
**INFORMALITY
AND
POVERTY**

**URBAN LANDSCAPE OF
INDIA'S NORTH-EAST**

**B. DATTA RAY
GURUDAS DAS**

Industrialization-urbanization equation can hardly explain the growth of the urban spaces in most of the developing regions of the world in general and the underdeveloped areas within them in particular. The process of urbanization in such cases can best be explained in terms of social, political and demographic forces rather than the forces of economics. Contributions in this volume have made an attempt to understand the nature of growth of the urban areas in relatively underdeveloped north eastern region of India where urban spaces, being grafted primarily due to the spread of the administrative centers, are devoid of any strong economic *raison d'etre*, and hence informal sector has become the predominant source of urban livelihood. Attempts have been made to unravel the nexus between informality and poverty that reinforce each other in the urban labour market. Special efforts have been made to study the slums where urban poverty has been concentrated. As the management of slums has become an integral part of overall urban administration, a number of contributors have pleaded for a better deal for the underprivileged slum dwellers.

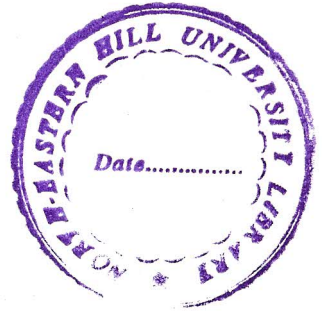
B. Datta Ray (1924-) is the founder Secretary, North East India Council for Social Science Research (NEICSSR), Shillong. His major contributions include: *Shifting Cultivation in North East India* (ed., 1976), *Social and Economic Profile of North East India* (ed., 1978), *Administrative History of North East India* (1978), *Agriculture in the Hills: A Case Study of Meghalaya* (ed., 1979), *Emergence and the Role of Middle Class in North East India* (ed., 1983), *Tribal Occupational Mobility* (1984), *Crime Perspective in North East India* (1986), *North East India in 2000 AD* (ed., 1987), *Tribal Identity and Tension in North East India* (1989), *Social and Political Institutions of the Hill People of North East India* (ed., 1990), *Dynamics of Tribal Society* (ed., 1993).

Gurudas Das (1960-) is in the faculty, Department of Economics, North Eastern Hill University, Shillong. His major contributions include: *Tribes of Arunachal Pradesh in Transition* (1995), *Liberalization and India's North East* (eds., 1998), *Border Trade: India's North East and the Neighbouring Countries* (eds., 2000), *Research Priorities in North East India (with special reference to Arunachal Pradesh)* (ed., 2001), *Dimensions of Development in Nagaland* (eds., 2002), *Dimensions of Rural Development in North East India* (edited with B Datta Ray, 2004), *Structural Change and Strategy of Development: Resource-Industry Linkages in North East India* (ed., 2005), *Indo-Myanmar Border Trade: Status, Problem and Potentials* (eds., 2005).

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Urban Landscape of India's North-East



Editors

B. Datta Ray
Gurudas Das

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PREFACE

Broadly speaking, informal sector refers to unorganized urban economic activities that include both self-employed microentrepreneurs in small-scale manufacturing and servicing and the labour force—wage earners as well as the trainees. This sector is often characterized by low skill, low wage, low productivity coupled with high risk, greater insecurity and extremely unfavourable working condition. It is often seen as the inferior segment of the urban labour market from the traditional dualistic point of view. However, an alternative perspective is increasingly gaining ground which, based on country specific studies, views the informal sector as the unregulated, developing country analogue of the voluntary entrepreneurial small firm sector found in advanced countries, rather than a residual.

In fact, the informal sector plays more important role compared to its formal counterparts as far as the livelihood of the urbanites is concerned. It employs between 30 and 70 per cent of the urban labour force in developing countries. Of course, this percentage share will be more in urban spaces located in relatively economically backward areas within the developing countries *a la* north-eastern region of India. This sector, indeed, act as the principal port of entry to paid employment for poorly educated youths. Informal sector enterprises train more apprentices and workers than the formal education system. Moreover, with globalization, informalization of many formal sector jobs is taking place at a rapid space particularly through subcontracting production as well as outsourcing the service activities to unprotected sector as the formal sector players want to get rid of the problems of labour management and reduce labour cost to

remain competitive. This trend indicates that the size of the informal sector is going to expand further with every stride of globalization.

Poverty and informality go hand in hand, although the causal relationship between them has not yet been convincingly established. However, the vicious circle of poverty and informality is evidently obvious. A poor man can hardly acquire formal education and training and hence gets into the informal sector which acts as a safety net. As the wage in the informal sector is very low compared to its formal counterparts, he continues to remain poor. However, what is evident for informal labour market that may not explain the case of the microentrepreneurs who are also a part of the informal sector. A microentrepreneur may enter into this sector in order to become master of his own. S/he may opt for the informal option in order to enjoy a greater degree of autonomy and dignity which may not be possible if s/he works as an assembly worker in a formal plant.

Be that as it may, the nexus between informality and poverty needs closer scrutiny. Contributors in this volume, the outcome of a seminar on Informal Sector and Urban Poverty in North-East India, organized by North-East India Council for Social Science Research on June 5, 2004 at Shillong, have made preliminary efforts to understand the various dimensions of trinity—urbanization, informality and poverty in India's north-east.

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**B Datta Ray
Gurudas Das**

Shillong

Contributors

Banerjee, Amalesh, Netaji Institute of Asian Studies, Kolkata

Barpujari, Indrani : Department of Anthropology, Gauhati University, Guwahati

Barua, Upala : Lecturer, Department of Anthropology, Cotton College, Guwahati

Bhadra, Sujata: Lecturer, Department of Economics, Janata College, Kokrajhar, Assam

Bhattacharyya Thakur, Mini: Reader, Department of Anthropology, Gauhati University, Guwahati

Chakraborty, Gorky: Lecturer, Department of Economics, Doom Dooma College, Assam

Chatterjee, Mahalaya: Reader, Centre for Urban Economic Studies, Department of Economics, Calcutta University, Kolkata

Chatterjee, Shyamalendu: Lecturer, Department of Economics, Maharaja Manindra Chandra College, Kolkata

Das, D.R.: UNDP Fellow, Principal Scientific Officer, Ministry of Non-Conventional Energy Sources, Regional Office, Guwahati

Das Gurudas: Reader, Department of Economics, North Eastern Hill University, Shillong

Das, Rupa: Research Scholar, Department of Anthropology, Gauhati University, Guwahati

Das, Saswati: Economic Research Unit, Indian Statistical Institute, Kolkata

- Lyngskor, J. W.:** Lecturer, Union Christian College, Barapani, Meghalaya
- Mazhari, H.K.:** Consultant, Urban Planning, Gurgaon, Hariyana
- Passah, P. M.:** Former Professor of Economics, North-Eastern Hill University, Shillong
- Paul, Ruma:** Lecturer, Department of Economics, G.C. College, Silchar, Assam
- Paul, Sumana:** Lecturer, Department of Education, Women's College, Shillong
- Ryngnga, P. K.:** Lecturer, Department of Geography, North Eastern Hill University, Shillong
- Saikia, Shabeena Yasmin:** Research Scholar, Omeo Kumar Das Institute of Social Change and Development, Guwahati
- Sarma, Nripendra N.:** Faculty, Assam Institute of Management, Guwahati
- Sarma, Ujjal Kumar:** Research Scholar, Department of Anthropology, University of Delhi, Delhi
- Sengupta, Surojit:** Lecturer, Department of Sociology, St. Edmund's College, Shillong
- Sharma Barua, Chaiti:** Economic Research Unit, Indian Statitital Institute, Kolkata

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