

## The unorganised sector in India

An important distinction that is popularly made in all discussions relating to labour legislation is between workers in the organised/formal sector and those in the unorganised/informal sector. The unorganised workers are that vast majority of employed, employable unemployed and self employed work force of 390 million which encompass contract labour, casuals, temporaries, home workers, domestic servants, time rated or piece rated, casuals, part time workers, own account workers, agriculture workers, share-croppers, marginal farmers, contractual workers and include women, child labour and old aged workers. Their wages and earnings are generally at subsistence level. They do not get protection of labour laws due to ignorance and very loose enforcement. The unorganised workers are generally denied social security, welfare and health cover. They are not organised in any form of trade unions or associations and are usually engaged in unorganized economic activities which encompasses small scale industries, cottage industries, micro units of production, construction, in large manufacturing units, textile and garment, horticulture, agriculture, rural occupations, forest based employments, fisheries, sweeping-cleaning, loading-unloading, mining, forestry, service sector, entertainment and thousands of many more occupations or avocations. The globalisation-influenced policies of the government have led to increased contractualisation, outsourcing, informalisation, closure of small-scale industries and the size of unorganised sector workers is growing at a faster rate. A rough estimate would suggest 94 percent of approximately 405 million are in unorganised or informal sector. These workers contribute to more than 50 per cent to the GDP growth.

The National Commission for Enterprises in the Unorganised Sector (NCEUS) has defined the unorganised sector in non-agriculture as consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers. In the case of agriculture, the operational holding is treated as an enterprise. The Plantation sector is excluded from this definition. According to the Commissions definition, 64 per cent of the unorganised sector workers are in agriculture, while the remaining are in non-agriculture. A majority of these workers 64.8 per cent of agricultural workers and 62.8 per cent of unorganised sector non-agriculture are self-employed. Casual wage workers comprise 34.6 per cent of the agricultural workers, and 19.8 per cent of the unorganised

sector non-agricultural workers.

There is layering of poverty, incomes and employment among the unorganised workers almost all of whom are poor. Agricultural labourers are the most vulnerable, followed by other casual workers, marginal farmers in agriculture, the self-employed in own account enterprises in rural and then in urban areas etc. According to the findings of the NCEUS, in 2004-05, 90.7 per cent of agricultural labourers and 64.5 per cent of rural and 52.3 per cent of casual non-agricultural wage received a wage below the national minimum wage designated by the Central government (Rs. 66 per day). Even 57.3 per cent of unorganised regular workers in rural areas, and 47.2 per cent in urban areas, received a wage below this minimum. It was also noted that socially deprived groups predominate the most vulnerable occupations. For example, SC/ST workers are 43.5 per cent of casual labour. Women form a large (and growing) chunk of homeworkers. Muslim workers, particularly low caste Muslims, predominate in low earning self-employment oriented activities (19.4 per cent of self-employed non-agricultural workers are Muslim).

Since they lack a formal employer-employee relationship, they fall outside the purview of most labour legislation compounded by the scattered and dispersed nature of their employment, which makes it all the more difficult for welfare measures to reach them. Most unorganised workers are also involved in seasonal and non-sustainable employment. The situation is compounded by the lack of a comprehensive and integrated legislative and regulatory framework. The legislation for and regulation of the unorganised sector had so far been piecemeal, and does not clearly distinguish between the different segments of workers. In order realise the employment and productive potential of the unorganised sector and the informal or unorganised workers, to meet the universal standards for decent conditions of work, and fulfil national commitments to this and related ends such as securing minimum wages, social security, and boost to enterprise, the current realities of the sector require thoroughgoing attention.

These unorganised sector workers have no social security coverage. Income and employment protection, employment regulation and livelihood protection are primary concern of unorganised sector workers. Conventional social security legislation generally covers the organised sector of the economy while the unorganised sector is covered by varied government-sponsored schemes with specific time-bound objective and targeted population groups. These workers are denied the protection of the Minimum Wages Act, the Equal Remuneration Act and the Workmens Compensation Act due to poor enforcement. Even the deductions from their wages under the provident fund law do not actually

provide social security coverage due to poor enforcement and lack of awareness. In sharp contrast to the formal sector, the unorganized sector has little by way of protective legislation or union representation. Forces of demand and supply determine wages and working conditions. There are no automatic cost-of-living adjustments and substantial improvements are required in designing need-based minimum wages for unorganized workers and providing them with assured employment for a minimum number of days. There are strong economic reasons why the wages and working conditions of informal sector workers should be improved through welfare legislation. Such measures improve the capabilities of the disadvantaged and vulnerable sections of working people. In the absence of enhanced capabilities, the economy suffers a net loss.

The effective and timely implementation of government programmes in the areas of rural employment (National Rural Employment Guarantee Act), rural health (National Rural Health Mission), education for all (Sarva Shiksha Abhiyaan), and rural development (Bharat Nirman) could provide a stable base for securing the unorganised sector. At the same time, interventions in terms of credit at various levels, enterprise development strategies, asset creation or land distribution, skill enhancement, and poverty alleviation, employment expansion and rural development are required.

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