CHAPTER 5

UNORGANISED WORKERS IN INDIA: ISSUES AND CONCERNS

The concept of an informal or unorganised sector began to receive world-wide attention in the early 1970s, when the International Labour Organisation initiated series efforts to identify and study the area through its World Employment Programme Missions in Kenya, Columbia, Sri Lanka and Philippines primarily underlined the development strategy based on economic growth in which employment was considered as the prime objective for development.\(^1\) The British Economist Keith Hart in 1971 coined the term informal sector.\(^2\) He made a detailed study of urban Ghana in which the study reported the new entrants, particularly rural migrants, to the labour market in the urban areas were forced to work in the informal sector partly owing to their lack of skill and experience needed for the jobs in the urban formal sector.\(^3\) Since then, the informal sector has been the subject of several studies and seminars covering various aspects like its size, employment potential, its relationship with the formal sector, technological levels etc.\(^4\)

The term often is defined by indicating the absence of characteristics that belonging to the organised sector. The unorganised sector is often termed as residual sector but, it has its

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own merits as there is consistent growth rate in employment. The unorganised sector is known by different names such as informal sector, unregulated sector etc. This implies that informal workers are beyond any regulation or legislations passed by the Government. Hence, their working status is rarely covered by the legal status.

Social security arising out of employment status and provided by employers is largely confined to workforce who are identified as organised workers. Only 0.4% of the unorganised workers in unorganised sector were receiving benefits like provident fund, and this proportion has not changed since 1999-2000. The social security measures such as old age pension, gratuity, employees’ state insurance and other insurance schemes are non-accessible to workers of the unorganised sector. A large number of statutes and schemes addressed to different categories of workers are found neither feasible nor practicable. This is because labour relations in the unorganised sector are chaotic and there is no formal employer-employee relationship. But, even if it exists, it is of casual nature.

Since the unorganised sector plays pivotal role in the Indian economy, it needs special attention. Hence, an attempt has been made in this chapter to examine the issues and challenges faced by the unorganised workers with a view to overcome the obstacles in the unorganised sector to provide at least a basic minimum social security to the workers.

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5.1 DEFINITIONS AND MAGNITUDE OF UNORGANISED SECTOR

The unorganised sector has grown by leaps and bounds over the years. In India, the term ‘unorganised sector’ is used commonly in all official records and analyses. Changes in trade and technology, accompanied by greater global linkages between nations resulted in threat to worker’s income and is particularly in the developing country as there is a rapid expansion of unorganised sector due to increase in employment of poor quality and India is not exception to it. The difficulties in the unorganised sector are multifarious in nature. Covering various aspects many efforts have been taken to define this vast segment to identify a common criteria for the identification of unorganised sector enterprises. But the difficulty starts in defining the sector itself to confine them in a comprehensive manner.

5.1.1 Definitions of Unorganised Sector

Some of the definitions of unorganised sector are discussed in detail as follows:

Definition of Kenneth King

“Their unorganisedity derives from their being unrecognised in government employment statistics and operating in the main act of the make shift shelters on urban waste lands, roadsides and forest fringes”.⁶

Unorganised sector could be described as that part of the work force who have not been able to organise in pursuit of a common objective because of constraints such as

a) casual nature of employment
b) ignorance and illiteracy
c) small size of establishments with low capital investment per person employed
d) scattered nature of establishments and
e) superior strength of the employer operating singly or in combination.\(^7\)

The unorganised sector is in no way an independent and exclusive sector. It is linked to, or in many cases depended on the organised sector and the rest of the economy through a variety of linkages. It depends on the organised sector for few raw materials and other capital requirements, generation of employment, marketing facilities, and so on. The sub contracting model is used by the formal sector for engaging labour in the unorganised sector.\(^8\)

**Definition by 15\(^{th}\) International Conference of Labour Statisticians**

According to International Conference of Labour Statisticians the terms unorganised and informal sectors are often used interchangeably. The informal sector may be broadly characterised as consisting of units engaged in the production of

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\(^8\) *Supra* note 4, at 602.
goods or services with the primary objective of generating employment and incomes to the persons concerned.\textsuperscript{9}

National Commission for Enterprises in the Unorganised Sector provides definition of unorganised sector as follows:\textsuperscript{10}

\textbf{Unorganised Sector}: “The unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis with less than ten total workers”.

\textbf{Unorganised workers}: “Unorganised workers consists of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment/social security benefits provided by the employers”.

\textbf{Definition of Unorganised Sector and Unorganised Workers under the Unorganised Workers’ Social Security Act, 2008}:\textsuperscript{11}

‘Unorganised Sector’ means an enterprise owned by individuals or self employed workers and engaged in production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten.

\textsuperscript{10} Supra note 5, at 3.
\textsuperscript{11} Section 2(l) of the Unorganised Workers’ Social Security Act, 2008.
Definition of Unorganised Worker

Unorganised worker means 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 schedule II of the Act.12

From the analysis of definitions, it is clear that the unorganised sector is a term that eludes definition as the sector is too vast and varied to confine within a conceptual definition.

5.1.2 Magnitude of Workforce in the Unorganised Sector

As per the survey carried out by the National Sample Survey Organisation in the year 2009-2010, the total employment in both organised and unorganised sector in the country was of the order of 46.5 crore. Out of this, about 2.8 crore were in the organised sector and the balance 43.7 crore in the unorganised sector. Out of 43.7 crore workers in the unorganised sector, 24.6 crore workers were employed in agricultural sector, 4.4 crore in construction, and the remaining were in manufacturing activities, trade and transport, communication and services. A large number of unorganised workers are home based workers and are engaged in occupations such as beedi rolling, agarbatti making, pappad making, tailoring, and embroidery work.13

More than 90% of workforce and about 50% of the national product are accounted by the informal economy. A high proportion of

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12 Ibid., at Section 2(m).
socially and economically underprivileged sections of society are concentrated in the informal economic activities.\textsuperscript{14}

5.2 CHARACTERISTICS OF UNORGANISED LABOUR

The unorganised workers suffer from excessive seasonality of employment, lack of formal employer-employee relationship and inadequate social security protection.\textsuperscript{15} Unorganised sector or informal economy is replete with diverse concepts and lack uniformity of definitions. Based on some of the specific characteristics, the unorganised enterprises could be distinguished from formal sector like no paid leave, no written job contract, and no social security to the workers.\textsuperscript{16}

The high level of growth of Indian economy during the past two decades is accompanied by increasing informalisation. There has been new dynamism of the informal economy in terms of output, employment and earnings. Faster and inclusive growth needs special attention to informal economy.\textsuperscript{17}

The unorganised labour is characterised as follows:\textsuperscript{18}

\begin{itemize}
  \item It is in general a low wage and low earning sector.
  \item Women constitute an important section of the workers in this sector.
\end{itemize}

\textsuperscript{16} \textit{Supra} note 14, at 5.
\textsuperscript{18} \textit{Supra} note 4, at 604-605.
• Family labour is engaged in some occupations such as home-based ones.

• Economic activities, which engage child labour, fall within this sector.

• Migrant labour is involved in some sub-sectors.

• Piece-rate payment, home-based work and contractual work are increasing trends in this sector.

• Direct recruitment is on the decline. Some employees are engaged through contractors. An increasing trend to recruit workers through contractors is visible in areas of home-based work. There is a sort of convergence of home-based work and engagement in work through contractors.

• If some kinds of employment are seasonal, some others are intermittent. As such, under-employment is a serious problem.

• Most jobs are, for the greater part, on a casual basis.

• Both employed and self-employed workers can be found in a number of occupations.

• Workers are not often organised into trade unions. The self-employed are seldom organised into associations. There is not much recourse to collective bargaining.

• There are many co-operatives of self-employed workers.
Very often, others supply raw materials, production by self-employed workers, therefore, becomes dependent on, or linked with enterprises or individuals active in other sectors.

Debt bondage is very common among the employed as well as the self-employed workers in the unorganised sector.

The self-employed have less access to capital. Whatever capital they manage, is mostly from non-banking and usurious sources, especially from the trader-contractor.

Health hazards exist in a majority of occupations.

5.3 CATEGORIES OF UNORGANISED LABOUR

The National Commission on Labour listed 'illustrative' categories of unorganised labour which are as follows:\textsuperscript{19}

- contract labour including construction workers;
- casual labour;
- labour employed in small scale industry;
- handloom/power-loom workers;
- beedi and cigar workers;
- employees in shops and commercial establishments;
- sweepers and scavengers;
- workers in tanneries;
- tribal labour; and
- ‘other unprotected labour’

\textsuperscript{19} Supra note 7, at 417.
5.4 IMPORTANCE AND CAUSES OF UNORGANISED LABOUR

The activities in the informal sector account for a substantial share of total employment in the developing countries - ranging from the third to two-thirds or more, particularly in urban areas. National level data on employment and income generated in the informal economy is generally not available. India is one of the few exceptions where it has recently estimated the informal sector by National Sample Survey Organisation.

Globalisation measured in terms of trade and capital flows between countries and technological changes believe to have played an important role. A faster growth of employment in the unorganised or informal sector is often referred to as an evidence of the employer’s unwillingness to expand employment in large sized factories in which the protective labour laws are applicable. They instead farm out work to smaller units. Hence, there is no doubt that employment has growth faster in the informal segment and its share has sharply increased over the years.

Further, the intensified competitions among firms have resulted in driving down the labour-cost. These costs are lower in informal economy, due to non compliance with labour regulations such as minimum wage, social security contributions and other welfare provisions.

Apart from that, improvement in technologies are also have contributed to such informalisation as we do not posses required skills and training for the employment in the organised sector. A

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20 Supra note 17, at 1.
further distinction is often made within the informal sector between those who operated from their residence, and other micro enterprises. Not all those operating from their residence or whom are truly independent enterprises, taking risks and making decisions; many, especially women, are paid for their work by the employer, sub contractor, agent or middlemen and hence consider as “home workers” or “disguised wage workers”. The tendency to engage workers outside the factory premises on a sub contracting basis is widely seen in the process of informalisation and interpreted as a means by which employers disown responsibilities for their welfare envisaged in the labour standards.22

Another factor that has developed the unorganised sector is non-availability of modern sector jobs even to those women and men who live in urban places and have some education and skill. The employment opportunities in the modern sectors are rare due to technological development in these sectors. These sectors are capital intensive rather than labour intensive. Thus, a large number of unemployed men and women are attracted by the unorganised sector as entry is easy there and it provides income, though insufficient, to the family. The meagre income that they get is precious for their own and for their survival.23

5.5 PROBLEMS OF UNORGANISED WORKERS

Unlike organised sector, this sector have not tasted the benefits or derived the advantages that can be gained from organisation. Many of them are victims of invisibility. The difficulty


23 Meenu Agarwal, Supra note 6, at 58.
starts from identifying or defining the unorganised sector itself. There is no a single or primary criterion by which the sector could be defined. The large segment of the work force has continued to be neglected even though this sector has a crucial role in economy in terms of employment. Hence, an attempt has been made to address the problems faced by the unorganised workers resulting in vulnerability are as follows:

### 5.5.1 Insecurity of Job

The informal sector workers often undertake multiple jobs, pursuing of multiple jobs by a person may be taken as a sign of insecurity in jobs. A single job or even two may generate income barely enough for subsistence.\(^{24}\) For instance employment of agricultural labour is irregular and unassured.\(^ {25}\) This is due to availability of work to them only for about three months and the remaining nine months, they are mostly unemployed and suffer from starvation.\(^ {26}\) Employment in agriculture is thus available for fewer days per year.\(^ {27}\) In India Mahatma Gandhi National Rural Workers Employment Guarantee Act, 2005 aims to provide employment security by guaranteeing at least 100 days of work in the most backward districts of the country who can perform manually.\(^ {28}\) But, informal workers continue to face the risk of loss of employment as they are varied by nature and location.

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24 Supra note 17, at 25.
25 Supra note 5, at 126.
5.5.2 Irregularities and Inability to Secure Even Minimum Wages

The Supreme Court of India ruled that employing workers at wage rates below the statutory minimum wage levels was equivalent to forced labour and prohibited under Article 23 of the constitution on India even though economic compulsion might drive one to volunteer to work below the statutory minimum wage.29

Most of the studies on conditions of employment in the unorganised sector have examined the wage levels and earnings of workers are identified that the daily wages are below the minimum rate of wages. But, the prevailing situation shows the reach and effectiveness of the Minimum Wages Act is limited.30 In the unorganised sector casual workers tend to be the least protected and have the lowest level of earnings. The wages for the huge informal sector cannot be left to be determined by the interplay of the market forces.31 There is no uniformity in wage structure across the various States or Union Territories.32 This is also due to applicability of the Act only to certain employments which does not include all workers. Hence, if a state Government fails to include a particular employment within an industry in the employment schedule, the Minimum Wages Act does not cover all workers in that industry.

5.5.3 Long Hours of work

The long working hours have a severe repercussion on the social and family life of labourers in general and women labourers in

29 Peoples’ Union for Democratic Rights v. Union of India AIR 1982 SC 1473.
30 Supra note 5, at 47.
particular. They do not find any time to take part in cultural or social activities. They do not even take proper child care.33

Long hours work in the unorganised sector beyond the labour and regulatory norms are common in India. In agricultural sector there is no fixed hours of work as there are no laws to act as guidelines for the working conditions of agricultural labourers. In case of non-agricultural sectors such as fireworks, match making, power looms and so on, workers started their work very early in the morning at 6.00 a.m. and continue till late evening. In hand loom sector the work is organised in such a way that wages were based on a 12-15 hours work per day.34 The Factories Act, 1948, The Minimum Wages Act, 1948 and the Shops and Establishments Act stipulates that no adult worker shall be required to work more than 48 hours in a week. But these provisions relating to working hours have been violated frequently. Thus limitation on hours of work is almost non-existent.35

5.5.4 Poverty and Indebtedness

Workers in the unorganised sector had a much higher incidence of poverty than their counterparts in the organised sector.36 Due to low level of income and uncertain employment in the unorganised sector make the workers unable to meet their basic necessities and other social and other cultural responsibilities. In agricultural sector, it is fact that increased indebtedness is noted as

34 Supra note 5, at 36.
a major reason for suicide in various states.\textsuperscript{37} Since the wage levels have been very low, they are worst in terms of poverty level and economic status.

### 5.5.5 Occupational hazards and Health Issues

The working conditions in the unorganised sector is the main cause to have an adverse effect on the health conditions of workers. Low nutritional intake due to low income, constant physical labour increases health problems to the workers in the unorganised sector resulting in risks of life of unorganised workers. Lack of resources to pay for the health care often forces the poor workers either to forego it or become indebted. With regard to home workers most of the studies reported health problems mainly related to respiratory due to inhalation of the tobacco dust and body ach due to the peculiar posture that has to be maintained at all times of work.\textsuperscript{38} In some of the sectors like fish processing units and tobacco and salt pan industry, the working conditions can be called as horrible for workers in general and women workers in particular. In Tobacco- processing units the workers have to do their entire job such as plucking, winnowing, grading and packaging, while they are surrounded by heaps of tobacco, which is considered to be unhygienic to the health. The mist of tiny particles of tobacco is found to such an extent that the workers can’t even see the faces of each other. The factory owners do not take proper care of the workers. They do not provide them facilities like apron, spectacles, mouth closer, socks etc.\textsuperscript{39}

\textsuperscript{37} Supra note 5, at 135.
\textsuperscript{38} Ibid., at 73.
\textsuperscript{39} Arjun Patel, Supra note 33, at 72.
Similarly, salt pan workers are also found to be suffering from skin diseases as they have to work constantly in salty water. They develop severe eye problems due to the reflection of light from the heap of salt.\textsuperscript{40} In agricultural sector due to extensive use of fertilizers, insecticides and pesticides and mechanisation workers suffer from certain specific health hazards. The pesticide applicators, mixers, loaders are at the risk of exposure to toxic chemicals. Since the farming sector is unorganised in character, there is an absence of statistics on farm related accidents and injuries.\textsuperscript{41}

Thus, workers in unorganised sectors such as fireworks and match industry, leather tanning industries, construction sectors etc., are dangerous and full of hazards. Loss of limbs and amputations occur often when workers operate unguarded or inadequately safeguarded machines.\textsuperscript{42} Occupational illness and diseases have also been reported among workers in many industries of unorganised sector.\textsuperscript{43}

\section*{5.5.6 Non-Applicability of Social Security Measures}

There are many times when a worker cannot economically active. Due to biological circumstances such as modernity, sickness or old age; on account of personal calamities such as widowhood, or an accident; social or natural calamities such as unemployment, flood, fire drought or high unemployment or closure of an industry. During these spells of risk the worker needs support, in the form of some social insurance to survive the crisis and resume work after it. Social security measures are indispensable for unorganised workers to protect them from contingencies and deprivation. The existing

\begin{flushright}
\textsuperscript{40} \textit{Ibid.}.
\textsuperscript{41} \textit{Supra} note 5, at 127.
\textsuperscript{42} \textit{Ibid.}, at 33.
\textsuperscript{43} \textit{Ibid.}, at 34.
\end{flushright}
social security legislations are not applicable to most of the unorganised sectors as discussed in Chapter 4. There are no social security measures to provide risks coverage and ensure maintenance of basic living standards at times of crises such as unemployment or health issues.

5.5.7 Lack of Proper Physical Environment at Place of Work

Lack of sanitation facilities has an impact on health of the workers. But, sanitary conditions are so precarious in most of the industries in the unorganised sector due to lack of proper toilet facilities. The facilities such as washing, urinal and toilet facilities at work are found to be low standard. It could be said that no such facilities were provided to workers in the industries. Apart from that, physical conditions such as space, lighting, ventilation etc., are very poor.

5.5.8 Insecurity Arising out of Illness

Many studies show health risk as the primary risk of informal sector workers. A number of studies show that risks and crisis situations due to low level of health security are endemic for informal sector workers. Stress events associated with health, dominated the outflows comprising 48% of annual household expenditure, while rituals and marriages account for 30%. The vulnerability of the poor informal workers increases when they have to pay fully for their medical care with no subsidy or support. A number of studies observed that the lack of resources to pay for treatment often leads to the poor foregoing health care or becoming

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44 Ibid., at 35.
45 Sudharshan, Supra note 22, at 54.
46 Supra note 28, at 6.
indebted or impoverished trying to pay for it. Poverty was a major factor for not seeking treatment during illness.\footnote{Ibid., at 18.}

\subsection*{5.5.9 Loss of Income Arising Out of Accident}

An accident either during the course of work or otherwise is a major crisis for informal workers due to loss of income. It further implies additional income expenditure of medicines, hospitalisation etc. If the accident leads to partial or permanent disability the loss is much greater.\footnote{Ibid., at 21.} In the case of death of a breadwinner, it is a permanent loss of income and the family has to borrow money, spend savings or sell assets.

\subsection*{5.5.10 Lack of Old Age Security}

Most of the provisions relating to provident fund did not reach the construction workers and contract labourers.\footnote{Supra note 5, at 41.} The old age is a major concern of the workers in the unorganised sector workers. Agricultural workers and construction workers are feared of not being able to work during old age. For the large proportion of old age persons expected in the future, the insecurities will arise due to various reasons such as inability of adult workers to support the needs of old age person in the family, inadequate public health care facilities and increasing cost of private health care facilities of the aged etc.\footnote{Supra note 28, at 21.}
5.5.11 Migrant Workers

Migrant workers are the most disadvantaged segment of workforce facing adverse working and living conditions. For instance, sugarcane labourers are generally staying in open place in the absence of proper space. Also, they have to cook their food in open space, which causes hardship during monsoon season. Since the labourers are staying in open space, they are continuously worried about the menace from snakes, scorpions, mosquitoes etc. In most of the cases, the resident sugarcane cutters have no basic facilities like electricity, water, sanitation etc.

The Problems faced by migrant workers are as follows:

- Vast majority of migrant workers fall in the unorganised sector.
- No working hours are fixed.
- They belong to poorest sections of population and inadequate access to basic amenities.
- People who migrate from rural to urban areas have absolutely no rights when they arrive as they lack bargaining power and forced to accept work for lesser wages.

51 Arjun Patel, Supra note 33, at 71.
52 Ibid., at 70.
53 Supra note 4, at 707.
54 Supra note 5, at 96.
5.5.12 Lack of Bargaining Power

Lack of organisation or least unionisation among the unorganised workers is mainly on account of illiteracy and lack of awareness. Despite the increased recognition of informal sector’s contribution to employment and gross domestic product among others the lack of worker’s rights and legal status has tended to adversely affect worker’s prospects. This is due to lack of organisation or least organised in the sense that they are not able to voice their feelings or dissent against the attitude of employers in order to protect their interests. Due to long working hours, social isolation of migrant workers, high level of unemployment, illiteracy and lack of awareness are the major hurdles in organising themselves.  

5.5.13 Lack of Employer-Employee Relationship

The enterprises in the unorganised sector are mainly unregistered units. Apart from that, there is a problem of invisibility of such enterprises as there is no designated workplace due to workers operate work at their homes. Even the entire basis of establishing a master-servant relationship becomes the first hurdle to apply labour laws to this sector. The employee prefers to work for several employers in case he is not given any work on a particular day or sometimes for days together. The other difficulty is the fact that number of home based workers work through contractors. Particularly for women, it is easy to undertake these activities at home itself. Hence, there is lack of visibility of employer-employee

56 Supra note 5, at 133.
relationship. Moreover, workers engaged in these enterprises often tend to change employers frequently and therefore it is easy for the employer not to recognise the workers which results in denial of benefits arising out of Minimum Wages Act and Social security benefits.

5.5.14 Insecurity Arising Out of Natural disasters

There are many natural disasters like floods, drought, famine, earth quake etc., which also have a devastating impact on the informal sectors. Natural disasters do not only wipe out the productive base of the informal sector, but can also affect the limited household assets of the own.58

5.5.15 Vulnerable Labour Groups

The study group on construction of the First National Commission on Labour as well as Second National Commission (2002) observed that in quarries, brick-kilns as well as in big construction sites a system of bondage exists and gets extended from one generation to the next through child labour.59

Apart from migrant labourers, bonded labourers and child workers constitute as a major vulnerable groups who are the most deprived and exploited.

The bonded labour involves a debtor-creditor relationship. In this system, the creditor advances loan to the labourers and puts him in bondage till the loan is returned. The repayment of debt is so arranged that the servant cannot repay it during his life time by

58 Sudharshan, Supra note 22, at 74.
ensuring lifelong service for the master. It is this feature, which differentiates bonded labour from unpaid forced labour.\(^60\) In bonded relationship not only the debt perpetuated but also the terms and conditions of the debt are arbitrarily decided and interpreted by the creditor master. This is a case of exploitation and not allowing contract labourers to move is illegal detention.

These are a number of worrying trends as for as the child workers are concerned with liberalisation and opening up of the economy with a growing new demand for child workers in agriculture. Further, there are instance of forced or bonded labour among children. Often, children of indebted labourers are offered to work in return of debt of the debtor to the creditor. Such child labourers are subject to long working hours and involved in the hazardous sectors such as carpet weaving, cloth printing, explosives and fireworks, cigarette making, printing and soldering process in electronic industries.\(^61\)

Working and living conditions are inseparable for most informal sector workers. Poor infrastructure and lack of basic services result in poor working conditions. Improvements in working conditions can be achieved through better infrastructure and better basic services to the informal workers. Organisation among informal workers will help to address problems concerning their working conditions, since they are able to take self-help initiatives, and link

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between the workers and the institutional structure that provides services.\textsuperscript{62}

With regard to improvement of the chances for the application of labour legislations in the informal sector, steps should be taken to improve understanding of the temporary nature of employment relations as well as to make the necessary revision of labour legislations in the line with conditions of the informal sector.

5.6 CHALLENGES AND OPPORTUNITIES FOR EXTENDING SOCIAL WELFARE SCHEMES FOR UNORGANISED SECTOR WORKERS

The limitations faced in seeking to extend formal social security systems to workers and their families outside the formal sector are well documented. Informal sector workers cannot join formal national social security systems on a voluntary basis. Most are in categories of work that excluded from formal systems. Many systems also exclude enterprises below a certain size, or exclude workers with earnings below a certain level.\textsuperscript{63} From the detailed analysis of the problems faced by workers in unorganised sector, it is realised that social security is mandatory for the unorganised sector workers to decrease their vulnerability. Though some efforts are taken by the Government by passing the Unorganised Workers’ Social Security Act, 2008 to provide a minimum level of social security to the poor unorganised workers but proved to be inadequate.


\textsuperscript{63} \textit{Ibid.}
The growth of informal employment resulted in shrinkage of formal employment consequent upon their quality of life. Therefore, to overcome such adverse consequences, it is necessary to build a strong base for at least a minimum level of social security with a view to climb up vertical occupation ladder resulting in strengthening their financial status. Instead of analysing what sort of social security measures are required to fulfil the multi facet needs of the unorganised sector workers, the need of the hour is how social security programmes have to be effectively implemented for the informal workers who are the target groups.

Hence, with the objective of providing social security to the most vulnerable sector of the society, the Government of India has been actively involved in sponsoring a range of large social welfare schemes under the unorganised workers’ Social Security Act, 2008 such as Aam Aadmi Bima Yojana (Life Insurance), Rashtriya Swasthya Bima Yojana (Health Insurance) etc., includind both national and state government initiatives. Since, these schemes have been discussed elaborately under chapter 6, this chapter focuses about the deficit in delivery mechanism of social security programmes.

5.6.1 Target Beneficiaries

The definition under the Unorganised Workers Social security Act, 2008 provides a broad sense of an ‘unorganised worker’ and hence, the true challenge is on the ground will revolve around the identification of these unorganised sector workers. The state Governments acting through a representative on the State Social Security Administration (SSSA) should be given the authority to

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determine targeted beneficiaries and the eligibility criteria for the scheme. While the scheme will be open to all unorganised sector workers, State Governments should decide the target groups in their particular state in order to avoid overlap between the national scheme and state provided schemes.65

5.6.2 Lack of Awareness

The another important challenge is regarding lack of awareness and knowledge which is a significant barrier to most currently sponsored government social security schemes. Awareness and the level of understanding ensure the beneficiaries to know about the existence of the schemes and the benefits which they are entitled. In this regard, states should take responsibility of creating awareness about the schemes and the delivery system with a view to facilitate proper implementation of programmes.

5.6.3 To Design Simple and Easily Accessible Schemes

The purpose of the plans or schemes is to provide immediate and automatic delivery of benefits to the targeted groups. There has been a lot of complaints with regard to accessibility to social security schemes such as the old age pension schemes, schemes for the widows, or social assistance in case of death of the breadwinner of the family.66 The presence of large number of schemes for the same cause creates lots of confusion at the level of beneficiaries as what exactly they are entitled to.67 Hence, the challenge has been to design simple and easily accessible social security schemes for the

65 Ibid., at 28.
target groups under one umbrella. Further, With regard to extended opportunities of employment in addition to Mahatma Gandhi Rural Employment Programme, the challenge is also to extend employment opportunities by generating employments as the informal sector workers are exposed to additional threats such as seasonal nature of work to exit poverty and vulnerability with regard to fiscal stress. Instead of survival benefit scheme or minimum pension, appropriate programmes also needed for groups like young widows by linking them to training or employment programmes to fulfil the economic needs of bereaved family.68

5.6.4 Convergence of Social Security Schemes

There is multiplicity of social welfare schemes run by different Government units at central and state level which is bound to be some amount of confusion and involves the problem of duplication of efforts, record keeping and there is also a possibility of double or multiple benefits reaching the same person under different schemes by way of manipulation. Administration of each scheme involves huge administrative cost.69

5.6.5 Need for Centralised Data base

The demand by the Government offices to submit documents to fulfil the eligibility criteria will be difficult for the poor unorganised worker as it cause a struggle of foregoing a day’s wage in order to stand in long queues in the Government offices. There should be one centralised data base for all social security schemes

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69 Supra note 67, at 11.
and access to social security benefits should be made available against one single identity number.

5.6.6 Lack of Proper Follow-up Action

Due to lack of proper follow-up action on informal sector surveys, there is reduction in response rates in future service. Therefore, whenever possible, survey results should be utilised as a basis for the design and implementation of support action programmes and technical co-operation.

From the analysis, it is concluded from the available evidence on various social security programmes including the evaluation studies on the programmes by the planning commission of India, almost unanimously pointed out the delivery deficit in most of social security programmes. Such deficit includes:70

- Lack of delivery infrastructure at the level of state governments;

- Lack of organisational capabilities on the part of delivery agencies;

- Misidentification of the programme beneficiaries;

- Incidence of corrupt practices, rent seeking by the administration and delivery agencies, and elite capture of the schemes;

- Lack of awareness on the part of people regarding details of schemes as well as their own entitlements.

70 Ibid., at 21.
5.7 ROLE OF JUDICIARY IN THE PROTECTION OF RIGHTS OF UNORGANISED WORKERS

The judiciary has played a significant role in the evolution of industrial jurisprudence and made a distinct contribution towards innovative methods and devise strategies to ensure social justice to weaker sections of the society which could be evidenced from a number of decisions. Therefore, Indian judiciary has always been quite proactive in the matter of extending the coverage of social security to eliminate the vulnerability of unorganised workers. Despite various legislations such as Employees’ Compensation Act, Employees’ state Insurance Act, Employees’ Provident Funds and Miscellaneous Provisions Act, etc., it is fact that the unorganised sector workers are remaining outside the purview of social security nets. Owing to the failure of legislations, judiciary has come forward to protect the workers in order to fulfil the gap created by legislative machinery.

5.7.1 Judiciary in the Protection of Workers

The judiciary has special responsibility towards the weaker sections of the society and hence it has zealously protected not only the human rights of individual but also particularly unorganised workers who are due to poverty, ignorance and illiteracy find it difficult to access the court of justice.

The Supreme Court in number of cases has pointed out that the right to livelihood is inherent in the right to life. Particularly, in the case of Rural Litigation and Entitlement Kendra, Dehradun v. Uttar
Pradesh, the court has held that the right to livelihood is inherent in right to life under Article 21.

In peoples’ Union for Democratic Rights v. Union of India, it was held that taking of labour or service of any person for payment less than the prescribed minimum wages is violation of the fundamental right to such labourer while excising the scope and ambit of Article 23 of the Constitution of India. The court further held that begar is a form of forced labour, in whatever form it may manifest itself because it is violative of human dignity and contrary to basic human rights.

In Sanjit Roy V. State of Rajasthan, it was held that payment of wages lower than the minimum wages to the persons employed on famine relief work is violation of Article 23 of the Constitution of India. Whenever, any labour or service is taken by the state from any person who is affected by drought and scarcity condition, the state cannot pay him less wages than the minimum wages on the ground that it is given to them to meet famine situation. Further, the court held that state cannot take advantage of their helplessness.

In Deena V. Union of India, the Supreme Court held that labour taken from prisoners without paying proper remuneration was forced labour and violation of Article 23 of the Constitution. The prisoners are entitled to payment of reasonable wages for the work taken from them. And the court is under duty to enforce their claim.

71 AIR 1985 SC 652.
72 AIR 1982 SC 1473
73 AIR 1983 SC 328
74 AIR 1983 SC 1155
Similarly the Supreme Court in Bandhua Mukti Morcha v. Union of India,\textsuperscript{75} held that when an action is initiated in the court through public interest litigation alleging the existence of bonded labour, it may give the Government opportunity to examine whether bonded labour system exists and as well as to take appropriate steps to eradicate that system. This is the constitutional obligation of the state to ensure that there is no violation of the fundamental right of any person, particularly when he belongs to the weaker sections of the community and is unable to wage a battle against a strong and powerful opponent who is exploiting him.

The court also held that both the Central Government and State Governments are, therefore bound to ensure observance of social welfare and labour laws enacted by parliament for the purpose of securing to the workmen a life of basic human dignity in compliance with the Directive Principles of State policy.

Further, Justice P.N. Bhagwati observed the conditions of bonded labourers as follows:

“bonded labourers as the “non-beings” are living a life worse than that of animals are atleast free from to roam about as they want and they can plunder or grab food whenever they are hungry. The freedom of bonded labourers are snatched by their employers and they are consigned to an existence where they have to live in hovels or under the open sky and be satisfied with whatever little unwholesome food they can manage to get, inadequate to fill their hungry stomachs. Not having any choice, they are driven by poverty and hunger into a cote of bondage, a dark bottomless pit from which in a cruel exploitative society, they cannot hope to be rescued.”

\textsuperscript{75} AIR 1984 SC 802.
Thus, the Supreme Court has stretched its hands to reflect its socio-economic approach in tackling legal and constitutional issues relating to all the aspects of bonded labour regarding its identification, release and rehabilitation.

In *Neeraja Chaudhary V. State of Madya Pradesh*,\(^{76}\) the court observed that any failure of action on the part of the State Government in implementing the provisions of the Minimum wages Act was violative of Article 21 as also 23 of the Constitution.

### 5.7.2 Judicial Interpretation With regard to Extension in Coverage of Social Security Legislations to Unorganised Workers

The trend of judiciary in protecting the interest of labourers could be evidenced by its interpretation in a number of cases. In *Kotchu Velu V. Joseph*,\(^ {77}\) the question of whether a coconut climber employed periodically can be said to be a casual employee. In this case the employer has engaged the worker to plough coconuts from his trees periodically. While at work, the worker fell down and became permanently disabled. He claimed compensation, but his claim was dismissed by the commissioner as he was employed casually. It was held by the court that when a person is being regularly employed periodically it cannot be said that he is employed casually and hence, the employment will not be of casual nature for there is regularity in employment.

Similarly, in *Daily Rated Casual Labour V. Union of India*,\(^ {78}\) it was held that classification of employees into regular employees and

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\(^{76}\) AIR 1984 SC 1099.

\(^{77}\) 1987 II LLJ 174 (Kerala).

\(^{78}\) (1988) 1 SCC 122.
casual employees for the purpose of payment of less than minimum pay is violation of articles 14 and 16 of the constitution and it is also opposed to the spirit of Article 7 of the International Covenant of Economic, social and Cultural Rights, 1966. Denial of minimum pay amounts to exploitation of labour. The court further held that the Government cannot take advantage of its dominant position and should be a model employer.

Judiciary has also played a major role in protecting the interest of contract labour. The court has discouraged the system of contract labour and even directed its abolition in certain circumstances to prevent exploitation. At the same time, if it cannot be possible to abolish, according to the objectives of the Act, fair conditions of service and security of tenure should be ensured to them. The Court also emphasised the need of workmen and interest of industry by extending the coverage of the employees by widely interpreting the definition of employee. For instance, in Royal Talkies, Hyderabad v. Employees State Insurance Corporation, the Supreme Court has held that the employees of cycle stand and canteen run in a cinema theatre by contractors were to be covered by the definition of employee under the Employees State Insurance Act and also in Siddheswar, Hubli v. Employees State Insurance Corporation, the Court, while interpreting the term ‘employee’ under the Employees State Insurance Act held that the definition appears to be of wider connotation and applies to those persons even whose services are lent to the principle employer. Further, the Court also in Employees’ State Insurance Corporation, Regional Director v. Suvarna

80 Standard Vacuum Refining Company Ltd. v. Their Workmen (1960) 2 LLJ 233 (SC)
81 (1978) 4 SCC 204.
Saw Mills\textsuperscript{83} has extended the provision to include even a casual employee for a day wages. The Court held that the definition of the word ‘employees’ contained in section 2 (9) of the Employees State Insurance Act does not make any difference between a casual or temporary or permanent employee.

In the case of maternity benefit, the Supreme Court has held that even female workers engaged on casual basis or on muster roll on daily wages are also entitled to benefit under the Maternity Benefit Act, 1961 as nothing in the Act confers the benefit only on regular women employees.\textsuperscript{84} The Supreme Court held that right to claim maternity benefit is recognised as the child bearing role of women as a social function incorporated under Article 5(b) of Convention on Elimination of all forms of Discrimination Against Women. Similarly, in B.Shah v. Presiding Officer, Labour Commissioner\textsuperscript{85}, it was rightly pointed out that “performance of the biological role of childbearing necessarily involves withdrawal of a woman from the workforce for some period. During this period she not only cannot work for her living but needs extra income for her medical expenses. In order to enable the women worker to subsist during this period and to preserve her health, the law makes provision for maternity benefit so that the women can play both her productive and reproductive roles effectively”. Further, the court held that maternity benefit is to be made for the entire period of actual absence including Sundays.

While dealing with the issue of child labour in MC Mehta v. State of Tamil Nadu,\textsuperscript{86} the Supreme Court has given direction to the

\textsuperscript{83} (1980) 57 FJR 154.
\textsuperscript{84} Municipal Corporation of Delhi v. Female Workers (Muster Roll) 2000 (2) SC Almanac 269.
\textsuperscript{85} (1977) 4 SCC 384.
\textsuperscript{86} (1996) 6 SCC 756.
Government to monitor and prevent child labour in the Sivakasi cracker manufacturing establishment. While implementing the Minimum Wages Act, the Supreme Court observed that minimum wages to the workers employed by sub-contractors must be paid directly and the provisions of Section 21 of Contract Labour (Regulation and Abolition) Act, 1970 should be observed.\textsuperscript{87}

With regard to the coverage of home workers under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, in \textit{P.M. Patel v. Union of India and others},\textsuperscript{88} the question arose for consideration was whether the workers employed at their homes in the manufacture of beedis are entitled to the benefit of Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. The term of definition of employee under section 2(f) of the Act are wide enough to include persons employed directly by the employer and also through a contractor and they also include persons employed in the factory and persons employed in connection with the work of the factory. The fact that the home workers deliver the beedis to the manufacturer who has a right of rejecting those that do not confirm to the standards clearly shows the degree of control and supervision for establishing the relationship of master and servant between the home workers and manufacturers. Hence, home workers are employees.\textsuperscript{89}

Therefore, when a person is allowed to work at his own place or at hours of his choice or for someone else the master- servant relationship still exists and for purpose of the application of the Act, such person is an employee.

\textsuperscript{88} (1986) 1 LLJ 88 (SC).
\textsuperscript{89} \textit{M/s Sathish Plastics V. Regional Provident Fund Commissioner}, (1981) II LLJ 277.
The concern of Judiciary for protection of labour rights and to enforce the socio-economic justice is well expressed in different cases relating to unorganised sector. From the above it is clear that the judiciary exists for the people and not vice versa.\textsuperscript{90} Hence, judiciary cannot sit in silence, but has come forward to make good the deficiencies in law and its implementations in providing relief whenever and wherever required. This could be understood as follows:

"Neither law-makers nor those entrusted with the duty of implementing laws enacted for welfare of unorganised workers have put in place appropriate mechanism for the protection of persons employed by or through contractors to whom services meant to benefit public at large are outsourced by State and/or its Agencies/Instrumentalities for doing workers, which are inherently hazardous and dangerous to life nor have they made provision for payment or reasonable, compensation in the event of death".\textsuperscript{91}

From the in-depth study made in this chapter, it is concluded that the unorganised workers lack social security and hence they are exploited in many ways. This is due to their seasonal intermittent nature of work, low level irregular patters of earning and employment, absence of employer-employee relationship and weak administrative structure. The Indian judiciary for the attainment of social justice has been focussing attention to give effect to the rights of workers with the aim of protecting the unorganised labour and thereby reducing the huge gap in coverage of the unorganised sector by establishing social security and dignity of the workers.

\textsuperscript{90} N Krishna Devi v. Vishnu Mitra AIR 1982 Raj 281.
\textsuperscript{91} Delhi Jal Board v. National Campaign for Dignity and Rights of Sewerage and Allied Workers (2011) 8 SCC 568.