CHANGING SCENARIO OF UNORGANISED SECTORS IN INDIA: AN EMPIRICAL STUDY

The unorganised sector plays an essential role in India as it employs 400 million people, which is 85 per cent of the workforce in the country. Its contribution to the net domestic product at present rates is above 60 per cent. It is a well-known fact that the organised sector is not able to provide sufficient employment opportunities to accommodate the country’s large workforce and the unorganised sector provides the opportunity for their existence.

The term unorganised sector refers to the firms whose activities are not governed by any legal provision or any collective agreements between workers and employers. This includes home-based jobs, self-employment, agricultural work, construction work and a lot of other temporary occupations. The unorganised sector does not give any benefit to the workers in terms of various laws like Minimum Wages Act, Factories Act, etc. The workers have to forego the benefits such as provident fund, gratuity, maternity welfare, etc. The term ‘informal’ is often used in the place of ‘unorganised’. While it is understood that unorganised industries will employ informal or unorganised labour, organised sectors can also engage informal labour. Recently, there is an increasing trend of employing informal labours in the organised sectors. The employment in unorganised sector of the country is complex in nature and can be identified from the examples like usage of contract workers for housekeeping, gardening, outsourcing engagements like data entry, etc. Indian unorganised sector contributes to 60 per cent of national economic output. Around 70 per cent of the unorganised labour force is placed in the rural sector and an estimated 220 million is in agricultural sector. Women constitute around 30 per cent of the unorganised workforce and around 80 million of them are in
The unorganised sector is plagued by low wages that are inadequate to meet the basic needs, long working hours, unsafe working conditions and lack of basic amenities at worksite. This can be found commonly in several work types like agricultural, construction, brick-kiln, transport and courier. ‘Home-based work’ employs large number of people to do piece-work where they are paid on a ‘per item’ basis. This work is done commonly from the worker’s own premises. In addition to the usual works like traditional crafts, handloom weaving and beedi rolling, more modern industries such as electronics have entered into the home-based model. All India Democratic Women’s Association (AIDWA) has conducted a survey in 1989 in Pune city which reveals that women are involved in different types of home-based work as much as 150 occupations. It includes works like making flower garlands, folding paper for the printing industry, supplying chapattis to caterers, making agarbattis, weaving plastic seats for chairs, deseeding tamarind and packaging sweets. Formal and informal surveys reveal that the workers in unorganised sector normally earn in the range of Rs 80 to 100 per day. Few of them would earn more in seasonal employments but the total earning would be around the same. To meet their needs, they are forced to work longer and harder. This scenario exists particularly, with the self-employed jobs like vendors, rag pickers and petty traders. They start their work in the early hours of morning to late in the night irrespective of the difficult working conditions.

Due to insufficient earnings in the family, parents make their children work to supplement their income which is also the primary reason for existence of child labour in the unorganised sector. Women are paid low compared to men and they encounter, sexual abuse which is not escalated to law enforcement due to the fear of job loss. Options like paid leaves or maternity benefits are non-existent in this industry. The main reason behind significant profit for the unorganised sector is because of the use of cheap workforce. The workers are exploited as they lack the collective bargaining power and trade unions.

Though the population of unorganised labourers is significant in numbers and their contribution to economic growth is substantial, they are the poorest section among the society. Most of the workers in unorganised sector hardly manage their survival. There is no feasibility of savings and it is hard to manage during the time they are not able to work. They do not have pension or any such benefits. There is no backup option in emergencies like major illness, death of an earning member, disability due to hazardous working condition as they lack savings and support system. Private healthcare is not affordable due to high costs and deterioration of public health system due to liberalisation. The need of the hour is to improve their living standard and it is the responsibility of policymakers to implement the required steps and monitor them. The main concerns for the workers in unorganised sectors that need focus are regulation of their working condition, maximum working hours, minimum wages, retirement benefits and healthcare benefits for major illnesses.

The Indian scenario

The economy of India is known for the presence of informal or unorganised labour employment to a greater extent. About 85 per cent of the working people (400 million) in India are working in the unorganised sectors, of which, 120 million are females. The Ministry of Labour and Employment, Government of India has classified the unorganised labour force into four groups based on their occupation, nature of job, specially distressed categories and service categories:

**In terms of occupation.** It includes small and marginal farmers, sharecroppers, fishermen, fisherwomen, beedi rollers, landless agricultural workers, animal husbandry workers, labelling and packing workers, leather workers, weavers, workers in brick-kilns and stone quarries, building and construction workers, artisans, salt workers, workers in saw mills and oil mills, etc.

**In terms of nature of job.** It includes attached agricultural labourers, migrant workers, bonded labourers, contract and casual labourers.

**In terms of specially distressed categories.** It includes toddy tappers, scavengers, head load carriers, drivers of animal-driven vehicles, loaders and un-loaders.

**In terms of service categories.** It includes midwives, domestic

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**Market Survey**

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**In terms of service categories.** It includes midwives, domestic workers, day labourers, domestic service workers, etc.
workers, fishermen, barbers, newspaper vendors, vegetable and fruit vendors, etc.

Along with these four categories, there is also a large population of unorganised labour workforce like cobblers, auto drivers, sericulture workers, handicraft artisans, hamals, power loom workers, handloom weavers, physically handicapped self-employed persons, lady tailors, rickshaw pullers, carpenters, tannery workers and urban poor.

Major proportions of the unorganised workers are employed in agricultural sector, construction industry, textile industry and home-based jobs. Approximately 52 per cent of the unorganised workers are in agricultural sector as per the Economic Survey 2007-08. National Sample Survey Organisation (NSSO) reveals that around 30 million workers in India keep migrating constantly and women workforce has increased by 25.94 million since the year 2000. The social security policy covers only 8 per cent of the total workforce. Around 13,000 Indians turn 60 years everyday while only 10 per cent save for old age.

The recent report on casual workers in India from 2004 to 2005 and 2009 to 2010 compared to that of the period from 1999 to 2000 and 2004 to 2005 uploaded by NSSO at the end of May 2011 vividly depicts that the number of casual workers show steady rise while there is a decrease in the number of regular workers.

A substantial shift is exhibited by this report in the structure of labour force between 1999 to 2000 and 2009 to 2010. The significant transformation in the labour market of India is proved by several NSSO reports. The transformation includes growth in unorganised sectors, employment issues in terms of job security and working conditions, dilution of worker organisation, decline in social security, etc. Most of these factors can be associated with the globalisation process and the employers’ aspiration to minimise the cost of production. The outcomes are closely associated and supplement each other. The analysis further reveals that the transformation is mainly initiated by the in-formalisation of labour market and highlights the need to understand the growth of unorganised sector and its consequences in India. Many of them assumed that India’s growth would accelerate without any issues while the current situation has revealed that growth is slow, inflation is structural and there are insufficient employment opportunities for growing workforce.

Growing prominence of unorganised sector in India

Informal employment prevalence has been one of the main features of Indian labour market and more than 90 per cent of total workforce is entangled in the informal economy. According to the National Commission for Enterprises in the Unorganised Sector (NCEUS), unorganised sector contributes to half of the country’s GDP as per 2008 report.

The growth rate of total employment is much more when compared with formal employment which indicates that informal sector has been much more significant in the employment opportunities within the country. The data from various sources reveal that there is increase in informal or unorganised workers within the formal sector as well. The comparison of NSSO employment data for 1999-2000 and 2004-05 reveal that the employment in formal or organised sector over this period has been informal in nature. It is a widely accepted fact that the productivity of informal sector is lower than the formal sector. Low wages, poor working and living conditions are the salient features of informal sector.

In addition, specific characteristics exhibited by the unorganised sector include enormous seasonal employment particularly, in agricultural sector, prevalence of casual and contractual employment, non-existent social security and welfare.
policies, denial of minimum wages, etc. The factors such as unskilled workforce and lower mobilisation status add further to the vulnerability and reduce the bargaining power of workers in the sector. Hence, the sector has evolved into competitive and low-cost mechanism to absorb workforce who cannot be employed anywhere. Any attempt to regulate and incorporate institutional framework will lead to reduction in absorbing capacity of the sector.

The arrival of globalisation and its consequence of production chain reorganisation evolved the system to non-standard mode, involving flexible workforce, engaging in temporary and part-time employment. This is viewed as a method employed by employers to reduce the labour cost thereby increasing the profit in the competitive world. It reveals that the informal workers are not covered by any of the existing labour legislation and hence are highly vulnerable in terms of job security and social protection. The vulnerabilities are on the rise as the workers do not have bargain power as a collective unit owing to various reasons.

The employment and income security was largely impacted for the majority of workforce due to the alarming expansion of unorganised sector. This has also resulted in the reduction of social welfare scale. The global city in India like Bangalore, which has been boasted as the new face of dynamic India, has millions of people whose livelihood depends on manual labour. The survey from housemaids, security guards, construction workers, garment workers, cobblers, beedi workers, agarbatti workers, drivers and many others indicates that their income has not grown in contrast with the overwhelming rate of their employers. When their income is adjusted for inflation, it has often reduced over the last two decades resulting in deeper poverty.

**Major characteristics of the unorganised workers**

The following are the major characteristics of unorganised workers:

1. The unorganised workforce is present across India in enormous numbers.
2. Majority of the unorganised workers do not have stable employment as the sector suffers from major seasonal employment opportunities.
3. Fragmented and scattered workplace.
4. Employer-employee relationship does not exist formally.
5. The unorganised workforce in rural areas is divided based on caste and community. Though it is less in urban side, it cannot be ruled out completely as most of them migrate from rural areas.
6. They are subjected to slavery and destitution due to their low wages which is inadequate to meet their livelihood needs.
7. They are significantly exploited and encounter poor working conditions and low wages compared to a similar job in formal sector.
8. The basic technologies and old production relations are still existent in unorganised sector and the workers are not encouraged to implement advanced technologies or better production relations. The illiteracy and limited exposure to the outside world are also stated as reasons for such condition.
9. Trade unions do not provide sufficient support to the unorganised sector.
10. Unorganised sector does not have adequate and effective labour laws.

**Importance of unorganised sector in Indian economy**

The unorganised sector plays an essential role by providing job opportunities to a large proportion of workforce and contributing to national product significantly. Its contribution to the net domestic product at present rates is above 60 per cent. The share of household sector in the savings with respect to total gross domestic saving, in particular unorganised sector, is about three fourth. Currently, Indian economy is passing through a process of economic reforms and liberalisation during which, to compete in the world market, merger of various industries and technology upgradation and innovation take place to improvise the output in terms of cost and quality. The less efficient units either move out of business or merge with the better performers.

**Conclusion**

In this scenario, the interests of the workers have to be taken care in particular, by providing them training, skill upgradation and various measures that will enable them to find new jobs, productivity improvement in the current field of work, quality and cost-wise enhancement of their product to be competitive in the market which would improve their income thus their socio-economic status. It is a well-known fact that the formal sectors are not able to provide sufficient employment opportunities to fit in the countries workforce and the informal sector provides the opportunity for their existence. As per the current economic situation, the unorganised sector will further enlarge in the following years. Thus, it should be fortified and activated by which it can act as an employment provider and social developer.