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Unorganized Sector Workers and Their Issues

*¹Rajesh Bhati*¹Research Scholar, Faculty of Law, Jai Narain Vyas University, Jodhpur, Rajasthan, India.

Abstract

Unorganized workers' living conditions are obviously below the level of basic standards. Undoubtedly, a large number of unorganised workers are unable to cover their daily needs. When compared to men, most working women are consistently the victims of poor pay. There are several rules for the protection of the workforce, but while they are regularly followed in organised sectors, they are not consistently applied in unorganised industries. Therefore, the author has made an effort to concentrate on the numerous issues with unorganised labour and the essential remedies. The material was compiled by talking to seasoned government workers who have worked in this field as well as secondary sources such books, research papers, websites, and a variety of publicly available government records.

Keywords: Act, Social security, legislation, and programmes related to unorganised labour

Introduction

The economic development model, as expanded by W. Arthur Lewis in mid-1950, was in use at the time. In developing nations, the labour pool was endless. Those extra workers ought to be employed in the nation's emerging industrial sector. It is merely a conversion of the old system to the new. Large industrial sectors or the foundation of the formal economy should take on those types of casual labour that have previously been employed by small enterprises and extremely traditional manufacturers or traders. Additionally, tiny manufacturers and petty dealers may join the major sector as annexes. However, a sizable portion of the labour force continues to struggle in the unorganised sectors. They don't even have the chance to sample the benefits of the formal economy, particularly in third-world nations. Not only are there a lot of males there, but there are also a lot of women and kids floating around in the same kind of atmosphere. In the third-world nation, the traditional and modern sectors continue to be in opposition to one another. Although it had a different name at the time, the contrast between eastern non-capitalist economies and western capitalist economies, this dichotomy of formal and informal was established in the pre-independence era. However, in the post-independence era, it was changed to the dichotomy of traditional and modern concepts.

In India, the vast majority of labour is unorganised, which is a regular occurrence. The Indian government has categorised the unorganised workforce exclusively into four categories based on its peculiarity.

1. In terms of profession, such as leather workers, waiver, fisheries, bidi makers, construction workers, employees of various industries including oil mills, paper mills, saw

mills, etc., brick makers, and agricultural labourers who are not landowners.

2. Employment type, contract, temporary, and bonded labour
3. Head and shoulder loaders, scavengers, and a range of labour jobs are among the special distressed groups.
4. Services offered include those of a hotel boy, midwife, air hostess, bartender, masseur, etc.

Along with the aforementioned category of handicraft artisans, the unorganised labour class also includes truck and auto drivers, cobblers, handloom weavers, physically disabled individuals working for themselves, lady tailors, rikshaw pullers, carpenters, tannery labourers, power loom workers, and the urban poor.

According to statistical data, it has been shown that the agricultural sector has the most unorganised labourers (around 50% more than other sectors including home-based workers, employees of different types of factories, and the building and construction business). The National Sample Survey Organization's research states that the strength of regular workers in India is declining while the number of casual workers has been arbitrarily expanding since 2000. This is the most important issue to be taken seriously. Additionally, the NSSO survey found that 30% of unorganised employees are constantly moving, which is why Justice T S Thakur of the Supreme Court underlined the importance of the proper implementation of assistance programmes by the federal and state governments.

"Unorganized labour is our workers' largest constituency. 14 crore of the 46 crore workers are women. Every state has programmes to reduce poverty, but the benefits don't get to them, according to Justice Thakur. He continued by saying

that while Rs 750 crore had been raised for Punjabi workers' welfare, not much had been used. In 2008, 2009, 2010, 2011, 2012, and 2013 there is no spending. We are callous toward them.

Labour Input Share in Unorganized Sector (%)

- a) Agriculture and forestry-99.9
- b) Fishing-98.7
- c) Mining-64.4
- d) Manufacturing-87.7
- e) Electricity, Gas, Water supply-12.4
- f) Construction 92.4
- g) Wholesale and Retail Trade,-98.3
- h) Hotel & Restaurants-96.7
- i) Transport, Storage & Communication-82.2
- j) Financial Intermediation-32.4
- k) Real estate, renting and business activities-81.4
- l) Public administration and Defence, etc. 2.6
- m) Education-37.9
- n) Health and social work-55.1
- o) Other Community, Social and Personal Services-92.5
- p) Private Households with Employed Persons-100
- q) Extra Territorial Organizations and Bodies-87.8

Grand Total 94

Objective

1. To raise awareness of the various issues facing employees in the unorganised sector of the economy.
2. To be aware of the numerous laws and protection mechanisms in place in the nation for unorganised labour.
3. To be informed on the newest social security initiatives for unorganised labour.

Literature Review

Rajarithnam (2001) did a study on Dalit unorganised workers who are from the Tirunelveli district of Tamil Nadu. He especially discussed the Dalit Majdoor's precarious socioeconomic situation.

In their research article Impact of Organized Retailing on the Unorganized Sector, Mathew Joseph, Nirupama Soundarajan, Manisha Gupta, and Sanghamitra Sahu highlighted how unorganised sectors are aided by the sparsely populated retail areas of mini-and megacities. A few policies that will improve the relationship between big retailers and small suppliers have also been suggested.

In his research paper titled "Informal Sector: Concept and Policy," T. S. Papola discussed the various drawbacks of these industries and recommended ways to address them. He also advised improving the city's ability to absorb migrant workers in order to boost labour productivity and improve working conditions.

Silvia M. D. Mendonca Noronha (2005): In his thesis titled "Migrant Construction Workers in Goa," Mendonca Noronha analysed the meticulous way that migrant labourers work. Additionally, the author has reviewed information that has been presented on many websites.

Unorganized Labour Analysis Issues

90% of the workforce is employed in sizable informal sectors. They typically deal with a variety of issues in daily life, such as living close to their place of employment, regularly extending their workday, and frequently encountering exploitation and dangerous working conditions.

- i). **The Biggest Issue for Unorganised Workers is Extremely Low Pay:** The minimum wage laws typically

applies to labourers employed in organised or official sectors.

- ii). **Most Workers Lack Ideal Living Spaces Close to Their Workplaces:** Most employees who work in organised industries receive housing rental subsidies, in addition to receiving housing from housing boards and loans from various statutory banks to build their own homes. Unfortunately, employees who work in unorganised industries are not provided with these benefits, so they tend to group together in small spaces in their living areas where they lack adequate washing facilities. They also struggle with a variety of unsanitary issues, such as sewer seepage and flooding caused by overflowing drainage systems.
- iii). **They Are Ignorant of Workplace Dangers and Occupational Safety:** Many unorganised workers tragically die as a result of the introduction of various hazardous machinery, high rise construction, unguarded machinery, toxic chemicals, coal dust, lime dust, and blazes crude materials for synthetic generation because their working conditions are more hazardous than those in organised sectors, and their knowledge of occupational health and safety is also very low.
- iv). **They do not Receive Paid Holidays, Sick Days, or Overtime:** Even if overtime, paid holidays, and sick leave are covered by labour laws, some casual workers are nonetheless denied those rights; yet, the application of those regulations is common in formal settings.
- v). **They are Unaware of Labour or Trade Unions:** The majority of unorganised workers are unaware of the existence and workings of labour unions. Numerous unorganised sector workers have joined Shramajivi Swikriti Manch and Asanghathit Kshetra Shramik Sangrami Manch, which have brought together unorganised sector workers under one platform. These workers include unionised agricultural workers, brick and hosiery workers, construction rakes, fish and forest workers, domestic workers, biri rollers, sex workers, and employees of liquor stores.
- vi). **High Level Job Instability is a Widespread Occurrence in the Unorganised Sector:** "The provision of benefits to households and individuals through public or collective structures to protect against poor or deteriorating standard of living stemming from a number of basic hazards and needs," according to the definition of social security.
- vii). **Vulnerable Workers, Including Women and Children, Receive Extremely Low Pay:** It has been noted that among the unorganised labour, women and child labour are most vulnerable. Utilizing women and children as household workers in metropolitan areas is a growing wonder. The working conditions for children and women are completely unregulated, and they are frequently forced to work in submissive conditions with little pay and nutrition. Despite their commitment to the same working hours as adult male labour, they receive lower remuneration. Women and young domestic workers have experienced physical, sexual, and psychological abuse.
- viii). **Most Employees are Departing in Really Poor Condition:** In terms of living conditions, they depart in a group in a highly unclean manner. They typically construct huts in a row to reside.
- ix). **A Lack of Quality Employment Brought on by a Contractor's Dishonesty:** The employment terms of workers in many unorganised sectors are irregular, and

these sectors frequently lack government registration. In unorganised sectors, no laws like the Bonus Act, Pension Act, Provident Fund Act, Maternity Act, or Factories Act are observed. The legal system cannot oversee the unorganised sector, hence taxes cannot be collected. The legal system cannot oversee the unorganised sector, hence taxes cannot be collected. Workers' working hours are not predetermined. Additionally, they occasionally need to make adjustments to Sundays and special events. They receive daily pay for their employment, which comes very close to falling short of the amount the government advises.

- x). **Losing a Job for a Foolish Reason is a Common Occurrence:** Numerous examples exist of people losing their jobs in unorganised sectors for trivial reasons. There are many legal obligations that have been set up to stop the occupation's disgrace, albeit the majority of these legal norms only apply to unorganised sectors.
- xi). **Number of Workplace Harassment Issues for Working Women:** Even though it is illegal, issues of harassment against women are very common, and some people still use force to make them work. It is occasionally also brought to life with the aid of other customs.

Measures for Social Security

When India became independent, the constitution gave social

security, particularly for industrial labour, first emphasis. Social security was finally drafted to be the concurrent duty of the federal government and state governments after being put into the constitution under list III to schedule VII.

It is well known that state governments are responsible for enforcing labour laws for those employed in the informal economy, despite the fact that the federal government is required by law to do so for independent contractors and informal workers. As a result, the federal government's influence should always be felt when state governments are responsible for enforcing wage laws for informal workers.

The government has made some progress in this regard, despite the fact that not much has been done to provide social security coverage to the rural poor and the unorganised labour force. Both the federal and state governments have developed particular plans to assist unorganised employees, but tragically they fall short of fulfilling their demands.

This makes it evident that the widely hailed National Rural Employment Guarantee Act of 2005 (NREGA), while revolutionary, does not have a set wage across states, and furthermore, the job only permits 100 days of labour for those employees who have registered under the Act. But what will they do for the remaining days of the year? What about the impoverished in metropolitan regions if this Act only applies to rural areas where there is a work guarantee.

Table 1: The impact of labour laws on salaries in India's unorganised sector:

Labour Laws	Interventional Approach
The Minimum wage Act, 1948	To pay workers the bare minimum for their labour Minimum wage must be paid to workers in scheduled employment.
The trade Union Act, 1926	To make it possible for the employees of several small units to organise into unions that may negotiate pay and other working conditions
The Industrial Dispute Act, 1947	To make it possible for unions to bring up wage-related workplace disputes and for the conciliation machinery to get involved.
The Equal remuneration Act, 1976	Ensure women receive an equal wage for the same or similar work
The Payment of wages Act, 1936	To establish rules for how salaries are paid and how they are recovered when they are not.

There are also not many labour rules that apply to informal labourers.

- 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

Most Recent Development

In order to make it easier for unorganised workers to access social programmes and benefits, the government plans to provide them with Unique Identification Numbers.

1. **Pension:** The government intends to offer pension plans and provident funds to the unorganised sector, which accounts for 93% of India's enormous labour force. Once people reach the age of 58 or so, this will benefit all forms of unorganised labour, including domestic workers, tea vendors, construction workers, and many more. Who will execute it? In contrast to the current provision, wherein the employer and employee contribute money to the PF

corpus each month, now the employer can deposit that to the PF scheme whenever they like, and the employee can deposit money whenever they have money in their hands. When subscribers feel they can move money to the NPA and later withdraw a modest amount for any urgent need, it has a sizable market.

2. Unorganized sector employees will receive social security smart cards:
 - i). Rashtrya swasth bimayujna.
 - ii). Amadmi Bima yujna
 - iii). Old age pension
 - iv). Pradan Mantri Jan suraksha BimaYojna.
 - v). Pradan Mantri Jiban Joyti Bima Yojna.
 - vi). Atal Pension Yojna.

Less than 10% of the workforce in India is covered by the social security system, which only extends to those working in the organised sector. The Government of India has introduced a number of social security measures related to healthcare, pension, and direct cash transfer schemes to people who do not have access to a formal scheme, as the unorganised sector is continuously expanding and one in five workers in the informal sector live below the poverty line.

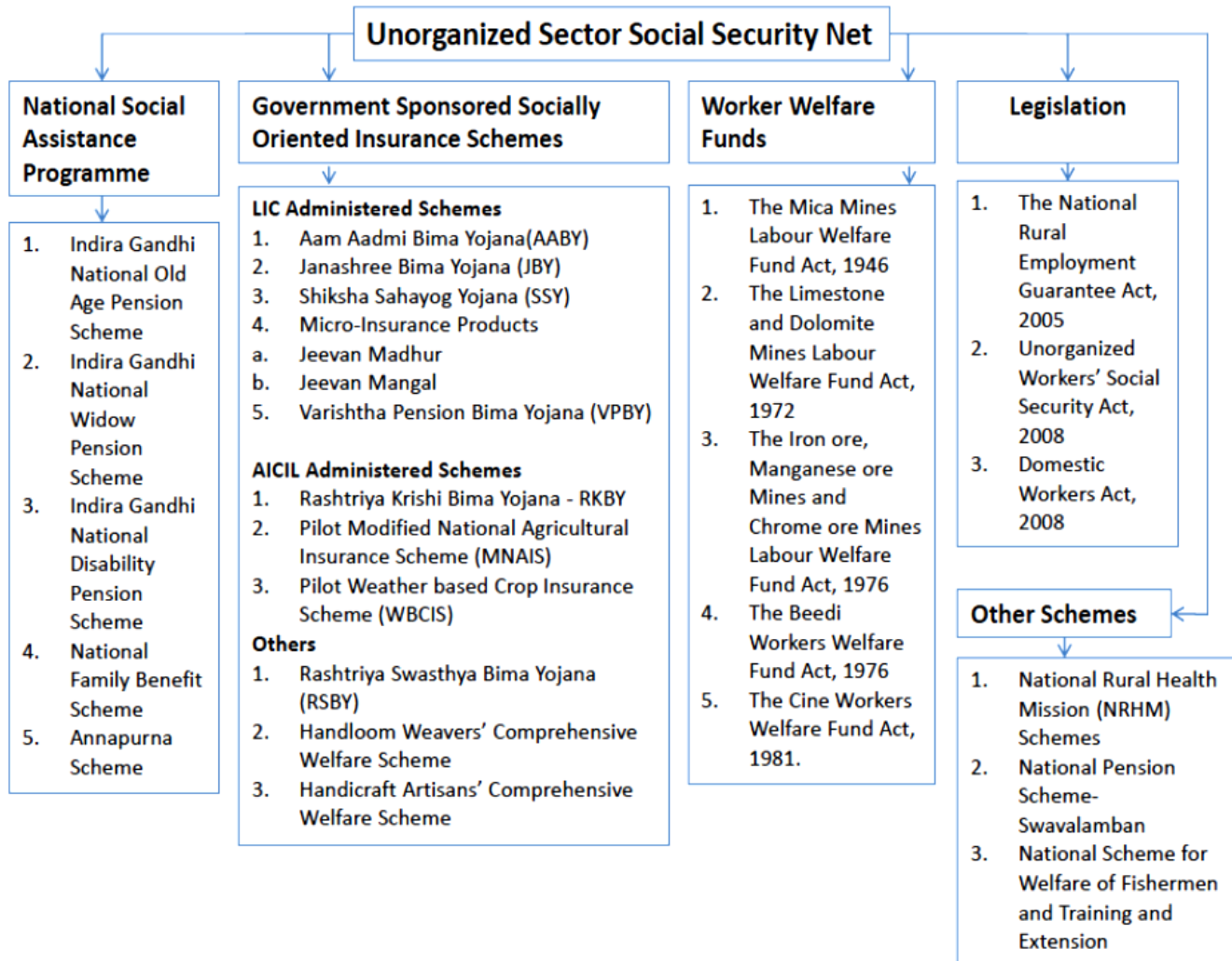


Fig 1: Unorganized Sector Social Security Net

Conclusions and Recommendations

Even though the Indian Constitution includes numerous social security laws for both organised and unorganised labour, only organised labourers are currently benefiting from those laws' results. Both the federal government and state governments have created several programmes, but regrettably, most of the time, these programmes have not been implemented when they were necessary. Unfortunately, we still have a long way to go before adopting the straightforward advice provided by the "First National Commission on Labour (FNCL), which was presided over by Justice P. B. Gajendragadkar and issued its report in 1969. The unorganised sector of labour received attention from the FNCL. The Gajendra Gadkar's primary suggestions.

Commission Comprised

- a) Periodic first-hand, in-depth surveys to better understand the issues facing the various types of unorganised labour.
- b) State protection through legislation for unorganised or unprotected labour.
- c) Simplifying legal and administrative processes that apply to small businesses.
- d) Quickening organisation and education in the area of unorganised labour.
- e) The existing implementation machinery should be enhanced, and the inspection system should be improved, as there is no substitute for it.
- f) Measures to safeguard employees from middlemen and foster self-reliance through cooperatives. Co-ops should

provide work possibilities for the underemployed and unemployed among them, as well as suitable compensation and bonuses.

The Minimum Wage Act of 1948 has relatively few provisions and dreadfully differs from state to state. There is no precise provision to apply that law to unorganised sectors in a methodical manner; at times, it appears ambiguous and inefficient. The Social Security Act is one of the most crucial pieces of legislation that should be applied to all workers, however as of this writing, only a few rules have been developed for the unorganised sectors.

However, recent events have led to the unorganised sector's social security nets (as shown in the charts above) implementing a few social security measures, such as:

The National Assistance Program (Indira Gandhi National Old Age Pension Scheme, Indira Gandhi National Widow Pension Scheme, Indira Gandhi National Disability Pension Scheme, National Family Benefit Scheme, and Annapurna Scheme), the Workers Welfare Funds Act, the National Rural Health Mission Scheme, the National Pension Scheme Swavalamban, and the National Sc A few other pieces of legislation, such as The National Rural Employment Guarantee Act of 2005, The Unorganized Workers Social Security Act of 2008, and The Domestic Workers Social Security Act of 2008, have also been drafted. Additionally, the government intends to offer pension plans and provident funds to the unorganised sector, which accounts for 93% of India's enormous labour force.

For the growth of workers in unorganised industries, drafting laws and creating plans is insufficient; instead, these actions and plans must be carried out deliberately. This should be the government's highest priority duty. The government also has a key role to constantly implement programmes to raise knowledge of those acts and plans, especially among the unorganised labour in both urban and rural areas. On the other side, the government should assign an NGO to run these kinds of initiatives or assign a specialised crew to maintain constant watch in their designated area. Additionally, comprehensive and unambiguous laws pertaining to the security of health, housing, children's education, food, women's and children's nutrition, employment, and old-age benefits must be made for the workers in the informal sectors.

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