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ICT role in unorganised sector with special emphasis on mobile usage in India

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Abstract

ICTs helps in raising the process of communication and information by bringing the workers of the unorganized sector into the mainstream by providing the exact information of the ongoing market process which in return will help them in improving their market strategy and in doing so the prevailing unorganized sector will soon turn into an organized one.

Around 90% of the women work in unorganized sector and indulge in various activities and with the help of ICTs they will be exposed to telecommunication services which will create market for their products and services.

This paper aims to study the impact of using ICT in Unorganized Sector with special reference to mobile usage. It states that Information and Communication Technology is essential for any developing economy and also has a positive result of it. The evidence shows that in comparison to other avenues of ICTs, mobile phones are the most frequently used one by the people living in rural areas. ICTs help in enhancing the feeling of competitiveness among the small manufacturing sector which in return will help in poverty reduction.

Keywords: Information and Communication Technology, Unorganized Sector, Mobile Phones

Introduction

The term informal sector came in a broader sense in the academic literature only after the visit of an International Labor Organization (ILO) employment mission to Kenya in 1972. The ILO then evolved a conceptual framework and guidelines for the collection of statistics on informal sector and presented the same in the Fifteenth International Conference of Labor Statisticians (ICLS) held in February, 1993 in the form of a resolution. The resolution was then endorsed by the United Nations Statistical Commission (UNSC) and made a part of the System of National Account (SNA) 1993' by the United Nations Economic and Social Council.

The Unorganized Sector

The contribution of the unorganized sector is its relationship with the organized sector. Some economists are of the view that there exists a downward linkage between the organized and unorganized sector implying that the latter lives or die with the former (Stark, 1982). It is often considered that an exploitative relationship exists between the two sectors which is the basis of the existence of unorganized sector. This relationship enables the organized sector to procure cheap semi-finished goods and services from the unorganized sector and keep its own cost of production low. The unorganized sector provides cheap consumer products and services such as processed foods, readymade garments, handicrafts, transport, petty trading etc. to the urban population. This sector also plays an important role in recycling the waste materials and producing the goods and services which satisfy the needs of poor people having very low income.

Employment in Unorganized Manufacturing Sector in India

The decade of the 1990s witnessed the process of economic reforms in India, which included a significant liberalization of both industrial activities and trade. Many expected this process of economic reforms to boost employment in the manufacturing sector, as there was increased outward orientation because the trade and the industrial sectors were deregulated (Das and Kalita, 2009).

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Unorganized manufacturing sector has been providing employment to a substantial number of people and is also contributing significantly to the national output. The unorganized sector is too important a source of employment generation to be neglected by policymakers. Since India is a low-income group, the size of sector is not a surprise (Balasubrahmanya, 2002).

Productivity in Unorganized Manufacturing Sector in India

A significant development in the Indian economy in the post 1990 period is the acceleration of the reform process that was initiated in the 1980s. The reforms were intended to improve the efficiency, productivity and international competitiveness of Indian industry. Thus the impact of economic reforms on manufacturing productivity has been a subject of research inquiry but the findings are controversial and inconclusive. Krishna and Mitra (1998), Pattnayak and Thangavelu (2003), Unel (2003) and others argued that total factor productivity (TFP) growth was positive in the post-reforms period while others showed that economic reforms have adversely affected productivity (Goldar and Kumari 2003; Balakrishnan et al. 2000).

Inequalities in Unorganized Manufacturing Sector in India

The unorganized sector today has made a significant dent in the employment structure of developing countries. The substantial employment opportunities provided by the unorganized sector are perhaps its most salient feature. While entry is easiest into the unorganized trade and service sector, substantial number of job seekers take up unorganized manufacturing activities. These small manufacturing units usually tap local resources, use indigenous methods, cater to local demand and very often use personal network for marketing their products. The main reason behind it is that unorganized manufacturing sector is more concentrated in agricultural states or economically backward states.

Unorganized Sector

According to NCEUS- “*The Unorganized Sector is that sector which consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers.*”

Another definition of Unorganized Sector as given by International Labor Organization states that- “*It consists of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the person concerned.*”

Information and Communication Technology

Information and Communication Technology is a specific term that emphasizes on the integration of information and telecommunications by means of various media like mobile phones, wireless signals, computers etc.

Approximately 92% of the Indian population is working in unorganized sector and hence the development of unorganized sector into an organized one is essential and this can be done with the help of ICT.

The main motive of ICT is to emphasize on communication for the development activities which involves the

participation of people, which in return leads to sharing of knowledge etc. with the help of technology available in order to bring about a social change in the society especially for the enhancement of the unorganized sector.[According to IFAD]

Use of mobile phones

It is a device that can make or use telephone calls over a wide area of network. But this definition was prevailing in the past years because as the technology grew day by day, the traditional cell phone became smart phones which can perform numerous numbers of tasks rather than simple phone calls.

It can be used as the best medium for Information and Communication Technology as it the simplest device among all other communication device and is also cost effective as compared to other modes of Information and Communication Technology.

Methodology used

To study the benefits of ICT with special reference to mobile usage, the research approach which is followed is the “descriptive research design”.

Descriptive Research Studies are those studies which describes the characteristics of a particular individual or group. This type of study requires clear objective of the researcher with sufficient information in order to prove the accuracy of the results.

This research paper uses the medium of secondary data available for giving the conclusion and the results and that secondary data is been collected with the survey method.

Objectives of the Research

1. This study has been carried out in order to know that why Information and Communication Technology is required in the Unorganized Sector and in what way it can be beneficial.
2. In order to know that in what way Mobile Services can be used to enhance the proper functioning of Information and Communication Technology.
3. In order to know that whether these mobile services used for making a better communication system for the rural people is actually beneficial for them or not.
4. In order to know that whether mobile usage is an appropriate method to be used for the implementation of better Information and Communication System.

Review of literature

Rao (2010) [9] states that, Mobile Services are increasing in the market every day and due to this hike, what are its Social and Economic consequences in the Rural India. He also said that the development of rural areas is limited because of the lack of information process as well as that of funds, which in return is creating a gap between the rural people and the government. And this gap can be bridged by the telecom revolution which provides services at an affordable cost and to unreachable rural people.

Ilavarasan and Levy [2010] [10] stated that, the present usage scenario of mobile phones, PC, internet café etc. is very high because nearly everyone who owns an enterprise regardless of gender has either of the above mentioned devices. People in rural areas who are using such devices have experience different levels of economic growth and hence it is clear that the use of ICT shows a positive impact

on the rural economy.

Donner and Escobari (2009) [2] stated that, after evaluating the results of 14 studies of the use of mobile phones by Micro and Small Enterprises (MSEs) the result was that it highly affects the economic growth and plays a prominent role in the complete development of any developing nation. It plays an important role in completing the information and communication procedure in an appropriate manner.

Jain stated that ICT is an important tool for gender empowerment in the developing economies and lays emphasis on "Women Empowerment". It was said that, there are several challenges that are been faced by women along with various strategies to overcome those challenges with the various means of information and communication technology.

Bhavani (2002) [13] stated that use of advanced technology improves the competitiveness of the small manufacturing sectors in relation to both information and communication processes. He also stated that, work allotment, intercommunication with the users etc. has become smooth but still there are many sectors where the use of technology (data management, mode of information and communication) is yet not standardized.

Gillman, Pinzon and Samii (2003) [14] stated an answer to the question, "How ICTs can help in bringing about a change in the life of the 900 million people living in rural areas" that ICT is a tool and not a solution and here development is about the information and communication process and not in the technology being used. They also said that with the help of ICT people will be able to speak for themselves and will be able to convey their problems in an efficient manner and will also be able to get solutions for it. Viitanen [2003] stated that ICT plays an important role in various social, economic and political aspects of any society. It helps in the reconstruction of the lifestyle of people by providing easy access to information services and it also plays an important role in poverty reduction by creating various employment opportunities for rural people in various working sectors. It also helps in enhancing the activities of the poor, increasing their access to the market information and lowering the transaction cost of the traders by enhancing the communication process.

Seshagiri, Aman and Joshi [2007] did a case study of a South Indian Village where the information and communication process among the people of the village was carried out by means of postal system or face-to-face communication. It was marked that these connection gaps can be resolved by developing better technological system with the help of ICTs.

Basant, Commander, Harrison and Filho stated that adoption of ICT and its proper implementation brings about a drastic change on the performance of any country. They also stated that the estimate of return of ICT investment in any developing country is much more than that of any completely developed country. It was also said that the problem of Power Breakdown in India seems to be significantly affecting the process of adoption and returns to ICT expenditure.

Kishore stated that ICT can act as an enabler for creating employment in India and this can be done through mobile usage by various mobile learning applications, mobile job services etc. which will help in education the poor along with an open package of job opportunities at their own place.

Conclusion

After analyzing the literature available along with the secondary data, the result is that, Information and Communication Technology (ICT) is highly beneficial for the development of the unorganized sector into an organized one.

Its implementation shows a positive impact on the economy of any developing nation like India by organizing the information and communication process by means of technology. It shows a positive impact on employment opportunities and will help in bringing the efforts of the workers belonging to various unorganized sectors into the real market.

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