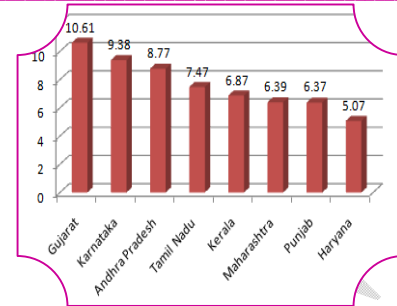




INFORMAL EMPLOYMENT SCENARIO IN KARNATAKA: POLICIES AND PERFORMANCES

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ABSTRACT

The present article analyzes the different dimensions of the informal sector in Karnataka. Further, it focuses on the issues and challenges of informal employment in State. Employment is pipeline of the economic development. It decides the strength and status of person. It also plays a key role in the progress and prosperity of any state. When employment increases, income increases, when income increases purchasing power of workers increases and ultimately the standard of living increases. Therefore, employment is correlation between well-being and happiness of workers. It increases the status of workers and also curtails the anti social activities. There is a famous proverb in this regard the 'empty mind is devil's workshop'. Therefore, purpose of every planning of the Country is to provide the employment opportunities for the workers. This paper based on secondary data and theory, critically examines the relevance of informal sector in Karnataka. The paper exposes the problems and prospects of informal sector. The purpose of this paper is to analyze the role of informal activities in the generation of employment opportunities in the state and evaluate the problems of workers in the informal sector. Workers employed in informal sector are mostly local, tradition based and unorganized. These laborers are facing the challenges related to work and work place, which can be listed as follows; Do not have fixed hours of work or salary and work agreement, low productivity of enterprises and large-scale unemployment, absence of Labour laws to protect the labour rights and inadequate social security measures to protect the labourers working in the informal sector. The Informal sector has not remained isolated in terms of its growth in Karnataka. In other words, similar to the all India perspective the informal sector has registered a steady growth in the state. For instance, there has been tremendous increase in workforce from 1981 to 2001 census that means the workforce increased from 149.14 lakh in 1981 and 235.21 lakh in 2001, and 457.5 million in 2011, which is increased by 93 percent. It is one of the important sectors of economy and provided livelihood for majority of workers. State should take urgent action to anticipate the skills needed for the transition to greener economies and provide new training programmes.

KEYWORDS: Informal, employment, income, wage, labour, issues, challenges, growth.

INTRODUCTION

Employment is pipeline of the economic development. It decides the strength and status of person. It also plays a key role in the progress and prosperity of any state. When employment increases, income increases, when income increases purchasing power of workers increases and ultimately the standard of living increases. Therefore, employment is correlation between well-being and happiness of workers. It increases the status of workers and also curtails the anti social activities. There is a famous proverb in this regard the 'empty mind is devil's workshop'. Therefore, purpose of every planning of the Country is to provide the employment opportunities for the workers.

The ILO released 'The World Employment and Social Outlook- Trends 2018' which provides an analysis of the present state of the labour market including the trends in unemployment, vulnerable employment, and working poverty. As per the 2018 report, the economic growth in Asian and Pacific region is expected to remain at 5.5 per cent for a period of two years, while in India a 7.4 per cent growth is expected in 2018 as against 6.7 percent in 2017.

According to 2011 census, 23,397,181 (83.9%) main workers are in Karnataka state. In terms of work participation rate, the State has recorded marginal workers increase from 44.5 percent in 2001 to 45.6 percent and 25.7 percent agricultural labourers in 2011. Majority of the districts have shown increase in WPR between 2001-2011. That is highest increase in Bangalore 4.9 percent, Chikmangalore 4.5 percent, Bidar 4.2 percent and Chitradurga 4.1 percent. Therefore, a worker plays an important role in the economy. Indian economy consists of two sectors i.e. formal sector and informal sector.

The informal sector plays a crucial role in capital formation, generation of employment and income opportunities for the unskilled or semi skilled urban workers in Karnataka. Liberalization, Privatization and Globalization (LPG) have pushed majority of labourers into this sector, which consequently has made it the largest sector of Karnataka economy. Due to lack of land reforms, acquiring agricultural land for special economic zone and disinvestments, etc are reasons for enlargement of the informal sector. It is a part of Karnataka economy.

Informal sector in Karnataka is broadly characterized as consist of units engaged in the production of goods and services with the primary objectives of generating employment and income opportunities for the urban workers. It is very essential to strengthen and sustain the growth of informal sector along with better employment security of livelihood to the workers. There is a need for decent work in informal sector otherwise; it will lead to growth without human development in Karnataka. It assures utilization of regional resources and manpower with very small portion of capital and mechanization. Informal sector is portrayed as a resilient and the last resort sector as it retains very low productive activities and workforce. In the recent past there is a drastic change in perception of informal sector in Karnataka.

OBJECTIVES

The specific objectives are as follows;

- ✓ To know the status of informal sector in Karnataka
- ✓ To analyze the issues and challenges of informal sector.
- ✓ To find out the solution for informal workers.

METHODOLOGY

This paper based on secondary date and theory, critically examines the relevance of informal sector in Karnataka. The paper exposes the issues and challenges of informal sector.

DISCUSSION AND ANALYSIS

The purpose of this paper is to analyze the role of informal activities in the generation of employment opportunities in the state and evaluate the problems of workers in the informal sector.

CONCEPTUAL ISSUES OF INFORMAL SECTOR

The first Indian National Commission on Labour (1966-69) defined unorganized sector workforce as those workers who have not been able to get organized themselves in pursuit of their common interest due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments.

The informal sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten workers.

Informal sector workers consist of those working in the informal sector or households excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers.

The ILO Kenya Report of 1972, defined as an informal sector by its easy entry, reliance on indigenous resources, family ownership of enterprises, small scale operation, labour intensive technology, skill acquired outside the formal school system and on unregulated and competitive market.

CATEGORIES OF INFORMAL WORKERS

Workers are divided into four categories, namely main workers, marginal workers, non-workers and other workers.

Main Workers: persons who worked for more than 6 months during the reference year.

Marginal Workers: Persons who worked for less than 6 months.

Non-Workers: Persons who did not work at all during the reference period includes students, persons engaged in household duties, dependants, pensioners etc.

Other Workers: All workers engaged in any category of economic activity other than cultivation, agricultural labour or household industry are treated as "Other workers".

REVIEW OF LITERATURE

The review of literature pertaining to the concept, issues and challenges of the informal sector is available in plethora. However, in keeping with the title of the present paper an attempt has been made to systematic review of the existing literature.

ILO(1972), the term informal sector was used by ILO study in Kenya. The ILO mission focused on problems of unemployment, the existence of large number of working poor, working hours and condition, with low wages and many of them working very hard indeed in the production of goods and service, but whose activities were not registered and unprotected.

Papola(2004), opined that globalization has raised both apprehensions and expectations in the modern economic development. The global and the Indian experience so far has produced the negative impact more often than the positive impact on labour. Unemployment has increased in most countries and regions and where employment has increased it is mostly in the informal sector and in its more flexible forms, such as casual, contract and temporary employment. As a result, 'decent work' deficit has increased and coverage of social protection to workers has declined.

Growth of Employment in Karnataka

Achieving high rate of growth along with commensurate generation of productive and quality employment opportunities for the rising labour force continues to be major challenges for both central and the State Government alike. Low growth in employment, prevalence of low productive and low quality employment is especially in the unorganized sector. Therefore, expansion of productive, quality and decent employment has been the prime concern of the state government's policy in recent years to reduce poverty and to make growth process more inclusive. In Karnataka, agriculture is the predominant source of livelihood for the majority of the population and employment is largely unorganized, rural and non-industrial in nature. The status workforce in Karnataka and all India is shown in table below:

Table-1
Workforce in Karnataka and All India

Size of Workforce	Karnataka		All India	
	2004-05	2009-10	2004-05	2009-10
Population	55.1	58.7	1092.9	1174.9
Labour force (UPSS)	27.25	26.96	469	468.8
Work force (UPSS)	26.89	2.64	457.9	459
Unemployed (UPSS)	0.68	0.72	12.4	9.8

Source: 61st and 66th Round employment and unemployment survey, NSSO, 2009-10

Note: UPSS Unusual Principal and Subsidiary Status.

The above table-1, depicts the workforce in Karnataka and All India level in 2004-05 and 2009-10. In Karnataka, the estimated number of total population which was 55.1 million in 2004-05 increased by 3.6 million and reached 58.7 million during 2009-10.

Occupational Pattern of the informal Workforce

Change in occupation pattern is a significant indicator of development. The shift of population out of agriculture and its distribution in secondary and tertiary sector is an outcome of structural transformation in development process. In the districts, the impact of sectoral changes in income is not observed on occupational structure as 58 percent of population for their livelihood. The total number of main workers has increased from 6, 62,166 in 1960-61 to 13, and 50,072 in 2001 recording 104 percent increase in it over the forty years. However, there is decline in absolute number of main workers to 8.44,237 in 2011. There has been concentration of workers in agricultural sector and no significant shift in employment pattern was observed until 2001, as 67 percent of population was still dependent on agriculture. However, between 2001-2011 there is a decline in proportion of population engaged in agriculture by 7 percentage points. Thus, some change is observed during the last decade.

Table-2
Occupational Structure of Workforce (Main Workers)

Sl. No	Censes year	Cultivators	Agricultural labourers	Household industry	Other workers	Total
1	1961	45.55	26.44	9.21	18.80	100.0
2	1971	34.13	36.55	4.40	24.92	100.0
3	1981	36.78	43.95	2.66	16.61	100.0
4	1991	35.19	50.15	2.06	12.60	100.0
5	2001	27.10	40.00	2.50	30.40	100.0
6	2011	20.26	38.20	2.58	38.96	100.0

Source: Census of India, 1961-2011

The above table-2, shows the occupational structure of workers in various census. The proportion of population engaged in agriculture has declined from 85 percent to 58 percent and has increased in tertiary sector of the economy. The percent of workers in other workers increased from 12.6 to 39 during 2011. The percentage of agricultural labourers continues to be high. It has come down to 40 percent in 2001 and to 38.20 in 2011.

Table-3
Category of Workers in Karnataka

Type of Workers	Gender	2001	2011
Main Workers	Persons	82.3	83.9
	Male	91.2	89.5
	Female	65.9	73.4
Marginal Workers	Persons	17.7	16.1
	Male	8.8	10.5
	Female	34.1	26.6

Source: Census of India 2001-2011

The above table-3, shows the category of workers in Karnataka. The number of main male workers in Karnataka increased from 82.3 percent to 83.9 percent during 2001 to 2011. 17.7 percent of marginal workers were in 2001 and 16.1 percent in 2011. It can be noted from above table could increase of workforce from census to census. There is 'jobless' growth before implementation of new economic policy (LPG) and there is 'jobloss' economic growth after the implementation of new economic policy in India in general, and Karnataka in particular. It leads to economic growth but without employment opportunities. The size of workers is noted in the table below.

Table-4
Activities-wise Classification of Informal Workers

Sl. No.	Categories of Workers	2001	2011
1	Cultivators	29.2	23.6
2.	Agriculture Labours	26.5	25.7
3.	Households Industry workers	4.1	3.3
4.	Other workers	40.2	47.4
5.	Total workers	100.00	100.00

Source: Census of India, 2001-2011.

The above table-4, reveals the activity-wise the size of workforce in the Karnataka. There is 29.2 percent of cultivators in 2001 and 23.6 percent in 2011. The number of cultivators and agricultural labourers were gradually decreasing in census to census.

Table-5
Sector wise Distribution of Workers

Sl. No.	Sectors	Karnataka			India		
		Rural	Urban	Total	Rural	Urban	Total
1.	Agricultural and Allied Sectors	75.7	9.5	55.8	68.0	7.5	53.2
2.	Mining and quarrying	0.8	0.5	0.7	0.6	0.6	0.6
3.	Manufacturing	5.9	20.5	10.4	7.2	23.0	11.6
4.	Electricity, Gas, Water Supply	0.0	0.9	0.3	0.2	0.6	0.3
5.	Construction	4.4	12.8	6.9	9.4	10.2	9.6
6.	Secondary sector	11.1	34.9	18.2	17.4	34.4	21.5
7.	Trade, Hotels and Restaurants	6.7	22.0	11.3	6.5	24.2	10.8
8.	Transport, storage and communication	2.1	9.8	4.4	2.9	8.7	4.3
9.	Finance, Business, Real Estate	0.6	10.1	3.4	0.6	6.7	2.1
10.	Public Administration, Health,	3.9	13.8	6.8	4.7	18.4	8.1

	Education etc.						
11.	Tertiary sector	13.2	55.6	25.9	14.7	58.1	25.3
12.	All Sectors	18.5 (100)	8.2 (100)	26.6 (100)	336.4 (100)	122.6 (100)	455 (100)

Source: 66th Round employment and unemployment survey NSSO 2009-10.

Note: Figures in the parentheses are in millions.

The above table-5, shows the sector-wise distribution of workers. The sectoral distribution of workers across industry shows that agriculture and allied sector is the most important sector wherein about 55.8 percent of the workers in Karnataka and 53.2 percent of workers at all India level are engaged for their livelihood during 2009-2010. The corresponding share in the Karnataka and India was 61 and 58.17 percent respectively in 2004-05. This shows that the share of agricultural employment in Karnataka and all India level was declined only by 5 percent between 2005 and 2010, which though low but a positive trend towards structural transformation.

Division wise Workforce in Karnataka

Karnataka is pioneer State in India with its third position in the development of economy. It consists of four revenue divisions i.e. 1) Gulbarga division, 2) Bangalore division, 3) Mysore division and 4) Belgaum divisions.

Table-6
Division wise Distribution of Workers

Divisions	Agricultural Laborers	Cultivators	Households industry workers	Other workers
Gulbarga division	39.80	23.69	2.35	34.20
Bangalore division	18.00	19.63	3.04	59.34
Mysore division	19.30	26.36	4.81	49.56
Belgaum division	33.10	27.46	2.97	36.50
State	25.70	23.61	3.28	47.44

Source: Census, 2011.

The above table-6, highlights the division-wise distribution of informal workers. Among these four divisions, the proportion of agricultural labourers is highest in Gulbarga division that is 39.80 percent and the lowest in Bangalore division that is 18 percent. Among cultivators the highest proportion is in Belgaum division that is 27.46 percent and again Bangalore division has the lowest of 19.63 percent. The proportion of other workers is 59.34 percent in Bangalore division and Gulbarga it is 34.2 percent.

Issues of Informal Workers

Most of the developing States faced the issues of higher rate unemployment due to the rate of growth of labour force than the growth of the employment creation by economy. The major issues of informal sector are as follows.

- 1) The problems of definition and recognition of informal sector activities.
- 2) Inadequacy of laws and legislations.
- 3) Lack of employability and low productivity.
- 4) Non-availability of social security measures.
- 5) Lack of employment and income security for the large majority of the workforce.

Challenges of Informal Sector Workers

National Commission for Enterprises in the Unorganized Sector(NCEUS-2005) headed by Arjun Sengupta has focused on issues and challenges of informal employment in India in general and Karnataka in particular. Workers employed in informal sector are mostly local, tradition based and unorganized. These laborers are facing the challenges related to work and work place, which can be listed as follows;

1. Do not have fixed hours of work or salary and work agreement.
2. Low productivity of enterprises and large-scale unemployment.
3. Absence of Labour laws to protect the labour rights.
4. Inadequate social security measures to protect the labourers working in the informal sector.
5. Poor economic, social and financial infrastructure available in rural areas for the development of unorganized/informal sector.
6. Poor organization of workers and low bargaining power.
7. Lack of skill development initiatives.
8. Inadequate training and education to build up entrepreneurial abilities.

Policy implications

Some of the important policy implications are as follows.

1. Eight hours working day with half an hour break.
2. One paid day of rest per week.
3. To provide the minimum wages for informal work.
4. To provide the 'equal wage for equal work'.
5. Piece rate wage to equal time rate wage.
6. Women workers to be paid at par with men.
7. Right of unorganized workers to organize.
8. Safety equipment and compensation for accident.
9. Protection from sexual harassment.
10. Provision of Childcare and basic amenities at the work place.

CONCLUDING REMARKS

The Informal sector has not remained isolated in terms of its growth in Karnataka. In other words, similar to the all India perspective the informal sector has registered a steady growth in the state. For instance, there has been tremendous increase in workforce from 1981 to 2001 census that means the workforce increased from 149.14 lakh in 1981 and 235.21 lakh in 2001, and 457.5 million in 2011, which is increased by 93 percent. Similar to many other States of Indian Union, Karnataka has experienced tremendous growth of urban population; this population exodus has been main source to give greater and greater fillip to the growth of informal sector. It is one of the important sectors of economy and provided livelihood for majority of workers. State should take urgent action to anticipate the skills needed for the transition to greener economies and provide new training programmes. The transition to more sustainable agricultural systems would create jobs in medium and large organic farms, and allow smallholders to diversify their sources of income, notably if farmers have the right skills.

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