

An Economic Analysis on Financial Accessibility of Home-Based Workers in Informal Sector with Reference to Chennai City

Dr. Sivasubramanian K¹ and Dr. G. Rajendran²

Assistant Professor¹, Department of Economics, Kristu Jayanti College, Bengaluru

Associate Professor², Department of Economics, Guru Nanak College, Chennai

ABSTRACT

Informal sector is playing a key role in economic development through creating employment and income. Over 93 percent of employment in India is informal in nature and workers are not provided any social security benefits. Home-based workers are one of the economic activities in informal sector. The home-based work is one of the important works in informal sector. The home-based informal worker performs the work in his or her home premises rather than the employer destination. The home-based workers normally will get the job from employer or enterprises or through the contractor. In most of the situations, the employer or the contractors will provide the raw materials to complete the task. The remuneration will be paid on the basis of the product is produced or piece rated. Research was conducted through survey method and 100 samples respondents are surveyed. Convenience sampling method was adopted to collect the data from sample respondents. The Chennai city is selected for study purpose, because of city is providing a large chunk of self-employment opportunity to the poor, uneducated and migrants. The data collected from skilled and semi-skill home-based workers in the study area. It is found from the present analysis that the self-employed home-based workers are earning meager amount of income. It is also found that the average income of home-based workers are recorded as rupees 7100 per month. (Minimum was 5000 and maximum was rupees 9500). Their average loan amount of home-based workers from unorganized local money lenders was registered as rupees 24130. On the whole, the present study analyses the poor socio-economic conditions of the self-employed home-based workers in Chennai city. The poor economic condition was happened due to low level of income and investment. The low level of income and investment caused because of non-availability of proper formal institutional credits for them. So if they get formal credits from bank and non-banking financial institutions, they could able to increase their income level and also contribute to society by generating new employment opportunities to the unemployed people in the study area.

INTRODUCTION

Informal sector is playing a key role in economic development through creating employment and income. Over 93 percent of employment in India is informal in nature and workers are not provided any social security benefits. Home-based workers are one of the economic activities in informal sector. These workers economic activities are mainly based on skilled and semi-skilled works such as tailoring, pickle making, printing, packing, match box making and snacks making. Under the home-based workers, most of them are working as piece rate workers either by direct employers or through contractors. They are facing many problems such as low level of wages, poor working condition, poor living condition, occupational health issues and lack of financial accessibility to start the home-based work on their own.

THE CONCEPT OF HOME-BASED WORKERS

The home-based work is one of the important works in informal sector. The home-based informal worker performs the work in his or her home premises rather than the employer destination. The home-based workers normally will get the job from employer or enterprises or through the contractor. In most of the situations, the employer or the contractors will provide the raw materials to complete the task. The remuneration will be paid on the basis of the product is produced or piece rated. If the home-based work is taken by the worker on his own, then they will be termed as own account workers or self-employed home-based workers. They will invest certain amount and sell their product produced at the market place directly or to the shops.

OBJECTIVES

To find out the problems facing by home-based workers in accessing formal institutional credits

To explore economic issues confronting with respect to low level wage rates, poor working and health conditions.

To suggest suitable measures to policy makers for the easy access of formal financial assistance

HYPOTHESES

H1: There is an influence of formal institutional credits and income level of self-employed home-based workers

RESEARCH METHODOLOGY AND DATA COLLECTION

Research was conducted through survey method and 100 samples respondents are surveyed. Convenience sampling method was adopted to collect the data from sample respondents. The Chennai city is selected for study purpose, because of city is providing a large chunk of self-employment opportunity to the poor, uneducated and migrants. The data collected from skilled and semi-skill home-based workers in the study area. The home-based work is based on female centric job according the secondary data from NSSO. So, the information was collected 75 percent from female and 25 percent from male respondents.

REVIEW OF LITERATURE

IASEW (2015) previously termed as the SEWA functions as institution and provides skill training, education, communication skill to home based workers. Their main organizers and leaders are administering from India and abroad. International Labour Organization (ILO) Jakarta Office would corresponding to acknowledge the numerous colleagues and establishments who providing appreciated charities to this explosion by bigheartedly distribution of their information and proficiency in forming and endorsing attired work for home-based employees. The 4 case studies remain equipped by investigator from Home-Based Workers Internationally for Chile, for Philippines, IASEW for India

Pramod (2004) scrutinizes the reasons for rural deprived people could not able to admittance the formal institutional or bank loans and found that it turns in relations of the irregularity of material among the debtors and city based banks concerning the drive of and use of credits and debtor's main ideas concerning the inclination to recompense. This defends the role of isolated casual money financiers who animate in nearness to the debtors and possess information around their behaviors.

Usha Thorat (2006) interpreted that launch of an account affiliation may flag the method to the consumer availing of a diverse of savings and deposit products, credit products for ingesting living and housing. These accounts could be used for create very small value of payments at low rate and making acquisitions on credit. The identical bank account could also be utilized by the Governments to afford community security facilities like health cover and disaster insurance under numerous structures for the underprivileged people in the society. So the solitary doorway of banking account could be used for numerous determinations.

Thyagarajan et al (2008) in their recent study revealed that in certain districts, more than 85 % of them have no frills accounts are inactive, mainly due to remoteness from branches of respective banks, low financial knowledge and literacy, and very poor creating awareness activities by banks.

Minakshi R (2009) found that the compressions on banks to attend stumpy income generating customers are growing in the developing economies. More than one in ten countries is already requiring monetary organizations to give basic savings bank account. The banks naturally view those accounts as non-profit. Since the Reserve Bank of India has introduced their policy measures to encourage 'no - frills' accounts in 2005, Indian public and private banks have opened 15.8million accounts.

RESEARCH GAP

The relevant studies on home-based workers of informal sector were discussed in the review of literature. It provides a wide knowledge about the socio-economic challenges faced by home-based workers. But the financial inclusion and credit accessibility issues was hand discussed or made any study. So the present study has focused to find out the various issues faced by the self-employed home-based workers with respect to financial accessibility.

DATA ANALYSIS AND DISCUSSION

The home-based workers are very poor and vulnerable with respect to low level of income and non-availability of social security measures. In this scenario, their working condition is also very poor. The home-based workers are carrying out their works at poor living place like lack of proper housing, lack of proper lighting, no place to keep the raw materials and poor sanitation facilities. The calculated chi-square value of 73.960 with degrees of freedom is 1 and the probability value of 0.000 levels for the working condition of home-based workers. It is also found from the study that a majority of 65 per cent of the home-based workers are migrants from other districts of Tamil Nadu and neighbouring states. The accessibility of formal loans also a very big problem for them. Because of non-availability of formal loans the self-employed home-based workers are not able to generate more output and income.

Table.1 Test Statistics				
	Working Condition	Migration	Formal Loan Access	Income Level
Chi-Square	73.960 ^a	12.960 ^a	54.760 ^a	16.740 ^b
df	1	1	1	12
Asymp. Sig.	.000	.000	.000	.160

Table.2 Test Statistics		
	Investment	Savings
Chi-Square	76.636 ^a	108.374 ^b
df	11	9
Asymp. Sig.	.000	.000

TEST OF HYPOTHESIS

H1: There is an influence of formal institutional credits and income level of self-employed home-based workers

The calculated chi-square value was 54.76 with degree of freedom at 1 and the significance level of p-value was at 0.160, which is accepted in the alternative hypothesis. So, it proves that there is strong relationship between the influence of formal institutional credits and the level of income of home-based workers.

MAJOR FINDINGS OF THE STUDY

1. It is found from the present analysis that the self-employed home-based workers are earning meager amount of income. The average income of rupees 7100 per month. (Minimum was 5000 and maximum was rupees 9500)
2. Their average loan amount of home-based workers from unorganized local money lenders was registered as rupees 24130
3. Their average savings were rupees 1475
4. Due to non-availability of formal loans, they could not able to expand their business and generate more income.

CONCLUSION

On the whole, the present study analyses the poor socio-economic conditions of the self-employed home-based workers in Chennai city. The poor economic condition was happened due to low level of income and investment. The low level of income and investment caused because of non-availability of proper formal

institutional credits for them. So if they get formal credits from bank and non-banking financial institutions, they could be able to increase their income level and also contribute to society by generating new employment opportunities to the unemployed people in the study area.

POLICY SUGGESTIONS

1. Government has to provide proper formal loan facility to the home-based workers to improve their income level
2. Government has to provide social security measures to informal sector home-based workers.
3. Steps to be taken to improve the working and health conditions of the home-based workers in informal sector and
4. The governmental and non-governmental organization has to take necessary steps to do a separate research on home-based workers.

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