Surveys on Informal Sector: Objectives, Method of Data Collection, Adequacy of the Procedure and Survey Findings

1. Introduction

- The term 'informal sector' not used in the Indian official statistics or in the NAS till recently
- The terms used in the NAS are 'organised' and 'unorganised'
- Organised sector comprises enterprises for which statistics available regularly
- Unorganised sector refers to enterprises for which regular information not available
- The term 'informal sector' used for the first time in NSS 55th Round (1999-2000)
- Survey defined *informal enterprises* as those with type of ownership as either proprietary or partnership
- Definition broadly consistent with that recommended by the Fifteenth ICLS



- To meet requirements for national accounting including assessment of the shares of various non-agricultural sectors in the country's GDP
- To meet the demands for data by planners and policy makers, researchers, and other users (for assessing the sizes of different sectors and their growth over time)

3. Surveys on Informal Sector

- (a) NSS 55th Round
- An integrated survey of households and *informal* enterprises carried out in NSS 55th Round (1999-2000)
- Subjects covered: Household consumer expenditure, Employment-unemployment and Informal non-agricultural enterprises
- The survey aimed to provide estimate of number of workers in the informal sector through two different approaches household approach vis-a-vis enterprise approach
- Non-agricultural enterprises covered:

Mfg.; Construction; Trading and repair services;

Hotels and restt.; Transport, storage and communications;

Financial intermediation; Real est., renting & business activities

Education, health & social work

Other community, social & personal service

Details about enterprises collected:

Certain characteristics of the enterprises

Fixed assets; Employment; Operating expenses and receipts

Value added, etc.



- (b) Surveys Conducted Prior to NSS 55th Round
- Collection of data pertaining to informal sector units not a new feature of the Indian data-collection system
- Earlier enterprise surveys carried out by the NSSO and CSO since 1978-79 had a wider coverage
- Apart from informal sector, such surveys covered other non-government enterprise
- Unit-level data for the NSSO surveys available for sale on CD since 1986-87
- Possible to generate estimates for informal sector based on these surveys as type of ownership codes are available at unit-level
- There have been 4 such enterprise surveys (on manufacture and trade) prior to NSS 55th Round

(c) Surveys Conducted After NSS 55th Round

- 2 such surveys so far:
- (i) NSS 56th Round (2000-01) on unorganised manufacture
- (ii) NSS 57th Round (2001-02: survey under progress) on unorganised services (excluding trade and finance)
- Type of ownership of each sample enterprise is recorded
- Thus possible to obtain the required estimates for the informal sector
- NSS 57th Round Tabulation plan has provision for estimation of the following:
- (i) Per thousand distribution of enterprises as well as workers by type of ownership and activity at all-India level
- (ii) Per thousand distribution of enterprises as well as workers (all activities combined) by type of ownership at State level
- (iii) Per thousand distribution of enterprises by social group of owner at State level (for proprietary and partnership i.e. informal enterprises)
- (iv) Annual gross value added per worker by activity at State level (for proprietary and partnership i.e. informal enterprises).

4. Sample Design



- •Generally a stratified two or three-stage design adopted
- •First-stage units (FSUs) are villages and urban blocks
- •Ultimate-stage sampling units are enterprises
- •Large FSUs split into segments
- •From the segments formed, a sample of segments selected
- •EC frame giving count of enterprises and workers at the FSU level generally used as the sampling frame for FSU selection
- •UFS frame used for sampling if EB boundaries not identifiable
- •Frame of enterprises in the sample FSU prepared in the field
- •From the frame, a sample of enterprises selected circular systematically
- •NSS 55th Round highlights:
- •Enterprises listed in an FSU grouped into 12 strata by jointly considering their broad industry group (BIG) and enterprise class

A sample of 24 enterprises selected from each FSU

Complete enumeration if less than 24 enterprises in the FSU

Sample size of FSUs: 10,400 for central sample and 11,880 FSUs for state sample





- •At present, a team of two or three investigators along with one supervisor deployed for fieldwork in each FSU
- •Data are collected through interview
- •For enterprises run without fixed premises or within the household premises, data collected by visiting the households of the owners
- •For enterprises run within fixed premises, data collected from the site
- •If the enterprises maintain accounts (such cases being much less in number), data collected as per the available accounts
- •Otherwise, information furnished by owners is recorded after proper probing in case figures furnished by the respondents appear doubtful.
- •To capture the seasonal variation, survey period divided into sub-rounds
- •Equal number of FSUs allotted to each sub-round
- •Within a particular sub-round, fieldwork spread uniformly over different months

6. Netting Employment in the Informal Sector: Adequacy of the Procedure

- Adequate care taken to list invisible enterprises
- •This has enabled netting more such enterprises in the enterprise surveys as compared to the EC
- •In NSS 55th Round, to doubly ensure listing of such enterprises, 2 special items included in the listing schedule
- •Items included: number of self-employed members (home-based and those working without fixed premises) in the household with break-up for female and male, and number of distinct enterprises owned by such members
- •The practice repeated in NSS 57th Round but not in NSS 56th Round
- •Efficiency of the procedure could be tested by comparing results of NSS 55th Round vis-à-vis NSS 56th Round

7. Key Results of NSS 55th Round (1999-2000)

- Statement 1: Distribution of enterprises by type of ownership
- •Male and female proprietors respectively run 86% and 12% of the enterprises
- •Females run only 5% of the establishments

Statement 2: Location of the enterprises

- •78% run at fixed premises either within the household premises or outside
- •Proportion of enterprises run in the household premises is higher (39%) in case of own account enterprises (OAEs) as compared to the establishments (13%)
- •Higher proportion of enterprises run from the household premises in the rural areas

Statement 3: *Maintenance of accounts*

- •5% of enterprises maintain accounts
- •Maintenance of accounts is higher (21%) in case of establishments and quite low (about 3%) in the case of OAEs
- Cases of maintaining accounts higher in urban areas

Statement 4: Working on contract



- •About 11% of the enterprises undertaking at least some work on contract basis
- •Of the enterprises working on contract, 82% received the raw material from the master enterprise/contractor
- •The contractor in 87% of the enterprises also specified the design

Statement 5: *Number of workers*

- •Estimated number of workers as per the alternative approaches broadly comparable except in case of (i) Construction, (ii) Transport, storage and communication; and (iii) Other community, social and personal services
- •For the exceptional cases, differences in coverage of workers in the 2 approaches could partially explain the divergence

Statement 6: Value added per worker

•For all activities combined, value adder per worker in rural areas is 45% of the same in the urban areas

Statement 1: Distribution of enterprises by type of ownershi (combined for all activities)

(COMBINE	eu ioi ali ac	tivities)							
Type of		pei	centage	of enter	prises by	type of ow	nership		
ownership		rural		combined					
	OAE	Estt.	all	OAE	Estt.	all	OAE	Estt.	all
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1. proprietary male	85.8	90.4	86.0	86.7	84.9	86.3	86.2	86.3	86.2
2. proprietary female	13.5	4.1	13.0	12.0	5.1	10.5	12.9	4.9	11.9
3. partership between member of same hh	0.5	2.0	0.6	0.8	6.4	2.0	0.6	5.3	1.2
4. partership between member of different hh	0.2	3.5	0.4	0.5	3.6	1.2	0.3	3.5	0.7
all	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statement 2: Distribution of enterprises by location (combined for all activities)

location of		percentage of enterprises by location								
enterprise		rural			urban		combined			
	OAE	Estt	all	OAE	Estt	all	OAE	Estt	all	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1. within hh	46.2	21.6	44.8	28.1	10.4	24.4	39.1	13.2	35.9	
premises										
2. outside hh pr	remises a	nd with	fixed lo	cation						
a) permanent structure	23.5	59.5	25.6	40.7	83.8	50.0	30.1	77.6	36.2	
b) temporary structure	2.8	2.4	2.8	3.8	1.5	3.3	3.2	1.7	3.0	
c) without any structure	3.1	2.7	3.1	3.6	0.6	2.9	3.3	1.1	3.0	
3. outside hou	isehold	premise	es but v	without	fixed lo	cation				
a) mobile	7.1	4.0	6.9	6.9	0.6	5.5	7.0	1.5	6.3	
market										
b) street	11.8	3.6	11.3	12.7	0.8	10.1	12.2	1.5	10.8	
vendor										
c) constrn.	5.4	6.1	5.4	4.2	2.3	3.8	5.0	3.3	4.7	
site										
4. not	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	
reported										
all	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 3: Distribution of enterprises by maintenance of accounts (combined for all activities)

mainte	percentage of enterprises by maintenance of accounts									
nance		rural			urban		combined			
of	OAE	E Estt all		OAE	Estt	all	OAE	Estt	all	
accou										
nts										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1. yes	1.8	9.3	2.2	4.4	25.5	9.0	2.8	21.4	5.2	
2. no	98.2	90.7	97.8	95.6	74.5	91.0	97.2	78.6	94.8	
all	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 4: Distribution of enterprises by status of working on contract(combined for all activities)

working	distribution of enterprises by ststus of working on contract									
on	rural				urban		combined			
contract	OAE	Estt	all	OAE	Estt	all	OAE	Estt	all	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1. yes	12.1	12.6	12.1	9.1	10.5	9.4	10.9	11.0	10.9	
2. no	87.9	87.4	87.9	90.9	89.5	90.6	89.1	89.0	89.1	
all	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 5: Alternative Estimates of Number of Workers based on Enterprise Survey Approach (Schedule 2.0) and Household Survey Approach (Schedule 10) (NSS 55th Round: 1999-2000)

Activity		Esti	mated numb	er of worker	rs ('000)	
•	Rural	India	Urban	India	Indi	ia
	Sch. 2.0	Sch. 10	Sch. 2.0	Sch. 10	Sch. 2.0	Sch. 10
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Manufacturing	17692	17379	11969	13086	29661	30465
2. Construction	1522	6352	1148	4635	2669	10987
3. Trading & repair services	11995	11489	16408	16755	28403	28244
4. Hotels & restaurants	1661	1485	2630	2081	4291	3566
5. Transport, storage and communications	2527	4241	2700	4436	5226	8677
6. Financial intermediation	66	112	266	309	333	421
7. Real estate, renting and business services	313	377	1215	1391	1528	1767
8. Education	587	786	1152	1291	1739	2077
9. Health and social work	536	408	667	620	1203	1029
10. Other community, social and personal services	2909	4059	1820	2564	4729	6623
All activities	39808	46688	39975	47168	79783	93856

Note: Estimates based on Schedule 10 give total number of usual status workers considering both principal and subsidiary statuses.

Statement 6: Activity-wise annual value added per worker

Activity	annual value adder per worker (Rs.)									
Activity	rural urban combined									
The state of the s	OAE	establish	all	OAE	establishmen	all	OAE	establishmen	all	
(4)		ments		· · · · · · · · · · · · · · · · · · ·	ts			ts	(40)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1		\sqcup					·		!	
1. manufacturing	8963	22699	11157	15585	35225	26088	10768	31389	17182	
2. construction	22694	24918	23183	31515	36984	33699	25935	31888	27704	
3. trading and repair services										
	17475	28690	18298	29608	59434	40598	23329	55530	31180	
4. hotels and restaurants	14799	25190	17170	20700	35141	29077	17530	33161	24468	
5. transport, storage and communication										
	21313	39026	24803	27740	47803	33522	24439	44379	29307	
6. financial intermediation	27105	28428	27590	49417	39236	43874	43666	37683	40622	
7. real estate, renting	4/103	20420	41370	4741/	37430	430/4	43000	3/003	40022	
and business activities	21880	17863	20841	31871	41504	37088	28935	38915	33763	
8. education			.							
	11020	12802	12176	19192	22746	21823	15857	19674	18565	
9. health and social work				! 			! 			
	22676	31087	24031	41712	51642	48058	29314	48180	37354	
10.other community, social and personal service activities (excluding domestic										
services)	8651	11882	8847	18426	27478	21256	11721	23787	13623	
all activities										
	13443	24442	15008	25054	43819	33437	18007	39153	24242	