

## ***On Measuring Informal Sector - Conceptual and Estimation Issues***

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### **Abstract**

It is well recognized that small, tiny and unorganised enterprises play an important role in shaping the growth of the developing economy undergoing a process of structural reforms. The informal sector as defined in the resolution of the fifteenth International Conference of Labour Statisticians, January 1993, refers to economic activities i.e., production and distribution of goods and services by the operating units of the households which essentially differ from the formal sector in terms of technology, economies of scale, use of labour intensive processes, and virtual absence of well maintained accounts. In the 1993 as also the 2008 System of National Accounts the Informal Sector has been identified as a sub-set of the household sector. Though, the informal sector has been characterized, as above, no clear-cut operational definition of informal sector is available in the literature, for the purpose of data collection. In several developing countries in Asia and the Pacific, in particular India however unorganised segment of the economy could be treated to closely represent the informal sector. The unorganised segment, particularly in the context of the Indian economy is labour intensive and provides employment to sizable section of the population. With the emphasis of the Governments to provide conducive atmosphere for the proper development of this segment of the economy in recent years, the need of proper statistics is imperative for planning and policy purposes. An attempt has been made in this paper to define the scope of the unorganized/ informal sector in general, illustrating with data sources for the informal/unorganised sector in the Indian national accounts statistics. Size of the informal sector has been examined through the employment it generates and contribution to the value addition through the estimates of gross domestic product of unorganised segments of various economic activities in the Indian context.