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Mains Practice Questions

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Q. 'Informal workers in rural and urban areas have been hit the most due to the pandemic.' In the light of the statement discuss the need for a comprehensive plan for the welfare of the informal sector workers. (250 words)

11 Aug, 2021 GS Paper 3 Economy

Approach

- Introduce by explaining the given statement how informal workers in rural and urban areas have been hit the most due to the pandemic.
- Discuss the need for a comprehensive plan for the welfare of the informal sector workers.
- Suggest some measures which can be taken in this regard.
- Conclude suitably.

Introduction

Informal workers in rural and urban areas have been hit the most due to the pandemic, because of the seasonality of their employment and lack of formal employee-employer relationship.

Body

Need for Comprehensive Plan For Informal Workers

- According to the Periodic Labour Force Survey (PLFS), 90% of workers were in the informal sector, which is 419 million of the 465 million workers.
- No survey data are available as yet on the impact of the second wave which has undisputedly been more severe than the first.
 - However, anecdotal evidence suggests that there would have been significant income losses particularly in the informal sector, pushing the vulnerables deeper into crisis.
 - Moreover, the Covid-19 crisis in India has come in the backdrop of pre-existing high and rising unemployment.
- The consequential effects on loss of jobs, rising unemployment, indebtedness, nutrition, health and education of unorganised workers and their family members have the potential to cast a long shadow and irreparable damage.

Suggestions

- **Direct Benefit Transfer:** Putting money in the bank accounts of the informal workers during adverse conditions like Covid-19.
 - It also suggests converting loans granted to street vendors under the PM-SVANidhi Scheme to direct cash grants.
- **Universal Healthcare:** Universal healthcare should be made a legal obligation of the government. This can be provided by mandatory health insurance to informal workers.

- **MGNREGA Reforms:** The budgetary allocation for MGNREGA should be increased and an urban jobs guarantee scheme on the lines of the MGNREGA should be implemented.
It suggests increasing maximum days of work guaranteed under MGNREGA from 100 days to 200.
- **Enhancing Employment Opportunities:** Leveraging investments into the traditional sectors, strengthening the 'Make in India' mission and intensifying further infusion of technology into various sectors would provide enhanced local and pan-India employment opportunities

Some Initiatives already taken

- **Registration of Migrant Workers:** The SC has directed the Central Government and the State Governments to complete the registration process of unorganized workers so that they can avail the welfare benefits given under various government schemes.
- **ONORC System:** Many state governments have implemented the One Nation, One Ration Card (ONORC) system.
The scheme allows migrant labourers covered under the National Food Security Act (NFSA) to access food at any fair price shop with his or her ration card in any part of the country.

Conclusion

While the additional benefits offered by these schemes to unorganised sector workers would help, there is a need to formalise and standardise minimum floor-level provisions for unorganised workers akin to those made for formal sector workers in the Code on Social Security.