



AN EXPLORATION INTO THE SPATIAL VARIATIONS OF INFORMAL LABOUR MARKET

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ABSTRACT

The Informal Labour Market in Kerala is quite heterogeneous and differentiated and the nature, pattern and determinants of employment in this sector vary from place to place. There is a research gap in the analysis of this spatial variation of the informal labour market of Kerala. A study of spatial variation is immensely significant and relevant from the point of view of employment policy. Hence this paper seeks to examine the spatial variations of the informal labour market in Kerala.

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INTRODUCTION

The informal labour market characterized by unregulated competitive market, unrestricted entry and exit, low capital intensity and small scale of work plays a crucial and decisive role in Indian economy in terms of both actual and potential employment as per the Census of India, 2011. The Informal Labour Market in Kerala is quite heterogeneous and differentiated and the nature, pattern and determinants of employment in this sector vary from place to place. There is a research gap in the analysis of this spatial variation of the informal labour market of Kerala. A study of spatial variation is immensely significant and relevant from the point of view of employment policy. Hence this paper seeks to examine the spatial variations of the informal labour market in Kerala.

Objectives

The study has the following objectives:

- To study and compare the structure and composition of the informal sector labour markets in Pathanamthitta municipality and Malayalappuzha panchayat in Kerala.

- To examine whether there are any rural urban differences with respect to the informal sector employment.
- To analyse the spatial variations in the determinants of informal sector employment.

Hypotheses

The following are the hypotheses to be tested for the study:

- That the informal sector labour market in urban areas is dominated with self – employed males.
- That there is no subsectoral dominance of employment in rural labour market.
- That the informal sector labour market in rural areas does not show any gender preference.
- That there is less gender disparity of earnings in urban areas than in rural areas.

METHODOLOGY

The paper utilizes both primary and secondary data. The sources of secondary data are the reports of Census of India

1991, 2001 and 2011, National Sample Survey Organization data, Economic Review 2012 of Kerala State Planning Board, the Department of Economics and Statistics, Directorate of Employment and Training, Town Planner's Office, District Labour Office, District Industry Centre and Panchayat Statistics Handbook. In order to collect primary data, a field study was undertaken in Pathanamthitta municipality and Malayalappuzha panchayat in Kerala. The universe for the present study consists of all those informal workers in the 32 wards of pathanamthitta municipality and the 14 wards of Malayalappuzha panchayat in Kerala. In order to analyse the structure of labour market, a sectoral framework has been adopted. A worker is termed as an informal worker if there is free unrestricted entry and exit of labour market, size of enterprise is less than ten and the value of fixed capital excluding the building is less than three lakh rupees. All the workers are further classified into self-employed workers, attached workers and casual workers.

A judicious mix of stratified, cluster and judgement sampling was used for primary data collection. Each ward was taken as a stratum. Clusters of different types of employment were also formed. To construct the sampling frame, the study relied on the data from the Census of India, 2011 and the Department of Economics and Statistics. A pilot survey was also done to supplement this. The size of sample is 200. Equal numbers of samples were taken from Pathanamthitta municipality and Malayalappuzha panchayat. Direct personal interview method was followed to elicit information from the samples.

Analysis of Spatial Variation

Table 1. Composition of workers in rural area

Activity	No. Of Workers	Percentage
Manufacturing	16	16
Retail Trade	20	20
Personal Service	20	20
Repair Service	7	7
Transport Service	4	4
Casual labour	33	33
Total	100	100

Source: Field Data

Table 2. Composition of workers in urban area

Activity	No. Of Workers	Percentage
Manufacturing	32	32
Retail Trade	18	18
Personal Service	19	19
Repair Service	14	14
Transport Service	6	6
Casual labour	11	11
Total	100	100

Source: Field Data

Table 1 and 2 present the primary data on the composition of workers. The data show that manufacturing is the main economic activity in urban area whereas casual labour is the main economic activity in rural area.

Table 3. Sector of employment in rural area

Sector	No. Of Workers	Percentage
Self-employed	32	32
Attached	35	35
Casual labour	33	33
Total	100	100

Source: Field data

Table 4. Sector of employment in urban area

Sector	No. Of Workers	Percentage
Self-employed	62	62
Attached	27	27
Casual labour	11	11
Total	100	100

Source: Field data

Table 3 and 4 give the data on the sector of employment. Here, the informal labour market is classified into three subsectors: self-employed sector, attached workers and casual labourers. The data show that the majority (62 percent) of workers in urban area belongs to the self-employed segment while in rural area there is no such preference.

Table 5. Sex ratio in rural area

Sector	Male	Female	Total
Self-employed	17	15	32
Attached	16	19	35
Casual labour	18	15	33
Total	51	49	100

Source: Field data

Table 6. Sex ratio in urban area

Sector	Male	Female	Total
Self-employed	43	19	62
Attached	11	16	27
Casual labour	4	7	11
Total	58	42	100

Source: Field data

Table 5 and 6 provide the data on the sex ratio of the informal sector workers. The data have been used to test the first three hypotheses relating to the structure of the informal labour markets. On the basis of the data, the three hypotheses are accepted and the following conclusions are drawn: The informal sector labour market in urban areas is dominated with self-employed males. The informal sector labour market in rural areas does not show any gender preference. Finally, there is no subsectoral dominance of employment in rural labour market.

Table 7. Age distribution in rural area

Sector	<30	30-50	>50	Total
Self-employed	2	6	24	32
Attached	5	26	4	35
Casual labour	20	10	3	33
Total	27	42	31	100

Source: Field data

Table 8. Age distribution in urban area

Sector	<30	30-50	>50	Total
Self-employed	20	22	20	62
Attached	5	10	12	27
Casual labour	4	6	1	11
Total	29	38	33	100

Source: Field data

Table 7 and 8 analyse the data on the age distribution of the sampled workers. The data indicate that the proportion of self-employed rises with the size of the age group in rural areas while the casual labour shows negative correlation with the age group. There is no correlation of attached workers in rural areas whereas there is positive correlation of attached workers with the age group in urban areas.

Table 9. Level of education in rural area

Level	Self-employed	Attached workers	Casual labourers	Total
Upto High School	2	10	29	41
Upto Higher Secondary	16	15	4	35
Above Higher Secondary	14	10	0	24
Total	32	35	33	100

Source: Field data

Table 10. Level of education in urban area

Level	Self-employed	Attached workers	Casual labourers	Total
Upto High School	4	6	1	11
Upto Higher Secondary	19	10	10	39
Above Higher Secondary	39	11	0	50
Total	62	27	11	100

Source: Field data

Table 9 and 10 give the data on the level of education and workers in different subsectors of the informal labour market. The data indicate that there is positive correlation of self-employment with the level of education. Similarly, casual labour is associated with the low level of education.

Table 11. Determinants of employment in rural areas

Determinant	Number of Workers	Percentage
Earnings	53	53
Ease of entry	14	14
Independence	10	10
Unemployment	7	7
Inheritance	11	11
Others	5	5
Total	100	100

Source: Field data

Table 12. Determinants of employment in urban areas

Determinant	Number of Workers	Percentage
Earnings	42	42
Ease of entry	16	16
Independence	28	28
Unemployment	9	9
Inheritance	3	3
Others	2	2
Total	100	100

Source: Field data

Table 11 and 12 provide the data on the determinants of employment in the informal sector labour market. The data show that earnings are the main determinant of employment. A crucial difference in this case is that while inheritance is a main factor (11 percent) in rural areas, the influence of inheritance on employment is quite less (3 percent) in urban areas.

Table 13. Average daily earnings in rural area

Earnings	Male	Female	Total
0-250	0	20	20
250-500	0	15	15
500-750	34	14	48
750-1000	17	0	17
Total	51	49	100

Source: Field data

Table 14. Average daily earnings in urban area

Earnings	Male	Female	Total
500-750	16	12	28
750-1000	28	20	48
1000-1250	12	9	21
1250-1500	2	1	3
Total	58	42	100

Source: Field data

Table 13 and 14 present the data on the average daily earnings of the workers in the informal labour market. The data show that the earnings are higher in urban area. Similarly, there is wide disparity of income between males and females in rural areas compared to urban areas. So, on the basis of the field data the hypothesis that there is less gender disparity of earnings in urban areas than in rural areas is accepted.

Conclusion

The study of the structure and composition of the informal labour market indicates that the informal sector labour market in urban areas is dominated with self-employed males while there is no subsectoral dominance of employment in rural labour market. It is also proved that the informal sector labour market in rural areas does not show any gender preference. The field data show that manufacturing is the main economic activity in urban area for the majority (32 percent) of the workers whereas casual labour is the main economic activity (33 percent) in rural area. The analysis of the age distribution of the workers shows that there is positive correlation between the proportion of self-employed workers and the age of the workers in rural area while casual labour shows negative correlation with the age of the worker in rural area. There is no correlation of attached workers in rural area whereas there is positive correlation of attached workers with the age of the worker in urban area.

The analysis of the level of education and the sub-sector of work shows that there is positive correlation of self-employment with the level of education. Similarly, casual labour is associated with the low level of education. The analysis of the determinants of employment shows that earnings are the main determinant of employment in both rural and urban areas. While inheritance is a main factor in rural area (11 percent), the influence of inheritance on employment is quite less (3 percent) in urban area. The analysis also proves that the average earnings are higher in urban area compared to rural area. Besides, it also shows that there is less gender disparity of earnings in urban area than in rural area.

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