

## MEASURING THE UNORGANIZED SECTOR IN INDIA

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Small, informal enterprises play an important role in shaping the growth of a developing economy undergoing a process of structural reforms. The informal sector as defined in the resolution of the 15th International Conference of Labour Statisticians (ICLS), January 1993, consists of unincorporated household enterprises which differ from formal enterprises in terms of technology, economies of scale, use of labor intensive processes, and virtual absence of well maintained accounts. Although the informal sector has been characterized as above, no clear-cut operational definition of informal sector is available for the purpose of data collection. In India and in other developing countries in Asia and the Pacific, however, the “unorganized” segment of the economy closely approximates the ICLS concept of the informal sector. The unorganized segment is labor intensive and provides employment to a sizable section of the population. This paper examines the problems of measuring the unorganized sector and explains the approach taken by the Indian Central Statistical Office. The size of the informal sector is examined in terms of the employment it generates and its contribution to value added.

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### 1. INTRODUCTION

This paper has four sections. This first section briefly describes the definition of the informal sector as envisaged by the International Labour Organization (ILO) and the System of National Accounts (SNA). It is noted that the SNA “informal sector” is quite close to, but not identical with the “unorganized sector” as that term is used in the Indian National Accounts Statistics (NAS). The coverage of the unorganized segment of the Indian economy in the official statistical system is described in Section 2. The data sources used to cover the unorganized segment are described in Section 3. Finally the contribution of the informal sector to the Indian economy in terms of value added and employment are examined in Section 4.

The term “informal sector” seems to have first been used in a report on the employment survey in Kenya undertaken by the ILO in 1972. Since then a considerable amount of data collection and research have been undertaken to understand what the informal sector is, why it exists, and how it operates. However, even though the term “informal sector” has been widely used, its precise meaning has remained elusive and the subject of controversy because it has been defined with different meanings in different contexts (Husmanns, 1997; Sethuraman, 1981).

“Informal” implies the existence of something “formal.” As both the formal and informal sectors refer to economic activities, the distinction between the two sectors must lie in the nature of economic units and the manner and milieu in

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which they function. For this reason, many of the efforts to collect data on the informal sector in the Asian countries like India have started by identifying an informal sector based on the characteristics of the enterprise.

The 1993 SNA (SNA, 1993) only refers to the informal sector as a sub-sector of the household institutional sector. It does not elaborate on the definition of the informal sector or provide guidance on its treatment in the national accounts. However, the 2008 SNA (SNA, 2008) acknowledges the importance of the informal sector particularly in the developing and transition economies, and includes a separate chapter (Chapter 25) entitled “Informal Aspects of the Economy,” dealing with the treatment of the informal sector in the national accounts. The 2008 SNA makes the important point that good coverage of the informal sector is essential to ensure the “exhaustiveness” of GDP estimates and thus improve the scope and quality of the national accounts.

The informal sector according to the 2008 SNA consists of productive institutional units characterized by (a) low level of organization, (b) little or no division between labor and capital, and (c) labor relations based on casual employment and/or social relationships, as opposed to formal contracts. The SNA endorses the resolution of the 15th ILO International Conference of Labour Statisticians (ICLS) on the definition of the informal sector. This is usually referred to as the International Labour Organization (ILO) concept of the Informal Sector (ILO, 1993). For statistical purposes, the operational definition of the informal sector is a group of production units which form part of the household sector as unincorporated enterprises owned by households (Kulshreshtha, 1998). Within the group of household enterprises, the informal sector consists of:

- (i) informal own account enterprises; and
- (ii) enterprises of informal employers.

The informal sector as defined by the ILO does not depend on the kind of activity, the kind of workplace where the productive activities are carried out, the extent of capital assets used, the duration of the operation of the enterprise, or whether it is a main or secondary activity of the owner. The ILO does however specify that activities undertaken to produce goods or services mainly for own consumption are to be excluded. Thus, for example, ownership of dwellings and production of crops and livestock for own consumption are excluded from the informal sector. The informal sector as defined by the ILO is “market-oriented.” Informal sector production is undertaken in order to earn money—even if the earnings generated are quite small in many cases.

The two kinds of informal sector enterprises listed above need some explanation.

- *Informal own account enterprises* are owned and operated by own account workers. They may employ contributing family workers and they may also have paid employees but only on an occasional basis. Depending on national circumstances, either all own account enterprises may be defined as informal or only those which are not registered with the tax authorities, the statistical agency or other government body.
- *Enterprises of informal employers* employ one or more employees on a continuous basis and depending on national circumstances they are defined

as informal according to one or both of two criteria: number of employees and non-registration of the enterprise or its employees.

In India the term “informal” is not used in the national accounts or in any other official statistics. The terms used in the Indian national accounts are “organized” and “unorganized.” In many developing countries in the Asia and the Pacific region the terms unorganized and informal are used interchangeably. In fact the “informal” and “unorganized” sectors are quite similar although not identical.

## 2. THE UNORGANIZED SEGMENT OF THE ECONOMY IN THE INDIAN OFFICIAL STATISTICAL SYSTEM

In the Indian National Accounts Statistics (NAS), the unorganized segment of the economy (CSO, 1989, 2007) refers to all operating units whose activities are not regulated under any Statutory Act or legal provision and/or those which do not maintain any regular accounts. In practice, the non-availability of regular accounts has been the main criterion for classifying these units as unorganized. The organized segment of the economy in the NAS broadly includes all large mining enterprises, manufacturing enterprises registered under the Factories Act 1948, and private and public corporations engaged in non-manufacturing activities. They are called organized because statistics on their activities are available regularly from budget documents, annual reports in the case of the public sector, and through the Annual Survey of Industries (ASI) in the case of registered manufacturing. All other operating units regardless of their kind of activity are in the unorganized segment. The major component of the unorganized segment consists of household own-account enterprises but it also includes manufacturing establishments which are not covered by the ASI, all the non-public unincorporated enterprises engaged in various economic activities, and private Non-Profit Institutions Serving Households (NPISH). The unorganized segment is very labor intensive and in the Indian context it can be viewed as a close proxy to the household institutional sector plus the NPISH institutional sector. As a measure of its importance, in India, nearly 60 percent of the national income is generated in the unorganized (informal) segment (Kulshreshtha and Singh, 1998).

Figure 1 shows the relationship between the household sector, the unorganized sector, and the informal sector as defined by the ILO. The informal sector (shaded area) is a subset of the unorganized sector as well as of the household sector.

The informal sector according to the ILO and the unorganized segment described above are conceptually different in that the ILO concept focuses on a particular group of production units for socioeconomic reasons, while the unorganized segment is defined according to whether or not the units involved provide information to the statistics office in an “organized” manner. In the Indian context, the unorganized segment of the economy includes, in addition to the two kinds of household enterprises defined by the ILO as constituting the informal sector:

- (i) own account production of goods;
- (ii) imputed services of owner occupied dwellings;

SNA Institutional Sectors									
Households and Non-Profit Institutions Serving Households									
General Government	Corporations (Financial and Non-Financial) sector)	Un-incorporated enterprises that are registered under the Factories Act and/or have more than a given number of employees (these are assigned to the organized /formal sector)	Indian NAS Unorganized Segment				Unincorporated enterprise Institutional households and households with no		
			Self Employed (Informal Own Account Enterprises)			Unincorporated Enterprises with employees (Enterprises of informal employers)			
			Market producers selling most or all production	Producers for own final use		Market producers Selling most or all production		Producers for own final use	
				Selling some production	Not selling any			Selling some production	Not selling any
			ILO Informal Sector		ILO Informal Sector				

Figure 1. Household, Unorganized, and Informal Sectors in SNA Institutional Sectors

- (iii) services of domestic servants consumed by the household that employs them;
- (iv) enterprises which do not provide regular accounts to the statistical services; and
- (v) private non-profit institutions serving households.

To get information for India on the ILO’s informal sector one would have to subtract the contribution of the above mentioned activities/enterprises from the unorganized segment.

### 3. DATA SOURCES FOR THE UNORGANIZED SEGMENT OF THE INDIAN ECONOMY

For agriculture, the principle sources of information used for the national income estimates are: (i) the land use statistics; (ii) area and outturn of principal crops; and (iii) cost of cultivation studies. Statistics on land utilization come as a by-product of a regular departmental activity of the State Revenue Departments which collect them as a basis for land revenue collection. Periodic estimates of area and outturn of principal crops, generally known as “forecast crops,” are prepared by the state agencies and are consolidated by the Ministry of Agriculture. Final estimates of production are based on statistics providing complete coverage of the areas under crops and estimates of the yield through crop cutting in a random sample of plots conducted by the State Governments. Studies on the cost-of-cultivation, conducted on various crops in different States, provide information on inputs such as seed, diesel oil, electricity, animal feed, and repair and maintenance of farm machinery. Estimates of inputs of electricity, fertilizer, and insecticides are not based on the cost of cultivation studies, as more reliable data are available from the Central Electricity Authority, the Fertilizer Association of India, and the Pesticide Association of India. There are several other agencies set up to promote the development of particular products

such as tea, rubber, and cashew nuts, and they also provide useful data on crop production. The quinquennial Indian Livestock Census is the main source of data on livestock.

The non-agricultural parts of the unorganized segment are covered through the regular survey program of the National Sample Survey Organisation (NSSO) and the follow-up surveys organized by the Central Statistical Organisation (CSO) after each Economic Census. India has conducted five Economic Censuses between 1977 and 2005. The Economic Censuses cover all units engaged in non-agricultural activities, both organized and unorganized, and provide basic information on location, nature of activity, number of persons usually working, type of ownership, social group and gender of owner, type of premises, power/fuel used, and whether registered or licensed under any Act.

The Economic Censuses provide the frame for the follow-up surveys on various specific activities in the unorganized segment of the economy: manufacturing, trade, transport, hotels and restaurants, and other services. There is a quinquennial program of follow-up surveys after each Economic Census. A particular economic activity in the unorganized segment of the economy gets a chance to be covered once in five years. Among the non-agricultural economic activities, the two major activities are manufacturing and trade. The follow-up surveys cover: Directory Establishments (DE), defined as non-public, unregistered enterprises employing more than five workers; Non-Directory Establishments (NDE), which are like Directory Establishments but with less than five employees; and Own-Account Enterprises (OAE), which are enterprises that have no regular paid employees. These follow-up surveys thus provide estimates for the unorganized sector of the non-agricultural economy.

They collect detailed information on the value of output; intermediate consumption, value added and additions to capital stock required for the national accounts purposes. Experience has shown that these surveys provide reliable information on ratios but not on absolute values or levels. Consequently, the ratio of value added per worker in a particular kind of activity is taken from the survey results and multiplied by estimates of the workforce in that activity to arrive at the estimate of gross value added for each activity in the unorganized sector. The follow-up surveys capture the unorganized segment of the activity separately for the DE, NDE, and OAE by location (rural/urban), and estimates of gross value added are prepared separately for these categories in the base year. The estimates for years other than base year are extrapolated using physical indicators.

#### 4. CONTRIBUTION OF THE UNORGANIZED SECTOR TO THE INDIAN ECONOMY

As noted earlier the unorganized segment of the Indian economy is a close approximation to the informal sector as generally understood and these two terms are used interchangeably below. The contribution to the Indian economy of the informal/unorganized sector can be measured by employment or value added. Both measures are given here.

#### 4.1. *Estimating Employment in the Indian Unorganized/Informal Sector*

The informal sector is very labor intensive and provides employment for a large section of society. The size of employment in the informal sector can be estimated directly or indirectly. The direct approach is to use survey data to identify unorganized units and count the numbers employed in them. However, the quality of the data on the informal sector obtained through different censuses and surveys is a serious problem. To illustrate, in India information on employment is available from Population Censuses, Economic Censuses, the Enterprise Surveys that are conducted as follow-up surveys of the Economic Census, and NSSO Employment and Unemployment Surveys (EUS). The estimates of total employment from these sources are, however, at large variance with each other and the users are at a loss to identify the reality of the situation from these alternative sets of estimates.

One limitation of the Economic Census is that it does not cover agriculture and domestic services. The limitation of the follow-up surveys of the Economic Censuses has been that they have been conducted for individual economic activities in different years and some activities have not been covered at all. The problem with Population Census based estimates of workforce is that they do not capture all activities, particularly those carried out by women. Table 1 illustrates the problem.

Table 1 shows the estimates of total workforce for the year 1991 based on worker/population ratios taken from the 50th round of the EUS and total workforce estimates taken directly from the Population Census (PC), 1991. The total workforce estimated from the NSSO EUS is higher by 10.86 percent with particularly large differences for female employment. Table 1 suggests that there was under-counting of the workforce in the 1991 Population Census in all categories—rural/urban/male/female. The NSSO survey captured the employment, particularly of women, better because of more probing questions asked by the trained and experienced field investigators of the NSSO and because of better supervision as compared to the population census which is a massive field operation carried out by large number of temporary enumerators.

TABLE 1  
ESTIMATES OF TOTAL WORKFORCE OF THE INDIAN ECONOMY FOR THE YEAR 1990–91

	NSSO Principal and Subsidiary Workers			Population Census Main and Marginal Workers		
	Male	Female	Total	Male	Female	Total
Rural	173,149,626 (2.29%)	99,927,249 (24.23%)	273,076,875 (9.36%)	169,275,125	80,437,891	249,713,016
Urban	60,457,262 (8.91%)	15,116,528 (63.06%)	75,573,789 (16.66%)	55,510,863	9,270,712	64,781,575
Total	233,606,887 (3.92%)	115,043,777 (28.24%)	348,650,664 (10.86%)	224,785,988	89,708,603	314,494,591

*Note:* The percentage figures shown in parentheses denote how much higher the NSSO figures are over that of the Population Census.

*Source:* Visaria, P., "Employment and Workforce in India: Implication for National Income Estimates," Paper presented at the Golden Jubilee Seminar on Data Base of the Indian Economy, IARNIW, 1998.

Because the 1991 Population Census was clearly under-counting the workforce, an indirect method has been used to estimate informal employment starting with the 1993–94 series of National Accounts Statistics (Kulshreshtha and Singh, 1999). The worker–population ratios from the latest round of the EUS are used with the latest population projections to estimate the workforce broken down by rural/urban and male/female at the all India and state levels. Having obtained these marginal totals, the workers are then apportioned to the different economic activities at the one-digit level of the National Industrial Classification (NIC) level using the NSSO work participation rates. Once these numbers are fixed, the workers are further apportioned to the two and three digit levels of the NIC in the proportions observed in the full count tabulations of the Population Census.

The Population Census classifies workers according to whether it is their “main” or “marginal” employment; these two categories are broadly equivalent to the “principal” and “subsidiary” classification used in the NSSO survey on employment and unemployment. However, the Population Census also estimates the number of workers belonging to a third category, namely, “main worker with other work” (MWOW). Unfortunately, the estimates of MWOW are not available in the same detail as for main and marginal workers; only the total number of MWOW broken down by rural/urban and male/female is available. As these workers are engaged in multiple economic activities, it is imperative to include them in national accounts. For National Accounts purposes, therefore, the total workforce comprises principal workers, subsidiary workers, and MWOW workers. The number of MWOW workers is obtained by assuming that the ratio of MWOW workers to main and marginal workers taken from the 1991 Population Census was the same in 1993–94. The adjustment made in the workforce estimates for MWOW to take care of the multiple jobs undertaken by the labor, converts the workforce estimates into the *labor input*.

Table 2 shows that the latest EUS and PC estimates of the total participation rates are quite close, 39.26 for PC 2001 and 39.67 for EUS. However, there are considerable differences in the rates for main (*principal*) and marginal (*subsidiary*) workers between the two sources.

The Director General for Employment and Training (DGE&T) publishes estimates of employment in the formal/organized segment of the Indian economy using information collected through the network of employment exchanges under the Employment Market Information (EMI) Program. The EMI Program relates to the organized sector, and covers all establishments in the public sector irrespective of their size, and non-agricultural establishments in the private sector employing 10 or more persons. All public sector establishments and non-agricultural establishments in the private sector employing 25 or more persons are required by law to provide information on their employees, but non-agricultural establishments in the private sector employing 10–24 persons provide the information only on a voluntary basis. Despite the likely under-reporting by the smaller enterprises, the DGE&T data are often used to derive the estimates of workforce in the unorganized segment by subtracting DGE&T estimates of formal employment from the total workforce estimates as obtained above. For illustration, estimates of the workforce for by kind of activity in the non-agricultural informal sector for the years 1999–2000 are presented in Table 3.

TABLE 2  
ESTIMATED NUMBER OF WORKERS AND POPULATION FROM THE PC 2001 AND EUS (1999–2000)

Item/area (1)	PC 2001					EUS 55th Round (1999–2000)					
	Total Population (2)	Total Workers (3)	Main Workers (4)	Marginal Workers (5)	Non-Workers (6)	Total Population (7)	Total Workers (8)	Principal Workers (9)	Subsidiary Workers (10)	Non-Workers (11)	
<i>Population and number of workers and non-workers (in millions)</i>											
Rural	740	311	230	81	430	687	287	261	26	400	
Urban	285	92	84	8	193	234	79	76	3	155	
Total	1025	403	314	89	623	921	365	337	29	556	
<i>Percentage shares of workers and non-workers in total population</i>											
Rural	100.00	41.97	31.03	10.94	58.03	100.00	41.72	37.97	3.75	58.28	
Urban	100.00	32.23	29.30	2.93	67.77	100.00	33.67	32.38	1.30	66.33	
Total	100.00	39.26	30.55	8.71	60.74	100.00	39.67	36.55	3.12	60.33	
<i>Percentage shares in total working population</i>											
Rural	100.00	100.00	73.93	26.07			100.00	91.02	8.98		
Urban	100.00	100.00	90.90	9.10			100.00	96.15	3.85		
Total	100.00	100.00	77.80	22.20			100.00	92.13	7.87		

Source: Estimates of workforce from the NSSO 55th round, 1999–2000; Indian Population Census, 2001.



TABLE 3  
ESTIMATES OF NON-AGRICULTURAL WORKFORCE, 1999–2000 (MID-YEAR)

Description	Workforce				
	Total Organized and Unorganized	Organized Sector			Unorganized Sector
		Public	Private	Total	
Manufacturing	50,638,524	–	–	6,195,922	44,442,602
Trade	39,498,321	0	616,049	616,049	38,882,182
Hotels and restaurants	4,817,590	–	–	166,608	4,650,982
Transport	16,320,766	711,435	1,404,057	2,115,492	14,205,275
Post and communication	1,333,792	240,777	26,153	808,961	524,831
Other services	26,843,493	4,341,694	2,830,355	7,172,050	19,671,445

Source: Estimates of workforce from the NSSO 55th round, 1999–2000.

#### 4.2. Contribution of Unorganized Sector to the Net Domestic Product in India

The estimates of Net Domestic Product (NDP) in the organized and unorganized segments for the years 1999–2000, 2003–04, and 2005–06 are given in Table 4 and the estimates of the share of different sectors in the total NDP are presented in Table 5. These estimates are obtained by multiplying the informal/unorganized labor force in each activity by ratios of value added per worker which were obtained from various survey sources described in Section 2.

Table 5 converts the values in Table 4 to percentage shares. Two kinds of shares are shown. Columns (2) to (4) show the distribution of total informal NDP according to kind of activity. For example, 37.3 percent of total informal NDP was generated in agriculture in the year 1999–2000 and this had fallen to 28.5 percent two years later. Columns (5) to (7) show how much of the NDP in each kind of activity was generated by informal producers. For example, 8.4 percent of NDP in mining and quarrying was informal in the year 1999–2000 and this rose to 10.4 percent two years later.

It is evident from these tables that though the contribution of the unorganized segment to the total NDP of India has declined during the period 1999–2000 to 2005–06, it still accounts for over 57 percent of total NDP. They also show that there is considerable variation in the share of the unorganized segment in various economic activities. For example, the share of the unorganized segment in *agriculture* is over 90 percent, compared with less than 6 percent in the activity *electricity, gas & water supply*. The shares of unorganized segment are also high in the activities *trade, transport, construction, and manufacturing*. With regard to the structure of the informal economy, *agriculture*, which accounted for half of the unorganized segment income in the 1960s and 40 percent in 1999–2000 has now reduced to 31 percent in 2005–06. Besides *agriculture, trade, hotels & restaurants, and manufacturing* are the other two economic activities that contribute significantly to the unorganized income of the economy.

The decline in the share of the unorganized segment in the NDP could be attributed to a reduction in demand for the goods and services produced by the informal sector. Some researchers working on the subject would dispute this. They believe it is a statistical artifact due to poor coverage and the indifferent attitude of

TABLE 4  
NET DOMESTIC PRODUCT (NDP) IN ORGANIZED/UNORGANIZED SEGMENT BY ECONOMIC ACTIVITY IN INDIAN ECONOMY FOR 1999–2000, 2003–04, AND 2005–06

Economic Activity (1)	Net Domestic Product (in Rs. Crore (1 crore = 10 million))					
	1999–2000		2003–04		2005–06	
	Organized (2)	Unorganized (3)	Organized (4)	Unorganized (5)	Organized (6)	Unorganized (7)
1. Agriculture, forestry & fishing	37,967	386,985	40,102	461,216	53,088	523,521
1.1 Agriculture	35,053	355,538	37,101	419,730	49,590	474,776
1.2 Forestry & logging	2,895	14,391	2,989	18,570	3,477	21,387
1.3 Fishing	19	17,056	12	22,916	21	27,358
2. Mining & quarrying	30,232	2,769	47,607	5,227	71,236	8,233
3. Manufacturing	129,469	77,717	199,411	101,610	269,354	127,049
4. Electricity, gas & water supply	26,559	658	26,873	960	26,347	1,491
5. Construction	40,717	58,650	60,975	90,833	108,821	148,503
6. Trade, hotels & restaurants	37,839	210,498	74,734	311,480	101,382	424,615
6.1 Trade	32,230	195,516	65,205	289,741	85,621	394,804
6.2 Hotels & restaurants	5,609	14,982	9,259	21,739	15,761	29,811
7. Transport, storage & communication	51,143	56,770	70,811	98,996	80,712	144,129
7.1 Railways	16,409	0	20,617	0	25,207	0
7.2 Transport by other means	16,007	52,113	24,476	87,192	30,247	116,006
7.3 Storage	656	680	798	887	1,092	1,003
7.4 Communication	18,071	3,977	24,920	10,917	24,166	27,120
8. Financing, insurance & real estate	110,040	103,403	185,468	147,273	226,501	171,709
8.1 Banking & insurance	92,601	10,039	141,943	15,575	155,109	19,869
8.2 Real estate etc.	17,439	93,364	43,525	131,698	71,392	151,840
9. Community, social & personal services	189,814	56,874	244,913	89,700	295,309	114,867
9.1 Public administration & defense	107,036	0	135,688	0	169,305	0
9.2 Other services	82,778	56,874	109,225	89,700	126,004	114,867
All sectors	650,780	954,324	950,894	1,307,295	1,232,750	1,664,117

Source: National Accounts Statistics (CSO, 2008), India.

TABLE 5  
SHARE IN NDP FROM UNORGANIZED SEGMENT AND SHARE OF UNORGANIZED SEGMENT IN NDP, BY ECONOMIC ACTIVITY IN THE INDIAN ECONOMY FOR 1999–2000,  
2003–04, AND 2005–06

Economic Activity (1)	Share in NDP from Unorganized Segment			Share of Unorganized Segment in NDP		
	1999–2000 (2)	2003–04 (3)	2005–06 (4)	1999–20 (5)	2003–04 (6)	2005–06 (7)
1. Agriculture, forestry & fishing	40.6	35.3	31.5	91.1	92.0	90.8
1.1 Agriculture	37.3	32.1	28.5	91.0	91.9	90.5
1.2 Forestry & logging	1.5	1.4	1.3	83.3	86.1	86.0
1.3 Fishing	1.8	1.8	1.6	99.9	99.9	99.9
2. Mining & quarrying	0.3	0.4	0.5	8.4	9.9	10.4
3. Manufacturing	8.1	7.8	7.6	37.5	33.8	32.1
4. Electricity, gas & water supply	0.1	0.1	0.1	2.7	3.4	5.4
5. Construction	6.1	6.9	8.9	59.0	59.8	57.7
6. Trade, hotels & restaurants	22.1	23.8	25.5	84.8	80.6	80.7
6.1 Trade	20.5	22.2	23.7	85.8	81.6	82.2
6.2 Hotels & restaurants	1.6	1.7	1.8	72.8	69.5	65.4
7. Transport, storage & communication	5.9	7.6	8.7	52.6	58.3	64.1
7.1 Railways	–	–	–	–	–	–
7.2 Transport by other means	5.5	6.7	7.0	76.5	78.1	79.3
7.3 Storage	0.1	0.1	0.1	50.9	52.6	47.9
7.4 Communication	0.4	0.8	1.6	18.0	30.5	52.9
8. Financing, insurance & real estate	10.8	11.3	10.3	48.4	44.3	43.1
8.1 Banking & insurance	1.1	1.2	1.2	9.8	9.9	11.4
8.2 Real estate etc.	9.8	10.1	9.1	84.3	75.2	68.0
9. Community, social & personal services	6.0	6.9	6.9	23.1	26.8	28.0
9.1 Public administration & defense	–	–	–	–	–	–
9.2 Other services	6.0	6.9	6.9	40.7	45.1	47.7
All sectors	100	100	100	59.5	57.9	57.4

Source: National Accounts Statistics (CSO, 2008), India.

the official agencies with regard to data collection on the informal sector. It is indeed true that the present system of data collection does not give due importance to the informal sector and treats it rather as a residual category. However, given its importance in the economy, it is essential to strengthen surveys on informal sector activities to provide more reliable information in order to facilitate a proper analysis of the dynamics of this important sector.

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