

# A Case Study on Social Security Measures for Unorganised Sector: Existing Laws and Initiatives

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## **Abstract:**

The unorganized sector in India constitutes a significant portion of the workforce, yet workers in this sector often lack access to social security benefits. This study examines the existing laws and initiatives aimed at providing social security to unorganized sector workers. It highlights the challenges and gaps in coverage, awareness, and implementation, and recommends potential solutions to enhance social security for this vulnerable population. The study emphasizes the need for universal coverage, efficient implementation, and awareness campaigns to ensure that unorganized sector workers have access to essential benefits, including pension, health insurance, and other forms of support. By analyzing the existing framework and identifying areas for improvement, this study aims to contribute to the development of more effective social security measures for unorganized sector workers in India.

**Keywords:** Social Security, Unorganized Sector, Existing Laws, Initiatives, Challenges, Gaps, Solutions.

## **Introduction:**

The unorganized sector in India is a significant contributor to the country's economy, employing millions of workers across various industries. The unorganised sector employs an estimated 80-90% of India's workforce. This massive labour force is instrumental in driving economic activities that contribute to the GDP. These workers are engaged in informal, unregulated, and often precarious jobs, lacking formal employment contracts and social security benefits. The unorganized sector plays a significant role in India's economy, contributing to GDP and providing employment opportunities to millions of workers. However, workers in this sector often face numerous challenges that affect their livelihoods and well-being.

The unorganized sector in India refers to the segment of the economy that operates outside the formal sector, without adherence to formal labour laws and regulations. This sector includes a wide range of activities and workers, such as:

1. Informal workers: Those working without formal employment contracts or social security benefits.
2. Self-employed individuals: Small entrepreneurs, street vendors, and other self-employed individuals.
3. Casual labourers: Workers engaged on a daily or contract basis, often without job security.

**Review of Literature:**

- Datt, (2007), the author made a comprehensive study of socio economic aspects of the workers working in both organized and unorganized sectors. The article analyzed the NSS data to identify the specific socio economic aspect of the workers. Primarily among the total workforce, approximately 92% are working in the unorganized sector, while around 8% are working in the organized sector.
- Kapur et al, (2014), in this paper the researcher tries to make an effort to understand the working and living conditions of workers in the unorganized sector and tried to identify the gaps between organized and unorganized sector. Unorganized sectors are characterized by seasonal employment and contractual work situation. There are no social security and welfare legislations.
- India Labor and Employment Report (2014), showed the labor market and employment condition in India. It has provided the analyses of the changes in the labor market and employment since the inception of economic reform. It has explored the dynamics of these changes, by looking at labor-market institutions, different types of employment, and labor market policies. A devastatingly large percentage of workers (about 92 per cent) are engaged in informal employment and a large majority of them have low earnings with limited or zero social protection.
- The study conducted by Unni, (1989), concluded that female workers had to bear the work burden the most and they remained still the most disadvantaged class of workers. They put in at least 12-14 hours of work every day but their economic activities were not fully recognized, counted and included in the national product, though women's work included many activities which lead to the economic gain of the household.
- Saran and Sandhewar, (1990), studied the problems of women workers engaged in unorganized sector. It was revealed by their study that the women were exploited, low paid, worked for long hours i.e. 14-16 hours in case of migrants and 8-10 hours in case of local workers. There prevailed mass illiteracy, belonged to scheduled castes, scheduled tribes and backward classes and indebtedness was common. Further, rebuking, cheating, threatening, beating and sexual abuses were a common feature reported by women working in unorganized sector.
- Anand, (1998), analyzed the characteristics of the construction workers, predominantly migrant workers and the intervention strategies adopted to facilitate the reach out services to these women workers along with awareness of their rights and utilization. He suggested that NGOs and other organizations can play a vital role through campaigning and active participation by creating awareness amongst these women workers and unionism and cooperatives would yield results as far as struggle for better wages and working conditions are concerned.

**Statement of the Problem:**

The unorganized sector workers in India lack access to adequate social security measures, leaving them vulnerable to economic and social risks. Despite existing government initiatives, gaps in coverage, awareness, and implementation their precarious livelihoods. This study seeks to identify the key challenges and propose solutions to enhance social security for unorganized sector workers, ensuring their financial stability and well-being.

**Objective of the Paper:**

1. To examine the existing laws and regulations
2. To Evaluate government initiatives and schemes

1. 3. To Identify challenges and gaps in the existing laws and initiatives, their impact on unorganized sector workers.
3. To Suggest potential solutions and recommendations to improve the social security framework for unorganized sector workers.

## **Characteristics of Unorganized Sector Workers**

### **Demographic Characteristics**

1. Age: Unorganized sector workers often belong to various age groups, with a significant proportion being middle-aged or older.
2. Gender: Both men and women work in the unorganized sector, with women often dominating in certain occupations like domestic work or home-based work.
3. Education: Many unorganized sector workers have limited formal education, with some having basic literacy skills or vocational training.
4. Marital Status: A significant proportion of unorganized sector workers are married, with family responsibilities.

### **Occupational Characteristics**

1. Types of Work: Unorganized sector workers are engaged in various occupations, such as: Construction labourers, Domestic workers, Street vendors, Home-based workers, Agricultural labourers
2. Working Conditions: Unorganized sector workers often face
  - Poor working conditions
  - Long working hours
  - Low wages
  - Lack of job security
  - Limited access to social security benefits
3. Occupational Hazards: Unorganized sector workers are often exposed to occupational hazards, such as:
  - Physical strain
  - Chemical exposure
  - Accidents and injuries

### **Economic Characteristics**

1. Income: Unorganized sector workers often earn low and irregular incomes, making it difficult to meet their basic needs.
2. Expenditure: A significant proportion of their income is spent on essential expenses like food, housing, and healthcare.
3. Savings: Unorganized sector workers often have limited savings, making them vulnerable to economic shocks.
4. Debt: Many unorganized sector workers rely on informal credit sources, leading to debt traps and financial insecurity.

These characteristics highlight the challenges faced by unorganized sector workers and the need for targeted policies and interventions to improve their working conditions, livelihoods, and social security.

**Laws and Regulations:**

The Indian government has enacted various laws and regulations to protect the rights and interests of unorganized sector workers. Some key laws and regulations include:

1. Unorganised Workers' Social Security Act, 2008: It provides for social security benefits, such as life and disability cover, health and maternity benefits, and old age protection. It aims to improve the livelihoods and well-being of unorganized sector workers.
2. Minimum Wages Act, 1948: This Act regulates minimum wages for workers in certain employments, including those in the unorganized sector. It ensures that workers receive fair wages for their labour.
3. Other Relevant Laws: Other laws, such as the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and the Employees' State Insurance Act, 1948, may also apply to certain categories of unorganized sector workers.

The term unorganized worker has been defined under the Unorganized Workers' Social Security Act, 2008, as a 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 of the Acts mentioned in Schedule-II of Act i.e. the Employee's Compensation Act, 1923 (3 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 Provision Act, 1952 (19 of 1952), the Maternity Benefit Act, 1961 (53 of 1961) and the Payment of Gratuity Act, 1972 (39 of 1972).

**Government Schemes and Initiatives:**

The Indian government has introduced various schemes and initiatives to support workers in the unorganized sector, which accounts for over 90% of the country's workforce. Here are some key programs:

1. National Pension Scheme for Traders and the Self-employed Persons: This scheme was made under Unorganized Workers Social Security Act, 2008 section 3(1) for Vyapari's to protect them in their old age. This scheme's objective is to provide social security and old age protection to the shopkeepers/ traders/ self-employed people called the vyapari's between the age of 18-40 years who are not engaged in EPFO/ESIC/PM-SYM. having annual turnover not more than 1.5 Crore in rupees. They are the shopkeepers or owners who have petty or small shops, restaurants, hotels, real estate brokers etc.
2. Pradhan Mantri Shram Yogi Maan-dhanYojana: The scheme PM-SYM was made to protect unorganized workers who perform work like street vendors, agriculture related work, construction site workers, workers in industries of leather, handloom, mid-day meal, rikshaw or auto wheelers, rag picking, carpenters, Hamals, fisherman's etc. the scheme aimed to give them social security who are not engaged in EPFO/ESIC and who does not qualify to be taxpayer between the age of 18- 40 years.
3. Pradhan Mantri Rozgar ProtsahanYoajna: This scheme was brought by the government to create employment for the unskilled or semi-skilled workers by providing incentives to the employers. The government will fully contribute to the employees' provident scheme and the employee's provident fund on behalf of the employers, who have registered themselves in the employee's provident fund organization. To avail this, benefit the employees must have a UAN (Universal Account Number).

1. The government will contribute 12% in EPF for the employees for three years of their job but conditional that they should be employed under the same employer for the complete three years span.
4. Aam Aadmi Bima Yojna: The scheme was brought by the GOI for the people whose family income falls below the poverty line (BPL) or marginally above the BPL covered under vocational group and are between the ages of 18-59 years.
  - a. This scheme acts as a social security scheme because it provides for insurance cover for the people who are categorized under vocational groups or rural landless households such as fisherman, rikshaw pullers, beedi workers, brick kiln workers, lady tailors, tannery workers, papad workers, primary milk producers, tendu leaf collectors, forest workers etc.
  - b. The people benefited with this scheme can claim for insurance from the nodal agency when some mishap occurs like permanent total disability, or death due to accident, loss of one eye and one limb due to accident.
5. Atal Beemit Vyakti Kalyan Yojana: Under this scheme the government will provide monetary support to those who will get unemployed. This will be available to those who have worked for at least 2 years preceding the date of unemployment. Only those persons who were insured and have contributed for minimum of 78 days during previous four contribution periods.
  - c. ESI Act 1948, section 2(9), covers those employees who are eligible for this scheme.
  - d. The relief can be claimed for a period of 90 days of unemployment only throughout the lifetime.
6. Central Sector Scheme for Rehabilitation of Bonded Labourer, 2016: This scheme was first introduced in 1975 where it was the state government's duty to identify, rescue and rehabilitate the bonded labour and the central government would assist them in financial terms on 50-50 basis. The scheme has been changed since then several times and now in 2016.
  - e. Now after the revised guidelines of the scheme the state government does not need to pay any financial assistance to the rehabilitation of bonded labours instead the ministry of labour and employment will provide the assistance for their rehabilitation of up to 4.5 lakhs for each district. The amount they will receive will be deposited in the annuity scheme making them the beneficiary for e.g. If it an adult male then 1 lakh, if it is some women, children, or transgender then three-lakhs.
7. Gatidhara Scheme for Self-employment: Gatidhara is a scheme launched the west Bengal government. This scheme was related to the transport department for giving employment to the youth who has registered themselves as unemployed. They would get employment in the transport sector of the west Bengal state.
  - f. Eligibility: all those who are age between 20-45 years will get employment under this scheme having family income of less than 25,000 rupees per month. Only one member from each household could apply for this.
  - g. The beneficiaries would get a subsidy of up to 1,00,000 rupees and if female then 1.5 lakhs.
8. Grant-in-Aid Scheme to NGO's For Welfare of Women Labour: This scheme was bought by the government to create awareness among women labourer's as we all know they are not much educated and aware about their rights so government planned to provide them with knowledge of what they can have.
  - h. The scheme was to give assistance in finance to the NGO'S or voluntary organization which are formed for the welfare of the women, so government would provide the organizations finance so that they can arrange campaigns and movements across different places and spread the information

related to different scheme and constitutional and other provisional rights they have like remuneration, holidays, pay work and hours of working and minimum wages etc.

9. Atal Pension Yojana: This scheme aimed at providing social security to the employees of private sector or those unorganized sectors who does not offer pension benefits to their employees on their retirement. If someone want to vail themselves under this scheme, he/she should be an Indian citizen and between the ages of 18-40 years having bank account linked with Aadhar.
2. The contributor can on his choice attain a pension of 1000-5000 rupees, or he can also get an accumulated sum of the pension after his death. The accumulated amount will be given to the spouse or if the spouse is dead as well then to the nominee. The contributor must have contributed for t lest of 20 years of his employment. This scheme gives a sense of social security to the person in case of accident, illness, or diseases etc.
10. Rashtriya Swasthya Bima Yojana: This scheme is to provide socio-economic security to the BPL workers by providing them with health insurances. A person who with a family of five members can enrol for this scheme if he is categorized under BPL.
3. The central government will contribute 75% of the amount and 25% will be contributed by the state government. The beneficiaries only have to pay thirty rupees of registration (per annum for all) as premium.
  - a. The insurance sum will be of 30,000 rupees per annum for each family enrolled under the scheme. Currently there are three crore persons enrolled to the scheme.
4. The insured sum will cover expenses incurred in hospital, previous illness if any and any common illness.
11. Revised Integrated Housing Scheme: The scheme intends to help workers working in mines like iron, manganese, limestone, mica etc. the workers for a minimum of one year period should be registered with labour welfare organization. The applicant must not have any pucca house on his own or of his house or anyone related to him in Indian territory. The applicant must not have availed benefit of any other housing scheme previously. It is also required that the applicant must have land for residential purpose either on owned or leased for 20 years which can be extended.
  - a. The scheme requires many requirements from a minor worker like the land should be minimum 60 square feet which is for the general category and that the house must be built within 18 months but along with it there are also many benefits for the beneficiaries like they will get a subsidy of 1,50,000 for building the house in three installments into the beneficiary's bank account. The deposit does not have to deposit any sum of money to withdraw the subsidy form the bank account deposited by the government.
12. Garib Kalyan Rozgar Yojana: The scheme was bought by the government of India to promote employment opportunities for migrant workers, in June 2020 with a budget of 50,000 crore rupees. This scheme was bought because of COVID-19 during which many workers were shifted from one place to another having huge loses in their livelihood because of loss of employment during the lockdown period.
5. For this scheme 25 types of working areas were identified such as, PM Kusum Works, cattle sheds, poultry shed, goat sheds, shyamaprasad Mukherjee RURBAN mission, workers in national highways, in construction of wells etc. which made the tally of migrated workers to 670,000.
  - a. The scheme will give employment for one hundred and twenty-five days.



13. Mahatma Gandhi Bunkar Bima Yojana: This scheme was introduced in 2005 for providing insurance benefits to the workers of handloom industry, as we can see the scheme provides for insurance benefit to the handloom industry workers if they happen any casualty which leads to death or disability partial or full.
  - b. Applicants of this scheme should be engaged with state handloom Development Corporation, ranging between age of 18 to 59 years. If there is a natural death, then a sum of 60,000 rupees will be provided and 1,50,000 rupees in case of accidental death and full disability.
  - c. An annual premium of rupees 330 will be given whose breakage will be as follows, 150 rupees by government of India, one hundred rupees by life insurance corporation of India the best part is the weaver does not need to pay any amount for premium.
14. Deen Dayal Updhyaya Antyodaya Yojana (Day): Ajeevika scheme was replaced by DAY, the purpose of DAY is to skill people to train them in rural and in urban areas as well. Its target was to train half a million people from urban area and one million people from rural are by the end of 2016 and 2017, respectively.
  - d. The scheme aims to create employment by providing training to people and make them self-employed by enabling loans provisions so that they can set up small scale business or self-help groups in urban areas.
  - e. Scheme established SVEP which start-up village entrepreneurship program which acts like sub-scheme of this scheme. The scheme aims to enhance skills and self-business by financing and supporting the poor.
15. Nirman Kamgar Awas Shayata Yojana: Construction Workers mostly come from the poor or rural sections of the society. Therefore, most of them do not have the convenience of their home. Nor do they have enough money to build or buy their own house. Keeping this in mind, the Uttar Pradesh Building and Other Construction Workers Welfare Board runs 'Construction Worker's Housing Assistance Scheme' for construction workers. Under this, workers are given financial assistance to build or buy a house.
  - f. This assistance amount to 1 lakh rupees. It is paid in two installments. Apart from building a house, the UP government also aids the labourers for the repair of a house, which is Rs 15,000. But the same beneficiary does not get both benefits simultaneously.
16. Pension Schemes: Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM): A monthly pension of ₹3,000 for unorganized workers after age 60, with a monthly contribution ranging from ₹55 to ₹200.
17. Health and Insurance Schemes: Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY): Provides health insurance coverage of up to ₹5 lakh per family per year for secondary and tertiary care hospitalization.
18. Rashtriya Swasthya Bima Yojana (RSBY): Offers health insurance coverage to Below Poverty Line (BPL) families.
19. Health Insurance Scheme for Weavers (HIS): Provides health insurance coverage to handloom weavers, with a package of ₹15,000 for medical expenses.
20. Employment and Skill Development: Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): Guarantees 100 days of wage employment to rural households, with a focus on creating durable assets.
21. Stand-Up India Scheme: Provides loans between ₹10 lakh and ₹1 crore to entrepreneurs from Scheduled Castes, Scheduled Tribes, and women.

**Challenges and Gaps:**

The challenges and gaps in existing laws and initiatives for unorganized sector workers in India significantly impact their well-being and economic security. Some key issues include:

1. **Limited Awareness and Access:** Many unorganized labourers are unaware of government initiatives, and access to these schemes can be limited, particularly in remote areas. Widespread awareness campaigns are essential to ensure those who need assistance can access these benefits.
2. **Implementation Challenges:** Corruption and leakage of funds prevent intended benefits from reaching labourers. Robust monitoring and evaluation systems are required to curb these issues.
3. **Informal Sector Nature:** The unregistered and often untraceable nature of businesses and labourers in the informal sector makes it challenging to regulate and ensure compliance with labour laws and social security measures.
4. **Resource Constraints:** The government faces resource constraints when trying to provide social security benefits and pensions to a vast workforce. Sustainable funding mechanisms are needed for the long-term success of such initiatives.
5. **Job Insecurity and Low Wages:** Unorganized labourers often face job insecurity, with many employed on a daily wage basis without guarantees of consistent employment. Wages in the informal sector are typically lower than those in the formal sector, leading to persistent poverty and income inequality.
6. **Lack of Social Security Benefits:** Unorganized labourers often lack access to social security benefits, including pension and healthcare benefits, making them vulnerable to economic shocks.
7. **Gaps in Labour Laws:** Existing labour laws may not explicitly cover unorganized workers, and simplifying legal processes can make them more accessible.

**Suggestions:**

1. Provide information about available social security schemes, eligibility criteria, and application processes.
2. Organize workshops and training programs to educate unorganized workers about their rights and benefits.
3. Ensure universal coverage of social security schemes for unorganized workers, including pension, health insurance, and other benefits.
4. Simplify enrolment processes for social security schemes, making it easier for unorganized workers to access benefits.
5. Strengthen implementation mechanisms to ensure effective delivery of social security benefits to unorganized workers.
6. Regularly monitor the implementation of social security schemes to identify gaps and areas for improvement.
7. Provide unorganized workers with access to formal financial services, including banking and insurance.
8. Offer microfinance options to support unorganized workers in starting or expanding their businesses.
9. Provide skill development training to unorganized workers, enhancing their employability and income-earning potential.
10. Support unorganized workers in starting their own businesses, providing access to credit, markets, and other resources.



11. Reform policies and regulations to better support unorganized workers, including extending social security benefits and improving working conditions.
12. Establish a regulatory framework to protect the rights of unorganized workers and ensure fair labour practices.

### Conclusion:

The unorganized sector in India plays a vital role in the country's economy, contributing significantly to employment and GDP. However, workers in this sector face numerous challenges, including lack of social security, job insecurity, and limited access to formal financial services. The unorganized sector employs a significant portion of India's workforce, with many workers engaged in informal and precarious jobs. Workers in the unorganized sector often lack access to social security benefits, including pension, health insurance, and other forms of support. Unorganized sector workers are vulnerable to economic and social risks, including poverty, illness, and old age. Implement universal social security schemes to cover all unorganized sector workers, providing them with access to essential benefits. Educate workers about their rights and benefits, and provide them with information about available social security schemes. Utilize technology to improve access to social security benefits and enhance delivery mechanisms for unorganized sector workers. Foster collaboration between government, civil society, and private sector to improve social security and working conditions for unorganized sector workers.

By addressing the challenges faced by unorganized sector workers, we can promote inclusive growth, reduce poverty, and improve the overall well-being of this vulnerable population.

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