

# FORMALISATION OF THE INFORMAL LABOUR FORCE: CASE OF THE BENGALURU METROPOLITAN REGION

**Dr Vinita Yadav**

Professor, Department of Regional Planning  
School of Planning and Architecture  
New Delhi, India  
v.yadav@spac.ac.in

**Ms. Sherin Jacob**

Asst. Professor, Department of Social Work  
St. Claret College  
Bangalore, India  
sherin@claretcollege.edu.in

## Abstract

The Indian economy is largely informal based. Informal sector workers provide crucial support for the smooth functioning of the formal sector. Most of the informal work is primarily home-based. Such workers face precarious challenges due to their non-contractual nature, lack of social security, job dismissals and low wages. The volatility of the economy, along with poor monetary savings, risks their daily survival. The government of India has implemented various schemes to formalise the informal sector for safeguarding their interest. It necessitates the need to critically evaluate the process and efforts towards the formalisation of the informal labour force. The chapter aims at analysing the contribution of the informal labour force. To achieve the aim, the objectives are to assess the contribution of the informal workforce, analyse the characteristics of the informal workers and formalisation measures initiated to formalise the informal sector; and recommend measures for better implementation of the government schemes. The literature review is carried out with the help of reports by International organizations like the International Labour Organization (ILO), International Monetary Fund (IMF), Women in Informal Employment: Globalizing and Organizing (WIEGO), news reports from Business Standard, New Indian Express etc. The secondary data sources are the Census of India, Ministry of Housing and Urban Affairs (MoHUA), etc. To achieve the objectives, the Bengaluru metropolitan Region has been chosen as a case. It is the fifth largest metropolitan region (8,005 km<sup>2</sup>) and population (13, 193, 1000) in terms of population. It is known as the Silicon Valley of India due to the economic contribution of informal sector workers in the Information Technology (IT) sector. The findings reveal that there is a large-scale prevalence of myths regarding the informal sector, which deem it as contributing poorly to the national income. The informal sector provides jobs to millions of workers in India. Its contribution to the economy should be reviewed and accorded due significance. The Government of India has initiated various schemes such as the e-*Shram* portal, *Udyam* portal, etc. These schemes aim to encourage the informal workforce to shift into the formal sector. The increased registrations of informal workers depict the success of the schemes. Along with the success, there are crucial lessons to learn from the process. It is challenging to formalise the entire informal sector due to the existence of structural issues. Such issues need to be addressed for the smooth transitional process from informal to formal. Upskilling of informal workers is a foremost necessity to bring them at par with the formal sector workers and swift move towards formalisation.

Key Words: Formalisation, Formal Sector, Indian Economy, Informal Sector, Bengaluru Metropolitan Region.

## **I Introduction**

The Indian economy is dependent on the formal sector for its stability. However, it is the informal sector which employs the maximum people. The number of formal sector has the presence of regularly employed professionals whereas informal sector workers are engaged in non-contractual services. The informal economy refers to activities and economic units, which are not covered or insufficiently covered by formal work arrangements (ILO, 2021 Informal workers contribute nearly fifty per cent of the total GDP in the Indian economy (Maitra, 2020). Such workers comprise mainly migrant workers engaged in construction activities. The informal sector workers are economically and socially intrinsic to regional development. The socially and underprivileged sections of society form a significant portion of the informal economy's workforce. In post liberalisation era, a high level of economic growth has been a key reason for the accompanied growth of the informal sector (MoLE, 2014).

Informal workers provide services to the formal sector. The limited opportunities for employment in the formal sector lead to an increase in the outsourcing of work. The corporate laws do not cover informal sector workers. The oversupply of labour provides an opportunity to the business houses for exploitation of workers. The exploitation in terms lower than the mandated wages as prescribed by the government guidelines. This provides the upper hand to the employers for keeping the workers' wages lower than the mandated minimum wages as per government guidelines. Their services do not commensurate with the rising inflation, hence bringing them to the brink of poverty.

The informal sector workers were impacted economically and socially in the aftermath of COVID-19. In the absence of a written contract, the complete lockdowns proved devastating for informal workers. Though the lockdowns were intended to curtail the virus, they resulted in the loss of employment. Out of 116 million workers, 104 million are informally employed. They were at risk of losing their job in phase one and phase two of the lockdowns in India (Estupinan and Sharma, 2021). They mostly reside in informal settlements in the absence of planned residential spaces owing to their meagre salaries. Survival is a challenge in absence of basic sanitation services and clean water. Nearly twenty-two percent of India's population resides in informal settlements (Choudhry and Avinandan, 2020). Such settlements are mostly located on vacant unused land and thereby, lack tenure rights due to the lack of availability of formal housing. Lack of accommodation also leads to deficiency in the provision of basic services namely water, sanitation and electricity. Such settlements are mostly located around sewers, waste dumping grounds and industrial areas (MoHUPA, 2015 and Swastik,2019). The onset of natural calamities and manmade disasters prove further disastrous for the informal sector workers. Lack of formal jobs, along with poor social reserves to fight calamities can take a devastating toll upon their psychological and physical well-being. Their hardships were aggravated, especially in large size regions namely Mumbai, Delhi, and Bengaluru. These regions host migrant workers in large numbers. The chapter analyses, the informal sector workers' placement in the region and their relationship with the formal workers.

## **II Aim & Objectives**

The study aims to critically evaluate the informal sector's contribution to the Indian economy and to suggest measures to be provided for the upliftment of informal sector workers. To achieve the aim, the objectives are as follows: 1) to analyse the characteristics of the informal workers, 2) to capture the viability and contribution of the informal workforce to the Indian economy, 3) to analyse the measures initiated by the government of India to formalise the informal sector, and 4) recommend measures to provide equal opportunities for both the sectors. The research tries to answer the following questions: Is formalisation of the informal sector real? Can both informal and formal sectors co-exist to meet labour requirements? How shall the government ensure the improvement in the life of the informal labour force?

## **III Methodology**

The article is primarily based on a literature review and secondary data analysis. The articles from journals, newspaper articles from the Business Standard, The Print, The Hindu and Down to Earth on the theme have also been referred to in the context of Indian cities. The data on informal workers have been collected from publications of international organizations like the International Labour Organization (ILO) and the Indian Statistical Forum. The Census of India; and Ministry of Housing and Urban Poverty Alleviation (MoHUA) data have also been gathered from publications of non-government organizations namely Women in Informal Employment: Globalizing and Organizing (WIEGO) and Azim Premji University. With the help of data,

measures initiated to integrate informal workers into the formal economy would also be analysed. The street vendors have been taken up as a case within the Informal sector for determining the impact of government schemes in the state of Karnataka.

#### **IV Informal Sector Workers in Bengaluru Metropolitan Region (BMR)**

Karnataka employs nearly 74 percent of the state's workforce of which a mere 7 percent have been provided training for capacity building. In the age bracket of 16-35 years, only 9 percent of workers have received different skills-based training. As per estimates by the Department of skill development, entrepreneurship and livelihood of the Karnataka government, the state employs nearly seventy-four percent of the workforce in the informal sector (Ranganath, 2019).

Bengaluru is the largest metropolitan city in the state of Karnataka followed by Mysore and Hubli-Dharwad. Bengaluru Metropolitan Region (BMR) has a population of 8,520,435 out of which 8,443,675 resides within the urban boundary (Census of India, 2011). BMR has been divided into 243 wards and 8 zones. Bengaluru is known as the silicon valley of India due to the presence of Information Technology (I.T) companies. Considered a global city, Bengaluru's rapid economic growth is attributed to the presence of I.T companies and internationally reputed educational institutions. The region provides a host of opportunities for a large multitude of migrants, who travel to the region for work. Most of the informal workers belong to the surrounding villages and work as street vendors and domestic workers. They provide a host of services in the retail, construction, and real estate sector, thereby, contributing to the BMR's economy. Bengaluru hosts 4.2 million migrant labourers which, accounts for 44 percent of the region's population. Out of 8.5 million people, nearly 1.4 million reside in informal settlements in the absence of the availability of affordable formal housing facilities (PRIA, 2014). Such dwellers account for 25 to 35 percent of the total population in the BMR (Roy, Palavalli, Menon et al., 2018). This has resulted in an increase in the number of informal settlements from 159 in 1971 to over 2000 in the year 2015. Hence, Bengaluru was chosen as a case to analyse the contribution of informal sector workers in the informal economy.

#### **V Literature Review: Contribution of Informal Sector in the Economy**

The informal economy is a key provider of jobs in developing countries. International Monetary Fund (IMF) attributes the high incidence and persistence of informal labour in developing economies as one of the key barriers to sustainable development. The informal sector's contribution to national income is limited, but the sector is dominant in providing employment opportunities to a vast majority of the population. The informal sector firms are non-registered entities, and lack social protection as well as credit access facilities. They have significant market value but do not contribute much to the tax base. They are mostly small entities with lower productivity rates and limited access to financial investments. Hence, they tend to remain small in size (IMF News, 2021). The prevalence of a large number of informal enterprises contributes to poor economic performance (Nagaraj & Kapoor, 2022). The informal sector is an underperforming or stagnant sector, yet it provides different types of jobs to sustain millions of lives and livelihoods. On one hand, the working population is getting younger in developing nations and there is a dearth of job opportunities in the formal sector (Chen, 2007). On the other hand, the informal sector has performed better than the formal sector on varied economic parameters as they provide low-cost labour, goods and services (The Hans India, 2017). The informal sector contributes to the economy and society through both market and non-market activities, yet they are poorly valued. The majority of informal workers and their families are excluded from availing the benefits of public policies and social security schemes. Their work is accorded low value as they earn lower wages than the formal sector workers. The job-associated risks and persistent poverty threaten their existence due to their poor ability to face such risks (OECD/ILO, 2019). The impact of the COVID-19 pandemic is a reminder of the fact that a large number of informal enterprises and jobs got obliterated due to inadequate safety nets. To transit to formal sector employment, they need to acquire skills and knowledge.

Formalisation means differently for workers in the informal economy. The overarching demands such as a non-harassing work environment, the opportunity to organize and avail legal, social and economic safeguards remain the same, but the specific need of workers requires a closer examination. The key argument put forward for the formalisation of the informal economy is to increase the tax base as informality results in lower tax revenue yields. The latter acts as a barrier to the government's ability to raise revenues and in turn, affects social investment. Poor people are unable to get the benefits of such programmes as formalities to access the funds are too many. Hence, they receive lesser benefit of such programmes (IMF, 2019).

The social network, economic and institutional processes influence the informal sector. Dense social networks are significant, as they provide the much needed communal and social participation. Acquaintances and friends in the social networks help secure jobs in the sector. The social networks guide them regarding the ways to avoid government regulations. Many informal workers remain within the ambit of the informal economy for various reasons i.e., flexibility in work schedules and autonomy to choose the place of work (Aguilar and Guerrero, 2020). On contrary, employment opportunities in formal sector are not able to match with the rising job demands.

## VI Findings and Discussions

India provides an interesting paradox as its economic growth is accompanied with rising inequalities. Oxfam (2021) released its report titled “Inequality Kills”, ahead of the World Economic Forum held at Davos, 2021. The report highlights there is an increase in the number of billionaires from 102 to 142 in India (Marriott et al., 2022). Despite high Gross Domestic Product (GDP), 80 percent of the Indian workforce is still engaged in non-agricultural activities. This reveals that the poor have not benefited much from the high GDP (OECD 2021). The number of people below poverty line, further, increased in the aftermath of the COVID -19 pandemic. It brought to the fore the glaring income divide existing in the country. These numbers are concerning as it results into poor access to health and basic education for poor. This gets proven by the statistics obtained from the revised estimates of the Union Budget for the year 2020-21. According to budget, there is a significant decline (10%) in the health care budget and steep cut in fund allocation to the education sector (6%) (Roy et. al. , 2022). The focus on social security schemes has also declined with only an investment of 0.6 percent.

### a) Formalisation of the Informal Sector Workforce

Informal sector has grown exponentially in many countries. ILO (2022) states that out of 10 workers nearly 6 are working in informal sector. Out of 5 enterprises, 4 are managed through informal economy. In India, 83 percent of the workforce belongs to the unorganized sector while only 17 percent are working in the organized sector. Informal workers are 92 percent while 10 percent are informal workers engaged in the organized sector due to the contractual nature of work (Murthy, 2019).

In 2015, ILO report titled ‘*Transition from Informal to The Formal Economy Recommendation*’ encouraged member countries to adopt the formalisation of informal sector. It aims at facilitating the transition of the informally run units and its workers to formal enterprises and become its employees without compromising on the workers’ fundamental rights (ILO, 2015). This resulted into expediting the informal sector’s transition to formal sector enterprises in many countries including India. The steps are initiated to implement ILO recommendations in India since 2016.

### b) Indian Government’s Measures towards the Formalisation Process

Government of India has instituted host of measures towards achieving a transition of informal economy to formal economy. Such measures promoted decent jobs in the informal sector with social protection. Multiple initiatives intended at the transformation of informal sector workers into the formal economy are explained below:

**The e-Shram portal:** The Ministry of Labour and Employment (MoLE) developed the *e-Shram* portal to create the national database of unorganized workers to facilitate their employment. The portal facilitates the linking the data of unorganized workers to their Aadhar card. It helps to identify the rightful stakeholders for the government’s social security schemes. Government’s effort led to the collation of data of the unorganised labour force in the country. The portal led to the absorption of the informal workers into the formal sector. Though it was a positive move, yet it is fraught with multiple challenges. The portal intends to have a centralised data base of the unorganized workers. It provides the details of their skills, social, economic and demographic profile. It shares the information with various other stakeholders so as to facilitate their registration in various social security schemes (Kulkarni, 2022). The portal provides the information to the job seekers, who wish to work in desk or field jobs in the sectors such as IT and retail industry (Business World, 2022)

**The Udyam Portal:** Ministry of Micro, Small and Medium Enterprises (MSME) manages the *Udyam* portal. The portal is a paperless platform for registering MSME’s. It adopts an easy self-declaration process. It facilitates the informal sector entrepreneurs to set up their enterprises. The portal is an attempt to formalise the economy. The registration is essential for availing benefits under different schemes designed for MSMEs. The registration on the portal helps the enterprises to receive the benefits of Credit Guarantee Scheme, priority in

getting Government tenders, protection against delayed payments and makes them eligible for availing loans on a priority basis, as per RBI regulations (Vanamali, 2022).

**Pradhan Mantri Shram Yogi Maan-dhan Scheme (PMSYMS):** MoLE launched the PMSYMS social security scheme for protection of unorganised workers during their old age. The scheme is voluntary and contributory. It provides the workers with an assured sum of INR 3000 after they cross the age of 60 years. In case of death, their spouses receive the benefit of the scheme.

**PM SVANidhi:** MoHUA launched the PM SVANidhi scheme to provide a collateral free loan and promotes digital transactions. It gives loans up to rupees 10,000 in a year. The scheme is also known as the PM Street Vendor's *Atma Nirbhar Nidhi*. It was launched to provide support to street vendors who lost their income during the COVID-19 pandemic.

**Deen Dayal Antyodaya Yojana (DDAY):** DDAY scheme promotes self-employment of the street vendors to reduce their poverty and vulnerability. The scheme has provision of allocating the space to street vendors for carrying out their business. It provides institutional credit and training for their skill enhancement to meet the requirements of the emerging market.

**Goods and Services Tax (GST):** GST aims at bringing the informal sector within the realm of the formal economy. It takes into account every transaction undertaken so as to promote a transparent and corruption free business atmosphere. It also aims at widening the tax base which may lead to reduction in tax rates as the number of tax payers will increase. The revenue, thus, collected is used for the betterment of the vulnerable sections of society through targeted schemes and infrastructural facilities.

State Bank of India (SBI) reported that India's informal sector shrunk to 15 to 20 percent of the GDP for the fiscal year 2020-21 as compared to the previous figure of 52 percent for the year 2017-18. The findings depict the increase in formalization of the informal sector that picked up the pace post demonetization and implementation of GST. GST's provisions discouraged registered businesses to undertake any transaction in an informal manner. This necessitated informal entities to register themselves as formal if they intended to remain within the supply chain network. Formal firms witnessed a rise in sales as opposed to informal firms. The latter ended up accruing compliance costs which led to rise in their registering as formal sector firms.

### c) Karnataka Government's efforts towards Informalisation of Workforce

Karnataka government has initiated efforts to scale up workers' skills and protect their needs in its bid to transform the informal economy to formal, as mandated by ILO. 1,507 public and private industrial training institutes (ITI's) along with 289 polytechnic institutes have been set up (Ranganath 2019). However, the enrolment rate is quite poor. Rural Bengaluru has 69 percent of the population concentration but only 16 ITI and 1 polytechnic institute are located in the region. In urban Bengaluru, there are around 60 polytechnics and 83 ITI. Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) was launched to train around 988,014 rural youth in various skills. Yet, only 6, 95, 283 have been trained. Out of total trained youth, only 3, 24,956 are certified. Chief Minister's Kaushalya Karnataka Yojane (CMKKY) aims at providing skills to 5, 00,000 youth, particularly the school dropouts every year. CMKKY scheme enhances the youth's ability to work with MSMEs.

Building and Other Construction Workers (BOCW) Act, 2006 has provisions for the unorganised sector's construction labourers welfare. Under the Act, registered workers are eligible to avail grants for children's education, medical assistance, insurance, pension, to purchase tool boxes, and subsidy for construction of houses etc. However, it is difficult to assess its impact as data with respect to registration and subsequent benefits availed by the beneficiaries is not available. Moreover, it is challenging to increase the outreach of the scheme. It is estimated that less than 20 percent of the intended beneficiaries' population receives the welfare benefits and training. A key challenge is also in enrolling the beneficiaries' under the scheme. The enrolment rate is dismal as many of the workers are not keen to avail the benefits of the scheme.

Till date, 27.69 crore informal sector workers have registered on the e-Shram portal. Out of the total registered workers, around 94 percent earn a monthly income of less than rupees 10,000. Seventy-four percent belong to the scheduled caste, scheduled tribe and other backward classes (PTI, 2022). These workers face many hurdles within the informal sector. The reasons attributed to this are their exclusion from the mainstream organized forms of production, lack of access to information technology, and modern infrastructure. The latter would have boost their production and services. They have poor access to education, health care and other social services. Lack of savings heighten their economic risk and obstruct their economic growth. Under Unorganized Workers Social Security Act 2008 and the Code of Social Security 2019, Government enacted various welfare measures to alleviate their misery. The

schemes aim at upholding the interests and rights of the informal workers. However, they have not been quite effective in their implementation (Punia, 2020). Within the informal sector, there are approximately 6 lakh street vendors out of which only around 2,00,000 street vendors are recognised in the government's database (Kulkari, 2021) Under the DDAY scheme, cash assistance of INR 2000 was disbursed to nearly 2, 16,439 street vendors during the COVID-19. There exists an issue in collection of data with respect to the number of street vendors. As per the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014, it is the responsibility of BBMP to set up Town Vending Committees (TVC) (Ramesh 2022). A survey need to be conducted to identify the number of street vendors and demarcate vending zones so that they can access to basic sanitation and drinking water while carry out their activities at demarcated spaces (Ravi, 2021). In 2017 survey, *Bruhat Bengaluru Mahanagara Palike* (BBMP) identified only 25,000 vendors in Bengaluru. Out of the identified vendors, only 60 percent were issued Identity Card (ID) and vendors' certificate to enable them to work as a legalised entity. The delay in issuing them the ID Cards debarred them from street vending activities in the demarcated zones in the region. As their location was outside the identified zones, they were regularly victimized through eviction drives. They set up their base illegally and adopt illegal practices to get the permission. The Ministry of Rural Development (MoRD) has tied up with Flipkart under the *Deendayal Antyodaya* Yojana – National Rural Livelihood Mission (DAY-NRLM) for selling the products of informal sector workers on the e-commerce platform.

## VII Challenges

### a) The transition: An uneven process

Informality is seen as lack of economic development whereas formalisation enables access to capital, business development, financial and insurance services to the informal enterprises. It also reduces the threat of enterprise closure due to absence of required skill sets and technology. By bringing them inside the formal economy regulations, tax base gets increased on one hand and on the other, tax evasion reduces. It helps in increasing the government revenues and steer the economy towards a high growth rate (Kapoor, 2022). The schemes help to streamline the formalisation process of the informal economy. The transition from informal to formal occurs in a sluggish pace and is not a smooth process due to several factors. The informal to formal shift or remaining a formal entity, entails compliance and registration costs, cost-benefit analysis, payment of taxes, and fees, etc. The ability to withstand the volatile market conditions emerge as critical points of enquiry, when they are in competition with other established enterprises. Earlier, informal firms managed to earn profits owing to tax evasion and non-compliance to regulatory norms. This enabled them to sell their products at relatively lower rates. Post GST, such firms' face challenges as they have to pay the taxes, sell on lower margins and bear the increasing compliance cost. They have to compete with bigger firms which have access to infrastructure, resource and capital. It proves detrimental to the survival of smaller firms. They find it difficult to withstand the challenges owing to pre-existing inequities. The smaller manufacturing units and other businesses, dealing with them, experience the fallout because of poor business (Jethmalani, 2022). The pressure to formalise the informal firms is accompanied with job losses for informal sector workers' as jobs in the formal firm may not account their experience of working in informal sector. Further, this could destabilise a large section of the informal workforce reeling under the after effects of COVID-19 and demonetization.

### b) Job Readiness of the Market

Formal economy's shift towards informal sector necessitates the need to address the basic issues related to requirement of formal workforce before bringing them into the fold of formal sector. The poor skills assessment, lack of professional trainers, weak placement records, insufficient apprenticeship programmes, and poor coordination among the various stakeholders, are a few factors to be looked at (Jishnu, Gupta & Basu, 2014). The formal sector works in a highly competitive environment (Patel, Furlan & Grosvald, 2021). The investment in education sector is required to build their skills and capabilities so that they can avail policy benefits in a highly competitive environment. This is because the country faces challenges in terms of a gross mismatch between desired skill sets and job requirements (Sengupta, Gaurav & Evans, 2021). With over 12 million individuals aspiring to be the job seekers, the infrastructure catering to their training requirements stands at 3.1 million per annum, in monetary terms. Government and non-government entities have initiated several training programmes to upskill the workforce.

## VIII Recommendations

Informal and formal economies are intertwined owing to their nature of business transactions. Informal economy workers engage with formal enterprises in varied ways. Their interactions occur at significant junctures such as individual transactions, commercial networks, through sub contracts for the supply of good and assets, etc. Both the economies are intertwined and dependent on each other. It would be a fallacy to view both the sectors as two separate entities. The need of the hour is to promote linkages between both the sectors (Dasgupta, 2016). There are multiple challenges in formalisation of informal firms. It requires a feasibility analysis on a massive scale. The lack of information, about ways to access the capital and market knowledge, denies them the opportunity to thrive in the job markets. The process to provide license to a large number of informal firms should be streamlined. Their skills with respect to obtaining the operating licences, and payment of taxes should also be build. They shall be provided incentives in the initial period so as to cope up with the additional cost to be borne to enter the formal economy. The incentives can be in the form of tax relief and other incentives to enhance their competitiveness and social protection.

Informal firms should be projected as effective contributor in the national economy, as they are central to the economic development of the country. The negative image associated with informal sector shall be removed by altering the illegality attached to it. Formalisation of street vendors entails a need to provide them the formal recognition. It can be done by providing them the ID cards which, in turn, will work as an identity proof. It will help to demarcate the spaces, where they can sell their products. They will also be able to access the clean and affordable public space. The formalisation need of domestic workers mean that they shall be provided with secure, safe, and decent work conditions, minimum wages, leaves and pensions. The formalisation need of home-based workers require securing contracts that are based on fair pricing, affordable infrastructure, zero eviction, and relocation threats. Therefore, it becomes important to recognize the specific requirements of different categories of informal workers. This is a long drawn exercise, requires a balanced approach and equal participation from multiple stakeholders including the government, formal and informal workers. An informalisation process, without taking into account the specific need of various segments of workers within the informal workers, would result in imbalanced transition. This can further weaken the GDP and threaten millions of livelihood in the country (WEIGO, 2022). The cost-benefit analysis and listing of weaknesses is important to ensure the maximum benefit during the transition towards formal economy (Qiang & Ghossein, 2020). The skills, especially with regard to soft skills, of the informal workers shall be enhanced. Along with the ability to handle money, internet usage, and ways to navigate the job market, these workers capacity and skills shall be upgraded regarding language, personal and social skills too. The fluency in Kannada language is a necessity in Bengaluru. This will enable them to converse in the local language, help in assimilating the local information, and develop networks to thrive in the competitive markets. On one hand, they shall be able to assimilate the information about the places to work and on the other hand, their survival is difficult in an economy affected severely by demonetization and lockdowns.

There is a need to urgently scale up the collection of data on informal sector workers in the BMR. Lack of data denies them the benefits instituted by the government. In Bengaluru, there exists a discrepancy in the available street vendors' data. The discrepancies regarding the data, about the number, location, and work profile of informal workers, should be addressed. This is to enable them to earn the minimum wages while being engaged in decent jobs. They shall be issued with ID Cards as the absence of it bars them from street vending at the demarcated vending zones. This will also safeguard them from harassments due to eviction drive and subsequent, rent seeking to avoid the eviction.

During and post COVID-19, informal workers were provided different kinds of support, including monetary support to run the enterprises. Relief provided in the form of INR 2000 was not of much help. Subsequently, it started getting auto debited from their bank accounts. This occurred even before they were able to recover from the COVID-19 induced economic stress. BBMP should implement those schemes which enable the informal workers to carry out with their day to day jobs. As per the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014( Divya, 2020) it is the responsibility of BBMP to set up Town Vending Committees, which would, in turn, conduct surveys to identify the number of street vendors. Based on the requirements, vending zones shall be defined. Such zones will enable them to carry out their work in an environment with access to basic facilities such as drinking water and sanitation (Ravi, 2021). MoRD and Flipkart measures enabled them to sell their products through the online platform. The need is to increase the scale of such measures adopted to promote the informal enterprises (ET Bureau, 2021). These measures should be accompanied with the regulations to maintain check and balance so that their rights shall prevail and vulnerabilities are not exploited. This will also ensure them to get a fair chance to compete and sell their products alongside the top companies.

## References

- A, D. (2020, November 6). *Explained: Who is a 'street vendor' in India? What is the Street Vendors Act?* The Indian Express. Retrieved July 30, 2022, from <https://indianexpress.com/article/explained/street-vendor-act-pm-svanidhi-scheme-explained-6911120/>
- Aguilar, A. G., & Guerrero, F. M. L. (2020). Informal sector.
- Ahmed, N., Marriott, A., Dabi, N., Lowthers, M., Lawson, M., & Mugehera, L. (2022). Inequality Kills: The unparalleled action needed to combat unprecedented inequality in the wake of COVID-19.
- Alter Chen, M. (2005). *Rethinking the informal economy: Linkages with the formal economy and the formal regulatory environment* (No. 2005/10). WIDER Research Paper.
- Bangalore (Bengaluru) City Population 2011 – 2021 ( 2021). Retrieved from <https://www.census2011.co.in/census/city/448-bangalore.html>
- BW Online Bureau. (2022, April 20). *E-Shram Registered Unorganised Workers Getting Jobs Through NCS: Govt.* BW Businessworld. Retrieved August 1, 2022, from <https://www.businessworld.in/article/E-Shram-Registered-Unorganised-Workers-Getting-Jobs-Through-NCS-Govt-/20-04-2022-426028/>
- Choudhry, V., & Avinandan ,V.( 2020) Why COVID-19 Outbreak In India's Slums Will Be Disastrous For The Urban Poor. Retrieved from <https://www.outlookindia.com/website/story/opinion-covid-19-outbreak-in-indias-slums-will-be-disastrous-for-the-urban-poor/350335#:~:text=Over%2065%20million%20or%2022,weak%20urban%20public%20health%20setup.>
- Dasgupta, M.(2016, September 20) Moving from informal to formal sector and what it means for policymakers. *Jobs and Development.* <https://blogs.worldbank.org/jobs/moving-informal-formal-sector-and-what-it-means-policymakers>
- Estupinan, Xavier and Sharma, Mohit, Job and Wage Losses in Informal Sector due to the COVID-19 Lockdown Measures in India (August 25, 2020). Available at SSRN: <https://ssrn.com/abstract=3680379> or <http://dx.doi.org/10.2139/ssrn.3680379>
- ET Bureau. (2021, November 2). *Rural development ministry ties up with Flipkart to sell products made by artisans.* The Economic Times. Retrieved August 1, 2022, from <https://economictimes.indiatimes.com/industry/services/retail/rural-development-ministry-ties-up-with-flipkart-to-sell-products-made-by-artisans/articleshow/87490167.cms?from=mdr>
- *Five Things to Know about the Informal Economy.* (2021, July 28). IMF News. <https://www.imf.org/en/News/Articles/2021/07/28/na-072821-five-things-to-know-about-the-informal-economy#:~:text=The%20informal%20economy%20is%20central.and%20inequality%2C%20including%20gender%20inequality>
- *Formalizing the Informal Economy | WIEGO.* (n.d.). WIEGO. <https://www.wiego.org/our-work-impact/themes/formalization#:~:text=Formalization%20means%20different%20things%20for.each%20sector%20has%20specific%20needs.>
- Government of India. (2014). Ministry of labour and employment. *Factories Act (1948) Amendment Bill 2014.*
- Harish, S. (2018). Urban Development, Housing and 'Slums'. In *India's Contemporary Urban Conundrum* (pp. 184-199). Routledge India.
- ILO. (2022). *Informal economy (Employment promotion).* Retrieved July 28, 2022, from <https://www.ilo.org/global/topics/employment-promotion/informal-economy/lang--en/index.htm>
- International Monetary Fund. (2019, November 14). *The Informal Economy and Inclusive Growth.* Retrieved August 11, 2022, from <https://www.imf.org/en/News/Articles/2019/11/14/sp111419-the-informal-economy-and-inclusive-growth>
- Jishnu, L., Gupta, A., & Basu, S. (2014, April 15). *Desperately Seeking Skills & Jobs.* Down To Earth. Retrieved August 6, 2022, from <https://www.downtoearth.org.in/coverage/agriculture/desperately-seeking-skills-jobs-43883>
- Kapoor, A. (2022, May 12). An Enabling Ecosystem Towards Formalisation For Enterprises. *BW Business world.* <https://www.businessworld.in/article/An-Enabling-Ecosystem-Towards-Formalisation-For-Enterprises/12-05-2022-428547/>
- Kulkarni, C. (2021, June 1). *Karnataka has 6 lakh street vendors, but government can't see 4 lakh of them.* Deccan Herald. Retrieved August 26, 2022, from <https://www.deccanherald.com/state/karnataka-has-6-lakh-street-vendors-but-government-cant-see-4-lakh-of-them-992733.html>
- Kulkarni, S. (2022, February 28). *E-shram portal: Who can register, how to apply online.* The Economic Times. Retrieved August 6, 2022, from <https://economictimes.indiatimes.com/wealth/invest/e-shram-portal-who-can-register-how-to-apply-online/articleshow/88993319.cms>
- Maitra, A. K. (2020, May 30). *What is it that ails our informal sector?.* . . The New Indian Express. <https://www.newindianexpress.com/opinions/2020/may/30/what-is-it-that-ails-our-informal-sector-2149869.html>
- MoHUPA, G. (2015). Pradhan Mantri Awas Yojana: Housing for All Urban-Scheme Guidelines. *Ministry of Housing & Urban Poverty Alleviation, Government of India.*
- Murthy, S. R. (2019). Measuring informal economy in India: Indian experience. In *Seventh IMF Statistical Forum, Washington, DC*
- Nagaraj, R., & Kapoor, R. (2022, January 16). *What is 'Formalisation' of the Economy?* The India Forum. Retrieved August 11, 2022, from <https://www.theindiaforum.in/article/what-formalisation-economy>
- OECD (2021). *Does Inequality Matter?: How People Perceive Economic Disparities and Social Mobility,* OECD Publishing, Paris, <https://doi.org/10.1787/3023ed40-en>.
- OECD/ILO (2019), "Protecting informal economy workers and their dependents", in *Tackling Vulnerability in the Informal Economy,* OECD Publishing, Paris, <https://doi.org/10.1787/120e596f-en>.
- Patel, S., Furlan, R., & Grosvald, M. (2021). A framework for enhancing the spatial urban form of informal economies in India: The case of Krishna Rajendra Market, Bangalore. *SAGE Open, 11*(2), 21582440211023184.
- PRIA (2014). Government led exclusion of the urban poor: A greater contributor through a lesser recipient, Bangalore Study Report 2014, New Delhi: Priya.
- PTI. (2022, May 29). *94.11% registered informal workers' income at Rs 10,000 or below; 74% belong to SC, ST, OBC.* The Economic Times. Retrieved July 29, 2022, from <https://economictimes.indiatimes.com/news/india/94-11-registered-informal-workers-income-at-rs-10000-or-below-74-belong-to-sc-st-obc/articleshow/91866143.cms?from=mdr>



- Punia, Kris. "Future of unemployment and the informal sector of India." *Observer Research Foundation*. <https://www.orfonline.org/expert-speak/future-of-unemployment-and-the-informal-sector-of-india-63190> (2020).
- Qiang,C.Z & Ghossein,T.( 2020,December 07).Out of the shadows: Unlocking the economic potential of informal businesses.*Private Sector Development Blog*. <https://blogs.worldbank.org/psd/out-shadows-unlocking-economic-potential-informal-businesses>
- *R204 - Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)*. (2016, January 15). ILO. Retrieved July 28, 2022, from [https://www.ilo.org/employment/units/emp-invest/informal-economy/WCMS\\_443501/lang-en/index.html](https://www.ilo.org/employment/units/emp-invest/informal-economy/WCMS_443501/lang-en/index.html)
- Ramesh, S. (2022, April 30). *Street vendors at a crossroads with registration still in the works*. Deccan Herald. Retrieved August 15, 2022, from <https://www.deccanherald.com/state/street-vendors-at-a-crossroads-with-registration-still-in-the-works-1105427.html>
- Ranganath, C. (2019, May 2). *When finding a job became a nightmare in Bengaluru after note ban*. Business Standard. Retrieved August 6, 2022, from [https://www.business-standard.com/article/economy-policy/when-finding-a-job-became-a-nightmare-in-bengaluru-after-note-ban-gst-119050200125\\_1.html](https://www.business-standard.com/article/economy-policy/when-finding-a-job-became-a-nightmare-in-bengaluru-after-note-ban-gst-119050200125_1.html)
- Ravi, P. (2021, January 29). "Street vendors are claimants, not intruders." Citizen Matters, Bengaluru. Retrieved July 28, 2022, from <https://bengaluru.citizenmatters.in/street-vendors-rights-protection-livelihood-covid-56376>
- Roy, D., Palavalli, B., Menon, N. et al.(2022). Survey-based socio-economic data from slums in Bangalore, India. *Sci Data* 5, 170200 (2018). <https://doi.org/10.1038/sdata.2017.200>
- SBI. (2021, November). *Share of informal economy may have shrunk to no more than 20% from 52% in FY18* (Issue No. 43, FY22). [https://sbi.co.in/documents/13958/10990811/01112021\\_Ecowrap\\_20211101.pdf/a4a69fed-e227-6da0-d217-a8474a5ae982?t=1635764900143](https://sbi.co.in/documents/13958/10990811/01112021_Ecowrap_20211101.pdf/a4a69fed-e227-6da0-d217-a8474a5ae982?t=1635764900143)
- Sengupta, N., Gaurav, S., & Evans, J. (2021). The Skills Space in Informal Work: Insights from Bangalore Slums. *The Journal of Development Studies*, 57(10), 1662-1689.
- T.H.I. (2017, July 15). *An analysis on the role of India's informal economy* <https://www.thehansindia.com/posts/index/Hans/2017-07-14/An-analysis-on-the-role-of-Indias-informal-economy/312388>.
- The Hans India. Retrieved July 29, 2022, from <https://www.thehansindia.com/posts/index/Hans/2017-07-14/An-analysis-on-the-role-of-Indias-informal-economy/312388>
- Vanamali, K. V. (2022, June 16). *What is Udyam registration for MSMEs?* Business Standard. Retrieved July 28, 2022, from [https://www.business-standard.com/podcast/current-affairs/what-is-udyam-registration-for-msmes-122061600097\\_1.html](https://www.business-standard.com/podcast/current-affairs/what-is-udyam-registration-for-msmes-122061600097_1.html)