SOCIAL SECURITY FOR
UNORGANISED WORKERS IN INDIA

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Social Security for Unorganised Workers in India

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Abstract

The unorganised workers account for about 93 per cent of the total workforce and there is a steady growth in it over years in India. It is argued that India had a long tradition of informal social security and social assistance system directed particularly towards the more vulnerable sections of the society but underwent steady and inevitable erosion. The social security initiatives of the Centre, State and NGO’s implemented during the past indicated that the needs are much more than the supports provided and the efforts must be targeted and vast enough to cover the growing unorganised workers. It is argued that the major security needs of the unorganised workers are food security, nutritional security, health security, housing security, employment security, income security, life and accident security, and old age security. In sum, the study calls for a Comprehensive, Universal and Integrated Social Security System for the unorganised workers in India.

Introduction

Social security is the protection which society provides for its members against the economic and social distress that otherwise would be caused by substantial reduction or ceasing of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age, and death; the provision of medical care; and the provision of subsidies for families and children. The strategies for providing social security include the preventive, mitigating, and coping aspects.

India is the most populous country in the world, next to China. If one looks at the characteristics of Indian population it reveals the interesting dimension about the existence of unorganised sector, which is the dominant sector and could not be properly attended to under the social security measures initiated so far. As per the 2001 census, the total work force in our country is 402 million, of which 313 million are main workers and 89 million are marginal workers. Out of the 313 million main workers, about 285 million is in the unorganised sector, accounting 91 per cent (Economic Survey: 2005-06). The estimates provided by the National Sample Survey Organisation also reveal the similar pattern. As per the NSSO estimates for the year 2004-05, India had population of 1093 million, with a workforce of about 385 million. Of these, about 7 per cent belong to organised and the rest 93 per cent of the workforce include those self employed and employed in unorganised sector (Ratnam CSV:2006, Economic Survey 2007-2008).

As far as social security measures are concerned, India has a long history of providing securities to all, inclusive of unemployed, aged, children, weaker sections and vulnerable groups. However, the social security system prevailed for the unorganised sector got run-down and that of the organised sector gained momentum. In the present context of globalisation, the

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unorganised sector warrants greater attention and protection to safeguard themselves from the evils of globalisation.

In this context, the present study attempts to examine the social security measures for the unorganised sectors in India. The discussion in this paper is organised in four sections. In the first section, the basic characteristics of unorganised sectors and the trends in the magnitude of workers in this sector are analysed. The second section discusses the Indian experience in social security measures initiated for organised and unorganised sectors. The efforts initiated by the Centre, State and other agencies towards unorganised sector are also discussed. In the third section, the areas of attention needed for social security of unorganised workers are discussed. The last section summarises the main findings.

Section 1
Trends in Unorganised Labour and their Characteristics in India

Indian economy is characterised by the existence of high level of informal or unorganised labour employment. The workers in the organised sector constitute about 7 per cent of the country’s total work force and the rest (93 per cent) comprises of subsistence farmers, agricultural workers, fisherfolk, dairy workers and those working in traditional manufacturing like handlooms are grouped under unorganised sector.

The term ‘unorganised labour’ has been defined as those workers who have not been able to organise themselves to pursue of their common interests due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments, etc.

Ministry of Labour has categorised the unorganised labour force under four groups in terms of occupation, nature of employment, specially distressed categories and service categories. In terms of occupation, it included small and marginal farmers, landless agricultural labourers, share croppers, fishermen and those engaged in animal husbandry, beedi rolling, labeling and packing, building and construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in saw mills, oil mills etc. In terms of nature of employment, they are attached agricultural labourers, bonded labourers, migrant workers, contract and casual labourers. Toddy tappers, scavengers, carriers of head loads, drivers of animal driven vehicles, loaders and unloaders, belong to the specially distressed category while midwives, domestic workers, fishermen and women, barbers, vegetable and fruit vendors, newspaper vendors etc. come under the service category. In addition to the above categories, there exists a large section of unorganised labour force such as cobblers, hamals, handicraft artisans, handloom weavers, lady tailors, physically handicapped self-employed persons, rikshaw pullers/ auto drivers, sericulture workers, carpenters, leather and tannery workers, powerloom workers and urban poor.

The extent of unorganised workers is significantly high among agricultural workers, building and other construction workers, and among home based workers. But, the availability of statistical information on its intensity and accuracy vary significantly.
Agricultural workers constitute the largest segment of workers in the unorganised sector. According to the NSSO estimates for the year 2004-05, 52 per cent of the total workers are found in agriculture (Economic Survey: 2007-08). Many small and marginal farmers, because of their small and uneconomical holdings and low yield, also work on the land of others and hence qualify as agricultural laborers. Further a significant number, are engaged in rearing livestock, forestry, fishery, orchard and allied activities.

Construction workers constitute the second largest category of workers in the unorganised sector. According to the NSSO estimates, about 5.57 percentage of workers are engaged in building and other construction works in 2004-05 (Economic Survey: 2007-08). The construction industry covers a vast field of activity in the civil, mechanical, electrical and public health area processes. A large number of multinational, national and local companies employ lakhs of such workers. Moreover, a large number of self employed individuals are engaged in actual construction works and allied activities like white washing, painting, plumbing and fixing of mechanical or electrical fixtures etc.

Home Based Workers are those who are engaged in the production of goods or services for an employed or contractor in an arrangement whereby the work is carried out at the place of the worker’s own choice, often the worker’s own home. In India, there is no authentic data on home based workers. Official data sources such as Census of India do not recognise these workers as an independent category but have included them in the broad category of those working in house-hold industries. Home based workers are mainly engaged in beedi rolling, garment making, agarbati making, gem cutting, preparation of food items like papad, pickle, etc., handloom, lace and chikan work etc. The beedi rolling industry, which is generally family based, employs about 45 lakh workers out of which 90 per cent are home based workers.

The major characteristics of unorganised workers could be listed as below:

* The unorganised labour is overwhelming in terms of its number range and therefore, they are omnipresent throughout India.
* As the unorganised sector suffers from cycles of excessive seasonality of employment, majority of the unorganised workers does not have stable and durable avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.
* The workplace is scattered and fragmented. The workers do the same kind of job(s) in different habitations and may not work and live together in compact geographical areas.
* There is no formal employer-employee relationship between small and marginal farmers, share croppers and agricultural labourers as they work together in situations which may be marginally favourable to one category but may be broadly described as identical.
* In rural areas, the unorganised labour force is highly stratified on caste and community considerations. In urban areas while such considerations are much less, it cannot be said that it is altogether absent as the bulk of the unorganised workers in urban areas are basically migrant workers from rural areas.
* Workers in the unorganised sector are usually subject to a lot of fads, taboos, and outmoded social customs like child marriage, excessive spending on ceremonial festivities etc. which lead to indebtedness and bondage.
The unorganised workers are subject to exploitation significantly by the rest of the society. The unorganised workers receive poor working conditions, especially wages much below that in the formal sector, even for closely comparable jobs i.e., where labour productivity are no different. The work status is of inferior quality of work and inferior terms of employment, both remuneration and employment.

Primitive production technologies and feudal production relations are rampant in the unorganised sector, and they do not permit or encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the goings on in the outside world are also responsible for such poor absorption.

The unorganised workers do not receive sufficient attention from the trade unions.

In general, unorganised workers are observed to be large in numbers, suffering from cycles of excessive seasonality of employment, scattered and fragmented work place, poor in working conditions, and lack of attention from the trade unions.

The extent of workforce in the organised and unorganised sectors, and their changes over time could be understood by the information provided by the Ministry of Labour and Employment, Director General of Employment and Training, Government of India and published in the Economic Surveys. Accordingly, the share of organised workforce was about 8.0 per cent by 1983, which declined to 7.54 per cent by 2004-2005. The corresponding share of unorganised workforce was about 92.07 per cent by 1983, which increased to 92.46 per cent by 2004-2005 (see, table below).

<table>
<thead>
<tr>
<th>Year</th>
<th>Organised (in million)</th>
<th>Unorganised (in million)</th>
<th>Total Workforce (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>24.01 (7.93)</td>
<td>278.74 (92.07)</td>
<td>302.75</td>
</tr>
<tr>
<td>1987-1988</td>
<td>25.71 (7.93)</td>
<td>298.58 (92.07)</td>
<td>324.27</td>
</tr>
<tr>
<td>1993-1994</td>
<td>27.37 (7.31)</td>
<td>347.08 (92.69)</td>
<td>374.45</td>
</tr>
<tr>
<td>1999-2000</td>
<td>28.11 (7.08)</td>
<td>368.89 (92.91)</td>
<td>397.00</td>
</tr>
<tr>
<td>2005-2006</td>
<td>26.46 (7.54)</td>
<td>358.45 (92.46)</td>
<td>384.91</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour and Employment, Director General of Employment and Training and Economic Survey (various years)

Note: Figures in brackets are percentages to the respective totals.

Section 2
Social Security Measures: The Experience

India has a long tradition of social security and social assistance directed particularly towards the more vulnerable sections of society. The institution of self sufficient village communities, the system of common property resources, the system of joint families and the practice of making
endowments for religious and charitable provided the required social security and assistance to
the needy and poor of the nation. In fact, the caste and religion based institutions also played
significant role in providing the needed support to the weaker sections of the selected castes and
group of people. These informal arrangements of social security measures underwent steady and
inevitable erosion in the wake of industrialisation and urbanisation.

During the British rule the policy was to provide assistance only to the employees of the
company or the government, basically to promote the commitment and loyalty of the workforce
and as a part of non-union strategy (Ratnam, C.S.Venkata:2006). Only during the post-
independent period, the welfare dimension gained relevance and importance. However, even
after independence, the State was concerned more with the problems of industrial (organised)
work force and neglected the rural labour force on social security matters to a greater extent, till
recent past.

It is rightly true that when independent India’s Constitution was drafted, social security was
specially included in List III to Schedule VII of the Constitution and it was made as the
concurrent responsibility of the Central and State Governments. A number of Directive
Principles of State Policy relating to aspects of social security were incorporated in the Indian
Constitution. The initiatives in the form of Acts such as, the Workmen’s Compensation Act
(1923), the Industrial Dispute Act (1947), the Employees State Insurance Act (1948), the
Minimum Wages Act (1948), the Coal Mines Provident Funds and Miscellaneous Provisions Act
(1948), the Employees Provident Fund and Miscellaneous Provisions Act (1952), the Assam Tea
Plantations Provident Funds/Scheme Act (1955), the Maternity Benefit Act (1961), the Seamen’s
Provident Fund Act (1966), the Contract Labour Act (1970), the Payment of Gratuity Act (1972),
the Building and Construction Workers Act (1996), etc reveal the attention given to the
organised workers to attain different kinds of social security and welfare benefits. Needless to
state that the benefits arising through these initiatives are meant for (a) employees of the Central
and State Governments, local bodies, including universities and aided educational institutions,
(b) Public sector establishments, under both the Centre and States, including mines, railways,
ports and docks, air corporations, banks, insurance companies, electricity Boards, road transport
undertakings, manufacturing units, trading concerns, service industries, etc. (c) employees in
organised private sector establishments in industries as in cotton textiles, jute, silk and art silk,
cement, engineering, chemical, electronics, transport, construction, services and so on. Though
it has been argued that the above Acts are directly and indirectly applicable to the workers in the
unorganised sector also, their contribution is negligible to the unorganised workers.

Although not much has been done in providing social security cover to the rural poor and the
unorganised labour force, the country has made some beginning in that direction. Both the
Central and State Governments have formulated certain specific schemes to support unorganised
workers. The Old Age Pension Scheme (OAPS) was introduced in all the States and Union
Territories. Kerala was the First State to experiment with the pension scheme for the agricultural
OAPS to the landless agricultural workers. The Government of Karnataka introduces the Asha
Kiran Scheme (1983) to provide relief against death or loss of limbs due to accident to
agricultural labourers and other labourers (aged 16-65) such as fishermen, beedi workers,
washerman, cobblers, masions, goldsmiths, drivers of animal drawn vehicles, riksha pullers, etc.
The Government of Maharashtra introduced a pension scheme in 1980 to support the physically handicapped and economically weaker sections of the society. In addition to pension schemes, there were initiatives to provide death and retirement benefits for the artisans and skilled workers and insurance benefits to the unorganised sectors initiated in state level.

In order to evolve comprehensive legislation for workers in the unorganised sectors, various commissions and study groups were appointed. The First National Commission on Labour (1969) defined the unorganised workers and recommended the Minimum Wages Act to cover unorganised workers too. In 1984, the Economic Administration Reforms Commission constituted a 6-member working group on social security. The Working Group could not carry out detailed investigation. In August 1987, Government of India appointed a National Commission on Rural Labour to examine the national and regional problems pertaining rural labour in India. The Commission submitted its report in July 1991 and recommended old age pension, life insurance, maternity benefit, disability benefits and minimum health care and sickness benefits to all rural workers. The Second National Labour Commission constituted in 1999 submitted its report in 2002 and recommended an umbrella type legislation and drafted an indicative Bill also to provide protection to the workers in the unorganised sector. Based on the Commission’s recommendations, the Government launched the ‘Unorganised Sector Workers’ Social Security Scheme, 2004’ on pilot basis in 50 districts. The scheme provided three benefits such as, old age pension, medical insurance and accidental insurance. However, the scheme was not found viable as it had no statutory backing, it was voluntary in nature and the contribution from the employers was not forthcoming. Moreover, given the size of the unorganised sector the magnitude of the problem is huge and the resource requirements are quite large.

The National Common Minimum Programme (NCMP) of the present government highlights the commitment of the government towards the welfare and wellbeing of all workers, particularly in the unorganised sector. The government constituted a National Commission for the Enterprises in the Unorganised Sector (NCEUS) under Chairmanship of Dr. Arjun Sen Gupta to examine the problems of enterprises in the unorganised sector and make recommendations to provide technical, marketing and credit support to these enterprises. The Commission was also to review the social security system available for the unorganised workers and make recommendations for expanding their coverage. The Commission presented its report on the Social Security for the unorganised sector workers in May 2006. Based on the committee’s recommendations the government is in the process of enactment of Legislation (Bill) and formulation of social security schemes.

Poverty Alleviation Programmes (PAP) and Employment Oriented Programmes initiated in India are primarily focused on developing rural labour and unorganised workers. These programmes improve the access of the poor to developmental programmes, use surplus labour for community asset formation and strengthen the position of the poor by providing assets and income. The first PAPs introduced were Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labour Agency (MFAL). In 1980, Integrated Rural Development Programme (IRDP) was launched with the aim of helping the poor families to cross poverty line and enabling them to achieve sustain poverty eradication. Productive assets and inputs were provided through financial assistance by government subsidy and term credit from financial institutions. The programme covered small and marginal farmers, agricultural labourers and rural artisans. In
1979, Training for Rural Youth for Self-Employment was introduced to provide technical and entrepreneurial skills to rural youth from families below poverty line to enable them to take up income generating activities.

To develop women and children in rural areas with a cooperation of UNICEF a special programme named Development of Women and Children in Rural Areas (DWCRA) was started during 1982-83. As an effort towards employment security National Rural Employment Programme (NREP) was launched during the sixth plan (1982-85). In 1983, Rural Landless Employment Guarantee Programme (RLEG) was introduced to ensure employment generation of hundred days in a year in the rural landless households. By replacing the NREP and RLEG Jawahar Rozgar Yojana (JRY) was launched in 1989. In the same year Nehru Rozgar Yojana (NRY) also got launched with a target towards persons living below the poverty line in Urban areas. There are several other programme such as Drought Prone Area Programme (DPAP), Desert Development Programme (DDP), Hill Area Development Programme (HADP) and North-East Council (NEC) were also launched with similar objectives of developing weaker sections of selected areas.

In addition to the Central assisted programmes, State-level initiatives for poverty alleviation and employment generation were initiated towards unorganised workers. For instance in Tamil Nadu old age pension is available to (a) aged poor who are 65 year and above (b) destitute and physically handicapped, (c) destitute widows d) destitute agricultural labourers and (e) destitute/deserted wives. Under the Annapurna Scheme, food grains are distributed to the destitute/senior citizens covered under the National Old Age Pension Scheme. The beneficiaries are given 10 kgs. of rice per month at free of cost. The State of Goa has enacted the Goa Employment (Condiitons of Service) and Retirement Benefit Act, 2005. According to this act the employers is required to issue social security cards to the workers engaged by him in both the organised and unorganised sectors. West Bengal Government introduced a State Assisted Scheme of Provident Fund for unorganised workers in 2001. Tripura Government also introduced the similar Provident Fund programme in 2001. In the State of Punjab, in addition to old age pension scheme, financial assistance to women and destitute women, dependent children and disabled persons are also made available. Similar such State level initiatives are carried out in Kerala, Bihar, Uttar Prades, Madhya Pradesh, Haryana, Gujarat and other states.

The involvement of Non-Governmental Organisations (NGOs) in the social security of unorganised workers could not be ignored. A large number of voluntary and people’s organisations are directly involved in providing protective social security to workers and their families in the unorganised sector. The services provided by the NGO’s include access to micro-credit, housing, preventive health care and employment. The NGO’s support to unorganised workers is carried out in two ways. Firstly, the NGO’s use their own funds and the aids obtained from other agencies (domestic and international donors) and implement several projects and schemes to the targeted people who are basically weaker and vulnerable sections of the community. Secondly, they serve as an intermediary between the formal provider (say, Government) and the community, and help in routing the services to the needy. In both the ways, it is expected that the services are reaching to the community with no delay, less cost and
to the right ones. It is estimated that the NGO’s could cover only 3 to 4 per cent of the total workforce in the unorganised sector.

Section 3
Social Security for the Unorganised Workers: The Needs

The foregoing discussion about the growing unorganised labourforce, their characteristics and the social security initiatives of the Centre, State and NGO’s indicated that the needs are much more than the supports provided and the efforts must be targeted and vast enough to cover the growing unorganised workers. In this context, it is worthwhile to list out the major security needs of the unorganised workers. They are:

Food Security: Food security is considered as an important component of social security. The rural workers and weaker sections of the community are badly affected during times of drought, flood and famine, and due to similar natural calamities. The DPAP largely confines itself in the provision of employment through rural works programme. What is required is to provide security for food in times of difficulty and during normal times. The Public Distribution System (PDS) implemented in Indian States stand as a model attempt in this direction. It is through the PDS that the government endeavors to protect the real purchasing power of the poorer sections by providing them an uninterrupted supply of foodgrains at prices far below market prices. It is to be noted that the PDS was introduced only to the urban areas initially, but since 1970s rural areas are also covered.

Nutritional Security: It is not just ‘food’, but the nutrition is very important. The weaker sections of the community and the unorganised workers are not conscious about the nutrient intake. Particularly, the children and women, pregnant women and aged do not receive adequate nutrient requirements. Lack of nutrient leads to poor growth, poor health and sickness, poor performance and shorter life. There are certain initiatives by the states, local bodies and NGO’s to create awareness on health and nutrition and to ensure adequate nutrient intake for the targeted groups, particularly to children and women.

Health Security: Health security can be described as ensuring low exposure to risk and providing access to health care services along with the ability to pay for medical care and medicine. Such health security should be made available to all citizens. Several studies that examined rural health conditions and health care needs highlight that the inadequate and poor rural health infrastructure, growing health care needs and health care expenses. Establishing hospitals with required infrastructure in all the villages is a question of feasibility, viability and availability of inputs and resources. However, it is a matter of concern to consider the needs of the 70 per cent of the people living in villages. The poor do not treat for common illness and sometimes to major diseases that are unidentified by them, causing higher level of untreated morbidity. Similarly, the cost and burden of treatments are ever increasing and leading to difficulty for the poor and weaker sections of the community.

Housing Security: Housing is one of the basic needs of every individual and family. The housing needs of the unorganised workers and the poor are ever increasing in the context of the decay of joint family system, migration and urbanisation. In urban areas, though housing is a major issue, the organised workers are supported by providing House Rent
Allowances (HRA) or by providing houses through Housing Boards and by provising accommodation in the Quarters. There are several financing companies and commercial banks offering loans to organised workers to construct or purchase houses. These facilities are normally not available and could not be enjoyed by the unorganised workers. More over, the housing conditions of the rural poor are ‘really poor’ and there is scope for reconditioning, modification and reconstruction, in many. The rural housing programme implemented in Tamilnadu namely Samathuvapuram and construction of houses under Slum Clearance Board stand as examples for steps towards housing security.

**Employment Security:** Unorganised workers are greatly affected by the seasonal nature of the employment opportunities. The problem of under-employment and unemployment persist to a large extent among unorganised sectors. There are several schemes such as Swarnajayanti Gram Swaozgar Yojna (SGSY), Pradhan Mantri Gran Sadak Yojana (PMGSY), Sampoorna Gramin Rozgar Yojana (SGRY), National Food For Work Programme(NFFWP), Indra Awass Yojna (JAY), Integrated Wastelands (IWDP), Drought Prone Areas Programme (DPAP) and Desert Development Programme (DDP) initiated to generate employment opportunities in rural India. Further, the Government has recently enacted the National Rural Employment Guarantee Act to provide 100 days guaranteed employment to rural households. Though these initiatives have contributed in reducing the rural unemployment problem, the problem of employment insecurity needs to be addressed in a wider context and solved at.

**Income Security:** Though income and number of days of employment are positively related, this relationship holds good mainly for organised workers. As for as unorganised workers are concerned, their income is highly influenced by nature of job, nature and type of products produced quantum of value addition, market value, competition, etc. To protect from the crop loss, Crop Insurance Scheme is available. But for various other self-employed enterprises and other jobs, there is no security available to realise income for the efforts.

**Life and Accident Security:** The death of a worker in a family is a great loss to the entire family and it adds burden too. The death of a worker raises the question of survival of the family left behind due to the permanent loss of income to the family. Similarly, an accident is a major problem for an informal worker since it leads to loss of income and cost of treatment. If the accident leads to permanent or partial disability, the financial loss will be severe and unimaginable. By covering the unorganized workers under the Insurance schemes of individual, family and group could alone provide security for life and accident.

**Old Age Security:** The workers of the unorganised sector face the problem of insecurity when they reach to the life stage of aged when they could not work for themselves. The question of dependency is a major threat to the old age unorganised workers in the context of disappearing joint family system.

**Summary and Conclusion**

In the above discussion, an attempt has been made to understand the nature and growth of unorganised workers, the initiatives of social security towards unorganised workers and to highlight the needs of the unorganised workers on social security aspects. The analysis of secondary information available from the Census and National Sample Survey Organisation
revealed that the unorganised workers account for about 93 per cent of the total workforce and there is a steady growth in it over years. It was also observed that the unorganised workers would expand further due to globalisation.

It was argued that India had a long tradition of social security and social assistance system directed particularly towards the more vulnerable sections of society. The institution of self sufficient village communities, the system of common property resources, the system of joint families and the practice of making endowments for religious and charitable provided the required social security and assistance to the needy and poor of the nation. These informal arrangements of social security measures underwent steady and inevitable erosion. It was argued that even after independence, the State was concerned more with the problems of industrial and organised work force and neglected the rural and unorganized labour force on social security matters to a greater extent, till recent past.

The social security initiatives of the Centre, State and NGO’s indicated that the needs are much more than the supports provided and the efforts must be targeted and vast enough to cover the growing unorganised workers. In this context, it is argued that the major security needs of the unorganised workers are food security, nutritional security, health security, housing security, employment security, income security, life and accident security, and old age security. In sum, the study calls for a Comprehensive, Universal and Integrated Social Security System for the unorganised workers in India.

References:
Government of India, Economic Census, various years.

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