Socio Economic Status of Organized and Unorganized Sector Workers in Guwahati

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Abstract:

The present study was carried out with organized and unorganized workers of Guwahati city, the heart of North East economy. An attempt has been made to understand the socio-economic conditions of unorganized and organized workers of the city, where people come in search of all kinds of work from each and every corner of the state as well as the region. Socio- economic variables like income, saving, investment, housing, education, occupation, water supply and overall economic status of these two groups were compared and evaluated. The objective of the paper was to show the correlation between drinking water facility, sanitation facility and type of house with economic status of the respondents. A descriptive research design was developed. Pattern of consumption in both the sectors were investigated and households of employees in the unorganized sector were found to spend more on food items. Expenditure on health care/ medical emergency occupies third position in both the sector's consumption basket. Similarly, more than 90 percent of the households in the higher income group are interested to save. Savings by respondents increased with increase in income levels. It has been observed that respondents under organized sector have a better understanding of savings/insurance and investment. The amount of debt varied from household to household. It is found that the major reason for borrowing is to meet the cost of treatment/illness.

Key Words: Descriptive Research, Economic status, Saving-Investment pattern, organized sector, unorganized sector,

1. Introduction:

Guwahati is the most significant hub of economic activity in the entire North-East region. The setting up of Guwahati refinery in 1962 manifests the beginning of industrialization in the city. The presence of elevated numbers of migrants in Guwahati in 1971 can be linked to the history of migration, starting in the colonial period, into Assam as a whole. During the nineteenth and early-twentieth century the discovery of tea, coal, oil and natural gas pave the way for industrialization in Assam. After going through different reports (Centre for Monitoring Indian Economy Reports –various years) it is seen that the economy of urban Assam in comparison to urban India is different in respect of growth in certain crucial areas like growth of employment

opportunities, development of infrastructure, development of communication system etc. On the whole, urban Assam had lower Work Participation Rate (WPR) than that of urban India. In 2011-12, urban Assam's Work Participation Rate was only 32.9 per cent, which was lower than that of India's 35.5 per cent[i1].

The present study was carried out with organized and unorganized workers of Guwahati city, the heart of North East economy. An attempt has been made to understand the socio-economic conditions of unorganized and organized workers of the city, where people come in search of all kinds of work from each and every corner of the state as well as the region. Socio- economic variables like income; saving, investment, housing, education, occupation, water supply and overall economic status of these two groups were compared and evaluated.

2. Literature Survey:

Not much literature is available in case of north east region or Assam with respect to socio economic difference of the two groups. Paunika, (2005) has carried out a study relating to socio economic status of unorganized workers at Nagpur district and has concluded that ecoomic status of the respondents was good and ,most of them have basic amenities as well as posess most of the consumer durables.

3. Objectives & Methodology

The primary objective of this paper was to make a comparative analysis of socio- economic variables like income, saving, investment, housing, education, occupation, water supply and overall economic status of the organized and unorganized workers of the city. In this context, two specific objectives of the paper are

1. To analyze the socio economic profile of the respondents from workers of both organized and unorganized sector.

2. To measure the correlation between the economic status and possession of assets variable in case of both the groups.

At first, purposive sample of five areas of the Guwahati city is selected to represent the south, north, east, west and core part of the city where workers of both organised and unorganised sector reside (based on an exploratory research). Then, a sample of 360 households was taken from the sample areas by the technique of stratified random sampling with proportional allocation. The number of households to be sampled in each area was obtained as a proportion of the number of household in that area to the total number of households in the five selected areas. Households whose heads have been engaged either in the unorganized or organized sector were selected.

The total number of households is 186006 and the total population is 9.64 lakhs (according to 2011 Census Report) in Guwahati city[2].According to the empirical work done by Mahadevia, Desai, Mishra (2014), the work participation rate in different economic activities of organized and unorganized sectors is in between 35 to 41 percent[3]. Thus if we take, work participation rate to be 36, then the total population (workers) engaged in formal and informal sectors activities is

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[1] This part is heavily dependent on the work by Mahadevia, Desai, Mishra, Profile of Guwahati, Centre for Urban Equity, Working Paper24, 2014

[2] .http://www.censusindia.gov.in/2011census/population_enumeration.aspx

[3] Mahadevia, Desai, Mishra, Profile of Guwahaty, Centre for Urban Equity, Working Paper24, 2014

3.46 lakhs. Again, literature on employment in Assam shows that a greater number of workers are engaged in the unorganized sector, and therefore, we have considered taking a larger sample from the unorganized sector than the organized sector.

Sample size calculation;

Population proportion p = 0.36   Z= 1.96   D= 0.05

$N = p (1- p) Z^2 / D^2$

The sampling procedure used for the household survey was based on purposive cum stratified sampling technique.

Simple statistical tools like cross tabulation, chi square test and correlation analysis was carried out to analyze the data. A Consumption Standard Index has been built to evaluate the true economic condition of the respondent.

4. Analysis

The socio economic background refers to a set of variables that determines the relative social status of the workers in both organized and unorganized sector. In this section an attempt has been made to cover the major socio economic variables to study the socio-economic and demographic background of the respondents.

4.1Socio-Economic Attributes of the Respondents:

The selected socio economic variables for our present study are caste, religion, occupation, educational qualification, income of the family, type of house, drinking water facility, sanitation facility, and possession of consumer durables and finally economic status of the households. The major demographic factors include age of the respondent, sex of the respondent, size of the household, dependency ratio of the sample etc.

Caste is considered as one of the major attribute of an individual in Indian societies. The caste system is linked with traditional norms of the community and some ritual practices. However, with growing urbanization, attitude towards life has undergone changes and more emphasis is placed on the economic status of an individual. In our present study, households are divided mainly into two groups, organized sector and unorganized sector depending on the occupation of the head of the households. As presented in the table 1, the total coverage of the sample is 360, out of which 126 belongs to the organized sector and 234 belongs to the unorganized sector.

Table 1 Caste wise Distribution of Total Sample

	Organised		Unorganised		Total	
Caste	N	%	N	%	N	%
General	81	64.2	143	61.1	224	62.2
OBC	30	23.83	64	27.3	94	26.1
Scheduled Caste	8	6.3	12	5.1	20	5.6
Scheduled Tribe	7	5.5	15	6.4	22	6.1
Total	126	100.0	234	100.0	360	100.0

Source: Survey data, 2017-18

Again, in both the sectors, most of the respondents belong to general caste, i.e 64.2% in the organized sector and 61.1% in the unorganized sector followed by Other Backward Class (OBC), 23.8% and 27.3% in the organized and unorganized sectors respectively. While Scheduled Caste comprise of 6.3 % in the organised sector, 5.1% in the unorganized sector, percentage of respondents belonging to Scheduled Tribe is 5.5% and 6.4% in the organized and unorganized sectors respectively.

The population of Guwahati city mostly comprise of Hindu community followed by the Muslim community. The categories comprising Sikh or Christianity are relatively very small. The sample under study shows complete absence of the other communities.

From the table 2 we can see that Hindu workers (72%) constitute the majority in the sectors, 23.1% in the organized sector and 49.2% in the unorganized sector. Percentage of Muslim workers working in the organized sector is 34.1% and 24.3% of the same community is working in the unorganized sector as revealed in the above table.

Table 2 Religion wise Distribution of Total Sample

Religion	Organised		Unorganised		Total	
	Number	%	Number	%	Number	%
Hindu	83	65.8	177	75.6	260	72.2
Muslim	43	34.1	57	24.3	100	27.8
Total	126	100	234	100	360	100.0

Source: Survey data, 2017-18

Table 3 Distribution of Sample, Occupation wise, in the Organized Sector

	Number	%
Others (industry/production unit related)	4	3.2
Service	117	92.9
Entrepreneurs/professionals	5	4.0
Total	126	100

Source: Survey data, 2017-18

Table 4 Distribution of Sample, Occupation wise, in the unorganized sector

	Number	%
Labour in enterprise	23	9.8
Construction Labourers	78	33.3
Others	15	6.4
Manual Workers	49	20.9
Self employed	69	29.5
Total	234	100

Source: Survey data, 2017-18

Urban economy is significantly different from its rural counterpart in respect of the availability of employment opportunity which can either be in organized or unorganized sectors. The unorganized sector refers to that part of the economy where the employment, wages and other

working conditions of workers are not protected or unregulated. This sector comprises of almost the entire economy except those in the organized industry and public services which are covered under the factory act (1948). As both industry and service sector in the urban area is not capable of absorbing the entire labour force, more and more number of workers are seeking jobs in the unorganized sector.

From the table 3, it is revealed that a majority of respondents (92.2%) in the organized sector are engaged in the service sector followed by entrepreneurs and professionals (4%). Others (3.2%) consists mainly of persons engaged in industrial activity, production sector etc. As revealed from the table 4, in the unorganized sector, construction labour category constitute the major work force i.e.33.3% of total workforce followed by self-employed (29.5) and Manual Workers (20.9). Since the city of Guwahati is expanding day by day, the number of persons engaged in construction activity is highest. Labour in enterprise (9.8%) and others (6.4%) including door to door vendors, shopkeepers etc are the other two major components in the unorganized sector.

Table 5. Distribution of Sample by Educational Qualification of Head of Households

Degree obtained/no of years of schooling	Organised		Unorganised		Total	
	Number	%	Number	%	Number	%
Illiterate /0 year	--	---	8	3.4	8	2.2
Primary/4 years	3	2.4	10	4.3	13	3.6
Middle/7 years	22	17.5	47	20.1	69	19.2
Secondary/10 years	23	18.3	65	27.8	88	24.4
Senior Secondary/12 years	31	24.6	63	26.9	94	26.1
Degree/15 years	44	34.9	35	15.0	79	21.9
Master Degree and Above/17 years and above	3	2.4	6	2.6	9	2.5
Total	126	100.0	234	100.0	360	100.0

Source: Survey data 2017-18

Educational qualification of the respondents is one of the prime variables of the present study. Table 5 gives a brief outline about the educational levels of the respondents in both the sectors. In the organized sector, 34.9% of the heads of the households have obtained Graduate Degree, 24.4% of the respondents have completed the senior secondary level, 18.3% have completed secondary level, 17.5% have completed middle level and 2.4% have completed Master Degree. No one is illiterate in this sector. In comparison to the organized sector, in the unorganized sector only 15% have obtained the Graduate Degree, 26.9% of the respondents have completed the senior secondary level,27.8% have completed secondary education, 20.1% have completed middle level and 2.6% have completed Master Degree. 2.2% of the respondents are illiterate.

Income is always a very vital variable in any socio-economic research. Income of the households is again one of the key determinants of consumption/expenditure and investment attitude of the people. In this study, we have tried to give a brief outline about sector wise per capita income

and family size and a bi-variate distribution between number of earning members in the household and average income recorded.

Nearly 50% of the respondents from organized sector and 72.2% from unorganized sector fall in the 26 to 45 years of age group. Thus, mean age of the population is 43. Male respondents dominate in the sectors i.e., 95.2% in the organized sector and 95.3% in the unorganized sector.

4.2 Bi-variate distribution of some selected variables

In the table 6, it is observed that income level is highest for a family with one member but, most of the households (37.7% in the organized sector, 33.5% in the unorganized sector) are having on an average 3 to 4 family member in the whole sample. Average incomes in the organized and unorganized sectors are Rs 9,347 and Rs 5,828 respectively. Average household income declines with increase in the number of family members.

Table: 6 Distribution of Total Sample by Family size and Average Household Income

Family size	Organised sector Average Income			Unorganised sector Average Income		
	Mean(Rs)	N	%	Mean(Rs)	N	%
1	24,000	3	6.1	11,476	21	17.7
2	15300	10	13.0	7096	26	13.5
3	9571	35	28.4	5634	81	33.5
4	8384	53	37.7	4644	77	26.2
5	6790	21	12.1	4287	23	7.2
6	7444	3	1.9	4278	3	.9
7	8429	1	.7	4571	1	.3
8	--.	--	.--	4125	2	.6
Total	9,347	126	100.0	5,828	234	100.0

Note: N stands for number, Source: Survey data 2017-18

In table 7, it is observed that, in the organized sector, 43.6% of households have single earning member while in the unorganized sector, 91.4% of the households are having single earning member. About 53.9% of households are having 2 earning members in the organised sector followed by 2 households having 3 earning members and a single household having 4 or more earning members. In the unorganised sector, 17 (6.2%) households are having 2 earning members while 4 households are having 3 earning members. Only 2 households have reported 4 or more earning members.

Table7 Distribution of Total Sample by number of Earning Members in the Household of Both the Sectors

Number of earning members	Organized sector(N)	Organized sector(%)	Unorganized sector(N)	Unorganized sector (%)	Total (N)	Total (%)
Single earning member	55	43.6	211	91.4	266	73.8
2 earning members	68	53.9	17	6.2	85	23.6
3 earning members	2	1.3	4	1.2	6	1.2
4 or more earning members	1	.7	2	1.1	3	.9
Total	126	100.0	234	100.0	360	100.0

Note: N stands for number, Source: Survey Data 2017-18

In both the sectors, there is every probable chance of understating the income level and therefore Income may not be a true pointer of the economic status of the respondents. To arrest the true economic condition of the respondents some other socio-economic conditions are evaluated and a **household's Consumption Standard Index** is calculated based on their possession of consumer durables. On the basis of this index, economic status of the respondents is calculated. In this process, at first we have done a percentage analysis of the possession of consumer durables in both the sectors.

4.3 Possession of consumer durables:

We have chosen television (TV), two wheeler, refrigerator, car, washing machine and air conditioner (AC) as an asset for each of the household and have enquired whether they posses these asset or not. Results in the table 1.8 show that as expected 99.2% of the respondents in the organized sector and 97.8% of households in the unorganized sector possess TV as an asset followed by two wheeler (77.7% in the organized sector and 64.95% in the unorganized sector) and refrigerator (84.12%in the organized sector and 46.58% in the unorganized sector)(table 8). It is important to note that presence of refrigerator in the organized sector is the second most important asset while presence of two wheelers is the second most important asset in the unorganized sector in terms of percentage of households possessing it. AC is the least important asset in both the sectors.

Table 8 Sector wise Possession of Consumer Durables/Assets (in percentage)

Assets /Durables	Organized sector	Unorganised sector
TV	125 (99.2)	228(97.43)
Two wheeler	98(77.7)	152(64.95)
Refrigerator	106(84.2)	109(46.58)
Car	49(38.8)	28(11.96)
Washing Machine	42(33.33)	14(5.98)
AC	17(13.49)	5(2.13)

Source: Survey data 2017-18

4.4 Economic Status:

The economic status of the respondent is an important determinant of the ability and willingness to pay. In our study, an index of consumption standard has been constructed as a proxy for the economic status of the household to which the respondents belong on the basis of the consumer durables possessed by them. The value of the index ranges from 0 to 1. If a household possesses all the consumer durables considered in the schedule, then its value will be one and if nothing is possessed, then the value will be 0 (Barman, 2012). From the above bi-variate analysis it is reasonable to believe that the index has strong positive correlation with household's economic status and with per capita income. Thus income has a strong positive correlation with assets (Caroline Moser, 2007). For asset index calculation three procedures for assigning weights are given in previous research studies namely weights based on price, weights based on unit value and principle component analysis. Each method has its own relative merits and demerits but in our present study we have computed the asset index based on price.

Weights are assigned to each of the consumer durables from 1 to 6 depending on the price and the index is calculated by weighted index calculation procedure. The new variable so obtained is termed as economic status.

4.5 Economic Status and Income: Correlation Matrix

Now, to test the relationship between economic status and household income a hypothesis is formulated and tested with Spearman's correlation coefficient and presented in the table 9.

Null Hypothesis (H_0): Economic status and household income are independent

Alternative Hypothesis (H_1): Economic status and household income are dependent

Table 9 Correlation Coefficient Matrix of Economic Status and Income

	Economic status	Total Income
Economic status	1.0000	
Total Income	.5965*** (.0000)	1.0000

Here, Probability> ItI =0.0000, i.e, the coefficient is significant at 1% level of significance.

Therefore, we reject H_0 and conclude that economic status and income of the households are positively correlated with each other.

5. Conclusion:

From the above analysis, it has been observed that the out of 360 respondents the General caste (Hindu) population constitutes to the highest percentage (62.2%). The occupational distribution shows that about 90% of the total work force in the organized sector are engaged in service while most of the (33.3%) unorganized workers are engaged in construction work. Again, most of the organized work force (34.9%) has completed degree level education while 27.8% of unorganized work force has completed the secondary level education. Economic status and income of the households are positively correlated with each other. Therefore, government should take initiatives to increase the income of the workers of unorganized sector so that the problem of inequality can be reduced. The present study can be considered as a study which provides an insight to the various aspects of labour class in both formal and informal sectors.

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