

Accounting for Self-employed Workers in the Informal Services Sector: Insights from the Cycle Rickshaw Rental Market in a City in Central India

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Abstract

Drawing on a field study of the cycle-rickshaw sector in the city of Bilaspur in central India, this paper examines a range of coverage issues and conceptual insights that apply to the informal services sector. While wage and self-employed workers in manufacturing enterprises have received considerable attention both in large-scale surveys and micro-studies, less is known about labor arrangements in services sectors such as transport. In the sample from Bilaspur, more than 80 percent of drivers rented their cycle-rickshaw from garages, matching data from other Indian cities. This paper highlights the role of such informal rental markets in providing capital to self-employed workers, and argues for recognizing such rental arrangements as a distinct conceptual category within the rubric of informal sector activities. A broader argument is also made for combining qualitative and quantitative methodologies in grounded field studies to identify aspects of unrecorded activities that elude large-scale quantitative surveys. In the present study, this approach proves fruitful in two respects. First, in an attempt to encourage rickshaw ownership by drivers, municipal laws in most Indian cities do not accord legal status to the rental contract. Thus, the garage side of the informal rental market remains unrecorded in official data. Qualitative interviews with garage owners help gauge the economic contribution of these rental service providers in indirect ways, and also set the stage for quantitative assessment of market structure. Second, qualitative data offers insight into ways to capture the role of temporary rural-to-urban migrant drivers through targeted quantitative survey questions. More broadly, the salience of migration dynamics in this study suggests the need to account for variation in rural-to-urban migrant status, as measured by degree of attachment to the place of origin, in estimates of sector size.

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