	76.7	75.9
17. Informal employment	85.8	90.7	86.7	74.9	76.1	75.1	79.0	82.4	79.6
18. Formal employment	14.2	9.3	13.3	25.1	23.9	24.9	21.0	17.6	20.4
19. Total employment	100	100	100	100	100	100	1000	100	100
20. Estimate (in '000) of non-agricultural workers(PS + SS) reporting enterprise type	48,479	13,448	61,927	66,256	14,087	80,343	114,735	27,535	142,270

Significantly, the component of informal employment in formal sector was not less than 5 percent either in rural or urban areas, as also among male and female workers.

As for categories of jobs, own-account workers formed the major chunk of informal employment among rural males (42 percent), rural persons (40 percent), urban males (35 percent), urban persons (34 percent), all areas males (38 percent) and all areas persons (36 percent).

Clearly, however, there were pronounced male-female and rural-urban differentials, as seen from the percentages.

- Women ‘contributing family workers’ 32 percent in rural areas, in urban areas ‘employees’ (35 percent: 29 percent in informal sector and 6 percent in formal sector), and in all areas ‘employees’ (33 percent of which 26 percent were in informal sector and 7 percent in formal sector) constituted the majority of workers in informal employment.
- Also, ‘contributing family workers’ as a component of informal employment recorded substantially higher percentages among females compared to males, in rural, urban and all areas; but gender disparity was significantly higher (almost double) in rural areas compared to urban areas.
- Own-account workers forming part of informal employment were significantly higher among male workers compared to female workers in rural, urban and all areas.
- Among non-agricultural workers reporting the enterprise type, female informal employees recorded a

higher percentage than male informal employees in the rural formal sector, urban formal as well as informal sectors, while the in the rural informal sector male informal employees formed a significantly higher proportion than female informal employees.

- Employers as a component of informal employment recorded low percentages in all segments of the informal sector, whether rural male, rural female, urban male, urban female; but males had a slight edge over females.

Formal employment in the informal sector (formal employees in informal sector) recorded low percentages in all segments (rural male, rural female, urban male, urban female), but was slightly more in urban areas compared to rural areas.

Workers in Formal & Informal Sector Enterprises

Table 3.2 (p.26) presents percentages of non-agricultural workers (PS + SS) reporting enterprise type for each population segment of India during the 1999-2000 survey. It would be seen that 87 percent of rural and 92 percent of urban non-agricultural workers (PS + SS) reported the type of enterprise in which they worked. Table 3.1 is prepared on the basis of the data collected for such workers.

It is reasonable to assume that own-account workers, employers and regular salaried/wage employees working in formal sector enterprises can easily identify the type of enterprise in which they work. Similarly, regular salaried/wage employees working in informal

sector enterprises and having formal jobs can also identify the type of enterprise in which they work without much difficulty.

All other categories of workers in formal or informal sector enterprises or households, by definition, belong to the category of informal workers having informal employment. From this it would be safe to assume that non-agricultural workers not able to report the type of enterprise in which they work and/or such workers for whom the investigator cannot identify it either, belong to the category of 'informal employment' rather than 'formal employment'.

For this reason, in Table 3.2, 100 percent of such workers are noted to be in 'informal employment'.

Making use of percentages of informal employment among non-agricultural

workers (PS + SS) reporting enterprise type as obtained in Table 3.1 and other information given in Table 3.2, it is possible to estimate the percentages of informal employment among all usual status non-agricultural workers (both reporting enterprise type and not reporting enterprise type) for all the population segments. Such estimates are given in the last column of Table 3.2.

The percentages of informal employment increased by one or two percentage points for each population segment compared to those obtained in Table 3.1 based on data for non-agricultural workers (PS + SS) reporting enterprise type; but the comparisons among the increased percentages remained the same. There is, therefore, reason to assume that *all comparisons reported earlier remain valid for the non-*

Table 3.2 : Percentage of non-agricultural workers (PS + SS) reporting enterprise type and percentage of informal employment among non-agricultural workers (PS + SS) by population segment of India - 1999-2000

Population Segment of India	Percentage of non-agricultural workers (PS + SS) reporting enterprise type among non-agricultural workers (PS + SS)	Percentage of informal employment among non-agricultural workers (PS + SS) reporting enterprise type	Percentage of informal employment among non-agricultural workers (PS + SS) not reporting enterprise type	Percentage of informal employment among non-agricultural workers (PS + SS)
Rural males	86.1	85.8	100	87.8
Rural females	88.5	90.7	100	91.8
Rural Persons	86.6	86.7	100	88.5
Urban males	92.0	74.9	100	76.9
Urban females	90.3	76.1	100	78.4
Urban persons	91.7	75.1	100	77.2
All areas: males	89.4	79.0	100	81.2
All areas: females	89.4	82.4	100	84.3
All areas: persons	89.4	79.6	100	81.8

agricultural workers (PS + SS) in each of the population segments.

Informal Employment among Agricultural Workers

As mentioned earlier, for usual principal and subsidiary status workers engaged in agricultural (and related) activities, the type of enterprise in which they worked was not recorded.

Without reference to enterprise type, the methodology has been given for identifying an agricultural worker (PS + SS) having informal employment. Following that methodology and by re-tabulating the household level data collected on agricultural workers in the NSS survey, percentage distribution of agricultural workers (PS + SS) by type of employment has been worked

out and the results are presented in Table 3.3 separately for each of the population segments - rural males, rural females, rural persons, urban males, urban females, persons, all areas (rural + urban): males, all areas: females and all areas: persons, at the country level.

Informal Employment among All Workers

The percentage share of agricultural workers among all workers in each of the population segments of India is presented in Table 3.4 (p.28) along with the percentages of informal employment among (a) agricultural workers and (b) non-agricultural workers.

Making use of these estimates, it is now possible to compute the percentages of informal employment among

Table 3.3 : Percentage distribution of agricultural workers (PS + SS) - 1999-2000

Type of Employment	Rural India			Urban India			India (rural + urban)		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
FORMAL									
1. Employers	1.4	0.5	1.0	2.1	0.6	1.5	1.4	0.5	1.0
2. Employees	0.6	0.4	0.6	2.4	1.7	2.1	0.7	0.5	0.6
3. Formal employment	2.0	0.9	1.6	4.5	2.3	3.6	2.1	1.0	1.6
INFORMAL									
4. Own-account workers	38.2	13.0	28.3	42.3	16.9	32.1	38.4	13.2	28.5
5. Employers	0.1	0	0.1	0.1	0	0.1	0.1	0	0.1
6. Contributing family workers	18.5	42.9	28.1	14.5	33.7	22.3	18.4	42.5	27.9
7. Employees	41.2	43.2	41.9	38.6	47.1	41.9	41.0	43.3	41.9
8. Informal employment	98.0	99.1	98.4	95.5	97.7	96.4	97.9	99.0	98.4
9. Total employment	100	100	100	100	100	100	100	100	100
10. Estimate (in '000) of agricultural workers (PS + SS)	140,568	88,887	229,455	5,089	3,355	8,444	145,657	92,242	237,899

all workers for each of the population segments of India. These have been worked out and presented in the last column of Table 3.4.

While only 15 percent of female workers were engaged in non-agricultural activities, 29 percent of male workers were employed in the non-agricultural sector, an indication of employment that was available outside agriculture and related activities in the rural areas of the country.

The Table also shows that 92 percent of usual principal and subsidiary status workers in India had 'informal employment'.

Manufacturing Sector

Table 3.5 (p.29) shows that at the country level, 85 percent of manufacturing workers (PS + SS) reporting enterprise type had informal employment. As expected, the highest percentage (96 percent) of informal employment was recorded

among rural female manufacturing workers reporting enterprise type and the lowest percentage (76 percent) among urban male workers segment. *Whether in rural or urban areas, female workers were found to have a higher percentage of informal employment than male workers.*

In rural India, the highest component of informal employment among male workers was own-account workers, while contributing family workers formed the highest component of informal employment among female workers.

In urban India, the highest component of informal employment was recorded by informal employees among male workers and by own-account workers among female workers. This is a clear demonstration of rural-urban and male-female differentials in the nature of informal employment.

Table 3.4 : Percentage of informal employment among all workers (PS + SS) by population segment of India - 1999-2000

Population Segment	Percentage of agricultural (PS + SS) workers to total (PS + SS) workers	Percentage of informal employment among agricultural (PS + SS) workers	Percentage of informal employment among non-agricultural (PS + SS) workers	Percentage of informal employment among total (PS + SS) workers
Rural males	71.4	98.0	87.8	95.1
Rural females	85.4	99.1	91.8	98.0
Rural persons	76.2	98.4	88.5	96.0
Urban males	6.6	95.5	76.9	78.1
Urban females	17.7	97.7	78.4	81.8
Urban persons	8.8	96.4	77.2	78.9
All areas: males	53.2	97.9	81.2	90.1
All areas: females	75.0	99.0	84.3	95.3
All areas: persons	59.9	98.4	81.8	91.7

Table 3.5 : Percentage distribution of manufacturing workers (PS + SS) reporting enterprise type - 1999-2000

Sl No.	Type of employment	Rural India			Urban India			India (Rural + Urban)		
		Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
In Formal Sector										
1.	Own-account workers (formal)	0.5	0.9	0.7	0.2	0.2	0.2	0.3	0.6	0.4
2.	Employers (formal)	0	0	0	0.1	0	0.1	0.1	0	0.1
3.	Employees (formal)	4.5	1.9	3.7	18.6	5.9	16.3	13.1	3.6	10.8
4.	Formal employment in formal sector	5.0	2.8	4.4	18.9	6.1	16.6	13.5	4.2	11.3
5.	Contributing family workers (informal)	0.2	0.1	0.2	0	0	0	0.1	0	0.1
6.	Employees (informal)	6.3	4.4	5.7	6.7	4.4	6.3	6.5	4.4	6.0
7.	Informal employment in formal sector	6.5	4.5	5.9	6.7	4.4	6.3	6.6	4.4	6.1
8.	Employment in formal sector	11.5	7.3	10.3	25.6	10.5	22.9	20.1	8.6	17.4
In Informal Sector										
9.	Own-account workers (informal)	44.3	35.7	41.6	26.8	36.5	28.5	33.7	36.0	34.2
10.	Employers (informal)	1.0	0.1	0.7	2.2	0.2	1.8	1.7	0.2	1.3
11.	Contributing family workers (informal)	11.5	38.5	20.1	9.1	27.2	12.4	10.0	33.7	15.8
12.	Employees (informal)	29.0	17.2	25.2	30.9	22.2	29.3	30.1	19.4	27.5
13.	Informal employment in informal sector	85.8	91.5	87.6	69.0	86.1	72.0	75.5	89.3	78.8
14.	Employees (formal)	2.7	1.2	2.1	5.4	3.4	5.1	4.4	2.1	3.8
15.	Formal employment in Informal sector	2.7	1.2	2.1	5.4	3.4	5.1	4.4	2.1	3.8
16.	Employment in informal sector	88.5	92.7	89.7	74.4	89.5	77.1	79.9	91.4	82.6
17.	Informal employment	92.3	96.0	93.5	75.7	90.5	78.3	82.1	93.7	84.9
18.	Formal employment	7.7	4.0	6.5	24.3	9.5	21.7	17.9	6.3	15.1
19.	Total employment	100	100	100	100	100	100	100	100	100
20.	Estimate (in 000) of manufacturing workers (PS + SS) reporting enterprise type	12805	7340	20145	15977	4276	20253	28782	11616	40398

Table 3.6 tabulates the percentage of manufacturing workers (PS + SS) reporting enterprise type in each of the population segments: rural males, rural females, rural persons, urban males, urban females, urban persons, all areas: males, all areas: females and all-areas: persons.

Making use of these estimates, and the percentages of informal employment as obtained in Table 3.5, as well as taking the percentage of informal employment among manufacturing workers (PS + SS) not reporting enterprise type as 100, the estimates of 'percentages of informal employment among manufacturing workers (PS + SS)' were computed and presented in Table 3.6 in the last column.

Construction Sector

Table 3.7 (p.31) shows informal employment among construction sector workers recorded 97 percent in urban India, 98 percent in rural and 98 percent in India (rural + urban). Among female construction workers both in urban India and at the country level, 99 percent were engaged in informal employment, while the corresponding percentage for male workers was 97. In rural India, 100 percent of employment among female construction workers was of informal nature and among male workers 98 percent of employment was 'informal' in the construction sector.

Table 3.6 : Percentage of manufacturing workers (PS + SS) reporting enterprise type and percentage of informal employment among manufacturing workers (PS + SS) by population segment of India - 1999-2000

Population segment	Percentage of manufacturing workers (PS + SS) reporting enterprise type among manufacturing workers	Percentage of informal employment among manufacturing workers (PS + SS) reporting enterprise type	Percentage of informal employment among manufacturing workers (PS + SS)
Rural males	89.1	92.3	93.1
Rural females	92.8	96.0	96.3
Rural persons	90.4	93.5	94.1
Urban males	92.5	75.7	77.5
Urban females	94.0	90.5	91.1
Urban persons	92.8	78.3	79.9
All areas: males	91.0	82.1	83.7
All areas: females	93.2	93.7	94.1
All areas: persons	91.6	84.9	86.2

Note: Percentage of informal employment among manufacturing workers (PS + SS) not reporting enterprise type is taken as 100 for each population segment.

Table 3.7 : Percentage distribution of construction workers (PS + SS) reporting enterprise type - 1999-2000

Type of employment		Rural India			Urban India			India (Rural + Urban)		
		Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
In Formal Sector										
1.	Own-account workers (formal)	0.5	0	0.4	0.7	0	0.6	0.6	0	0.5
2.	Employers (formal)	0	0	0	0	0	0	0	0	0
3.	Employees (formal)	1.3	0.1	1.1	1.9	0.8	1.8	1.6	0.5	1.5
4.	Formal employment in formal sector	1.8	0.1	1.5	2.6	0.8	2.4	2.2	0.5	2.0
5.	Contributing family workers (informal)	0	0	0	0	0	0	0	0	0
6.	Employees (informal)	10.9	29.6	12.9	9.8	12.3	10.1	10.3	21.0	11.4
7.	Informal employment in formal sector	10.9	29.6	12.9	9.8	12.3	10.1	10.3	21.0	11.4
8.	Employment in formal sector	12.7	29.7	14.4	12.4	13.1	12.5	12.5	21.5	13.4
In Informal Sector										
9.	Own-account workers (informal)	17.7	0.8	16.0	21.5	1.2	19.4	19.7	0.9	17.8
10.	Employers (informal)	0.4	0	0.4	1.4	0.6	1.3	1.0	0.3	0.9
11.	Contributing family workers (informal)	1.0	1.1	1.0	2.4	1.7	2.3	1.7	1.4	1.6
12.	Employees (informal)	68.0	68.4	68.0	61.8	83.2	64.0	64.8	75.8	66.0
13.	Informal employment in informal sector	87.1	70.3	85.4	87.1	86.7	87.0	87.1	78.4	86.3
14.	Employees (formal)	0.2	0	0.2	0.5	0.2	0.5	0.4	0.1	0.3
15.	Formal employment in informal sector	0.2	0	0.2	0.5	0.2	0.5	0.4	0.1	0.3
16.	Employment in informal sector	87.3	70.3	85.6	87.6	86.9	87.5	87.5	78.5	86.6
17.	Informal employment	98.0	99.9	98.3	96.9	99.0	97.1	97.4	99.4	97.7
18.	Formal employment	2.0	0.1	1.7	3.1	1.0	2.9	2.6	0.6	2.3
19.	Total employment	100	100	100	100	100	100	100	100	100
20.	Estimate (in 000) of construction workers (PS + SS) reporting enterprise type	6972	776	7748	5682	678	6360	12654	1454	14108

Informal employees in formal sector among female construction workers in rural India (30 percent) constituted a substantially higher proportion compared to

- (a) the corresponding percentage among male construction workers (11 percent) in rural India as well as
- (b) the situation among female construction workers (12 percent) in urban India.

The gender and rural-urban differentials remain distinct as statistics indicate elsewhere. *Informal employment was mostly accounted for by employees (male and female) and own-account workers (only males) in rural as well as urban India.*

Compared to more than 96 percent of employment being ‘informal employment’ in all population segments, ‘employment in informal sector’ constituted 70 percent of total employment

among rural female workers, 87 percent among rural male workers, 87 percent among urban female workers and 88 percent among urban male workers because *there was substantial informal employment in formal sector construction enterprises.*

About 20 percent of construction workers could **not** report the type of enterprise in which they worked at the all-India level, but informal employment was 96 percent or more among construction workers reporting enterprise type in any of the population segments. It was safe to assume that none of the workers not reporting enterprise type could have formal employment in construction sector. As such, *informal employment among all female construction workers was nearly 100 percent in rural India and all-India, and 99 percent in urban India. Among males, it was 98 percent in rural India and all-India, and 97 percent in urban India.* (Table 3.8)

Table 3.8 : Percentage of construction workers (PS + SS) reporting enterprise type and percentage of informal employment among construction workers (PS + SS) by population segment of India - 1999-2000

Population segment	Percentage of construction workers (PS + SS) reporting enterprise type among construction workers	Percentage of informal employment among construction workers (PS + SS) reporting enterprise type	Percentage of informal employment among construction workers (PS + SS)
Rural males	78.7	98.0	98.4
Rural females	67.8	99.9	99.9
Rural persons	77.4	98.3	98.7
Urban males	84.7	96.9	97.4
Urban females	74.5	99.0	99.3
Urban persons	83.5	97.1	97.6
All areas : males	81.3	97.4	97.9
All areas : females	70.8	99.4	99.6
All areas : persons	80.1	97.7	98.2

Note : Percentage of informal employment among construction workers not reporting enterprise type is taken as 100 for each population segment.

Trade Sector

An interesting observation in Table 3.9 was that *own-account workers formed the largest chunk of informal employment in the*

trade sector among males or females in rural or urban India, with males recording higher percentages than females in rural as well as urban areas.

Table 3.9 : Percentage distribution of trade workers (PS + SS) reporting enterprise type - 1999-2000

Type of employment		Rural India			Urban India			India (Rural + Urban)		
		Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
In Formal Sector										
1.	Own-account workers (Formal)	0	0.1	0	0.2	0.1	0.2	0.1	0.1	0.1
2.	Employers (Formal)	0	0	0	0	0	0	0	0	0
3.	Employees (Formal)	0.2	0.1	0.2	2.5	2.1	2.5	1.8	1.4	1.8
4.	Formal employment in formal sector	0.2	0.2	0.2	2.7	2.2	2.7	1.9	1.5	1.9
5.	Contributing family workers (Informal)	0	0	0	0	0	0	0	0	0
6.	Employees (Informal)	1.4	0.2	1.3	1.4	1.0	1.4	1.4	0.7	1.3
7.	Informal employment in formal sector	1.4	0.2	1.3	1.4	1.0	1.4	1.4	0.7	1.3
8.	Employment in formal sector	1.6	0.4	1.5	4.1	3.2	4.1	3.3	2.2	3.2
In Informal Sector										
9.	Own-account workers (Informal)	74.1	52.6	71.7	58.1	52.1	57.5	63.3	52.3	62.1
10.	Employers (Informal)	0.7	0.2	0.7	2.0	0.3	1.8	1.5	0.3	1.5
11.	Contributing family workers (Informal)	11.0	41.5	14.3	14.5	29.7	16.0	13.3	33.7	15.5
12.	Employees (Informal)	12.5	5.3	11.7	20.4	14.4	19.8	17.9	11.3	17.1
13.	Informal employment in informal sector	98.3	99.6	98.4	95.0	96.5	95.1	96.0	97.6	96.2
14.	Employees (Formal)	0.1	0	0.1	0.9	0.3	0.8	0.7	0.2	0.6
15.	Formal employment in Informal sector	0.1	0	0.1	0.9	0.3	0.8	0.7	0.2	0.6
16.	Employment in informal sector	98.4	99.6	98.5	95.9	96.8	95.9	96.7	97.8	96.8
17.	Informal employment	99.7	99.8	99.7	96.4	97.5	96.5	97.4	98.3	97.5
18.	Formal employment	0.3	0.2	0.3	3.6	2.5	3.5	2.6	1.7	2.5
19.	Total employment	100	100	100	100	100	100	100	100	100
20.	Estimate (in 000) of trade workers (PS + SS) reporting enterprise type	10946	1505	12451	18942	2429	21371	29888	3934	33822

'Employment in informal sector enterprises' was almost of the same order as 'informal employment' in rural and urban areas and among males and females. Employment in informal sector trade enterprises was 97 percent among persons, and males and 98 percent among females at the all-India level. In rural India, the percentages were 99 percent among persons, 98 percent among males and 100 percent among females. In urban India, these percentages were 96 percent among persons and males and 97 percent among females.

Table 3.10 shows that formal employment in the trade sector, though small, existed only in urban areas of the country during 1999-2000.

Estimates of Aggregates for Informal Employment

So far in this chapter, estimates of informal employment have been presented only in terms of ratios and

not aggregates, based on the NSS data. Compared to population figures or projections thereof obtained on the basis of data collected in Indian Population Censuses, population estimates derived from the surveys conducted by the NSS are, in general, on the lower side, mainly due to the differences in methods and coverage adopted by the Indian NSS in comparison to the population census operation.

However, the ratios obtained from the Indian NSS are much closer to the ratios obtained using census figures. Thus employment estimates from the NSS are usually presented as ratios. To estimate an absolute number in any category, it is advisable to apply survey estimates of ratios to the census population or projection thereof, for that category.

Using the population estimates obtained in 1991 and 2001 population censuses in India, population as on 1.1.2000 has been estimated in thousands for

Table 3.10 : Percentage of trade workers (PS + SS) reporting enterprise type and percentage of informal employment among trade workers (PS + SS) by population segment of India, 1999-2000

Population segment	Percentage of trade workers (PS + SS) reporting enterprise type among trade workers	Percentage of informal employment among trade workers (PS + SS) reporting enterprise type	Percentage of informal employment among trade workers (PS + SS)
Rural males	91.7	99.7	99.7
Rural females	90.0	99.8	99.8
Rural persons	91.5	99.7	99.7
Urban males	93.6	96.4	96.6
Urban females	87.0	97.5	97.8
Urban persons	92.8	96.5	96.8
All areas : males	92.9	97.4	97.6
All areas : females	88.1	98.3	98.5
All areas : persons	92.3	97.5	97.7

Note : Percentage of informal employment among trade workers not reporting enterprise type is taken as 100 for each population segment.

each of the population segments: rural males, rural females, rural persons, urban males, urban females, urban persons and all areas: males, females and persons. The size of the total workforce (workers or employed) of age 5 and above has been determined by applying economic (work) participation rates obtained from the NSS to population estimates as on 1.1.2000.

Sectoral Distribution

The sectoral distribution of total workers according to broad industry category (agriculture, non-agriculture, manufacturing, construction, trade, private households employing paid domestic workers, etc.) obtained from the survey has been used to obtain the estimates of aggregate number of (principal + subsidiary statuses) usual workers in sectors like agricultural, non-agricultural, manufacturing, etc., from the aggregate estimates of total workers. Thereafter, the estimates of informal employment obtained as percentages in each category of industry (agriculture, etc.) have been used to obtain the estimates of aggregates of informal workers by industrial category.

All the above-mentioned estimates (in '000) are presented in Table 3.11 (p.36). Because of the arithmetical consistency required – for instance, estimates of persons must tally with the sum of estimates for males and females, or estimates at all-India

level for all areas must tally with the sum of estimates for rural and urban areas – the estimates of aggregates have been rounded off in the Table.

The estimated workforce (usual PS + SS) in India as on 1.1.2000 was 397 million. The informal workforce was an estimated 365 million workers, of which 247 million were male workers and 118 million were female workers. The number of informal workers in rural India was estimated at 289 million and in urban India 76 million. Rural informal male workers were estimated as 187 million and the estimate of rural informal women workers was 102 million. In urban India, estimated male informal workforce was 60 million and female informal workforce was estimated as 16 million.

Data and estimates given in this chapter could be drawn upon for in-depth analyses and research on the extent of employment generated in the formal and informal sectors of the economy, and within those sectors the diverse segments that display varying patterns of work opportunities available to persons in rural and urban areas. Even there, a distinct gender differential perceived in these trends offers material for further research and focused debate, keeping in sight also the high potential for creation of jobs as regards female workers in the informal sector vis-à-vis the formal sector.

Table 3.11: Estimates (in '000) of usual status (principal + subsidiary) workers as on 1.1.2000

Type of Employment	Rural India			Urban India			India (Rural + Urban)		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
1. Population	370,761	348,104	718,865	148,853	136,367	285,220	519,614	484,471	1,004,085
2. Total workers	196,874	104,083	300,957	77,106	18,955	96,061	273,980	123,038	397,018
3. Informal employment	187,227	102,001	289,228	60,220	15,505	75,725	247,447	117,506	364,953
4. Formal employment	9,647	2,082	11,729	16,886	3,450	20,336	26,533	5,532	32,065
5. Agricultural workers	140,568	88,887	229,455	5,089	3,355	8,444	145,657	92,242	237,899
6. Informal employment in agriculture	137,757	88,087	225,844	4,860	3,278	8,138	142,617	91,365	233,982
7. Formal employment in agriculture	2,811	800	3,611	229	77	306	3,040	877	3,917
8. Non-agricultural workers	56,306	15,196	71,502	72,017	15,600	87,617	128,323	30,796	159,119
9. Informal employment in non-agriculture	49,437	13,950	63,387	55,381	12,230	67,611	104,818	26,180	130,998
10. Formal employment in non-agriculture	6,869	1,246	8,115	16,636	3,370	20,006	23,505	4,616	28,121
11. Manufacturing workers	14,372	7,910	22,282	17,272	4,549	21,821	31,644	12,459	44,103
12. Informal employment in manufacturing	13,380	7,617	20,997	13,386	4,144	17,530	26,766	11,761	38,527
13. Formal employment in manufacturing	992	293	1,285	3,886	405	4,291	4,878	698	5,576
14. Construction workers	8,859	1,145	10,004	6,708	910	7,618	15,567	2,055	17,622
15. Informal employment in construction	8,717	1,144	9,861	6,534	904	7,438	15,251	2,048	17,299
16. Formal employment in construction	142	1	143	174	6	180	316	7	323
17. Trade workers	11,937	1,672	13,609	20,237	2,792	23,029	32,174	4,464	36,638
18. Informal employment in trade	11,901	1,669	13,570	19,549	2,731	22,280	31,450	4,400	35,850
19. Formal employment in trade	36	3	39	688	61	749	724	64	788
20. Employees in private households	113	182	295	576	983	1,559	689	1,165	1,854

SECTION IV

Employment in Informal Sector, Poverty & Gender

Exploring the Linkages

The principal focus of this chapter is to examine links in the Indian context between 'employment in the informal sector', 'poverty' and 'gender' based on the micro data at household level made available through the abridged worksheet in the NSS.

Rural Households

In 1999-2000, members of about 33 percent of rural households took recourse to self-employment in agriculture. They constituted about 37 percent of the rural population. About 13 percent of them derived their major income from self-employment in non-agricultural activities and 14 percent of rural population belonged to these households. About 32 percent were agricultural labour households, accounting for 30 percent of rural population. Other labour households accounted for another 8 percent, with about 8 percent of rural population in such households. Residual households formed 14 percent accounting for 11 percent of the rural population.

Urban Households

Nearly 34 percent of urban households with 39 percent of urban population derived income mainly from self-employment. Regular employment was the

mainstay of 42 percent of households, with 40 percent of urban population in such households. Casual labour households constituted 14 percent of urban households with 14 percent of the total urban population. Residual households formed 10 percent with 6 percent of urban population.

Poverty & Nature of Employment

There is a clear relationship between poverty and nature of employment such as self-employment, casual wage employment, regular wage/salary employment, whether in rural or urban areas.

Tables 4.1 and 4.2 (p.38) present the percentage of households with MPCE below the poverty line (poor), percentages of moderately poor and very poor households according to household type in rural and urban India, respectively.

Rural Households

Table 4.1 shows that *the percentage of poor households (35.7 percent) among agricultural labour households was the highest followed by the corresponding percentage (21.5 percent) for other (than agricultural) labour households in rural areas.*

It will be observed that the (residual) others category of households in

Table 4.1: Percentage of very poor, moderately poor and poor households in each household type - 1999-2000, Rural India

Household type	Very poor	Moderately poor	Poor
Self-employed in: agriculture	4.91	11.71	16.62
In non-agriculture	5.32	13.35	18.67
Agricultural labour	13.03	22.66	35.69
Other labour	7.18	14.36	21.54
Others	5.18	8.02	13.20
All households	7.82	15.19	23.01

rural areas recorded the lowest percentage (13.2 percent) of poor households. This category of households in rural areas comprises

- households whose major source of income arises mostly from contractual employment with regular wages and salaries and
- those who earn their living from current returns from ownership of immovable assets (land or real estate) or from past financial investments or receipts such as pension and remittances.
- The share of poor households (35.7 percent) among agricultural labour households was substantially higher (23 percent) than that among **all** rural households.
- The percentage of very poor households was also the highest among agricultural labour households, followed

by that among other (than agricultural) labour households in rural areas.

Poverty alleviation for these categories of casual wage workers in rural areas would naturally require creation of additional work for them, and this justifies to a large extent the employment generation (poverty alleviation) programmes of the Government.

In urban areas, the share of poor households among regular wage/salary earning households was the lowest among all types of households and also smaller than that of any type of households in rural areas (Table 4.2). *Casual labour households in urban areas recorded maximum percentage of poor households in either urban or rural areas.* These are households earning income out of casual wage employment mostly in non-agricultural activities (informal employment in informal sector enterprises as well as infor-

Table 4.2 : Percentage of very poor, moderately poor and poor households in each household type - 1999-2000, Urban India

Household type	Very poor	Moderately pzoor	Poor
Self-employed	7.04	13.49	20.53
Regular wage/ salaried	2.73	6.59	9.32
Casual labour	18.51	23.99	42.50
Other households	6.50	10.25	16.75
All households	6.81	11.76	18.57

mal employment in formal sector enterprises) in urban areas.

Significantly, casual labour households in urban areas also recorded the highest percentage of very poor households, whether in urban or rural areas. The percentage of urban self-employed households below the poverty line was higher than that of poor rural households among self-employed in non-agriculture and self-employed in agriculture. This was true for very poor households as well.

Share of Poor Households in Total Person-days of Employment

It is of interest to know the percentage share of poor, moderately poor and very poor households in total person-days of employment estimated on current daily basis for each type of employment.

Such estimates are presented in Tables 4.3 and 4.4 (p.40) for rural and urban India, respectively. Table 4.3 shows that female members of poor households accounted for half the total person-days of female casual wage employment in public works in rural India while the corresponding share for males was 28 percent. Thus, *participation of poor women in rural casual wage employment in public works was much higher than for poor men.*

From Table 4.4 it may be seen that in the total person-days of regular wage/salaried employment in agriculture and related activities in urban India, poor persons had a share of 36 percent. In the total person-days of regular wage/salaried employment in non-agricultural activities in urban India, the poor had only a share of 10.7 percent.

Table 4.3 : Percentage of person-days of employment taken up on current daily status basis by members (males, females, persons) of very poor, moderately poor and poor households for each type of employment - 1999-2000, Rural India

Type of employment	Rural Males			Rural Females			Rural Persons		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Self-employed:									
<i>In agriculture</i>	5.17	13.89	19.06	6.48	15.42	21.90	5.60	14.38	19.98
<i>In non-agriculture</i>	4.69	13.78	18.47	7.14	17.41	24.55	5.28	14.71	19.99
Regular employee:									
<i>In agriculture</i>	7.51	19.79	27.30	6.38	24.22	30.60	7.32	21.03	28.35
<i>In non-agriculture</i>	1.68	6.41	8.09	3.67	7.43	11.10	2.16	6.71	8.87
Casual labour in:									
<i>Public works</i>	15.59	12.09	27.68	15.72	34.04	49.76	15.78	17.93	33.71
<i>Agriculture</i>	11.87	25.93	37.80	13.10	26.18	39.28	12.28	25.99	38.27
<i>Non-agriculture</i>	7.22	16.87	24.09	10.32	20.43	30.75	7.60	17.63	25.23
General population (all statuses: LF + not in LF)	8.16	18.13	26.29	8.82	19.18	28.00	8.49	18.61	27.10

L.F. = Labour Force

Table 4.4 : Percentage of person-days of employment taken up on current daily status basis by members (males, females, persons) of very poor, moderately poor and poor households for each type of employment - 1999-2000, Urban India

Type of employment	Urban Males			Urban Females			Urban Persons		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Self-employed:									
<i>In agriculture</i>	10.67	18.08	28.75	13.76	22.93	36.69	11.36	19.45	30.81
<i>In non-agriculture</i>	7.08	13.03	20.11	13.36	17.81	31.17	8.06	13.83	21.89
Regular employee:									
<i>In agriculture</i>	9.42	15.51	24.93	20.35	29.89	50.24	14.38	21.71	36.09
<i>In non-agriculture</i>	3.00	7.43	10.43	4.02	7.68	11.70	3.22	7.46	10.68
Casual labour in:									
<i>Public works</i>	16.10	27.81	43.91	40.32	39.06	79.38	25.65	35.13	60.78
<i>Agriculture</i>	25.56	35.30	60.86	28.57	31.42	59.99	26.20	33.42	59.62
<i>Non-agriculture</i>	16.85	22.17	39.02	18.82	25.96	44.78	17.17	22.90	40.07
General population (all statuses: LF + not in LF)	8.83	13.82	22.65	9.94	14.65	24.59	9.39	14.23	23.62

L.F. = Labour Force

Households with Employment in Informal Sector: Incidence of Poverty

Table 4.5 shows the poverty ratios among persons of households sustaining on employment in informal sector separately for broad industrial divisions: manufacturing, construction, trade and all non-agricultural activities in rural and urban areas of the country.

Poverty Ratios

Poverty ratios have also been disaggregated into 'very poor' and 'moderately poor' categories.

The incidence (poor) as well as intensity (very poor) of poverty among households sustaining on employment in informal sector were higher in urban areas compared to rural areas of the country. Further, *in rural India, the poor and*

Table 4.5 : Poverty ratios among persons of households sustaining on employment in informal sector by broad industry division - All-India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	6.85	16.90	23.75	9.42	17.04	26.46
Construction	6.80	19.49	26.29	14.40	19.51	33.91
Trade	4.39	12.82	17.21	8.44	12.94	21.38
All non-agricultural activities	6.06	15.82	21.88	10.98	16.28	27.26

very poor among those sustaining on employment in the informal sector constituted lower percentages compared to the general situation among rural people. Urban India, though, showed higher poverty incidence and intensity among households sustaining on employment in the informal sector than the corresponding overall situation.

There is also a clear indication that the construction sector has a higher incidence and intensity of poverty, but these are lower in trade activities in the informal sector compared to the situation in manufacturing activities.

Households Sustaining on Self-Employment

Table 4.6 presents the results on poverty ratios among persons of households sustaining on self-employment in the informal sector by broad industry division and all non-agricultural activities in rural and urban India during 1999-2000. Poverty ratios recorded in construction will be seen as significantly lower than those recorded in manufacturing, both in rural and urban areas.

In rural areas, households sustaining on self-employment in the informal trade sector had the lowest poverty ratios among all three industrial divisions, as also compared to all non-agri-

cultural activities taken together. In urban areas, self-employment in the informal construction sector recorded lowest poverty ratio.

In general, except in construction activity, urban areas recorded higher poverty ratios compared to rural areas.

Self-employment in the informal trade and construction sectors helped in reduction of poverty levels compared to the general population in both rural and urban India. While self-employment in the informal manufacturing sector helped in reduction of poverty level in the rural areas, the phenomenon was not repeated in the urban areas.

Households Sustaining on Different Employment Types

Table 4.7 (p.42) presents the poverty situation among persons in households sustaining on (a) self-employment, (b) regular wage/salaried employment and (c) casual wage employment, in the informal sector in urban India separately for manufacturing, construction, trade and all non-agricultural activities.

As expected, incidence of poverty (poor) as well as intensity of poverty (very poor) were highest in households sustaining on casual wage employment and lowest in households

Table 4.6 : Poverty ratios among persons of households sustaining on self-employment in informal sector by broad industry division - All India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	6.96	17.18	24.14	8.90	16.99	25.89
Construction	3.59	17.39	20.98	6.76	13.52	20.28
Trade	4.39	12.44	16.83	8.27	12.74	21.01
All non-agricultural activities	5.92	15.30	21.22	9.53	15.18	24.71

Table 4.7: Poverty ratios among persons of households sustaining on employment in informal sector by household type and by broad industry division - Urban India, 1999-2000

Broad industry division	Household Type								
	Self-employed			Regular salary/ wage earning			Casual		
	Very poor	Moderately poor	Poor	Very poor	Moderately Poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	8.90	16.99	25.89	6.76	14.54	21.30	18.52	23.03	41.55
Construction	6.76	13.52	20.28	5.91	8.79	14.70	19.48	23.87	43.35
Trade	8.27	12.74	21.01	7.24	11.87	19.11	17.20	19.79	36.99
All non-agricultural activities	9.53	15.18	24.71	7.42	14.15	21.57	22.86	24.20	47.06

sustaining on regular wage/salaried employment. Self-employed households figured in between the highest and lowest levels in respect of (a) manufacturing, (b) construction, (c) trade and (d) all non-agricultural activities when comparison was made within each industrial division in urban India.

Regular wage/salaried employment in urban informal sector activities clearly enabled the households sustaining on such employment to record lower incidence and intensity of poverty compared to the situation obtaining in the general population of urban areas.

Female-headed Households

Table 4.8 demonstrates the incidence of **less** poverty among persons belonging to such households sustaining on employment in informal manufacturing,

construction, trade or non-agricultural activities taken together, vis-à-vis the poverty situation in general population in rural areas of the country. However, *the intensity of poverty measured by very poor in rural female-headed households sustaining on employment in informal construction activity was higher* than the percentage of very poor in the general rural population.

In urban India, there was higher incidence and intensity of poverty among female-headed households sustaining on employment in the informal sector in any one of the three broad industries or all non-agricultural activities compared to the situation in general population.

Households with Only One Male Worker

As Table 4.9 shows, both the incidence as well as intensity of poverty were

Table 4.8: Poverty ratios among persons belonging to female-headed households sustaining on employment in informal sector by broad industry division - All India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	7.45	17.40	24.85	13.23	23.90	37.13
Construction	15.15	4.61	19.76	18.86	30.09	48.95
Trade	0.69	9.96	10.65	12.08	13.14	25.22
All non-agricultural activities	5.74	13.57	19.31	14.98	17.73	32.71

Table 4.9: Poverty ratios among persons in households sustaining on employment in informal sector with only one male usual principal status worker (15 years & above) by broad industry division - All India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	5.59	13.53	19.12	8.06	15.49	23.55
Construction	4.91	18.42	23.33	12.72	18.49	31.21
Trade	3.53	13.44	16.97	7.91	11.60	19.51
All non-agricultural activities	5.04	15.45	20.49	9.59	14.71	24.30

lower in these types of households in manufacturing or construction or trade or all non-agricultural activities taken together, compared to the poverty situation in the general population in rural India, especially in trading activity.

In urban India, there was higher incidence and intensity of poverty among female-headed households sustaining on employment in the informal sector in any one of the three broad industries or all non-agricultural activities compared to the situation in general population.

Households with Only One Female Worker

As per Table 4.10, households that sustained on employment in informal

sector with only one female usual principal status worker (age 15 years and above)– except in the case of all non-agricultural activities – showed poverty ratios (poor) in manufacturing, construction as well as trading activities no higher than the poverty ratio in general population in rural India. Indeed, *both the incidence of poverty as well as its intensity were substantially lower in single female worker rural households.*

In urban India, except in the case of trading activity, both the incidence and intensity of poverty were substantially higher in manufacturing, construction and all non-agricultural activities taken together for this type of households in comparison with the poverty situation in general population.

Table 4.10: Poverty ratios among persons in households sustaining on employment in informal sector with only one female usual principal status worker (15 years & above) by broad industry division - All India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	11.47	15.71	27.18	12.48	21.64	34.12
Construction	7.01	17.23	24.24	20.68	27.54	48.22
Trade	3.69	5.54	9.23	15.53	8.85	24.38
All non-agricultural activities	8.68	20.51	29.19	16.51	16.45	32.96

Households with One Male & One Female Worker

The incidence as well as intensity of poverty in such households is seen to be higher in rural areas than the poverty situation in general rural population in respect of such households sustaining on employment in informal manufacturing, construction and non-agricultural activities taken together (Table 4.11).

In urban India, all the types of households considered here recorded significantly higher incidence as well as intensity of poverty compared to the poverty situation in the general urban population. Also, except in the case of construction activity, urban poverty ratios were higher than the corresponding poverty ratios in the rural areas in manufacturing, trade and all non-agricultural activities taken together.

In rural as well as urban areas, the incidence and intensity of poverty in households sustaining on employment in the informal manufacturing sector were in increasing order in respect of households with

- (a) only one male worker,
- (b) only one female worker and
- (c) only one male and one female worker.

Households with No Literate Member of age 15 years & above

As seen in Table 4.12, (p.45) the poverty ratios among the persons in households sustaining on employment in informal sector with no literate member of age 15 years and above were higher in the urban areas compared to those in rural areas in all the industrial divisions. In both rural and urban areas, the incidence as well as intensity of poverty were substantially higher in all the four broad industrial divisions compared to the poverty situation in corresponding general populations.

Households with No Literate Female Member of age 15 years & above

The literacy status of households presented in Table 4.13 (p.45) is less restrictive than the literacy status of the household as discussed in the previous paragraph. Interestingly, both the incidence and intensity of poverty recorded in the households considered here were lower than those in households considered earlier in the respective industry divisions and locations (rural or urban).

Table 4.11: Poverty ratios among persons in households sustaining on employment in informal sector with only one male and one female usual principal status workers (15 years & above) by broad industry division - All India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	12.10	22.29	34.39	18.10	20.51	38.61
Construction	21.71	22.88	44.59	16.54	25.31	41.85
Trade	12.41	11.50	23.91	15.28	12.59	27.87
All non-agricultural activities	11.22	19.38	30.60	15.77	18.14	33.91

Table 4.12: Poverty ratios among persons in households sustaining on employment in informal sector with no literate member of age 15 years and above by broad industry division - All-India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	15.50	24.11	39.61	18.76	38.42	57.18
Construction	12.83	25.46	38.29	29.44	26.43	55.87
Trade	10.41	19.00	29.41	28.42	26.03	54.45
All non-agricultural activities	13.27	24.16	37.43	28.74	27.82	56.56

However, in rural areas, the incidence of poverty in these households, except for trade, was higher than the incidence of poverty recorded in the general rural population. Both the incidence and intensity of poverty observed in the households considered here were higher than the ratios recorded in general population in urban India. Finally, in each of the industry divisions, urban poverty ratios (both incidence and intensity) were substantially higher than those in the rural areas.

An important conclusion that can be drawn from the above is that *in employment matters, female literacy is more important in urban areas than in rural areas.*

State-level Results

The following paragraphs deal with results for 16 major Indian States obtained on similar lines as above. The States covered in the present study are Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

Andhra Pradesh

Table 4.14 relating to the results in Andhra Pradesh contains success stories of poverty reduction in rural areas. These were found among members of households sustaining on employment

Table 4.13: Poverty ratios among persons in households sustaining on employment in informal sector with no literate female member of age 15 years & above by broad industry division - All-India, 1999-2000

Broad industry division	Rural			Urban		
	Very poor	Moderately poor	Poor	Very poor	Moderately poor	Poor
Manufacturing	9.60	19.85	29.45	17.37	24.04	41.41
Construction	9.48	24.84	34.32	19.96	24.29	44.25
Trade	7.44	17.34	24.78	18.70	21.04	39.74
All non-agricultural activities	9.21	20.80	30.01	19.92	23.98	43.90

in informal sector with only one female usual principal status worker with the lowest poverty ratio, followed by households sustaining on employment in informal sector with only one adult male worker, female-headed households sustaining on employment in informal sector, households sustaining on self-employment in the informal sector and households sustaining on employment in informal sector compared to the general households.

To that extent, the situation in rural Andhra Pradesh was similar to the situation in rural India except in the case of households sustaining on employment in informal sector with a single female worker. However, the poverty (incidence) ratios were significantly lower in rural Andhra Pradesh compared to the corresponding ratios in rural India.

Also, *employment taken up by single adult female member of household in the informal sector in rural Andhra Pradesh did not result in any disadvantage*; in fact, it helped in reduction of both incidence and intensity of poverty. This result, coupled with the

finding of lower incidence and intensity of poverty in female-headed households in rural Andhra Pradesh, appears to reflect the impact of self-help groups of women in improving the economic situation of rural households.

The urban areas of Andhra Pradesh recorded a higher poverty ratio than in urban India. However, urban households sustaining on self-employment in informal sector recorded lower poverty ratio compared to the poverty situation in general urban households of the State. This is a significant result, indicating that *self-employment in informal sector in urban areas helped in reduction of poverty*, unlike the case at the national level in urban areas.

Special mention may be made of female-headed households sustaining on employment in informal sector and households sustaining on employment in informal sector with only one adult female worker because these reported a reduction in poverty in rural areas, whereas there was a substantial increase in poverty in urban areas of the State compared to the situation in general households.

Table 4.14: Andhra Pradesh – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	4.21 (8.65)	6.84 (18.44)	11.05 (27.09)	9.38 (9.26)	17.25 (14.36)	26.63 (23.62)
2..	Households sustaining on employment in informal sector	4.23 (6.06)	5.24 (15.82)	9.47 (21.88)	10.35 (10.98)	18.69 (16.28)	29.04 (27.26)
3.	Households sustaining on self-employment in informal sector	3.40 (5.92)	4.59 (15.30)	7.99 (21.22)	8.64 (9.53)	14.90 (15.18)	23.54 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	8.16 (7.42)	20.29 (14.15)	28.45 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	17.77 (22.86)	26.67 (24.20)	44.44 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	2.07 (5.04)	4.56 (15.45)	6.63 (20.49)	7.67 (9.59)	15.66 (14.71)	23.33 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	1.08 (8.68)	3.71 (20.51)	4.79 (29.19)	14.41 (16.51)	33.21 (16.45)	47.62 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	5.97 (11.22)	5.44 (19.38)	11.41 (30.60)	12.17 (15.77)	24.52 (18.14)	36.69 (33.91)
9.	Female-headed households sustaining on employment in informal sector	3.32 (5.74)	4.09 (13.57)	7.41 (19.31)	26.20 (14.98)	25.95 (17.73)	52.15 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	5.72 (9.21)	6.02 (20.80)	11.74 (30.01)	19.43 (19.92)	26.64 (23.98)	46.07 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	5.64 (13.27)	5.76 (24.16)	11.40 (37.43)	27.88 (28.74)	29.21 (27.82)	57.09 (56.56)

N.A.: Not available. Poverty ratios in brackets signify corresponding ratios at national level.

Table 4.15: Assam – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	15.21 (8.65)	24.83 (18.44)	40.04 (27.09)	3.70 (9.26)	3.77 (14.36)	7.47 (23.62)
2..	Households sustaining on employment In informal sector	17.02 (6.06)	28.27 (15.82)	45.29 (21.88)	9.82 (10.98)	4.05 (16.28)	13.87 (27.26)
3.	Households sustaining on self-employment in informal sector	11.51 (5.92)	26.92 (15.30)	38.43 (21.22)	10.21 (9.53)	3.52 (15.18)	13.73 (24.71)
4.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	16.82 (5.04)	27.23 (15.45)	44.05 (20.49)	5.53 (9.59)	2.21 (14.71)	7.74 (24.30)
5.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	19.58 (8.68)	34.42 (20.51)	54.00 (29.19)	N.A. (16.51)	N.A. (16.45)	N.A. (32.96)
6.	Female-headed households sustaining on employment in informal sector	11.22 (5.74)	38.46 (13.57)	49.68 (19.31)	N.A. (14.98)	N.A. (17.73)	N.A. (32.71)
7.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	20.56 (9.21)	37.88 (20.80)	58.44 (30.01)	14.96 (19.92)	5.78 (23.98)	20.74 (43.90)
8.	Households sustaining on employment in informal sector with no literate member (15 years & above)	23.57 (13.27)	40.33 (24.16)	63.90 (37.43)	N.A. (28.74)	N.A. (27.82)	N.A. (56.56)

N.A.: Not available. Poverty ratios in brackets signify corresponding ratios at national level.

Assam

From Table 4.15 it will be observed that in rural Assam, poverty ratio in general households was substantially higher than that in rural India. However, there was less poverty in households sustaining on self-employment in the informal sector than was the case in general households, quite in line with the rural all-India results. In the urban areas, the poverty ratio was significantly lower than that at urban India level for general households. As regards rural-urban

comparisons, *rural areas recorded very high poverty ratios compared to its urban areas.*

Bihar

As is evident from Table 4.16, in rural areas the poverty ratio of general households was nearly 64 percent higher than the poverty ratio in general households at national level. The intensity of poverty (very poor category) in general households of rural Bihar was higher by 72 percent than that in general households in rural India. In urban

Table 4.16: Bihar – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	14.84 (8.65)	29.46 (18.44)	44.30 (27.09)	12.53 (9.26)	20.38 (14.36)	32.91 (23.62)
2..	Households sustaining on employment in informal sector	15.55 (6.06)	27.08 (15.82)	42.63 (21.88)	22.35 (10.98)	20.54 (16.28)	42.89 (27.26)
3.	Households sustaining on self-employment in informal sector	13.82 (5.92)	26.31 (15.30)	40.13 (21.22)	20.74 (9.53)	20.16 (15.18)	40.90 (24.71)
4.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	13.65 (5.04)	27.32 (15.45)	40.97 (20.49)	19.22 (9.59)	20.33 (14.71)	39.55 (24.30)
5.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	7.65 (8.68)	46.35 (20.51)	54.00 (29.19)	62.97 (16.51)	7.75 (16.45)	70.72 (32.96)
6.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	20.48 (11.22)	27.68 (19.38)	48.16 (30.60)	48.49 (15.77)	15.59 (18.14)	64.08 (33.91)
7.	Female-headed households sustaining on employment in informal sector	12.21 (5.74)	39.46 (13.57)	51.67 (19.31)	48.77 (14.98)	23.19 (17.73)	71.96 (32.71)
8.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	18.95 (9.21)	29.12 (20.80)	48.07 (30.01)	29.92 (19.92)	26.42 (23.98)	56.34 (43.90)
9.	Households sustaining on employment in informal sector with no literate member (15 years & above)	24.27 (13.27)	32.54 (24.16)	56.81 (37.43)	45.64 (28.74)	23.16 (27.82)	68.80 (56.56)

Figures in brackets are the corresponding poverty ratios at national level.

areas, in general households the poverty ratio was higher than in such households at national level.

Although in general households there was lower poverty in urban areas compared to the poverty ratio in rural areas, there was almost the same level of poverty in households sustaining on employment in the informal sector overall. *The*

intensity of poverty in urban Bihar in households sustaining on employment in informal sector was, however, much higher than in such households in rural Bihar. Taken in relation to the all-India situation, both in rural and urban areas, poverty situation (incidence and intensity) in the general households as well as in households sustaining on employment in the informal sector was worse.

Gujarat

There are some interesting facts on the situation in the State (Table 4.17). In rural Gujarat, the poverty ratio was nearly half that in rural India for general households. In fact, among households sustaining on employment in the informal

sector, the poverty ratio was nearly one-third that in rural India.

Self-employment in non-agricultural activities of informal sector in rural Gujarat helped in significant reduction in the poverty situation during 1999-2000. Indeed, it can be regarded as another success

Table 4.17: Gujarat – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	3.39 (8.65)	9.78 (18.44)	13.17 (27.09)	4.02 (9.26)	11.57 (14.36)	15.59 (23.62)
2..	Households sustaining on employment in informal sector	2.25 (6.06)	5.38 (15.82)	7.63 (21.88)	4.75 (10.98)	10.55 (16.28)	15.30 (27.26)
3.	Households sustaining on self-employment in informal sector	1.86 (5.92)	2.79 (15.30)	4.65 (21.22)	1.79 (9.53)	8.78 (15.18)	10.57 (24.71)
4.	Households sustaining on regular wage/ salaried employment in informal sector	N.A.	N.A.	N.A.	8.31 (7.42)	7.41 (14.15)	15.72 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	9.09 (22.86)	17.32 (24.20)	26.41 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	1.96 (5.04)	6.04 (15.45)	8.00 (20.49)	3.76 (9.59)	8.61 (14.71)	12.37 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	N.A. (8.68)	N.A. (20.51)	N.A. (29.19)	1.60 (16.51)	20.64 (16.45)	22.24 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	4.31 (11.22)	14.48 (19.38)	18.79 (30.60)	6.73 (15.77)	24.74 (18.14)	31.47 (33.91)
9.	Female-headed households sustaining on employment in informal sector	0.10 (5.74)	7.79 (13.57)	7.89 (19.31)	3.85 (14.98)	8.97 (17.73)	12.82 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	4.12 (9.21)	11.20 (20.80)	15.32 (30.01)	11.10 (19.92)	21.59 (23.98)	32.69 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	4.02 (13.27)	12.30 (24.16)	16.32 (37.43)	16.57 (28.74)	22.92 (27.82)	39.49 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

story of *reduction in the incidence as well as intensity of poverty through employment in non-agricultural informal sector economic activities.*

Urban Gujarat had a lower incidence of poverty in general households compared to the poverty situation in such households at the urban India level. Also, lower poverty ratios were observed in households sustaining on

- a) Self-employment and
- b) Single male worker in informal sector as well as in female-headed households sustaining on employment in informal sector compared to the poverty situation in general households in urban Gujarat.

These were all success stories.

The poverty situation (both incidence and intensity) in rural areas of Gujarat was significantly lower than observed in its urban areas in almost all the household groups. Indeed, specific groups of households sustaining on employment in the informal sector in both rural and urban areas were able to report reduction in poverty levels.

Haryana

Data in Table 4.18 shows that in rural Haryana, the poverty ratio was substantially lower compared to the all-India rural figures in respect of general households. While households sustaining on

Table 4.18: Haryana – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	1.77 (8.65)	6.50 (18.44)	8.27 (27.09)	3.30 (9.26)	6.69 (14.36)	9.99 (23.62)
2.	Households sustaining on employment in informal sector	2.82 (6.06)	7.79 (15.82)	10.61 (21.88)	4.65 (10.98)	6.16 (16.28)	10.81 (27.26)
3.	Households sustaining on self-employment in informal sector	1.07 (5.92)	4.18 (15.30)	5.25 (21.22)	2.64 (9.53)	6.69 (15.18)	9.33 (24.71)
4.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	2.27 (5.04)	7.29 (15.45)	9.56 (20.49)	2.64 (9.59)	6.90 (14.71)	9.54 (24.30)
5.	Households sustaining on employment in informal sector with only one male and one female workers (15 years & above)	N.A. (11.22)	N.A. (19.38)	N.A. (30.60)	12.03 (15.77)	5.67 (18.14)	17.70 (33.91)
6.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	3.96 (9.21)	7.44 (20.80)	11.40 (30.01)	9.20 (19.92)	9.13 (23.98)	18.33 (43.90)
7.	Households sustaining on employment in informal sector with no literate member (15 years & above)	6.20 (13.27)	12.03 (24.16)	18.23 (37.43)	4.74 (28.74)	12.40 (27.82)	17.14 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

employment in the informal sector in rural India recorded lower poverty compared to the situation in general households, in rural Haryana that was not so. Here, success stories emerged from self-employment in non-agricultural informal sector economic activities.

In urban Haryana, poverty ratio (incidence) in general households was at a significantly lower level in comparison to the incidence of poverty in general households in urban India.

The most significant finding was the *substantially lower incidence of poverty in rural Haryana in households sustaining on self-employment in informal sector* compared to the incidence of poverty in the urban areas in the same type of households.

Himachal Pradesh

Table 4.19 brings out significantly lower levels of incidence and intensity of

poverty in rural areas than the corresponding ratios at national level in respect of general households. Compared to the situation in general households, though, a higher incidence of poverty was recorded in households sustaining on employment in informal sector, unlike the case in rural areas at the national level. However, *self-employment in non-agricultural informal sector economic activities in rural Himachal Pradesh appeared to result in reduction of poverty, with a similar situation obtaining in the urban areas as well.*

Karnataka

The corresponding ratios in rural areas of Karnataka, both for the incidence and intensity of poverty in general households were lower compared to the ratios at the national level (Table 4.20). Households sustaining on employment in informal sector in rural

Table 4.19: Himachal Pradesh – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	1.42 (8.65)	6.52 (18.44)	7.94 (27.09)	0.67 (9.26)	3.96 (14.36)	4.63 (23.62)
2..	Households sustaining on employment in informal sector	5.65 (6.06)	4.44 (15.82)	10.09 (21.88)	2.97 (10.98)	4.18 (16.28)	7.15 (27.26)
3.	Households sustaining on self-employment in informal sector	2.50 (5.92)	3.89 (15.30)	6.39 (21.22)	1.15 (9.53)	2.24 (15.18)	3.39 (24.71)
4.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	5.70 (5.04)	4.49 (15.45)	10.19 (20.49)	3.93 (9.59)	5.45 (14.71)	9.38 (24.30)
5.	Households sustaining on employment in informal sector with no literate female member (15 years & above)	8.30 (9.21)	2.74 (20.80)	11.04 (30.01)	6.62 (19.92)	10.60 (23.98)	17.22 (43.90)

Figures in brackets are the corresponding poverty ratios at national level.

Table 4.20: Karnataka – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	3.64 (8.65)	13.74 (18.44)	17.38 (27.09)	10.25 (9.26)	15.00 (14.36)	25.25 (23.62)
2..	Households sustaining on employment in informal sector	2.41 (6.06)	6.94 (15.82)	9.35 (21.88)	11.65 (10.98)	16.58 (16.28)	28.23 (27.26)
3.	Households sustaining on self-employment in informal sector	2.23 (5.92)	7.38 (15.30)	9.61 (21.22)	9.15 (9.53)	15.51 (15.18)	24.66 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	7.68 (7.42)	16.97 (14.15)	24.65 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	22.21 (22.86)	21.33 (24.20)	43.54 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	1.61 (5.04)	6.35 (15.45)	7.96 (20.49)	8.41 (9.59)	14.18 (14.71)	22.59 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	N.A. (8.68)	N.A. (20.51)	N.A. (29.19)	12.14 (16.51)	8.32 (16.45)	20.46 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	9.20 (11.22)	4.14 (19.38)	13.34 (30.60)	18.86 (15.77)	15.87 (18.14)	34.73 (33.91)
9.	Female-headed households sustaining on employment in informal sector	0.10 (5.74)	9.06 (13.57)	9.16 (19.31)	15.50 (14.98)	19.74 (17.73)	35.24 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	3.75 (9.21)	13.32 (20.80)	17.07 (30.01)	29.76 (19.92)	21.48 (23.98)	51.24 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	7.24 (13.27)	14.38 (24.16)	21.62 (37.43)	33.63 (28.74)	22.04 (27.82)	55.67 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

Karnataka recorded significantly lower incidence and intensity of poverty compared to the situation in general households, similar to the result in rural areas at the all-India level.

Urban Karnataka had a slightly higher level of both incidence and intensity

of poverty in general households than in urban areas at national level. *There was a lower incidence and intensity of poverty in households sustaining on single male worker in the informal sector compared to the poverty situation in general households in rural as well as urban Karnataka.*

Table 4.21: Kerala – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	2.07 (8.65)	7.31 (18.44)	9.38 (27.09)	6.06 (9.26)	14.21 (14.36)	20.27 (23.62)
2..	Households sustaining on employment in informal sector	1.16 (6.06)	6.52 (15.82)	7.68 (21.88)	7.80 (10.98)	14.17 (16.28)	21.97 (27.26)
3.	Households sustaining on self-employment in informal sector	0.78 (5.92)	6.79 (15.30)	7.57 (21.22)	5.36 (9.53)	10.40 (15.18)	15.76 (24.71)
4.	Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	5.69 (7.42)	13.99 (14.15)	19.68 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	12.82 (22.86)	19.34 (24.20)	32.16 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	0.95 (5.04)	5.72 (15.45)	6.67 (20.49)	5.74 (9.59)	10.64 (14.71)	16.38 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	10.42 (8.68)	13.75 (20.51)	24.17 (29.19)	5.40 (16.51)	9.16 (16.45)	14.56 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female workers (15 years & above)	0.98 (11.22)	5.93 (19.38)	6.91 (30.60)	8.20 (15.77)	12.68 (18.14)	20.88 (33.91)
9.	Female-headed households sustaining on employment in informal sector	2.63 (5.74)	10.42 (13.57)	13.05 (19.31)	14.21 (14.98)	16.68 (17.73)	30.89 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	3.30 (9.21)	3.45 (20.80)	6.75 (30.01)	5.80 (19.92)	6.52 (23.98)	12.32 (43.90)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

Kerala

As Table 4.21 shows, in the rural areas, both the incidence and intensity of poverty in general households were significantly lower than the corresponding ratios in rural India. Households sustaining on employment in non-agricultural informal sector recorded lower incidence and intensity of poverty than general households in rural areas of the State. This result is similar to the finding at the national level.

In urban Kerala, general households had a lower incidence and intensity of poverty compared to the all-India level, but households sustaining on employment in informal sector had a higher incidence and intensity of poverty in comparison with general households. This result is similar to that obtaining in urban India. Interestingly, households sustaining on single female worker in the informal sector recorded lower incidence and intensity of poverty compared to

the situation in general households in urban Kerala.

There were success stories in both the rural and urban areas, however, with specific types of households reporting reduction of incidence

and intensity of poverty through employment in non-agricultural informal sector activities.

Madhya Pradesh

The results in Table 4.22 show that in both rural and urban Madhya Pradesh,

Table 4.22: Madhya Pradesh – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	12.85 (8.65)	24.21 (18.44)	37.06 (27.09)	18.22 (9.26)	20.22 (14.36)	38.44 (23.62)
2..	Households sustaining on employment in informal sector	14.67 (6.06)	16.86 (15.82)	31.53 (21.88)	18.94 (10.98)	19.88 (16.28)	38.82 (27.26)
3.	Households sustaining on self-employment in informal sector	13.01 (5.92)	14.45 (15.30)	27.46 (21.22)	14.75 (9.53)	18.05 (15.18)	32.80 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	12.92 (7.42)	23.33 (14.15)	36.25 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	47.86 (22.86)	24.71 (24.20)	72.57 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	11.56 (5.04)	18.12 (15.45)	29.68 (20.49)	17.08 (9.59)	17.81 (14.71)	34.89 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	N.A. (8.68)	N.A. (20.51)	N.A. (29.19)	39.29 (16.51)	16.49 (16.45)	55.78 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	30.20 (11.22)	21.97 (19.38)	52.17 (30.60)	25.02 (15.77)	16.90 (18.14)	41.92 (33.91)
9.	Female-headed households sustaining on employment in informal sector	N.A. (5.74)	N.A. (13.57)	N.A. (19.31)	26.75 (14.98)	17.05 (17.73)	43.80 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	19.52 (9.21)	20.34 (20.80)	39.86 (30.01)	35.67 (19.92)	24.03 (23.98)	59.70 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	27.78 (13.27)	21.30 (24.16)	49.08 (37.43)	47.99 (28.74)	27.13 (27.82)	75.12 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

the incidence and intensity of poverty in general households were significantly higher than the levels experienced in general households at the all-India level. However, households sustaining on employment in the informal sector experienced lower incidence of poverty compared to the poverty situation in rural general households.

The incidence of poverty was lower and intensity of poverty was same or lower in households

sustaining on self-employment in informal sector in both rural and urban areas compared to the poverty situation in general households as well as households sustaining on employment in the informal sector.

Maharashtra

Table 4.23 gives the Maharashtra experience, where both the incidence the intensity of poverty in rural general households were lower than the

Table 4.23: Maharashtra – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General Households	6.98 (8.65)	16.74 (18.44)	23.72 (27.09)	12.86 (9.26)	13.95 (14.36)	26.81 (23.62)
2..	Households sustaining on employment in informal sector	2.19 (6.06)	9.38 (15.82)	11.57 (21.88)	16.20 (10.98)	16.76 (16.28)	32.96 (27.26)
3.	Households sustaining on self-employment in informal sector	2.57 (5.92)	10.13 (15.30)	12.70 (21.22)	14.00 (9.53)	14.14 (15.18)	28.14 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	8.31 (7.42)	15.08 (14.15)	23.39 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	40.76 (22.86)	28.83 (24.20)	69.59 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	2.47 (5.04)	7.69 (15.45)	10.16 (20.49)	14.42 (9.59)	15.01 (14.71)	29.43 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	N.A. (8.68)	N.A. (20.51)	N.A. (29.19)	23.88 (16.51)	15.96 (16.45)	39.84 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	2.38 (11.22)	7.49 (19.38)	9.87 (30.60)	25.96 (15.77)	18.55 (18.14)	44.51 (33.91)
9.	Female-headed households sustaining on employment in informal sector	0.10 (5.74)	15.24 (13.57)	15.34 (19.31)	15.36 (14.98)	15.80 (17.73)	31.16 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	5.42 (9.21)	11.79 (20.80)	17.21 (30.01)	25.58 (19.92)	17.19 (23.98)	42.77 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	1.24 (13.27)	25.84 (24.16)	27.08 (37.43)	47.19 (28.74)	23.53 (27.82)	70.72 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

levels among general households in rural India, with a very significant reduction recorded in households sustaining on employment in the informal sector in non-agricultural activities.

Households sustaining on regular wage/salaried employment in informal sector experienced lower incidence and intensity of poverty in urban Maharashtra compared to the situation in general households. On the rural-urban level, clearly *employment in non-agricultural informal sector economic activities helped reduce both incidence and intensity of poverty in rural areas whereas in urban areas in most cases such employment resulted in increase of*

incidence and intensity of poverty compared to the poverty situation in general households in the State.

Orissa

As Table 4.24 shows, very high incidence and intensity of poverty were observed in general households in rural areas vis-à-vis the national experience, but the corresponding levels were lower than in general rural households where households sustaining employment from the informal sector were concerned.

In urban areas of Orissa, employment in informal sector economic activities

Table 4.24: Orissa – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	22.30 (8.65)	25.71 (18.44)	48.01 (27.09)	21.96 (9.26)	20.87 (14.36)	42.83 (23.62)
2..	Households sustaining on employment in informal sector	11.21 (6.06)	26.58 (15.82)	37.79 (21.88)	21.48 (10.98)	26.25 (16.28)	47.73 (27.26)
3.	Households sustaining on self-employment in informal sector	11.54 (5.92)	26.10 (15.30)	37.64 (21.22)	16.42 (9.53)	24.93 (15.18)	41.35 (24.71)
4.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	7.04 (5.04)	29.65 (15.45)	36.69 (20.49)	21.14 (9.59)	27.06 (14.71)	48.20 (24.30)
5.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	23.57 (11.22)	29.61 (19.38)	53.18 (30.60)	47.14 (15.77)	24.75 (18.14)	71.89 (33.91)
6.	Female-headed households sustaining on employment in informal sector	17.25 (5.74)	32.55 (13.57)	49.80 (19.31)	10.50 (14.98)	34.92 (17.73)	45.42 (32.71)
7.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	13.61 (9.21)	32.49 (20.80)	46.10 (30.01)	36.75 (19.92)	25.71 (23.98)	62.46 (43.90)
8.	Households sustaining on employment in informal sector with no literate member (15 years & above)	15.48 (13.27)	33.41 (24.16)	48.89 (37.43)	49.81 (28.74)	26.65 (27.82)	76.46 (56.56)

Figures in brackets are the corresponding ratios at national level.

did not result in reduction of the incidence of poverty but in some cases helped in substantial reduction in the intensity of poverty, compared to the poverty scenario in general households. However, *households sustaining on self-employment were seen to have a higher incidence and intensity of poverty in urban areas than in rural areas, while overall these ratios were lower than those for the general households.*

Punjab

It will be observed from Table 4.25 that both the incidence and intensity of poverty in general households of rural Punjab were substantially lower than the corresponding ratios recorded at the rural all-India level. Its urban areas reported significantly lower incidence and intensity of poverty in

Table 4.25: Punjab – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	1.05 (8.65)	5.30 (18.44)	6.35 (27.09)	0.88 (9.26)	4.87 (14.36)	5.75 (23.62)
2..	Households sustaining on employment in informal sector	0.62 (6.06)	5.60 (15.82)	6.22 (21.88)	2.58 (10.98)	3.92 (16.28)	6.50 (27.26)
3.	Households sustaining on self-employment in informal sector	0.86 (5.92)	3.20 (15.30)	4.06 (21.22)	1.98 (9.53)	2.86 (15.18)	4.84 (24.71)
4.	Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	3.70 (7.42)	2.88 (14.15)	6.58 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	4.81 (22.86)	13.83 (24.20)	18.64 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	1.03 (5.04)	5.08 (15.45)	6.11 (20.49)	2.84 (9.59)	3.87 (14.71)	6.71 (24.30)
7.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	N.A. (11.22)	N.A. (19.38)	N.A. (30.60)	7.56 (15.77)	1.24 (18.14)	8.80 (33.91)
8.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	0.97 (9.21)	6.05 (20.80)	7.02 (30.01)	5.33 (19.92)	8.48 (23.98)	13.81 (43.90)
9.	Households sustaining on employment in informal sector with no literate member (15 years & above)	0.88 (13.27)	6.47 (24.16)	7.35 (37.43)	6.53 (28.74)	12.01 (27.82)	18.54 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level

general households compared to the corresponding national figures.

Households sustaining on self-employment in informal sector recorded lower incidence of poverty both in rural and urban areas compared to the incidence of poverty in general households.

Rajasthan

In rural Rajasthan, as Table 4.26 indicates, the incidence and intensity of

poverty in general households were substantially lower than the corresponding national figures.

Urban Rajasthan experienced lower poverty incidence and intensity in general households compared to the recorded incidence and intensity of poverty in urban India in general households. On a rural-urban basis, *households sustaining on self-employment in informal*

Table 4.26: Rajasthan – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	2.52 (8.65)	11.22 (18.44)	13.74 (27.09)	5.65 (9.26)	14.20 (14.36)	19.85 (23.62)
2..	Households sustaining on employment In informal sector	4.07 (6.06)	11.50 (15.82)	15.57 (21.88)	4.22 (10.98)	19.48 (16.28)	23.70 (27.26)
3.	Households sustaining on self-employment in informal sector	1.86 (5.92)	7.06 (15.30)	8.92 (21.22)	3.44 (9.53)	13.69 (15.18)	17.13 (24.71)
4.	Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	5.15 (7.42)	21.64 (14.15)	26.79 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	6.58 (22.86)	43.61 (24.20)	50.19 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	2.52 (5.04)	10.85 (15.45)	13.37 (20.49)	3.99 (9.59)	16.33 (14.71)	20.32 (24.30)
7.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	9.20 (11.22)	17.94 (19.38)	27.14 (30.60)	14.74 (15.77)	22.16 (18.14)	36.90 (33.91)
8.	Female-headed households sustaining on employment in informal sector	10.80 (5.74)	14.00 (13.57)	24.80 (19.31)	7.58 (14.98)	33.48 (17.73)	41.06 (32.71)
9.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	4.64 (9.21)	12.99 (20.80)	17.63 (30.01)	7.29 (19.92)	30.28 (23.98)	37.57 (43.90)
10.	Households sustaining on employment in informal sector with no literate member (15 years & above)	7.91 (13.27)	23.31 (24.16)	31.22 (37.43)	14.24 (28.74)	38.17 (27.82)	52.41 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

sector experienced lower incidence and intensity of poverty compared to general households in both rural and urban Rajasthan.

Tamil Nadu

In Table 4.27, it will be seen that households sustaining on employment in non-agricultural informal sector eco-

Table 4.27: Tamil Nadu – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	5.66 (8.65)	14.89 (18.44)	20.55 (27.09)	7.98 (9.26)	14.13 (14.36)	22.11 (23.62)
2..	Households sustaining on employment in informal sector	5.33 (6.06)	7.55 (15.82)	12.88 (21.88)	9.93 (10.98)	15.31 (16.28)	25.24 (27.26)
3.	Households sustaining on self-employment in informal sector	5.24 (5.92)	8.03 (15.30)	13.27 (21.22)	8.02 (9.53)	13.45 (15.18)	21.47 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	8.56 (7.42)	15.23 (14.15)	23.79 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	18.51 (22.86)	21.41 (24.20)	39.92 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	1.78 (5.04)	5.62 (15.45)	7.40 (20.49)	7.91 (9.59)	13.10 (14.71)	21.01 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	13.77 (8.68)	7.52 (20.51)	21.29 (29.19)	6.51 (16.51)	21.41 (16.45)	27.92 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female workers (15 years & above)	10.67 (11.22)	3.14 (19.38)	13.81 (30.60)	16.49 (15.77)	15.74 (18.14)	32.23 (33.91)
9.	Female-headed households sustaining on employment in informal sector	9.24 (5.74)	8.24 (13.57)	17.48 (19.31)	15.04 (14.98)	15.41 (17.73)	30.45 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	10.04 (9.21)	8.97 (20.80)	19.01 (30.01)	14.97 (19.92)	20.94 (23.98)	35.91 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	14.66 (13.27)	6.82 (24.16)	21.48 (37.43)	18.51 (28.74)	22.74 (27.82)	41.25 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

conomic activities in rural Tamil Nadu helped make a serious dent in the incidence and intensity of poverty in comparison with the poverty scenario in general households.

In urban Tamil Nadu, employment in informal sector enterprises did not result in any appreciable reduction in both the incidence and intensity of poverty when compared with the poverty situation in general households. In fact, there were cases where higher incidence and intensity of poverty were observed.

Households sustaining on self-employment in non-agricultural informal sector enterprises recorded substantially lower incidence of poverty in rural areas but only slightly lower incidence of poverty in urban areas compared to general households. The same held true for households sustaining on employment in informal sector with only one adult male worker.

Uttar Pradesh

Table 4.28 (p.62) showing results relating to Uttar Pradesh indicate that on the whole, in rural areas employment in non-agricultural informal sector enterprises did not help in reduction of either incidence or intensity of poverty compared to the poverty situation in general households.

In urban Uttar Pradesh, employment in informal sector enterprises resulted in higher incidence of poverty compared to the incidence of poverty in general households. In both rural and urban areas, indeed, *employment in non-agricultural*

informal sector enterprises did not help in reduction of the incidence of poverty compared to the situation in general households.

West Bengal

The West Bengal experience in Table 4.29 (p.63) shows that its rural areas had a higher incidence and intensity of poverty in general households than the all-India rural levels, but households sustaining on employment in informal sector experienced significantly lower ratios.

Except in the case of households sustaining on regular wage/salaried employment in informal sector in urban West Bengal there was a higher incidence and intensity of poverty in households drawing their sustenance from employment in informal sector enterprises compared to the poverty situation in general households.

On the rural-urban side, households with a single adult male worker saw significantly lower incidence and intensity of poverty in the rural areas, but the ratios were slightly higher in the urban areas.

Inter-State Comparisons

Table 4.30 brings together relevant inter-state comparisons of poverty ratios among members of different types of households during 1999-2000. An attempt has been made to bring out as comprehensively as possible the comparisons across States on the experience among groups of households and in the urban and rural areas of these States.

Table 4.28: Uttar Pradesh – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	9.10 (8.65)	22.12 (18.44)	31.22 (27.09)	12.20 (9.26)	18.69 (14.36)	30.89 (23.62)
2..	Households sustaining on employment in informal sector	10.43 (6.06)	24.24 (15.82)	34.67 (21.88)	15.55 (10.98)	21.17 (16.28)	36.72 (27.26)
3.	Households sustaining on self-employment in informal sector	10.02 (5.92)	22.15 (15.30)	32.17 (21.22)	14.00 (9.53)	18.43 (15.18)	32.43 (24.71)
4.	Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	6.41 (7.42)	28.57 (14.15)	34.98 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	42.08 (22.86)	25.42 (24.20)	67.50 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	10.41 (5.04)	24.26 (15.45)	34.67 (20.49)	13.90 (9.59)	21.53 (14.71)	35.43 (24.30)
7.	Households sustaining on employment in informal sector with only one male and one female worker (15 years & above)	13.75 (11.22)	34.52 (19.38)	48.27 (30.60)	N.A. (15.77)	N.A. (18.14)	N.A. (33.91)
8.	Female-headed households sustaining on employment in informal sector	N.A. (5.74)	N.A. (13.57)	N.A. (19.31)	11.76 (14.98)	26.67 (17.73)	38.43 (32.71)
9.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	11.94 (9.21)	26.63 (20.80)	38.57 (30.01)	23.03 (19.92)	22.85 (23.98)	45.88 (43.90)
10.	Households sustaining on employment in informal sector with no literate member (15 years & above)	16.02 (13.27)	29.09 (24.16)	45.11 (37.43)	27.11 (28.74)	25.13 (27.82)	52.24 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

The Table also records similar all-India levels, wherever they obtain along with the States concerned.

Success Stories

Still, at the risk of repetition, some distinctive stories of poverty control as they emerged from the data available in NSS survey deserve special mention:

- Households sustaining on employment in the informal sector with only one adult male worker in rural Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu and West Bengal recorded both incidence and intensity of poverty less than or equal to the

Table 4.29: West Bengal – Poverty ratios during 1999-2000 among members of different types of households

S. No.	Type of Household	Rural			Urban		
		Very Poor	Moderately Poor	Poor	Very Poor	Moderately Poor	Poor
1.	General households	10.75 (8.65)	21.10 (18.44)	31.85 (27.09)	3.84 (9.26)	11.02 (14.36)	14.86 (23.62)
2..	Households sustaining on employment in informal sector	6.43 (6.06)	19.04 (15.82)	25.47 (21.88)	7.45 (10.98)	11.58 (16.28)	19.03 (27.26)
3.	Households sustaining on self-employment in informal sector	6.19 (5.92)	19.61 (15.30)	25.80 (21.22)	6.96 (9.53)	12.37 (15.18)	19.33 (24.71)
4.	Households sustaining on regular salaried/wage employment in informal sector	N.A.	N.A.	N.A.	3.58 (7.42)	5.80 (14.15)	9.38 (21.57)
5.	Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	17.41 (22.86)	17.89 (24.20)	35.30 (47.06)
6.	Households sustaining on employment in informal sector with only one male worker (15 years & above)	5.25 (5.04)	17.38 (15.45)	22.63 (20.49)	5.80 (9.59)	9.66 (14.71)	15.46 (24.30)
7.	Households sustaining on employment in informal sector with only one female worker (15 years & above)	29.21 (8.68)	25.89 (20.51)	55.10 (29.19)	17.41 (16.51)	6.86 (16.45)	24.27 (32.96)
8.	Households sustaining on employment in informal sector with only one male and one female workers (15 years & above)	11.25 (11.22)	25.85 (19.38)	37.10 (30.60)	14.80 (15.77)	22.64 (18.14)	37.44 (33.91)
9.	Female-headed households sustaining on employment in informal sector	20.15 (5.74)	24.60 (13.57)	44.75 (19.31)	10.54 (14.98)	9.70 (17.73)	20.24 (32.71)
10.	Households sustaining on employment in informal sector with no female literate member (15 years & above)	10.99 (9.21)	25.13 (20.80)	36.12 (30.01)	15.67 (19.92)	21.11 (23.98)	36.78 (43.90)
11.	Households sustaining on employment in informal sector with no literate member (15 years & above)	20.08 (13.27)	27.68 (24.16)	47.76 (37.43)	22.82 (28.74)	24.86 (27.82)	47.68 (56.56)

N.A.: Not available. Figures in brackets are the corresponding poverty ratios at national level.

corresponding poverty ratios in general households in the rural areas of the respective States.

- The rural areas of Andhra Pradesh had the distinction of a lower inci-

dence as well as intensity of poverty in households sustaining on employment in informal sector with only one adult female worker than the corresponding poverty ratios in general households.

- Households sustaining on employment in informal sector with only one adult male worker and one adult female worker in the rural areas of Karnataka, Kerala, Maharashtra and Tamil Nadu recorded either lower or equal incidence of poverty compared to the poverty incidence in general households in the rural areas of the respective States. A similar comparison was also valid in respect of the intensity of poverty in rural areas of Kerala and Maharashtra.
- Female-headed households sustaining on employment in informal sector in rural Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu experienced incidence of poverty which was less than or equal to the poverty incidence in general households in rural areas of the respective States.
- Even households sustaining on employment in informal sector with no adult female literate member in the rural areas of Karnataka, Kerala, Maharashtra, Orissa and Tamil Nadu experienced an incidence of poverty less than or equal to the poverty incidence in general households in rural areas of the respective States.
- Gujarat had the distinction of being the only State where the poverty incidence in households sustaining on employment in the informal sector in urban areas was slightly less than that in general households. Also, both the incidence and intensity of poverty in female-headed households sustaining on employment in informal sector in urban areas were less than or equal to the corresponding poverty ratios in the general households in the State.
- There were urban areas in parts of the country where households sustaining on self-employment in informal sector experienced poverty incidence either lower or equal to the incidence of poverty in general households in urban areas of the respective States. These States were Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Orissa, Punjab, Rajasthan and Tamil Nadu. The same comparison held good for the intensity of poverty also in these States, except Himachal Pradesh and Punjab.
- Urban Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh and Tamil Nadu also reported both incidence and intensity of poverty in households sustaining on employment in informal sector with only one adult male worker that were less than or equal to the corresponding poverty ratios in general urban households of the respective States.
- In the urban areas of Karnataka and Kerala, households sustaining on employment in informal sector with only one adult female worker had an incidence of poverty less than or equal to that in general households in their respective urban areas. Similarly, in the urban areas of Gujarat, Kerala and Tamil Nadu, households sustaining on employment in informal sector with only one adult female worker experienced less than or as much intensity of poverty as that in general households in their respective urban areas.

- In urban Karnataka, Kerala, Madhya Pradesh, Maharashtra and West Bengal, households sustaining on regular wage/salaried employment in the informal sector had an incidence as well as intensity of poverty less than or equal to the corresponding poverty ratios in general households in their respective urban areas.
- Another distinctive feature was observed in urban Kerala, which had the distinction of both the incidence and intensity of poverty in households sustaining on informal sector with no adult female literate member being less than or equal to

the corresponding poverty ratios in the general households.

Poverty Ratio Variations

In both the rural and urban areas, there were several types of households sustaining on employment in informal sector in a number of States with higher incidence and intensity of poverty than was the situation in general households. These were households engaged in informal sector economic activities and suffering from higher levels of poverty than in general households.

All such cases can be identified from Table 4.30.

Table 4.30: Inter-State comparisons of poverty ratios among members of different types of households during 1999-2000.

Type of comparison of poverty ratios among different types of households	States/India where the comparison was observed			
	In Rural Areas		In Urban Areas	
	For Poverty Incidence	For Poverty Intensity	For Poverty Incidence	For Poverty Intensity
1. States where general households poverty ratios were less than or equal to national level	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu	Assam, Gujarat, Haryana, Himachal Pradesh, Kerala, Punjab, Rajasthan, Tamil Nadu, West Bengal	Assam, Gujarat, Haryana, Himachal Pradesh, Kerala, Punjab, Rajasthan, Tamil Nadu, West Bengal
2. States where general households poverty ratios were more than national level	Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, West Bengal	Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, West Bengal	Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh	Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh

Table 4.30: contd...

Type of comparison of poverty ratios among different types of households	States/India where the comparison was observed			
	In Rural Areas		In Urban Areas	
	For Poverty Incidence	For Poverty Intensity	For Poverty Incidence	For Poverty Intensity
3. States where poverty ratios of households sustaining on <i>employment</i> in informal sector were <i>less than or equal to</i> poverty ratios in general households	Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Tamil Nadu, West Bengal, India	Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Tamil Nadu, West Bengal, India	Gujarat	Orissa, Rajasthan
4. States where poverty ratios of households sustaining on <i>employment</i> in informal sector were <i>more than</i> poverty ratios in general households	Assam, Bihar, Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh	Assam, Bihar, Haryana, Himachal Pradesh, Madhya Pradesh, Rajasthan, Uttar Pradesh	Andhra Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh, West Bengal, India
5. States where poverty ratios of households sustaining on <i>self-employment</i> in informal sector were <i>less than or equal to</i> poverty ratios in general households	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Orissa, Punjab, Rajasthan, Tamil Nadu	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu
6. States where poverty ratios of households sustaining on <i>self-employment</i> in informal sector were <i>more than</i> poverty ratios in general households	Uttar Pradesh	Himachal Pradesh, Madhya Pradesh, Uttar Pradesh	Assam, Bihar, Maharashtra, Uttar Pradesh, West Bengal, India	Assam, Bihar, Himachal Pradesh, Maharashtra, Punjab, Uttar Pradesh, West Bengal, India

Table 4.30: contd...

Type of comparison of poverty ratios among different types of households	States/India where the comparison was observed			
	In Rural Areas		In Urban Areas	
	For Poverty Incidence	For Poverty Intensity	For Poverty Incidence	For Poverty Intensity
7. States where poverty ratios of households sustaining on employment in informal sector <i>with only one adult male worker</i> were <i>less than or equal</i> to poverty ratios in general households	Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu
8. States where poverty ratios of households sustaining on employment in informal sector with <i>only one adult male worker</i> were <i>more than</i> poverty ratios in general households	Assam, Haryana, Himachal Pradesh, Uttar Pradesh	Assam, Haryana, Himachal Pradesh, Uttar Pradesh	Assam, Bihar, Himachal Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal, India	Assam, Bihar, Himachal Pradesh, Maharashtra, Punjab, Uttar Pradesh, West Bengal, India
9. States where poverty ratios of households sustaining on employment in informal sector <i>with only one adult female worker</i> were <i>less than or equal</i> to poverty ratios in general households	Andhra Pradesh	Andhra Pradesh, Bihar, India	Karnataka, Kerala	Gujarat, Kerala, Tamil Nadu
10. States where poverty ratios of households sustaining on employment in informal sector with <i>only one adult female worker</i> were <i>more than</i> poverty ratios in general households	Assam, Bihar, Kerala, Tamil Nadu, West Bengal, India	Assam, Kerala, Tamil Nadu, West Bengal	Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Tamil Nadu, West Bengal, India	Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, West Bengal, India
11. States where poverty ratios of households sustaining on employment in informal sector with <i>only one adult male worker and one adult female worker</i> were <i>less than or equal</i> to poverty ratios in general households	Karnataka, Kerala, Maharashtra, Tamil Nadu	Kerala, Maharashtra	—	—

Table 4.30: contd...

Type of comparison of poverty ratios among different types of households	States/India where the comparison was observed			
	In Rural Areas		In Urban Areas	
	For Poverty Incidence	For Poverty Intensity	For Poverty Incidence	For Poverty Intensity
12. States where poverty ratios of households sustaining on employment in informal sector with <i>only one adult male worker and one adult female worker</i> were <i>more than</i> poverty ratios in general households	Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Karnataka, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, West Bengal, India
13. States where poverty ratios of <i>female-headed households</i> sustaining on employment in informal sector were <i>less than or equal</i> to poverty ratios in general households	Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Tamil Nadu, India	Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Orissa, India	Gujarat	Gujarat, Orissa, Uttar Pradesh
14. States where poverty ratios of <i>female-headed</i> households sustaining on employment in informal sector were <i>more than</i> poverty ratios in general households	Assam, Bihar, Kerala, Orissa, Rajasthan, West Bengal	Kerala, Rajasthan, Tamil Nadu, West Bengal	Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, West Bengal, India
15. States where poverty ratios of households sustaining on employment in informal sector with <i>no adult female literate member</i> were <i>less than or equal</i> to poverty ratios in general households	Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu	Maharashtra, Orissa, Punjab	Kerala	Kerala
16. States where poverty ratios of households sustaining on employment in informal sector with <i>no adult female literate member</i> were <i>more than</i> poverty ratios in general households	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India

Table 4.30: contd...

Type of comparison of poverty ratios among different types of households	States/India where the comparison was observed			
	In Rural Areas		In Urban Areas	
	For Poverty Incidence	For Poverty Intensity	For Poverty Incidence	For Poverty Intensity
17. States where poverty ratios of households sustaining on employment in informal sector with no <i>adult literate member</i> were <i>less than or equal to</i> poverty ratios in general households	–	Maharashtra, Orissa, Punjab	–	–
18. States where poverty ratios of households sustaining on employment in informal sector with <i>no adult literate member</i> were <i>more than</i> poverty ratios in general households	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, India
19. States where poverty ratios of households sustaining on <i>regular wage/salaried employment</i> in informal sector were <i>less than or equal to</i> poverty ratios in general households	N.A.	N.A.	Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, West Bengal, India	Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, West Bengal, India
20. States where poverty ratios of households sustaining on <i>regular wage/salaried employment</i> in informal sector were <i>more than</i> poverty ratios in general households	N.A.	N.A.	Andhra Pradesh, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh	Gujarat, Punjab, Tamil Nadu
21. States where poverty ratios of households sustaining on <i>casual wage employment</i> in informal sector were <i>less than or equal to</i> poverty ratios in general households	N.A.	N.A.	–	–
22. States where poverty ratios of households sustaining on <i>casual wage employment</i> in informal sector were <i>more than</i> poverty ratios in general households	N.A.	N.A.	Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India	Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, India

N.A. : Not Available.

Tables 4.31 and 4.32 present in a summarised format inter-state variation in the incidence of poverty (percent) among members of different types of households, separately in rural and urban areas, wherein the ranges for incidence of poverty are taken as 0 to 10, 10 to 20, 20 to 30, 30 to 40, 40 to 50 and 50 + (50 and above).

Table 4.33 and 4.34 present in a summarised format inter-state variation

in the intensity of poverty (percent) during 1999-2000 among members of different types of households (a) in rural areas with the ranges for the intensity of poverty taken as 0 to 5, 5 to 10, 10 to 15, 15 to 20, 20 to 30, and 30 to 40; and (b) in urban areas with the ranges taken as 0 to 5, 5 to 10, 10 to 15, 15 to 20, 20 to 30, 30 to 40, 40 to 50 and 50 + (50 and above).

Table 4.31: Inter-state variation in the incidence of poverty (%) during 1999-2000 among members of different types of households (Rural India)

Type of Household	States/India where the incidence of poverty (%) was in the range					
	0 to 10	10 to 20	20 to 30	30 to 40	40 to 50	50+
1. General Households	Haryana, Himachal Pradesh, Kerala, Punjab	Andhra Pradesh, Gujarat, Karnataka, Rajasthan	Maharashtra, Tamil Nadu, India	Assam, Madhya Pradesh, Uttar Pradesh, West Bengal	Bihar, Orissa	–
2. Households sustaining on employment in informal sector	Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Kerala, Punjab	Haryana, Maharashtra, Rajasthan, Tamil Nadu	West Bengal, India	Madhya Pradesh, Orissa, Uttar Pradesh	Assam, Bihar	–
3. Households sustaining on self-employment in informal sector	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Punjab, Rajasthan	Maharashtra, Tamil Nadu	Madhya Pradesh, West Bengal, India	Assam, Orissa, Uttar Pradesh	Bihar	–
4. Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Table 4.31: contd...

Type of household	States/India where the incidence of poverty (%) was in the range					
	0 to 10	10 to 20	20 to 30	30 to 40	40 to 50	50+
6. Households sustaining on employment in informal sector with only one adult male worker	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Punjab, Tamil Nadu	Himachal Pradesh, Maharashtra, Rajasthan	Madhya Pradesh, West Bengal, India	Orissa, Uttar Pradesh	Assam, Bihar	–
7. Households sustaining on employment in informal sector with only one adult female worker	Andhra Pradesh	–	Kerala, Tamil Nadu, India	–	–	Assam, Bihar, West Bengal
8. Households sustaining on employment in informal sector with only one adult male and one adult female worker	Kerala, Maharashtra	Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu	Rajasthan	West Bengal, India	Bihar, Uttar Pradesh	Madhya Pradesh, Orissa
9. Female-headed households sustaining on employment in informal sector	Andhra Pradesh, Karnataka, Gujarat	Kerala, Tamil Nadu, Maharashtra, India	Rajasthan	–	Assam, West Bengal, Orissa	Bihar
10. Households sustaining on employment in informal sector with no adult female literate member	Kerala, Punjab	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Rajasthan, Tamil Nadu	India	Madhya Pradesh, Uttar Pradesh, West Bengal	Bihar, Orissa	Assam
11. Households sustaining on employment in informal sector with no adult literate member	Punjab	Andhra Pradesh, Gujarat, Haryana	Karnataka, Maharashtra, Tamil Nadu	Rajasthan, India	Madhya Pradesh, Orissa, Uttar Pradesh, West Bengal	Assam, Bihar

N.A. : Not Available.

Table 4.32: Inter-state variation in the incidence of poverty (%) during 1999-2000 among members of different types of households (Urban India)

Type of Household	States/India where the incidence of poverty (%) was in the range					
	0 to 10	10 to 20	20 to 30	30 to 40	40 to 50	50+
1. General Households	Assam, Haryana, Himachal Pradesh, Punjab	Gujarat, Rajasthan, West Bengal	Andhra Pradesh, Karnataka, Kerala, Maharashtra, Tamil Nadu, India	Bihar, Madhya Pradesh, Uttar Pradesh	Orissa	—
2. Households sustaining on employment in informal sector	Himachal Pradesh, Punjab	Assam, Gujarat, Haryana, West Bengal	Andhra Pradesh, Karnataka, Kerala, Rajasthan, Tamil Nadu, India	Madhya Pradesh, Maharashtra, Uttar Pradesh	Bihar, Orissa	—
3. Households sustaining on self-employment in informal sector	Haryana, Himachal Pradesh, Punjab	Assam, Gujarat, Kerala, Rajasthan, West Bengal	Andhra Pradesh, Karnataka, Maharashtra, Tamil Nadu, India	Madhya Pradesh, Uttar Pradesh	Bihar, Orissa	—
4. Households sustaining on regular wage/salaried employment in informal sector	Punjab, West Bengal	Gujarat, Kerala	Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, India	Madhya Pradesh, Uttar Pradesh	—	—
5. Households sustaining on casual wage employment in informal sector	—	Punjab	Gujarat	Kerala, Tamil Nadu, West Bengal	Andhra Pradesh, Karnataka, India	Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh
6. Households sustaining on employment in informal sector with only one adult male worker	Assam, Haryana, Himachal Pradesh, Punjab	Gujarat, Kerala, West Bengal	Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, India	Bihar, Madhya Pradesh, Uttar Pradesh	Orissa	—
7. Households sustaining on employment in informal sector with only one adult female worker	—	Kerala	Gujarat, Karnataka, Tamil Nadu, West Bengal	Maharashtra, India	Andhra Pradesh	Bihar, Madhya Pradesh

Table 4.32: contd...

Type of Household	States/India where the incidence of poverty (%) was in the range					
	0 to 10	10 to 20	20 to 30	30 to 40	40 to 50	50+
8. Households sustaining on employment in informal sector with only one adult male and one adult female worker	Punjab	Haryana	Kerala	Andhra Pradesh, Gujarat, Karnataka, Rajasthan, Tamil Nadu, West Bengal, India	Madhya Pradesh, Maharashtra	Bihar, Orissa
9. Female-headed households sustaining on employment in informal sector	–	Gujarat	West Bengal	Karnataka, Kerala, Maharashtra, Tamil Nadu, Uttar Pradesh, India	Madhya Pradesh, Orissa, Rajasthan	Andhra Pradesh, Bihar
10. Households sustaining on employment in informal sector with no adult female literate member	–	Haryana, Himachal Pradesh, Kerala, Punjab	Assam	Gujarat, Rajasthan, Tamil Nadu, West Bengal	Andhra Pradesh, Maharashtra, Uttar Pradesh, India	Bihar, Karnataka, Madhya Pradesh, Orissa
11. Households sustaining on employment in informal sector with no adult literate member	–	Haryana, Punjab	–	Gujarat	Tamil Nadu, West Bengal	Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Uttar Pradesh, India

N.A. : Not Available.

Table 4.33: Inter-state variation in the intensity of poverty (%) during 1999-2000 among members of different types of households (Rural India)

Type of household	States/India where the intensity of poverty (%) was in the range					
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40
1. General Households	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Punjab, Rajasthan	Maharashtra, Tamil Nadu, Uttar Pradesh, India	Bihar, Madhya Pradesh, West Bengal	Assam	Orissa	–

Table 4.33: contd...

Type of household	States/India where the intensity of poverty (%) was in the range					
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40
2. Households sustaining on employment in informal sector	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan	Himachal Pradesh, Tamil Nadu, West Bengal, India	Madhya Pradesh, Orissa, Uttar Pradesh	Assam, Bihar	–	–
3. Households sustaining on self-employment in informal sector	Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan	Tamil Nadu, Uttar Pradesh, West Bengal, India	Assam, Bihar, Madhya Pradesh, Orissa	–	–	–
4. Households sustaining on regular wage/salaried employment in informal sector	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Households sustaining on casual wage employment in informal sector	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6. Households sustaining on employment in informal sector with only one adult male worker	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, India	Himachal Pradesh, Orissa, West Bengal	Bihar, Madhya Pradesh, Uttar Pradesh	Assam	–	–
7. Households sustaining on employment in informal sector with only one adult female worker	Andhra Pradesh	Bihar, India	Kerala, Tamil Nadu	Assam	West Bengal	--

Table 4.33: contd...

Type of Household	States/India where the intensity of poverty (%) was in the range					
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40
8. Households sustaining on employment in informal sector with only one adult male and one adult female workers	Gujarat, Kerala, Maharashtra	Andhra Pradesh, Karnataka, Rajasthan	Tamil Nadu, Uttar Pradesh, West Bengal, India	–	Bihar, Orissa	Madhya Pradesh
9. Female-headed households sustaining on employment in informal sector	Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra	Tamil Nadu, India	Assam, Bihar, Rajasthan	Orissa	West Bengal	–
10. Households sustaining on employment in informal sector with no adult female literate member	Gujarat, Haryana, Karnataka, Kerala, Punjab, Rajasthan	Andhra Pradesh, Himachal Pradesh, Maharashtra, Tamil Nadu, India	Orissa, Uttar Pradesh, West Bengal	Bihar, Madhya Pradesh	Assam	–
11. Households sustaining on employment in informal sector with no adult literate member	Gujarat, Maharashtra, Punjab	Andhra Pradesh, Haryana, Karnataka, Rajasthan	Tamil Nadu, India	Orissa, Uttar Pradesh	Assam, Bihar, Madhya Pradesh, West Bengal	–

N.A. : Not Available.

Table 4.34: Inter-state variation in the intensity of poverty (%) during 1999-2000 among members of different types of households (Urban India)

Type of Household	States/India where the intensity of poverty (%) was in the range							
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40	40 to 50	50 +
1. General Households	Assam, Gujarat, Haryana, Himachal Pradesh, Punjab, West Bengal	Andhra Pradesh, Kerala, Rajasthan, Tamil Nadu, India	Bihar, Karnataka, Maharashtra, Uttar Pradesh	Madhya Pradesh	Orissa	–	–	–
2. Households sustaining on employment in informal sector	Gujarat, Haryana, Himachal Pradesh, Punjab, Rajasthan	Assam, Kerala, Tamil Nadu, West Bengal	Andhra Pradesh, Karnataka, India	Madhya Pradesh, Maharashtra, Uttar Pradesh	Bihar, Orissa	–	–	–

Table 4.34: contd...

Type of Household	States/India where the intensity of poverty (%) was in the range							
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40	40 to 50	50 +
3. Households sustaining on self-employment in informal sector	Gujarat, Haryana, Himachal Pradesh, Punjab, Rajasthan	Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, West Bengal, India	Assam, Madhya Pradesh, Maharashtra, Uttar Pradesh	Orissa	Bihar	–	–	–
4. Households sustaining on regular wage/salaried employment in informal sector	Punjab, West Bengal	Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh, India	Madhya Pradesh	–	–	–	–	–
5. Households sustaining on casual wage employment in informal sector	Punjab	Gujarat, Rajasthan	Kerala	Andhra Pradesh, Tamil Nadu, West Bengal	Karnataka, India	–	Madhya Pradesh, Maharashtra, Uttar Pradesh	–
6. Households sustaining on employment in informal sector with only one adult male worker	Gujarat, Haryana, Himachal Pradesh, Punjab, Rajasthan	Andhra Pradesh, Assam, Karnataka, Kerala, Tamil Nadu, West Bengal, India	Maharashtra, Uttar Pradesh	Bihar, Madhya Pradesh	Orissa	–	–	–
7. Households sustaining on employment in informal sector with only one adult female worker	Gujarat	Kerala, Tamil Nadu	Andhra Pradesh, Karnataka	West Bengal, India	Maharashtra	Madhya Pradesh	–	Bihar
8. Households sustaining on employment in informal sector with only one adult male and one adult female worker	–	Gujarat, Kerala, Punjab	Andhra Pradesh, Haryana, Rajasthan, West Bengal	Karnataka, Tamil Nadu, India	Madhya Pradesh, Maharashtra	–	Bihar, Orissa	–

Table 4.34: contd...

Type of Household	States/India where the intensity of poverty (%) was in the range							
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 30	30 to 40	40 to 50	50 +
9. Female-headed households sustaining on employment in informal sector	Gujarat	Rajasthan	Kerala, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal, India	Karnataka, Maharashtra	Andhra Pradesh, Madhya Pradesh	–	Bihar	–
10. Households sustaining on employment in informal sector with no adult female literate member	–	Haryana, Himachal Pradesh, Kerala, Punjab, Rajasthan	Assam, Gujarat, Tamil Nadu	Andhra Pradesh, West Bengal, India	Bihar, Karnataka, Maharashtra, Uttar Pradesh	Madhya Pradesh, Orissa	–	–
11. Households sustaining on employment in informal sector with no adult literate member	Haryana	Punjab	Rajasthan	Gujarat, Tamil Nadu	Andhra Pradesh, Uttar Pradesh, West Bengal, India	Karnataka	Bihar, Madhya Pradesh, Maharashtra, Orissa	–

N.A. : Not Available.

Concluding Remarks

The NSS has based its measures of employment on the time disposition of the labour force, so the level of income or consumption of those who are counted as employed do not find reflection in these indicators. An analysis of those employed by the level of consumption expenditure helps to discern the extent of poverty among them. Clearly, there is a much larger incidence of poverty than the incidence of unemployment. Naturally, the poor cannot afford to stay unemployed, and opt for opportunities that do not adequately address their economic needs and may be barely sufficient for sustenance – sometimes even not even that.

Another interesting observation is that poverty is related more to the nature of employment, rather than to the absolute rate of employment. That is clearly why the incidence of poverty is highest among agricultural labourers in rural areas and casual workers in urban areas. Agricultural labourers in rural areas are also casual workers. It is among this category of workers that non-availability of work from time to time (or high incidence of under-employment) leads to low income and high incidence of poverty.

The informal sector clearly affords a better chance to earn more decent incomes. The approach and policies towards the informal sector acquire significance in this context.

Informal Employment: Evolving Perspectives

In January 1993, the 15th International Conference of Labour Statisticians (ICLS) organised by ILO defined ‘informal sector enterprises’ on the basis of the following criteria:

- They are private unincorporated enterprises (excluding quasi-corporations), i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities from the other activities of its owners. Private unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and cooperatives formed by members of different households, if they lack complete sets of accounts.
- All, or at least some, of the goods or services produced are meant for sale or barter, with the possible inclusion in the informal sector of households producing domestic or personal services in employing paid domestic employees.
- Their size, in terms of employment, is below a certain threshold to be determined according to national circumstances, and/or they are not

registered under specific forms of national legislation (such as factories or commercial acts, tax or social security laws, professional groups’ regulatory acts, or similar acts, laws or regulations established by national legislative bodies as distinct from local regulations for issuing trade licenses or business permits), and/or their employees (if any) are not registered.

- They are engaged in non-agricultural activities, including secondary non-agricultural activities of enterprises in the agricultural sector. (This recommendation, to exclude agricultural and related activities from the scope of the informal sector and to measure them separately, was made for practical data collection reasons rather than on conceptual grounds).

In February 1993, the 15th ICLS resolution on informal sector statistics was endorsed by the United Nations Statistical Commission (UNSC) and the informal sector definition adopted by the 15th ICLS formed part of the United Nations Revised System of National Accounts (SNA 1993). This is because one of the new features of the SNA 1993 is the recommendation to introduce, where relevant, sub-classifications of the households sector, including a distinction between the formal and informal sectors. Such a distinction makes it possible for the national accounts to

quantify the contribution of the informal sector to the national economy.

The Delhi Group

Further, against the backdrop of rapid expansion and speedy growth witnessed in several countries, especially the developing ones, with regard to the dimension and range of activities and operations in the informal sector, and given the fact that India had acquired considerable experience in developing data bases needed for measuring the contribution of this vital sector to its national economy, a decision was taken by the UNSC to constitute an international 'Expert Group on Informal Sector Statistics', often referred to as the 'Delhi Group', under the Chairmanship of Secretary (Statistics) of Government of India.

The primary purpose underlying the constitution of this City (Delhi) Group is facilitating the exchange of knowledge and experience between countries, international organisations and other concerned agencies in regard to the measurement of the size of the informal sector and its contribution to an economy, as also to prepare a status report, and indicating the future work programme.

Data Collection & Survey Design

Among other things, the objectives of this Group include documenting the data collection practices with regard to the informal sector as adopted in different countries and developing suitable methodologies for survey design and collection of data concerning this sector, keeping in view the requirements

of the 1993 SNA as also the resolutions of ICLS held by ILO from time to time.

The first meeting of the Group was held in May 1997 at New Delhi and the sixth meeting in September, 2002 at Rio de Janeiro, Brazil. The sixth meeting, among other things recommended that

- (a) Further research may be done for evolving a statistical definition of informal employment and methods of compiling informal employment statistics through labour force surveys and
- (b) Countries undertaking combined labour force and expenditure surveys may undertake further research to evolve methodologies for linking poverty estimates and informal sector employment.

The seventh meeting of the Delhi Group was held on 2-4 February, 2004, in New Delhi. The main national level results presented here were included in a Discussion Paper prepared for the seventh meeting of the Delhi Group.

Agreed International Definition

It is important to recognise the circumstances in which the 15th ICLS adopted an international statistical definition of the informal sector that was subsequently referred to in the revised SNA 1993. In order to obtain an internationally agreed definition of the informal sector, which was acceptable to labour statisticians as well as national accountants, the informal sector had to be defined in terms of characteristics of the production units (enterprises) in which the activities take place (enterprise approach)

proach), rather than in terms of the characteristics of the persons involved or of their jobs (labour approach).

'Employment in the informal sector' was thus defined as including all jobs in the informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job. The term 'enterprise', as used here, is to be understood in a broad sense, referring to any unit engaged in the production of goods or services for sale or barter.

It covers not only production units, which employ hired labour, but also production units that are owned and operated by single individuals working on their own account as self-employed persons, either alone or with the help of unpaid family members. The activities may be undertaken inside or outside the enterprise owner's home, and they may be carried out in identifiable premises, unidentifiable premises or without fixed location. Accordingly, self-employed street vendors, taxi drivers, home-based workers, etc., are all considered enterprises.

Some Criticisms

A criticism sometimes made of measurements based on the informal sector definition is that persons engaged in very small-scale or casual self-employment activities may not report in statistical surveys that they are self-employed, or employed at all, although their activities fall within the enterprise definition. Another criticism is that informal sector statistics may be affected by errors in classifying certain groups of employed

persons by status in employment, such as outworkers, sub-contractors, freelancers or other workers whose activities are at the borderline between self-employment and wage employment. Women are more likely than men to be engaged in such activities.

Still another criticism is that an enterprise-based definition of the informal sector is unable to capture all aspects of an increasing 'informalisation' of employment, which has led to a rise in various forms of non-standard, atypical, alternative, irregular, precarious, etc., forms of employment in parallel to the growth of the informal sector that can be observed in many countries.

Informalisation of Employment

As a matter of fact, the informal sector definition adopted by the 15th ICLS was not meant to serve this purpose. Informalisation of employment in the formal sector is closely associated with the increasing globalisation of an economy and the consequent competitive pressures on formal sector enterprises. As a result, the boundary between the informal and the formal sectors increasingly blurs. It is, therefore, sometimes argued that the concept of the 'informal sector' is no longer valid and that it needs to be replaced by other concepts, such as that of an 'informal economy'.

Taking note of the above criticisms, and after detailed discussions, the Delhi Group in its fifth meeting held at Delhi in September 2001 concluded that "the concept of informal employment is distinct from the concept of employment in the informal sector". Informal employment (to be defined in terms of charac-

teristics of jobs) extends from the informal sector (defined in terms of characteristics of enterprises) to other sectors.

The definition and measurement of employment in the informal sector need to be complemented with a definition and measurement of informal employment. A concept of informal employment is considered to be relevant not only for developing and transition countries, but also for other countries, for many of which the concept of the informal sector is of limited relevance.

Useful Concepts

‘Employment in the informal sector’ and ‘informal employment’ are both concepts that are useful for analytical and policy-making purposes, as they refer to different aspects of the ‘informalisation’ of employment and to different targets for policy-making. Neither of the two concepts can replace the other. However, the two concepts need to be defined and measured in a consistent and clearly distinguishable manner. Statistical users and others often tend to confuse the two concepts because they are unaware of the different observation units involved (enterprises versus jobs).

For the time being, there is no internationally agreed definition for the statistical measurement of ‘informal employment’, as this aspect has not yet been defined or adequately addressed in statistics at the national level. During the fifth meeting of the Delhi Group in September 2001, ILO presented a proposal for defining informal employment. Broadly, the term ‘informal employment’ was proposed to refer to the

total number of informal jobs, or the total number of persons engaged in informal jobs, during a given reference period. In other words, informal employment comprises employment in the informal sector (minus formal jobs of employees in informal sector enterprises, if relevant), plus jobs of contributing family workers and informal jobs of employees in other sectors, plus the activities of persons engaged in the own-account production of goods for own final use by their households.

Testing The Conceptual Framework

The Delhi Group recommended in its fifth meeting that the conceptual framework proposed by ILO on informal employment be tested by countries on the basis of available data with them.

Subsequently, the ILO Report on “Decent Work and the Informal Economy”, which was prepared for discussion by the International Labour Conference (ILC) at its session held in 2002, considered the ‘informal economy’ as comprising: (i) employment in the informal sector, and (ii) other forms of informal employment (i.e., informal employment outside the informal sector).

The ILC (2002) requested the ILO to “assist member States to collect, analyse and disseminate consistent, disaggregated statistics on the size, composition and contribution of the informal economy that will help enable identification of specific groups of workers and economic units and their problems in the informal economy and that will inform the formulation of appropriate policies and programmes”.

Instruments of Definition

Labour force surveys appear to be the most appropriate survey instruments for applying the definition of informal employment proposed by the ILO. If additional questions need to be added to a labour force survey questionnaire in order to identify informal jobs, their number will be low.

The Delhi Group at its sixth meeting in 2002 considered some test exercises on the framework proposed by ILO and recommended that “further research may be done for evolving a suitable definition of informal employment and methods of compiling informal employment statistics through labour force surveys”.

In December 2003, ILO presented a detailed description on ‘Statistics of informal employment’, at the 17th ICLS along with the proposed conceptual framework for measurement of informal employment. It also reported that several countries have already tested the framework and the results of the tests have been encouraging.

During these tests, the following operational criteria to define informal jobs (especially those held by employees) have been used:

- Lack of a written employment contract
- Lack of coverage by the social security system
- Lack of entitlement to paid annual or sick leave
- Lack of protection against arbitrary dismissal or the casual nature of work.

It would, however, be useful if the definition of informal employment were applied and tested by more countries in order to be able to revise it, if necessary.

An issue that needs to be addressed in specifying the definition of informal jobs in operational terms is the possible discrepancy between the formality of employment situations and their reality. Sometimes workers, although in theory protected by labour legislation, covered by social security, entitled to employment benefits, etc., are in practice not in a position to claim their rights because mechanisms to enforce the existing regulations are lacking or deficient.

Governance Issue

The question then arises as to what should be the aspect to be measured: The legal situation, or the actual situation? There are good reasons for choosing the latter, because in such situations the existence of informal employment is to a large extent a governance problem.

In the proposed future work of ILO, at the 17th ICLS in December 2003, ILO stated that, subject to the availability of resources in the ILO and member States, further methodological studies on the measurement of informal employment will be undertaken in cooperation with interested national statistical agencies, aimed at specifying operational criteria for the definition and identification of relevant sub-categories of informal jobs as targets for data analysis and policy-making. The results of such studies may also provide useful inputs to a possible revision or extension of

International Classification of Status in Employment (ICSE-93).

ILO Statistical Standard

The 17th ICLS examined the conceptual framework proposed for measurement of informal employment, made some minor amendments to it, and adopted

‘Guidelines’, endorsing it as an international statistical standard (ILO 2003). These ‘Guidelines’ complement the 15th ICLS Resolution concerning statistics of employment in the informal sector. The work by the Delhi Group and its members was essential to the development and adoption of the ‘Guidelines’.

This study is the outcome of a year-long project aimed at analysing factors linking employment to poverty and gender from statistics on the informal economy generated by the Indian National Sample Survey 1999-2000. Informal employment is the predominant avenue affording job opportunities to 92 percent of the working class in both rural and urban India, and generating not less than 60 percent of the national income. The study lends a perspective to the type of enterprises and status and nature of jobs among those engaged in informal employment, along with some significant urban-rural and male-female differentials. It also provides some statistics on the causal processes of poverty and expresses a doubt whether policy corrections for economic upliftment have the same impact on female workers as they may on the male workforce.

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