

INFORMAL SECTOR ENTERPRISES IN INDIA – CONTRIBUTIONS AND CONFLICTS

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Abstract : In India nearly 92.38% of workers are still engaged in informal employment and 7.46 per cent are engaged in formal sector enterprises. However, the employment has increased in informal sector, where wages; salaries are quite low and working conditions deplorable as compared to those in the organized sector, while the contribution of unorganized sector to GDP is about 50 per cent as per National Commission for Enterprises in the Unorganized Sector (NCEUS 2008). The proportion of poverty in India had been declined to 27.5 percent in 2004-05. However the proportion of poverty is higher among unorganized sector workers both in rural and urban areas in India (Bhalla, 2008).

The informal sector is also characterized by excessive seasonality of employment especially in farm sector, preponderance of casual and contractual employment, absence of social security measures and welfare legislations, negation of social standards and worker rights, denial of minimum wages and so on. Poor human capital base in terms of education, skill and training as well as lower mobilization status of the work force further add to vulnerability and weaken the bargaining strength of workers in the informal sector. The alarming expansion of informal sector in recent times has adversely affected employment and income security of larger majority of workforce, along with reduction in the scale of social welfare /security programmes.

The central government introduced the various social security programmes. However, these legislative programmes have not been able to protect the rights of these workers. The percentage of all workers covered under any security provision decreased from 32.6 percent in 1999-2000 to 28.6 percent and 26.4 percent in 2009-10. It has decreased due to increasing informalisation of worker force in India.

Informal sector workers in India are living poor socio- economic conditions leading to a substandard life. There is no formal relationship between employer and employee and lack of social security protection to the unorganized sector of workers. There is a great need to implement all social security programmes effectively to reduce income insecurity and develop their skills and efficiencies for enhancing productivity.

Key words: informal employment , Contributions and Conflicts.

INTRODUCTION:

The Indian economy is characterized by the existence of a vast majority of informal or unorganized labour employment. In India nearly 92.38% of workers are still engaged in informal employment and 7.46 per cent are engaged in formal sector enterprises. However, the employment has increased in informal sector, where wages; salaries are quite low and working conditions deplorable as compared to those in the organized sector, while the contribution of unorganized sector to GDP is about 50 per cent as per National Commission for Enterprises in the Unorganized Sector (NCEUS 2008).

The organized sector workers include all those workers who are covered under legislation and entitled to worker benefits including social security schemes such as employees working in public sector, semipublic organisations, cooperative societies, public limited companies, private limited companies etc.

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Categories and characteristics of labours in unorganized sector

The ministry of labour, Government of India has categorized the unorganized labour force under four groups in terms of occupation, nature of employment, especially distressed categories and service categories.

- In term of occupation group : Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, 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. come under this category.
- In term of nature of unemployment: Attached agricultural labourers, bonded labourers, migrant's workers, contract and casual labourers come under this.
- In specially distressed categories: Toddy tappers, scavengers, carriers of headloads, drivers of animal driven vehicles, loaders and unloaders come under this category.
- In term of service categories; midwives, domestic workers, fisher men and women, barbers, vegetables and fruits venders, newspaper venders etc.
- In addition to these four categories, there exists a large section of unorganized labour force such as cobblers, hamals, handicraft artisan, handloom weavers, lady tailors, physically handicapped self-employed persons, rikshaw pullers, auto drivers, sericulture workers, carpenters, tannery workers, power loom workers and urban poor.

The sector is also characterized by excessive seasonality of employment especially in farm sector, preponderance of casual and contractual employment, absence of social security measures and welfare legislations, negation of social standards and worker rights, denial of minimum wages and so on. Poor human capital base in terms of education, skill and training as well as lower mobilization status of the work force further add to vulnerability and weaken the bargaining strength of workers in the informal sector,

The alarming expansion of informal sector in recent times has adversely affected employment and income security of larger majority of workforce, along with reduction in the scale of social welfare /security programmes.

The process of globalization has resulted in increasing informalisation workforce in developing countries. The practice of recruiting labour through sub-contractor and intermediaries has been adopted by many countries at global level. As result, the proportion of worker employed through contractors on temporary and contract basis has increased in past decades and social protection measures were neglected. Hence a major challenge to social security system in developing countries is that globalization as considered by Rajogopalan, 2008.

Child labour in informal sector

The NSSO (2007-08) estimates around five million children are economically active in the labour market, and account for more than two percent of the total child population of India in age group 5-14 years. According to government of India report 2011, a majority of the child labour in India is engaged in agriculture (68.14 %), while manufacturing sector 16.55%, trade and hotels 8.45%, community and social services 3.41%, construction 1.95%, and others 1.50%.

Social Security Programmes

The basic concept of social security refers to the need for every human being to maintain a minimum standard of living through the various adverse circumstances of life.

Social security schemes can be classified into three categories in India like preventive schemes, promotional schemes and protective schemes. These schemes are related with poverty elimination, social assistance and insurance etc. Social protection includes both public and private or non-statutory social security schemes (Ghuman, 2012). According to Srivstava, social protection is a set of basic socio-economic rights of workers.

In India the government has adopted various policies of welfare about workers through enactment of legislations and creation of welfare fund and boards which are as follow

- Workmen's compensation Act, 1923;
- The Trade Union Act, 1926;
- Minimum Wages Act, 1948;
- The Maternity Benefit Act, 1961;
- The Equal Remuneration ACT 1976;
- Bonded Labour System (Abolition) Act, 1976;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Inter State Migrant Workmen Act, 1979;
- Building and Construction Workers Act, 1996;
- The Child Labour Act, 1986;
- Child Labour Abolition and Rehabilitation Bill, 2006

Besides, the first national commission on labour report 1969 recommended various suggestions on working conditions in unorganized sector workers. The second National Commission on labour was set up in 1999, while, the implementation of labour policy is the responsibility of the state government. A large number of workers in the unorganised sector have almost no social security.

The central government introduced the various social security programmes like

- National Social Assistance Programme-1995,
- National Social Security for Unorganised sector workers in 2004,
- JanashreeBima Yojana-2000,
- KrishiShramikSamaj Suraksha Yojana-2001,
- Univarsal Health Insurance Scheme-2004,
- AamAdamiBima Yojana-2007-8
- National Rural Employment Guarntee Act (NREGA) in 2005,
- National Comossion for Enterprises in the Unorganised Sector (NCEUS) was presented its report in May2006.

State governments are implementing various welfare programmes for certain categories of unorganized sector workers. Kerala and Tamilnadu have implemented large number of social security and welfare schemes to attain the goal of reducing income insecurity of workers. Besides, Delhi, Maharastra, Utter Pradesh, West Bengal, Gujarat, Andhra Pradesh, Karnataka and Madhaya Pradesh are among the major states who have constituted labour welfare Boards for some unorganized workers.

However, these legislatives have not been able to protect the rights of these workers. The percentage of all workers covered under any security provision decreased from 32.6 percent in 1999-2000 to 28.6 percent and 26.4 percent in 2009-10. It has decreased due to increasing informalisation of worker force in India.

Conclusions

Informal sector workers in India are living poor socio- economic conditions leading to a substandard life. There is no formal relationship between employer and employee and lack of social security protection to the unorganized sector of workers. There is a great need to implement all social security programmes effectively to reduce income insecurity and develop their skills and efficiencies for enhancing productivity.

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