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T. R. NO. 124

# Technical Report

WP124  
WP  
1976  
(124)

IIM  
WP-124



**INDIAN INSTITUTE OF MANAGEMENT  
AHMEDABAD**

SMALL ESTABLISHMENTS IN AN  
INDIAN METROPOLIS :

(A Study on Employment and  
Labour Marketing in  
Bombay)

by  
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T.R. No. 124  
July 1976

Indian Institute of Management  
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## ABSTRACT

The small establishments engaged in trade, commerce, manufacturing and service activities constitute a crucial segment of an urban economy from the viewpoint of their magnitude, essentiality of their products for urban life and business and their capability of absorbing large mass of job seekers. The present study focusses on the growth of these establishments, characteristics of their entrepreneurs and workers, employment and living conditions of the latter and the likely trends in the employment market, in the Bombay city. It is found that the employment in the small sector has increased much faster than in the large sector during the past; that most of the entrepreneurs are urban based, educated and have risen from the ranks of employees. The workers are predominantly migrants, but committed to the city and most of them are content with their jobs. They do not seem to have severely affected by the housing problem as large number of them can live at the place of work. This, however, prevents them from having their families with them.

The employment conditions in the small sector suit the migrant workers and the expectations of growth in this sector are likely to attract more 'induced' migrants than the city can absorb. The unemployment rate in Bombay is, therefore, likely to rise unless the large scale activity substantially expands in the suburbs and induced migrator is brought down by better organisation and dissemination of labour market information. A comprehensive labour market information scheme seems necessary both for reducing the imbalances and preventing large labour surpluses in the city.

SMALL ESTABLISHMENTS IN AN INDIAN METROPOLIS :

(A Study on Employment and Labour  
Marketing in Bombay)

T.S. Papola

The small establishments constitute a very important segment in the economy of any city in a developing country. They employ over half the workers in most of the relatively less industrialised, primarily commercial and administrative cities. But their quantitative and qualitative significance is crucial even in the relatively highly industrialised cities. In an industrial metropolis like Bombay, the small establishments consisting of shops, commercial establishments including the non-factory manufacturing units, eating houses, hotels, and places of recreation employ around 5 lakh of people on a regular basis constituting about 40% of the private sector employment and 25% of total employment in the city.

There are at least two major aspects which warrant the necessity of studying the small establishment sector in the cities. First, it is not only their magnitude but also the type of functions they perform which crucially affect the life and business in the city. Virtually the entire trade, wholesale as well as retail, manufacture of numerous items particularly the ones used by the large factories in their manufacture of parts and semi-finished goods, agencies for travel and clearing, personal services such as haircutting and laundering, accommodating non-resident population and innumerable other activities are located in this sector. Secondly, this sector has been a major source of employment to a large number of families and provides greater scope for increase in employment per unit of capital.

The present study, however, is primarily concerned with the employment and living of the employees in the small establishment sector in the Bombay city\*. A brief account of the establishment types and size, employment growth during 1970-75 and some background about the entrepreneurs precede the account of the workers. At the end, some implications for the labour marketing in this sector are also attempted.

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\* The account of small establishments and their workers given here is based on the data collected from a sample of 679 establishments and 2100 workers under the project on 'The Bombay Labour Market' sponsored and financially supported by the World Bank and directed by the author jointly with Dr LK Deshpande at the University of Bombay.

## I The establishments

### (i) Types

There were over 1,50,000 small establishments registered under the Shops and Commercial Establishment Act in the Bombay city as on 31st March 1974. Over 90 percent of them were proprietary and partnership concerns, 9.5 percent private limited companies and a few cooperatives. About a third were single worker establishments having no employee. Of the rest around 54% were shops, 37% commercial establishments, 9% hotels and restaurants and an insignificant percent theatres and other places of recreation. These types of establishments employed 32%, 45%, 15% and 8% of the total workers in small establishment sector. Over half the establishments and four-fifths of employment in the 'commercial establishment' category are accounted for by the manufacturing establishments (non-factory, employing less than 20 workers without use of power and less than 10 workers using power). The major manufacturing activities carried out in these units are : printing and publishing, manufacture of machinery, metal products, plastic products and chemical products.

### (ii) Growth of Employment (1970-75)

The employment of workers on a regular basis has grown faster in this sector than in the city as whole : as against a 6% annual increase in employment in Bombay city during this period, the employment in small establishments have grown at an average annual rate of around 16 percent. Around 50% increase was due to the establishment of the new units and 30% due to expansion of the old ones, over the entire period. The fastest growth of 150% over the five year period was registered by commercial establishments followed by 120% in eating houses. Other types of establishments showed a much smaller increase. The average size of shops remained at 4 employees while that of commercial establishments increased from 4 to 7.5 and of eating houses from 7.5 to 15 employees.

### (iii) Structure of Employment

The small establishment work on the basis of part time or full time hired labour on a regular or casual basis and also on the basis of unpaid family workers. It was, observed, that the unpaid family workers constituted only a small proportion (4%) and most of them were found in shops. Casual workers again constituted only 2 percent and part time employees another 2%. Thus, 92% of the workers in the small establishment were full time

regular employees. Another feature worth noting is that the women constituted a much smaller proportion (at 5%) in the small establishment as compared to their proportion in the city workforce (at 9%). Thus, this sector seems to provide less opportunities for the employment of women than others. It was only in commercial establishment that women workers constituted nearly as large a proportion as in the city workforce. It may, however, be noted that in the entire small establishment sector, women workers were only 2% in 1970 whereas their proportion increased to 5% in 1975.

(iv) Labour Turnover: Quits and Recruitment during last year

Although the period 1970-75 saw a high growth of employment in the SE sector in the Bombay city, the year 1975 as such did not seem an encouraging one from this viewpoint. The total number of workers who quit their jobs due to voluntary or involuntary reasons were slightly higher than the new recruitment during the year. It signifies a year of stagnation in employment. It may also be noted that there were hardly any unfilled vacancies existing according to the employers. The quits are rather high as compared to the workforce; 14 out of every 100 workers went out of their jobs in these establishments. The new recruitment again constituted around 14% of the existing employment; but, women constitute a much larger proportion among the new recruits than among the existing employees.

II The Entrepreneurs

Who are the entrepreneurs of the small establishments? What is their socio-economic background? Questions like these are often asked from various viewpoints. In brief, the following are the characteristics of the small establishments' entrepreneurs in Bombay. All but 5% of them are males; their average age is around 40, but a significant proportion (16%) are quite old, above 55 years of age. About one-third of them had no education, over one half were at least matriculates. College degree holders made a significant proportion among theatre and commercial establishment entrepreneurs. About 8 percent entrepreneurs in commercial establishments have technical degree.

(i) State of Origin and Languages

Around two-thirds entrepreneurs belonged to the urban areas; however, most of them have a rural origin. Maharashtra and Gujarat contribute more or less equally; 62 percent of the entrepreneurs came from these two states; UP, Karnataka and Rajasthan are other

significant contributors to the entrepreneurship in SE in Bombay. The pattern differs in eating houses where Karnataka alone contributes one-third, followed by Maharashtra (29). Those with Gujarati as mother tongue constitute around 37% of the group, those with Marathi and Hindi 12 percent each. Whatever their mother tongue, the carrying on of business in Bombay necessitates knowledge of commonly used languages such as Hindi, Marathi, Gujarati and English. And all but 4 percent of our entrepreneurs could speak at least one more language other their mother tongue; four-fifths could speak at least two other languages and 46 percent at least three other languages.

(ii) Family occupation

Trade is the most common family occupation of the entrepreneurs. Thus, it looks that the tradition of family business has facilitated their entry into the small establishments. Less than one fifth of them came from farming families; only around one-tenth from families of wage and salary earners. Half the entrepreneurs of eating houses, however, came from farming families.

Is the entrepreneurship inherited or acquired? It is interesting to note that in 80 percent cases the establishment is the result of the enterprise of the present entrepreneurs. In a few cases the entrepreneur's father has been associated with the establishment as an employee. Around 16 percent cases were, of course, of inherited ownership. Most entrepreneurs (66%) have climbed up the position from the ranks of wage and salary earners; one third were, however, engaged in some other business of their own before embarking upon the present activity.

### III The Workers

The profile of SE workers is presented here in respect of four aspects of their lives : personal characteristics, age, education, marital status, domicile status and family occupations; migration; employment, job history and conditions of employment in the present job; and, family living, family structure, household incomes, indebtedness and housing conditions.

(i) Personal characteristics

An employee in the small establishments is younger than the average worker in the Bombay city: the SE workers' average age is 29.24 years, as compared to 35.28 years of the entire population of workers in the city. The SE worker on an average is, however, older than the floating mass of casual workers by two years.

This difference in age pattern of the three groups is not incidental, there is supposed to be a logic behind it. The casual labour market, by and large, provides the point of entry for such fresh entrants in the labour market who cannot go in regular jobs in establishments. An "apprenticeship" in the casual market then enables the worker to enter in a regular job in small or large establishments. Similar pattern is observed in the mobility from small establishments to the large ones. This route of job changes is responsible for the difference in age structure in the three sectors of an urban economy. Between various categories of small establishments, theatres have the predominance of workers beyond 35 years of age, while four-fifths of the workers in the eating houses were below 30 years of age. It is the latter which employed most of the child labour (below 15 years of age) which constituted only about 1% of total employment.

Virtually all the women workers are to be found in shops and commercial establishments, the latter seem to catch them younger than the former; 70% of women workers in commercial establishments were below 25 years of age and 25% below 20. It is interesting to note that an average female worker in Bombay city is four years older than an average male worker; an average female casual worker is two years older than the male casual worker, but a female worker in small establishments is five years' younger than her male counterpart, four year younger than the casual female worker and 14 years younger than the average female worker in Bombay city as a whole. Thus, it appears that in the jobs available for women workers in this sector such as sales assistantship in shops and commercial establishments and testing and packing in small manufacturing the employers prefer to employ young girls. Also, the entry of women for work in this sector is a recent phenomenon in Bombay. The few relatively large shops and departmental stores who employ sales girls are of recent origin or at least have been employing girls only recently. (It is also only during the last few years that one sees a young girl, preferably pretty, sitting, if not actually working in every third wine shop in Bombay.) On the other hand, in other sectors, either mills, offices, schools and residential houses, women have been working for a long time. Therefore, the age pattern of SE female workers is to be found to yield a lower average than the female workers in other sectors.

The predominance of younger age group probably explains the large proportion of unmarried among the SE workers. About 42 percent of them are in the age group 15-25 and another 15% in 25-30 years. Consequently, half the workers are unmarried. Among female workers 72 percent are unmarried.



The predominantly illiterate image of the Indian workers does not find empirical support in the case of the Bombay SE workers: 86 percent of them are literate. Among female workers 96% are literate. Around 80% of the workers had at least primary education completed, 25% are at least matriculates and 7% have college education as well. Among their fathers 42% were illiterate, 22% only had completed primary education, 10% secondary and 2% had gone to college. The inter-generation differences in educational levels reflects a significant achievement on the educational front in the country.

The workers are of predominantly rural origin but the proportion of those with urban origin (35%) is significantly high. The cosmopolitan character of Bombay's labour force is well known; it is well reflected in the group of SE workers as well. While 46 percent workers came from within the state of Maharashtra, mostly from Konkan districts and Bombay city, the other states which were major labour suppliers to Bombay are Gujarat, Karnataka, Uttar Pradesh, Kerala, Tamil Nadu, Goa and Rajasthan in that order. Among female workers the order changes to Maharashtra, Goa, Karnataka, Kerala, Tamil Nadu and Gujarat.

The SE workers are not predominantly from farming - cultivators and agricultural labourers - families, as is generally believed. Over half of these workers came from non-farming families, even among migrants the predominance is of such workers. Non-farm wage labour - the present activity of these workers - is next only to farming as family occupation; trading and public services being other important family occupation. It may be noted that while farming was reported as family occupation by around 48% workers, it also formed the occupation of a worker's father only in 32 percent cases. Thus, probably in two generations the occupational mobility between farm and non-farm activity has been significant. While all the SE workers are obviously non-farm workers, their fathers and grand fathers were distributed among the non-farming and farming occupation in the proportion of 68:32 and 52:48 respectively.

(ii) Migration

In a sense, practically all the wage earners in Bombay are migrants; the difference primarily lies in the number of generations for which their families have been living in the city. It is very difficult to get a distribution of workers on this basis, but a distinction can be made between the workers who consider themselves as 'belonging' to Bombay and those who claim a native place (Muluk) other than Bombay. The former constitute 12% and the latter 88% of the SE workers. On the basis

of birth place, one finds that 23% of them were born in Bombay and 77% elsewhere. Thus, of those who claim themselves as migrants around 85% are first generation migrants and 15% second or higher degree generation migrants. For most of the purposes of analysis, only those who were not born in Bombay are taken as migrants.

A worker may be migrant, but he need not necessarily have a migratory character. He may have severed his economic relations with the native place and adopted the urban work and living permanently as his way of life. It is not easy to find out the degree of commitment in precise terms but certain indicators may be studied to have a general idea regarding the stability of the workforce. First is the length of the period for which a worker is in Bombay. Majority (56%) of the workers are in the city for over 10 years, the percentage is much higher in establishments other than eating houses where most of the workers are recent migrants. The recent migrants (those who have been in Bombay for less than five years) make 28 percent of the total workers.

Second, four-fifths of the migrants came to Bombay to seek permanent employment, driven out from the native place mainly for lack of adequate employment and income. A large group (36%) of them was studying in schools and colleges and a significant percentage (13) had no work at the native place. Among female workers 60 percent came to join their husbands or parents who had jobs in Bombay and 34% to seek permanent employment. It thus looks obvious that most of the workers migrated to Bombay with a view to making it their permanent residence and are committed to the city for their work and living.

Third, the workers may not have completely severed their relations with their native places, but what needs to be seen is whether they look at it as a security umbrella and, therefore, continue their economic interest in the village in terms of the active association with land cultivation, allied activities and property acquisition and management. Here, it may be noted that as many as 38% of workers had no land or other property at the native place and another 50% owned but less than 5 acres of land. Majority of the migrants had a family of 5 persons or more and only one working member at the native place. To go back for earning a living is practically out of question in these cases.

Fourth, some idea of their economic stake in the native place can also be had from the frequency and purpose of their visits to the native place. We find that 38 percent of the migrant workers did not visit their native place during the last three years. (Among females the non-visitors formed as high as 69 percent).

Another 40 percent visited their native place only once and 12 percent twice during the last three years. Only 10 percent visit their native place every year. Over 90 percent of the visits were made for primarily non-economic purposes: visiting relatives, holidaying, social ceremonies, etc., only 9% were for the specific purpose of helping in farming and business activities. And four out of every five visits were for a duration of less than a month.

Finally, it may also help to establish the degree of a worker's link with the native place if we could know about his willingness or otherwise to go back in the event of his failure to get a job of his liking and expectations. In the first case, an overwhelming majority of workers (81.25%) expressed contentment with the job they have at the moment; of those aspiring for a better job over two-thirds do not want to go back to their native place even if they failed to secure the aspired job.

### (iii) Job History

The prognostic literature on the urban employment markets has thrown up some general postulates about the behaviour of these markets in developing economies. Some of the important ones among them are: that the entry into a regular job is restricted to those who have had an 'apprenticeship' on a casual basis, that a fresh entrant in the labour market has to start with a casual job from where it gets promoted to small establishments and ultimately to the factories and other large establishments; that the waiting period is unduly long, particularly, for the migrants which leads to a high cost of migration and that the job changes are frequent mainly on account of involuntary reasons. The behaviour of the labour market for the SE workers, however, does not seem to support these contentions.

In Bombay, it does not seem necessary to first enter the casual market to get a regular job in the small establishments: 96 percent of the SE workers never worked as casual workers. Of the total 4262 jobs held by the 2100 sampled workers during their career only 110 jobs were casual ones. Further, over four-fifths of these workers do not aspire for a change-over to a factory or any other establishment; of those who do aspire for a change, however, around one-half would like to have a job in a factory.

Job changes are not very frequent. 42% workers have stuck to the job they started in, 31% have changed job once, 16% twice and 11% thrice or more often. The older workers and those with more years of working in Bombay are obviously more likely to have effected more job changes than the younger workers. In about two-thirds of cases, the workers changed jobs on their own volition for better earnings and conditions of work.

Given the overall surplus situation in the labour markets in the country and the weak and unorganised channels of job information, it is pertinent to note that the SE workers in Bombay did not have to go without job in large numbers and for long periods during their working career. The migrant workers had also not to wait for long to get a job: in fact 36 percent of them got jobs without waiting, 28 percent waited for less than a month. Around 4 percent had to wait for over a year. It may be noted that educated waited longer than the illiterates or semi-literates; while 74% of the illiterates got jobs within a month of their reaching Bombay, 66% of the graduate migrants waited for over 6 months. After starting work, 90 percent workers had no break in employment and 10 percent had to go without work on an average for 8 months. It works out to be an average unemployment of 20 days per worker, during the working period of seven years. Most of those who reported without work for long period - over a year - had gone to their native place which implies that they were not actively looking for work in the Bombay labour market. It may also be mentioned here that the rate of unemployment was found to be 1.82 percent among family members of the SE workers living in Bombay; the incidence being highest (around 8%) among the family members in the age group 15-24 years.

(iv) Current Job

The major categories in which the SE workers fall are: salesman and shop assistants; production process workers; waiters, cooks and other hotel workers; and, unskilled and skilled office workers. Among female workers the major occupations are typists, stenographers and general clerical workers, testers, packers, plastic product workers, tailors and production process workers. In terms of the broad skill categories around 3% hold supervisory jobs, over one-fourth skilled jobs, around 40% semi-skilled and about one-third unskilled jobs.

Being regular employees of the establishments registered under the Bombay Shops and Commercial Establishments Act, the hours of work of these workers are fairly regulated. The statutory limit of maximum nine hours a day and 48 hours a week seems to have been adhered to by establishments in case of most of the workers; about 90% workers work for eight or nine hours a day: the law is adhered to most faithfully by commercial establishments, but with less rigour by eating houses, shops and hotels. In terms of regularity of payment of wages, there are no lapses: all are paid regularly according to the stipulated period - 95% monthly, 4% daily and 1% on piece-rate basis. A large number of workers get part of their compensation in kind such as meals in eating houses and hotels (which is valued by the authorities at a standard rate of Rs.60/- per month) and free accommodation by most types of establishments, in terms of permission to sleep in the premises.

The total monthly earnings (including cash value of kind benefits) averages to Rs. 268.44; the highest being in theatres (Rs. 461.39) and lowest in eating houses (Rs. 175/-); commercial establishments, shops and residential holes came in the middle in that order. Most of the workers - about two-thirds - are in the earnings range of Rs. 101 to Rs. 300/- and around one-fourth earn between Rs. 301 to 600/- per month. Occupationwise, the millers and pounders earn lowest (Rs. 136/-) and office managers highest (Rs. 849/-). The ratios between unskilled, semi-skilled, skilled and supervisory work out to be 100:123:150:233. Thus, the range of differentials among the SE employees does not appear to be large. There are, however, significant differences among shops, commercial establishments, eating houses, hotels and theatres in the monthly earnings of the workers in the same or similar occupations. Clerical workers, for example, are paid 70%, 116%, 140% and 220% higher in shops, residential hotels, commercial establishments and theatres respectively as compared to such workers in eating houses. Similarly cashiers in theatres are paid  $3\frac{1}{2}$  times the wages of cashiers in eating houses.

The order of different types of establishments by the proportion of "satisfied" workers does not necessarily follow the order of the workers' earnings in them. On the whole, 81% workers are "satisfied" with whatever job they have. In theatres such workers form 96% of the total and the theatres also play the highest wages. But the next highest is paid by commercial establishments where the proportion of "satisfied" workers is the lowest (77%). The "satisfaction" is probably mere "contentment"; it is related more to one's capacity and market situation rather than the characteristics of the present job. Besides 'inadequate earnings', better qualifications than required in the present job, is mentioned by the workers as a major reason for aspiring for a change. Strangely, job insecurity is mentioned as a reason by only an insignificant number of workers.

The type of change aspired for by those dissatisfied with the present job involved in most of the cases a change of establishment but not a change of occupation or line of activity. About two-thirds of the aspirants want similar job in similar but larger or different type of establishment; and 60% want to go in similar establishment, in similar or different job; 57% want to change neither the occupation nor type of establishment. Around one fifth would prefer or at least would not mind changing both occupation and establishment type. A significant number (7%) want to give up wage employment and start their own business. Those who want to change the nature of job would prefer, to go to a factory, an office, a bank, educational institution, shop and a government office in that order. The unrestricted mobility - involving change of job as well as establishment type is higher among illiterates or those with only a few years' schooling than among the better educated.

The aspirant workers expect on an average an increase of around 40% over the current levels of earnings among the SE workers. Those who are aspiring for white collar jobs, in general, seem to have more realistic expectations than others: their estimates of expected earnings are more in line with the current earnings in the occupations they are aspiring for. As against the current earnings of Rs.341/- of an average typist, the expected earnings of an aspirant for a typist's job are Rs.342/-, the corresponding figures for Stenographers are Rs.443 and 501/-; but, for general production process workers they are Rs. 194 and 282/-, for testers and packers. Rs.188 and 321/- and for waiters and bartenders Rs.184 and Rs.311/-. The levels of expected earnings are consistently correlated with educational attainments. As against Rs.280 per month expected by an illiterate aspirant, matriculates on an average expect Rs.401 and graduates Rs.565/- per month.

(v) Family Living

The family of an SE worker in Bombay consists on an average of around three members; 40% of the SE workers, particularly, those working in eating houses and hotels are living singly. The average size of a non-migrant worker's family is, of course, higher at 5.51 as compared to that of a migrant worker consisting of 2.34 members. The female-male ratio is one of the lowest in Bombay city - 716 women per 1000 men, but it is very much lower than average for the city, in case of the SE workers - 573 and among migrant SE workers it is as low as 479. Similarly as against 33 children per 100 adults in Bombay's population, there are only 27 children per 100 adults in the families of SE workers. Most of the children (80%) in school going age attended schools; and 64% of those in the age group 15-20 are also engaged in educational pursuits.

The economically active constitute around 50% of the total population of these families which is much higher than the Indian as well as Bombay average. Too young and too old to work together make around one-tenth and unemployed 1.82% of the population of SE workers' families. While the participation rate amongst women is around 20% that among 'wives' of SE workers is only 6.65% which varies negatively with the number of children and per capita income in the family. The per capital income of these families works out to an average of Rs.147.37 per month. The figure of per capital income has, however, to be seen in relation to the size of the families and dependency ratio. On an average, there is one dependent per earner. The average family income is Rs.428.56 per month: the family income increases but per capita income declines with family size. With this income, around 93% percent families are able to meet their household expenditure without incurring deficit: as a matter of fact most of them (around 86%) have some excess of income over expenditure: mostly between Rs.100 to Rs.500/-. The families whose expenditure exceeded incomes, were only 7 percent, in most (80%) cases the deficit was below Rs.100 per month and in 50% below Rs.50 per month.

But one-fifth of the families were indebted. The facts that most of the workers could meet their current expenses out of current income and that the debts were generally of large amounts suggest that, borrowing were for purposes other than current consumption, may be for acquiring consumer durable and capital assets. In half the cases of indebted families the amount of debt exceed Rs. 1000 and in 40% cases it exceeds Rs.5000/-. Most of the loans are taken from friends (30%), employers (25%) and relatives (23%). On an average debts are two to three years old, 30% were just below three months, 35% over two years and 10% over five years old. In about two-thirds of the cases no interest was charged but where it was charged, it was below 12% in most of the cases. Only in a few cases the money lenders and even 'friends' and 'relatives' charged as high as 50 to 100% interest per annum.

Housing, of late, has been the most acute problem in Bombay. One of the reasons why a large number of workers live in Bombay without their families is lack of accommodation. In the case of SE workers, however, many are young and unmarried; and a large number have not to bother about housing as they sleep at the place of work. About 27% of the SE workers (50% of those without families and 1% even those with families) live at the place of work; 15% lived with friends or relatives mostly without making any payment; 3% lived in paying guest accommodation: Only 8 out of 2100 respondents used pavements for sleeping in the nights, three of them with family.

Over half the SE workers ( 55%) had some independent accommodation - rented in 48% cases and owned in 7%. In two-thirds of the cases the rented accommodation was in chawls, in 16% cases a flat in a housing colony and 12% a hut in Jhopadpatti. In case of owned accommodation flats in housing colony constituted 39%, chawls and Jhopadhatti 20% each. The accommodation consisted of only one room in two-thirds of cases. In half the cases there is no independent water connection and in around two-thirds no independent sanitary facilities.

According to the general practice prevailing in Bombay, many of these workers had to pay pugree or commission to acquire the accommodation. It ranged between Rs.300/- for a Jhopadpatti house to Rs.5380/- on an average for a flat. These, however, may reflect mostly old acquisition and of those who have acquired them recently have paid as high as 1000 for a house in Jhopadhatti, Rs.2000 for a house in chawls and Rs.15,000 for a flat.

#### IV Labour Market for Small Establishments

##### (i) Employment : Trends and Prospects

The trend in employment observed in the small establishment sector in Bombay city during the last five years suggests that this sector is gaining in importance over time. In view of the ban on the opening of large manufacturing units in the city, the activity is increasingly being carried out, wherever possible, in small establishments to avail of the benefits that the city location provides. The extension of the greater Bombay into farther suburbs and fast development of residential areas in these suburbs are likely to increase the demands for the types of services which are catered primarily by the small establishments; commercial establishments, shops and eating houses are thus likely to grow in number and size. They have grown at a fast rate in the recent past and the trend is likely to continue.

There does not seem to be any dearth of entrepreneurs to run these establishments. In most of the cases the enterprising and capable employees of the existing establishments have been responsible in the past to float new establishments and there is no reason why that trend would not continue. This is particularly true of shops and eating houses and to a large extent also of commercial establishments.

Projecting the past trend into future, one can estimate that this sector would provide wage employment to over 2 lakh additional persons during the next five years. And, in fact, due to slow growth of large sector - manufacturing as well as public services - most of the new entrants in the labour market may have to find work in this sector. There would be around 5 lakhs of such persons in Bombay's population today which will enter the labour force during the next five years; and given the fact of slow growth in other sectors in the recent past a large number - over half - of them would seek employment in the small establishment sector. But this is not the only group seeking employment in this sector, the majority of migrants also seek employment in this sector.

The mutual preferences of employers and employees particularly in the shops and eating houses based on language and region, lead to a predominance of migrants in the employment in this sector. The migrants also prefer to work in these establishments to the extent a job in them relieves them from the major worry of a Bombay worker, namely housing, as they, in most cases, can stay at the place of work. On the other hand, the local entrants in the labour force, being predominantly educated prefer to go to the organised sectors in manufacturing and services. This makes the labour markets of the two sectors, organised and unorganised, largely independent of each other.



These preferences may also make the provision of employment for the new entrants in the labour market difficult. To the extent, the small establishments, due to the reasons stated above resort primarily to induced migration as the source of labour supply, and the non-migrants having found an excess supply of labour in the organised markets also turn to the SE sector for employment, the small sector might get overflowed with the supply of labour. In sum, it looks that the migration induced by the small establishments, might substantially raise the unemployment rate in Bombay which has not been high so far.

(ii) Labour Marketing

There would obviously be no problems in meeting the overall manpower requirements for the expansion of the small establishments sector. The situation is, however, likely to differ between shops and eating houses on the one hand and commercial establishments on the other. The preferences and inducements mentioned above tend to make the supply of migrant labour abundant in eating houses and shops rather than in commercial, particularly manufacturing establishments. Moreover, the latter require most of the time, workers with better skills than a fresh migrant or new entrant in the labour market, in general possesses. Thus, in spite of abundant labour supply in the city, these establishments may not find it easy to meet their requirements of semi-skilled and skilled workers.

There are at two pieces of evidence which suggest that the commercial establishments show signs of such difficulty in the recent past. First, although of the new recruitment in the entire sector 89 percent was from the open market, in case of commercial establishments as many as 60% of the new recruits had to be 'pinched' from other establishments. Second, most of the 11% cases where the employers themselves made efforts to secure the workers for their establishments, were in the commercial establishments group. The problem is likely to be aggravated by the fact that the workers in these establishments are more likely to aspire for a change. Against 81% workers 'satisfied' with their present job in the entire SE sector, the percentage of workers not satisfied with their present job and aspiring for a change is 33 percent in the commercial establishments. Most of them aspire for a job in a large factory or other organisation in the organised sector. The fact that a large factory, in general, pays around 75 percent higher wage in a production process job than a small establishment, and the former also offers other benefits (eg. social security, bonus, better job security, etc.) leads to a higher level of job-discontentment and aspiration among these workers.

And if they succeed in their efforts of job change, the commercial establishments may have vacancies which will be difficult to fill in out of the pool of unskilled migrant or non-migrant labour available.

(iii) Managing the Labour Market : Some implications

A high rate of unemployment, particularly on account of the 'induced' migration for jobs in certain types of small establishments and some structural imbalances between supply and demand in some other segments of the SE sector, thus seem to be the two major problems that the Bombay labour market is likely to face during the next few years to come. The problem, particularly the first one, eludes an easy solution: Obviously, the ensuing unemployment can be mitigated either by increasing employment opportunities in the city or by preventing inflow of labour in the city. Employment in the SE sector will in the long run depend on expansion of organised sector; and a programme of expansion of the latter while creating employment opportunities is likely to lead to accentuation of the problems of space and living conditions in the city. Therefore, the existing ban on the establishment of the large scale units within Bombay city will have to continue. The acceleration of the development of the New Bombay and extension of suburbs alone provides some hope of increasing the absorption capacity of Bombay.

The problem may, however, have to be attacked from the supply side as well. An administrative solution to the problem of excessive in-migration may not find political acceptance for obvious and valid reasons. In the long run the decline in the growth rate of employment in the city by itself may put a halt to migration, but in the meantime, the situation may already have become explosive. The existing market information channels are likely to give misleading hopes to the migrants. The market signals are difficult to read; and unlikely to evoke instantaneous response. The flow of in-migration is, therefore, likely to continue unabated in the short run even though employment opportunities do not increase at corresponding rate. Therefore, there appears an urgent need to collect, sort and disseminate the labour market information relating to the city on a wider scale. The existing information channels between the city and the source of migration need to be fed with accurate information on the existing situation and likely trends in near future, so as to prevent migration which might get induced by the incomplete and segmented information available at present with these channels.

A comprehensive net-work of labour market information may also contribute to the easing of the problem of structural imbalances between supply and demand within the city labour market, at least to the extent the imbalance is on account of the labour market friction and information barriers. A lasting solution of the problem would, however, require a programme of manpower development. Provision of training in the types of skills required would, therefore, leave to be a necessary ingredient of managing the labour market. The need may be fulfilled by public institutions. But the programme could, of course, not be effective unless the establishments undertake exercises on estimating and planning their own manpower requirements and also resort extensively to the mechanism of in-plan training to meet their specific requirements.

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