



Mains Practice Question

Q. Due to the vulnerabilities associated with unorganised sector, there is an urgent need to ensure social security net for the workers engaged in this sector by the Government. Examine. (250 words)

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Approach:

- Define unorganized sector and its extent in India.
- Discuss the reasons and problems associated with the sector.
- Underline the measures taken by the government in this regard.

Introduction

- The unorganized sector which includes agricultural sector, construction, fisheries, street vendors, petty service providers, salt pans, domestic work, reworks industries, beedi industries etc comprises the overwhelming majority of workers in the country.
- Unorganized sector is marked by low incomes, unstable and irregular employment, and lack of protection either from legislation or trade unions. The workers in unorganized sector are so scattered that the implementation of the Legislation is very inadequate and ineffective.
- The growth of Indian economy has been biased against the informal branch, employing more than 90% of the workforce, while the other branch dominated by law-abiding big firms, seen as a source of revenue to the state and thus, nurtured and supported, employs the rest of the workforce.

Body

Reasons for a rise in the Informal sector

- Taxation and regulation which make legal production and trading very expensive.
- Labour and market rigidities.
- Poor skill levels in general.
- Increasing competition due to globalization.
- Poor financial inclusion
- Low level of education and vocational skills.

Problems associated with the unorganized sector

- Workers in the unorganized sector do not have steady employment, secure or sustainable incomes and are not covered by social security protection.
- Problems of the workforce- little awareness of workplace hazards, extended work hours, exploitation, no concept of occupational safety/services, lack of implementation of Health & Safety legislation, no concept of Trade/Labour Union, No guaranteed minimum wages, Vulnerable to diseases, etc.
- **Problems of women workers:** Desperately poor low wages, fraudulent contractors, disease-causing environments, Deplorable social conditions, sexual harassment, and women are underpaid compared to their male counterparts.
- **The problem of child labour:** Hazardous working conditions, Child trafficking, child exploitation.

- **Problems faced by Govt.** - Problem of definition and identification of unorganized labour, workforce uneducated about the benefits, scattered nature of sector, employers avoid any form of regulation, unorganized sectors contribute to almost 60% of GDP (apart from providing livelihood to population) despite this the same labour laws cannot be applied to the unorganized sector.
- **Impact of Globalization:** With the advent of globalization and resultant reorganization of production chains led to a situation where production systems are becoming increasingly atypical and non-standard, involving flexible workforce, engaged in temporary and part-time employment, which is seen largely as a measure adopted by the employers to reduce labour cost in the face of stiff competition.
- The **alarming expansion of the informal sector**, in recent times, has adversely affected employment and income security for the larger majority of the workforce, along with a marked reduction in the scale of social welfare/security programme.
- Adjusted for inflation unorganized sector workers incomes have often fallen over the last two and half decades, driving them into deeper poverty.

Measures taken by the government

- As per provisions of The Unorganized Workers Social Security Act, 2008, every unorganized worker shall be eligible for registration.
- Every unorganized worker shall be registered by the District Administration.
- The State Governments are mandated to register the Unorganized Workers and to provide benefits of welfare schemes other than the three basic social security schemes of the Central Government i.e. (i) life and disability cover, (ii) health and maternity benefits, and (iii) old age protection.
- The Central Government has also constituted the National Social Security Board at Central level to recommend to the Central Government suitable schemes for different sections of unorganized workers and to monitor the implementation of schemes and advise the Central Government on matters arising out of the administration of the Act.
- Similarly, State Governments/UT Administrations are required to constitute their State/UT Social Security Board to carry out the provisions of the Act.

Social Security Schemes for Workers in Unorganized Sector

- The various social security schemes currently in force for the unorganized workers are:
 - Indira Gandhi National Old Age Pension Schemes
 - National Family Benefit Scheme
 - Handloom Weaver's Comprehensive Welfare Scheme
 - Handicraft Artesian Comprehensive Welfare Scheme
 - Pension to Master Craft persons
 - National Scheme for Welfare of Fishermen and Training and Extension.
 - Janshree Bima Yojana
 - Aam Admi Bima Yojana
 - Rashtriya Swasthya Bima Yojana

Way Forward

- Despite multiple schemes running for the unorganized workers, there are various gaps in implementation, identification, awareness and accessibility of various schemes which should be plugged in a timely manner.
- Benefits like maternity allowances, accident relief, natural death compensation, education support for children for higher studies, pension during rainy season should be provided to the unorganized sector workers.
- Both the central and state governments should formulate certain special schemes to support unorganized workers to meet their real needs and requirements.
- Unorganized workers contribute nearly 50 percent to GDP and only about 6% of unorganized workers are covered by social security measures.
- More focus should be made on skilling the unorganized workforce (mainly agricultural labour) to make them better equipped in acquiring jobs in organized sector.
- Therefore the social security measures should cover all the unorganized workers to bring overall development in our country.

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