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An Analytical Study of the Informal Sector Economy and Hotel Labour Challenges: A Case Study of New Digha, West Bengal

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Abstract: This research paper explores the socio-economic impacts of the COVID-19 pandemic and subsequent national lockdowns on the informal economy and hospitality sector in New Digha, Purba Medinipur, West Bengal. As a premier coastal tourism hub, New Digha's economy is heavily dependent on a vast network of informal traders and hotel workforces. The study employs a case study approach to analyze the vulnerabilities of these groups, focusing on shifts in income, employment status, and livelihood strategies during and after the lockdown period. The research utilizes primary survey data collected from various informal participants, including stall owners, street traders, and hotel employees. Geographic analysis was supported by Land Use Land Cover (LULC) mapping and Slope mapping to understand the physical and functional morphology of the study area. Economic Loss: Approximately 52.85% of informal traders reported significant income loss, while 21.42% faced the double burden of income loss and product expiration. Informal Sector Composition: The informal market in New Digha is dominated by food shops (35.71%) and shopping/accessories stalls (41.42%), with the majority of traders (57.14%) earning a monthly income between ₹1,000 and ₹10,000. Hotel Industry Impact: Most hotels in the region remained closed for 12–16 months. This led to a sharp decrease in the workforce; while many workers originated from West Bengal (42.85%) and Odisha (34.28%), a significant portion of the staff resigned due to salary issues or to seek better job facilities elsewhere. Livelihood Shifts: During the lockdown, 60% of respondents were unable to find any work, while others temporarily shifted to manual labor (25.71%) or agriculture (11.42%) for survival. Lack of Support: Notably, the study found that 100% of the surveyed informal traders reported receiving no financial assistance from the government during the crisis. The findings highlight the extreme fragility of the tourism-dependent informal sector. The paper emphasizes the need for sustainable tourism development and policy interventions to provide a safety net for unorganized workers to mitigate the impact of future economic shocks.

Keywords: Informal Economy, COVID-19 Lockdown, New Digha, Tourism, Hotel Labour, Socio-economic Impact, West Bengal.

Author Contributions

- Mintu Jana: Conceptualization, Methodology, Data Curation, Field Survey, Formal Analysis, and Writing – Original Draft.



- Mrs. Taniya Roy: Software, Visualization, Mapping (LULC and Slope analysis), and Data Validation.
- Dr. Dipak Bisai: Supervision, Project Administration, Critical Revision of the manuscript, and Technical Guidance.

1. Introduction

The informal or unorganized sector in India represents a critical segment of the national economy, contributing to more than 50% of the total Gross Value Added (GVA). The First Indian National Commission on Labour (1966-69) defines this workforce as those who are unable to organize themselves due to constraints such as the casual nature of employment, illiteracy, and the small, scattered size of their establishments. In the Indian context, the terms "unorganized" and "informal" are used interchangeably to describe enterprises operated by own-account workers or those employing hired labor, typically as proprietary or partnership enterprises. The informal sector's presence is most dominant in agriculture, followed by trade, construction, real estate, and professional services. Despite its vast scale, administrative data on these enterprises remains limited, making periodic surveys essential for understanding their economic contributions and challenges. The outbreak of COVID-19 and the subsequent nationwide lockdowns severely impacted the tourism and informal sectors in New Digha, a popular coastal destination in West Bengal. This study addresses the emerging socio-economic and socio-cultural problems in this region, where hotels and small-scale traders faced severe income loss, low sales, and the expiration of products. By focusing on the economic hardships of hotel employees and informal workers, this research seeks to identify critical gaps and provide insights for sustainable tourism development.

2. Informal Sector

Unorganized Workforce: Defined by the First Indian National Commission on Labour (1966-69) as workers who cannot organize for their common interests due to constraints like casual employment, illiteracy, and small, scattered business sizes. **Enterprise Structure:** It primarily consists of proprietary and partnership enterprises operated by own-account workers or unorganized units employing hired labor. **Economic Scale:** The informal sector contributes more than 50% of India's total Gross Value Added (GVA), with the highest concentration in agriculture, followed by trade, construction, and professional services.

❖ Types of Informal Entities in New Digha

The study identifies several specific types of informal traders and shops in the tourism region:

- Stalls (25.71%): Fixed retailers who do not move their place of business.
- Street Stall Holders (22.85%): Small-scale traders dealing in cheap variety goods like toys or soft drinks.
- Street Traders (15.71%): Found in high-traffic areas (bus stands, beaches) selling common consumer items.
- Itinerant Retailers (12.85%): Traders without a fixed place who move their "shop" daily, such as ice cream or tea vendors.
- Peddlers (11.42%): Door-to-door or traveling vendors.
- Fixed Shops (7.14%): Shops often set up illegally on government land or roadsides.

Socio-Economic Profile

- Income: Most traders (57.14%) earn a monthly income between ₹1,000 and ₹10,000.
- Gender and Age: The sector is male-dominated (84.28%), with the majority of workers falling in the 29–39 year age bracket.



- Local Dependency: About 77.14% of these traders come from nearest villages like Khadalgobra and Chapabani .

Impact of Lockdown

The informal sector in New Digha is entirely dependent on tourist movement. During the COVID-19 lockdown:

- Losses: 52.85% of respondents suffered direct income loss, while others faced additional losses from expired products and cyclone damage.
- Alternative Livelihoods: Since 60% of workers found no work during the lockdown, some were forced into daily manual labor (25.71%) or agriculture (11.42%) .
- Institutional Support Gap: A significant finding was that 100% of the informal traders surveyed received no financial help from the government during the pandemic.

2. Selection and Location of the Study Area

New Digha, located 187 km southwest of Kolkata, was selected for this study due to its significance as a major source of revenue for West Bengal and its role as a proxy for the state's broader economic conditions. Geographically, it is situated at 21°38'18"N latitude and 87°30'35"E longitude with an average elevation of 6 meters. The area attracts a diverse workforce from across West Bengal and neighboring states, many of whom were forced to return home during the pandemic, leading to a rapid decline in the local tourist economy.

1. Geographical Setting: The study is centered on New Digha, the most prominent coastal tourism destination in the state of West Bengal. It is situated approximately 187 km southwest of Kolkata. Geographically, it is located at 21°38'18"N latitude and 87°30'35"E longitude.

2. Administrative Division: Administratively, New Digha falls under the Ramnagar-I Community Development (CD) Block, within the Contai Sub-division of the Purba Medinipur district, West Bengal. It serves as a vital economic hub for the coastal belt of the Bay of Bengal.

3. Physical Characteristics: The area has an average elevation of approximately 6 meters (20 feet) above mean sea level. The study utilizes Land Use Land Cover (LULC) and Slope mapping to analyze the physical morphology and functional layout of the region.

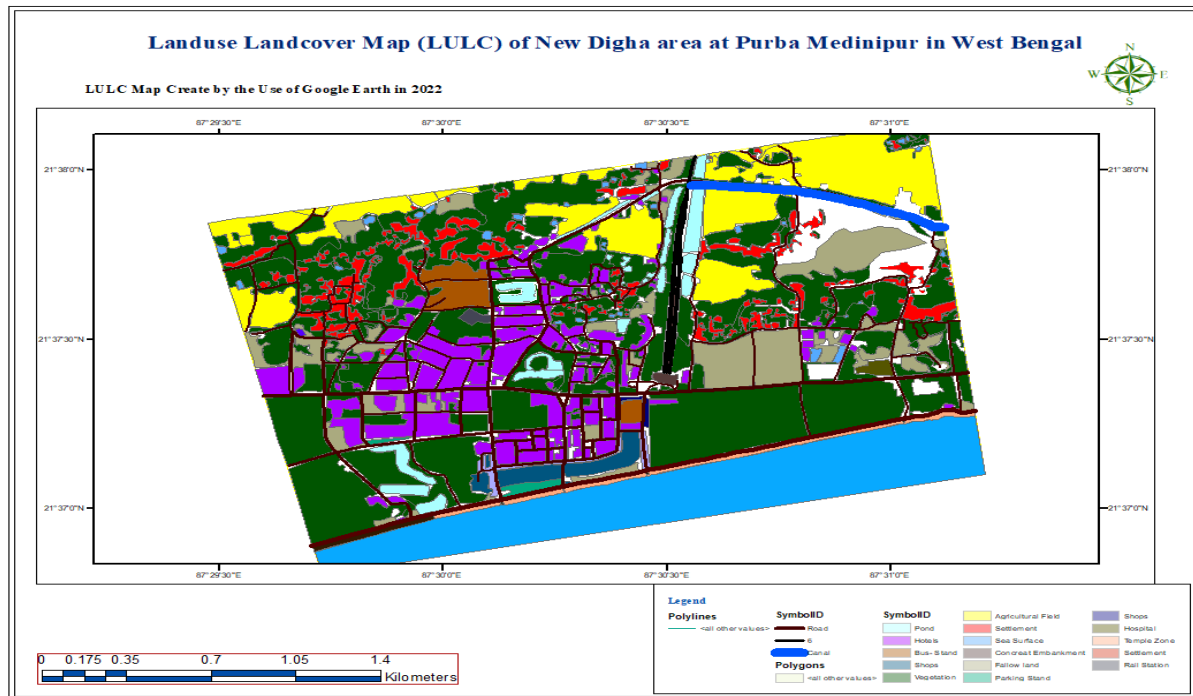
3. Research Objectives

The primary objectives of this study are:

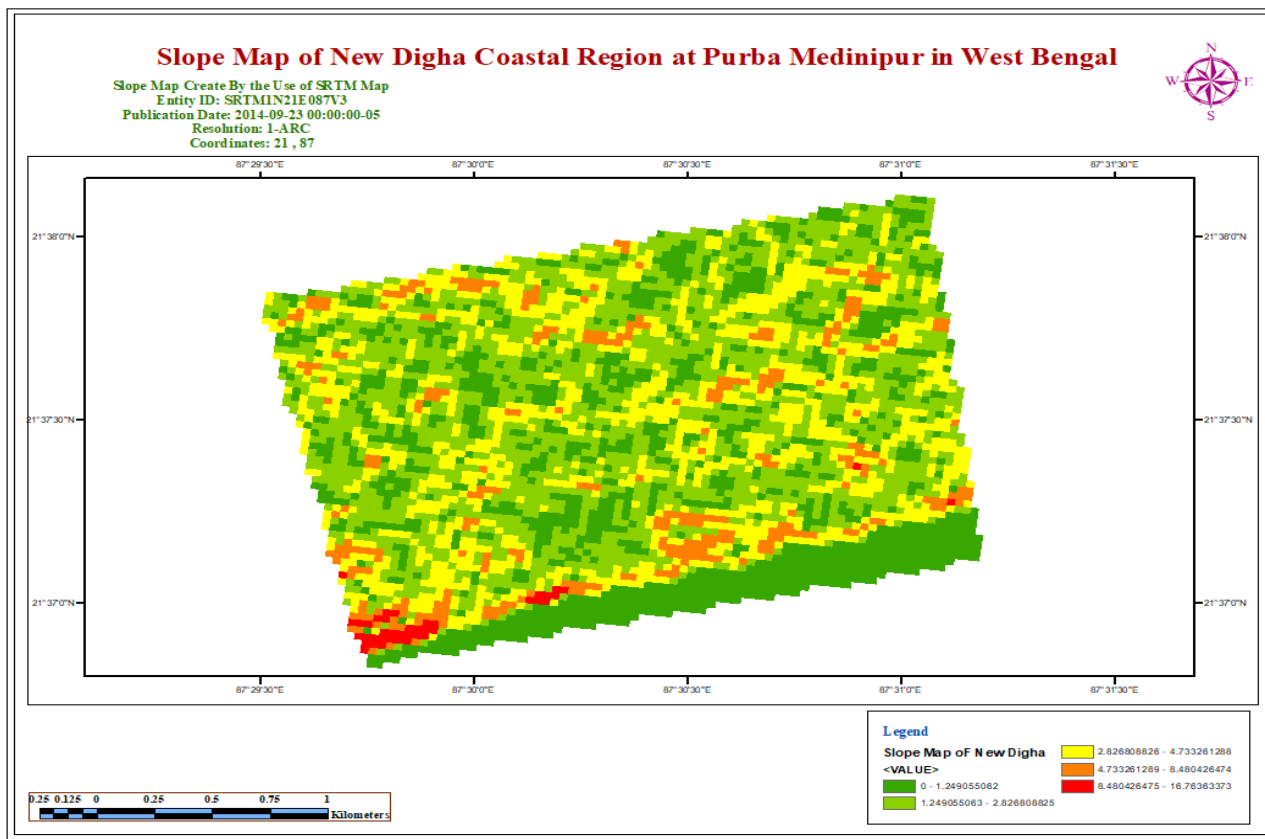
1. To identify the structure of the informal economy in the selected study area.
2. To examine the hotel economy during and after the lockdown period.
3. To analyze the sufferings of hotel workers and labor under lockdown conditions.
4. To study the broader impact of the lockdown on the regional tourist economy.
5. To evaluate the impact of the COVID-19 pandemic on the jobs, income, and savings of local households.

4. Result and Discussion

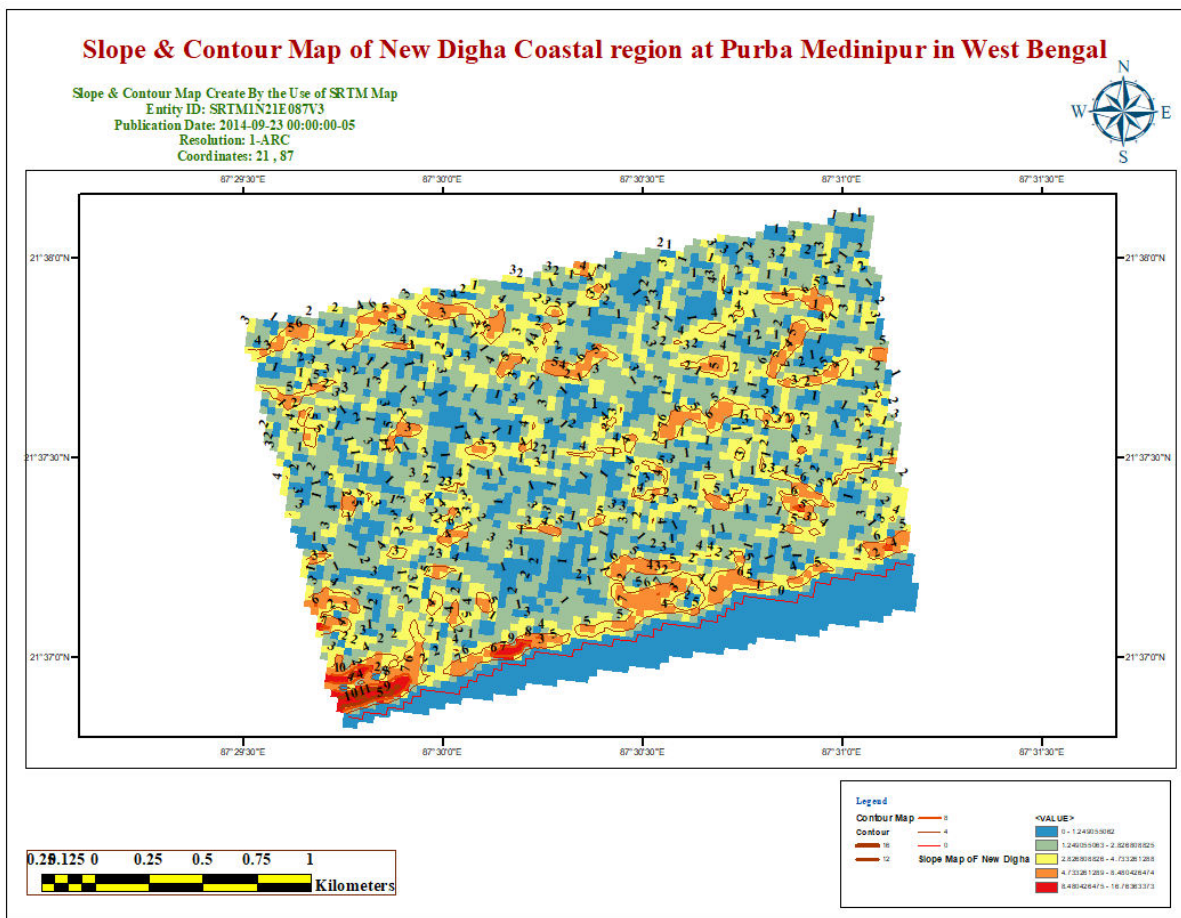
i) *LULC Map*



ii) *Slope map*



iii) *Slope and Contour*



iv) *Informal Sector Study*

Table-1: Type of informal sector

TYPE	NO OF RESPONDENT	Percentage
STALL	18	25.71
STREET TRADERS	11	15.71
STREET STALL HOLDER	16	22.85
PADDLER	8	11.42
ITINERAUT-RETALER	9	12.85
FIXED SHOP(NOT STALL)	5	7.14
CYCLE & BIKE TRADERS	3	4.28

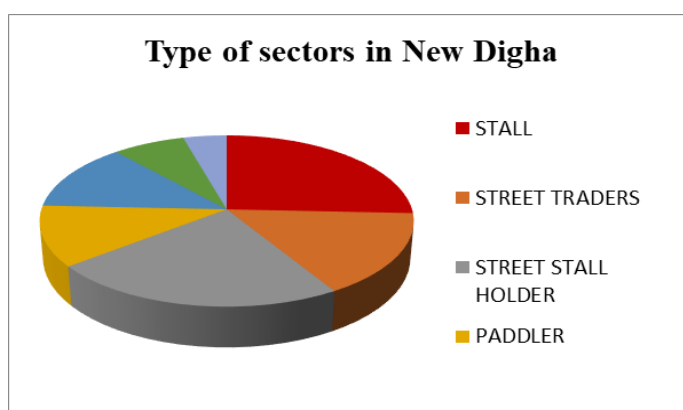


Table-2.shope type

SHOP TYPE	NO OF RESPONDENT	Percentage
HAND CRAFT	1	1.42
ICE CREAM/LOSSI	11	15.71
FOOD	25	35.71
SHOPING & ACCESSORIES	29	41.42
GROCERRY	1	1.42
OTHERS	3	4.28

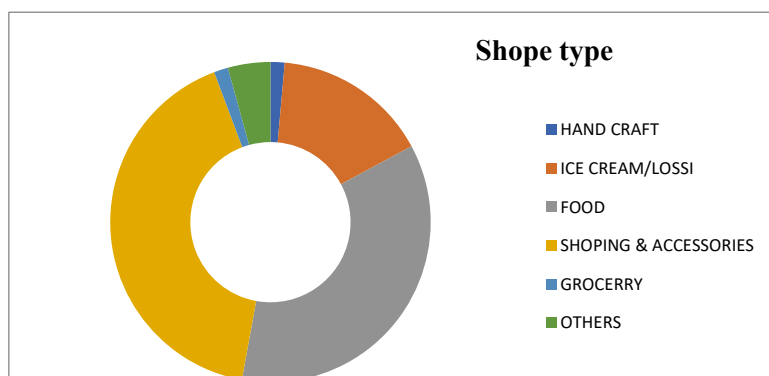


Table-3.Duration of traders

Duration of traders	No. of respondent	Percentage
0-10 years	37	52.85
11-20 years	21	30
21-30 years	8	11.42
31-40 years	1	1.42
41-50 years	1	1.42
>51 years	1	1.42

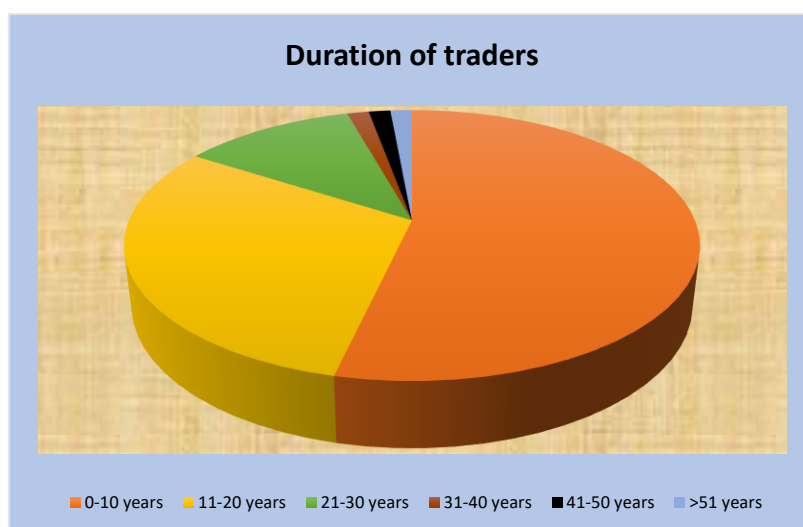


Table-4.Trader monthly income

Traders monthly income (Rs)	No. of respondent	percentage
1000-10000	40	57.14
10001-20000	12	17.14
20001-30000	6	8.57
30001-40000	1	1.42
40001-50000	1	1.42
>500001	10	14.28

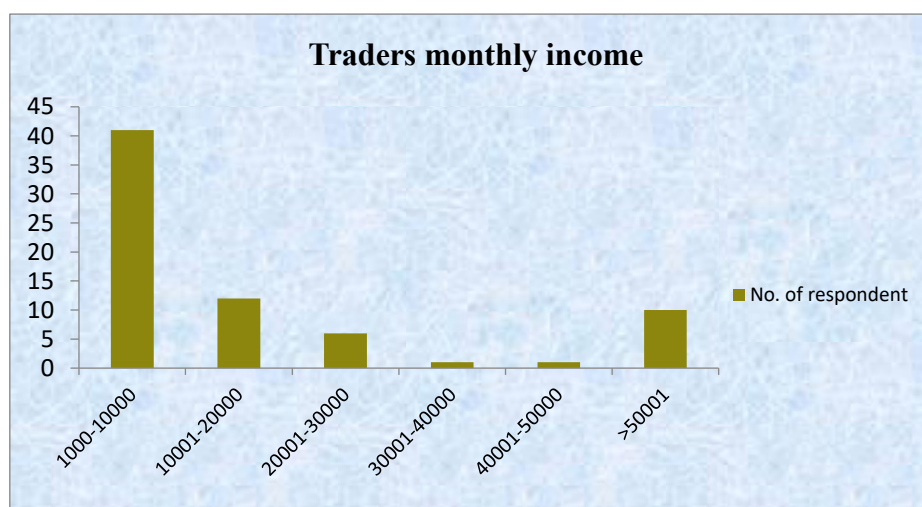


Table-5.Traders sex

Traders sex	No. of respondent	percentage
Male	59	84.28
Female	11	15.71



Table-6. Trader’s age

Traders age	No. of respondent	Percentage
18-28y	15	21.42
29-39y	23	32.85
40-50y	19	27.14
51-61y	9	12.85
>61y	5	7.14

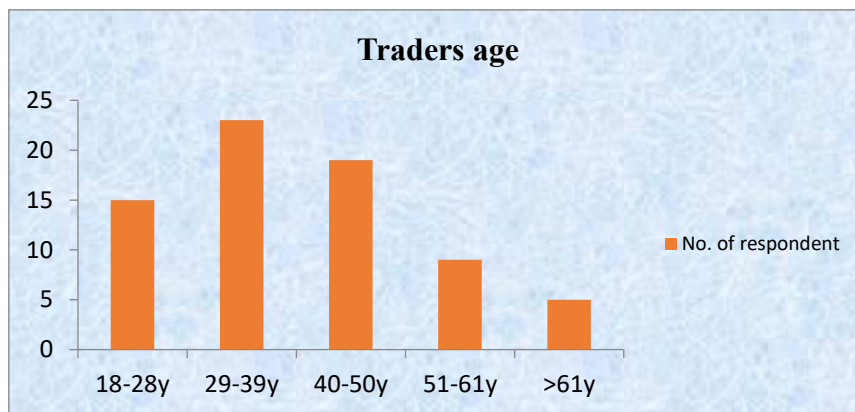


Table-7.Traders come from which place

Traders came from which place for trade	No. of respondent	Percentage
Nearest village(1-15km)	54	77.14
Orrisa(16-30)	7	10
Contai(30-44km)	3	4.2
Medinipur(45-100km)	2	2.85
Kolkata(101km)	1	1.42
Others	2	2.85

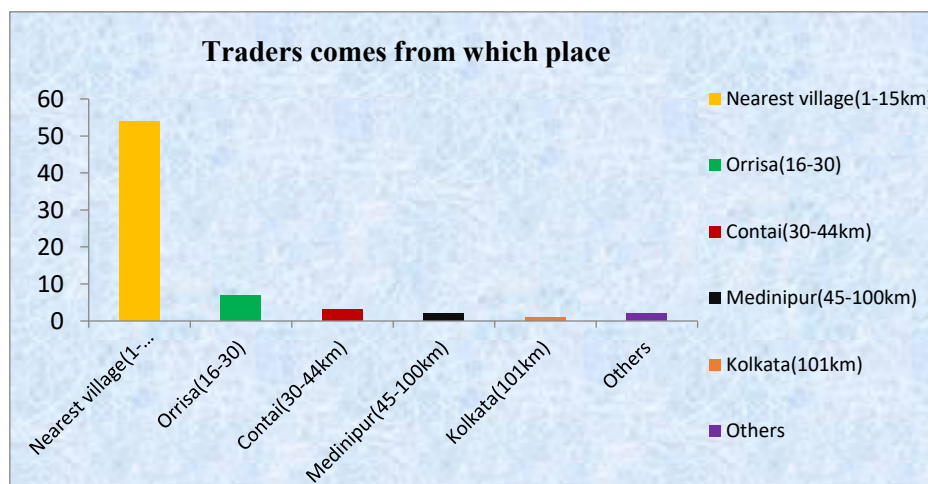


Table-8. No. of traders family members

No. of traders family	No. of respondent	Percentage
1-3 persons	11	15.71
4-6 persons	40	57.14
>7 persons	19	27.14

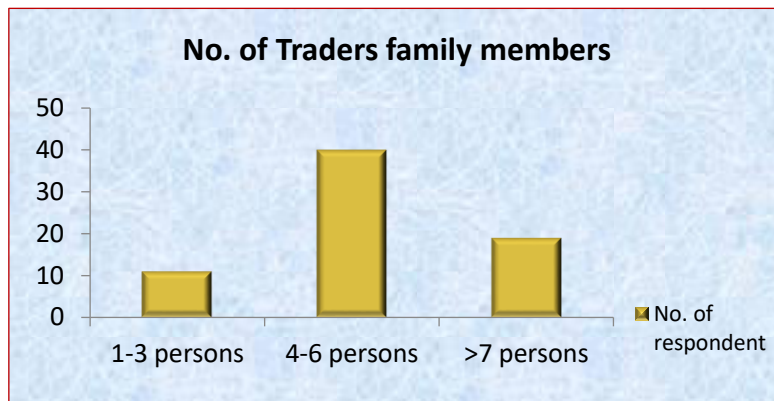


Table-9 Trader any donation for opening shop

Any donation for opening	No. of respondent	Percentage
Yes	11	84.28
No	59	15.71



Table-10.traders which occupation accepted during lockdown period

Occupation accepted during lockdown	No. of respondent	Percentage
Labour	18	25.71
Agriculture	8	11.42
Fishing	2	2.85
Van/others	2	2.85
Nothing	42	60

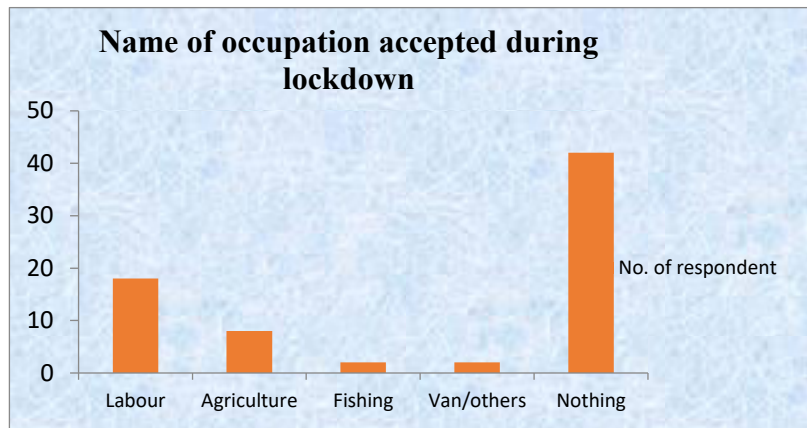


Table-11.traders monthly income from the other temporary work

Monthly income of other temporary work(RS)	No. of respondent	Percentage
0-1000	41	58.57
1001-2000	7	1
2001-3000	7	1
3001-4000	3	4.28
>4001	14	20

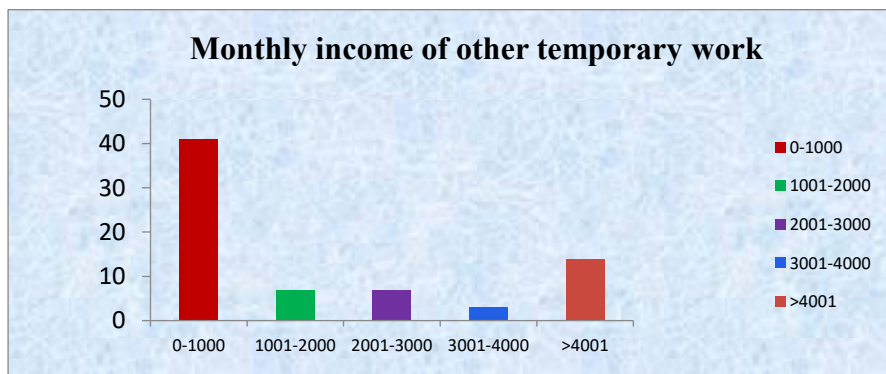


Figure-13: Shows the monthly income of other temporary work.

The total traders income saw a steeper drop in income during temporary work most.

How much months worked temporary work	No. of respondent	Percentage
0-6 M	48	68.57
6-1 Y	9	12.85
1-1.5Y	5	7.14
>1.5	9	12.85

Table-12.How much months worked in other others occupation during lockdown

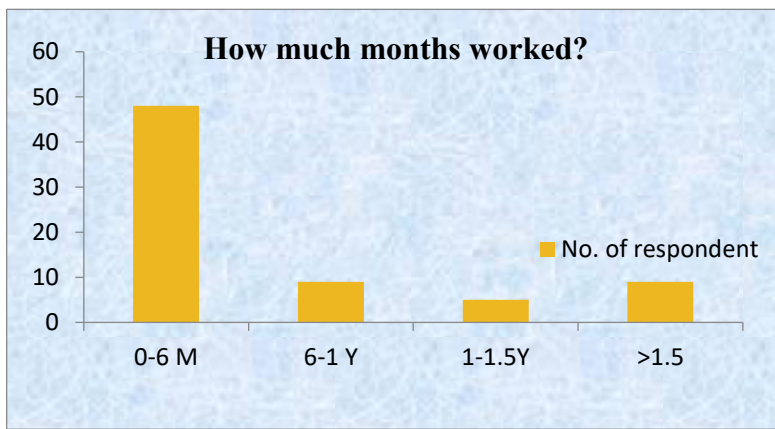


Table-13.Migrated distance for temporary work

Migrate distance for temporary work	No. of respondent	Percentage
1-2km	14	20
2-3km	6	8.5
3-4km	4	5.7
Above 4km	7	10
Work at home	41	58.57

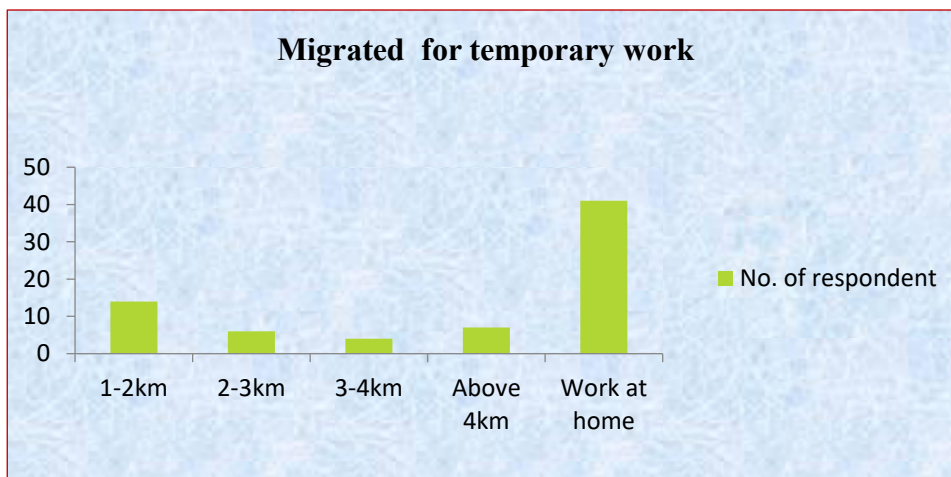


Table-14. Are you effected COVI19 during work in new Digha

No. of traders who effected covid19	No. of respondent	Percentage
Yes	4	
No	66	

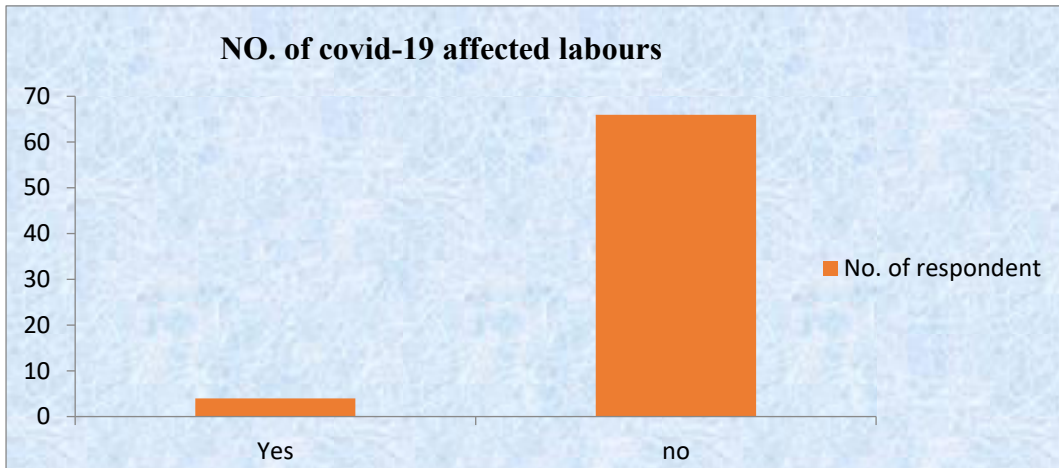


Table-15. How much members effected covid19 for traders in New digha

No. of memebers	no. of respondent	Percentage
0-2	2	2.85
3--5	1	1.42
no one	67	95.71

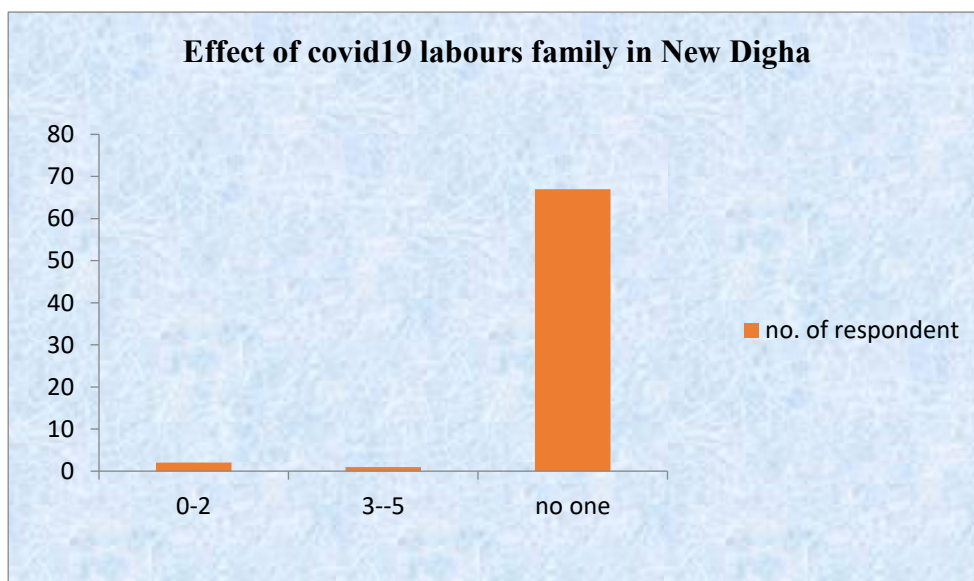


Table-16. which losses during lockdown and covid-19 pandemic

Which loss	No, of respondent	Percentage
Income loss	37	52.85
Income loss and product date expired	15	21.42
Income loss and damaged by cyclone	16	22.85
other	3	4.28

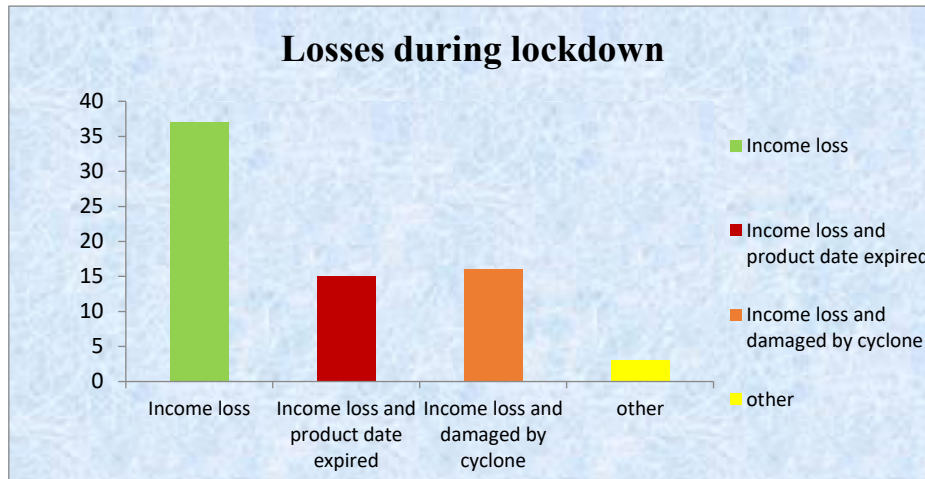


Table-17.any financial help by the GOVT

Any financial help by the govt.?	No. of respondent	Percentages
Yes	70	100
No	0	0



Table-18. Are you feel tourist are lower than the previous situation

Are you feel tourist are lower than previous situation	No. of respondent	Percentages
Yes	22	31.42
No	38	54.28
moderate	10	14.28

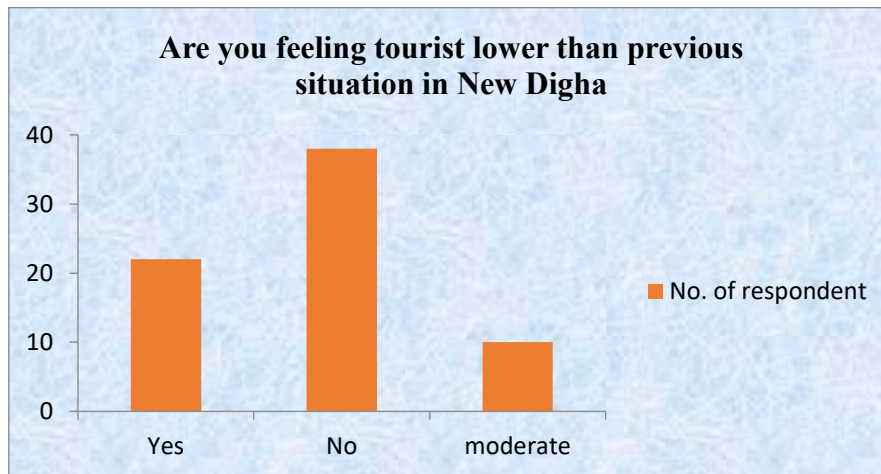


Table-19. Are you feel tourist buying product is decreasing

Are you feel tourist buying product are decreased previous condition?	No. of respondent	Percentages
Yes	66	94.28
No	4	6.66

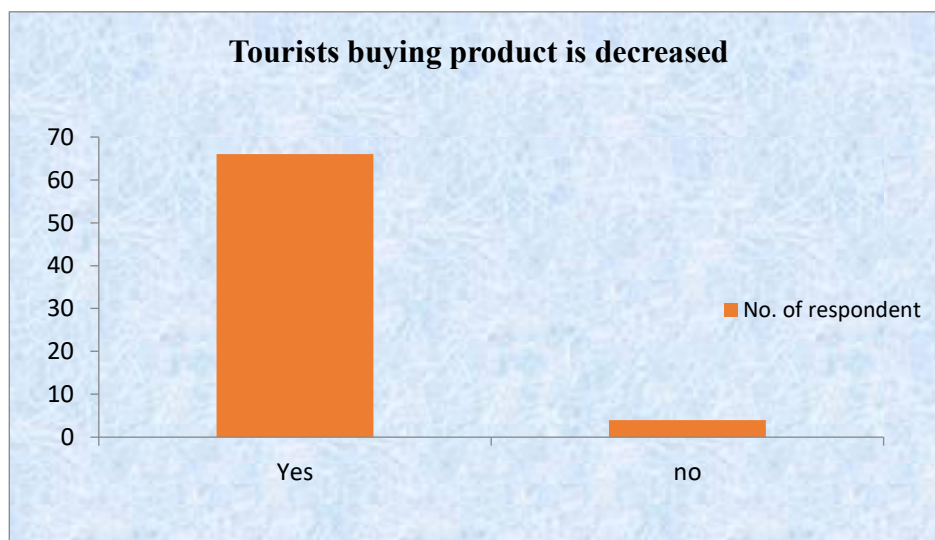


Table-20-Types of informal shops

Types of structure	Basic concept	Survey status (%)
STALL	Retailers who have a fixed shop and have a permanent place for business are called fixed shop retailers. They do not move from one place to other serve their customers	25.71
STREET TRADERS	Street traders commonly found at places where huge floating population gathers, for example, tourist spot, near railway stations and bus stands, and sell consumer items of common use, such as stationery items, eatables, readymade garments, newspapers and magazines.	15.71
STREET STALL HOLDER	They attract floating customers and deal mainly in goods of cheap variety like toys, cigarettes, soft drinks, etc. They get their supplies from local suppliers as well as wholesalers. The total area covered by a stall is very limited and, therefore, they handle goods on a very small scale.	22.85
PADDLER	A peddler also known as a chapman, packman, cheapjack, hawker, higler, huckster, (coster)monger, colporteur or solicitor, is a door-to-door and/or travelling vendor of goods. peddlers filled the gaps in the formal market economy by providing consumers with the convenience of door-to-door service	11.42
ITINERAUT-RETALER	Itinerant Retailers are a retailer who do not have a fixed decided place of business. Their business is characterized by moving their shops around, sometimes even on a daily basis. Their sale is to the final consumers of the goods, so they are retailers, even if they do not have a standard place of business. For example- ice cream,kulpi,cola shops etc	12.85
FIXED SHOP(not store)	They are illegally set up shop on govt place, road side,empty place.In New Digha this types of shop maximum we see during the study.	7.14
CYCLE & BIKE TRADERS	Traders who do not have a fixed place of business to operate from. They keep on moving with their wares from street to street or place to place on the bike or cycle.	4.28

Photo plate-1



All the images above show different informal sectors study in New Digha

v) **Hotel Sector Study**

Table-21. How much months closed the hotels

How much monthly closed	No. of respondent	Percentage
02-06 months	6	10
7--11	11	18.33
12--16	38	63.33
>17	5	8.33

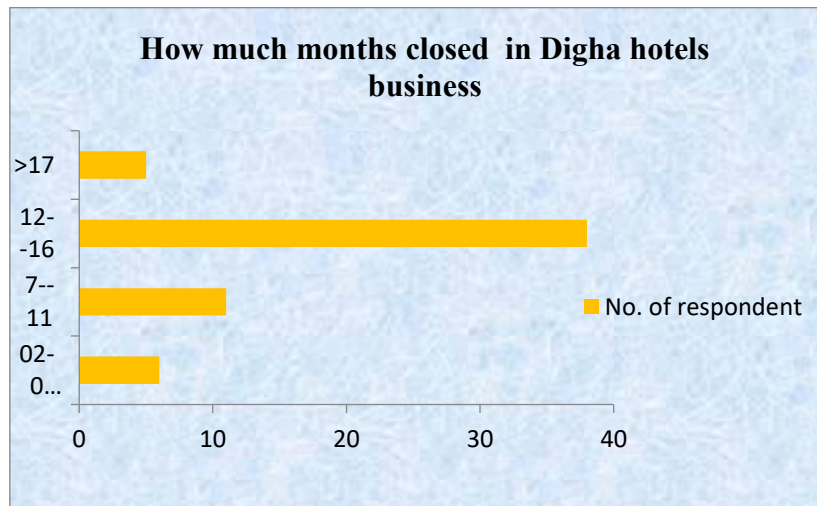


Table-22. How many labours presently working in hotels

NO. of labour presently working	NO. of respondent
0-5	19
6--10	19
11--15	9
16-20	8
21-25	2
>26	3

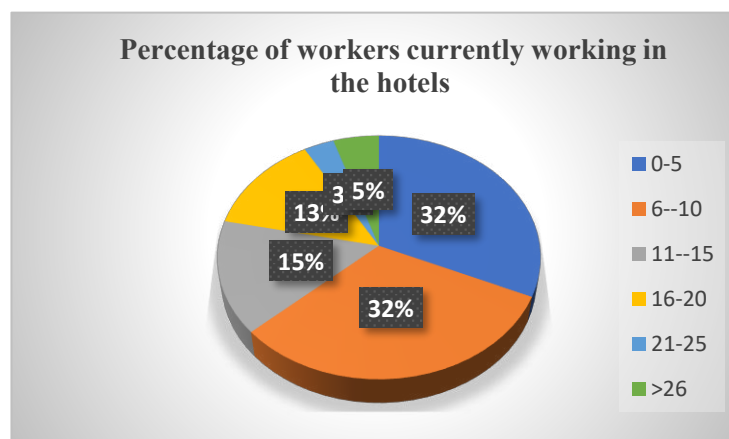


Table-23. How many labours worked before lockdown

How many labours work before lockdown	No. of respondent
0-5	13
06--10	18
11--15	15
16-20	5
21-25	6
>26	4

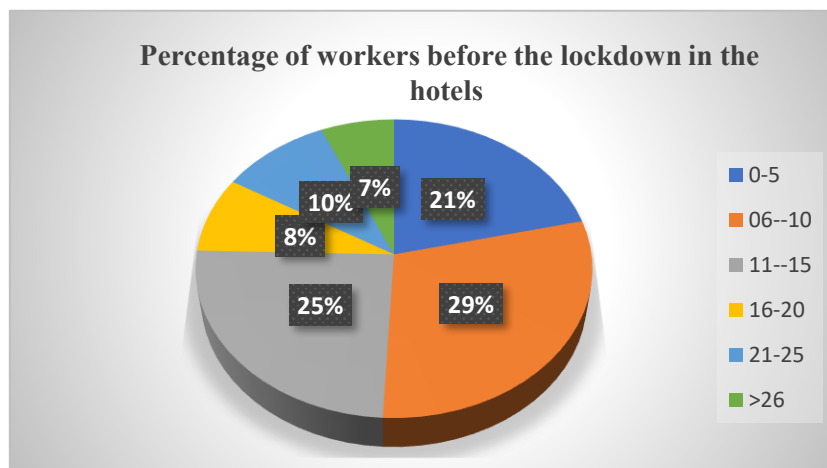


Table24. Are you know previous labours which job accepted for their survive

Accepted jobs	No. of respondents	Percentage
Shops	1	1.66
others	11	18.33
unknown	57	95



Table-25. Are you know any hotels were sold by another people during lockdown

Are you know any hotel sold by another people during lockdown	NO. of respondent	Percentage
YES	14	23.33
NO	31	51.66
Unknown	15	25

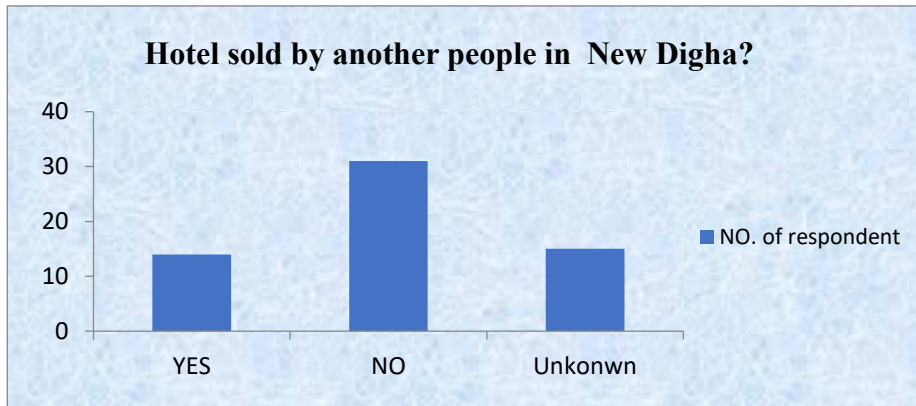


Table-26.Labours are comes which place

Where does labours comes from	No. respondent	percentage
West Bengal	30	42.85
Orissa	24	34.28
Bihar	1	1.42

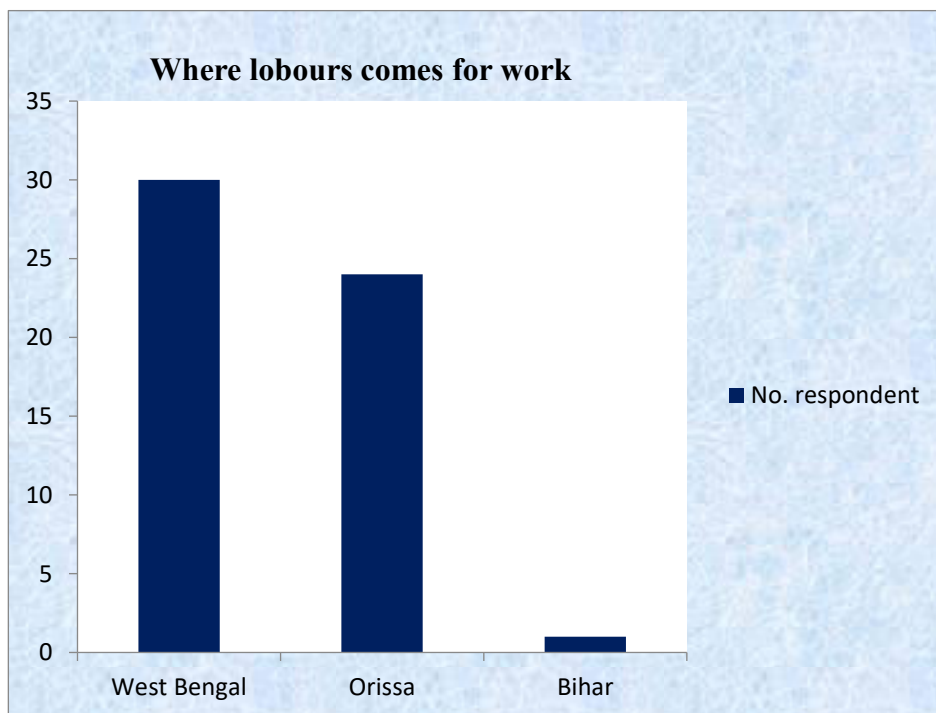


Table-27. Labour is own resignation

Did labour resign voluntarily?	NO. of respondent	Percentages
Yes	16	26.66
NO	20	33.33



Table-28. If yes which causes for job resignation

Reason for job resign	NO. of respondent	Percentage
Better job facility	19	31.66
Salary problem	6	10
No resign	25	41.66
Working Rotationally	3	5
Hotel closed/loss	6	10



Table-29. Hotel owner /manager pulling out the labours?

Hotel owner/manager pulling out the labour?	NO. of respondent	Percentage
Yes	12	20
No	48	80

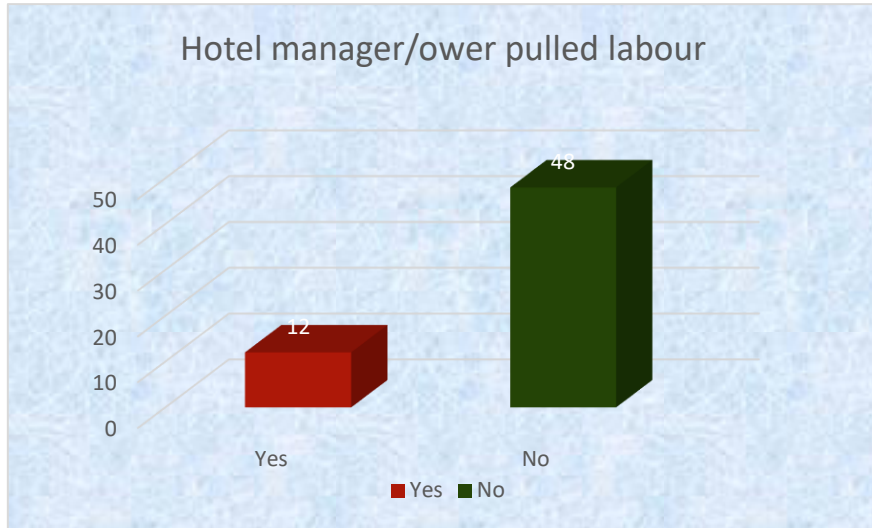


Table-30. If yes which causes are responsible

Which causes are responsible for pulling out	No. of respondent	Percentage
Due to loss	13	21.66
Hotel closed	2	3.33
Don't pulling out	45	75

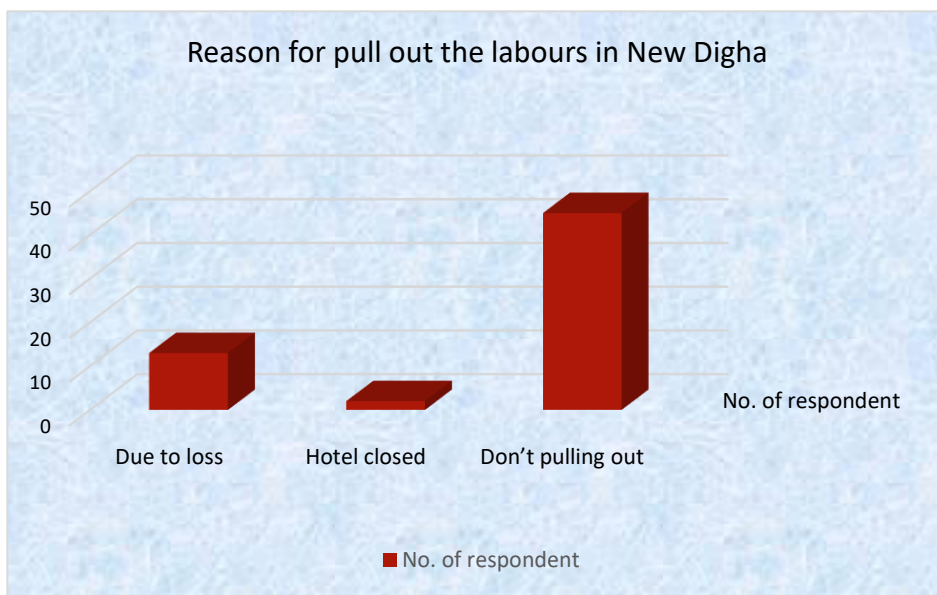


Table-31. Any communication with resigned labours?

Any communication with resigned labour	No. of respondent	Percentages
Yes	14	23.33
No	46	76.66



Table-32. How much tourist came last three months

How much tourist coming last three months	No of respondent	Percentage
0-200	8	13.33
201-400	6	10
401-600	12	20
>601	34	56.66

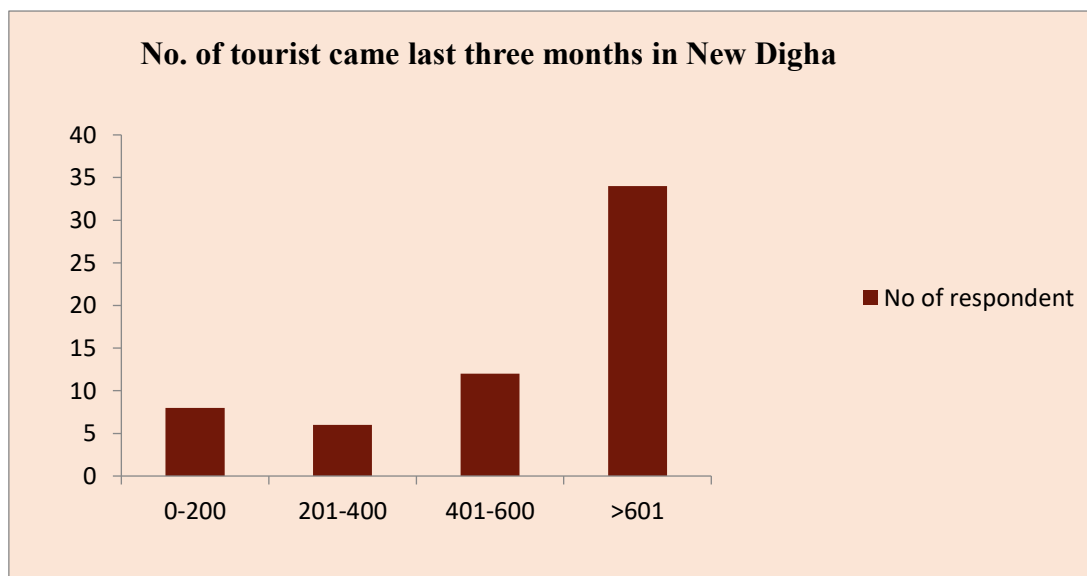


Table-33. Previous month's hotel income

Previous month income	No. of respondent
0-1L	28
1.1-2L	21
2.1-3L	3
3.1-4L	1
4.1-5L	2
>5.1	3

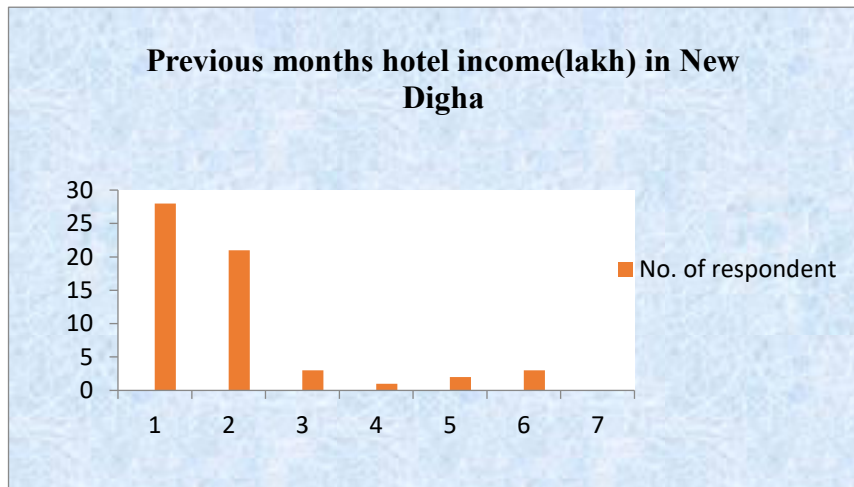


Table-34. Present income of the hotel

Hotels monthly income (PRESENT)	No. of respondent
0-2 lakh	46
2.1-4L	8
4.1-6L	1
6.1-8L	3
>8L	2

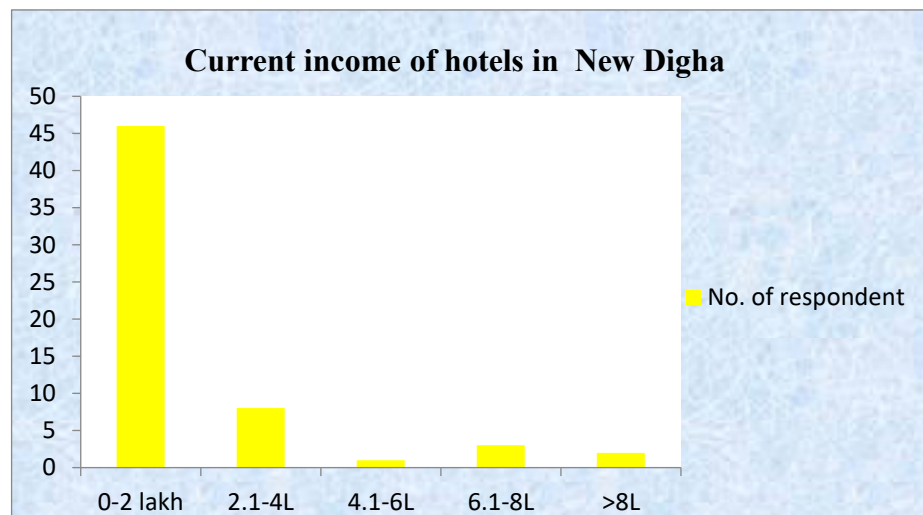


Table-35. Are you agree pandemic situation are large impact on new Digha tourist economy

Are you agree pandemic situation impact digha tourist economy	No. of respondent	Percentage
Yes	55	91.66
No	4	6.66
Moderately	1	1.66

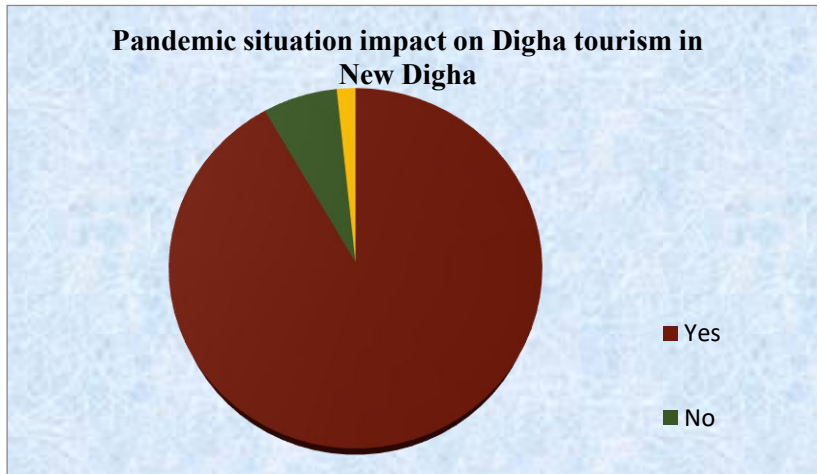
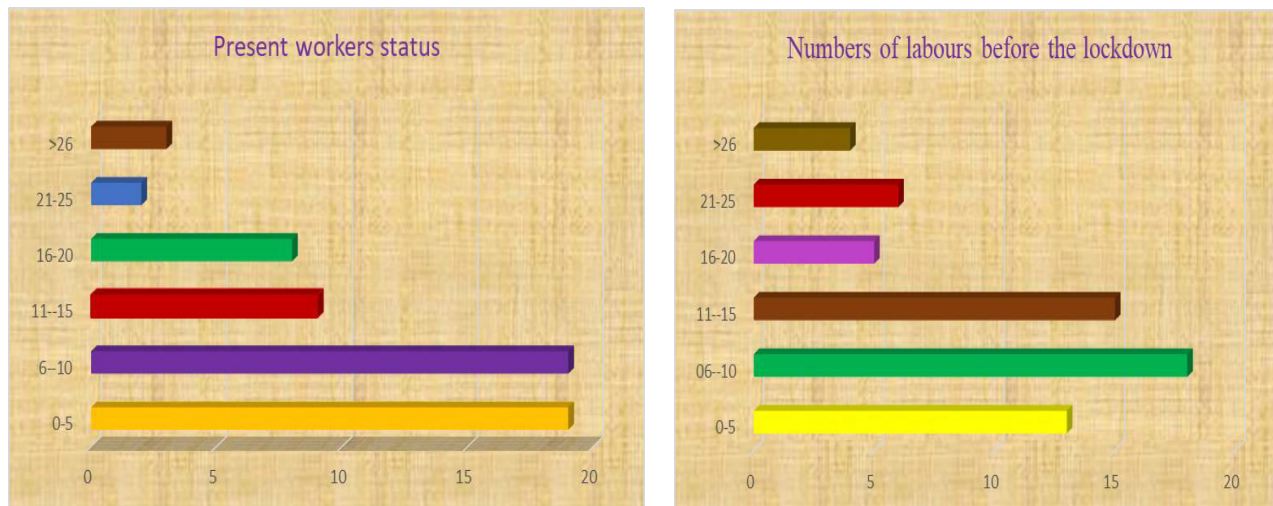


Table-36. Are satisfying now hotels business

Are you satisfied in this business	No. of respondent	Percentages
Yes	55	91.66
No	4	6.66
Moderately	1	1.66



37: Figure-38 & 39:



5. Major Findings

The study provides a detailed account of the socio-economic status of the informal and hospitality sectors in New Digha following the COVID-19 pandemic:

1. **Economic Devastation:** Approximately 52.85% of informal traders suffered severe income loss, while 21.42% faced the double impact of income loss and product expiration.
2. **Informal Sector Composition:** The market is dominated by shopping & accessories stalls (41.42%) and food shops (35.71%).
3. **Income Levels:** Most traders (57.14%) earn between ₹1,000 and ₹10,000 monthly.
4. **Labor Crisis:** Most hotels remained closed for 12–16 months. This led to mass staff resignations due to salary problems (10%) and searches for better job facilities (31.66%).
5. **Shift in Livelihood:** During the lockdown, 60% of workers were unemployed. To survive, some moved into manual labor (25.71%) or agriculture (11.42%).
6. **Institutional Gap:** A critical finding is that 100% of surveyed informal traders received no financial assistance from the government during the crisis.

6. Discussion

The informal economy in New Digha is a "tourism-dependent" system. The discussion highlights:

- **Vulnerability:** The unorganized nature of the workforce (lack of literacy and casual employment) makes them unable to organize for their interests.
- **Dependency on Tourism:** The rapid decline in the tourist economy during the pandemic forced a diverse workforce from West Bengal and Odisha to return home, creating a vacuum in the local economy.
- **Market Morphology:** The proliferation of fixed shops illegally set up on government land (7.14%) indicates a lack of formal planning for the informal sector in this coastal region.



7. Conclusion

The findings of this research underscore the profound fragility of the tourism-dependent informal economy in New Digha. While the region serves as a vital economic engine for West Bengal, the study reveals that the backbone of this engine—the informal traders and hotel workforces—operates without any institutional safety net. The COVID-19 pandemic acted as a catalyst that exposed long-standing structural vulnerabilities, transforming a health crisis into a prolonged livelihood catastrophe for thousands of workers. The data indicates a staggering economic shift; the total cessation of tourist inflow for nearly 12 to 16 months led to an almost complete evaporation of income for over half of the informal sector. The transition of 60% of the workforce into temporary unemployment or low-paying manual and agricultural labor highlights the lack of alternative skill sets and economic diversity within the region. Furthermore, the mass resignation of hotel staff due to inadequate facilities and salary issues suggests a need for a fundamental shift in how human resources are managed within the hospitality sector to ensure long-term stability. Perhaps the most significant finding of this study is the total absence of government financial assistance for the unorganized sector during the lockdown. This institutional gap suggests that while the informal economy is a major contributor to the state's Gross Value Added (GVA), it remains largely invisible in the eyes of formal policy-making during times of crisis. In conclusion, the recovery currently observed in New Digha's tourism sector must not lead to complacency. To mitigate the impact of future economic shocks or natural disasters, it is imperative to integrate the informal sector into the broader framework of urban planning and social security. True sustainability for New Digha lies not just in increasing tourist footfall, but in building an economic environment where the workers—whether they are street vendors or hotel staff—possess the financial resilience to survive periods of sudden disruption.

8. Suggestions and Management

To build a more resilient economy in New Digha, the following is suggested:

1. Sustainable Tourism Development: Policies should focus on making the tourism model less susceptible to sudden shocks.
2. Government Safety Nets: There is an urgent need for financial and social security systems, as currently, these workers receive zero institutional support.
3. Formalization: Efforts should be made to provide dedicated spaces for informal traders to reduce illegal setups and provide them with a more stable business environment.
4. Labor Welfare: Hotel managements should focus on better job facilities and stable salary structures to prevent mass resignations during lean periods.

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Conflict of Interest

"The authors declare that there is no conflict of interest regarding the publication of this research paper. We have no financial or personal relationships with other people or organizations that could inappropriately influence or bias the content of this study. All findings and conclusions presented here are based purely on the research data collected and analyzed by the authors."

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