

Regulations, Costs and Informality: The Case of Fiji

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ABSTRACT

Informal sector is considered to be a 'cushion' for the majority of workers in the developing world, where the formal sector jobs are limited and social securities for the unemployed do not exist. While the size of the sector is quite large in the developing world, it appears to be relatively low in Fiji even when the economic growth of the country has been abysmally low during the last three decades. This is because the entry requirement to the informal sector has been quite stringent and time consuming, and may have led individuals to either remain unemployed or concentrate on subsistence production. Relative flexibility for entry and running businesses in the informal sector would not only improve the economic condition of the workers, but also overall economic growth. Separate and flexible legislations are, therefore, needed for the informal sector to grow and contribute to the economy.

Keywords: *Informal sector, starting business, governance, regulation*