



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



2. Objectives of the Surveys

- **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



5. Method of Data Collection

- **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

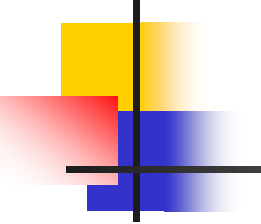
Statement 2: *Location of the enterprises*

- 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*

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- **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 added per worker in rural areas is 45% of the same in the urban areas**

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 | Estimated number of workers ('000) | | | | | |
|---|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | Rural India | | Urban India | | India | |
| | 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 added per worker (Rs.) | | | | | | | | |
|---|-------------------------------------|----------------|-------|-------|----------------|-------|----------|----------------|-------|
| | rural | | | urban | | | combined | | |
| | OAE | establishments | all | OAE | establishments | all | OAE | establishments | all |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 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 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 |