CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Labour in economics refers to all the physical and mental exertions of people in the expectation of a reward. This implies that labour rendered free of cost or without any reward cannot be called labour. If a musician sings for his satisfaction at his house, it cannot be called labour. Unlike land, labour is an active factor of production. A country gifted with vast natural resources may remain undeveloped if there is no labourer to utilize the resources. This is the basis of the argument of the socialist who consider labour responsible for all types of wealth and prosperity in a country.

The large gaps existing between the rich and the poor and the unorganised the organised workers have led in several countries to attempts at providing social and economic security to the poor and to the unorganised workers. The search for alterative institutions to fill the gap caused by social transformation was a long-drawn out process. The establishment of labour welfare Boards has been a major landmark in this pursuit. Labour welfare legislations and the institutions constituted under them seem to have had a major impact on the informal labour market of Tamil Nadu.

The term ‘unorganised labour’ has been defined as those workers who have not been able to organise themselves in pursuit of their common
interests due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments, etc.

As per the survey carried out by the National Sample Survey Organisation in the year 2004-05, the total employment in both organized and unorganized sectors in the country was of the order of 45.9 crore. Out of this, about 2.6 crore were in the organised sector and the balance 43.3 crore in the unorganised sector. Out of 43.3 crore workers in the unorganised sector, 26.9 crore workers were employed in agriculture sector, 2.6 crore workers were in construction, and remaining were in manufacturing activities, trade and transport, communication & services. The workers in unorganised sector fall in various categories but a large number of them are home based workers who are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jary and embroidery work.

The unorganised sector workers suffer from the cycles of excessive seasonal employment. There is no formal employer employee relationship. There is also lack of social security and protection. Several legislations like the Workmen’s Compensation Act, 1923; the Minimum Wages Act, 1948; and the Maternity Benefit Act, 1961; the Contract Labour (Abolition and Prohibition) Act, 1970 the Building and Other Construction Workers (RECS) Act, 1996; the Building and Other Construction Workers Welfare Cess Act, 1996 etc. are directly or indirectly applicable to the workers in the unorganised sector also.

The 1991 Census has classified workers in this country into two distinct categories as main workers and marginal workers. The Main
workers are those workers who work for the major part of the year (296 days) and marginal workers are those who work for less than 6 months (183 days). Out of a total work force of 314 million in India, about 286 million (i.e. about 91%) were main workers and 28 million (i.e. 9%) were marginal workers. The data of the Census of India also shows that the bulk of the working population is in the unorganized sector (i.e. 91% of the total population) and this workforce is not yet actively unionized.

CATEGORIES OF WORKERS

The unorganised Labour can be categorised broadly under the following categories:

a) **Occupation:** Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, in beedi rolling, labelling and packing, building and construction, collection of raw hides and skins, handlooms weaving in rural areas, brick kilns and stone quarries, saw mills, oil mills etc. are called occupational labourers.

b) **Nature of Employment:** The unorganised labourers are attached to agricultural labourers, bonded labourers migrant workers, contract and casual labourers etc.

c) **Specially distressed categories:** Some of the unorganised labourers are toddy tappers, scavengers, carriers of head loads, drivers of animal driven vehicles, loaders, unloaders, etc.

d) **Service categories:** Some of the unorganised labourers are Midwives, domestic workers, barbers, vegetable and fruit vendors, newspaper vendors etc.
1.2 STATEMENT OF THE PROBLEM

The unorganized sector workers in India comprises roughly of 92 per cent of the population in the working age group. Out of the 376 million workers in 2008, only 8 per cent were in the organized sector, and had access to statutory social security benefits. The remaining workforce had been socially excluded and suffered from persistent deprivation associated with general low standards of living and social insecurity. The unorganized sector makes a significant contribution to the national wealth; yet, workers in this sector do not have access to sufficient and reliable social security. Although the unorganized workers have some access to risk-management mechanisms such as micro-finance, their access to statutory benefits like health care, old age pension, Educational Assistance, Maternity Assistance, Accidental benefits, Purchase of Spectacles have been quite poor. These workers adopt informal strategies such as borrowings, sale of assets, etc, which are very expensive and their continued dependence on such strategies only renders them more vulnerable.

The governments at the central and state levels have found it challenging to formulate social security schemes for unorganized workers for the following reasons: A large proportion of these workers are poor, illiterates, vulnerable and isolated. A vast majority of them do not have fixed employer. There is a poor employer employee relationship. The unorganized sector work is usually temporary, seasonal and changing in nature, and many occupations within this sector are home-based. Notwithstanding the attempts of the government to provide social security in the form of pensions and other benefits, the problems of minuscule coverage and paltry amounts of benefits were often noticed. The workers in
certain occupations like poultry industry in Namakkal, who were initially benefiting from statutory provisions such as minimum wages, ESI provident fund chose to become ‘unorganized’ and they want to withdraw accumulated provident fund to meet the life-cycle needs.

The researcher, therefore, often encounters the following questions while formulating the social security schemes.

- What is the social security needed by unorganized workers?
- What existing mechanisms and strategies do they use to meet the social security needs?
- Do social security needs and risk management strategies vary across different categories and within a particular category of unorganized workers?
- Is it sufficient to introduce financially viable and sustainable schemes for the workers?
- What socio-economic conditions prevailing among the members of welfare boards?

This research is a modest attempt to address these questions with the objectives of analyzing the social security needs of the unorganized sector workers, examining the risk management mechanisms that are most frequently used by these workers and assessing their willingness to participate in contributory social security schemes.

For this purpose, samples from 14 Labour welfare Board workers in both urban and rural areas of four different taluks in Namakkal District were drawn.
1.3 OBJECTIVES OF THE STUDY

1. To study the labour welfare and social security measures in general and in particular to unorganized sector in Namakkal District.

2. To know the past performance of unorganized sectors.

3. To examine the labour recruiting mechanism followed in the study area.

4. To understand the social security factors that influences the unorganized labour in the study area.

5. To know the socio-economic conditions of the unorganised labourers in the study area.

6. To examine the Government policy to support the unorganized labour in the study area.

7. To identify the problems faced by the unorganized labour in the study area.

8. To suggest better ways and means to the policy makers of Government to overcome the problems faced by unorganized labourers.

1.4 METHODOLOGY

The validity of a research depends on the systematic method of collecting data and analyzing the same in a sequential order. In the present study, both primary and secondary data were used extensively.

SAMPLING DESIGN

For collecting primary data, an interview schedule was employed for registered members of Labour welfare Boards. Government of Tamil Nadu
has constituted fourteen welfare boards. The list of welfare Boards are given in Table no. 1.1. There are 1056 respondents were chosen from all the fourteen Welfare Board. The respondents were selected on a stratified random basis from the list of Welfare Board. In total there are 21114 benefited unorganized Labourers in Namakkal District. Out of total labourers benefited 5% of the labourers were taken for the study which amounted to 1056 respondents. In order to select the respondents called unorganised sector workers, a stratified random sampling technique has been followed in selecting members from 14 welfare Boards. In each welfare boards 5% of the members has been selected at random drawing lots subject to a minimum of one. ( List of sample members from welfare boards are given in table no. 1.1.). The name and address of the respondents were collected from the labour office for welfare boards, Namakkal.

The personal interview of the member constituted the main tool of data collection. The members were interviewed in their houses and work places by the researcher generally during their leisure time with the help of labour welfare association leaders. In order to create rapport with the members, he was first introduced to the member by a labour welfare association leader of the welfare boards. The interview was quite informal and through natural conversation in Tamil and was recorded by the researcher in the Interview schedule. After each interview, a check-up was made to ensure completeness and accuracy. Each interview took about an hour on an average. While doing so, data pertaining to board were also collected in a separate data sheet for each board.