



Problems In Extending Social Security Benefits To Unorganised Sector Workers In Gujarat

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Abstract:

Informal Sector in India encompasses 93% employment. However, due to lack of accurate statistics, the workers of this sector remain unidentified. Identification is essential to provide various social security and welfare benefits to these workers. There are various Central as well as State Government initiatives in terms of providing social security to the informal sector workers in India and Gujarat. The present paper addresses various difficulties in extending social security benefits to the Informal Sector Workers and recommends measures for their inclusion into the social security umbrella.

Key Words: Informal Sector Labour, Unorganised Sector, Social Security, Labour Statistics

1.1 Background:

The Unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision of do not maintain any regular accounts. That means, the units that are not registered under the Factories Act, 1948 from the unorganised composition of the manufacturing sector. Organised sector is the sector which comprises enterprises regarding which statistics are available from various published and authentic documents.

The term “Unorganised Worker” has been defined under the Unorganised Workers’ Social Security Act- 2008, as a “Home based worker, self-employed worker or a wage worker in the unorganised sector and includes a worker in the organised sector” who is not covered by any of the Acts mentioned in the Schedule-11 of the Act i.e the Employee’s Compensation Act, 1923 (3 of 1923), The Industrial Disputes Act, 1947 (14 of 1947), the Employees’ State Insurance Act 1948 (34 of 1948), the Employees Provident Funds and Miscellaneous Provision Act, 1952 (19 of 1952), the Maternity Benefit Act, 1961 (53 of 1961) and the Payment of Gratuity Act, 1972 (39 of 1972)”.

The term Unorganised / informal sector are used inter changeably in the India context. “The informal sector / unorganised sector consists of enterprises which are own account enterprises and operated by own account workers or unorganised enterprises employing hired workers” They are essentially proprietary and partnership enterprises.

1.2 Methodology:

The present paper is based on secondary data and information. Periodic Labour Force Survey-2022-23 was referred to gather latest statistics of Unorganised Workers in Gujarat. The best practices of various states in terms of providing social security benefits to the unorganised workers are referred to understand and the application of those schemes in Gujarat. Various State and Central Government documents and welfare schemes referred to explore the possibilities of convergence.

1.3 Workforce Statistics in India and Gujarat:

There are various sources of workers statistics in India. The data on employment and unemployment is collected through Periodic Labour Force Survey (PLFS) which is conducted by the Ministry of Statistics and Programme Implementation (MoSPI). The Labour Force Participation Rate (LFPR) in India and Guajrat shown in table 1.1.

Table 1.1 Labour Force Participation Rate (All Ages)

Indicator LFPR (all Ages)	Rural			Urban			Rural/Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
India	55.5	30.5	43.4	58.3	20.2	39.8	56.2	27.8	42.4
Gujarat	64	41.5	53	60.8	20.8	41.6	62.6	32.7	48.1

Source: Periodic Labour Force Survey (PLFS), 2022-23.

The above data reveals that the LFPR in India is 42.4 percentage and 48.1 percentage in Gujarat as per usual status. The worker population ratio for all ages in India and Gujarat as per usual status given in table 1.2.

Table 1.2
Worker Population Ratio(all Ages)

Worker Population Ratio(all Ages)	Rural			Urban			Rural/Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
India	54	30	42.3	55.6	18.7	37.7	54.4	27	41.1
Gujarat	62.8	41.3	52.2	59.7	20.1	40.7	61.4	32.2	47.2

Source: Periodic Labour Force Survey (PLFS), 2022-23.

As per the latest statistics of PLFS, there are 92.4% informal workers (with no written contract, paid leave and other benefits). The percentage of Unorganised workers among wage salaried in India and Gujarat is presented in Table 1.3. There are also 9.8% informal workers in the organised sectors indicating the level of outsourcing.

Table 1.3 Unorganised Workers among Wage Salaried in Gujarat

	Rural			Urban			Rural+Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Without written Job Contract	75.9	75.3	75.8	72	77.1	73	73.4	76.5	74
Not eligible for paid leave	57.8	60.7	58.3	55	60.5	56.1	56	60.6	56.9
Without any Social Security Benefits	58.1	75.7	61	59.8	69.2	61.7	59.2	71.3	61.5
Not eligible for paid leave, without written Job Contract & SSB	44.9	46.9	45.3	43.6	48.8	44.6	44.1	48.2	44.9

Source: Periodic Labour Force Survey (PLFS), 2022-23

Apart from the PLFS, there are Population Census publishes on every ten years which is the major source of labour statistics. The Ministry of Labour and Employment has also launched eShram Portal on 26/8/2021 for registration and creation of a comprehensive National Database of Unorganised Workers. It allows an unorganized worker for self registration on the portal on self-declaration basis in about 400 occupations. As on 31stDecember, 2023, more than 29 crore and 1.15 crore unorganized workers have registered on eShram portal of India and Gujarat respectively.

1.4 Issues of Unorganised Sector Workers:

In the unorganized sector, the employees have less facilities and social security in compare to the employees of organized sector. The workplace is scattered and fragmented. There is no formal employee-employer relationships established. In rural areas, the unorganized labour force is highly stratified on caste and community basis. The unorganized labour is devastating in terms of its number, range and spread. The unorganized sector employs seasonal labour. Further unorganized workers are also not having suitable employment as they are not undergone any formal training. By and large, it is seen that the unorganized workers are most vulnerable in terms of low wages, exploitation and lacking of social security.

Major issues of unorganized sector can be defined as under;

- (1) Low wages: wages are the only factor for which a person works, in spite of their being a statute that provides for the minimum wage that is to be paid to the workers, the workers do not receive the minimum wage.
- (2) Health Issues: The working conditions in the organized sector is the leading cause of the adverse effect on the health conditions of the workers. The health problems are mostly related to inhalation of the dust or other chemicals and body ache, unguarded machinery, various toxic chemicals, the raw material for synthetic generation leads to death of many unorganized workers.
- (3) Extended hours of work: The workers in unorganized sectors are made to work for long hours beyond the labour and regulatory norms in India. As the labourers are illiterate, employers exploit them by forcing them to work for long hours.
- (4) Seasonal employment: The unorganized workers are employed only for a particular season and remain unemployed during the remaining year.
- (5) Harassment at workplace: In spite of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 female labourers in the unorganized sector face sexual harassment at workplace. They suffer a wide range of physical and psychological ailments due to sexual harassment.

The overwhelming majority of employees in the country are from an unorganized sector, including the agricultural sector, home based industries, construction, road sellers, small-scale service providers, domestic work, gig and platform work, beedi industries, automobile and transport workers etc. unorganised workers function without sufficient benefits in extreme conditions. For both economic and social growth, security and support for unorganized sector workers is very

essential to provide. Various welfare schemes need to be identified and implemented effectively to extend social security benefits to these labour class. The present study had attempted to identify the requirements of these workers in terms of various welfare schemes for their family welfare, economic development and skill development on basis of the primary field survey.

1.5 Need for Social Security Benefits:

Social security is the Universal and a Human right that ensures that the basic dignity and standard of living of worker should be maintained. Further, having effective social security laws for employees would help in ensuring guaranteed income security and health protection, thereby contributing to the prevention and reduction of poverty. The social security provides the worker and their families with supplemental benefits apart from their wages in case of any contingencies.

It is therefore important to provide social security to workers as it helps maintaining peace in the establishment or organisation as there is harmony between the employee and employers. It also helps in developing an peaceful and stable environment wherein the workers can work efficiently and effectively, thereby increasing the production and profit of the establishment. Social security benefits also motivate the workers to continue their work and ensure decent and fair living conditions for them. If the same is not fulfilled, the industrial relations of the establishment get affected.

There are evidence that the major chunk of the workforce employed in the unorganised sector. It is therefore become essential to ensure that these workers be protected and get social security benefits since most of the establishment where these unorganised sector workers work are not regulated or don't comply with the law, which increases the probability of exploitation of these worker. Further, only providing them with the minimum wages won't improve their standard of living or help them in their long-term growth, which is why, in order to protect the rights and dignity of such workers, laws are required to be implemented effectively.

1.6 Legislative Provisions:

In last three decades, the country has witnessed drastic structural transformation in terms of industrialization and nature of employment. In this regard, the issue of social security to the growing sector of unorganised workers draws more attention in emerging India. The Government enacted the social security legislation for the welfare of unorganised workers and also formulated many scheme. The Unorganised Workers Social Security Act-2008 is one of the significant legislative provisions exclusively for the protection of the unorganised sector workers. The Unorganised Workers Social Security Act- 2008 provides power to Central and State Governments to formulate suitable welfare schemes from time to time for unorganised workers. The Act required that every unorganised worker must take registration from the competent authority and shall not be less than 14 years of age. The Act also provides for the constitution of the National Social Security Board and the State Social Security Board for unorganised workers by the Central and State Governments respectively.

1.7 Central and State Government Initiatives for Welfare of the Unorganised Workers:

The above discussion of the problems and existing situation of unorganised workers showed that the social security is required to reduce the vulnerability of unorganised sector workers. Although the Government has made efforts to ensure social security for unorganised workers by passing the Unorganised Workers Social Security Act-2008 proved to be inadequate. There are therefore, several social welfare schemes related to life insurance, health treatment, pension etc are implemented by the Central and State Governments. The portal for the registration of Unorganised Workers across the country was launched by the Ministry of Labour and Employment Department, Government of India. The portal will prove to be a huge boost towards last mile delivery of the welfare schemes for crores of unorganised workers for more than 38 crore workers. The registration is totally free for the workers. The unorganised workers can avail the benefits of following welfare schemes;

✚ PradhanMantriShram Yogi Maan-DhanYojana (PM-SYM) (Old Age Protection)

Voluntary and Contributory Pension Schemes are provided by the government to the people above 60 years of age, Monthly contribution ranges from Rs.55 to Rs.200 depending upon the entry age of the beneficiary. Under this schemes, 50% monthly contribution is payable by the beneficiary and equal matching contribution is paid by the Central Government.

✚ PradhanMantriJeevanJyotiYojana (PMJJBY)

PradhanMantriJeevanJyotiBimaYojana secures the future of the family by taking care of the safety of the individual and his family. In case of any accident and death, the family gets help. Life cover is given at a normal premium of 2lakhs.

✚ PradhanMantriSurakshaBimaYojana (PMSBY)

PradhanMantriSurakshaBimaYojana is a government scheme launched on 9th May 2015 by PM NarendraModi. It intends to provide an affordable insurance scheme for the poor and underprivileged people in the age group of 18 to 70 years with a bank account at a premium of Rs. 12 per annum risk coverage.

✚ **Atal Pension Yojana**

Atal Pension Yojana (APY) is a pension scheme for citizens of India with a particular focus on unorganized sector workers. Under this Atal Pension Yojana, customers will get a minimum contribution based on their contribution of Rs. -/1000, -/2000, -/3000, -/4000 and 5, -/000 guaranteed monthly pension will be given at the age of 60 years.

✚ **Public Distribution System:**

Public distribution system caters the need of basic food requirement of community. Public Distribution System known as “Ration” shops in rural and urban areas. Ration card holders are entitled to get sugar, edible oil, grains etc as per the prescribed quantity. The scheme “Public Distribution System” is implemented across the country and run by the Central Government.

✚ **National Social Assistance Programme (NSAP) -Old age Protection**

This scheme National Social Assistance Programme aims to provide financial support to the old age citizens, disabled and widow who are falling under the category of BPL (Below Poverty Line).

✚ **Ayushman Bharat-PradhanMantri Jan ArogyaYojana (AB-PMJAY)**

Jan ArogyaYojana crossed the milestone of 26 crore Ayushman cards across the country on 19 October, 2023. Under the flagship scheme implemented by the National Health Authority, 12 crore beneficiary families are provided health cover of Rs 5 lakh per family per year for secondary and tertiary care.

✚ **PradhanMantriKisanMandhanYojana**

To avail the benefits of this scheme, farmer brothers need to deposit Rs 55 to 200 every month. If a farmer brother dies, then the farmer's spouse will be entitled to get 50% of the pension under PM Kisan Mandhan Yojana.

✚ **PM SvaNidhi**

The PM Street Vendor's AtmaNirbharNidhi (PM SVANidhi) Scheme, launched on June 1, 2020, is a micro credit scheme for urban street vendors that aims to provide collateral-free working capital loans up to ₹50,000.

✚ **PradhanMantriKaushalVikasYojana (PMKVY)**

The objective of PMKVY scheme is to encourage aptitude towards employable skills and enhance the efficiency of potential and existing daily wage earners by giving monetary rewards and prizes and providing them quality training. The average prize money per person has been kept at ₹8,000. Those salaried people who already have standard level skills will be recognized as per the scheme and the average award amount for them is ₹2000 to ₹2500. In the initial year, the scheme aims to disburse ₹15 billion. The training programs are designed based on national occupational standards and specially developed competency packs in different areas of skills. For this, competency schemes and quality schemes have been developed by various Sector Skill Councils formed with the participation of industries. National Skill Development Council has been made the coordination and operating agency for this.

1.8 Major Problems in Extending Social Security Benefits to the Unorganised Sector Workers in Gujarat

✚ Less Awareness among Unorganised Sector Workers regarding existing welfare and social security schemes of State as well as Central Government is the major problem. Due to this, they are unable to avail benefits of existing schemes which are specifically designed for unorganized workers.

✚ Unorganised workers are in a huge number and not registered under any act. However, from the year 2021, the Central Government has launched the E-shram portal for the registration of unorganized workers across the country. Without recognition or registration it is difficult for the Government to extend the social security benefits to these workers.

✚ Documentation and proof is another major issue which creates a hurdle in extending benefits to the unorganized workers. These workers do not have basic identity proof on which basis they can avail various benefits. Even it was found in recent studies that these workers keep changing their mobile number. And hence it is difficult to register them on any portal as their mobile number is not linked with Aadhaar card.

✚ The migrant unorganized workers are also difficult to identify as they migrate for more than 6 months for employment towards urban areas and return to home town during agriculture season. In such a situation, it is difficult to track them.

✚ Absence of Employee-Employer relationships is also one of the major problems in extending social security benefits to the unorganized sector workers. There are many occupations such as Gig and platform sector, domestic sector, readymade garment, bidi industry etc and all home based industries where there are many employers and the employee-employer relationship doesn't exist. In such cases, these workers are out of benefits of many legislative benefits also such as minimum wages, maternity benefits etc.

1.9 Major Recommendations for Inclusion of these Workers under Social Security Umbrella:

✚ The unorganised workers need to be protected under the Minimum Wages Act – 1948.

- ✦ As per the present structure of informal economy, most of the workers are paid on piece rate basis. The wages may fluctuate with consumer's demand. In such situations, minimum guaranteed rates should be announced for the workers who earn on piece rate basis.
- ✦ There are various ongoing schemes such as PradhanMantriShram Yogi Maan-DhanYojna (PM-SYM) for old age protection. The unorganised workers are entitled to get benefit under this scheme. The convergence of the scheme is strongly recommended for universal inclusion.
- ✦ The PM-SVA Nidhi scheme's benefits may be extended to these workers to link them with the Micro-Major credits for business purposes.
- ✦ Under the scheme, PradhanMantriJivanJyotiBimaYojna all unorganised workers should be insured.
- ✦ Benefits of One nation one ration should be extended to all the migrant unorganised workers effectively
- ✦ The unorganised workers should be provided with the skill training to increase their employability. They should be unionized through training and awareness for effective collective bargaining.
- ✦ Mobile Urinals and Lavatories should set up at certain distance for various categories of unorganised workers such as street vendors, gig and platform workers, taxi, auto drivers etc.
- ✦ Awareness programmes related to various Government welfare schemes should be arranged at various pockets of the city where these workers are in prominent numbers.

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