

**TWO DAY WORKSHOP ON
TRANSITION FROM INFORMAL SECTOR TO FORMAL SECTOR ON A GST LANDSCAPE:
CHALLENGES AND POSSIBILITIES**

5-6 February 2018, NIRD &PR Hyderabad

Introduction

India is the second most populous country in the world, with a workforce of the magnitude of 487 million engaged in various economic activities for livelihood. Being one of the fast growing developing economies, providing employment and livelihood support is critical to move up in the development ladder towards achievement of Sustainable Development Goals (SDG No. 8). Although we have a massive workforce, those employed in formal sector is very miniscule. Official estimates show that in 2009-10 there were 427.2 million workers in the informal sector, compared to 33.0 million workers in the formal sector. In terms of employment, nearly 93 per cent of the total employment is in informal sector, which contributes to 27 per cent of the gross value added in the manufacturing sector. The informal sector is huge and very heterogeneous, including a wide range of manufacturing and services enterprises, dispersed all over the country, both in rural and urban areas. Moreover, a significantly large proportion of informal sector operate in rural areas, and after agriculture, this is the biggest employment provider, and hence crucial for earnings and livelihood of rural population. Any change on informal sector will have implications on the welfare of a large section of the bottom of the pyramid population.

In the recent past, there have been two major macroeconomic policy changes that have significant implications on the economy, both formal and informal sectors. The first one was the demonetisation in 2016, and the second was the introduction of Goods and Services Tax (GST) since July 2017. This has significant implications with respect to operation of economic activities and the distribution of returns from such activities in the country. It is argued that this step will adversely affect the informal sector, with long term implications on the employment situation eroding the livelihoods of significant share of the workforce, particularly those who are unskilled and semi-skilled. In this context, we propose to conduct a two day workshop that focuses on the impact of GST on informal sector, and ways and strategies to address its adverse effects on livelihoods.

Focus of the workshop

This workshop will deliberate on the impact of demonetisation and GST on the informal sector and their coping strategies in response to these macro level policy changes. It aims to develop a framework for identifying researchable issues and strategies, development of policies and programmes (training and skill development) that can be taken up by NIRD & PR to ameliorate the

adverse impact of these policy changes. The workshop will attempt to develop a strategy and action plan for handholding the informal sector in their journey through skill up gradation and entrepreneurship development for transition towards formal sector.

Expected outputs from the workshop

The workshop is expected to provide us with a better understanding of the impact of GST and demonetisation on the informal sector, and give us directions towards contributing to the efforts to address those issues through research and training activities of NIRD & PR. The major outputs expected out of this workshop are as follows:

1. A discussion paper/policy brief on the impact of demonetisation and GST on informal sector and the development challenges arising out of that.
2. Identify the researchable issues and develop a framework for analysing the short term and long term impact of demonetisation and introduction of GST on informal sector.
3. Develop portfolio of programmes (focusing on skill and entrepreneurship development) that NIRD & PR should undertake to address the problems of informal sector through convergence of skill and entrepreneurship development.

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