Problems of Unorganized Workers and their Social Security Measures in India: An Analysis

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Abstract: The existence of ever-growing unorganized sectors is a pivotal characteristic of Indian economy. It is estimated that more than 90% workforce engages in unorganized sector and contributes around 50% to Gross Domestic Product (GDP) of the country. Despite of their outstanding contribution to the Indian economy the worker of this sector remains as the marginalized class of the society. It is doubtless to say that majorities of them live under below poverty line and fails to fulfil their basic requirements. Besides, exploitation, ill-treatment, gender discrimination are some of the vital problems faced by them in daily basis. Of course, there have been numbers of acts enacted by Government of India but mostly designed for the formal sectors. The Unorganized Worker’s Social Security Act, 2008 is the only act enacted exclusively for the workers of unorganized sector. The act empowered the government to undertake social security measure for the unorganized workers. Thus, the paper attempts to focus on the multifaceted problems faced by the unorganized workers of India. The paper also tries to review the existing labour welfare policies initiated under the Unorganized Worker’s Social Security Act, 2008 to promote the social security of the unorganized workers of India.

Key Words: Unorganized Sector, Workers, Problems, Social Security.

Introduction:

The persistent increase of unorganized labour force has become a common feature of world economy over the last few years. Among the total employed population of the world 61.2% employee works in unorganized sectors (Panner et al, 2019). It is found that developed countries having high income level depends less on informal or unorganized sector while countries having low and middle income largely depends on informal sector. As per the ILO Report 2018, Africa is in top in case of people employed in informal sector having with 85.8% followed by emerging and developing countries (69.6%), Arab states (68.6%), Asia and the Pacific (68.2%), America (40%), Europe and Central Asia (25.1%), developed countries (18.3%) (Panner et al, 2019). India is not exceptional to this situation of having more than 75% employee works in informal or unorganized sector (ILO: 2018). The Ministry of Labour, Government of India has categorized the unorganized labour force into four groups based on the occupation, nature of employment, especially distressed categories and service categories. Firstly, the occupational unorganized labourers are those labourers who are engaged in agricultural activities as
small, marginal and landless farmers, agricultural labourers, sharecroppers, fishermen, engaged in the activities of rolling of beedi, labeling, packing, animal husbandry, building and construction workers, leather workers, salt workers, brick workers, saw mill workers, oil mill workers, weavers, artisans and stone quarries etc.; secondly, the unorganized labourers in terms of nature of employment are those labourers who are attached as agricultural labourers, bonded labourers, migrant workers, contract and casual labourers; thirdly, the unorganized labourers in terms of especially distressed categories are those labourers who are toddy tappers, scavengers, carriers of loads by head, drivers of animal vehicles, persons engaged in load and unload activities come under this category and fourthly, the unorganized labourers in terms of service categories are those labourers who are midwives, domestic workers, fishermen and women, barbers, vegetable and fruit vendors, and newspaper vendors come under this category (Diwaker & Ahamad, 2014). In addition to these categories, there are certain other categories who can be grouped up under the unorganized worker/labour segment such as (i) home based activities like masala making, food processing, poultry and dairy keeping; (ii) home based production using small skills like handloom weavers, handicraft artisans, sericulture workers, carpenters and lady tailors and (iii) retail trading and services like tannery workers, cobblers, follower and vegetable selling, rickshaw pullers, auto drivers, old garment selling, laundering and domestic servants (Sundar, 1983). The National Commission on Labour 1969, stated that it is difficult to define the unorganized workers but it could be conceptualized as those persons who are not able to organize in pursuit of a common objective because of certain constraints such as casual and irregular nature of employment; ignorance and illiteracy; marginalized and small size of establishments with less capital investment per person employed; far wide and scattered nature of establishments and superior strength of the employer operating singly or in combination. The Unorganised Worker’s Social Security Act, 2008 defines unorganized workers as the home based workers or self-employed workers or a wage worker in the unorganized sector and including the workers in the organized sector who are not covered by any other Acts included in schedule II of the Act. The National Commission for Enterprises in the Unorganised Sector NCEUS (2009) defined the unorganized workers as ‘unorganized workers are consist of those worker in the unorganized sector or households, excluding regular workers who enjoys social security benefits given by the employers and the workers in the formal sector who are not given any employment and social security benefits given by the employers.’ (Venkatashami and Harish, 2015).

**Objectives of the Study:**

The paper is designed to meet the following objectives:

1. To highlight the different problems faced by unorganized workers in India.
2. To review the various social security measures undertaken for unorganized workers in India.

**Methodology:**

So far the methodology of this paper is concerned the descriptive cum analytical method is followed. The study is mainly based on the secondary sources of data collection including published and unpublished sources. The reliable data and information have been collected from the literature material available in the form of books,
research articles, journals, government reports and government websites to address the research objectives of the study.

**Analysis:**

The unorganized workers are the vital workforce of Indian economy. The National Commission for Entrepreneurship in the Unorganised Sector in its report, 2008 mentioned that the unorganized labours are the major workforce of India consisting 92% of total 457 million workforces as in 2004-2005. According to National Commission for Enterprises in the Unorganized Sector (NCEUS), unorganized worker contributes 50% to Gross Domestic Production (GDP). (Nikita & Tauffiqu, 2014). As per the National Sample Survey Organization (NSSO) report 2011-12, there were 46.5 crore employment in the country in which 43.7 crore employee works in unorganized sector which is 94% of total workforce and only 2.8 crore employee works in organized sector which is only 6% of total workforce of the country (Venkatashami and Harish, 2015). The above data show the number of unorganized workers have continuously been increasing over the years. The increasing number of workers in the unorganized sectors reflects the inability of generating employment opportunity in formal sectors. The Report of National Sample Survey Organization (NSSO) 2011 claimed that in between the period 2004-05 to 2009-10 there is significant decline in the numbers of regular workers and increase of casual and unorganized workers compare to the period1999-2000 to 2004-05 (Kalyani, 2016).

**Problems Faced by Unorganised Workers:** The increase of workforce in the unorganized sector has become a significant feature of Indian economy. They are found both in rural as well as urban areas. In fact, Indian economy is dominated by the unorganized labours. Despite the fact, the unorganized workers have been facing various problems in their daily life.

1. **Low Wages:** The unorganized workers are the less paid workers in the society. Equal pay for equal work is not applied to the unorganized workers. Additional incentive, allowances, bonus, fringe benefits are not given to them. Facing exploitation, discrimination and injustice in their work place has become an un-protested phenomenon of their life.

2. **Less Protected:** The unorganized workers are not adequately protected by the labour laws. They are exploited by the by the middlemen, contractors and employers. They work in unhygienic condition and get less attention from the labour and trade unions. They are mentally and physically tortured. Child workers are abused. Women workers are sexually harassed at their work place. Legal protection does not reach to them due to illiteracy, ignorance and the far wide location and tinny nature of their work.

3. **Deprived from Basic Amenities:** The unorganized workers work in a very unhygienic and overcrowded condition where there is no adequate sanitation and water facility in their working areas. They live in a very congested room. The children of such workers are deprived from the basic needs like education, health and nutrition.

4. **No Job Security:** The nature of employment of unorganized workers is temporary. Their job is instable, casual and scattered. They do not get stable and permanent employment opportunity. They engage in casual activities with no specific duties. Seasonality nature of their job makes them as disguised labour.
There is no act like Provident Fund act, Bonus act, Pension act, Factory act, Maternity act for unorganized labourers. (Chatterjee, 2016). In many cases they loss their due to minor reasons. In fact, the longevity of their job depends upon the will of the employers.

5. Ignorance of Occupational Safety: Most of the unorganized workers are not aware about their occupational hazardous. They do not have the knowledge of high risk of factory’s dust, toxic chemical, lauded sound generated from obsolete machine. They work in extreme temperature and cold which adversely affects on their health. They suffer from respiratory, musculoskeletal, cardiovascular, headache, hearing, eye and skin problems. Many tragedy death incidents of labourer happen due to ignorance of their occupational safety.

6. Exploitation: The unorganized workers are the less protected workers than the organized sectors. They become the ultimate victim of ill-treatment, exploitation and deprivation. They are not paid equally for their equal works especially the women and child workers which they cannot complain. They cannot claim remuneration for their overtime duty and even cannot claim the benefits of paid holiday and paid leave.

7. Poverty: Poverty is the utmost problem of unorganized workers. Poor economic background compels them to remain as unorganized workers. They could not mobilize more resources to increase productivity or to initiate new entrepreneurs and thus, could not earn regularly. Their nature of work is inferior in quality and thus they are paid lump sum. Very often they fall in the web of indebtedness.

8. Less Relation with Labour Union: Most of the unorganized labourers are not aware about the existence labour unions and their provisions to protect the interest of the unorganized workers. They work without any control of formal labour union or organization. They have less formal relations with their respective labour unions. Very often the employer of the unorganized sector violates the rights of the unorganized workers by taking the advantages of this unfamiliar relation with their labour unions.

9. Traditional Technique: The work of unorganized sector is based on traditional subsistence and lack of modern technology. The worker of unorganized sector mostly relays on the traditional techniques. They do not have skill how to use modern technology. Their production is local market oriented and local people engage around it. They bear heavy work load due to their labour intensive works and dearth of modern technology. They cannot compete with the machine products and thus have to loss their job.

Government Policies/Acts for Unorganized Workers in India: Despite of outstanding contribution to national economy, the unorganized worker faces multifaceted problems. The unorganized worker works in unhealthy working condition, they have no social security and adequate legislations, no principle of promotion, no proper education and skills, no sufficient raw materials and market, no maintenance of equal pay for equal work for bonded, women and child workers who are often exploited and harassed at the working place. Therefore, to look into the multi-folded problems of the unorganized labourers, the Government of India has under taken numbers of schemes, policies and enacted laws to ensure social security of the labour section of the society. After independence, numbers of social security provisions had been incorporated in the Indian Constitution in the form of Directive Principles of State Policy (DPSP). Further, the Government of India enacted various Acts such as The Industrial Disputes Act, (1947), The Coal Mines Provident Funds and Miscellaneous Provisions Act,

**The Unorganized Worker’s Social Security Act, 2008:** The Government of India has enacted the Unorganized Workers’ Social Security Act, 2008 in order to promote social security measures for the unorganized workers. This Act is exclusively designed for the unorganized workers to take up measures for unorganized workers relating to the matters covering life and disability, health and maternity benefits, old age protection and any other benefits determined by the central government. The Act also empowers the state government to formulate suitable welfare policies for the unorganized workers relating to provident fund, employment injury benefits, housing, educational scheme, skill up-gradation of workers, funeral assistance and old age homes. The Act provides the provision of forming the National Social Security Board at central level to recommend the central government about the welfare schemes for unorganized workers, to advise the central government in administrative matters, to monitor the welfare schemes of central government for unorganized workers, to review the progress of registration, to assess the performance at state level, to review the expenditure of funds and any other functions assigned by the central government. Accordingly, the Government of India formed the National Social Security Board for Unorganized Workers in 2009. Similarly, the Act also instructs to form the State Social Security Board to recommend the state government for suitable welfare scheme for unorganized workers, to advise the state government in administrative matters, to monitor the welfare schemes of state government for unorganized workers, to review the progress of registration, to assess the performance at district level, to review the expenditure of funds and any other functions assigned by the state government (Mann, 2010). The Act has listed out some of the acts such as The Workmen’s Compensation Act, 1923 (8 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 Provisions Act, 1952 (19 of 1952), The Maternity Benefit Act, 1961 (53 of 1961), The Payment of Gratuity Act, 1972 (39 of 1972) to be dealt with the unorganized workers. Besides, the Act has listed out 10 social security schemes for the unorganized workers which can be discussed as below:

1. **The Indra Gandhi National Old Age Pension Scheme (IGNOAPS):** The Indra Gandhi National Old Age Pension Scheme was initially launched in the name of National Old Age Pension Scheme (NOAPS) on 15th August, 1995 as a part of National Social Assistant Programme (NSAP) and finally the scheme was renamed as the Indra Gandhi National Old Age Pension Scheme on 19th November, 2007. The scheme is a non-contributory pension scheme in which the beneficiaries do not need to contribute any amount to get the monthly pension of Rs. 200/- for the age group of 60-79 years and Rs. 500/- for the age group of 80 and above. However, the beneficiary must be lived under Below Poverty Line (BPL).
2. The National Family Benefit Scheme (NFBS): The National Family Benefit Scheme is also a part of National Social Assistant Programme (NSAP). Under the scheme the bereaved family is provided an assistance of Rs. 20,000/- if the prime income holder of the family including the female (if she is the only bread earner of the family) died due to natural or accidental cases (Sinha et al, 2017). This benefit is applicable to the age group of 18-60 years.

3. The Janani Suraksha Yojana (JSY): The Janani Suraksha Yojana was launched in 2005 by renaming the existence the National Maternity Benefit Scheme which was also a component of National Social Assistant Programme (NSAP). The scheme is aimed at providing the financial assistance of Rs. 500/- for pre-natal and post-natal maternity care of 19 years and above age for the first two live births to the women belonging to Below Poverty Line (Jerinabi & Santhi, 2012).

4. The Handloom Weavers Comprehensive Welfare Scheme (HWCWS): The Handloom Weavers Comprehensive Welfare Scheme is exclusively for unorganized workers in the field of handloom weaves which comprises of two sub-schemes i.e., (a) the Health Insurance Scheme (HIS) to provide health insurance for handloom weavers and (ii) Mahatma Gandhi Bunkar Bima Yojana (MGBBY) to provide life insurance coverage in case of natural and accidental death and also for total or partial disability due to accident. The handloom weavers or workers in the age group of 18-50 years would be provided life insurance coverage under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) provides 2 lakhs life insurance coverage for death due to any reason of the handloom weavers or workers in the age group of 18-50 years with the total annual premium of Rs. 330/-. The accidental and disability insurance of handloom weavers or workers in the age group of 18-50 years would be provided under the Pradhan Mantri Suraksha Bima Yojana (PMSBY). Under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) 2 lakhs insurance coverage for accidental death and 1 lakh insurance cover for disability would be given to the handloom weavers or workers in the age group of 18-50 years with annual premium of Rs. 12 which will be borne by the Government of India. Besides, the closed group of handloom weavers or workers in the age group of 51-59 years who have been registered before 31 May, 2017 under the Mahatma Gandhi Bunkar Bima Yojana (MGBBY) scheme would also be covered under the Mahatma Gandhi Bunkar Bima Yojana (MGBBY). The handloom weavers including the widowed weavers can also avail the benefits of the scheme. The amount of Rs. 1200/- scholarship facility each up to two children of handloom weavers is also given under this scheme (PIB, 2018: Government of India).

5. The Handicrafts Artisans Comprehensive Welfare Scheme (HACWS): There are two sub-schemes under the Handicraft Artisans Comprehensive Welfare Scheme. One is Bima Yojana for Handicraft Artisans currently merged with Aam Admi Bima Yojana and another is Rajiv Gandhi Shilpi Swasthaya Bima Yojana currently merged with Rashtriya Shilpi Swasthaya Bima Yojana. The Bima Yojana for Handicraft Artisans provides life accidental and disability insurance to the handicraft artisans both male and female to the age group of 18-60 years (Annual Report 2007-08- Handicraft Ministry of textiles). The Rajiv Gandhi Shilpi Swasthaya Bima Yojana aims at proving healthcare facilities to the handicrafts artisans in the age group of 18-60 years including the three members of the family out of spouse, dependent parents and children.
6. The Pension to Master Craft Persons Scheme (PMCPS): Under the Pension to Master Craft Persons Scheme financial assistance is given to the senior Master Craft persons who are the recipients of Shilpi Guru Award, National Award, National Merit Certificate or State Award in handicrafts above the age of 60 years. However, the beneficiary’s annual income should be less than Rs.50,000/- . The qualified beneficiaries will be provided financial assistance either in the form of allowances or lump sum aid or both.

7. The National Scheme for Welfare of Fishermen and Training and Extension (NSWFTE): The National Scheme for Welfare of Fishermen and Training and Extension is a centrally sponsored scheme operating under the Department of Animal Husbandry, Dairy and Fishery, Ministry of Agriculture of Government of India. The scheme provides basic amenities like drinking water, sanitation and also to ensure better living standard for fishermen and their family members, social and economic security for active fishermen and their dependents. The social and economic security scheme covers under the scheme are:

(a) Group Accident Insurance for Active Fishermen: Under the scheme the insurance covers 2 lakhs for death and 1 lakh for total or partial disability of the fishermen. The insurance also covers an amount of Rs. 10,000 for hospital expenditure.

(b) Development of Model Fishermen Village: The Model Fishermen Village would have community hall for at least 75 households. The community hall will have separate toilet for male and female and water supply facility. The community hall will promote as workplace for all fishermen. Drinking water supply facility through tubewell will also be provided in a ratio of 1:20 houses. The scheme also grants house for the fishermen family. In order to avail the housing facility the village must have minimum 10 households.

(c) Saving-cum-Relief: Under this policy the fishermen have to contribute Rs. 100 per month for a period of nine months. Both the central and state government each contributes Rs. 100 per month for a period of nine months. Thus, out of total saving Rs. 2700, an amount of Rs. 900 will be given for three months as a relief to the fishermen during the three months of fishing ban period.

(d) Training and Extension: Under this scheme the fishermen are provided 15 days training programme with stipend and travelling allowances, publication of training handbook and manuals in order to promote the awareness and skills of fishing. The scheme also facilitates to conduct seminar, symposium, workshop and international conference.

8. The Janashree Bima Yojana (JBY): The Janashree Bima Yojana is currently merged with Aam Admi Bima Yojana. The Janashree Bima Yojana (JBY) is aimed at providing the life insurance coverage to both rural and urban persons who are living under below poverty line and marginally above poverty line. The scheme provides the life insurance benefits of Rs. 30,000/- for natural deaths, Rs. 37,500/- for partial disability for the persons of age group 18 -59 years (Mishra & Mishra, 2016).
9. Aam Admi Bima Yojana (AABY): The Aam Aadmi Bima Yojana is a social security scheme aims at providing financial assistance to the landless rural poor who are living under Below Poverty Line. The scheme was launched on 2\textsuperscript{nd} October, 2007 covering the head of the family or the earning member of the family (Chandra, 2017). The scheme covers all the persons in the age group of 18-59 years and the amount of premium of Rs. 200/- per person per annum which is equally contributed by both the central government and the state government, so the insured person need not to pay any premium (Mohan, 2017). The scheme covers the benefits of Rs. 30,000/- for natural death, Rs. 75,000/- for accidental death or accidental permanent disability leading to loss of 2 eyes or 2 limbs and Rs. 37,000/- for partial permanent disability leading to loss of 1 eye or 1 limb due to accident (Mishra & Mishra, 2016). The scheme also offers scholarship benefit of Rs.100/- per month to the students studying in class 9\textsuperscript{th} to 12\textsuperscript{th} for maximum two children of the policy holders.

10. The Rashtriya Swasthya Bima Yojana (RSBY): The Rashtriya Swasthya Bima Yojana was launched by the Government of India in 2007 with a commitment to provide health insurance coverage to unorganized sector workers belonging Below Poverty Line. The scheme covers the benefits of Rs. 30,000/- per family for treatment including the hospital expenses (Forgia & Nagpal, 2012). It is a cashless insurance benefit with smart card facility covering all pre-existed diseases. The funding of the scheme is contributed by the central government with 75% and the state government with 25 % while the beneficiaries have to pay Rs. 30/- only as the registration fee.

Besides these social security measures the Government of India has undertaken some new schemes and Act to ensure social security for the unorganized workers of India which can be discussion as follows:-

(i) The Atal Pension Yojana (APY): The Atal Pension Yojana is a new scheme launched by the Government of India in May, 2015 attempts to provide financial security by ensuring pension benefits to the unorganized workers. The pension scheme covers all the people in the age group of 18-40 years and can avail the pension benefits at the age of 60 years of Rs. 1000/-, 2000/-, 3000/-, 4000/- and 5000/- by contributing monthly amount of Rs. 42/-, 84/-, 126/-, 168/- and 210/- those who subscribes the policy at the age of 18 years respectively. (Mohan, 2017). After the death of the subscriber, the spouse of the subscriber can claim the benefit. Upon the death of spouse, the nominee will be continued. The Government of India contributes 50% of the subscriber’s contribution or Rs. 1000 whichever is lower for a period of five years but subjected to subscribe the scheme prior to 31 December every year and should not be an income tax payer (Mohan, 2017).

(ii) The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): The Pradhan Mantri Jeevan Jyoti Bima Yojana is an insurance scheme for all people launched in May, 2015. The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) provides 2 lakhs life insurance coverage for death due to any reason for one year to the people in the age group of 18-50 years with the affordable annual premium of Rs. 330 (Kumar, 2019). The policy facilitates the auto-debit facility from the saving bank account of the policy holders.
(iii) The Pradhan Mantri Suraksha Bima Yojana (PMSBY): The Pradhan Mantri Suraksha Bima Yojana is a social security scheme launched in May, 2015. The Pradhan Mantri Suraksha Bima Yojana (PMSBY) covers 2 lakhs life insurance for the age group of 18-70 years for accidental death and permanent total disability leading to loss of both eyes or hands or feet due to accident (Kumar, 2019). The policy also provides of Rs. 1 lakh insurance coverage for permanently partial disability leading to loss of one eye or hand or feet (Kumar, 2017). The premium of the policy is Rs. 12 per annum per person with auto-debt facility from the bank account of the policy holders.

(iv) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): The National Rural Employment Guarantee Act (NREGA) was passed in 2005 and later in 2009 it was renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is also known as the MGNREG Scheme. The Act ensures the legal right of poor people to work at minimum wage rate with dignity. The Act/scheme provides employment opportunity for 100 days work for one financial year with job card facility to every household who are willing to do unskilled manual work. The Act also provides time-bound employment within the 15 days of application for work; if it is not done the daily unemployment allowance should be given as per the Act (Kumar & Chakraborty, 2016). The Act also generates 33% employment opportunity to the rural women who have registered and requested for work. The scheme has been implemented by the Panchayati Raj Institutions with social audit system.

**Conclusion:** It is widely acknowledge that the unorganized workers are the most vulnerable and insecure section of the society despite of their tremendous contribution to Indian economy. There has been increased of unorganized workers in alarming rate but their basic problems are remained unsolved. Though, the Government of India has enacted dozens of Acts aims at ensuring social security for the unorganized labours but the acts unable to attain the expected goals. A lot of social security schemes have been undertaken by the government science independence but fail to protect the interest and welfare of the unorganized workers. Some schemes like IGNOAPS provides only Rs. 200-500/- as monthly pension, NFBS Rs. 20,000/- for one time financial assistance and MGNREGA only for 100 day’s works which are very negligibly helps in mitigating the basic problems of unorganized workers. Although the Unorganized Workers’ Social Security Act, 2008 identified 10 social security schemes for unorganized labours but the Act simply mentioned some guidelines of the scheme which lacks of legal binding on government as well as on employers. Further, most of the labourers are not aware about their rights and welfare schemes of the government. In some cases, although they know the schemes but do not how to approach and where to approach. Therefore, a part from the government, the National Social Security Board, NGOs and all other stakeholders should come forward with hand in hand to register India as a welfare state in the true sense of the term. Of course, there has been a shifting trend of the government showing interest and causing wellbeing of the labour section of the society. Crore of beneficiaries have been registered in the various ongoing social security schemes which are able to address at least some of the fundamental needs and problems of the unorganized workers of the country.
References:


