



Women in Informal Employment
Globalizing and Organizing

National Policies and Programmes on the Informal Economy and Implications for Statistical Work

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Determinants of National Policies

❑ Perceived character of informal economy

- *Illegal activities*
- *Underground activities*
- *Activities not subjected to labour protection & taxation*
- *Means of livelihood and employment*
- *Ancillaries supporting large industries*
- *Economic activities capable of dynamic growth*

Determinants of National Policies (Contd)

- ❑ **Level of organising and bargaining power of informal sector enterprises**
 - They are generally not organised
 - Usually not represented in trade/business negotiations or government consultations
- ❑ **Development goals of the government**
 - Employment generation in the informal sector may not be the development goal of governments

Determinants of National Policies (Contd)

- ❑ **Non-availability of reliable statistical data is often a major constraint in projecting the right perspective of informal economy**
 - *Lack of proper definition*
 - *Non-recognition of informal economy in statistical programme*
 - *Non-availability of any data collection mechanism*
- ❑ **Non-availability of statistics is also due to lack of interest in the informal economy**
 - *No demand from users or policy makers*
 - *Statisticians have to play an import role in breaking this vicious circle*

Policy Options of the States

- Policies on informal economy are still evolving in many countries
- The varying policy options are:
 - ▣ *Total elimination of informal sector*
 - ▣ *Extension of tax net to all informal establishments*
 - ▣ *Regulation and legal control of all forms of economic activities*
 - ▣ *Transforming the informal sector to formal sector*
 - ▣ *Protection and providing a level playing field for the growth of informal economy*

Indian Economy and Informal Sector

- Employment and livelihood crisis after independence on 15th August, 1947
- Self-employment in small enterprises was the only livelihood option for most of the population
- Several schemes were launched by the Government for the promotion and development of cottage, tiny and small scale industries since independence.
- Government agencies were set up for the supply of raw materials, marketing and export of products of small scale industries [NSIC]

Indian Economy and Informal Sector (Contd)

- Many products were reserved for production only in the small scale sector for many years but the same has been discontinued since 2001. However, purchase preference and price preference still continues.
- Even after liberalisation and globalisation of the economy, informal sector continues to be the major instrument for employment generation and poverty reduction
- A National Commission for Enterprises in the Unorganised Sector (NCEUS) was set up in September, 2004 to review the status of unorganised/informal sector and to suggest legal and policy environment that should govern the informal sector for growth, employment, exports and production

Indian Economy and Informal Sector (Contd)

- The NCEUS provided operational definitions for informal sector and informal employment
- Estimates of employment in the informal sector and informal employment were obtained. Also the contribution of informal sector to GDP was estimated
- A wide range of recommendations were made by the Commission for the sustained growth of informal sector and implementing decent work strategy.

Atal Pension Yojana

Pradhan Mantri Jeevan Jyoti Bheema Yojana (Rs.330)

Pradhan Mantri Suraksha Bheema Yojana (Rs.12)

Implications on Statistical System

- Reliable and credible statistics on the sector is required for:
 - Providing the right perspective of the sector
 - Policy formulation and planning for sustained development
 - Monitoring the growth and evaluation of its impact
 - Guiding investment decisions
- Non-availability of statistical data on its magnitude and contribution to the economy is one of the primary reasons for the neglect of the sector in many countries

Indian Statistical System

- Statistics on informal economy has become an important component of Indian statistical system
- Data elements for the identification of informal sector and informal employment are included in all labour force and enterprise surveys in India since 1999-2000.
- A number of studies on inter-relationship between social groups, gender, educational attainment, poverty and informal sector have been completed.

