



The Unorganized Labour and Social Security in India

G. Pradeep Chandra, Research Scholar, Dept. of Human Resource Management,
Andhra University, Visakhapatnam.

Abstract:

India is one of the highest populous unorganized labour countries in the world. The national sample survey report estimated the total workforce is more than five million out of that 93 per cent of labourers are working in unorganized sector in India. Of course the Indian workforce is dominated by unorganized sector. The Indian economy is also highly dependent upon unorganized labour. The Indian ministry of labour classified the unorganized labour into four categories that is occupation, nature of employment, distressed categories and service categories. The unorganized labourers scattered in different sections and it is providing employment opportunities as well as economic development to the many labourers. So the unorganized sector is playing very prominent role in Indian economic development. It shows that the major share of unorganized employment in Indian economy displayed incredible dependability over the many years. India is popularly known for agricultural based sector so that more than 90 per cent of the unorganized labourers are depend for survival on agricultural sector. In India there has been a phenomenal growth of unorganized labourers. The labour force in the unorganized sector is characterized by a high incidence of casual labourers are seasonal labourers mostly doing intermittent employment at extremely low wages and with high risk conditions are identified as there are universal everywhere in the country.

Key words: unorganized labour, employment, constitution, NREGA

Introduction

India has long traditional history about social security and social assistance provided particularly to the poorest of the poor and vulnerable sections of Indian society. By the time of British reign the social security and welfare was not properly reached to the people. However, after the Indian independence the government is concerned more with the problem of unorganized labour force on social security matters especially in rural areas. The Indian constitution is clearly explained about social security in list III scheduled VII of the constitution. The directive principles of state policy incorporated and explained social security measures. There are some of the Acts protecting social security like

workmen's compensation Act 1923; the industrial dispute Act 1947; employees state insurance Act 1948; the minimum wages Act 1948; coal mines provident fund Act 1948; employees provident fund Act 1952; maternity benefit Act 1961; contract labour Act 1970; payment of gratuity Act 1972; building and construction workers Act 1996 etc shows the attention provided to the labourers to attain different kinds of social security and social welfare provisions. There are many discussions conducted about unorganized labour force especially the central government, state government and NGO's identified the need of much support provided to the growing unorganized workers. The major social security needs of the labourers in the area of food security, nutritional security,



health security, housing security, employment security, income security, life security and old age security etc. It is the time to government or policy makers often encounter with some of the questions to answer like how much priority given to social security, what are the strategies implemented for social security, what kind of planning and strategies taken to the social security, are the labourers willing to cooperate to maintain social security and what are the schemes subsidies etc implemented for the social security in our country. This is the high time and right place for discussion on unorganized labourers and their social security in Indian sub continent.

The Indian Scenario

The Indian Economy is characterized by the existence of a vast majority of informal or unorganized labour employment. As per the Economic Survey 2007-08, 93% of India's workforce include the self employed and employed in unorganized sector. The Ministry of Labour, Government of India, has categorized the unorganized labour force under four groups in terms of Occupation, nature of employment, especially distressed categories and service categories.

1. In terms of Occupation:

Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, beedi rolling, labeling and packing, building and construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in

saw mills, oil mills etc. come under this category.

2. In terms of Nature of Employment:

Attached agricultural labourers, bonded labourers, migrant workers, contract and casual labourers come under this.

3. In terms of Specially distressed categories:

Toddy tappers, Scavengers, Carriers of head loads, Drivers of animal driven vehicles, Loaders and unloaders come under this category.

4. In terms of Service categories:

Midwives, Domestic workers, Fishermen and women, Barbers, Vegetable and fruit vendors, News paper vendors etc. belong to this category.

In addition to these four categories, there exists a large section of unorganized labour force such as cobblers, Hamals, Handicraft artisans, Handloom weavers, Lady tailors, Physically handicapped self employed persons, Rikshaw pullers, Auto drivers, Sericulture workers, Carpenters, Tannery workers, Power loom workers and Urban poor.

Though the availability of statistical information on intensity and accuracy vary significantly, the extent of unorganized workers is significantly high among agricultural workers, building and other construction workers and among home based workers. According to the Economic Survey 2007-08 agricultural workers constitute the largest segment of workers in the unorganized sector (ie. 52% of the total workers).



As per the National Sample Survey Organization (NSSO), 30 million workers in India are constantly on the move (migrant labour) and 25.94 million women workforce has been added in the labour market from the year 2000 onwards. All the more every day 13000 Indians turn 60 years and they are expected to live another average of 17years. Unfortunately only 10% of the Indians save for old age. The tragedy is that the existing social security legislations cover only 8% of the total work force of 459 million in India.

The latest report of the NSSO uploaded by the close of May 2011 about the casual workers in India between 2004-05 and 2009-10 compared to that of the period between 1999 – 2000 and 2004-05 very clearly shows that there is significant increase in the number of casual workers and decline in the number of regular workers.

This report shows a substantial shift between 1999-00 and 2009-10 in the structure of the labour force which can be broadly divided in to self employed, regular, and casual workers. (casual workers are employees who do not enjoy the same benefits and security as tenured employees. All daily wage employees and some categories of contract employees are casual labourers.)

All these NSSO reports are clear evidences to prove that the labour market of India has been undergoing tremendous transformations, including growth of informal sector activities, deterioration in the quality of employment (in terms of job security, terms and conditions at work), Weakening of worker organizations and collective bargaining institutions, marked decline in social security etc. To a greater extent, these transformation could be

related to the ongoing globalization process and the resultant efforts on the part of employers to minimize the cost of production to the lowest levels. It is also evident that most of these outcomes are highly correlated and mutually reinforcing. A closer analysis suggests that the growing informalisation of labour market has been central to most of these transformations, which inter alia highlights the utility of understanding the growth of unorganized sector in India and its implications.

Many thought that India's growth could do no wrong, and took the administrative versions and interpretations for granted. Now it comes to a point that none of these can be taken for granted. Growth is slow, inflation is structural and structure of employment is not enough to cater to the growing labour force.

Growing Prominence of Unorganized Sector in India

Predominance of informal employment has been one of the central features of the labour market scenario in India. While the sector contributes around half of the GDP of the county, its dominance in the employment front is such that more than 90% of the total workforce has been engaged in the informal economy. As per the latest estimation of a Sub-committee of the National Commission for Enterprises in the Unorganized Sector (NCEUS), the contribution of unorganized sector to GDP is about 50% (NCEUS 2008).

This national level pattern of informal workers occupying around 90% of the workforce is more or less similar in the case of most of the prominent states in the country. Among the unorganized sector workers, a considerable proportion (about 65%) is engaged in agricultural



sector, which in turn indicates the prominence of rural segment in the informal economy.

The growth of formal employment in the country has always been less than that of total employment, indicating a faster growth of employment in the informal sector. Available data suggests that within the formal sector also the proportion of informal / unorganized workers are on the increase. For instance, by providing a comparison of the NSSO Employment Data for 55th and 61st Rounds (for 1999-2000 and 2004-05 respectively) the NCEUS (2007) explains that the country is currently in a state of “informalisation of the formal sector”, where the entire increase in the employment in the organized sector over this period has been informal in nature.

It is widely acknowledged that the informal sector in India suffers from a low productivity syndrome, compared to the formal sector. The prominent features of the sector are lower real wages and poor working / living conditions.

Further, the sector is characterized by excessive seasonality of employment (especially in the farm sector), preponderance of casual and contractual employment, atypical production organizations and work relations, absence of social security measures and welfare legislations, negation of social standards and worker rights, denial of minimum wages and so on. Poor human capital base (in terms of education, skill and training) as well as lower mobilization status of the work force further add to the vulnerability and weaken the bargaining strength of workers in the informal sector. Thus, the sector has become a competitive and low cost device to absorb labour, which

cannot be absorbed elsewhere, whereas any attempt to regulate and bring it into more effective legal and institutional framework is perceived to be impairing the labour absorbing capacity of the sector.

With the advent of globalization and resultant reorganization of production chains led to a situation where production systems are becoming increasingly atypical and non-standard, involving flexible workforce, engaged in temporary and part-time employment, which is seen largely as a measure adopted by the employers to reduce labour cost in the face of stiff competition. No doubt, it obviously indicates that these flexible workers in the new informal economy are highly vulnerable in terms of job security and social protection, as they are not deriving any of the social protection measures stipulated in the existing labour legislations. The insecurities and vulnerabilities of these modern informal sector labour are on the rise, as there is a visible absence of worker mobilization and organized collective bargaining in these segments owing to a multitude of reasons.

The alarming expansion of informal sector, in recent times, has adversely affected employment and income security for the larger majority of the workforce, along with a marked reduction in the scale of social welfare / security programme.

In our “global” cities such as Bangalore, which are being show-cased as the new faces of an affluent and vibrant India, there are lakhs of people who rely on manual labour for their own livelihood. The housemaids, security guards, construction workers, garment workers, cobblers, beedi workers, agarbati



workers, drivers and many others have a very different story to tell. Their incomes have not grown at the staggering rate of their employers; indeed adjusted for inflation their incomes have often fallen over the last two and half decades, driving them into deeper poverty.

Employment in Organized and Unorganized sectors in India

Year	Organized	Unorganized
2004-05	2.6	43.3
2006-07	2.4	42.1
2008-09	2.5	43.4
2009-10	2.8	43.7

Source: Ministry of Labour and Employment Government of India.

Major characteristics of the unorganized workers:

- ❖ The unorganized labour is overwhelming in terms of its number range and therefore they are omnipresent throughout India.
- ❖ As the unorganized sector suffers from cycles of excessive seasonality of employment, majority of the unorganized workers does not have stable durable avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.
- ❖ The workplace is scattered and fragmented.

- ❖ There is no formal employer – employee relationship
- ❖ In rural areas, the unorganized labour force is highly stratified on caste and community considerations. In urban areas while such considerations are much less, it cannot be said that it is altogether absent as the bulk of the unorganized workers in urban areas are basically migrant workers from rural areas.
- ❖ Workers in the unorganized sector are usually subject to indebtedness and bondage as their meager income cannot meet with their livelihood needs.
- ❖ The unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs, ie, where labour productivity are no different. The work status is of inferior quality of work and inferior terms of employment, both remuneration and employment.
- ❖ Primitive production technologies and feudal production relations are rampant in the unorganized sector, and they do not permit or encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the outside world are also responsible for such poor absorption.
- ❖ The unorganized workers do not receive sufficient attention from the trade unions.



- ❖ Inadequate and ineffective labour laws and standards relating to the unorganized sector.

Social security measures:

It is rightly true that when independent India's constitution was drafted, social security was specially included in List III to Schedule VII of the constitution and it was made as the concurrent responsibility of the central and state governments. A number of directive principles of state policy relating to aspects of social security were incorporated in the Indian constitution. The initiatives in the form of Acts such as the Workmen's Compensation Act (1923), the Industrial Disputes Act (1947), the Employees State Insurance Act (1948), the Minimum Wages Act (1948), the Coal Mines Provident Funds and Miscellaneous Provisions Act (1948), The Employees Provident Fund and Miscellaneous Provisions Act (1952), the Maternity Benefit Act (1961), the Seamen's Provident Fund Act (1966), the Contract Labour Act (1970), the Payment of Gratuity Act (1972), the Building and Construction Workers Act (1996) etc. reveal the attention given to the organized workers to attain different kinds of social security and welfare benefits. Though it has been argued that the above Acts are directly and indirectly applicable to the workers in the unorganized sector also, their contribution is very negligible to the unorganized workers.

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. Both the central and state governments have formulated certain specific schemes to support unorganized workers which

fail in meeting with the real needs and requirements of the unorganized sector labour force. This becomes clear even when the highly proclaimed National Rural Employment Guarantee Act -2005 (NREGA), though it is a breakthrough, doesn't have common wage in different states and limits itself only to hundred day's work for those registered worker under the Act. And looking at the recent Unorganized Sectors' Social Security Act (2008), one really wonders if there is any provision for an unorganized worker in this Act other than some guidelines about the available social security schemes in the country. In fact a comprehensive Act, catering to the security needs of the unorganized sector such as Food, Nutrition, Health, Housing, Employment, Income, Life and accident, and old age remains a dream in India. Still the cries of the unorganized sector goes unattended with the governments laying red carpets for the corporates and so called investors at the expense and sacrifice of the working class.

Conclusion

The unorganized labourers scattered in different sections and it is providing employment opportunities as well as economic development to the many labourers. So the unorganized sector is playing very prominent role in Indian economic development. It shows that the major share of unorganized employment in Indian economy displayed incredible dependability over the many years. India is popularly known for agricultural based sector so that more than 90 per cent of the unorganized labourers are depend for survival on agricultural sector. In India there has been a phenomenal growth of unorganized labourers. The labour force in the unorganized sector is characterized by a high incidence of casual labourers



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