

## POVERTY ANALYSIS OF INFORMAL LABOUR IN IMPHAL CITY, MANIPUR

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### ABSTRACT

Poverty is a social and economic challenge in developing countries. The informal labourers are the most affected working group. The overall average income per working day and annual income across all categories of informal labourers are observed as ₹485.04 and ₹96718.04, respectively. The paper highlights that the overall average daily income across all categories of informal labourers is observed as ₹485.04. By applying Foster-Greer-Thorbecke (FGT) indices (1984), the study reveals that 78% of informal labour (respondents) fall below the poverty threshold with poverty gap index  $P1 = 58.57$  and poverty severity index  $P2 = 16.40$ . By occupation, the highest incidence of poverty below the poverty threshold is observed among cobblers (100.00%) and domestic helpers (100.00%).

**Keywords:** Income, Poverty, Informal labour, Manipur

### 1.0 INTRODUCTION

“Poverty is one of the defining challenges of the 21st Century facing the world” (Gweshengwe et al., 2020). In 2019, about 1.3 billion people were living under poverty in 101 countries of the world (United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2019). Poverty may be referred to a condition that an individual or household absences the resources to afford a basic minimum standard of living (World Bank, 1990). Poverty is an economic and social problem which is directly concerned with level of income of the individuals and nation. A poverty line acts as the foundation for the measures of poverty (Bharat Singh, 2023). Therefore, the poverty line is the lowest amount of money that can be able to afford the necessity of an average individual life without endangering their general health. Income is the key measurement of poverty for a country or an individual. Annual income of a working person directly relates to determination of poverty line. Among the economic activities, informal economic activities are the dominated activities engaged by the people in the developing countries. Informal workers are disproportionately represented among the poor due to irregular income, absence of social protection, and vulnerability to market shocks (Melis Guven, Himanshi Jain, and Clement Joubert, 2021). Construction workers, street vendors, and agricultural labourers often operate at subsistence levels, with seasonal or uncertain earnings that push households into cycles of chronic poverty (Banerjee & Duflo, 2006). The Poverty Index reflects the extent of economic deprivation among informal labourers, capturing not only income poverty but also multidimensional aspects such as lack of

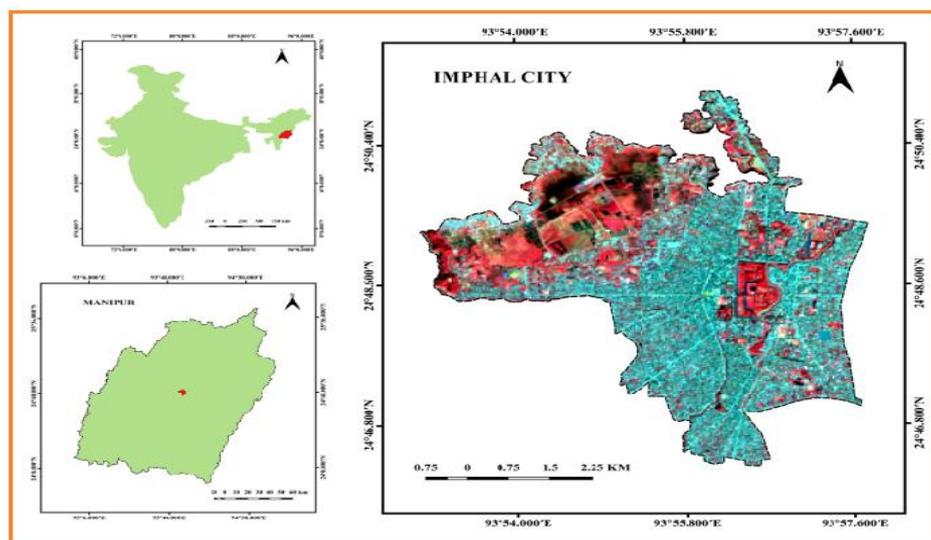
housing, inadequate nutrition, limited education, and poor access to healthcare (Alkire & Santos, 2013) The Poverty Index thus provides a comprehensive measure of deprivation that extends beyond monetary income, highlighting the need for targeted poverty alleviation programs for informal sector households.

Informal workers constitute over 90 percent of India's workforce (Mallick, 2023; Singla, 2023, Srija & Shirke, 2014). The unorganized sector in India employs 93% of the workforce, with 79% belonging to poor and vulnerable sections, facing low wages, harsh conditions, and limited access to healthcare, exacerbating poverty among informal workers and their families (Sheikh & Chavan, 2023). Most of the informal labourers are confined to the cities or urban areas. In the report of Planning Commission of India (2013), Manipur is endowed with increasing percentage of poverty from 33.78 % of the total population in 1994 to 36.89 % in 2011. Out of the 29 states of India, the state is ranked at 27th position scoring 39 out of 100. "Presently, Manipur as many other developing States, is encountered with the socio-economic problems arising mainly due to unemployment and poverty" (Sanjoy & Tomba, 2013).

Per capita income (PCI) of informal workers is needed to examine how much they are living under below poverty line. In the cities or urban centres, issues of poverty are directly related with PCI of informal labour. This paper attempts to present the extent of poverty in informal labour.

## 2.0 AREA OF THE STUDY

The present study covers Imphal City which is located at the Manipur, a state of India. At present, it is under the Imphal Municipal Cooperation (IMC), the government of Manipur. Imphal city which is classified as the only Class I city in the state acts as a primate city and also provides livelihood of the workers of both formal and informal economy. The Imphal city is the heart as well as business centre of the state with the area of about 34.75 Sq. km located at  $93.57^{\circ}$  E longitude and  $24.50^{\circ}$  N latitude shown in figure 1. As per the Census 2011, the total population of the city is 2,68,243 of which male and female are 130,735 and 137,508 respectively. Imphal had a sex ratio of 1052 females per 1000 males. The population of the city is increasing day by day due to intra state migration and rural-urban migration within the state.



### Figure 1: Imphal Municipal Cooperation, Manipur

The unique characteristic of the city is the nature of Ima Keithel called 'Women's Market'. Ima Keithel provides economic space for women, specially of vendors (Gyaneshwori Thangjam, & Halfida Begum (2024). Other noteworthy markets of the city are Poona Bazar, Thangal Bazar and others market centres. The city functions as the administrative, commercial, historical and religious and educational town as per the functional classification of town. Peculiar feature of the city is that the rivers named Imphal River and Numbul River pass through the city. Physiographically, the city is being a part of central valley called Imphal Valley

### 3.0 REVIEW OF RELATED LITERATURES

Sánchez Torres & Sánchez Torres (2020) analysed the link between labour informality and poverty in Colombia by estimating earnings gaps and calculating the effect of formalization on poverty reduction. The paper highlighted that labour informality in Colombia is linked to poverty with a 37–44 percent earnings gap between formal and informal workers. Eliminating informality could reduce poverty by approximately 40 percent. Kume & Trebicka (2016) examined that poverty and informal employment are correlated phenomena, with informal work serving as a coping mechanism for the poor. Informal employment significantly impacts household poverty primarily due to low wages and both are persistent processes at the individual level in Albania. Roy & Kundu (2020) attempted to explain poverty among informal workers in India revealing that poverty incidence is highest among informal workers in the formal sector in rural areas, while urban areas show the opposite trend. Singla (2023) studied on informal sector workers in India. The work reveals that informal workers comprise about 90% of the workforce with facing acute poverty. Over 21 percent of women domestic workers live below the poverty line, exceeding the state's average, highlighting their status as the poorest of the poor.

Poverty in Manipur is intricately linked to social conflict, underscoring the need to address economic well-being, socio-cultural identity, and political participation in order to mitigate ethnic conflicts, disruptions, and displacement that exacerbate poverty in the region (Kumar et al., 2012). Women in Manipur predominantly engage in informal work, characterised by low productivity and insecurity, which contributes to their economic vulnerability. This situation reflects the broader context of poverty affecting informal workers in the region (Gurumayum, 2014). According to the report of NITI Aayog, for poverty, Manipur is the second-highest state in North Eastern region of India next to Tripura, with 38.0 % in 2023, but as compared to the 36.9% in 2011-12 and 38.0% in 2004-05.

In Manipur, there is a research gap in the area of informal labour and poverty. The paper examined the income structure of various informal labourers in Imphal city in order to analyse the poverty index of the informal workers.

### 4.0 OBJECTIVES OF THE STUDY

The primary objective of the study is to analyse the poverty of informal labour in Imphal city. It specifically focuses-

1. To examine the income structure of Informal labour in Imphal City.
2. To analyse the poverty headcount, poverty gap and poverty severity of the informal labour in the city.

## 5.0 MATERIALS AND METHODS

The present study is based on both primary and secondary sources of data. 367 Samples collected through a survey using an interview schedule, which is determined by William G. Cochran's formula of sample size determination, are used as primary data for the analysis. The data regarding per capita income of the states published by the Economic Survey 2024-25, Government of India, NITI Aayog Report, 2023, are also used for analysis.

For poverty analysis, the Foster-Greer-Thorbecke (FGT) indices (1984), are used to measure poverty in three dimensions: incidence (head count ratio), intensity (poverty gap index), and severity (squared poverty gap index). The formula of FGT is expressed as follow.

$$P_{\alpha} = \frac{1}{n} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)^{\alpha}$$

Where  $P_{\alpha}$  is the poverty index,  $n$  is the total population,  $q$  is the number of poor individuals under the poverty line,  $z$  is the poverty line,  $y_i$  is the income of the individual  $i$ , and  $\alpha$  is the determination of the severity of the index to poverty,

For the specific of  $\alpha$ , when  $\alpha = 0$ ,  $P_{\alpha}$  signifies the headcount index (PI), when  $\alpha = 1$ ,  $P_{\alpha}$  represents the poverty gap index ( $P_1$ ), and when  $\alpha = 2$ ,  $P_{\alpha}$  denotes the squared poverty gap (poverty severity) index ( $P_2$ ).

Types and Distribution of Informal Labour used:

The study primarily focuses on the analysis of income and poverty of informal labourers in Imphal City. For the analysis, 367 samples comprising twelve types of informal labour are shown, and the percentage of samples of each domain is listed in Table 1.

**Table 1: Informal Labour Types and Sample Distribution**

	Types of Informal Labour	No. of Samples	Percentage
I.	Market vendor	74	20.2%
II.	Street vendors	62	16.9%
III.	Mobile street vendor	51	13.9%
IV.	Daily wage labour works	38	10.4%
V.	Puller Potters	38	10.4%
VI.	Rickshaw Driver	19	5.2%
VII.	Cobbler	13	3.5%
VIII.	Barber	13	3.5%
IX.	Tailor	15	4.1%

X.	Domestic Helper	16	4.4%
XI.	Loading and Unloading workers	14	3.8%
XII.	Construction workers	14	3.8%
	Total Sample	367	100

**Source:** Computed by Authors from field survey, 2024

## 6.0 RESULT AND DISCUSSION

**Income Level:** Income is one of the important indicators of the poverty index. The level of income of the individual or family is positively related to a decent standard of living. In fact, the per capita income of the family is closely related to health, education, public participation and welfare of the family.

Table 2 highlights the daily income structure of various categories of informal labourers in Imphal City. The findings indicate significant variations in income across different types of informal work. Among all categories, street vendors reported the highest average daily income as ₹609.68, closely followed by market vendors of ₹599.46. These two categories are marked as significantly better than the overall total income, reflecting their relatively stable and higher-earning nature of work compared to other informal occupations. On the other hand, the lowest daily income is observed in domestic helpers with ₹234.38, highlighting a vulnerable economic class within the informal sector. Rickshaw drivers (₹324.21), cobblers (₹376.15), and mobile vendors (₹392.94) also reported relatively low earnings, which represent limited income security in these occupations. In contrast, occupations such as barbers (₹530.77), tailors (₹474.00), construction workers (₹472.14) and those engaged in loading and unloading work (₹472.14) fell within a moderate-income range.

**Table 2: Daily Income Structure of Informal Labour, Imphal City (in Rs)**

Labour Types	Average Income per Working Day in Rs	Average Annual Income in Rs	Remark based on Minimum Rate of Wage*
Market vendor	599.46	104346.5	Above Unskilled Labour
Street vendor	609.68	94882.62	Above Unskilled Labour
Mobile vendor	392.94	93251.76	Below Unskilled Labour
Daily wages Labour	406.32	87284.21	Above Unskilled Labour
Puller and potter	482.63	103225.3	Above Unskilled Labour
Rickshaw driver	324.21	81107.37	Below Unskilled Labour
Cobbler	376.15	87535.38	Below Unskilled Labour
Barber	530.77	105507.7	Above Unskilled Labour
Tailor	474.00	108000	Above Semi-skilled Labour
Domestic helper	234.38	73845	Below Unskilled Labour
Loading and unloading	472.14	110708.6	Above Unskilled Labour
Construction worker	472.14	105920	Above Unskilled Labour

<b>Total</b>	<b>485.04</b>	<b>96718.04</b>
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**Source:** Computed by authors from Field Survey, 2024

\*Minimum Rate of Wage, Manipur Gazette No. 46 Part II A Wednesday March 12 2025 (Phalguna 1946) - Minimum wage rate of unskilled labour: Rs 400, and Semi-skilled labour: Rs 440

The overall average income per working day and annual income across all categories of informal labourers are observed as ₹485.04 and ₹96718.04, respectively. Among the informal labourers, the loading and unloading service is marked as the highest average annual income with Rs 110708.6, followed by the barber of Rs 105507.7. The study resulted in domestic helpers earning Rs 73845 per annum, which is the lowest income group. It indicates that domestic helpers are included in the economically insecure and socio-economically vulnerable.

The analysis presents that all the categories of informal of the city earn average annual income below the state poverty line of ₹111,853, the Net State Domestic Product per capita income (NSDP PCI) 2022–23 and Rs 99404, Per capita net national income based on Constant prices, 2022-23 (1st Revised estimate). Only six types of informal labour, namely loading and unloading, tailor, barber, market vendor, puller and potter, and construction workers, generate annual income above 1 lakh rupee and fall above the per capita net national income based on Constant prices, 2022-23 (1st Revised estimate).

**Table 3: Annual Income of Informal Labour Imphal City, 2024 (in Rs)**

Minimum income	Maximum income	Average income	Std. Deviation	Variance	Skewness
38400	172800	96718.04	19993.28	399731405.98	0.37

**Source:** Computed from Field Survey, 2024

The descriptive statistics of the annual income of the informal labourers show that annual income among informal labourers ranged from ₹38,400 to ₹172,800, with a mean income of ₹96,718.04 (SD = 19,993.28). This indicates that, on average, informal workers earn less than ₹1,00,000 annually, which reflects modest and often precarious income conditions in this sector. The variance in income was 399,731,405.98, suggesting considerable dispersion in earnings across different types of informal occupations. The skewness value of 0.37 (SE = 0.13) indicates a slight positive skew in the income distribution, implying that while most labourers earn around the mean, a smaller proportion of workers earn higher incomes, pulling the distribution to the right.

These findings underscore the heterogeneity of income opportunities in the informal sector, where certain occupations, such as vending, provide comparatively better financial returns, while others remain associated with economic precarity. The disparities observed highlight the need for policy interventions aimed at enhancing income stability and social protection for the more vulnerable segments of informal labourers. Overall, these findings highlight that informal

labourers in Imphal City experience relatively low but varied levels of income, with significant disparities existing between higher- and lower-income groups. The distribution further suggests the presence of income inequality within the informal labour sector, reinforcing the need for inclusive economic measures to improve the financial well-being of the most vulnerable workers.

**Poverty Index:** Various indices of poverty among informal labourers in Imphal City is measured and examined by using the Foster–Greer–Thorbecke (FGT) based on ₹111,853 as the poverty line reported from the Net State Domestic Product per capita income (NSDP PCI) for 2022–23 illustrated in Table 4. The result of Table 4 shows that the overall percentage of poverty within types of Informal labour is 77.93 per cent out of 367 respondents, indicating a substantial proportion of informal workers live below the poverty line. The poverty head count of informal labour (77.93%) is higher than the overall state poverty of 36.89 % in 2020-21 (NITI Aayog, 2023) and 8.10% in 2019-21 (Kumar & Solomon, 2024), which is twice the time. Disaggregated by occupation, the highest incidence of poverty was found among cobblers (100.00%) and domestic helpers (100.00%), indicating that all workers in these categories were below the poverty threshold. Rickshaw drivers (94.74%), mobile vendors (92.16%), and daily wage earners (89.47%) also recorded critically high poverty levels. In contrast, barbers (61.54%) and loading/unloading workers (50.00%) reported relatively lower levels of poverty, though still significant.

The poverty gap values were particularly high among street vendors (10.01) and daily wage earners (8.53), signifying deeper income shortfalls below the poverty line in these groups. The lowest poverty gap was observed in the loading and unloading labour force with  $P_1=0.49$ . The overall poverty gap index ( $P_1 = 58.57$ ) highlights the average shortfall of incomes from the poverty line, underscoring the substantial depth of poverty among this group.

**Table 4: Poverty Index of FGT, Informal labour, Imphal City, 2024**

Labour Types	No. of Respondent	Head Count (PI)	Poverty gap ( $P_1$ )	Poverty Severity ( $P_2$ )	Percentage of Poverty within the type of labour	Rank based on Percentage of Poverty*
Market vendor	74	51	9.08	2.06	68.92	6
Street vendor	62	48	10.01	2.77	77.42	5
Mobile vendor	51	47	9.24	2.13	92.16	3
Daily wages	38	34	8.53	3.25	89.47	4
Puller and potter	38	24	4.50	1.21	63.16	9
Rickshaw driver	19	18	4.87	1.63	94.74	2
Cobbler	13	13	2.98	0.80	100.00	1
Barber	13	8	1.12	0.18	61.54	10
Tailor	15	10	1.37	0.26	66.67	7
Domestic helper	16	16	5.31	1.90	100.00	1
Loading and unloading services	14	7	0.49	0.05	50.00	11
Construction worker	14	10	1.06	0.14	64.29	8
<b>Over all</b>	<b>367</b>	<b>286</b>	<b>58.57</b>	<b>16.40</b>	<b>77.93</b>	

**Source:** Computed from Field Survey, 2024,

\*Poverty Line: Rs 111853 (NSDP PCI 2022-23)

Poverty severity was most pronounced among daily wage earners (3.25) and street vendors (2.77), reflecting greater income inequality among the poor within these categories. The overall value of the poverty gap index,  $P2 = 16.40$ , reveals the poverty severity among the informal labourers of the city. Furthermore, the poverty severity index ( $P2 = 16.40$ ) demonstrates the inequality among the poor, suggesting that the intensity of poverty is not evenly distributed, with some labourers facing much deeper deprivation than others. The intensity of poverty of Manipur was 41.91% in 2019-21 based on the Multidimensional Poverty Index (MPI) (Kumar & Solomon, 2024). Overall, these findings indicate that informal labourers in Imphal City are highly vulnerable to poverty, with certain groups, such as cobblers, domestic helpers, and rickshaw drivers, facing extreme economic insecurity. The variation across occupational categories underscores the need for targeted social protection and poverty alleviation policies to reduce deprivation in the informal sector.

These findings collectively reveal that informal labourers in Imphal City experience widespread, deep, and severe poverty, making them economically highly vulnerable. The evidence reinforces the need for focused social protection measures, income support schemes, and livelihood interventions to mitigate the depth and severity of poverty within the informal sector. The number of individuals who are living under poverty is observed as 285 out of the 367 population. The head count index represents the proportion of individuals under the poverty line to the total population is 78 % which is very high. It denotes that more than three-fourths of the informal labourers or workers are living below the poverty line and are categorised as poor people.

## 7.0 CONCLUSION

The overall average daily income across all categories of informal labourers is observed as ₹485.04, which is lesser than the minimum daily wages of Rs 541 as per the minimum rate of wages, Ministry of Labour and Employment, Government of India, 2025. The lowest average daily income of Rs 234.38 and the highest income of Rs 609.68 are found in domestic helpers and street vendors, respectively. The paper also highlighted that the average annual income of informal labour is observed as Rs 96718.04, which is lower than the state average annual income of Rs 111,853 (NSDP PCI 2022-23). The present study reveals that informal labourers in Imphal City experience widespread, deep, and severe poverty. It has resulted that 78% of informal labour (respondents) fall below the poverty threshold with poverty gap index  $P1 = 58.57$  and poverty severity index  $P2 = 16.40$ .

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