A Study on Informal Sector Workers with Special Reference to Areekod Panchayath, Malappuram District, Kerala

Dr. Divya Karikkan[1], Ruba Sherin Madassery[2]

[1]Ph.D. in Economics, UGC-NET, Assistant Professor, Department of Economics, Kannur University, Dr. Janaki Ammal Campus, Palayad, Thalassery, Kannur, Kerala, India – 670661
Contact Number: +91-9847691806

[2]Postgraduate Student, Department of Economics, Kannur University, Dr. Janaki Ammal Campus, Palayad, Thalassery, Kannur, Kerala, India – 670661

Corresponding Author: Dr. Divya Karikkan

Abstract

This study examines the socio-economic conditions, wage earnings, and challenges of informal sector workers in Areekode Panchayat, Malappuram District, Kerala. The research aims to understand the factors influencing informal employment, assess workers' perceptions of alternative income opportunities, and identify key vulnerabilities. Primary data were collected through a structured questionnaire administered to 50 respondents selected via convenience sampling. Descriptive statistics and correlation analysis were used to interpret the data. The findings reveal that the majority of workers earn less than ₹20,000 per month, lack social security benefits, and face multiple challenges including low wages, income insecurity, and limited access to education. A positive correlation was observed between education level and monthly income. The study highlights the need for targeted policy interventions to improve working conditions, enhance access to formal employment opportunities, and expand social protection coverage for informal workers.

Keywords: Informal sector, Informal worker, Labour market, Employment

I Introduction

The Indian economy is dominated by informal labour employment, comprising over 90% of the workforce and around 50% of the national product. This sector largely consists of socially and economically disadvantaged groups. Rural areas particularly have a high concentration of informal sector workers, with females comprising a larger proportion than males. The economy's growth over the past two decades has led to increase in formalization and inter-linkages between informal and formal economic activities. To achieve faster and more inclusive growth, special attention is needed for the informal economy, including addressing its credit, skills, technology, marketing, and infrastructure needs. Given its pervasive role in the economy and livelihoods,

improving the information base of the informal sector is crucial, necessitating a comprehensive statistical approach as part of the national statistical system.

The First Indian National Commission on Labour defined the unorganized sector workforce as those unable to organize due to various constraints. The National Sample Survey Organization identifies the unorganized sector based on specific criteria: for manufacturing industries, it includes enterprises not covered under the Annual Survey of Industries, while for service industries; it encompasses all enterprises except those runs by the government or in the corporate sector. Scholars consider the concept of the informal sector valuable for delineating the dualistic nature of labour markets in developing countries. In India, approximately 90% of the working-age populations are part of this sector, characterized by varying entry barriers and working conditions based on gender, caste, region, and age (Goldar, 2010). Structural features include vertical dependency relationships and contested relations among workers, recruiters, and intermediaries. Kerala's informal labour market, similar to other Indian states, is dominated by agricultural workers but also includes state-specific sectors like toddy tapping and the coir industry. However, Kerala's unique history has led to a high degree of worker organization, challenging the conflation of the informal sector with the term 'unorganized.' Since the 1990s, liberalization policies have led to a concerning increase in job in formalization due to growing competition, limited resources, and expanding market opportunities. This shift has concentrated economic growth benefits among a few while leaving a growing portion of the population as working poor. Despite a shift in government policy towards inclusive and sustainable growth, fundamental issues driving in formalization remain unaddressed. The current survey aims to evaluate the size, structure, and features of the informal sector in the labour market. "Employment in the Informal Sector" and "Informal Employment" are both valuable for analysis and policy making, addressing various aspects of employment informality and serving as separate policy targets (Chakraborty, 2015). While neither concept can substitute the other, they should be consistently defined and measured to ensure clarity and distinction. In this survey, the Labour Bureau has collected data on both concepts to gain a comprehensive understanding of informal sector employment.

II Statement of the Research Problem

The informal sector represents a significant portion of India's workforce, yet workers in this sector face persistent vulnerabilities such as income insecurity, lack of social protection, and limited upward mobility. In Areekode Panchayat, Malappuram District, informal workers contribute substantially to local economic activities, but there is limited empirical evidence on their socio-economic characteristics, wage patterns, and perceived challenges. This study focuses on employment in the informal sector, aiming to explore the disparities and structural issues that perpetuate worker vulnerability and to inform policies that can promote inclusive economic growth and improve livelihoods.

III Objectives of the Study

The objective of this study aims at:
• To understand the problems of informal sector workers.
• To Examine informal worker's perception of alternative income generating opportunities within their sector.
• To identify the key factors influencing adopting informal work.

IV Methodology

This research is primarily based on primary data, supplemented by secondary sources such as government reports and academic studies. The target population comprises all informal sector workers residing in Areekode Panchayat, Malappuram District. A convenience sampling method was adopted due to limited access to a comprehensive sampling frame and time constraints. To mitigate potential biases, efforts were made to ensure representation across gender, age groups, and occupational categories. A structured questionnaire was designed and pre-tested for clarity and reliability before administration. Data collection was conducted using Google Forms and in-person surveys. A total of 50 respondents participated. The collected data were coded, tabulated, and analyzed using descriptive statistics, including frequency distributions and percentages. Additionally, Pearson correlation analysis was applied to examine the relationship between education level and monthly income, and between income and job satisfaction, to strengthen the analytical rigor of the study.

V Review of Literature

Prasant, et.al (2019) The paper tries to examine health, social security measures and determinants of earnings by labourers in textile firms of Tirupur in Tamil Nadu. Primary data have been collected from 100 labourers covering 30 textile firms in the month of September–October 2016 through random sampling method. Percentage ratio method and double-log multiple regression techniques are employed to analyse the objectives. It is observed that the labourers who work in textile firms live in unhygienic and deplorable conditions without much provision of social security and coverage of health insurance either by the firms or by themselves. Low income is one of the important constraints. Education, working hours and skill training emerged as important factors influencing earnings of labourers. Experience, distance of the firm, migrant variable did not emerge to be significant. Gender bias is persistent in wage determination. With the movement from male to female labourers, on an average, wages decline by 0.46%. Appropriate provision of social security measures, improvement in work environment and checking for gender bias in earnings are necessary through public and legal policy interventions. Basic skill training and educational awareness about various trades and intra-firms' promotion will help labourers to increase their earnings. in order to maintain an adequate standard of living. It is not a charity rather a right. But women workers in the informal sector have the least access to social security. The objective of this paper is to assess the degree of social security of the working women in the informal sector in Odisha.

Shelley, (2019) This book is motivated by a quest to re-regulate work to reduce informality and inequality, and promote a living wage for more people across the world. It presents the findings of a multidisciplinary study conducted in four countries of varying wealth and development, exploring why people become trapped in precarious work. The accounts describe the impact of supply chain governance, trade agreements, internal and between-country migration, legal factors, as well as the socio-economic characteristics and outlooks of the workers. In a unique approach, the chapters discuss existing labour regulation measures that have succeeded, but which have received little scholarly attention to date. Building on these existing innovations, the book proposes a new international labour law that would incrementally increase the wages of the poor and regulate precarious work.

Ghazala, (2021) The hallmark of a civilized society lies in its ability to safeguard its most vulnerable members. These individuals often include the very young, elderly, disabled, indigent, and sick workers, commonly employed in unregulated informal sector positions. This research aims to analyse the extent of vulnerability among Indian workers, encompassing both physical and economic dimensions arising from the informal nature of their employment. It investigates the types and levels of vulnerability experienced by informal sector workers, comparing them with their counterparts in formal employment. Additionally, the study evaluates the necessity, availability, and effectiveness of protective measures and safety nets, such as food assistance, medical care, income support, or subsidies. Drawing on primary data, the research assesses the actual accessibility and adequacy of social protection in terms of availability, enforceability, and identifies gaps and underlying reasons, including barriers to access. Ultimately, the study concludes that shortcomings in implementation and targeting are the primary factors contributing to the prevalence of vulnerability among informal sector workers.

Balwant Singh, et.al (2022) The informal sector and informal employment have not only persisted over the years but have also experienced growth, particularly during the era of globalization. In India, the labour market is characterized by a significant informal economy, providing livelihoods to a vast number of workers, constituting around 90% of the workforce. Evidence shows an increase in contractualization, outsourcing, and job flexibility in modern services and industries, indicating a trend towards greater in formalization of the formal sector and deterioration of job quality, especially in urban areas. This paper highlights the poor employment conditions of workers in the urban informal sector, characterized by precariously low incomes and lack of social security. Probit regression results suggest that affirmative policies have assisted marginalized groups in accessing formal sector employment, with highly educated individuals benefiting more. Various initiatives have been implemented to enhance labour and employment conditions in both formal and informal sectors. The Ministry of Labour and Employment has introduced four labour codes aimed at bringing informal sector workers under the social security net, which is expected to significantly improve workers' well-being. The 'E-Shramik' portal has been launched to create a centralized database of unorganized sector workers, facilitating the implementation of social security services. The paper convincingly argues that minimum social security and social protection are essential to alleviate the hardships

faced by vulnerable urban informal sector workers, particularly those from lower income groups and with lower educational levels.

VI Results

The findings of this study align with the dual labour market theory, which posits that informal employment arises from structural segmentation in the economy, where low-skilled workers are relegated to precarious, low-wage jobs with limited social protection. The prevalence of low educational attainment and the concentration of respondents in poorly remunerated occupations such as agricultural and construction work highlight the barriers to upward mobility in the informal sector. Consistent with prior studies (e.g., Goldar, 2010; Balwant Singh et al., 2022), this research confirms that informal workers often lack access to social security and face income insecurity, which reinforces cycles of vulnerability. The moderate positive correlations found between education, income, and job satisfaction suggest that investing in skill development and educational opportunities could enhance earnings and improve worker well-being. Overall, the results illustrate how structural factors and individual characteristics combine to perpetuate informality and economic insecurity.

The sample consist of informal workers. The data were collected about education, monthly income, challenges faced by informal workers, participation in labour union, social benefit etc. The detailed analysis of the data is given below:

Table 1. Age Wise Distribution of Respondents

AGE	Frequency	Percentage
20-30	3	6%
30-40	10	20%
40-50	22	44%
Above 50	15	30%
Total	50	100%

Source: Primary Data (2024)

Table 1 shows the age wise distribution of respondents. It can be interpreted that 30% of the respondents are from the age group above 50. 44% of respondents belong to the age group of 4050 and 20% of respondents are from the group of 30-40. The remaining 6% from the age group 20- 30.

Table 2. Gender Wise Distribution

Gender	No. Of Respondent	Percentage
Male	39	78%
Female	11	22%
Total	50	100%

Source: Primary Data (2024)

The table 2 shows that out of 50 respondents, 78% of male respondents and 22% of female respondents were working in informal sector.

Table 3. Religion Wise Classifications

Religion	No. of respondent	Percentage
Hindu	10	20%
Muslim	38	76%
Christian	2	4%
Total	50	100%

Source: Primary Data (2024)

The table 3 shows the religion wise classification. Here 76% of respondents belong to Muslim category, 20% of the category are Hindus and 4% of Christians. A great majority of the respondent belong to Muslim community.

Table 4. Caste Wise Classifications

Caste	No. of respondent	Percentage
General	3	6%
OBC	37	74%
SC	8	16%
ST	2	4%
Total	50	100%

Source: Primary Data (2024)

The table 4 shows that 74% of respondents belong to OBC category, 16% of respondentsare SC category, 6% from General category and 4% of respondents are ST category.

Table 5. Family Size

Category	No. of respondents	Percentage
2-4	8	16%
4-6	27	54%
6-8	12	24%
Above 8	3	6%
Total	50	100%

Source: Primary Data (2024)

The table 5 shows that the total numbers of family members in 4-6 categories are 54%, 24% from 6-8 category, 16% from 2-4 category and 6% from above 8.

Table 6. Marital Statuses

Marital Status	Frequency	Percentage
Single	2	4%
Married	43	86%
Others	5	10%
Total	50	100%

Source: Primary Data (2024)

The table 6 shows that the majority of respondents 86% are married. 10% of respondents are others such as divorced or widowed. Remaining 4% were single.

Table 7. Family Economic Statuses

Family Status	Frequency	Percentage
APL	12	24%
BPL	38	76%
Total	50	100%

Source: Primary Data (2024)

The table 7 shows the majority of respondents are BPL (76%) and remaining are APL (24%).

Table 8. Educational Qualifications

Education	No. of respondent	Percentage
Primary	15	30%
Secondary	28	56%
Graduation	5	10%
Others	2	4%
Total	50	100%

Source: Primary Data (2024)

The Table 8 Shows the Educational Qualification of the Respondents. It Shows That the Majority of Respondents Are Secondary Holders (56%). 30% Are Primary Holders, 10% Graduates and Remaining 4% Are Others.

Table 9. Occupational Profile

Occupation	No. of respondent	Percentage
Vendors	7	14%
Agricultural workers	12	24%
Construction workers	6	12%
Drivers	10	20%
Others	15	30%
Total	50	100%

Source: Primary Data (2024)

The table 9 shows that out of 50 respondents 24% are agricultural workers, 20% are drivers, 14% are vendors, 12% are construction workers and 30% of respondents are others.

Table 10. Number of Dependents

Category	No. of respondent	Percentage
1-3	10	20%
3-5	28	56%
5-7	9	18%
Above 7	3	6%
total	50	100%

Source: Primary Data (2024)

The table 10 shows the number of dependents in the family. 56% of respondents are in the 3-5 category, 6% of respondents are above 7, 20% of respondents are 1-3 categories and 18% of the respondents are in the 5-7 categories.

Table 11. Monthly Income

| Income	No. of respondent	Percentage
0- 20,000	35	70%
20,000-40,000	10	20%
Above 40,000	5	10%
total	50	100%

Source: Primary Data (2024)

The table 11 indicates the monthly income of the respondents. Highest income earned between in below 20,000, it becomes70%. 20% of income earned between 20,000- 40,000. 10% of earned between above 40,000.

Table 12. Working Experience of Respondents

Years	No. of respondent	Percentage
Less than 1 year	4	8%
1-3 years	8	16%
3-5 years	13	26%
More than 5 years	25	50%
Total	50	100%

Source: Primary Data (2024)

Figure 1. Working Experience of Respondents
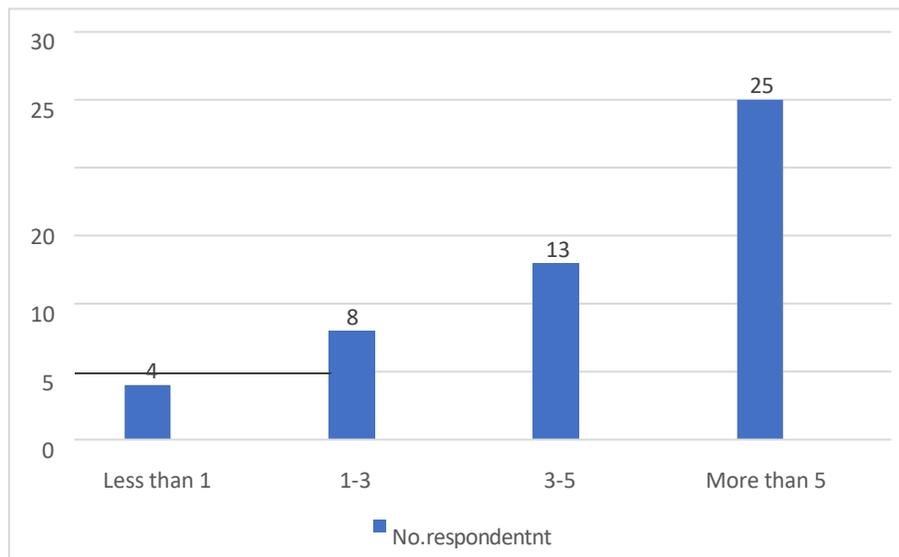
The figure 1 indicates the working experience of respondents. 50% of respondents are more than 5 years working experience, 26% of respondents have 3-5 years of experience, 16% of respondents are 1-3 years of experience and remaining 8% are less than one year.

Table 13. Participation in Labour Union

Options	No. of respondent	Percentage
Yes	7	14%
No	43	86%
Total	50	100%

Source: Primary Data (2024)

The table 13 shows the participation of workers in labour union or association. 86% of workers do not participate in the labour union and 14% of workers participate in the labour union.

Table 14. Daily Working Hours

Hours	No. of respondent	Percentage
4-6	6	12%
6-8	14	28%
Above 8	30	60%
Total	50	100%

Source: Primary Data (2024)

The table 14 shows the working hours of respondents. Here, 60% of labours working in above 8 hours, 28% of labours in 6-8 hours and only 12% labours in 4-6 hours.

Table 15. Payment Frequency

Options	No. of respondent	Percentage
Daily	23	46%
Weekly	7	14%
Monthly	20	40%
Total	50	100%

Source: Primary Data (2024)

The table 15 shows the receiving payment of respondents. 46% of workers are received paymentdaily, 40% received monthly and remaining 14% received payment in weekly.

Table 16. Additional Source of Income

Options	No. of respondent	Percentage
Yes	14	28%
No	36	72%
Total	50	100%

Source: Primary Data (2024)

The table 16 shows that 72% of respondents do not receive additional income while 28% of respondents have received income from additional source.

Table 17. Receipt of Social Security Benefit

Options	No. of respondent	Percentage
Yes	11	22%
No	39	78%
Total	50	100%

Source: Primary Data (2024)

The table 17 indicates the social security benefits of respondents. Here, 78% of respondents do not receive any social security and only 22% of respondents received social security.

Table 18. Job Oriented Certificates

Option	No. of respondent	Percentage
Yes	20	40%
No	30	60%
Total	50	100%

Source: Primary Data (2024)

The table 18 shows that the majority of respondents do not have the job orientedCertificate and only 40% of respondents have job-oriented certificate.

Table 19. Challenges Faced by Respondent

Category	No. of respondent	Percentage
low wage	15	30%
Income Insecurity	6	12%
Low social benefit	6	12%
Lack of job security	3	6%
Limited access to education	8	16%
Others	12	24%
Total	50%	100%

Source: Primary Data (2024)

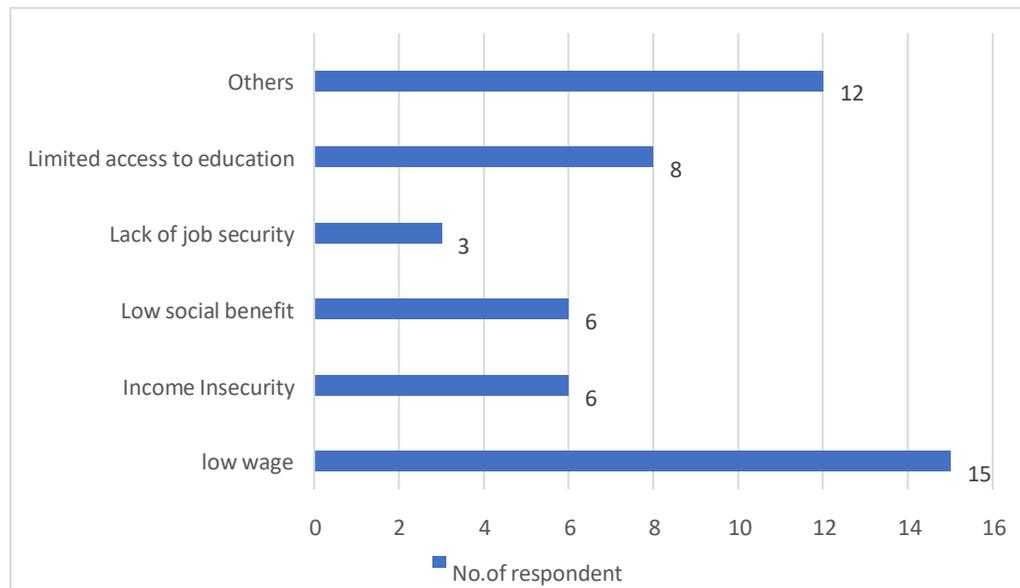Figure 2. Challenges Faced by Informal Sector Workers

Figure 2 shows that the majority of informal workers faced low wage problem, that is become 30%, 16% of respondent's problem is limited access to education. Only 6% of respondent faced lack of job security. 12% are faced with the problem of income insecurity and low social benefit. 24% are faced with the problem of others.

Table 20. Priority Ranking of Expenses

Priority	Frequency	Percentage
Housing	24	48%
Food	8	16%
Health care	6	12%
Education	3	6%
Savings	7	14%
Others	2	4%
Total	50	100%

Source: Primary Data (2024)

Figure 3. Priorities of Expenditure Categories Among Respondents
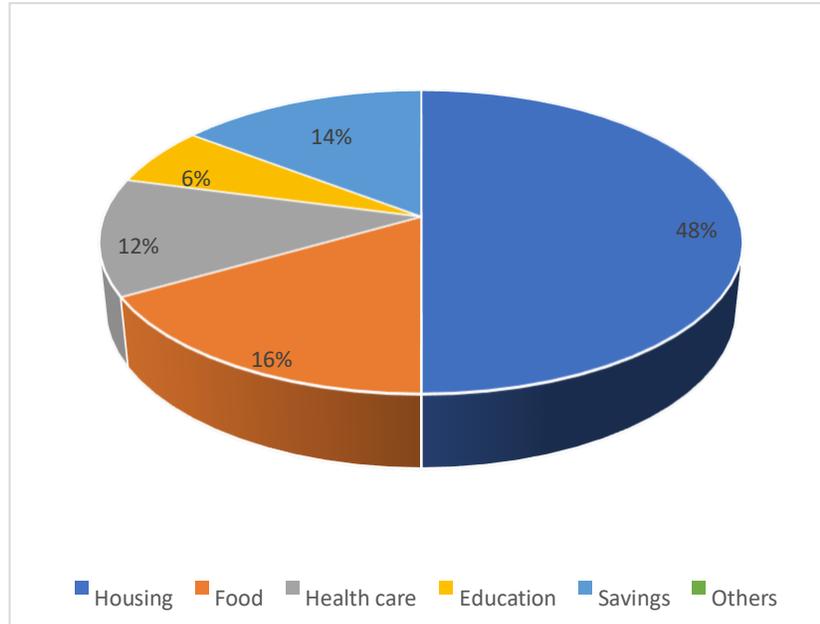
The figure 3 shows 6 major expenses are identified by the researcher, and asked what is your priority spending on the out of the selected category. And on the base of the response priority spending out of the major 6 items around 48% respondents prioritized housing as the major expense.

Table 21. Saving Income Ratio

Category	Frequency	Percentage
Less than 20%	29	58%
More than 20%	7	14%
No saving or investment	14	28%
Total	50	100%

Source: Primary Data (2024)

The table 21 shows the proportion of saving out of there earned income, 58% of respondents save less than 20% of their income each month. 14% of respondents save more than 20% of their income, and 28% respondents do not save regularly.

Table 22. Beneficiaries of Government Policies

Options	Frequency	Percentage
Yes	39	**78%**
No	11	**22%**
Total	**50**	**100%**

Source: Primary Data (2024)

The table 22 indicates the beneficiaries of various government policies. Majority of respondents have benefits from government policy and 22% of respondent not getting benefit from government policies.

Table 23. Financial Adequacy of Income

Category	Frequency	Percentage
Meets my needs	25	**50%**
Barely meets my needs	15	**30%**
Does not meet my needs	10	**20%**
Total	**50**	**100%**

Source: Primary Data (2024)

The table 23 shows that the majority of 50% of respondents financially meets their needs, 30%of respondent barely meets their needs and 20% of respondents do not meet their needs.

Table 24. Debt Classifications

Option	Frequency	Percentage
Credit card debt	9	**18%**
Personal loans	11	**22%**
Informal loans	10	**20%**
Mortgage	2	**4%**
Others	18	**36%**
Total	**50**	**100%**

Source: Primary Data (2024)

The table 24 shows that respondents have the following types of debt. Majority of respondents have other types of debt (36%), 22% of respondents have personal loans, 20% informal loans ,18% of respondents have credit card debt and remaining 4% of mortgage.

Table 25. Job Satisfaction Levels

Option	No. of respondent	Percentage
Satisfied	31	62%
Somewhat satisfied	8	16%
Neutral	6	12%
Dissatisfied	5	10%
Total	50	100%

Source: Primary Data (2024)

The table 25 indicates that satisfactions of respondents in current work situation.62% of respondents are satisfied with their current work. 16% of respondents are somewhat satisfied, 12% are neutral and 10% are dissatisfied with their current work.

Table 26. Future Improvement Preferences

Option	No. of respondent	Percentage
Further training	3	6%
Education	8	16%
Access to formal jobopportunities	27	54%
Others	12	24%
Total	50	100%

Source: Primary Data (2024)

The table 26 shows that future improvements for working conditions. 54% of respondents prioritize access to formal job opportunities, 24% respondents suggest other improvements, and 16% of respondents emphasize education and only 6% advocated for further training.

In addition to descriptive statistics, correlation analyses were conducted:

- **Correlation between Education Level and Monthly Income:**
- Pearson correlation coefficient = +**0.58**, indicating a moderate positive relationship. Respondents with higher educational attainment tended to have higher monthly incomes.
- **Correlation between Monthly Income and Job Satisfaction:**
- Pearson correlation coefficient = +**0.44**, suggesting that higher income was moderately associated with greater job satisfaction.

These results underscore the importance of educational attainment as a factor influencing income levels and the perceived quality of work among informal workers.

VII Conclusion

This study highlights that informal sector worker in Areekode Panchayat experience substantial challenges, including low and irregular earnings, lack of social protection, and limited access to formal employment pathways. The findings confirm that higher educational attainment is associated with better income and higher job satisfaction.

Policy Implications:
- **Skill Development and Education:** Targeted vocational training and adult education programs can improve employability and income potential.
- **Social Protection:** Expanding social security coverage through schemes such as health insurance and pension benefits is essential.
- **Formalization Initiatives:** Policies encouraging micro-enterprise registration and facilitating transitions to formal employment should be prioritized.

Limitations:
- The use of convenience sampling and a small sample size limits the generalizability of findings.
- The cross-sectional design does not capture seasonal or longitudinal variations in income and employment.

Recommendations for Future Research:
- Conduct larger-scale studies using probabilistic sampling.
- Incorporate longitudinal data to track income and employment trends over time.
- Explore gender-specific vulnerabilities in more depth.

By addressing these gaps, policymakers can design interventions that foster equitable and sustainable development for informal workers.

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