



Labourers of Unorganised sectors and their Problems

Author

Prof. (Dr.) Subhasish Chatterjee

Principal-HOD, Department of Management, Sumandeep
Vidyapeeth (Deemed to be University), Vadodara, Gujarat, India

Abstract

It is crystal clear that unorganized labours are living their life below the minimum standards level. Without a doubt, many informal workers are not in a position to meet their daily requirement. Maximum numbers of women worker are consistent victims of low wages when contrasted with men. There are number of legislations for the security of the labour force but those laws are routinely executed in organized sectors yet in actuality, it is not used methodically in unorganized sectors.

So, here author has tried to focus on various problems of unorganized labour and the necessary solutions. The data were collected from different secondary resources like books, research paper, websites, and a range of accessible government reports and in addition to that various informations are also assembled after discussions with veteran government employees worked in this field

Key words: Labour, Unorganized, Act, Social security, Legislation and Schemes.

Introduction

In the mid 1950s, economic development model was widened by W.Arthur Lewis in mid 1950. In developing country, there was limitless labour supply. Those surplus labours should be engaged in the upcoming industrial arena in the country. It is simply a conversion of the system from traditional to modern. Those sorts of casual labour, who have been occupied by petty businessmen and very conventional manufacturer or traders, should be absorbed by large industrial sectors or in the ground of formal economy. In addition to that, petty traders and small producers may also adhere as ancillary to the large sector. But, still a large numbers of labour are suffering at the bottom of the informal sectors. They don't even get an opportunity to taste the fruits of formal economy sector, especially in the third world country. It is not only a crowd of men, even a vast number of women and children are also floating in the same pattern of atmosphere. The dichotomy of traditional and modern sectors is still prevailing in the third world country. This

dichotomy of formal and informal was started in pre independence era, though it was in a different nomenclature i.e. the contrast of eastern non-capitalist economy and western capitalist economy but in the post- independence it was converted into the dichotomy of traditional and modern concepts.

An existence of vast majority of unorganized labour in India is a common phenomenon. Based on that distinctiveness, India government has classified unorganized workforce exclusively in four categories 1. In terms occupation like leather workers, waiver, fisheries, bidi maker, construction workers, workers of different industry like oil mill, paper mill, saw mill etc. bricks maker, landless agricultural labour. 2. Nature of employment, Contract, Casual and bonded labour 3.Special distressed categories- Head and shoulder loaders, Scavengers, variety of labour works. 4. Service categories – Hotel boy, Midwives, Air hostesses, barbar, masseur etc.

Apart from aforesaid category handicraft artisans, Cobblers, Handloom weavers, physically

handicapped self employed persons, Lady tailors Rikshaw pullers, Carpenters, Tannery labour, Power loom workers and urban poor, Truck and Auto drivers also come under the unorganized labour class.

As far as statistical information is concerned, it has been observed that maximum numbers of unorganized labours are available in the agricultural sector(around 50 percent) as compare to other sectors like home based workers, workers in various types factory and building & construction industry.

The most significant issue to be seriously noted - as per the report of National Sample Survey Organization that from 2000 onwards number of casual workers are haphazardly increasing and the strength of regular workers are decreasing in India. Furthermore, according to the survey of NSSO, 30 percent of unorganized workers are always on the move, for them Justice T S Thakur of the Supreme Court emphasized on the need of proper implementation of welfare schemes by the central as well as state governments both.

“The largest constituency of our workers is in the unorganized labor. Of the 46 crore workers, 14 crore are women. Every state has poverty alleviation schemes but the benefits don't reach them,” said Justice Thakur. He added that Rs 750 crore was collected for welfare of labour in Punjab but little has been spent. There is zero percent spending in 2008, 2009, 2010, 2011, 2012 and 2013. We are insensitive towards them”¹.

Source ¹
[\(http://indianexpress.com/article/cities/chandigarh/90-indian-workforce-in-unorganised-sector-deprived-of-welfare-schemes-says-justice-t-s-thakur/](http://indianexpress.com/article/cities/chandigarh/90-indian-workforce-in-unorganised-sector-deprived-of-welfare-schemes-says-justice-t-s-thakur/)

Share of Labour Input in unorganized Sector (%)

A: Agriculture and forestry -99.9 B: Fishing - 98.7C: Mining- 64.4D: Manufacturing-87.7
 E: Electricity, Gas, Water supply -12.4 F: Construction 92.4G: Wholesale and Retail Trade, -98.3 H: Hotel & Restaurants -96.7I: Transport, Storage & Communication -82.2J: Financial

Intermediation- 32.4K: Real estate, renting and business activities -81.4L: Public administration and Defense, etc. 2.6 M: Education -37.9 N: Health and social work -55.1O: Other Community, Social and Personal Services -92.5P: Private Households With Employed Persons- 100 Q: Extra Territorial Organizations And Bodies- 87.8Grand Total 94

Objective

1. To enlighten the different problems of workers working in the informal industry.
2. To know the various acts and schemes available in the country to protect unorganized labour.
3. To know about the most recent social security measures have undertaken for unorganized labour.

Review of Literature

A study conducted by Rajarathinam (2001) on Dalit Unorganized workers are hailing from the village areas of Tirunelveli of Tamilnadu District. He mainly conveyed about the poor socio-economic condition of of Dalit Majdoor.

Mathew Joseph, Nirupama Soundararajan, Manisha Gupta and Sanghamitra Sahu in their research paper Impact of Organized Retailing on the Unorganized Sector discussed on how unorganized sectors are being benefited by the limited numbers of retailers of the mini and megacities. They have also recommended few policies that will strengthen the relationship between large retailers and small suppliers.

T. S. Papola in his research paper concerning to informal Sector: Concept and Policy discussed about various disadvantages of informal sectors and conveyed to reduce their problems they suffer, and also told to increase the absorption capacity of in- migrant works into the city to enhance their productivity and to develop working condition of workers.

Silvia M. D. Mendoncae Noronha (2005): In his thesis of “Migrant Construction Workers in Goa” discussed about migrant labours working

especially construction company, it has also been observed that maximum number of workers are engaged in constructing company. The author made an endeavour to find out the socio- economic of workers and its impact on economic situation of Goa.

Elizebeth Hill in her Women in the Indian Informal Economy: Collective Strategies for Work Life Improvement and Development conveyed that resource based approach which is inappropriate in informal sectors.

Neha Mittal (2012) in her Research Paper Women Workers In 'Unorganized Sector: Socio-Economic Perspective' has discussed about the problems of women worker. They working for a long hour's every day, chaotic working conditions, very low wages and above all they keep on working without proper social security measure.

Tony Jacob in his research Paper "The Unorganized Sectors in India" has described minutely about their problems and challenges regularly because of seasonality nature of job. Workers are suffering from the indebtedness and bondage especially in the rural area. The do not even get proper guidance of Trade Union.

Ashima Majumdar (2013) led a study named as "Social Security System and the Informal Sector in India: A Review". As per her view India's government managed social security since 1947, effective very negligible for the laborers of unorganized sectors whether in India maximum labour force comes under the informal sectors. This article surveys about monetary condition of the workers i.e. they do not have savings to keep themselves secure in a problematic situation. She also tried to convey that absence of standardized saving of this type of workforce mark on the efficiency of the whole Indian economy.

Research Methodology

In the light of the analysis for this study, the author has taken help of various books, research papers and various open sources where government information's are accessible in a

methodical way. In addition to that author has also read information's presented in different websites.

Analysis

Problems of Unorganized labor

90% workforces are engaged in huge informal sectors. They, by and large, face various types of problems in their regular life like they stay very close to their workplace; extending working hours is a regular practice, exploitation and hazardous workplace are very common.

1. **Very low wages is the main problem for unorganized workers:** – Minimum wage act in most of the time applies for labours working under the purview of organized sectors or formal sectors.
2. **Maximum workers do not have any perfect living areas near to their work place:** Maximum workers working in organized sectors avail house rent allowance, in addition to that they get house from housing board and also get bank loan from various statutory banks for making their own particular house yet, unfortunately the workers from unorganized sectors are deprived from all these facilities, subsequently they have a propensity to make cluster inside the restricted space in their living region where they do not have appropriate washing facilities, because of that they regularly deal with the unbalanced circumstance particularly women workers. They likewise battle with various unhygienic conditions sewer seepage frameworks, overflowing drainage systems flooding amid storm.
3. **They do not have any knowledge about work hazardous and occupational safety:** Introduction of different hazardous machinery, high rise in construction, unguarded machinery, various toxic chemical, coal dust, lime dust, blazes crude materials for synthetic generation leads quantities of tragic deaths of many

unorganized labors because the working condition is more severe as compared to that organized sectors furthermore the knowledge of occupational health and safety is negligible of the workers of unorganized sectors.

4. **Overtime, paid holiday or sick leave are not provided to them:** In spite of the fact that the overtime, paid holiday and sick leave go under the domain of labour laws still may casual laborers are denied from that rights however the use of those laws are normal in formal segments.
5. **They do not have idea on Trade Union/ labour union:** Maximum numbers of informal workers do not have any knowledge about the existence and rules of labour union. Many workers of unorganized sectors, like union of agricultural workers, brick workers, hosiery workers, construction rakes, fish and forest workers, domestic workers, biri rollers,sex workers, liquor shop employees have joined *Shramajivi Swikriti Manch and Asanghathit Kshetra Shramik Sangrami Manch* a with unorganised sector assembled them under in one platform.
6. **High level job insecurity is a common phenomenon unorganized sector:** Social Security can be defined as “the provision of benefits to households and individuals through public or collective arrangements to protect against low or declining standard of living arising from a number of basic risks and needs. (Erewise .com)
7. **Women and child workers are vulnerable and draw very low wages:** It has observed that women and child labour are most vulnerable amongst the unorganized labour. A developing wonder is utilizing children and women as household laborers as a part of urban territories. The conditions in which children and women work is totally

unregulated and they are regularly made to work without nourishment, and low wages, looking like circumstances of subjection. They are being paid wages low as compare to adult male labour despite their commitment of same working hours There are instances of physical, sexual and psychological mistreatment of women and child household laborers.

8. **Maximum workers are leaving in a very deplorable condition:** So far as living condition is concerned; they leave in cluster in a very unhygienic condition. They normally stay by making hut in a row.
9. **Lack of quality employment due to fraudulent acting of contractor:** Many unorganized sectors are not registered with the government and the employment term of workers is not regular. No act like Bonus act, Pension act, Provident fund act, Maternity act, Factories act are followed in unorganized sectors. Unorganized segment is not managed by the legal system and subsequently taxes are not collected. The working hours of workers are not settled. In addition, now and again they need to chip away at Sundays and occasions. They get day by day compensation for their work, which is nearly not exactly the compensation recommended by the Government.
10. **Loss of employment due to silly reason is a natural incident:** There are innumerable illustrations of losing employment in unorganized sectors because of immaterial reason. There are numerous lawful commitments have been outlined to stop the embarrassment in the occupation although the majority of those lawful conventions are connected only in organized sectors.
11. **Numbers of harassment issues at work place for working Women:** Issues of harassment are very frequent of women

workers working in unorganized sectors. For illustration, five female salespersons at Kalyan Sarees in Thrissur had gone on strike in December 2013, demanding better working conditions. Management used to cut their salaries with very silly reason. Women workers are not allowed to sit and even not allowed to go to toilet for more than ten hours. A safe workplace is a woman's legal right but unfortunately, still many working women in the unorganized sectors experience a wide range of physical and psychological ailments due to eve teasing and sexual harassment.

12. Susceptible to diseases: Health problem is a very common happening of workers working in unorganized sectors. Occupational diseases like pneumoconiosis, tuberculosis, and asthmatic are out of control in informal sectors. In addition to that, problem in digestive system, circulatory system, urinary tract, blood pressure and affect on various sensory organs (like loss of eye sight, hearing etc.) are also very common happenings. They do not get proper facilities for treatment except the health center of Employees' State Insurance Scheme.

13. Bonded labor (Dadan): Bonded labour is an obligatory bond between an employer and an employee. This type of relationship had begun since king's dynasty in India. There was a myth of slave traders in the history of world also but it had no proper reason except the muscle power. But in bonded labour, the force is derived from outstanding debt. Occasionally, few labours do not get job in unorganized sector so alternately they prefer to incline toward the security of any work once someone offers in bonded labour form. Though the bonded labour system is

unlawful still it is making functional by force by few people. Sometime, it is also made live with help of different customs.

Social security measures

When constitution was made in independent India, the priority was also given to the social security especially for industrial labour. Social security incorporated in the constitution under the list III to schedule VII and finally it was drafted that it is the parallel responsibility of central government as well as state both.

It is known that labour laws for the workers working in informal sectors come under the purview of state government, despite the fact that central government by rule enforcing those matters for informal workers and contractors and accordingly, by any means, influence of central government should always be there to enforce the wage law for the informal workers come under the purview of state government.

In spite of the fact that not much has been done in providing social security cover to the rural poor and the unorganized labour force, the country has made some beginning in that direction. Central and state governments both have formulated certain specific schemes to support unorganized workers but, regrettably it fails in meeting the real needs and requirements of them.

This becomes clear that the highly proclaimed National Rural Employment Guarantee Act -2005 (NREGA), though it is a breakthrough, does not have common wage in different states and moreover the job limits itself only to hundred days work for those workers who are registered under the Act. But, what they will do rest of the days in a year? As per this Act, the work guarantee applies in rural areas only, what about the urban poor?

Labour legislations influencing wages in the informal sector in India

Labour legislation	Type of intervention
The Minimum wage Act, 1948	To provide minimum compensation for work. Workers in scheduled employment to be paid minimum wage.
The trade Union Act, 1926	To enable workers of a number of small units to form unions, who can bargain wages and other condition of work?
The Industrial Dispute Act, 1947	To enable unions to raise industrial disputes on wages and the conciliation machinery to intervene.
The Equal remuneration Act, 1976	Assure equal wage to women for same or similar work.
The Payment of wages Act, 1936	To regulate the manner of payment of wages and their realisation in case of non-payment.

Source²: Das, K.S. (1998), *Wage Policy Issues in the Informal Sector*, The Indian Journal of Labour Economics, V 41(4), p 896.

In addition to that there are few labour laws applicable for informal workers

- i. Industries (Regulation and Development) Act of 1951
- ii. Employees Provident Fund and Miscellaneous Provisions Act of 1952
- iii. Maternity Benefit Act of 1961
- iv. Payment of Bonus Act of 1965
- v. The Building and Construction Workers Act (1996)
- vi. Payment of Gratuity Act of 1972
- vii. National Rural Employment Guarantee Act -2005 (MGNREGA)
- viii. Industrial Employment (Standing orders) Act of 1946

Latest Development

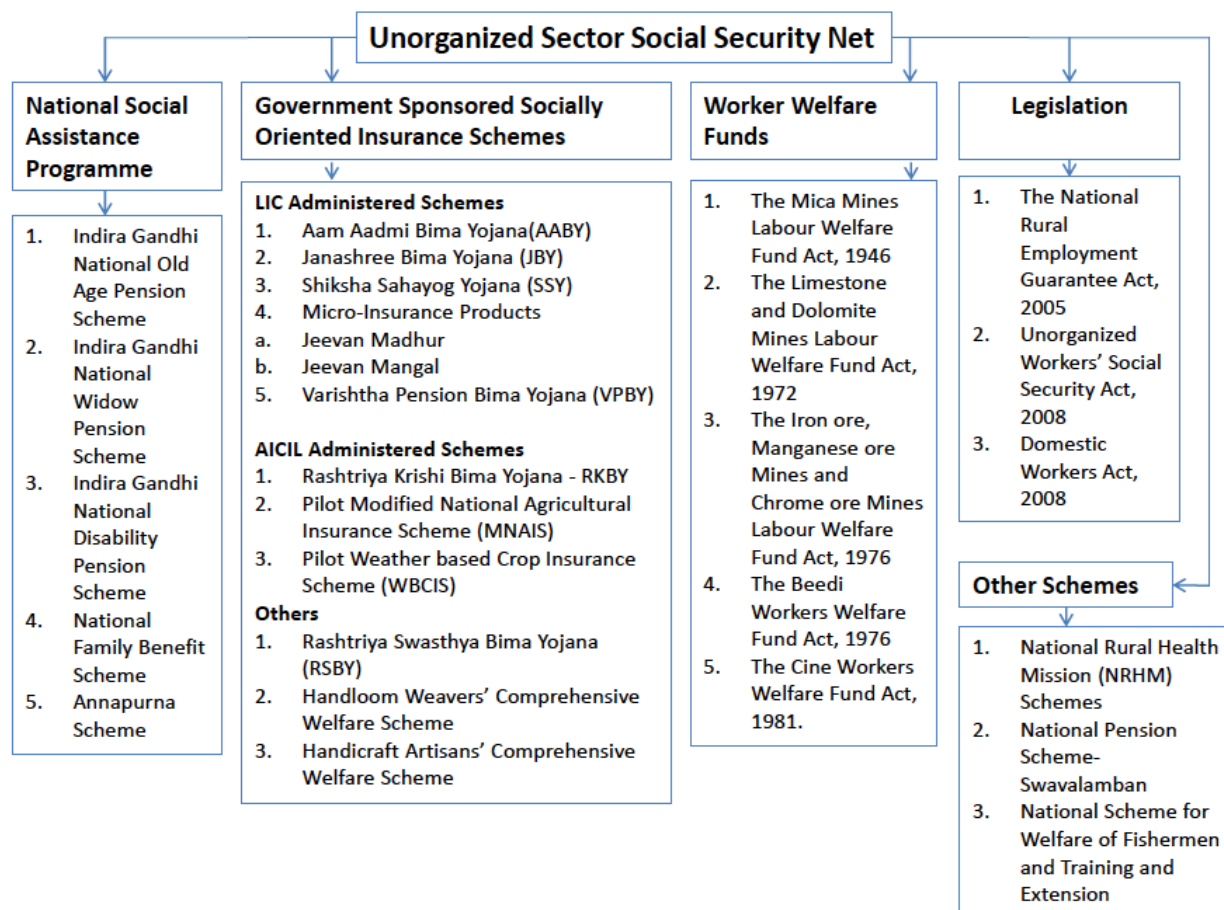
Government has planned to issue Unique Identification Number to Unorganized labour to facilitate them to access social scheme and benefits.

1. Pension – The government is planning to provide provident fund and pension scheme to unorganized sector constituent of 93% of India's huge labour force. This will help to all types of unorganized labour like domestic workers, tea sellers, construction workers and many more once they turn 58 or so. Who will do it? Now the employer can deposit that to PF scheme as and when they want, employee also can deposit

money as when they have money in their hand unlike the current provision when employer and employee deposit money every month to PF corpus every month. It has got a huge market, when subscribes feel can migrate money to the NPA and in future they may withdraw the small amount for any urgent requirement.

Workers in unorganized sector to get social security smart cards: i. Rashtrya swasth bima yujna. 2. Am admi Bima yujna 3. Old age pension 4. Pradan Mantri Jan suraksha BimaYojna. 5. Pradan Mantri Jiban Joyti Bima Yojna. 6. Atal Pension Yojna.

The Indian social security system only covers employees in the organized sector, which accounts for less than 10% of the country's workforce. As the unorganized sector is continuously growing -- and with one in five workers in the informal sector living below the poverty line -- the Government of India has launched several social security measures related to healthcare, pension and direct cash transfer schemes to people who do not have access to a formal scheme.



Source³: What ails for security for the Indian unorganized sectors? Challenges in design and implementation. By *Vishnu Prasad, IFMR Finance Foundation*, (<http://www.ifmr.co.in/blog/2014/06/05/what-ails-social-security-for-the-indian-unorganised-sector-challenges-in-design-and-implementation/>)

Conclusions and Recommendations

Despite providing many laws of social security in the constitution of India for organized and unorganized labour force, still the situations of unorganized labour remain same, only organized labours are enjoying the test of that fruits. There are lots of schemes have been framed by central as well as state government both, but unfortunately, most of the time Government has failed to apply those schemes at the time of their requirement. As far as various recommendations are concerned, regrettably, we are still far away to follow the very simple and authentic recommendations of the “First National Commission on Labour (FNCL) under the Chairmanship of Justice P. B. Gajendragadkar submitted its Report in 1969. The FNCL devoted attention to labour in the unorganised sector. The

main recommendations of the Gajendragadkar Commission included:

- a) First hand detailed surveys from time to time to understand the problems of the different categories of unorganised labour.
- b) Legislative protection by the state for unorganised/ unprotected labour.
- c) Simplification of legislative and administrative procedures applicable to small establishments.
- d) Expediting education and organization in the field of unorganised labour.
- e) As there is no alternative to the existing implementation machinery, what exists should be reinforced, and the inspection system should be strengthened.
- f) Steps for the protection of workers against middlemen, and development of self-help through co-operatives. Co-operatives

should pay adequate wages and bonus, and give employment opportunities to the underemployed and unemployed among them”.⁴

Source⁴:http://nceuis.nic.in/Report_Bill_July_2007.htm

So far as minimum wage act 1948 is concerned, it is very much scanty and terribly varies from state to state. There is no exact provision to apply that law in a systematic mode for unorganized sectors; sometime it seems vague and ineffective.

Social security act is considered as one of the most important act, which should be applied for the labours of any sectors but, for unorganized sectors no proper provisions has so far been prepared and applied except few guidelines.

Anyway, in recent circumstances, unorganized sectors social security nets(charts given above) shows few social security measures like - National Assistance program (Indira Gandhi Natioanl Old Age Pension Sceme, Indira Gandhi Natioanl Widow Pension Sceme, Indira Gandhi National Disability Pension Scheme, National Family benefit scheme and Annapurna Scheme), Government sponsored Socially Oriented Insurance Scheme(LIC Administered Scheme, AICIL Administered Scheme and few others insurance scheme), Workers Welfare funds Act, National Rural Health Mission Scheme, National Pension Scheme Swavalamban, National Schemes for welfare of fishermen and training and extension. In addition to that few legislations have also been framed like The National Rural Employment Guarantee Act, 2005, Unorganized workers Social Security Act, 2008 and Domestic workers Social Security Act, 2008. Furthermore, government is planning to provide provident fund and pension scheme to unorganized sector constituent of 93% of India's huge labour force.

Constituting the acts and framing of schemes are not enough for the advancement of labours working in informal sectors but, relatively needs of execution of those acts and schemes in a deliberate way. This should be the most imperative obligation of the government. Another

vital responsibility of the government is to conduct awareness program on the subject of those acts and schemes regularly, especially for the unorganized labour of urban as well as rural area. On the other hand, government should depute NGO, who will be responsible to conduct these types of programs or to depute dedicated team, who will be responsible for continues vigilance in their stipulated area. In addition to that thorough and crystal clear acts must be made for the labours of the informal sectors relating to the account of security of health, housing, children's education, food, nutrition of women and children, employment and old age benefit.

References

Books and Articles

1. Balaji Alluri, Socio-Economic Conditions of House Construction Workers in Vijayawada City, Research Scholar, and Dept of HRM, Acharya Nagarjuna University, Guntur, and AP.
2. Das S. Workers in unorganized sector lack security. Down to Earth. 2007.
3. Das, K.S. (1998), Wage Policy Issues in the Informal Sector, The Indian Journal of Labour Economics, V 41(4).
4. Das Dr. V. Tulasi, Head, Dept. of Human Resource Management, Acharya Nagarjuna University, Guntur. International Journal of Management and Social Sciences Research (IJMSSR) ISSN: 2319-4421 Volume 4, No. 12, December 2015.
5. Fernandes D, Paul B. Social Network of migrant workers in Construction Industry: Evidence from Goa. Tata Institute of Social Sciences. 2009.
6. Ministry of Labor and Employment, Govt. of India: Building and Other Construction Workers (Regulation of Employment and working Conditions) Act. 1996.
7. National Classification of Occupations (NCO) -2004. CSO, Director General of employment and training, Ministry of labour, Government of India, CS-1. 2004

8. NCEUS. Report on Social Security for Unorganized Workers, National Commission for Enterprises in the Unorganized Sector, Government of India, New Delhi. 2006
9. National Sample Survey Organisation [NSSO] Informal Sector and conditions of employment in India 2004-05.
10. NSS 61st Round, Ministry of Statistics and Programme implementation, Government of India. 2007.
11. Pattanaik BK. Young migrant construction workers in the unorganized urban sector. South Asia Res. 2009.
12. Ramesh PB. Rethinking Social Protection for India's Working Poor in the Unorganized Sector, Cross National Policy Exchange: Asia Social Protection Papers. 2009.
13. Rajasekhar D, Suchitra JY, Madheswaran S, Karanath GK. At times when limbs may fail: Social Security for Unorganized workers in Karnataka. Karmayaoga. 2009.
14. Rajasekhar D, Suchitra JY, Madheswaran S, Karanath GK. At times when limbs may fail: Social Security for Unorganized workers in Karnataka. Karmayaoga. 2009.
15. Revised National Industrial Classification of all economic activities (NIC) CSO, Dept. of Statistics, and Mini.of Planning, Govt. of India. 2007.
16. Sarkar P. Working hours of adults. Factories Act, 1948 with Short Notes. 2008.
17. Vishnu Prasad, What ails for security for the Indian unorganized sectors? Challenges in design and implementation, *IFMR Finance Foundation*,

Web Engine

- 1) http://labour.gov.in/sites/default/files/TheUnorganisedWoekersSocialSecurityAct2008_0.pdf.
- 2) http://mospi.nic.in/Mospi_New/upload/nsc_report_un_sec_14mar12.pdf
- 3) http://www.prsindia.org/uploads/media/UnorganisedSector/bill150_20071123150_Condition
- 4) http://www.erevise.com/current-affairs/problems-of-unorganised-sector-workers_art5253e5adee10f.html#.V3TtX0AuRkg
- 5) www.slideshare.net/fiercygodwin/problem-s-of-unorganized-sector
- 6) <http://www.visva-bharati.ac.in/InstitutionsCentresSchools/Centers/cjmc-report-080413.pdf>
- 7) https://www.google.co.in/?gfe_rd=cr&ei=XveFV_r8A-TaugSg-pLQDA&gws_rd=ssl#q=1.%09Very+low+wages+is+the+main+problem+for+unorganized+workers
- 8) (<http://indianexpress.com/article/cities/chandigarh/90-indian-workforce-in-unorganised-sector-deprived-of-welfare-schemes-says-justice-t-s-thakur/>)
- 9) http://nceuis.nic.in/Report_Bill_July_2007.htm