Registering Informality:

Indian Unincorporated Enterprises and State Recordkeeping

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**Research Motivation**

In 1999, the Indian government’s National Sample Survey Office (NSSO) counted informal workers for the first time. In response to the limitations by the Indian Census of Population in capturing realistic data on the labor force, changes were introduced to improve this data collection. Apart from adopting a new definition of “worker,” the Census put special emphasis on collecting information on unpaid economic work on farms and family enterprises and in informal sector, conducting an independent informal sector survey of enterprises for the first time (NSSO, 2000).

This work engages with the kinds of records the state maintains of these ostensibly unregistered laborers, and with quantitative and qualitative research on these bodies of data to better understand the significance of these measurements. It seeks to illuminate what is effectively documented in these initiatives versus what remains unaccounted for, to ultimately assess how any discrepancies between the design and purpose of these measurements impact state policy and politics.

The aim is to understand and document the interaction of neoliberal economic policies and local power dynamics, characterized by the specific intersections of patriarchy, caste hierarchies, exploitative enterprise, and mobile labor specific to modern India. The research intends to critically engage with structures of capital and power to understand and document these phenomena without blindly accepting binary reductions of formal/informal, legal/illegal, or organized/unorganized. I’m hopeful that better understanding the ways in which these labels coalesce might shed light on how they might be worked with and worked around. How, for example, have Doreen Massey’s “power-filled relations” of space informed and reformed labor processes here? (1984: 3)

I will contextualize the concept of informality within the Indian labor landscape, discussing its characteristics and the significance of informal employment, highlighting its prevalence and implications for development and social welfare. I will then analyze the framework used by the NSSO for measuring the size and scale of informal enterprise in India, highlighting sampling methods, survey design, and the specific objectives behind these surveys, and consider their utility in capturing informal economic activities. I will then critically assess the limitations of, and challenges faced by NSSO surveys in accurately capturing informal labor dynamics, including issues such as underreporting, data gaps, and methodological constraints that affect reliability and completeness. I will then integrate qualitative insights derived from secondarily sourced field research and case studies to observe the experiences of informal workers, and how the data collected by the NSSO and other state agencies have influenced official policy formulation, resource allocation, and labor mobilization. An appendix of limited quantitative findings from comparative analysis of the 2010-2011 and 2015-2016 NSSO surveys for contemporary enterprise trends complements the main discussion of the paper: analyzing the dynamics of informality in India's labor market while critically evaluating the role and impact of NSSO surveys in capturing this vital data.

**Situating Informality**

India’s labor landscape is characterized by significant and enduring informal employment with roots in the country’s economic and historical context. Williams (2017), categorizing developing countries based on degree and intensity of informalization, ranked India second (after Mali) in terms of both the degree (84.3%) and intensity (79.2%) of informality within non-agricultural employment, branding it as "dominantly informal."

The emergence and expansion of this sector is closely intertwined with broader processes of neoliberal globalization. In 1991 the Indian government introduced neoliberal economic reforms aimed at reducing state intervention, fostering investment, and facilitating capital formation. These sweeping changes included delicensing industries, privatization, and deregulation of various sectors, all of which contributed to the rapid growth of the informal sector. These neoliberal policies spurred flexible production, outsourcing, and fiscal austerity, fundamentally reshaping the state's role while fueling the rapid rise of informal economic activity.

Historically, informal workers were either perceived as a reserve army of labor or remnants of a precapitalist era, existing outside the formal labor-capital relationship. Accordingly, development scholars envisioned migration from rural to urban areas as a mechanism to drive economic growth (Agarwala, 2013). Thus informal workers were excluded from labor force surveys and state policies, remaining invisible politically. The concept of "economic cripples," as articulated by Illich (1992), highlights the condition of those excluded from conventional economic paradigms. These individuals, unable to fully participate in market-driven economies, navigated subsistence needs through informal networks, operating outside formal legal frameworks:

"People who have lost their subsistence outside the cash economy... are neither members of the economy, nor are they capable of living, feeling and acting as they did before they lost the support of a moral economy of subsistence." (Illich, 1992)

To this end, Rosa Luxemburg illustrated how European colonial structures exploited informal workers to shield formal economies from the higher costs associated with regulated labor, noting:

"Class struggles that increased European wages in the early 1900s forced European capitalists and workers to rely on their colonies’ cheap, flexible, informal workforce for raw materials and for low-end manufactured goods and services." (1951).

Contemporaneously, the 2008 financial crisis, too, exacerbated global demands for low-cost, flexible labor, heightening levels of informal employment (Koba, 2009). As David Harvey notes, capital finds a way:

“The spatio-temporal ‘fix’... is a metaphor for solutions to capitalist crises through temporal deferment and geographical expansion. The production of space, the organization of wholly new territorial divisions of labour, the opening up of new and cheaper resource complexes, of new dynamic spaces of capital accumulation, and the penetration of pre-existing social formations by capitalist social relations and institutional arrangements (such as rules of contract and private property arrangements) provide multiple ways to absorb existing capital and labour surpluses.” (Harvey 2004: 65-66)

Further, the neoliberal shift in India transformed the role of the state from a regulator to a facilitator of market forces, favoring global capital accumulation over citizen welfare (Deaton and Kozel, 2005). In these ways, a trade-off was made in India's neoliberal trajectory between rapid economic expansion and growing inequality.

Although informal workers in India produce legal goods and services, they do so without legal registrations or recognition, denying them fiscal, health, and labor protections. As Williams (2017) showed, and as the Indian state recognizes, this unregulated and unprotected labor constitutes a substantial majority of the workforce, reflecting both the scale and complexity of informal economic dynamics, as even formal enterprises exploit social networks to engage informal laborers (Breman, 2003). Thus, informal work, far from being peripheral or transient as development theorists might have imagined, constitutes a substantial and indispensable segment of India's economy, and Indian labor regulations, which are relatively progressive, protect only a minority of the working class.

Further, the communities relegated to informal work are not incidental. Mamgain, in his paper on ‘Wage employment, informality, and social networks in Indian labor market’, examines the composition of regular salaried workers and the method of their job search. Mamgain finds almost half of regular salaried employment being in informal sector that naturally means absence of social security. the Scheduled castes (SC) or former untouchables and Scheduled Tribes (ST) have lower incidence of regular salaried work than other (higher) caste groups. The most prominent source of job information is informal social networks, which include friends, relatives, family members, caste networks, etc.

This social, historical, and political context underscores the imperative for more nuanced state policy that recognizes and protects informal workers within India's evolving economic landscape, which itself is only possible if the state properly appreciates the scale and scope of the sector.

**Framework and Utility of NSSO Unincorporated Surveys**

“The terms unorganised/ informal sector are used interchangeably in the India context” notes SV Murthy of the of National Statistical Office (2019). The primary data source for the informal sector in India are deployed by the National Sample Survey Office (NSSO), an initiative of the Ministry of Statistics and Programme Implementation set up by the Government of India in 1969 to collect socio-economic data employing scientific sampling methods. National Sample Surveys are conducted in the form of various rounds over the period of one year for each round. Of primary interest for research and policymaking on the informal sector are rounds of NSSO unit-level data for Sch. 2.34: Unincorporated Non-Agricultural Enterprise. Utilizing enterprise surveys and employment-unemployment surveys to capture information on value-added, labor input, employment patterns, and conditions of employment.

To operationalize the notion of informality in the Indian context it’s necessary to refer to the worker-based definition of informal work used by the 17th International Conference of Labor Statisticians (ICLS) in 2003 which is referenced by the inaugural NSSO report on “Salient Features of the Informal Sector in India, 1999–2000”:

“The expert group constituted by Department of Statistics, Government of India, for defining the informal sector in its meeting held on November 5, 1998… adopted the Fifteenth International Conference of Labour Statisticians[‘s] (ICLS-1993) concept in the Indian Statistical System, i.e., ‘Own Account Enterprises’ and ‘Establishments’ with at least one hired worker. This definition which is enterprise based provides a good coverage of enterprises to work out the value added by industry groups required for the National Accounts Statistics. The group also felt that the work force in the Informal Sector could be better measured through the household surveys by taking into account the principal and subsidiary activities of each member of the household.”

Thus, the term “informal sector” is not regularly used in the official National Accounts Statistics (NAS); rather, the terms used in the Indian NAS are “organised” and “unorganised.” Here, the informal sector/unorganized sector consists of enterprises which are: (1) own account enterprises and operated by own account workers or (2) unorganized enterprises employing hired workers. Further, they specify,

“The organised sector comprises of enterprises for which the statistics are available regularly from the budget documents or reports, annual reports in the case of Public Sector and through Annual Survey of Industries in case of registered manufacturing. On the other hand, the unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision and / or those which do not maintain any regular accounts. Non-availability of regular information has been the main criteria for treating the sector as unorganised… For example, units not registered under the Factories Act 1948 constitute unorganised component of manufacturing on account of activity not regulated under any Act… However, the enterprises covered under Annual Survey of Industries (ASI) do not fall under the purview of unorganised sector survey.” (NSSO 2001)[[1]](#footnote-2)

These surveys collect information on gross value added (GVA)[[2]](#footnote-3), value added, value of output, intermediate consumption, and additions to capital stock required for national income estimation. The design of the survey is a multi-stage household sampling design. In urban areas, urban frame survey maps are used, where each town is divided into certain number of units (IV Units) which are further divided into blocks. The coverage of workers includes full-time, part-time workers, and contract workers to show percent employed of the working population above the age of 15 in formal employment, and the percent informally employed (either self-employed or with no social security cover from the employer) (Unni, 2017).

As the estimate of workers from the enterprise surveys have differed from that of the regular employment unemployment surveys conducted by NSSO, these surveys are deemed better at estimating ratios such as value added per worker, value added per enterprises, etc.; accordingly, “value added per worker” data derive from the enterprise surveys while labor input derives from employment and unemployment surveys (Murthy 2019). The enterprise surveys segment labor by categories including location (rural urban) and type of enterprises such as own account enterprises, directory establishments (employing more than five workers) and non-directory which employ less than five workers.

By utilizing a multi-stage household sampling design, the surveys ensure coverage across both urban and rural landscapes of key macroeconomic metrics and employment patterns, distinguishing between enterprises based on size and organizational structure, thereby enhancing the granularity of the data collected and shedding light on the composition of the unorganized sector workforce.

**Limitations of the NSSO Unincorporated Surveys**

NSSO unincorporated surveys have faced significant limitations and challenges in accurately capturing and representing informal labor dynamics in India across many dimensions, including data compilation, sample design, and issues related to data collection from wealthier respondents.

One critical issue with the NSSO surveys is the complexity in compiling regional accounts due to the use of new data sources and administrative data. The introduction of conceptual and data changes in the 2011-12 series aimed to enhance estimate coverage but inadvertently introduced a fresh set of unresolved issues (Murthy 2019). This indicates systemic challenges in adapting to evolving data requirements and ensuring the reliability of statistical products. Moreover, the NSSO surveys exhibit biases in estimating rural and urban populations, favoring rural areas over urban ones. The definition of "urban area" and the process of updating the urban frame survey contribute to operational difficulties and potential inaccuracies in urban population estimates. The delay in incorporating new statutory and census towns into the survey frame complicates the assessment of urban labor dynamics, impacting the overall representativeness of urban data.

Another notable limitation is the NSSO's struggle to collect data from wealthier respondents, resulting in potential biases in survey outcomes. The non-response rates, particularly in regions like Chandigarh and Delhi, have been significantly higher among wealthier households, possibly distorting estimates. While NSSO attempts to scientifically adjust for non-response, the challenge persists in accurately representing the economic activities of wealthier segments of society. Additionally, discrepancies in capturing evolving economic activities, such as changes in subcontracting patterns, have been observed. Notably, labor economist Udai Bhan Singh noted in his 2013 research that NSSO data showed a decline in subcontracting over time. However, the nature of subcontracting has greatly evolved in the last 10–15 years, while NSSO survey design has been failed to incorporate these changes in contemporary practice (Basole et al. 2014).

Furthermore, recent controversies surrounding NSSO surveys, like the 2017-18 Consumer Expenditure Survey (CES), highlighted broader data quality concerns. The survey was carried out by the NSSO between July 2017 and June 2018, and the report was approved to be released on June 19, 2019, until it was withheld by the government agency. Results were eventually leaked after the government decided not to release the figures due to "data quality issues." Meanwhile, media reports claimed that government had withheld consumer spending numbers due to its "adverse findings."[[3]](#footnote-4) According to the NSSO, the results of the CES survey are used for rebasing of the GDP and other macro-economic indicators. It's unknown how the government resolved the issue for those calculations. Naturally, the decision to withhold CES results raises questions about the reliability and robustness of NSSO survey outcomes while also underscoring the critical role of NSSO data in shaping policy and economic indicators.

Limitations ranging from operational challenges in data compilation to biases in sample design and data collection undermine the ability of NSSO surveys to accurately represent and analyze India's informal labor landscape, raising doubts about the reliability and relevance of NSSO data for policy formulation and economic analysis.

**Quantitative Observations**

The governmental approach to aggregating and measuring informal labor in India carries profound implications for policy formulation and social organizing. The neoliberal push towards unfettered markets and loosened labor regulations has expanded the informal labor force. As such, the state’s fervent promotion of entrepreneurship and small businesses has been characterized by a proliferation of microenterprises lacking scaling potential, job creation capacity, and sociolegal protections.

Analysis of NSSO data over time shows, for example, the underrepresentation of Scheduled Tribes (STs) within the entrepreneurial landscape. The share of enterprises owned by STs has fallen over time, despite an overall increase in the total number of enterprises. Further, STs predominantly engage in limited sectors such as leather, beverages, textiles, and wood products, indicating a narrow spectrum of economic participation; this underscores a significant disparity in the performance indicators of enterprises owned by STs compared to other social groups. ST-owned enterprises exhibit lower operational efficiency and struggle to scale due to factors including institutional, technological, and marketing constraints. Access to formal financial institutions remains a challenge for ST entrepreneurs, with prevailing difficulties in securing capital for enterprise growth. Disproportionately low ownership levels and prevalence in low-productivity and low-earning sectors among STs underscores the relevance of social identity in the trajectory of informal labor in India.

Factors including “urbanization, assets (landholdings), social networks, access to information, etc.,” have also been used as explanatory variables to explain lower caste/tribe participation in the informal economy (Murphy, 2006). There is also compelling evidence on the role of social networks in predicting labor, most SC/ST communities engaged in activities similar to their family/parental business (Jodhka, 2010). The NSSO data and existing literature seem to demonstrate the role of systemic barriers, here specifically, caste-based discrimination prevalent in private business activities, yet to address these barriers effectively, comprehensive databases focusing on disadvantaged and discriminated groups are necessary.

Further, the distinction between self-employed workers and contract workers is critical. By not disaggregating data more clearly and more consistently between the two, a great deal is lost in analysis of the NSSO surveys. While self-employed individuals, often termed "petty bourgeoisie" or "micro-entrepreneurs," constitute a significant share of India's informal labor force, contract workers, predominantly unskilled and lacking formal labor contracts, face far greater vulnerability and exploitation (Basole et al. 2014).

The experiences of these distinct groups underscore the need for nuanced policy that acknowledges their varied positions within the informal labor landscape. Subcontracting practices within the informal sector reveal divergent perspectives. its exploitative nature, with formal sector firms extracting from asset-poor subcontractors (Basole et al. 2014). This complexity underscores the necessity for policymakers to engage with the multifaceted dynamics of informality. Enhanced data collection is essential to facilitate informed interventions.

**Policy Implications of State’s Framing**

The strategies the Indian state has employed, however, including the role of Gram Panchayat Development Plans (GPDP) have only furthered inopportune informal labor participation and livelihood challenges faced by STs in rural areas. policies, initiatives, preferential treatments increasingly push these groups into informal labor. These policies include exclusive or subsidized allocation of resources and benefits; interventions such as the Start-up Village Entrepreneurship Program (SVEP) under National Rural Livelihood Mission (NRLM), the Rural Self Employment Training Institute (RSETI), and the MUDRA loan “to promote entrepreneurship and livelihood opportunities with special focus on youth, women, and backward regions.” There have been a plethora of policies under various government ministries, but “there is no evidence of any visible improvement and no systematic evaluation of these policies and provisions has also been undertaken” (Sahu and Kumar, 2020).[[4]](#footnote-5)

The Indian state's approach to fostering unfettered markets by eclipsing labor regulations and expanding the informal labor force reflects a broader shift towards neoliberal policies aimed at facilitating global capital accumulation. The World Bank noted, for example, that between 1985 and 1990, governmental expenditure[[5]](#footnote-6) in developing countries declined for the first time since 1960, leading to reductions in public investment in essential sectors like education: “Among the poorest countries, public expenditure on education as a percentage of gross national product (GNP) declined by nearly 30 percent between 1980 and 1997” (UNESCO 2000). This trend signals a shift towards a "market-state" paradigm, prioritizing market facilitation over citizen welfare. In India, this shift is mirrored by a retreat from labor protections, eroding the power of the labor movement.

Furthering this trend, many scholars have highlighted how the structural conditions of informal employment limit the organization of workers as a class. Informal labor, characterized as it is in India by dispersed production sites, complex subcontracting relationships, and weakened bargaining power due to job insecurity, challenges conventional labor organizing models (Grasmuck and Espinal 2000). Thus, the interchangeable use of terms like "informal workers" and "unorganized workers" by Indian scholars and officials reflects this understanding of informal labor, and frames the state’s predominant focus on defining and quantifying informality rather than addressing substantive issues of labor rights (Unni, 1999; Unni and Rani, 2000). The prevailing assumption suggests that “only upon integration into the formal economy can informal workers leverage class-based power for labor movements” (Agarwala, 2013), a notion limiting the labor movement discourses to urban formal workers and rural peasants.

Contrary to these perspectives, however, recent studies such as Rina Agarwala’s ethnography of informal sector labor organizing upend this notion, as “India's transformation into a neoliberal state with expanding informal sectors and deepening economic inequalities has prompted informal workers, both self-employed and contract-based, to assert their agency” (2013: ). Self-employed workers, constituting a substantial proportion of the nonagricultural labor force, have effectively demonstrated their ability to organize and advocate for welfare benefits within the Indian state. The emergence of informal workers' movements in India challenges traditional assumptions about labor organization and state relations. Women, particularly marginalized contract workers, have mobilized within organizations like the Self-Employed Women's Association (SEWA) to demand rights and recognition (Rose 1993). Government initiatives such as the Unorganized Sector Workers' Social Security Bill and the Rashtriya Swasthya Bima Yojana signal a growing acknowledgment of informal workers' welfare needs, albeit amid criticism from formal labor organizations (NCL 2002; Range 2008).

State aggregation and measurement of informal labor in India carries profound implications for labor policy and social welfare. The evolving landscape of informal labor, characterized by diverse organizing strategies and nuanced power dynamics, necessitates policy responses that recognize and address the distinct challenges faced by self-employed and contract workers. By empowering informal workers through legislative protections and social security initiatives, the Indian state can foster inclusive labor practices and mitigate the vulnerabilities associated with informal employment.

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Appendix

Regional Disparity of Unorganized Enterprises, Fixed Assets, Total Worker, and GVA in India

| **Region** | **State** | **Enterprises (thousands)** | **Fixed Assets (millions)** | **Total Worker (thousands)** | **GVA (millions)** |
| --- | --- | --- | --- | --- | --- |
| **Central India** |  | **3,522 (5.56%)** | **120,774 (5.46%)** | **6,612 (5.94%)** | **47,807 (4.25%)** |
|  | Chhattisgarh | 848 (1.34%) | 25,296 (1.14%) | 1,687 (1.52%) | 11,087 (0.99%) |
|  | Madhya Pradesh | 2,674 (4.22%) | 95,478 (4.32%) | 4,925 (4.43%) | 36,720 (3.27%) |
|  |  |  |  |  |  |
| **East India** |  | **15,886 (25.06%)** | **193,199 (8.74%)** | **24,690 (22.19%)** | **174,777 (15.55%)** |
|  | Bihar | 3,446 (5.44%) | 60,651 (2.74%) | 5,307 (4.77%) | 51,519 (4.58%) |
|  | Jharkhand | 1,588 (2.51%) | 22,204 (1.00%) | 2,503 (2.25%) | 16,574 (1.47%) |
|  | Odisha | 1,984 (3.13%) | 24,018 (1.09%) | 3,326 (2.99%) | 21,076 (1.88%) |
|  | West Bengal | 8,868 (13.99%) | 86,327 (3.90%) | 13,554 (12.18%) | 85,608 (7.62%) |
|  |  |  |  |  |  |
| **North India** |  | **13,945 (22.00%)** | **485,975 (21.97%)** | **25,756 (23.15%)** | **262,921 (23.39%)** |
|  | Chandigarh | 56 (0.09%) | 4,694 (0.21%) | 129 (0.12%) | 2,284 (0.20%) |
|  | Delhi | 936 (1.48%) | 61,263 (2.77%) | 2,301 (2.07%) | 45,913 (4.08%) |
|  | Haryana | 970 (1.53%) | 47,098 (2.13%) | 1,912 (1.72%) | 29,090 (2.59%) |
|  | Himachal Pradesh | 392 (0.62%) | 19,705 (0.89%) | 648 (0.58%) | 7,938 (0.71%) |
|  | Jammu & Kashmir | 709 (1.12%) | 27,857 (1.26%) | 1,089 (0.98%) | 15,162 (1.35%) |
|  | Punjab | 1,465 (2.31%) | 56,809 (2.57%) | 2,480 (2.23%) | 30,137 (2.68%) |
|  | Uttar Pradesh | 9,000 (14.20%) | 254,502 (11.51%) | 16,538 (14.86%) | 125,053 (11.13%) |
|  | Uttarakhand | 417 (0.66%) | 14,048 (0.64%) | 660 (0.59%) | 7,344 (0.65%) |
|  |  |  |  |  |  |
| **Northeast India** |  | **1,892 (2.99%)** | **33,437 (1.51%)** | **2,918 (2.62%)** | **29,287 (2.61%)** |
|  | Arunachal Pradesh | 23 (0.04%) | 739 (0.03%) | 41 (0.04%) | 903 (0.08%) |
|  | Assam | 1,214 (1.92%) | 15,464 (0.70%) | 1,816 (1.63%) | 16,996 (1.51%) |
|  | Manipur | 180 (0.28%) | 1,905 (0.09%) | 292 (0.26%) | 2,523 (0.22%) |
|  | Meghalaya | 112 (0.18%) | 1,959 (0.09%) | 191 (0.17%) | 1,966 (0.17%) |
|  | Mizoram | 35 (0.06%) | 3,636 (0.16%) | 62 (0.06%) | 1,179 (0.10%) |
|  | Nagaland | 91 (0.14%) | 3,887 (0.18%) | 177 (0.16%) | 2,180 (0.19%) |
|  | Sikkim | 26 (0.04%) | 3,302 (0.15%) | 45 (0.04%) | 426 (0.04%) |
|  | Tripura | 211 (0.33%) | 2,544 (0.12%) | 295 (0.27%) | 3,114 (0.28%) |
|  |  |  |  |  |  |
| **South India** |  | **17,270 (27.24%)** | **585,985 (26.49%)** | **31,190 (28.03%)** | **347,557 (30.92%)** |
|  | Andhra Pradesh | 3,387 (5.34%) | 67,246 (3.04%) | 5,619 (5.05%) | 45,148 (4.02%) |
|  | Karnataka | 3,834 (6.05%) | 166,865 (7.54%) | 7,145 (6.42%) | 91,443 (8.14%) |
|  | Kerala | 2,379 (3.75%) | 101,565 (4.59%) | 4,492 (4.04%) | 63,693 (5.67%) |
|  | Tamil Nadu | 4,948 (7.80%) | 182,316 (8.24%) | 9,682 (8.70%) | 101,962 (9.07%) |
|  | Telangana | 2,605 (4.11%) | 61,366 (2.77%) | 4,026 (3.62%) | 41,540 (3.70%) |
|  |  |  |  |  |  |
| **West India** |  | **10,876 (17.16%)** | **792,316 (35.82%)** | **20,105 (18.07%)** | **261,620 (23.28%)** |
|  | D & N Haveli | 16 (0.02%) | 1,017 (0.05%) | 36 (0.03%) | 340 (0.03%) |
|  | Daman & Diu | 8 (0.01%) | 368 (0.02%) | 14 (0.01%) | 157 (0.01%) |
|  | Goa | 70 (0.11%) | 4,514 (0.20%) | 160 (0.14%) | 3,580 (0.32%) |
|  | Gujarat | 3,316 (5.23%) | 201,299 (9.10%) | 6,118 (5.50%) | 73,764 (6.56%) |
|  | Maharashtra | 4,779 (7.54%) | 461,726 (20.88%) | 9,123 (8.20%) | 132,187 (11.76%) |
|  | Rajasthan | 2,687 (4.24%) | 123,392 (5.58%) | 4,652 (4.18%) | 51,591 (4.59%) |
|  |  |  |  |  |  |
| **Grand Total** |  | 63,392 (100%) | 2,211,686 (100%) | 111,271 (100%) | 1,123,968 (100%) |

Source: Computations based on NSSO,73rd Round.

**Sources of finance distributed by sector and social category (figures in percentage)**

| **Year** | **Social category** | **Rural (Informal)** | **Rural (Formal)** | **Urban (Informal)** | **Urban (Formal)** |
| --- | --- | --- | --- | --- | --- |
| **2010–2011** | ST | 4.97 | 3.99 | 1.28 | 0.99 |
|  | SC | 13.08 | 8.40 | 8.94 | 5.78 |
|  | OBC | 50.18 | 45.33 | 43.57 | 40.97 |
|  | General | 31.77 | 42.28 | 46.21 | 52.26 |
| **2015–2016** | ST | 6.05 | 2.84 | 2.17 | 2.31 |
|  | SC | 14.95 | 8.33 | 10.96 | 9.90 |
|  | OBC | 53.26 | 47.52 | 47.78 | 48.18 |
|  | General | 25.75 | 41.31 | 39.08 | 39.60 |

**Maintenance of accounting records and information and communication technology (ICT) usage across sectors (figures in percentage)**

| **Year** | **Sector** | **Maintain accounting record (%)** | **Using ICT in business (%)** |
| --- | --- | --- | --- |
| 2010–2011 | Rural | 4.05 | 1.07 |
|  | Urban | 7.59 | 3.87 |
| 2015–2016 | Rural | 5.49 | 2.38 |
|  | Urban | 10.67 | 6.70 |

In both years, the retail industry accounted for the largest share of firms as well as workers in rural and urban India, approximately 30 per cent. This is in keeping with the notion that the small-scale retail sector is a ‘surplus labor’ sector similar to agriculture, offering the default option of employment to those who do not find work elsewhere (Basole et al., 2018). The other large employers in rural India were transport, apparel, tobacco, and food products. [[6]](#footnote-7)

For urban India, the four largest employers after retail were restaurants, apparel, education, and wholesale trade.

Rural:

A graph with blue circles

Description automatically generated

1. This designation of how registered and how involved the state must be to merit legal protections, *in the course of recording these enterprises,* struck me as ironic. [↑](#footnote-ref-2)
2. Defined as “the value of output less the value of intermediate consumption” It is used to measure the output or contribution of a particular sector. [↑](#footnote-ref-3)
3. Business Standard claimed that the survey report, 'Key Indicators: Household Consumer Expenditure in India', reported drop in consumer spending for the first time since 1973 due to weak rural demand, indicating an increase in poverty. The report revealed that the average monthly spending dropped by 3.7 % from 2011-12. [↑](#footnote-ref-4)
4. Also, policy initiatives such as Goods and Service Tax (GST), demonetization, reforms in banking transactions, “the ease of doing business,” direct benefit transfers (DBT) and ICT/digitization have been rolled out in an attempt to formalize small and informal enterprises/ improve their accessibility to formal institutions. [↑](#footnote-ref-5)
5. as a percentage of gross domestic product [↑](#footnote-ref-6)
6. Basole, Amit and Shrivastava, Anand (2018) *Did the Indian economy create nearly 13 million jobs in 2017?* Hindustan Times. [↑](#footnote-ref-7)