

Innovations

A Study on Problems of Labourers in the Unorganised Sector in India

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Abstract: *In India, the organised sector has more influence and control over resources, but the unorganised sector continues to be much larger and more influential in numerous significant respects. The informal economy employs more than 90% of the workers and accounts for over 50% of the national output. Social justice and equity are the main rationales for the unorganised sector's need for social security. Unorganised workers confront a number of hardships, including a lack of social security, sexual harassment at work, poor skills, high illiteracy rates, and low pay. Agriculture has the highest share of the unorganised sector, as the holdings are small and fragmented. This is followed by trade, construction, real estate, professional services, etc., and other services. The Government of India established the National Commission for Enterprises in the Unorganised Sector (NCEUS) as an advisory body on the informal sector with the objective of increasing the productivity of informal enterprises to create large-scale, long-term employment opportunities, especially in rural areas. According to the Economic Survey, 2021–22, the total workforce in the unorganised sector was approximately 43.99 crores in 2019–20. The National Commission for Enterprises in the Unorganised Sector (NCEUS) reports that unorganised labourers contribute 50% of the GDP. According to Economic Survey 2022–23, As of December 31, 2022, approximately 28.5 crore unorganised labourers had been enrolled on the eShram portal. The study drew upon secondary data pertaining to the challenges faced by labourers in the unorganised sector, various social security schemes, and legislative provisions enacted by the government specifically for unorganised labour.*

Keywords: *Labour, Organised, Unorganised, Social Security*

Introduction

The unorganised sector of the economy comprises the small-scale and micro-scale industrial sector and household-based manufacturing activities. Profits and gains in an unorganised sector are uncertain. Its production is limited and confined to a specific area. It takes less manpower and investment.

The Unorganised Workers' Social Security Act, 2008 defines an unorganised worker as a home-based worker, self-employed worker, or wage worker in the unorganised sector. This definition also includes wage workers in the Organised sector who are not covered by any of the Acts mentioned in Schedule-II of the Act, such as the Employee's Compensation Act, 1923 (3 of 1923), the Industrial Disputes Act, 1947 (14 of 1947), the Employees' State Insurance Act, 1948 (34 of 1948), the Employees Provident Funds and Miscellaneous Provision Act, 1952 (19 of 1952), the Maternity Benefit Act, 1961 (53 of 1961), and the Payment of Gratuity Act, 1972 (39 of 1972).

Acts of employment regulation such as the Factories Act, 1948, the Industrial Disputes Act, 1947, the Contract Workman Act, 1970, and the Maternity Benefits Act, 1961 deprive unorganised workers of social security benefits like pensions, gratuities, workmen's compensation, and employee state insurance. Laws that guarantee regular wages, like the Payment of Wages Act of 1936 and the Minimum Wages Act of 1948, also deprive them of these benefits. Labour policy's primary tenet is to provide protection and fundamental rights to the more vulnerable parties in the labour market, thereby enabling them to engage in compensation and working condition disputes on an equitable footing. However, the unorganised sector somewhat compromises this fundamental principle of labour legislation.

Unorganised workers labour in casual, seasonal, and scattered jobs, making it impossible for them to form a union. The vast majority of unorganised labour in India is a typical occurrence. The National Commission on Labour categorises the unorganised workforce into four categories. 1. These categories include occupations such as leather workers, waivers, fisheries, bidi makers, construction workers, and workers from various industries such as oil mills, paper mills, saw mills, brickmakers, and landless agricultural labour. 2. Employment types include Contract, Casual, and Bonded positions. 3. Head and shoulder loaders, scavengers, and a variety of labour jobs. 4. Service categories include hotel boys, midwives, air hostesses, bartenders, masseurs, etc. Apart from the aforementioned categories, handicraft artists, cobblers, handloom weavers, physically handicapped self-employed persons, lady tailors, rickshaw pullers, carpenters, tannery labourers, power loom workers, urban poor, truck drivers, and auto drivers also come within the unorganised labour class.

In general, the unorganised sector is where the labouring women are employed. They are not subject to Protective Labour Laws or Trade Union Organizations. They are not provided with equitable compensation and employment conditions. There are minimal opportunities to increase their income in this sector, as females are typically employed as domestic servants or in menial labour (Verma et al, 2023). In India, women workers in the unorganised sector encounter diversity issues, such as inadequate wages, poor working conditions, a lack of employment

security, and a lack of social protection and benefits. Additionally, they may be subjected to discrimination on the basis of their gender, caste etc.,(Leela, 2023).

The lack of a formal employer-employee relationship, seasonal job cycles, inadequate social security protection, and other welfare programs like unemployment and sickness benefits all have an impact on employees who are organised. The Government of India established the National Commission for Enterprises in the Unorganised Sector (NCEUS) as an advisory body on the informal sector with the objective of increasing the productivity of informal enterprises to create large-scale, long-term employment opportunities, especially in rural areas. The Commission's task included recommending appropriate measures to enhance the informal sector's competitiveness in the global economy and establishing connections with the institutional framework concerning credit, raw materials, infrastructure, technology advancement, skill development, and marketing. Despite the organised sector's greater control over resources and socioeconomic power, the unorganised sector in India continues to be larger than the organised sector in many significant aspects (K.N. Kabra, 2003).

Statement of the problem

Labour in unorganised sectors has fewer facilities than its counterparts in organised sectors. The workplace is disorganised and shattered. There is no formal employer-employee relationship. In rural areas, the unorganised labour force is heavily stratified according to caste and community. Urban areas significantly lessen the prevalence of such issues, but they cannot completely eliminate them, as migrant workers from rural areas make up the majority of unorganised workers in urban areas. Because their inadequate incomes leave them unable to meet their basic necessities, workers in the unorganised sector frequently face indebtedness and bondage. The unorganised labour force is more susceptible to exploitation by the rest of society. They experience substandard working circumstances, including low pay that is far lower than that in the formal sector, even for positions that are closely comparable in terms of labour productivity. Work status is characterized by lower work quality and lower employment terms, including salary and employment. Primitive production technologies and feudal production relations are common in the unorganised sector, and they do not allow or encourage workers to learn and implement advanced technologies and enhanced production relations.

Social justice and equity are the main rationales for the unorganised sector's need for social security. According to several studies, the unorganised sector is characterized by irregular work, unstable income, the prevalence of piece-wage rates, and the lack of any legal protection in terms of income, employment, and health and safety measures.

Objectives

1. To study the problems of unorganised sector.
2. To examine the provisions of welfare and social security for workers in the unorganised sector.
3. To recommend some measures to solve the problems of unorganised labourers.

Methodology

The study relied on secondary data from existing literature published in various journals and government publications. The secondary data collected included the total number of workers in the unorganised sector, the problems of labour in the unorganised sector, various social security schemes, and the legislative provisions for unorganised labour for the study.

Major findings of the study

The unorganised or informal sector is a significant component of India's economy. The informal economy employs more than 90% of the workers and accounts for over 50% of the national output. The National Sample Survey Organisation (NSSO) conducted a survey that revealed a total workforce of 46.5 crore in the country in 2009–10. Out of this, 2.8 crore were employed in the organised sector, while 43.7 crore were working in the unorganised sector. According to the Economic Survey, 2021–22, the total workforce in the unorganised sector was approximately 43.99 crores in 2019–20. Agriculture has the highest share of the unorganised sector, as the holdings are small and fragmented. This is followed by trade, construction, real estate, professional services, etc., and other services. (S V Ramana Murthy, 2019)

Informal economic activities are the primary source of income for a significant number of socially and economically disadvantaged members of society. The Indian economy has experienced significant development over the past two decades, which has been accompanied by a rise in informalization. There are signs of informal and formal economic activities becoming increasingly interconnected. A new dynamism has emerged in the informal economy in terms of employment, earnings, and output. A greater emphasis on the informal economy is essential for faster and more inclusive growth. Maintaining rapid growth also requires meeting the needs of the informal economy in terms of credit, skills, technology, marketing, and infrastructure, as well as increasing domestic demand from people working in it.

According to Economic Survey 2022-23, As of December 31, 2022, approximately 28.5 crore unorganised labourers had been enrolled on the eShram portal. Female registrations accounted for 52.8% of the total, with 61.7 percent of registrations falling between the ages of 18 and 40. Uttar Pradesh (29.1%), Bihar

(10%), and West Bengal (9.0%) accounted for nearly half of all registrations. Agriculture workers accounted for 52.4% of all registrations, followed by domestic and household workers (9.8%) and construction workers (9.1%). The agriculture and allied sector employs approximately 52% of the labour force, which accounts for over 90% of the total. According to the National Commission for Enterprises in the Unorganised Sector (NCEUS), unorganised labourers also contribute 50% to the GDP.

Problems of Unorganised sector & Legislative and policy framework of the unorganized labour

1. No Social security

The objective of social security schemes is to ensure that individuals who are unable to work due to invalidity, unemployment, or old age secure a minimum standard of living. These measures are effective in reducing poverty and destitution. However, most social security schemes, whether in developed economies or third-world countries, target employees in the organised sector. On the other hand, these benefits are not available to workers in the unorganised sector. Only a small portion of the labour force in underdeveloped economies works in the organised sector, with the majority finding employment in the unorganised sector. Nevertheless, the irregular nature of employment and unsustainable income make casual labourers in the unorganised sector more susceptible to poverty and destitution (Pillai, 1996).

India has enacted a number of social security laws, including the Payment of Gratuity Act of 1972, the Employees' Provident Fund & Miscellaneous Provisions Act of 1952, and the Employees State Insurance Act of 1948. However, organised labour is subject to all of these laws due to its strength and unionism. All unorganised workers are denied the benefits of these laws.

The Unorganised Workers' Social Security Act of 2008 was enacted by the government. The Act establishes the National Social Security Board at the national level, whose role it is to advise on the creation of social security programs for unorganised workers, including health and maternity benefits, old age protection, life and disability insurance, and any other benefits that the government may decide to provide.

2. No guaranteed minimum wages

The Government aims to enhancing the welfare and well-being of labourers in both the organised and unorganised sectors, as well as ensuring the effective implementation of the Payment of Wages Act, 1936 and the Minimum Wages Act, 1948.

Minimum wages are often applicable to labourers working in organised or formal sectors. Wage Boards are established to assess the industry's ability to pay and set minimum wages that at least satisfy a family's needs for nutrition, shelter,

clothes, education, medical care, and entertainment. According to the law, salary rates in scheduled employments vary by state, sector, skill, location, and occupation due to differences in living costs, regional industries' ability to pay, consumption habits etc...

3. They do not have idea on Trade Union/ labour union

The safety of an organised worker who is a member of a trade union is extremely high. Union affords him the chance to accomplish what he desires. Unions safeguard the economic interests of their members and guarantee them a fair wage. Consequently, they enhance the economic status of their members by procuring increased wages, bonuses, allowances, and perquisites. In certain circumstances, the union also offers financial assistance during periods of illness or job termination. In contrast, an unorganised worker, who is not a member of a union due to their diminished strength, experiences job insecurity, low wages, and exploitation at the workplace.

The majority of unorganised workers are unaware of the existence and regulations of labour unions. The Trade Union Act of 1926 is a statute that establishes the registration of trade unions and, in certain instances, provides a definition of the law that applies to registered trade unions. While it is advantageous to establish the registration of trade unions and, in certain instances, to specify the legal framework that governs registered trade unions.

4. Overtime, paid holiday or sick leave are not provided to them:

Despite the fact that overtime, paid holidays, and sick leave are covered under labour laws, many casual labourers are denied these rights; yet, the usage of those regulations is common in formal sectors. Long hours of work with no breaks are common in India's unorganised sector, in addition to labour and regulatory regulations. There are no fixed hours of work in the agricultural sector because there are no laws to govern the working conditions of agricultural labourers, but according to "The Factories Act, 1948," no adult (a person over the age of 18) can work more than 48 hours per week and no more than 9 hours per day. According to Section 51 of the Act, the spread should not be more than 10-1/2 hours.

5. Working conditions

They fight with sewer seepage framework overflowing drainage system, flooding and storms and live in unhygienic conditions. Workplace facilities such as washing, urinals, and toilets are determined to be substandard. It could be argued that such facilities were not supplied to workers in the industry. When it comes to organised labour, they are protected under the Factories Act of 1948, Section 11,

which assures factory hygiene. It must be seen that a factory is kept clean and clear of effluvia from any drain, privy, or other source.

6. High level job insecurity is a common phenomenon in unorganised sector

Social Security refers to the provision of benefits to households and individuals through public or communal systems to safeguard against a decrease in living standards caused by various fundamental hazards and demands

"The Industrial Disputes Act, 1947" specifies retrenchment's process. In the absence of any agreement between the employer and the workman in this behalf, the employer shall normally retrench the last person to be employed in that category, unless for reasons to be recorded. Where any workman in an industrial establishment, who is a citizen of India, is to be retrenched, he belongs to a particular category of workmen in that establishment. The company also has to have a seniority list of the employees. Retrenching employees should follow the last in first out system. The employer is required to provide retrenchment compensation at the rate of 15 days wages (for every completed year) to be computed at the last received salary of an employee even when implementing retrenchment of the workers is done. Compensation calculations start from the day of appointment and, should an employee have completed 240 days, he will be entitled to 15 days retrenchment compensation in addition to one month's notice or salary, as if he had worked for one year.

7. Working Women – issue of harassment at work place

Sexual harassment is a serious issue that occurs in the workplace. Women have a legal right to a safe workplace, but it has been neglected. Eve-teasing and sexual harassment continue to cause a variety of physical and psychological problems for them. Despite the fact that the Act was enacted in 2013, the woman continues to be abused at work.

8. Susceptible to diseases

Workers employed in unorganised sectors frequently experience health issues. Occupational diseases such as pneumoconiosis, tuberculosis, and asthma are unregulated in informal sectors. Furthermore, complications in the digestive system, circulatory system, urinary tract, blood pressure, and sensory organs (such as hearing and vision loss) are also frequent occurrences. Except for the health center of the Employees' State Insurance Scheme, they are not provided with adequate treatment facilities.

9. Seasonal Employment

The labourers work as seasonal workers. They are only hired for a specific season and are unemployed for the rest of the year. Employment is only for three to four months. In India, the Mahatma Gandhi National Rural Workers Employment Guarantee Act (MGNREGS) of 2005 intends to create employment stability by guaranteeing at least 100 days of work in the country's most backward districts for manual labourers.

10. Bonded labour & Child labour

Bonded labour is an obligatory agreement between an employer and an employee. The coercion behind bonded labour comes from unpaid debt. Some workers choose to lean toward the security of any work once someone provides it to them in bonded labour form because occasionally they are unable to get employment in the unorganised sector. Even though the system of bonded labour is illegal, a small number of people are forcing it to continue. It is occasionally also brought to life with the aid of other customs.

According to the International Labour Organization, agriculture is the world's largest employer of child labour, with a 60% share. The United Nations Food and Nutrition Organization estimates that agriculture and related activities employ 70% of child labour. Child labour is detected in nearly every informal sector of the Indian economy, with the exception of agriculture (Bharati N.P & Kesari R, 2014). **The Child Labour (Prohibition and Regulation) Act of 1986:** The Act prohibits the employment of children under the age of 14 in hazardous occupations specified by law. The list was expanded twice, in 2006 and 2008.

Special Provisions

Labour Welfare Organisation (LWO)

The Labour Welfare Organisation (LWO) of the Ministry of Labour and Employment administers labour assistance schemes for specific types of unorganised workers. The Scheme serves as a means of improving and enriching the living conditions of workers from unorganised and economically disadvantaged sectors of society, with a low literacy rate, poor health standards, and a low per capita income. The primary goal of the labour welfare initiative is to provide social help to over 50 lakh impoverished and illiterate Beedi/Cine/Iron, Manganese, Chrome/Limestone & Dolomite/Mica Mine workers and their families.

Previously, the scheme was administered by Welfare Funds established under Acts of Parliament. The five Welfare Fund Acts are: The Beedi Workers Welfare Fund Act, 1976; The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972; The Mica Mines Labour Welfare Fund Act, 1946; The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act, 1976; and The Cine Workers

Welfare Fund Act, 1981. The fund was previously funded through the collection of Cess under the relevant Cess Acts / Fund Acts. There were three specific acts known as The Beedi Workers Welfare Cess Act, 1976; The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Cess Act, 1976; and The Cine Workers Welfare Cess Act, 1981.

Pradhan MantriShram Yogi Maan-dhan (PM-SYM), and National Pension Scheme for Traders, Shopkeeper and Self Employed Persons:

The PM-SYM and NPS Traders Schemes were launched in March and September, 2019, respectively, to provide old age protection and a monthly pension of Rs. 3,000/- to unorganised sector workers, traders, shopkeepers, and self-employed individuals with an annual turnover of up to Rs. 1.5 crore.

As of December 31, 2023, over 49.74 lakh and 53 thousand beneficiaries had registered under the schemes.

E-shram portal

The Ministry of Labour and Employment launched the eShram portal on August 26, 2021, to create a National Database of Unorganised Workers (NDUW) seeded with Aadhaar. It is the first national database of unorganised workers, which includes agricultural labourers, domestic workers, construction workers, gig and platform workers etc., eShram collects information on workers such as their name, occupation, residence, educational qualifications, skill type etc.,. As of December 31, 2023, more over 29.27 croreunorganisedlabourers had registered on the eShram platform.

Shri.RameshwarTeli, Union Minister of State for Labour and Employment, stated in a written reply to the Lok Sabha that the **Aatmanirbhar Bharat Rojgar Yojana (ABRY)** was launched on October 1, 2020, to incentivize employers to create new jobs and restore jobs lost during the Covid 19 pandemic. The registration deadline for beneficiaries was March 31, 2022. Since the scheme's commencement, 60.3 lakh beneficiaries have received benefits, as of 11.03.2023.

On June 20, 2020, the **Pradhan Mantri Garib Kalyan Rojgar Abhiyan** was launched in 116 districts in Mission Mode for 125 days with the objective of enhancing employment and livelihood opportunities for unorganised workers who have returned to their home state and similarly disadvantaged people in rural areas.

The government also increased the relief under the **Atal Beemit Vyakti Kalyan Yojana (ABVKY)** scheme for insured persons (IPs) who became unemployed from 25% to 50% of the average daily earnings of the employee, effective from March 24, 2020, to December 31, 2020.

Conclusion and Policy Recommendations

Unorganised workers confront a number of hardships, including a lack of social security, sexual harassment at work, poor skills, high illiteracy rates, and low pay. To address these difficulties, the Indian government established the National Commission for Enterprise and Disorganised Sectors. Despite the fact that the Indian constitution has numerous social security legislation for both organised and unorganised labour forces, the condition of unorganised labour remains unchanged; only organised labour is reaping the benefits. The government's efforts to implement programs are hampered by limited education and low educational attainment among people in the informal sector, limiting their ability to derive benefit from the financial incentives provided by these government initiatives. The development of numerous sectors is significantly impeded by low literacy rates and inadequate knowledge, resulting in the presence of hazardous and substandard housing. The government must prioritize the enhancement of the efficiency of the implementation of social security services for unorganised labourers. An awareness campaign has been implemented to encourage the registration of unorganised labourers on the e-Shram portal. Regrettably, the government has neglected to implement numerous schemes that have been developed by both the central and state governments when they are needed.

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