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Poverty in Indian Unorganized Sector: Some Issues and Challenges

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Most of developing countries have focused his priority in the field of poverty alleviation and basically focused towards the rural areas. The problem of poverty in the developing countries like India is serious problem to maintain standard of living. Basically, peoples below poverty line are living in the field of unorganized sector of Indian economy. India's unorganized sector or informal sector is said to be characterized by low productivity as compared to formal sector. Large numbers of unorganized workers are living in Indian farming. There is seasonality of employment, low wages, and lack of education, skill and training. Income level of these workers is very low. In the recent globalized periods, various challenges faced to Indian unorganized sector. Poverty ratio was estimated 28.3 per cent in 2003-04 and it has been declined up to 25.7 per cent in 2011-12. But income inequality in the unorganized sector of the Indian economy has increasing even the declined of poverty ratio. There are many obstacles in the way of poverty eradication in rural or unorganized sector of Indian economy due to fluctuation of agricultural price and income level of farmers. Therefore, there is need to promote the development of rural infrastructural facilities and to develop agro-based industries.

[Key Words: unorganised workers, Poverty ratio, wage differential, Informal sector]

Introduction

The Indian economy is characterised by the existence of a vast majority of informal or unorganized labour employment. As per the National Sample Survey Organization records in 2009-10, total employment in the country was 46.5 crore comprising about 2.8 crore (6%) in the organized and the remaining 43.7 crore workers (94%) in the unorganized sector. Out of these unorganized workers, there are 24.6 crore (56.3%) workers employed in agricultural or rural sector in the country. The unorganized sector constitutes largest portion of the economy in terms of value addition, saving, investment, employment, agricultural production etc. About 30 % shares of India's national income are come from unorganized sector. The informal or unorganized sector plays a significant role in the economy in terms of employment opportunity and poverty alleviation. This sector generates income earning opportunity for a large number of people. In the globalized periods, various challenges faced to Indian

unorganized sector. Peoples living under below poverty line is the main characteristic of Indian unorganized sector.

Characteristics of Indian Unorganized Sector

Work force in India is divided into organized and unorganized sectors. Large numbers of work force are working in unorganized sector in the Indian economy. Some basic characteristics of this sector are discussed below.

A) Low productivity: Workforce in Indian unorganized sector are major role in the activities of manufacturing, construction, transportation, hotels, business and farm sectors. Low productivity of unorganized workforce in rural sector economy of farm sector economy is the main obstacles in the way of rural development.

B) Seasonal employment: Seasonal employment is the second basic features of unorganized sector in India. Maximum number of unorganized workers in rural area does not have stable employment. Even those who appear to be visible employed are not gainfully employed. It indicates the existence of disguised unemployment.

C) Poor working condition: working condition in the unorganized sector is poor, particularly wages much below that in the organized sector, even for closely comparable job. Working condition, work time, work quality etc. is not implemented as per the labour laws in the informal sector.

D) Unskilled labour: Maximum numbers of labours are unskilled. They do not encourage the workmen to imbibe and assimilate higher technologies. New technology information is not given to the unorganized sectors labour. Large scale ignorance and illiteracy and limited exposure to the outside work are also responsible for such poor absorption.

E) Child labour: Child labour working is the most important feature of unorganized sector. Child labours are working at low wages from rural as well as urban areas even child labour prohibition Act is implemented. These types of labour are save the cost of production.

F) Wage differential for same work: Labour wages are different for same works in the unorganized sector. Wages are different for child labour, female labour and adult labour even same time bound and equal workplace.

G) Existence of poverty: In the unorganized sector, poverty ratio is high as compared to unorganized sector. In the rural areas, the unorganized labour force is highly stratified on caste and community. All most all workers from SC and ST categories are living in below poverty line.

H) Farm worker and unorganized sector: All farm workers are considered in unorganized workers. Unorganized labours in the Indian farm system are usually subject indebtedness and bondage as their income cannot meet with their livelihood needs. Farm workers cannot organize due to their high poverty ratio and illiteracy. Workers in unorganized sector do not receive sufficient attention from the trade unions.

Unorganized Workers in Indian Farm

Out of total unorganized workers, near about 56 percent workers are employed in Indian agricultural sector. The unorganized workers in Indian farm sector are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the organized sector. As the unorganized sector in the Indian farm are suffers from cycles of excessive seasonality of employment. There is huge increasing of migration from unorganized workers in rural areas to urban area for the purpose of employment. Size and distribution among organized workers and unorganized workers in the agricultural sector is presented in Table 1.

Table: 1 Distribution of workers in Agricultural Sector
(Number of workers in Million)

Nature of Employment	Organised Workers in Agriculture	Unorganised Workers in Agriculture	Total Workers
Self employed	2.3 (38.1%)	163.9 (64.8%)	166.2 (64.20%)
Regular workers	1.3 (20.1%)	1.5 (0.6%)	2.8 (1.08%)
Casual workers	2.5 (41.8%)	87.4 (34.6%)	89.9 (34.72%)
Total	6.1 (100%)	252.8 (100%)	258.9 (100%)

Source: NSS 61st Round 2004-05

Data given in Table 1 reveals that out of 258.9 million workers in agricultural sector, the proportion of self-employed workers is 64.20 percent (166.2 million) and casual workers is 34.72 percent (89.9 million). Taken together, these two categories which are the most vulnerable among workers constituted about 98.92 percent. The remaining 2.8 million (1.08%) workers were regular workers. However, the proportion of unorganized workers in agricultural sector was 97.64 percent (252.8 million) and remaining 2.36 percent (6.1 million) workers were organized workers in the agricultural sector. The situation in the agricultural sector was dreadfully where 252.8 million of the workers were employed in unorganized sector, out of these 163.9 million workers in self employed and 87.4 million workers in casual workers. It is clear indicates that only 6.1 million workers were employed in organized workers in agricultural sector. Maximum workers were employed under the category of unorganized sector.

Poverty Ratio in Unorganized Sector

India is the second largest populated country in the world. Poor people in the country are high as per higher population. Population below poverty line was accounted 54.88 percent in the year 1973-74 and this proportion of poverty population has declined up to 21.9 percent in the year 2011-12. Percentage of poor estimation is presented in Table 2.

Table: 2 Poverty Ratios in Indian Population

Year	Poverty Ratio		Total
	Rural	Urban	
1973-74	56.4	49.0	54.9

1983-84	45.6	40.8	44.5
1993-94	50.1	31.8	45.3
2004-05	28.3	25.7	27.2
2011-12	25.7	13.7	21.9

Source: Planning Commission, GOI

Data given in Table 2 indicates that population below poverty line in India is decreasing trend from the last 40 years. Poverty ratio in rural area has declined from 56.4 percent in the year 1973-74 to 25.7 percent in 2011-12. It is clearly indicates that near about half population in rural area has upgraded their income from last forty years. Second things in the above data indicates that rate of decline under poverty population in urban area is very high as compared to rural area.

In the above analysis, following three points are found important.

- Population in below poverty line in rural area is high. (Table 2)
- Population of unorganized workers is high in rural area or agriculture. (Table 1)
- It is clear that; poverty ratio in unorganized workers is excessive.

Poverty ratio in workers population in India is widely different among the organized and unorganized sector. It is presented in Table 3.

Table: 3 Poverty Ratios in Workers Population (2004-05)

Sr. No.	Particulars	Unorganized Workers	Organized Workers	All Workers
01	Agricultural Sector	20.5	13.8	20.4
02	Non-agricultural Sector	20.4	04.1	17.8
03	All	20.4	04.9	19.3

Source: NCEUS (2007)

Table 3 is presented poverty ratios among organized and unorganized workers. It is revealed that overall poverty ratio among all workers was of the order of 19.3 percent, but there was sharp different in the poverty ratio among unorganized standing at 20.4 percent as against the organized at a low level of 4.9 percent. However, in agricultural sector the poverty ratio among all the workers was 20.4 percent, and among unorganized workers was 13.8 percent. This shows that poverty ratio among unorganized workers in agriculture was relatively much high than poverty ratio among organized workers in agriculture.

Recent Issues in Indian Unorganized Sector

The Indian economy is characterized by the existence of vast majority of unorganized labour employment. As per the NSS 61st Round (2004-05), 92.4 percent of India's workforce is engaged in unorganized sector. The Government of India has categorized the unorganized workforce under four groups in terms of occupation, nature of employment, especially distressed categories and service categories. Unorganized labour force includes small and marginal farmers, landless agricultural labours, fishermen, bidi rolling, stone quarries, workers in saw, oil mills, bonded labours, migrant workers, casual/contract labours, scavengers, carriers of head loads, vehicles workers, barbers, fruit

vendors, Newspaper drivers, carpenters etc. Recent issues of Indian unorganized sector are discussed below.

- The unorganized workforce in India has no social security and heavy exploitation from various occupation of the country.
- Female labour in our unorganized workforce in the Indian economy has low wages as compared to men labours.
- Indian unorganized labour sector is less mobilized.
- Major workforce of Indian unorganized sector including agricultural labour, construction labour and transportation workers are traditional in nature.
- Unorganized sector workers have no regular job.
- Many peoples working in unorganized sector is characterised by low earning, poor working conditions, lack of social security.
- Implementation of Minimum Wages Act in unorganized sector is very complicated.
- Home based worker is the major part of Indian agricultural labour, which is working in unorganized sector part.
- Economical and social status of unorganized workforce is very poor as compared to organized workforce.
- The proportion of unorganized workforce in agriculture sector is high over the other sector.
- Bargaining power of informal workforce is very less.

Challenges of Indian Unorganized Sector

Unorganized workforce are dispersed across fields difficult to fine and organized. Unorganized workforce in agricultural sector's job being seasonal, labours remain unemployed during lean season. Therefore, this labour force is shifting from agriculture sector to another sector for searching regular job.

In the unorganized sector casual workers tends to be the least protected and have lowest level of earning. Workers in unorganized sector had a much higher incidence of poverty. These workers cannot able to meet their basic needs and social responsibilities. Lack of awareness and knowledge is the most important challenge of Indian unorganized sector, which is a significant barrier to the implement of Government Social Security Schemes. Most of the workforce of Indian unorganized sector are illiterate and lack awareness regarding industries rules and regulation. Major part of Indian unorganized workforce is working in agriculture and its allied activities. These workforce has automatically improve in his economic condition if and only if the development of agricultural sector. Literacy and skill development programme is essential for unorganized sector. This is the big challenge for the improvement of labour skill. The next important challenge is to effectively implement of important labour laws in this sector.

The economic condition of female labour in agricultural sector is not so good. The challenge equal wage rate for female and male labour work is very important. Data given in 68th Round of NSSO, large percentage of the agricultural workforce which is included in measurement of unorganized workforce has moved away from agriculture.

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