



# A Study of Urban Poverty and Livelihood in the Informal Sector with Special Reference of Delhi

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**Abstract:** Paper shows urban poverty and livelihood in the informal sector in Delhi areas. Urban people depend on informal work activities such as; street traders, rickshaw drivers, transport workers, waste pickers, repairs services, workshop, maid and home - based workers. These work activities play a crucial role for creating work opportunities in urban areas and developing the business cycle to reduce poverty. Paper describes informal work categories, distribution of the workers (based on the age, work activities) and poverty profile of urban people. Delhi is the national capital of India but there is no doubt that poverty exists in urban areas. Paper focuses on urban poverty and livelihood in the informal sector and shows the impact of the informal sector on urban poverty.

**Key words:** - Poverty, Urban, Informal, Delhi, Occupations, Livelihood

## I. INTRODUCTION

Urban population is growing very fast in Delhi (National Capital Region) in India. Mostly, the population is dependent for livelihood in the sectoral works (Waste Pickers, Street Vendors and Home-based workers) in Delhi informal sector. Urban population is the major reason for the increase of urban poverty in the National Capital Region. Informal workers, who are over 90% of the workforce, live and work in vulnerable conditions and lack social protection, good health care and access to sanitation infrastructure and decent work. On the other hand, the growth rate of the urban population in India in various decades such as; 1971 (17.60%), 1981 (23.70%), 1991 (25.70%), 2001 (27.90 %) and 2011 (31.20%).

Delhi slums are known to be the filthiest among all metropolitan cities in the country. A survey conducted in Delhi under the 69<sup>th</sup> National Service Scheme round (July 2012-December 2012) revealed that the capital had approximately 6,343 slums with more than a million households where 52 per cent of its total population resided. Informal sector is playing a crucial role in reducing urban poverty and generating employment in Delhi Urban Areas. The informal economy includes: **Informal enterprises:** unincorporated enterprises that are also unregistered or small **Informal jobs:** employment without social protection. People employed in the informal economy; self-employed workers in their own enterprises; Employers in informal enterprises, and their employees; Family members contributing to informal enterprises; Members of informal producers' cooperatives.

On the other hand; wage workers involved in informal jobs such as; Employees in formal enterprises, but do not receive social protection or entitlements, and are not covered by national labor legislation; Domestic workers; Family members who contribute to formal enterprise

Although the informal economy is associated with low value production, informal workers are greatly contributing to India's growth. And Informal sector labour has categories into **various works;** Own-account workers including those in private unincorporated enterprises; Family labour (unpaid or contributing family helper); Employees/hired labour/wage workers in unincorporated enterprises; Employers/owners of unincorporated private enterprises.

## II. URBAN INFORMAL OCCUPATIONS

Delhi people indulge in various informal work activities in urban areas. These activities generate employment opportunities and income sources for urban people. Although New Delhi's urban informal economy comprises a multitude of goods and services. And this is a large part of the manufacturing and other small activities in Delhi urban areas. There are various informal sector occupations activities;

**Informal sector occupations:-**

1. Street traders, hawkers, feriwalas: Most visible informal labour groups.
2. Rickshaw drivers: Another archetype of informal sector occupation.
3. Transport workers include drivers, conductors, and helpers: Absence of public transports has made its fold large.
4. Construction workers include earth diggers & movers, jugalis (helpers), mason helpers, masons, plumbers, painters: A common sight in the construction sites.

5. Waste pickers: Widely observed engaged in picking-up reusable items from wastes.
6. Repair services including tailoring, key making, cycle, rickshaws, vehicles, consumer durables: All this service reduces living cost of urban dwellers.
7. Workshops: Metal works, repairing and remaking of products based on scraps.
8. Maids: Housework both by staying-in and also on an hourly/piece-rate basis.
9. Home-based workers: Subcontracted on a piece-rate basis conducted within own households.

On the other hand, Informal economy has classified into different segment of the work in urban areas;

1. Wage work for informal enterprises.
2. Domestic work without a regular contract.
3. Casual day labour without a fixed employer.
4. Unregistered or undeclared work for formal or informal firms.
5. Temporary and part-time work for formal firms.

### III. DISTRIBUTION OF THE WORKERS IN DELHI URBAN AREA

Workers distribution is based on per 1000 and aged 15 years & above. On the other hand, Work employed has categorized various jobs (self-employed, casual and others) and duration of the job contracts (No Written Job Contract, 1 year or less, More than 1 year to 3 years, More than 3 years and Not Known). It is mentioned in the below table:-

**Table: 3.1**

**Per 1000 distribution of workers aged 15 years & above by employed size in the established for Urban Delhi /UT**

Per 1000 distribution of workers by employment size in the established					
Urban Delh (UT)/India	Less than 6 Workers	6-9 Workers	10-19 Workers	20 & above Workers	Not known
Delhi	504	72	64	206	154
India	553	100	67	185	94

**Source:** Employment in Informal Sector and conditions of Informal Employment (2013-14)

Employed size of the workers among per 1000 distribution have distributed less than 6 (504 workers), 6-9 (72 workers), 10-19 (64 workers), 20 & above (206 workers) and not known (154 workers). After comparison among workers it has been found that the highest employment size is less than 6 and 20 & above workers and lowest size of employment 6-9 and 10-19 workers. Which shows that per 1000 distribution of workers aged 15 years & above with employed size in Delhi Urban areas.

**Table: 3.2**

**Per 1000 distribution of workers aged 15 years & above except self employed by type of job contract for Urban Delhi /UT**

Urban Delhi (UT)/India	No Written Job Contract	1 year or less	More than 1 year to 3 years	More than 3 years	Not Known
Delhi	636	40	71	239	15
India	737	29	19	166	50

**Source:** Employment in Informal Sector and conditions of Informal Employment (2013-14)

Self employed job contracts among workers in Delhi urban areas describe no written job contract (636), 1 year or less (40), more than 1 year to 3 years (71), more than 3 years (239) and not known 15 workers. Its means that no written job contract of the workers is very high and there is no more than 3 years written job contract in the informal sector in urban Delhi.

**Table: 3.3**

**Per 1000 distribution of workers aged 15 years & above for casual workers by type of Job contract for Urban Delhi /UT**

Urban Delhi (UT)/India	No Written Job Contract	1 year or less	More than 1 year to 3 years	More than 3 years	Not Known
Delhi	949	13	12	23	3
India	920	14	4	9	54

**Source:** Employment in Informal Sector and conditions of Informal Employment (2013-14)

Casual job contracts among workers in the informal sector; no written job contracts (949), 1 year or less (13), more than 1 year to 3 years (12), more than 3 years (23) and not known (3). Which shows that no written job contract of the casual workers is high compared to other written job contracts in Delhi urban sector.

#### IV. POVERTY PROFILE OF DELHI

Poverty is a situation where the individual or communities lack the resources, ability and environment to meet the basic needs of life. Poverty is one of the issues, attracting the attention of sociologists, economists, governments, civil society organizations and almost all other organizations related to human welfare and development. It indicates a status wherein a person fails to maintain a living standard adequate for a comfortable lifestyle.

On the basis of the National Sample Survey Organisation's 68th Round (June 2011 - July 2012), the Planning Commission published the State Specific poverty line for rural and urban areas.

The poverty line was estimated at 1145 for rural and 1134 urban Delhi as against the national level of 816 for rural and 1000 for urban India respectively. The specific poverty line of Delhi is presented in below table:-

**Table: 4.1**  
**Level of Poverty Line in Delhi**  
(Per Capita per Month)

Years	Rural	Urban
1973 - 74	49.95	67.95
1977 - 78	54.37	80.17
1983	88.57	123.29
1987 - 88	122.90	176.91
1993 - 94	233.74	309.48
1996 - 97	289.31	404.96
1999 - 2000	362.68	454.11
2004 - 2005	541.39	642.47
2009 - 10	747.80	1040.3
2011 - 12	1145.00	1134.00

Source: Planning Commission (Now NITI Aayog) Govt. of India

It may be observed from Statement 20.1 that the 1134 was the minimum monetary requirement of a person per month in urban Delhi for maintaining a minimum standard of living as prescribed by the Planning Commission during the year 2011-12. In a rural area, it was estimated at 1145 per month per person. The above statement clearly indicates that in every year the amount required per person per month increased considerably both in rural and urban areas.

The information regarding the number of persons below the poverty line in Delhi during 1973-2012 is presented in below table:-

**Table: 4.2**  
**Persons below the Poverty Line in Delhi Urban and Rural Area**  
(Number in Lakhs)

Years	Urban		Rural		Total	
	Number	Percent	Number	Percent	Number	Percent
1973 - 74	21.78	95.36	1.06	4.64	22.84	49.61
1977 - 78	16.81	92.57	1.35	7.43	18.16	33.23
1983	17.95	97.61	0.44	2.39	18.39	26.22
1987 - 88	10.15	99.02	0.10	0.98	10.25	12.41
1993 - 94	15.32	98.78	0.19	1.22	15.51	14.69
1999 - 2000	11.42	99.39	0.07	0.61	11.49	8.23
2004 - 2005	18.90	93.10	1.40	6.90	20.40	13.1
2009 - 10	22.90	98.28	0.30	1.29	23.30	14.2
2011 - 12	16.46	97.05	0.50	2.95	16.96	9.91

Source: Delhi Statistical Handbook, 2017.

It is evident from the above statement 20.2 & 20.3, that during 1973-74 nearly one half of the population of Delhi was below the poverty line. The number of persons below the poverty line in Delhi during 2011-12 was estimated at 16.96 lakh and it worked out to 9.91 per cent of the total population of Delhi. Persons below poverty level in Delhi fell to the single digit at 8 percent of the total population in 1999-2000. Due to various poverty alleviation programmes initiated by the Government of India and Government of National Capital Territory of Delhi the poverty level in India and Delhi has decreased considerably. The reduction of the poverty level in Delhi and at National level may be due to various reasons such as higher growth in the service sector. The information regarding the poverty level in India and Delhi during the period covered in the study is presented in statement 20.3.

#### V. TENDULKAR METHODOLOGY

Tendulkar committee computed poverty lines for 2004-05 at a level that was equivalent, in Purchasing Power Parity (PPP) terms to **Rs 33 per day**. Purchasing Power Parity: The PPP model refers to a method used to work out the money that would be needed to purchase the same goods and services in two countries. Number and percentage of population below poverty (BPL) in rural and urban areas in Delhi has mentioned in below table:-

**Table: 5.1**

**Number and Percentage of Population Below Poverty line (BPL) based on (Tendulkar Methodology) in Rural and Urban Areas in Delhi (2011-12)**

Urban Delhi (UT)/India	Rural		Urban		Total	
	% age of persons	No. of persons of (Lakh)	% age of persons	No. of persons of (Lakh)	% age of persons	No. of persons of (Lakh)
Delhi	25.70	2166.58	13.70	531.25	21.92	2697.83
India	25.70	2166.58	13.70	531.25	25.92	2697.83

Source: Directorate of Economics & Statistics

This table shows the population below the poverty line in rural areas 2166.58 lakh (25.70 percentage) and urban areas 531.25 lakh (13.70 percentage) and 2697.83 lakh (21.92 percentage) based on the Tendulkar Methodology.

**Table: 5.2**  
**Monthly Expenditure on Food and Non-Food Items**

Rounds / Area	Per Capita Monthly Expenditure		Average Monthly Household Expenditure	
	Food	Non-Food	Food	Non-Food
63rd Round (July 2006- to June 2007)	733.53	1238.66	3312.26	5593.14
64th Round (July 2007-June 2008)	770.21	1307.83	3445.38	5850.37
66th Round (July 2009- June 2010)	1036.21	1868.66	4407.12	7947.66
68th Round (July 2011- June 2012)	1489.02	2350.52	6055.23	9566.70

Source: - Directorate of Economics and Statistics, GNCTD

After analysis of various NSSO rounds, it has been found that per capita and average monthly household expenditure on food & non-food is increasing. Which shows that per & average capita household expenditure of urban peoples are growing rapidly. This is because the informal sector is playing a crucial role for developing the opportunities in Delhi urban areas.

## VI. ROLE OF THE INFORMAL SECTOR IN POVERTY ALLEVIATION

There are two points of view regarding the role of the informal sector in poverty alleviation. One is that the informal sector consists of marginal and low income activities; those who are working in the sector are mostly poor. For poverty alleviation, therefore, it is essential to reduce the role of the informal sector in the economy and promote expansion of the formal sector. The other point of view is that, as the formal sector has failed to absorb the growing labour force in the developing countries, the informal sector is playing an important role in poverty alleviation through employment creation and income generation. Moreover, not everybody working in the informal sector is poor. Without informal sector jobs, the incidence and intensity of poverty would be much higher. Therefore, the informal sector should be promoted to increase alleviation of poverty, and measures should be taken to enhance the productivity and earnings of its participants.

On the other hand, without the informal sector, a huge workforce would become jobless and lose income, since the formal sector has been unable to absorb such a large workforce to begin with. Therefore, it is argued that the informal sector is playing an important role in poverty alleviation. No doubt, income levels in the informal sector are low and the incidence of poverty high, but without this sector the intensity of poverty or the poverty gap, if not the extent of poverty, would certainly increase. In addition to full-time jobs, the sector provides part-time job opportunities to women who can work in their homes and augment their families' incomes. Similarly, many poor in the formal sector also take up part-time jobs in the informal sector to generate extra income for survival. It is true that a large majority of the urban poor work in the informal sector. However, the incomes of many in that sector, especially in its modern component, are comparable to, or even better than those of workers in the formal sector. The more visible subsectors such as street vendors and shoeshine boys, jobs that require neither skills nor much capital, give the impression that the incomes of all the participants in the sector are quite low. Nevertheless, the informal sector encompasses a large range of heterogeneous activities, and there are many with quite high incomes.

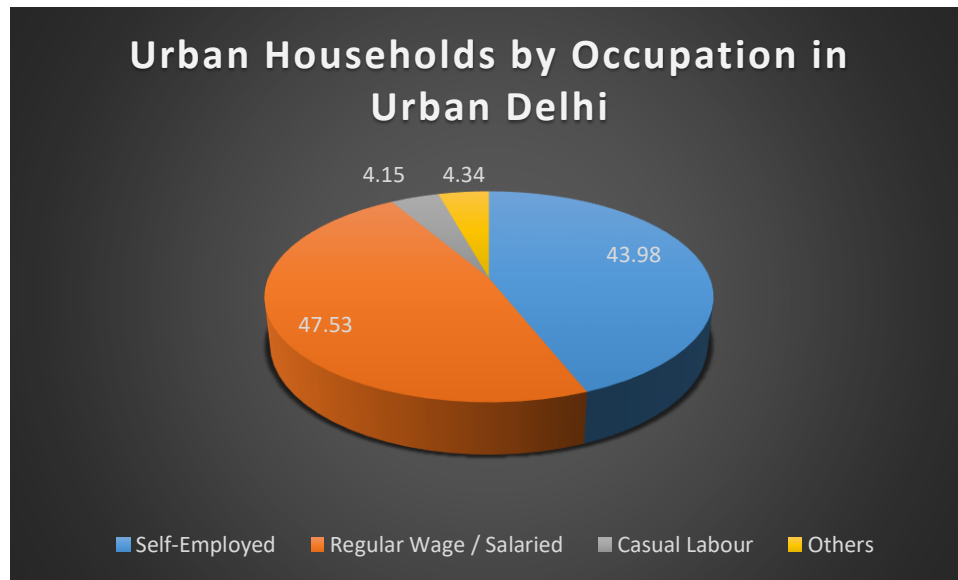
Some workers, after acquiring skills in the formal sector, may prefer to start their own small manufacturing businesses where they can earn much more than their wages in the formal sector. Thus, not everybody working in the informal sector is poor, and the distribution of incomes in the formal and informal sectors tend to overlap.

**Table: 6.1**  
**Distribution of Urban Households by Types of Occupation**

Item	Number of Households	Percentage
Self-Employed	1580849	43.98
Regular Wage / Salaried	1708758	47.53

<b>Casual Labour</b>	149308	4.15
<b>Others</b>	155945	4.34
<b>Total</b>	3594860	100.00

Source: Report on Employment in Informal Sector and Conditions of informal Employment (2013-14) Volume IV



**Chart 6.1**  
Urban Households by Occupation in Urban Delhi

After analysis of urban households, urban households' occupations have been categorized into different types of work such as; self-employed, regular wage / salaried, casual labour and others. Mostly, the urban population has engaged in regular wage/salaried (47.53 percent) and self employed (43.98 percent). On the other hand, casual labour (4.15 percent) and others (4.34 percent) is a very small part of the urban population engaged in these work activities. Which shows that regular/wage salaried and self employed highest occupied urban population compared to casual labour and others. It means that informal occupation plays a very crucial role in generating employment in urban areas and reducing urban poverty.

**Table: 6.2**  
Distributions of Urban Households by Type of Dwelling Unit

Type of Dwelling	Number of Units	Percentage
<b>Owned</b>	2196030	61.09
<b>Hired</b>	1296238	36.06
<b>No Dwelling</b>	1312	0.04
<b>Other</b>	101280	2.81
<b>Total</b>	3594860	100.0

Source: NSS 58<sup>th</sup> Round



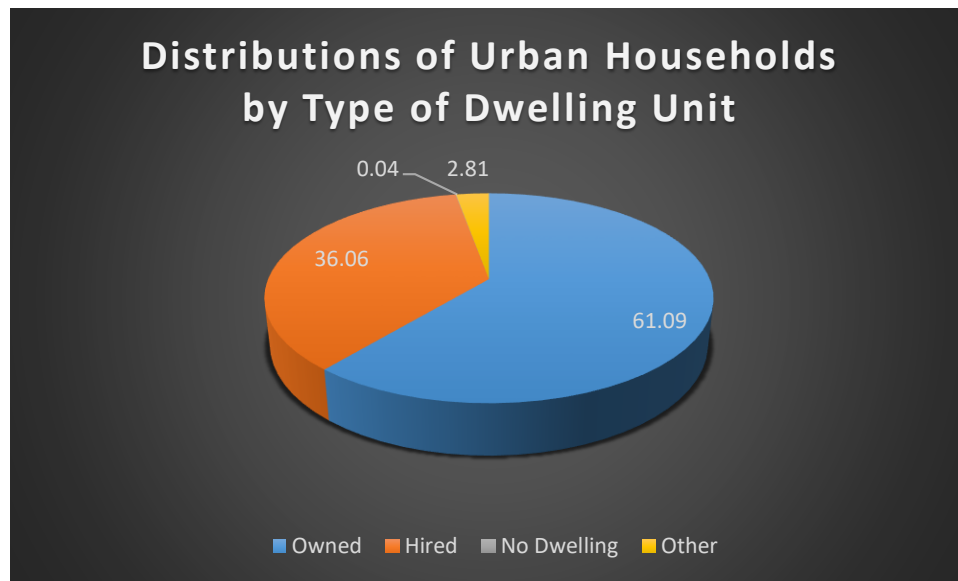


Chart: 6.2

#### Distributions of Urban Households by type of Dwelling Unit

Households have different types of dwelling units such as; owned, hired, no dwelling and others in urban areas. Among type of dwelling, the urban population has owned dwelling (61.09 percent), hired (36.06 percent), no dwelling (0.04 percent) and others (2.81 percent) in urban areas. Highest percentage of owned households (61.09 percent) and hired households (36.06 percent) in Delhi urban areas. Which shows that urban households are living in both dwellings (Owned and hired) in Delhi urban areas.

#### CONCLUSION

After concluding, the paper has found that the informal sector plays a crucial role for generating work opportunities in urban areas. On the other hand, Informal work activities (street traders, rickshaw drivers, transport workers, waste pickers, repairs services, workshop, maid and home - based workers) do play a significant role for livelihood and reduce the poverty alleviation. Employed size (less than 6) and job status of the workers such as; self-employed & casual workers (No written job contract) is very high in Delhi informal urban economy. Which shows that the Delhi urban area is surrounded by small work activities in which 5 & 6 workers are working.

Mostly, these work activities indulged in no written job contract and there is no high duration (more than 3 years) of the job contract in urban areas. The number of persons below the poverty line in Delhi during 2011-12 was estimated at 16.96 lakh and it worked out to 9.91 per cent of the total population of Delhi. After study of the various rounds of NSSO (63, 64, 66 & 68) it shows that per capital and average monthly food and non-food expenditure is increasing for the urban peoples in Delhi area. And urban households have been categorized into different types of occupations: self-employed, regular wage salaried, casual labour and others activities. These occupations are dominant in Delhi informal economy for generating employment and are directly affected by urban poverty. Urban households have categorized into different types of dwelling units owned, hired, no dwelling and others in Delhi. Which shows that highest urban population are living in owned and hired dwelling and there is very low percentage of no dwelling and others in Delhi urban areas.

Finally, Informal sector playing a crucial role for urban people livelihood, reduce the poverty and develop the work opportunities.

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