

CONCEPTUAL VALIDITY OF THE INFORMAL SECTOR

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Ever since Keith Hart (1973) introduced the idea of the informal sector in his dualistic classification of the urban economy there has been a tremendous response from academics, policy makers and politicians all over the world as regards its relevance in most developing countries. In fact, it has been suggested that the informal sector concept can be used as an instrument of policy for the creation of employment opportunities in the urban economies of these countries which record a high incidence of unemployment of the urban work force.

The idea of the informal sector and its potential for employment creation has gained substantial attention in the Sri Lanka context as well. It is contended that in the city of Colombo the informal sector has been responsible for the easing of the burden of unemployment and that the informal sector comprises an important component of the total employed in the city. It is further suggested that the informal sector is likely to be a key factor in the selection of employment strategies for city development.

However, the very conceptual basis of the informal sector seems to be weak and not amenable to scientific analysis. Further, the inclusion of a wide variety of concerns under the informal sector renders it to be a rather meaningless categorisation.

The objective of this paper is to bring into focus these shortcomings and to explore the possibility of alternative approaches to tackle the problem of urban unemployment in Sri Lanka by injecting a degree of pragmatism which may lead to workable solutions.