

Employment and Earnings Patterns in Arunachal Pradesh's Urban Informal Economy

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Abstract: The limited economic development in Arunachal Pradesh has resulted in a significant inability to generate employment opportunities for its youth. The elevated unemployment rates stem from a dearth of job prospects, exacerbated by the absence of industrialization. While other states have actively fostered employment through diverse developmental initiatives, Arunachal Pradesh heavily relies on government organizations for jobs, creating a critical situation as these avenues approach saturation. The informal sector, often a vital source of employment, presents a discouraging scenario. The state government faces a formidable challenge in addressing the pressing issue of unemployment. This study explores the dynamics of the urban informal sector in Arunachal Pradesh, drawing insights from primary data collected from 450 informal sector workers in seven urban localities across East Siang and Papumpare districts. The investigation aims to unveil the socio-economic characteristics of informal sector workers, shedding light on contractual relationships, types of employment, and earnings quality.

Keywords: Employment patterns, Income disparities, Urban informal sector.

1. Introduction

The limited economic development in Arunachal Pradesh poses a significant challenge: the inability to generate sufficient employment opportunities, particularly for its youth population. The primary cause of the high unemployment rate lies in the absence of industrialization within the state. Unlike other regions where states have played a facilitating role in employment generation across various sectors, Arunachal Pradesh heavily relies on government organizations and related activities for job opportunities. The absence of a thriving informal sector further exacerbates the unemployment scenario. With the government's absorption capacity nearing saturation, addressing unemployment effectively becomes a formidable task for the state government.

To shed light on this issue, the present study aims to delve into the operations of the urban informal sector in Arunachal Pradesh. It intends to collect primary data from 450 informal sector workers across seven localities in two districts, Papumpare and East Siang. These districts were chosen because the cities of Itanagar and Pasighat have municipalities and are declared urban centers. The analysis seeks to uncover the socio-economic characteristics of these workers, exploring various

contractual relationships, types of employment, and the quality of earnings. This investigation is crucial for gaining insights into the dynamics of the informal sector and laying the groundwork for devising effective strategies to address unemployment challenges in the state.

2. Data and Approach

This study aims to explore the dynamics of the urban informal sector in Arunachal Pradesh, focusing on the characteristics of informal sector workers, including their contractual relationships, types of employment, and the quality of their work. The research objectives involve understanding the profile of informal sector workers and investigating their working conditions, employment patterns, and earnings within the urban informal sector.

Employing a mixed-methods approach, this study utilizes both primary and secondary data sources. Primary data collection methods include personal interviews, telephonic conversations, informal discussions, and observations, while secondary data is drawn from sources such as the Population Census of India, National Sample Survey Organization, Economic Census of Arunachal Pradesh, and the Statistical Abstract of Arunachal Pradesh.

The analysis is rooted in primary data collected from 450 informal sector workers across seven urban localities in Papumpare and East Siang districts of Arunachal Pradesh. The study categorizes the sample size into eight occupational groups: Street Selling vendors and Petty Retailing, Repair and Personal Services, Crafts and Manufacturing, Construction work, Transport, Domestic Worker, Wholesale Trade, and Hotels & Restaurants. The selection process involved random sampling, with varying numbers of workers selected from each occupational group.

The theoretical foundation of the informal sector concept can be traced back to studies conducted in the mid-20th century, particularly the seminal work of economist Arthur Lewis in 1954. Lewis's model of economic development posited two sectors within an economy: a capitalist sector and a subsistence sector. He suggested that the surplus labour in the subsistence sector could fuel growth in the capitalist sector, leading to rural-urban migration. However, the reality proved different as the capitalist sector failed to absorb the surplus labour adequately,

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resulting in precarious working conditions and limited social security for informal sector workers.

The resurgence of interest in the theory of dualism during the 1970s highlighted the significance of the informal sector, which operated outside the formal regulatory system. The term 'informal sector' gained prominence over 'traditional sector' to encompass a wide range of small-scale and unregistered activities. Despite disparities in definitions and interpretations, the international consensus broadly defines the informal sector as comprising unincorporated enterprises or households employing fewer than ten workers.

3. Urban Informal Sector in Arunachal Pradesh: An Analysis of the Primary Data

A. Basic Profile of Informal Sector Workers

The supplemental data delves deeper into the multifaceted landscape of Arunachal Pradesh's informal sector workforce, enriching our understanding of its demographic and occupational intricacies. In alignment with the previously presented foundational profile, the composition of the workforce reveals intriguing patterns across various categories. Drawing from the urban informal sector literature, it is imperative to contextualize these findings within the broader discourse. Within the demographic spectrum, the dominance of OBCs at 41.8%, as well as the significant presence of ST at 21.6%, GEN at 19.3%, and SC at 17.3%, resonates with studies emphasizing the diverse social fabric within informal economies (Yamanda, 1996). This heterogeneity extends to gender dynamics, mirroring broader trends observed by researchers such as Sharma (2012), with 71.3% male workers and 28.7% female workers, illustrating a gendered dimension in the informal labour force.

Table 1
Basic profile of the informal sector workers

Particulars	Classification	Value	Percentage
Category	ST	97	21.6%
	OBC	188	41.8%
	SC	78	17.3%
	GEN	87	19.3%
Sex	Male	320	71.22%
	Female	130	28.88%
Educational Qualification	Illiterate	65	14.4%
	Primary	108	24.0%
	Below Matric	189	42.0%
	Matric Pass	48	10.7%
	H.S. Pass	31	6.9%
	Graduate and Above	9	2.0%

Source: Field Survey 2021-23

Educational attainment within the informal sector workforce aligns with broader trends identified by Upadhyay (2015) and Lewis (1954), where a predominant 80.4% fall below matriculation, and 14.4% are characterized as illiterate. This educational profile accentuates the vulnerability of this labour segment, as seen in the challenging working conditions noted by Upadhyay (2015).

In conclusion, this comprehensive breakdown of the informal sector workforce in Arunachal Pradesh, supported by insights from prominent authors in urban informal sector literature,

serves to unravel the nuanced fabric of demographics, migration, education, and employment dynamics. It not only contributes to the localized understanding of Arunachal Pradesh's informal sector but also aligns with broader theoretical frameworks, enriching the discourse on urban informality.

B. Mode of Payment

The intricacies of payment methods within Arunachal Pradesh's informal sector, as outlined in Table 2, reveal nuanced patterns across various occupations.

Table 2
Mode of payment

S.No.	Description	Mode of Payment	
		Cash	Both Cash and Kind
(1)	(2)	(3)	(4)
1	SSPR	1 (5%)	31 (14.3%)
2	C&M	8 (3.7%)	11 (5.1%)
3	CON	15 (6.9%)	45 (20.7%)
4	TRANS	6 (2.8%)	6 (2.8%)
5	R&M	3 (1.4%)	19 (8.8%)
6	H&R	1 (.5%)	17 (7.8%)
7	DM	7 (3.2%)	14 (6.5%)
8	WT	17 (7.8%)	16 (7.4%)
9	Total	58 (26.7%)	159 (73.3%)

Source: Field Survey 2021-23

Note: SSPR: Street Selling and Petty Retailing, H&R: Hotels and Restaurants, R&M: Repair and Maintenance, Trans: Transport, Con: Construction, C&M: Craft and Manufacturing, WT: Wholesale Traders and DW: Domestic Workers

According to the data, 27% of hired workers received cash payments, while a significant 73% were compensated with a combination of both cash and kind. This dual form of payment is notably prevalent in occupations such as hotels and restaurants, repair and personal services, and street selling and petty retailing. This payment diversity aligns with findings in urban informal sector literature. Scholars like Chen (2001) emphasize the importance of recognizing the multifaceted nature of informal employment, where non-monetary benefits, represented here by "kind," often play a crucial role. The varying degrees of cash and kind payments in different occupational domains underscore the need for a nuanced understanding of economic transactions within Arunachal Pradesh's informal workforce, aligning with the rich tapestry depicted by urban informal sector scholars.

C. Payment schedule

A comprehensive breakdown of payment frequencies across various occupations in the informal sector is provided in Table 3.

The data indicates that monthly payments make up approximately 62.2% of the payment schedule for employed individuals, implying a significant degree of acceptance in these domains. The daily remittances, amounting to 7.4%, constitute a marginal yet noteworthy percentage. In addition, weekly (3.2%) and biweekly (3.7%) payments are present albeit infrequently.

Significantly, a proportion of workers (23.5%) encounter irregular payment schedules, suggesting that a considerable segment is confronted with uncertain income. The variety of payment methods observed highlights the need for nuanced

Table 3
Payment schedule

S.No.	Occupations	Payment schedule (figures in Percent)					Total
		Daily	Weekly	Fortnightly	Monthly	Irregular	
1	SSPR	0.00	0.00	0.00	11.10	3.70	14.70
2	C&M	0.00	0.00	0.90	6.00	1.80	8.80
3	CON	2.80	2.80	1.80	12.00	8.30	27.60
4	TRANS	0.90	0.00	0.00	2.80	1.80	5.50
5	R&M	1.40	0.00	0.50	7.40	0.90	10.10
6	H&R	0.00	0.00	0.00	5.50	2.80	8.30
7	DM	2.30	0.50	0.50	5.50	0.90	9.70
8	WT	0.00	0.00	0.00	12.00	3.20	15.20
9	Total	7.40	3.20	3.70	62.20	23.50	100.00

Source: Field Survey 2021-23

Note: SSPR: Street Selling and Petty Retailing, H&R: Hotels and Restaurants, R&M: Repair and Maintenance, Trans: Transport, Con: Construction, C&M: Craft and Manufacturing, WT: Wholesale Traders and DW: Domestic Workers

policy strategies to tackle the financial intricacies faced by workers in the informal sector.

D. Working Hours Per Day

In the context of urban informal sector literature, this observation aligns with studies emphasizing the pervasive phenomenon of long working hours in informal occupations. The sector's labor-intensive nature, reflected in prolonged working hours, underscores challenges in maintaining work-life balance and raises concerns about decent working conditions. Figure 1 depicts average daily working hours across various informal sector occupations, indicating workers across all categories work more than 8 hours a day. Notably, those in hotels and restaurants log the longest hours, followed by street selling, petty retailing, transport, and repair and personal services. Understanding and addressing the implications of these prolonged working hours is crucial for formulating policies that promote the well-being of informal sector workers. It calls for nuanced interventions considering the unique challenges posed by the labor dynamics within each occupation.

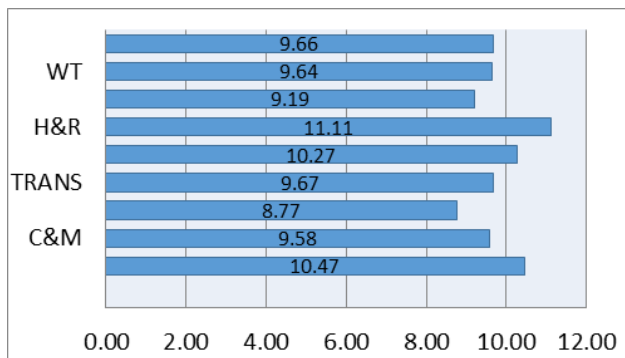


Fig. 1. Mean working hours per day
Source: Field Survey 2021-23

Note: SSPR: Street Selling and Petty Retailing, H&R: Hotels and Restaurants, R&M: Repair and Maintenance, Trans: Transport, Con: Construction, C&M: Craft and Manufacturing, WT: Wholesale Traders and DW: Domestic Workers.

E. Average Monthly Earnings of workers in Different Occupation

Figure 2 illustrates the monthly earnings of workers in diverse informal sector occupations, revealing substantial variations. In our investigation, the average monthly income for urban informal sector workers stands at Rs. 8339.11. Notably, the transport sector reports the highest average monthly earnings at Rs. 10087.04, while domestic workers represent the

lowest-earning group, with a monthly income of Rs. 4909.52.

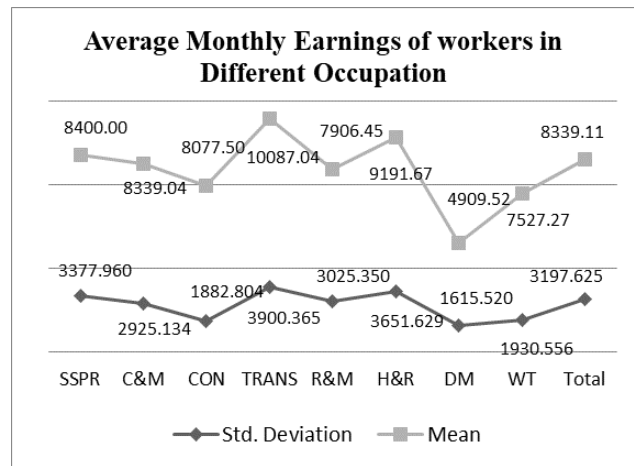


Fig. 2. Average monthly earnings of workers in different occupation
Source: Field Survey 2021-23

Note: SSPR: Street Selling and Petty Retailing, H&R: Hotels and Restaurants, R&M: Repair and Maintenance, Trans: Transport, Con: Construction, C&M: Craft and Manufacturing, WT: Wholesale Traders and DW: Domestic Workers.

F. Average Earnings of Different Categories of Workers

The disparities in average monthly income among different demographic groups, employment categories, and gender dynamics are illustrated in Figure 3.

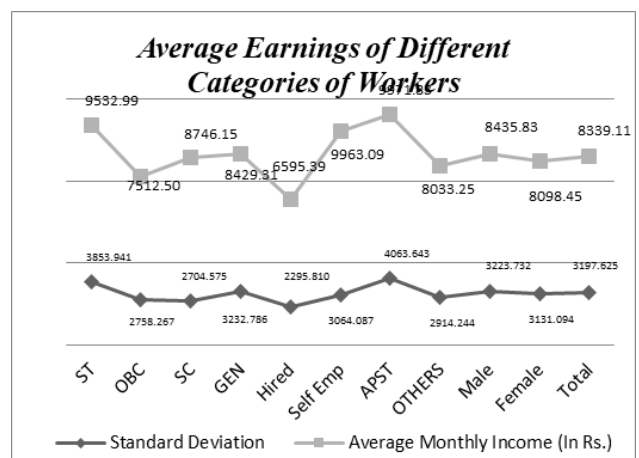


Fig. 3. Average earnings of different categories of workers
Source: Field Survey 2021-23

Note: Self Emp: Self Employed, APST: Arunachal Pradesh Scheduled Tribe.

The category of Scheduled Tribe (ST) workers demonstrates

the highest mean monthly income of Rs. 9,532.99, with Scheduled Caste (SC) workers earning Rs. 8,746.15, Other Backward Class (OBC) workers earning Rs. 7,512.50, and General (GEN) workers earning Rs. 8,429.31. By a substantial margin, self-employed individuals surpass employed labourers in terms of monthly earnings, averaging Rs. 9,963.09 as opposed to Rs. 6,595.39.

The average salaries of male and female employees are marginally higher at Rs. 8,435.83 and Rs. 8,098.45, respectively. Moreover, the "APST" category exhibits a significantly elevated mean monthly income of Rs. 9,971.83, signifying a distinct economic standing in contrast to the "OTHERS" category's average monthly income of Rs. 8,033.25. In aggregate, the monthly average income across all categories amounts to Rs. 8,339.11, indicating a wide range of economic prosperity among the population under observation. The aforementioned results emphasise the criticality for policymakers and researchers to comprehend income disparities, as this knowledge enables the development of targeted interventions that can effectively tackle economic inequalities.

4. Conclusion

The study underscores that the majority of informal sector labourers are migrants with limited or no educational background, emphasizing a prevalent male dominance and minimal female engagement. To rectify this gender disparity, the state government must implement effective policies encouraging higher female participation in the informal sector. The research reveals distressing working conditions among urban informal sector workers, characterized by extended shifts and a lack of social security benefits. Additionally, employment within this sector tends to be oral or informal, lacking legal agreements between employers and employees. The study highlights a widespread lack of awareness among informal sector workers about their social and legal rights, attributing this to a lack of coordination among implementing agencies and an absence of a cohesive policy framework. To address this, the state and employers must collaboratively foster a positive environment, ensuring the fundamental right to work for

informal sector labourers.

Furthermore, the research establishes a positive correlation between education, on-the-job training quality, and employment and income levels. An examination of monthly earnings in the urban informal sector validates the link between earnings and education, advocating for increased formal on-the-job training to boost personal income and stimulate employment within informal enterprises. This strategic approach not only fosters technological diffusion but also enhances adaptability to change, ultimately elevating the overall performance of the informal workforce. State governments and relevant stakeholders should prioritize initiatives promoting educational advancement and structured training programs within the informal sector to unlock its full potential for economic growth.

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