Self-Sustainable Model for Unorganized Sector in Indian Context

Vinamra Jain[*], Ashok Sharma, Hiranmay Saha

Amity Business School, Amity University Campus, F3 Block, Sector 125, Noida 201303 India

* E-mail of the corresponding author: vjain1@amity.edu

Abstract

Robust economic development will be difficult without sustaining the unorganized sector. Sustainability is one of the important indicators of Indian economy and sustainability challenges are gaining lot of increasingly weightage & recognition as a powerful tool for integration of unorganized sector and public communication in providing information on countries in fields such as environment, economic, social or technological improvement. This work offers system and information content of the following economic categories: development, sustainable economic development. This paper discusses data analysis, the most technical part of performance measurements. The aim is to address issues that are problematic in undertaking research on indicators and are related to a fundamental yet often neglected area of unorganized sector.

Keywords: self-sustainable model, unorganized sector, developing country, India

1. Introduction

The sensibleness of social dimension of social economic development has commonly been recognized as one of the pathetic 'pillar' of sustainable development in unorganized sector. For sustainable development in an economy, it is necessary as well as important that to integrate and optimize all the resources exclusively from unorganized sector in one common pool and provide them all the facilities for development. Every segment has their particular pros & cons, unorganized sector have their different unique selling proposition for development.

In India perspective, the term informal sector has not been used in the officially or in the data of National Sample Survey Organization (NSSO). The terms used in the Indian NSSO are organized & unorganized sectors for the economy. The organized sector includes enterprises for which the statistics are available from the budget documents or reports etc. On the other hand the unorganized sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision or do not maintain any regular financial records. In the unorganized sector, in addition to the standalone proprieties or partnership enterprises or partnership enterprises, enterprises run by cooperative societies, trust, private and limited companies are also covered. The unorganized sector can therefore, be considered as a sub-set of the informal sector.

Further the explanation of sustainable development concept touched the basic formal statement commonly recognized in the world as a category that is follow: "Sustainable development is the development that serves needs of today's generations and does not place possibilities for their usage by future generations under the threat" (WCED, 1987). Although generally, the informal sector activity affects to non-traded items in the economy, from street vendors to domestic helps, local electrician to handcraft workers, etc., in many countries they produce intermediate goods, processed exportable and import substitutes with subcontracts from the formal sector. In such cases, the formal sector often adds the capital content (like, the brand name) only. The quality of such items produced by unorganized sector is having better quality.

"Sustainable economic development" and "sustainability" categories derived from the environment of analysis into conditions for optimal economic development based on the hypotheses which demands exceeding the growth of national production against population upsurge. Still, today there is no justifiable answer to the question: "Why have these models not given the practical result in countries with developing and transitive economy?" What do the existing models of economic growth not take into account?" Bebbington et al. (2007) identifies two important questions related to evaluating sustainability:

• "How can today's operational systems for monitoring and reporting on environmental and social conditions be integrated or extended to provide more useful guidance for efforts to navigate a transition towards sustainability?

• How can today's relatively independent activities of research planning, monitoring, assessment, and decision support be better integrated into systems for adaptive management and societal learning?"

In Indian scenario, unorganized sector is an important but debatable issue of the economy. It provides jobs, provides opportunity, reducing unemployment, but in most of the cases the jobs are low-paid and the job security is poor and not sustainability factor is not there. It helps to alleviate poverty, giving the opportunity for

development but increases underemployment and job uncertainty. Mostly, the unorganized sector provides income-earning opportunities for a larger number of workforces. In India, there is large degree of workforce getting their livelihood from the unorganized sector. The enactment of legislations and other measures to bring them under the regulatory and social protection instruments will adversely affect the existing mechanism prevailing in the unorganized sector as it would lead to market imperfections creating hurdles in the smooth functioning of the market led economy.
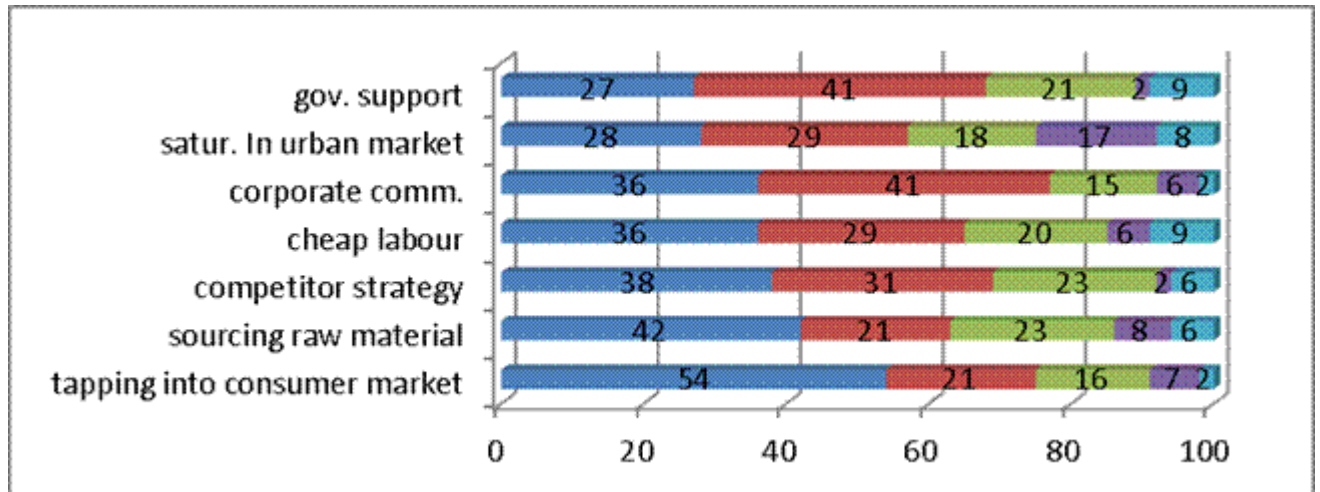
Source: Accenture report for rural market, 2010

As per the report of Accenture rural report for rural market, 2010, rural markets encompass excited consumers and producers who want to share the fruits of India's industrial growth. More than half of the senior executives surveyed for the rural market report were keen to tap rural areas' new segments of consumers. From a supply-side perspective, more than 40% wanted to access raw materials. Unpredictably, more than a third of respondents agreed that rural markets offer labor pools at much lower cost than in urban markets. 54% respondents wants to tap the new consumer market in unorganized sector, in the same arena 36% respondents feels that there is a cheap labour in the unorganized sector. Amaral and Quintin (2006) describe a model where significant differences arise between formal and informal workers even though labour markets are perfectly competitive and show that, in equilibrium, the informal sector emphasizes low-skill work because informal managers have less access to outside financing, and as a result, choose to substitute low-skill labour for physical capital. In much of the theoretical literature, following Todaro (1969) and Harris and Todaro (1970), the informal sector is viewed as being essentially a stagnant and unproductive sector, serving merely as a refuge for the urban unemployed and as a receiving station for newly arriving rural migrants on their way to the formal sector jobs.

1.1 Importance of Unorganized Sector in Indian Economy

About 370 million workers constituting 92% of the total workforce in a country were employed in the unorganized sector as per NSS Survey 2009-2010. It shows the dynamic role in terms of providing employment opportunity to large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganized sector to the net domestic product and its share in the total NDP at current prices has been over 60%. In the matter of savings the share of household sector in the total gross domestic saving mainly unorganized sector is about three fourth.

Hence, unorganized segment has a critical role in Indian economy in terms of employment and its contribution to the National Domestic Product, savings and capital formation. At present Indian Economy is passing through a process of economic reforms and liberalization. During the process, merger, integration of various firms within the industry and up gradation of technology and other innovative measures take place to enhance competitiveness of the output both in terms of cost and qualitative to compete in the international market. The low inefficient units either wither away or merge with other ones performing better. In this situation, there is a special need to take care of the interests of the workers by providing them training, upgrading their skills, and other measures to enable them to find new avenue of employment, improve their productivity in the existing employment, necessary to enhance the competitiveness of their product both in terms of quality and cost which would also help in improving their income and thereby raising their socio economic status.

1.2 Sustainable development indicators

Warhurst(2002) suggested a two-step methodology for assessing the sustainability viz. improvement in various areas measured through sustainability growth indicators independently and evaluating the overall improvement achieved towards sustainable development by a combining these individual areas with respect to their respective dimensions. The indicators of sustainable development could be:

• Measure and appraise the performance.

• Offer opportunity on development as well as cautioning information on diminishing trend for the various dimensions of sustainability i.e. economic, environment and social aspects.

• Provide information to decision makers to formulate strategies and communicate the achievements to the stakeholders.

• First is 'top-down' approach, which empowers specialists and academics to outline the complete structure for achieving the sustainability and subsequently it is broken down into set of indicators.

• On the contrary side, second approach, the 'bottom-up' approach requires systematic participation of various stakeholders to understand the framework as well as the key sustainable development indicators.

Relevancy of the Informal Sector in Indian Context

As per the Accenture report 2010, it can be observed that most of the respondents felt that there is an inadequate infrastructure in rural market. i.e., unorganized sector, followed by unavailability of skilled talent, inadequate purchasing power, limited distribution channel etc. Broadly, the informal sector provides income-earning opportunities for a larger number of workers. In India, there is large magnitude of workforce getting their livelihood from the informal sector.
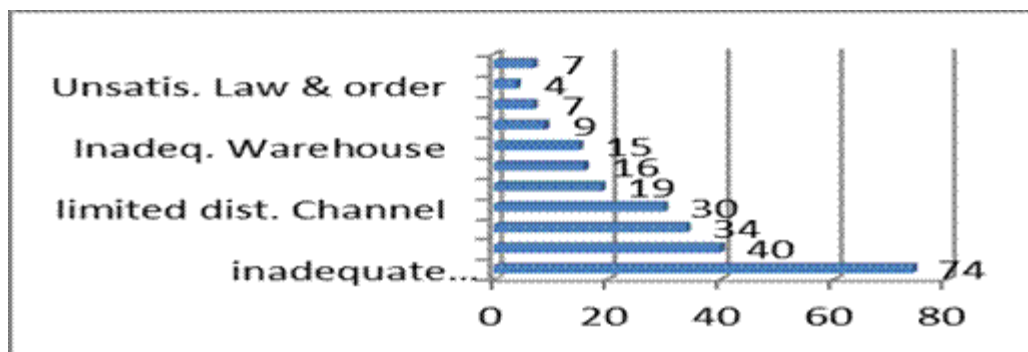
The enactment of legislations and other measures to bring them under the regulatory and social protection instruments will adversely affect the existing mechanism prevailing in the informal sector as it would lead to market imperfections creating hurdles in the smooth functioning of the market led economy. Besides, it requires huge infrastructural and institutional activities involving financial implications beyond the capacity of the Government in the changing scenario all over the world. The Government has to play a role of facilitator and promoter so that the workers employed in the informal sector are able to get requisite level of protection and security to have decent work environment enabling them to express their skills fully and according to their capabilities necessary for enhancing the competitiveness of their outputs and thereby raising their income and socio-economic status.

DRDA: Indian Government Context for sustainable development

For sustainable growth of the Indian economy, Indian government has established DRDA (District Rural Development Authority) for successful implementation of rural development programs, so is an effective delivery agency. None of the anti-poverty programs can have impact unless they are implemented with clarity of purpose and a commitment to the task. It is here that the DRDAs play a critical role. The DRDAs are not the implementing agencies, but can be very effective in enhancing the quality of implementation through overseeing the implementation of different programs and ensuring that necessary linkages are provided. To this extent the DRDAs are a supporting and a facilitating organization and needs to play a very effective role as a catalyst in development process. The DRDAs will strive to promote transparency in the implementation of different antipoverty programs.

Critical Evaluation:

1.   Long-time policy implementation with the coordination of other departments and long hierarchy chain

2.   Lots of wing in the chain and high administrative cost

3.   No uniform policy for engaging and/or recruiting the staff by the DRDA and they did not have any permanent staff only on deputation basis

4.   DRDAs are not the implementing agencies; they play the role of catalyst for implementation

5.   DRDA continue to watch over the implementation of RD Program to ensure effective utilization of the funds intended for antipoverty programs, it need to develop a far greater understanding of the processes necessary for poverty alleviation/ eradication.

6.   Expected to coordinate with the line departments, the Panchayati Raj Institutions, the banks and other financial institutions, the NGOs as well as the technical institutions, with a view to gathering the support and resources required for poverty reduction effort in the district.

7.   No direct role of DRDA in implementation of any type of programs, they need to keep field visits for the continuous watch of implementation of policy.

It has been experienced that formal sector could not provide adequate opportunities to accommodate the workforce in the country and informal sector has been providing employment for their subsistence and survival. Keeping in view the existing economic scenario, the unorganized sector will expand further in the years to come. Thus, it needs to be strengthened and activated so that it could act as a vehicle of employment provider and social development.

In the existing literature of sustainable development , welfare implications of profession improvements, with the informal sector as an important part of the economy, have recently come up for much discussion (Marjit & Kar, 2007; Marjit, Kar, & Beladi, 2007; Chaudhuri & Banerjee, 2007; Chaudhuri, 2003; Marjit, 2003; Chaudhuri & Mukhopadhyay, 2002; Chen, 2000 etc). One of the important primary reasons perhaps could be leaving out the informal sector fails to capture the actual impact of consumer behaviour. Official data from various places like Southeast Asian, East European, African, and Latin American countries show varying rates of urban informal sector employment within the range of 15% to 20% in Turkey and Slovakia to 80% in Zambia, or even more, to about 83% in Myanmar. Moreover, considering the state of cultivated and rural activities in these countries, it is quite apparent that the total shares of the informal sector in these countries are quite high (ILO, 1999). This is also corroborated by some of the other studies, which provide evidence that in low-income countries like Nigeria, Bangladesh, Ivory Coast, India, and elsewhere, the share of the urban informal sector is at least as high as 51%. Alternatively, seen from the point of view of the 'minimum wage' earners, only 11% of Tunisia's labour force, for example, is subject to minimum wage; in Mexico and Morocco, a substantive number earns less than the minimum wage; in Taiwan, the minimum wage received by many is less than half of the average wage and etc. (Agenor, 1996).

In the economics literature, the issue of formal–informal sector linkage opens up an interesting but a relatively unexplored question of how a positive or negative effect originating in one sector is transmitted from one to another sector, and more importantly, how these effects may impact the lead and the lag sectors of an economy. First, Marjit (2003) concludes that a contraction of the formal sector due to a trade reform need not necessarily imply an impoverishment of the workers in the informal economy. In fact, Marjit (2003) shows that informal employment and wages both rise subsequent upon a contraction of the informal sector. The intuition behind Marjit's (2003) result is as follows: even though the informal sector produces an intermediate input for the formal sector, the informal sector itself may have labour and capital intensive sub-segments. While a contraction of the formal sector may lead to a contraction of the capital intensive sub-segment of the informal sector, the labour-intensive sub-segment may well expand thereby creating a higher capacity to absorb labour released by the formal sector. This latter effect may lead to not only higher employment levels but also higher wages in the informal sector. Secondly, Marjit et al. (2007) show that a trade reform that lowers the price of the formal import-competing sector may lead to an increase in both employment and wages in the informal sector. On the other hand, a trade reform that increases the price of the formal export sector may increase wages but definitely lowers employment in the informal sector. Our paper can thus be viewed as a contribution to the above literature in the broader context of exploring the channels through which shocks are transmitted between the formal and informal sectors of an economy. However, our model differs from Marjit (2003) and Marjit, Kar and Beladi (2007) in three important respects: (i) as opposed to tariff reduction in the formal sector, economic reform in this paper is modelled as the presence of a formal multinational sector that sub-contracts intermediate stages of production to the informal sector; (ii) the existence of the informal sector in our economy is in response to rural–urban migration of labour in search of a higher urban formal sector wage rather than a secondary sector in either the urban or the rural areas and (iii) the shock to the economy in our model originates within the informal sector itself in contrast to an external shock to the formal sector. The system of approach to the theory of sustainable economic Development

Now days, there are many models for sustainable economic development, there are also existing models of economic development are inadequate for actual changes in economic life consist in approach towards understanding the concept of the following categories: "development", "sustainability" and "sustainable development.

Past analysis of various research shows that models of economic growth as well as development models based on this approach do not function during long periods of time in economies of countries with an unstable political and social system. Institutions of implementation of economic policy strategies that are based on applying existing models of economic growth are missing. This fact causes all attempts to create qualitative economic changes in society during all periods of time to fail. Materials covered above testify the following conclusion:

the model of economic development should contain the parameter that would characterize the structure of economic system in the sense of conditions and interaction regulations of economic agents among themselves. Numerical solutions of this model should show the evolution of this structure, which provides sustainability of a social system during a long period of time in the sense of its integrity. The political structure serves as a structure for a social system.

Thus, the matter of "sustainability" takes a new dimension. Here can arise mainly two questions for sustainability, one is what exactly do we investigate for sustainability? And another is Sustainability concerning what or in a sense of what do we investigate? All available stated information in the context of understanding of sustainable development of social system could be said that:

1.   Trying to find out the actual problem of sustainability, the method of social system development for sustainability; this system consists of political and social subsystems where the political system is the structural characteristic whereas the economic system gives the quantitative indicators of its states.

2.   We investigate sustainability in the sense of maintaining integrity of the social system during a long period of time with regard to population development in the condition of limited resources and the production and services from unorganized sector.

3.   The sustainable development of a social development system is the sequential, periodical change of its states during a long period of time, directed at increase in system sustainability (in a sense of maintaining its integrity) on the basis of restructuring its relations – evolution of a system structure. In a mathematical sense we can give more strict definition as to sustainability of social development that is based on availability of undetermined behaviour in a social system.

4.   The sustainable development of a social system is a consecutive change of states where all possible trajectories of its development are attracted to the area of sustainable positions in a phase space. The area is defined by the set of attractors characterizing the treatment of system functioning for a given period of time.

5.   The set and the structure of attractors are defined by the quality and the type of a political structure.

6.   The sustainable development of a social system is the movement of economic environment where solution to the system non-linear differential equation, describing it in the form of equation of economic environment movement, is sustainable against impact of managing parameter.

Summary of notation

_____

i   informal sector

iw   workers of informal sector

io   occupation of informal sector

Iso   living standard of people who worked in informal sector

f   formal sector

fw   the number of workers in formal sector

fo   Different occupations of workers in formal sector

fso   living standard of people who worked in formal sector

h   working hour in rural

g   working hour in urban

Po   People who worked under another organization in urban

P*   People who worked under another organization in rural

Ps   Self employed

Psl   Seasonal labour

X   product

Y   Services

Ep   Expected price for product or service

Gp   Received price

W   Wastage of product & services

Pu*   Purchasing power parity

Π	Seasonal variance in rural
Π*	Seasonal variance in urban
α	Urban hirers
β	Rural hirers
lm	manual labourers
Xs	Demand of standard product & service in rural
Sn	Demand of standard product & service in urban
Sx	Supply of standard product & service in rural
Ns	Supply of standard product & service in urban
V	Wage in the urban
V*	Wage in the rural
Pp*	Purchasing power parity
(1-α)	Employment probability in rural
(1-β)	Employment probability in urban

The static model: the model outline and the final equations

In Indian economy, there are mainly three sectors: the rural sector(R-sector) which, as the name implies, is located in the rural area; the urban sector (U- sector) & the organized and unorganized sectors (O- and Un-sectors, respectively), both located in the urban area & semi urban area. We consider a small open developing economy i.e., India (a category under which most developing countries with a large unorganized sector falls under) where there is a perfect competition and there is a large competition between organized and unorganized sector. The people who are working we divide in two groups: one who can as working in organized sector and other we can consider as in unorganized sector.

As described by Offen and Jeffery (1997) measurement theory involves defining formal mappings between two models: the empirical model and the numerical model. The 'empirical model' is the real-world context in which the measurement is to take place: It defines the SD issues or problems that need to be measured. 'The numerical model' involves incorporating well defined measurement-based aspects of the empirical model: It transforms the empirical model or the SD research issues into measurable entities in order to perform data analysis. We assign a more important role to assets than, for example, do Glewwe and Hall (1998) and Lanjouw and Stern (1993) who, in different settings, find returns to endowments more important.

We also assume that there is a huge unemployment in the unorganized sector. We call the former the rural hirers (α) and the latter, the manual labourers (lm). A rural hirer supervises agricultural operations in the land that he owns; he "cultivates" this land by hiring landless labourers, i.e. by hiring lm. We assume that he hires this labour at a market wage and not at a conventional wage. He also uses inputs from the F-sector of the economy. There is also probability that there will some sort of skills will be there in the landless labours.

The unorganized sector, by contrast, consists of firms which obtain labour at the free market wage. The unorganized sector is also characterized by ease of entry.

Within the unorganized sector itself, however, a distinction is made between two kinds of unit and two kinds of output that they respectively produce. First, there is the output produced by a group of I-sector workers which is directly consumed by the people in the F-sector: the services of shoe-shine boys, domestic servants, carpenter, local electrician, etc., are examples of this. We call this segment of the I-sector unorganized services (IS) to distinguish it from the other segment of the I-sector which we call unorganized manufacturing (IM). Output of the firms in the IM segment is used by the F-sector as input, wherein there is often a sub-contracting relationship between the F-sector and the IM-firms. People employed in the F-sector do not directly consume IM-goods as they are perceived to be inferior; however, if the F-sector lends its "brand name" to IM-goods, IM-goods are thereby transformed into Fgoods and are consumed by such people. In equilibrium, incomes of the workers in the IS and IM segments are equal. There are thus four kinds of goods in our economy, namely, Rgoods, F-goods, IM-goods, and IS-goods. It is assumed that (a) the rural hirers consume R- and F-goods; (b) the employers and the employees in the F-sector consume R-, F- and IS-goods; but that (c) the lm and the workers in the I-sector cannot, due to their low earnings, consume high-priced F-goods; and they consume only R-goods.

The demand for I-sector output is given by:

$$\Pi.Sx + \alpha.h.P^* + Iso/v + Pp^* = Xs \qquad (1)$$

Demand of product and services could be depend upon in rural sector:

Iso + Pp*(1-β)

Where (1-β) tends to willingness to work, Iso shows the lifestyle of the working people. There are thus four kinds of goods in our economy, namely, Rgoods, F-goods, IM-goods, and IS-goods. It is assumed that (a) the rural hirers consume R- and F-goods; (b) the employers and the employees in the F-sector consume R-, F- and IS-goods; but that (c) the lm and the workers in the I-sector cannot, due to their low earnings, consume high-priced F-goods; and they consume only R-goods.

The demand for F-sector output is given by:

$$\Pi*Sn+\beta gPo+Fso/v*+ Pp* = Sn \qquad (2)$$

Definition 1 The urban formal sectors (the domestic urban and the foreign capital-owned sector) are said to be relatively more capital (labour) intensive, in the informal employment adjusted gross sense, than the rural sector if and only if

Sign{(1-β)(p*.Iso)+Gp/Ep+v+Sn/Ns} =

Sign{(1-α)(Po.Fso.Gp/Ep+Vw+Xs/Sn)} (3)

where (1−β) is the willingness to work in the informal sector and p*, Iso are People who worked under another organization in rural and living standard of people who worked in informal sector respectively, the proportion of the informal output, the amount of labour used indirectly and the amount of domestic capital used both indirectly and directly, in the production of each of the urban formal sector outputs.

For finding the optimum path of sustainable economic development, there is a Principle of minimum dissipation of system resources, as per Pitirim Sorokin, which is formulated as follows: "Every subsequent state of a system dissipates less resource than the previous one. In economic sense in every subsequent state resources are allocated in more optimal way than in the previous state; it expends economic effect, compensating increase in environmental impact." The principle of minimization of dissipation minimization that is optimization of resource allocation for production and distribution of goods for consumption naturally decreases resource dissipation.

In added words the procedure of enhancing or implementing the principle of minimization of dissipation has a reverse direction concerning resource dissipation – production output (Po). The counteracting force F as for dissipating of system resources called as the principle of minimization of resource dissipation opposes to economic growth or rate of production output Po with the coefficient k that reflects structural qualities of the system – its institutions to produce useful work concerning optimization of resource allocation for producing goods to be consumed as well as reaction rate of the political system towards unfavourable economic changes in the form of structure adjustments in the current macroeconomic policy and changes of its direction in case of fallacy by non-conflict way through changing party in power to opposition. Putting it in other words, it is force that reflects the value of self-organization of the social system S. It can be recorded as:
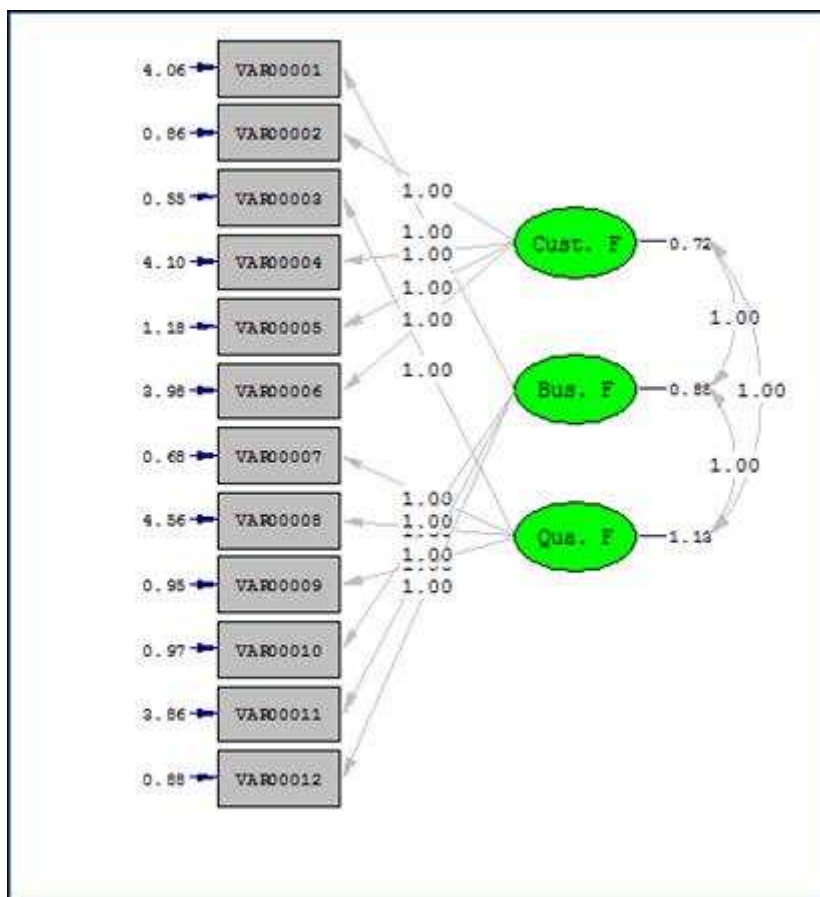
SSO = -Po /Sc

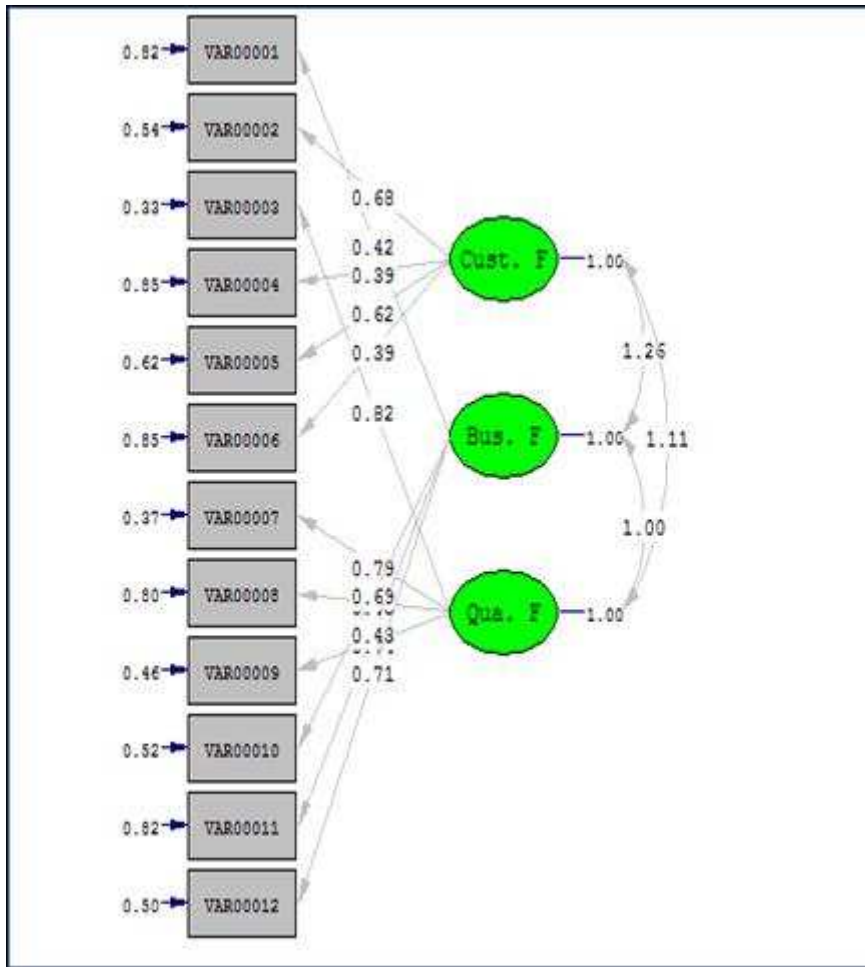Where SSO – the number of self-organization;

E*- economic growth;

Sc – structural coefficient reflecting usefulness of the political system structure as for producing economic effect when optimizing resource allocation for production and goods for consumption.
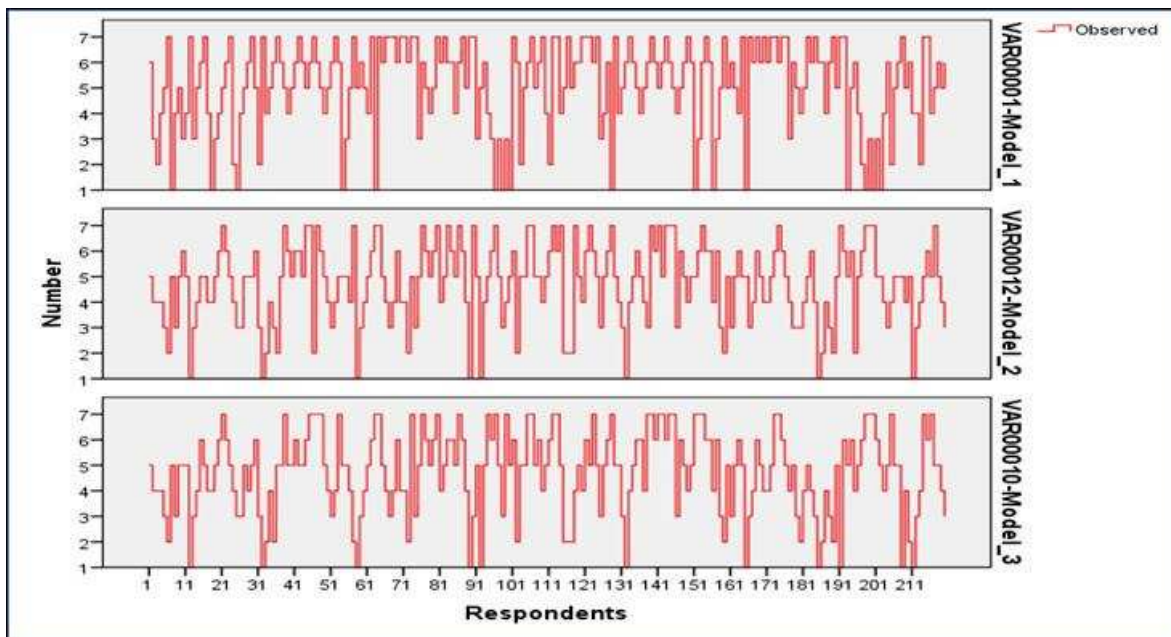
Mathematic validation of sustainable development

Estimates of sustainable model

Standard solution

Sensitivity analysis for latent factors

As we can see in Sensitivity Analysis for selected three latent factors i.e, we want to join an organization for our betterment, we are ready to work daily on minimum 12 hour & we love to integrate with people for business. There is a much lesser deflection towards the 7 i.e, most proffered & higher deflection towards least preferred for the model 1. For model 2 & 3, as like previous there is less deflection towards most preferred & much higher deflection towards least preferred. So, as the above graph, we can conclude that most of the people are business oriented as well as they are ready to put their full effort. So, model can be implemented for the social development.

Observed factors:

We want to join an organization for our betterment (VAR00001)

Our product must be innovative & competent. (VAR00002)

We believe in customer service & retention. (VAR00003)

We need fixed place for work. (VAR00004)

We will spread the customer awareness through advertisement & Promotion. (VAR00005)

Pricing will be customer driven (VAR00006)

Product & service should be branded (VAR00007)

We believe in quality product & services. (VAR00008)

Improvement of service/product leads to better market share. (VAR00009)

We believe in long run business. (VAR00010)

We are ready to work daily on minimum 12 hour. (VAR00011)

We love to integrate with people for business. (VAR00012)

Latent factors:

1.	Customer Focused
2.	Business Focused
3.	Quality Focused

Goodness of Fit Statistics for the model

Degrees of Freedom = 63

Minimum Fit Function Chi-Square = 1640.01 (P = 0.0)

Normal Theory Weighted Least Squares Chi-Square = 2836.19 (P = 0.0)

Estimated Non-centrality Parameter (NCP) = 2773.19

90 Percent Confidence Interval for NCP = (2602.57; 2951.13)

The large chi-square value 1640.01(P=0.0) tells us that one or more parameters is different across the 3 latent variables which is quality focused, business focused and customer focused.

Chi-Square for Independence Model with 66 Degrees of Freedom = 4023.46

Normed Fit Index (NFI) = 0.59

Non-Normed Fit Index (NNFI) = 0.58

Parsimony Normed Fit Index (PNFI) = 0.57

Comparative Fit Index (CFI) = 0.60

Incremental Fit Index (IFI) = 0.60

Relative Fit Index (RFI) = 0.57

Critical N (CN) = 13.29

Economic effect indicates efficiency or sustainability of development and can be formulated in the following way as per the above the result:

Po ″/L″≥1.

Potential of creating economic efficiency consists in ability to maintain productivity (efficiency) of a system at which the condition Po″/L″≥1=const is to be implemented. This condition also characterizes the sustainable development. Economic efficiency as a dynamic characteristic of development is the sustainable (constant) excess of growth rates of GDP over growth rate of population in a social system. Accordingly, to maintain system sustainability means maintaining its potential of creating economic effect Po″/L″≥1=const.

The basic equation of the economy system development:

On the basis of outlined properties we make a mathematical model of non-linear dynamic system – development of the economy system, where:

1. Stage variables – conventional agents that has a property to dissipate resources in the form of production and consumption communicated by rate of production output Po and its index – economic efficiency E* and property of optimizing resources for production and goods for consumption expressed by value of self-organization SSM and its index Sc – structural coefficient of self-organization;

2. Space they belong to is the phase space or economic environment;

3. The main function is the development expressed by economic environment traffic. Thus, ordinary agents of the system can be described by two phase variables (E* and Sc), correspondingly phase economic space they belong to is recorded as F F(E, K, t) Y S where E* - economic efficiency – qualitative characteristics of development, parameter that characterizes system capacity – ability to produce economic efficiency and dissipate resources; S – coefficient of self-organization – structural characteristics, parameter that reflects economic usefulness of system structure and characterizes minimization of dissipation or ability to optimize resource allocation for production and goods for consumption;

Empirical studies of informal activities rely on various possible classifications of employment relationships. In sharp contrast, the empirical works increasingly sees the informal sector as dynamic, efficient, contributing significantly to national output and capable of attracting and sustaining labour in its own rights. Studies show that the share of the urban labour force engaged in informal sector activities is growing and now ranges from 30% to 70%, the average being around 50%. Empirical findings also show that many migrants from the rural to the urban area are attracted by income earning opportunities in the informal sector itself; also that there is very little job search activity by the workers in the informal sector.

While true sustainability can only be determined after time has passed, this study concludes that Self sustainable model will employed many appropriate strategies and has a very good potential for achieving sustainability. The following notes the most significant of those strategies:

• The project did not rush to create quick outputs but engaged in a slow, patient process of group formation and sensitization to gain trust and encourage participation at the community level.

• Community projects were always selected based on community priorities and implemented with significant local contributions of labour, materials, and sometimes cash.

• The project worked with community-based organizations with a positive credit history and experience in using credit to build viable micro-enterprises. This incremental increase in loan amounts and concurrent risk built self-confidence and viability.

• Resilience of poor households (and thus the sustainability of their livelihood systems) was achieved by diversifying income sources and building household and community assets that can serve as resources during times of difficulty.

The progress towards sustainability came despite some important gaps. While the support from government appraisal will make frequent mention of sustainability, the theme received less attention during the first years of the project. A documented sustainability strategy was developed late and never finalized. Finally, the project's monitoring and evaluation system did not make use of a comprehensive set of sustainability indicators with which to track progress and make adjustments. As sustainability can only be determined with certainty after project support ends, an ex-post evaluation was suggested as a way to make those determinations and analyze the factors that led to any setbacks.

References:

Accenture rural report 2010

Amaral, Pedro, & Quintin, Erwan (2006). The implications of capital-skill complementarity in economies with large informal sectors. Journal of Monetary Economics, 53, 1541−1553.

Agenor, P. (1996). The labor market and economic adjustment. IMF Staff Papers, 32, 261−335

Bebbington, J., Brown, J., Frame, B., 2007. Accounting technologies and sustainability assessment models. Ecological Economics 61, 224–236

Chaudhuri, Sarbajit, & Banerjee, D. (2007). Economic liberalization, capital mobility and informal wage in a small open economy: A theoretical analysis. Economic Modelling, 24, 924−940

Chaudhuri, Sarbajit (2003). How and how far to liberalize a developing economy with informal sector and factor market distortions. Journal of International Trade and Economic Development,

Chaudhuri, Sarbajit, & Banerjee, D. (2007). Economic liberalization, capital mobility and informal wage in a small open economy: A theoretical analysis. Economic Modelling, 24, 924−940

Glewwe, P., & Hall, G. (1998). Are some groups more vulnerable to macroeconomic shocks than others? Hypothesis tests based on panel data from Peru. Journal of Development Economics, 56, 181–206.

Harris, J.R., Todaro,M.P., 1970.Migration, unemployment and development; a two-sector analysis. The American Economic Review 60, 126–142.

Kuik, O.J., Gilbert, A.J., 1999. Indicators of sustainable development. In: Van den Bergh, J.C.J.M. (Ed.), Handbook of Environmental and Resource Economics. Edward Elgar, Cheltenham, pp. 722–730.

labour.nic.in/.../INFORMALSECTORININDIA-approaches for Social Security

International Labour Office,1972. Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya. ILO, Geneva

Offen, R., Jeffery, D., 1997. A model-based approach to establishing and maintaining a software measurement programme. IEEE Software 14 (2), 45–53.

Warhurst, A., 2002. Sustainability Indicators and Sustainability Performance Management. Report to the Project: Mining, Minerals and Sustainable Development

Marjit, S., & Kar, S. (2007). Urban informal sector and poverty— Effects of trade reform and capital mobility in India

PEP-MPIA working paper # 2007–09, Canada.

Marjit, S., Kar, S., & Beladi, H. (2007). Trade reform and informal wage. Review of Development Economics, 11, 313−320.

Marjit, Sugata (2003). Economic reform and informal wage — A general equilibrium analysis. Journal of Development

Economics, 72, 371−378.

National Sample Survey organization of India (NSSO). (1985–2001). Survey of Unorganized Manufacturing Sector in India, Department of Statistics and Programm Implementation, Government of India — various issues.

NSS Survey 2009-2010

Todaro, M.P., 1969. A model of labour migration and urban unemployment in less developed countries. The American Economic Review 59, 134–148.

Lanjouw, P., & Stern, N. (1993). Agricultural change and inequality in Palanpur 1957–84. In K. Hoff, A. Braverman, & J. Stiglitz (Eds.), The economics of rural organization. Oxford: Oxford University Press.

WCED – World Commission on Environment and Development, 1987. Our Common Future. Oxford Univ. Press, Oxford.

www.globfuture.newparadigm.ru/pr19102009.doc

CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** http://www.iiste.org/Journals/

The IISTE editorial team promises to the review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digtial Library , NewJour, Google Scholar