

## Problems of Unorganized Workers

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### Abstract:

Despite their significant contribution to the economy, only 6 % of unorganized workers avail any type of social security support. The growth of real wages of casual workers has also been relatively slow in the post-reform period. The workers of the unorganized sectors are the worst affected in the event of any kind of crisis. The fundamental socio-economic rights of domestic migrant workers were adversely affected during the lockdown, but the state response was not up to the expectation. Despite expansion in policy and programmes, India's wage and social security system is quite vulnerable to unorganized workers. The people of our country know how to arrange the means of subsistence on their own, but if they get adequate government sponsored social assistance easily at the right time, then the difficulties related to their life will be greatly reduced.

**Key Words:** Unorganised Workers, Social Security.

### Introduction:

According to Code on Social Security 2020, unorganized worker means home based worker, self employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any social security scheme by the employer. Since the 1970, the concern of the unorganised sector has found an important place in the discourse of economic development all over the world. In India too, the unorganised sector and its associated workers contributed significantly for the development of the Indian economy but the socio- economic conditions of these workers is not good, even after its 75 years of independence. Working hours for these workers is too high in an extremely bad condition. Wage rates are extremely low, barely enough to live a decent life. In the unorganized sector, illiterate and vulnerable labour is not able to exercise bargaining power effectively (Ministry of labour & Employment 2020). Therefore, the institutional arrangement of govt intervention comes forth to ensure minimum wages and social security.

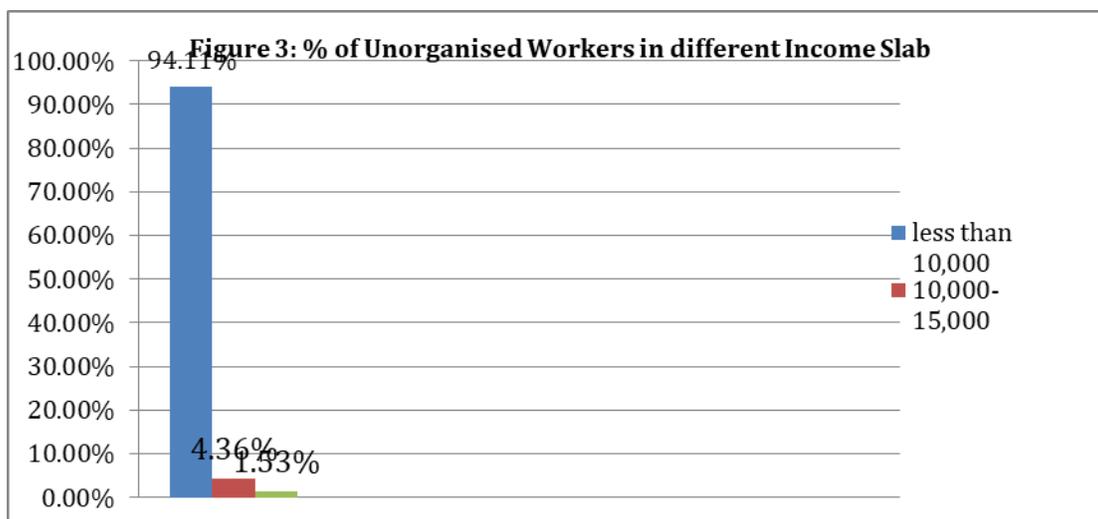
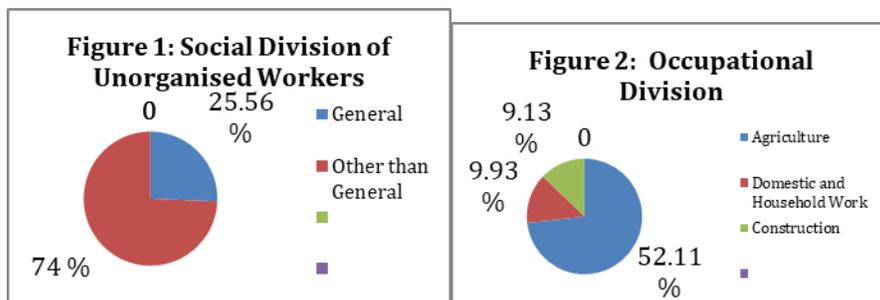
The social security measures taken by the government are inadequate and all categories of workers working in the unorganised sector are not covered under it. Any study focused on the evaluation of progress achieved by the country in the last 75 years, it becomes imperative to highlight the socio-economic status of these workers, status of wage level attained by them, their problems and the problems faced by these workers during the lockdown created by pandemic.

### Socio-Economic Status of Unorganised Workers

Approximately 28 crore unorganized workers are registered on the e-Shram portal as on July 20, 2022. Among them, 47.16% are male and 52.84% are female. 25.56% of the registered workers belong to general category and the remaining 74% are from the SC, ST

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and OBC category (Figure 1). 52.11 % workers are engaged in farm related activities followed by engagement in domestic / household work (9.93%) and construction (9.13%) (Figure 2). Figure 3 details the economic condition of the unorganized workers based on income slab 94.11%



earn less than Rs. 10,000 per month. 4.36 % workers earn Rs. 10,000-15,000 per month. Only 1.53% workers can earn Rs.15, 000 or more per month (figure3).

### Problems of Unorganised Workers

In the recent past, India's economic growth and living standards of the middle classes have improved significantly. But the story is different and complex for unorganized workers such as rickshaw pullers, domestic workers, self-employed workers, street vendors and other underprivileged groups. According to national commission for enterprises in the unorganized sector 2008 (NCEUS 2008), unorganized sector contributed 50% of GDP. In the country, more than 90% of the work force belongs to unorganized workers. Despite their significant contribution to the economy, only 6 % of unorganized workers avail any type of social

security support (NCEUS 2006:24). Many studies show that the share of unorganized workers with social security outreach and job contracts has been continuously decreasing (Mishra 2017). The growth of real wages of casual workers has also been relatively slow in the post-reform period. At the same time, inflationary pressures have also affected the living standard of workers. Unorganized workers are unable to pressurize the employers to achieve higher wages. As a result, their real wages decrease during times of inflation. According to National sample survey estimates, average per capita expenditure of casual workers in rural and urban areas grew at a low rate of 1 percent and 2 per cent per year respectively between 1993-94 - 2009-10 (Dreze & Sen 2013:33). According to Rani and Belser (2012), approximately 33 % wage laborers earned less than the national level minimum wage. The social division among the workers in the unorganized sector is also visible. In pre and post independent period, the socio-economic status of unorganized workers related to marginalized communities such as women, dalits, adivasis, muslims have not improved much. Given their engagement in low profile work, they are excluded from adequate wage income, decent and safe working conditions. Among unorganized workers, 88 % SCs/STs, 80% OBCs and 84% Muslims are economically poor and vulnerable. Even 55 % unorganized workers who do not belong to marginalized communities fall in the bracket of poverty and deprivation. SCs (61.5%) and STs (25.1%) constitute the highest proportion in the bonded labour category (Actionaid 2019: 11). Clearly, the benefits of reforms and high growth have not been translated into employment creation, generation of adequate income and increase in the well being of unorganized workers. Since, almost 82 per cent workers are employed in unorganized sector, economic discrimination and denial of adequate social safety nets in the labour market results high poverty and inequality for the group facing discrimination.

#### ***Pandemic and Unorganized Workers***

In addition to the above-mentioned problems, the workers of the unorganized sectors are the worst affected in the event of any kind of crisis. In recent times of pandemic generated lockdown these workers have faced serious socio-economic problems. During lockdown demand and supply of almost all essential commodities reduced significantly. As a result, pervasive unemployment among unorganized workers and beyond occurred. They lost their jobs and were trapped in indebtedness. Studies reveal that up to 80% of unorganized workers lost their job during lockdown (Gokhroo 2021:3). During lockdown, the loss in employment of urban informal workers immediately curtailed their access to basic services, accommodation and shelter. The most vulnerable were migrant labour from rural areas (Srivastava 2021:1). The situation of women informal sector workers worsened more due to lockdown (Chakraborty 2020). Kumar and Choudhary (2021) argue that fundamental socio-economic rights of domestic migrant workers were adversely affected during the lockdown, but the state response was not up to the expectation. According to an estimate informal worker in unorganized sector suffered a wage loss of about Rs. 635.53 billion which is almost equivalent to the budget allocated for MGNREGA in union budget 2020-21. Therefore, as millions of labours are pushed back into poverty trap due to lockdown, the role of social security measures becomes more vital. Further, workers in the unorganized sectors are engaged in low income generating informal work and are unable to successfully cope with crisis situations. Therefore, social security schemes, in addition to their earnings or minimum

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wage level may provide them financial support to some extent. Further, social security can also be seen to have a number of positive economic effects. It can help to make people capable of earning their income and to increase their productive potential; it may help to maintain effective demand at the national level; and it may help create conditions in which a market economy can flourish, notably by encouraging workers to accept innovation and change (ILO 2001 :12).

**Policies, Challenges and Way Forward:**

KOVID-19 Pandemic highlighted the policy challenges and exposed the drawbacks in India's social security policies. In order to address the problematic issues of unorganized workers, recently, central government has launched the code on social security 2020. But many shortcomings of UWSSA, 2008 remained in the new code 2020 as well. The problem is that the earlier acts and provisions had become a part of social welfare schemes which failed to capability building and lacked a right based approach. (Mishra 2017). Similarly, this new code also lacks a right based approach. In the new code, the registration of unorganised workers is the responsibility of the district administration, but their accountability is not ensured. This is one of the reasons why limited registration of unorganised workers had taken place on the portal (Satpathy 2018). In the new code provisions have become unnecessarily complex. There are overlapping zones between Central and state governments. In the shadow of this code, the existing social security schemes provided by the state government should not be curtailed. In 2015-16 and 2016-17 not a single rupee was allocated to the National social security fund of the central government. This is a serious issue regarding funding of social security schemes. (Mehrotra & Sarkar 2021). The ill-effects of the Kovid pandemic have also presented a new challenge to the livelihood and social security of the unorganized workers. In this regard, Kannan (2020) has suggested implementing the recommendations of NCEUS 2008 and 2009. The new code does not talk about a minimum social security net for all whereas there should be a provision to ensure a minimum social security major irrespective of the size of the enterprise, wage etc. The quantity and quality of social security measures should also be amended from time to time keeping in view the inflation rate and changing nature of required necessities.

One of the major problems of unorganised sector is that productivity level of workers engaged in this sector is very low. Therefore, this is high time to roll out a comprehensive program which will be based on effective skill development of the unorganised workers, their identification and making them more aware. Few sources report that ministry of labour and employment is preparing to launch a skill development program for unorganised workers with the fund of Rs. 5000 crores.

**Conclusion**

There have been many efforts regarding ensuring employment opportunity, minimum wages and social security of unorganized workers in post Independent India. Despite expansion in policy and programmes, India's wage and social security system is quite vulnerable to unorganized workers. As unorganized workers play a vital role in the smooth functioning of the economy without receiving adequate return. Now time has come to formulate and

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implement new policy design especially regarding strict implementation of social security benefits. Various studies suggest that comprehensive social security measures in most developing countries can promote labour market efficiency and economic growth (Justino, 2003). Whether the condition of the workers in the unorganised sector will improve or not depends on how efficiently the government is able to implement the promotional measures in addition to the protective measures. Further, how different government agencies coordinate with each other without curtailing other welfare programs. The people of our country know how to arrange the means of subsistence on their own, but if they get adequate government sponsored social assistance easily at the right time, then the difficulties related to their life will be greatly reduced.

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