

A Study of Issues and Challenges Face by Unorganized Sector Workers in India

Mr. Samad A. Sheikh¹, Dr. Vivek S. Chavan²

¹Ph. D Student, RTMNU, Nagpur

²Associate Professor, Dr. Madhukarrao Wasnik college, Nagpur

Abstract:

In India, the informal sector plays a important role in the work force and makes a major contribution to the nation's GDP(economy). Despite its vital role, workers in this sector face numerous issues and challenges, ranging from low wages and lack of social security to limited access to healthcare and exploitation by employers. This research paper aims to comprehensively examine the various problems faced by workers in the unorganized sector, explore the underlying causes, and propose potential solutions to improve their working conditions and livelihoods. To achieve this, a mixed-method research approach, involving both quantitative surveys and qualitative interviews, will be utilized to gather data from different regions and sectors of the unorganized workforce. The study intends to shed light on the pressing concerns of this labor force and advocate for policy interventions to protect their rights and promote inclusive growth.”

Keywords: Unorganized sector workers, issue, challenges, and Indian economy

Introduction

1.1 Background

The unorganized sector in India comprises workers engaged in various informal activities without formal employment contracts or social security benefits. This sector plays a crucial role in the country's economic growth but faces significant challenges due to the lack of regulations and protective measures. Unorganized sector in India is very important as it supports organized sector and are more present in every part of the country. That is, in agriculture, industry, household and the services sectors. But they are not been taken as important till 1970s by the policymakers and in academic domain.

The Unorganized Workers' Social Security Act of 2008 applies to individuals working in the informal sector, including home-based laborers, self-employed workers, and wage workers. It also covers organized sector workers who are not protected by the Acts listed in Schedule-II of the Act. The Acts mentioned in this context are the Employee's Compensation Act of 1923, the Industrial Disputes Act of 1947, the Employees' State Insurance Act of 1948, and the Employees Provident Funds and Miscellaneous Provisions Act of 1952. The Maternity Benefit Act of 1961, and the Payment of Gratuity Act of 1972.

1.2 Definition:

First Indian National Commission on Labour (1969) define “ Those workers who have not been organize themselves in pursuit of their common interest due to certain constraints like the casual nature of occupation, ignorance and illiteracy uneducation, small and scattered size of establishment.”

The ILO (International Labour Organization) defines the "informal sector" as having untapped growth potential due to its flexibility and capacity for innovative responses to economic changes. The only specificity being lack of workers' rights and social security in every other way, both form part of an integral whole.”(1972)

1.3 Objectives

The main objectives of this research are:

To identify the issues and challenges faced by workers in the unorganized sector in India.

To analyze the socio-economic factors that contributes to worker safety.

To assess the impact of these challenges on the welfare of workers and their families.

To recommendations to improve the working conditions and standard of living of the workers in the unorganized sector.

1.4 Literature Review:

(Vartale)In their study growing participation of women in economic activities highlights their capabilities, particularly in the unorganized sector. Regardless of location, social security is crucial for them. Women are adept at multitasking and even self-employed women often use their income as supplementary. They face challenges in mobility and choosing their workplace. Despite social hurdles, Indian women have improved their social status through education. Educated women strive to enhance their decision-making abilities and strengthen economic stability.

(Biswas, 2020)The Indian economy is characterized by a significant unorganized sector, with more than 90% of the workforce engaged in it, contributing approximately 50% to the country's Gross Domestic Product (GDP). Despite their substantial economic contribution, these workers remain marginalized in society. Thus, this paper aims to shed light on the myriad issues faced by Indian unorganized workers and evaluate the existing labor welfare policies under the Unorganized Worker's Social Security Act, 2008, to enhance their social security.

(Madhu Balaaji S & Girija Anil, 2018)This study aims to analyze the challenges faced by laborers in the unorganized sector, along with the welfare measures implemented by both employers and the government. The author focuses on addressing various issues affecting unorganized labor and proposes potential solutions. Data for this study were gathered from secondary resources, including books, research papers, websites, and government reports. Additionally, valuable insights were obtained through discussions with experienced government employees working in this domain.

(Kalyani, December 2015)The Indian economy predominantly relies on informal or unorganized labor employment. In 2009-10, the National Sample Survey Organisation (NSSO) reported a total of 46.5 crore workers, with around 2.8 crore in the organized sector and the remaining 43.7 crore in the unorganized sector. The unorganized sector comprises workers engaged in agriculture, construction, manufacturing, and services. According the Economic Survey of 2007-08 a significant 93 percent of

India's workforce belongs to the self-employed or unorganized sector. The Government of India's Ministry of Labour has classified the unorganized labor force into four groups based on occupation, employment nature, distressed categories, and service categories.

(Gotmare, 2021) The unorganized sector plays a crucial role in India's economy, employing 93% of the workforce and contributing significantly to the national domestic product. However, 79% of this workforce belongs to the poor and vulnerable section, enduring harsh working conditions and facing various chronic diseases. Unfortunately, health services are not easily accessible or affordable for these workers, leading to a growing healthcare problem. Medical treatment costs have escalated, making it even more challenging for the poor working in the unorganized sector to access healthcare services.

1.5 Research Methodology:

Data collection

In this research is based on secondary sources of data., which include.

- Articles
- Journals
- Books

Methods

- Explorative method
- Analytical method

1.6 Limitations:

- Lack of field study
- Limited sources available for this topic, like- book, journal and articles

1.7 Issues and Challenges Faced by Workers in the Unorganized Sector:

Low Wages and Exploitation: Many unorganized sector workers receive meager wages and often face exploitation by employers who take advantage of their vulnerable status.

Lack of Social Security Benefits: The absence of formal contracts leads to a lack of access to social security benefits, such as pensions, health insurance, and maternity leave.

Occupational Health and Safety Hazards: Workers in the unorganized sector often endure hazardous working conditions without proper safety measures, leading to health risks.

Informal Nature of Employment: The informal nature of employment results in job insecurity and a lack of employment benefits, hindering economic stability.

Child Labor and Forced Labor: The unorganized sector sees a prevalence of child labor and forced labor due to a lack of enforcement and regulation.

Gender Inequality: Female workers, particularly, face gender-based discrimination and unequal pay in the unorganized sector.

Lack of Education and Skill Development: Limited access to education and skill development opportunities contributes to the perpetuation of vulnerability.

Migration and Mobility: Migration to urban centers in search of employment exposes workers to additional challenges.

Informal Credit and Debt Traps: Reliance on informal credit sources and high-interest loans traps workers in a cycle of debt.

Poverty and Income Inequality: Low wages and lack of social security result in increased poverty and income disparity among unorganized sector workers.

Education and Child Development: Child labor and economic hardships often hinder the education and overall development of children in these families.

Formalization and Regulation: Implement measures to formalize the unorganized sector and establish regulatory frameworks to protect workers' rights.

Social Security Nets: Introduce social security schemes tailored to the needs of unorganized sector workers, including healthcare and pension benefits.

Labor Rights Awareness : Raise awareness among workers about their labor rights and avenues for grievance redressal.

Gender Equality Measures: Implement policies to promote gender equality and eliminate discrimination against female workers.

Conclusion:

The unorganized sector plays a significant role in India's economy, but the issues and challenges faced by its workers cannot be ignored. This study sheds light on the hardships endured by these workers and emphasizes the need for policy interventions to safeguard their rights and improve their living conditions. By addressing these challenges, India can move towards more inclusive and sustainable growth, benefiting both the workforce and the nation as a whole. Title: A Study on Workers and Their Issues and Challenges in the Unorganized Sector in India. Workers in the unorganized sector are a very important factor of the Indian economy. That's why the Central Government, State Government and Local Administration need to pay special attention to this and there is a need to make various policies and plans related to this area.

Reference

Articles and journals

1. Biswas, D. (2020). "Problems of unorganized workers and their social security measures in India: an analysis", IJRA , VOLUME 7, issue 1.
2. Gotmare, M. R. (2021). " Health Hazard & occupational safety challenges for unorganized sector", Journal of contemporary issues in business and government.
3. Kalyani, D. M. (December 2015). "unorganized workers : A core strength of Indian labour force: an analysis"., international journal of research in business studies & management.
4. Madhu Balaaji S & Girija Anil, M. (2018). " A study on labour & their problems in unorganized sector in India"., international journal of current advanced research.
5. Vartale, M. (n.d.). " social security of women in the unorganized sector in India" sep. 2017.

Books

1. Kanak Kanti Bagchi & Nipuram Gope , Social Security For Unorganized Workers In India: Issues And Concerns, January 2012.

2. Rameshwari Panda & Sarika Patel, Women in the Unorganized Sector of India, January 2010.
3. Sigamani Panneer, Sanghmitra S. Acharya & Nagarajan Sivakami, Health, Safety and Well-Being of Workers in the Informal Sector in India July 2019
4. Rekha Pande, Women's Work in the Unorganized Sector Issues of Exploitation and Globalisation in the Beedi Industry, 2023

Website

1. www.labour.gov.in
2. <https://www.india.gov.in>