CHAPTER – III

UN-ORGANISED SECTOR
IN INDIA
&
SOME STRATEGIC MEASURES
3.1. UNDERSTANDING THE UN-ORGANISED SECTOR

The unincorporated or non-corporate sector has the largest share of national income, manufacturing activities, services, savings, investment, taxes, credit market, employment, forex earnings, etc. Yet it is little understood, dismissed as 'un-organised', 'informal' or 'residual' sector. It is important that the nature and role of this sector are explored to see how it impacts the economy, says R. Vaidyanathan.

It is a sign of our times that the largest segment of our economy requires to be identified by negating something else which is relatively small. It is perhaps, in our tradition wherein it is defined on basing on the concept of "that which is not".

Also the unincorporated or non-corporate sector (consisting of partnership/proprietorship firms and self-employed persons) has the largest share in our national income, manufacturing activities, services, savings; investment, both direct and indirect taxes, credit market, employment, forex earnings, etc.

It is important that we understand the nature and role of this sector, which is sometimes referred to as "un-organised" or "informal" or "residual" sector. All these terminologies are based on concepts pertaining to the Western experiences, which may not be appropriate in our context.

Further, the concept of the un-organised sector and un-organised labour, is too imprecise and too amorphous to be of practical use. Indeed, these concepts are defined in a negative sense – those who are not a part of "organised labour" comprise the un-organised sector. Such concepts cover a very wide range of activities and institutions, whose characteristics, needs and interests vary widely and indeed may often be contradictory. Just to illustrate the
point, it can be said that the owners of informal sector establishments and their employees are both parts of the un-organised sector, and it is quite obvious that their respective interests may well clash. In such cases, however, it may be possible to draw a distinction between the employer and the employee, and thus allow identification of the latter as being "un-organised labour"; but the distinction gets blurred in the case of a very large number of people who are self employed and thereby embody the characteristics of both the employer and the employee.

It is, therefore, indicate that un-organised labour, i.e. such workers who can unambiguously be classified as being employees, whether of establishments or of individuals. There are numerous hurdles which stand in the way of people accessing the opportunities created by growth. These barriers can be in rules, regulations and procedures or in the institutional structures that govern different activities also. These barriers need to be identified and removed. It is found that, there is huge latent potentiality and opportunities in non-farm rural activities. Nevertheless, it is recognised that even with growth and expanding opportunities, the vulnerabilities caused by lack of assets will need specific intervention. In addition, there is no assurance that the areas in which opportunities open up will be consistent with the skill profile of the people. It, therefore, becomes necessary to deliberate upon how best to tackle the problems arising out of the dynamics of a market economy. The necessity to develop skills which are appropriate for the needs of the economy is clearly recognised.

3.1.1 Terminology

a) The National Commission for Enterprises in the Un-organised Sector (NCEUS), has defined the un-organised sector in non-agriculture as consisting 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 and with less than ten total workers. In the case of agriculture, the operational holding is treated as an enterprise. The Plantation sector is excluded from this definition. According to the Commission's definition,
64 per cent of the un-organised sector workers are in agriculture, while the remaining are in non-agriculture. A majority of these workers – 64.8 per cent of agricultural workers and 62.8 per cent of un-organised sector non-agriculture are self-employed. Casual wage workers comprise 34.6 per cent of the agricultural workers, and 19.8 per cent of the un-organised sector non-agricultural workers.

(b) The National Accounts Statistics (NAS) uses the classification of 'organised' and 'un-organised sectors in presenting national income data and what is indicated as 'un-organised' in NAS is not the same as 'un inc' or non-company forms of organisations.

Generally, all enterprises which are either registered or come under the purview of any one of the acts like the Indian Factories Act 1948, Mines and Minerals (Regulation and Development) Act, 1957, the Company Law, the Central/State Sales Tax Acts, the Shops and Establishment Acts of the State governments, are defined as part of the organised sector. Also included are all government companies, departmental enterprises and public sector corporations. Similarly, forestry, irrigation works, plantations, recognised educational institutions, and hospitals which are registered as non-profit making bodies are also classified as organised sector... all unincorporated enterprises and household industries which are not regulated by any acts of the above mentioned type and which do not maintain any annual reports presenting the profit and the loss and balance sheets are classified as "un-organised" (National Accounts Statistics - NAS 1980: pp 69).

A partnership firm may, thus, be grouped under the 'organised sector' if it was covered under any of the statutes mentioned and if it maintained annual accounts. Otherwise it would be classified under the 'un-organised sector'. Thus, non-corporate enterprises can figure under either of the two (organised and unorganized) sectors in the national income classification.
The National Commission on Labour and Planning Commission has suggested on Un-organised Sector Workers (Employment and Welfare) Bill, and The Small Enterprises (Employment Relations) Act. It has suggested a Model Standing Orders for establishments employing 20 or more but less than 50 workers. Thus, the suggestions cover practically the entire “Un-organised Segment of Workers”, as they are presently covered under this term.

In practice, however, corporate form is treated as organised for estimating purposes, except in the case of manufacturing. It can elaborates the coverage of the organised sector for major activities in the non-agricultural sector as follows:

Manufacturing: Registered factories covered under the Factories Act.

Banking and insurance:

Total activity except the commission agents attached to Life Insurance Corporation of India and un-organised non-banking financial undertakings including professional money-lenders and pawn-brokers including Real estate companies in the private corporate sector and public sector.

From the above definitions, it is clear that all unregistered units in the manufacturing sector (unregistered units in manufacturing would be typically partnership/proprietorship type of organization) and partnership, proprietorship firms in trade, transport, construction, hotels, restaurants and other services belong to the un-organised sector. Indirect estimates mostly relate to households (including non-profit institutions serving households) and constitute the residual "un-organised sector or segment of the economy" (National Statistical
From the point of view of mode of production or economic activity, the distinguishing features of the informal sector are as follows:

- Low level of organisation; small in scale usually employing fewer than ten workers and often from the immediate family;
- Heterogeneity in activities;
- Easier entry and exit than in the formal sector.

- Usually minimal capital investment; little or no division between labour and capital;
- Mostly labour intensive work, requiring low-level skills; there is usually no formal training as workers learn on the job;
- Labour relations based on casual employment and or social relationships as opposed to formal contracts; employer and employee relationship is often unwritten and informal with little or no rights;
- Due to their isolation and invisibility, workers in the informal sector are often largely unaware of their rights, cannot organise them and have little negotiating power with their employers and intermediaries (ILO 2000).

The informal sector consists of all economic activities that remain outside the official institutional framework (Statutory Control and implications and Governmental Regulation). Consequently, the government has little control over the quality of employment. Generally agricultural activity does not come under the purview of informal set. Actually, the term informal sector has not been used by the NAS. The first nation-wide survey on informal sector under the National Sample Survey (NSS) was conducted during the 55th round (July 1999-June 2000). Here, all unincorporated, proprietary and partnership enterprises were defined as informal sector enterprises.

From the above-mentioned discussion on informal sector it can be concluded that it is a sub-set of non-corporate sector if we consider all non-company forms of activities.

In manufacturing activities, all unregistered (also called unorganized) units are a sub-set of the non-corporate sector. If it is unregistered (not having ten or
more workers with power and twenty or more without power) then the unit cannot be expected to be a company form of organisation as the cost of having a corporate form is significant for such entities. The registered manufacturing units (organised sector) can be either a corporate or a non-corporate unit. In all other activities, the un-organised sector can be said to be a part of the non-corporate sector. But in practice, as already mentioned, in many service activities CSO considers only government and private corporate, as part of organised sector and to that extent non-corporate and un-organised are the same in these activities. Hence, it can be defined as those non-corporate entities belonging to non-agricultural and non-government (departments and non-departmental enterprises) activities. It excludes company forms of organisations in private sector and also in public sector. It consists of partnership/proprietorship forms of organisations and other self-employed persons such as barbers, cobblers, carpenters, plumbers, electricians, commission agents, cycle-rickshaw pullers, architects, chartered accountants, lawyers, priests, and so on. Cooperative forms of organisations are also part of this group. The non-corporate form of organisation for tax purposes could be individuals, proprietorships, and partnerships, HUF, etc. The non-corporate forms of organisations are major players in such activities as manufacturing, construction, transport, trade, hotels and restaurants, and business and personal services.

Terming these as "un-organised" is inappropriate as they are well-organised from the economic and organisational point of view. They are not the residual segment of the economy. They are very much part of the "formal" system of laws/rules/regulations.

3.2. SOCIAL SECURITY SYSTEM AND UN ORGANISED SECTOR WORKERS IN INDIA

India's workforce comprises nearly 92 per cent in the un-organised segment, with the entire farm sector falling under the informal category, while
only one-fifth of the non-farm workers are found in the organised segment. Estimates suggest that in the non-farm sectors, as we move up the income ladder, the share of the informal sector gradually declines. However, as far as the agricultural sector is concerned, irrespective of economic class, the share of the un-organised workforce remains flat. Further it reveals that the coverage of social security schemes has been extremely sparse among the economically and socially vulnerable sections. The pro-rich, pro-capital policy of the present regime is reflected in the recent downward revision of the interest rate to the subscribers of provident fund. Further, the move towards defined contributory schemes away from defined benefit schemes of pension funds is fraught with danger. Therefore, more often it is argued that given the poor affordability and lack of an institutional mechanism, any design of social security that relies heavily on a contributory basis is bound to fail dismally.

In India the term social security is generally used in its broadest sense, it may consist of all types of measures preventive, promotional and protective as the case may be. The measures may be statutory, public or private. The term encompasses social insurance, social assistance, social protection, social safety net and other steps involved. There are number of models of providing social security to the workers in the un-organised sector. These may be classified as under: Centrally funded social assistance programmes. Social insurance scheme. Social assistance through welfare funds of Central and State Governments, and Public initiatives.

The centrally funded social assistance programmes include the employment oriented poverty alleviation programmes such as: Swarnjayanti Gram Swarojgar Yojana, Jawahar Gram Samridhi Yojana, Employment Assurance Scheme. National Social Assistance Programme (NSAP) comprising old age pension, family benefit and maternity benefits to address the social security needs of the people below poverty line. The social insurance schemes include several schemes launched by the Central and the State Governments for the benefit of weaker sections through the Life Insurance Corporation of India.
and General Insurance Corporation of India. There are schemes for the employees of shops and commercial establishments and other weaker sections. 'Janshree Bima Yojana' is a group insurance scheme and covers natural/accidental death, partial or total permanent disability due to accident and the people below poverty line and marginally above are eligible to join the Scheme. Another group insurance scheme for the agriculture landless labour, 'Krishi Shramik Samajik Suraksha Yojana-2001' launched in July, 2001 provides for pension and insurance besides providing money back. The contribution of the beneficiary is Re.1 per day while the Government contributes Rs. 2/- per day. Several public institutions and agencies are also imparting various kinds of social security benefits to the selected groups of workers. Among these Self Employed Women's Association (SEWA) has made significant achievement in promoting social security through the formation of cooperatives. Welfare funds represent one of the models developed in India for providing social protection to workers in the un-organised sector. The Government of India has set up five welfare funds. Central funds are administered through the Ministry of Labour for the beedi and workers in certain other occupations for whom no direct employers-employee relationship exists and is implemented without any contribution from the Government. The scheme of welfare fund is outside the framework of specific employer and employee relationship in as much as the resources are raised by the Government on non-contributory basis and the delivery of welfare services is effected without linkage to individual worker's contribution. These funds are constituted from the cess collected from the employers and manufacturers/ producers of particular commodity/industry concerned. The Government has also enacted a Central legislation for the building and other construction workers towards creation of welfare funds at the level of States. There are around 20 million construction workers in the country. A small cess is collected on the basis of the cost of a construction project which makes the corpus of the welfare fund for the construction workers. All facilities as enumerated above are provided to this section of the un-organised sector workers. Presently three States in the country namely, Kerala, Tamilnadu and
Delhi have started implementing schemes under this Act. However, other States are in the process of adopting. Moreover, the welfare fund model have successfully been implemented by various States for various categories of workers. The State of Tamilnadu is running 11 Welfare Boards for workers like construction workers, truck drivers, footwear workers, handloom and silk weaving workers. Similarly, State of Kerala are also running several welfare funds for agricultural workers, cashew workers, coir workers, fisherman, toddy-tappers etc. The model is so popular that some of the other States like Andhra Pradesh, Karnataka and Madhya Pradesh are in the process of bringing out their own legislation for creation of welfare funds in the un-organised sector workers for providing them social security.

3.2.1. Social Security Schemes:

As of today, there are a variety of social security policies and institutions in India – both promotional and protective. While promotional measures include financing and provision of education, health, nutrition, employment, etc, protective ones on the other hand, comprise pension and provident funds; maternity benefits, sickness allowance, employees' state insurance, etc, which are provided to the workers. Protective measures are largely available to the central and state government employees in specific and to the minuscule organised workforce in India in general. Employees' provident funds available for the workers in India are essentially a statutory form of compulsory saving schemes that enable old and retiring workers to maintain their living standards in post-retirement years. The Provident Fund and Miscellaneous Provisions (PF and MP) Act dates back to 1952. The act applies to units engaged in any industry listed in schedule I and where 20 or more persons are employed. Further, it is also applicable to any other establishment employing 20 or more employees or any class of such establishments, which the central government may notify in the official gazette from time to time.
Employees' provident fund is one of the largely available social security instruments in India for workers. It is estimated that roughly four crore workers are presently covered by this instrument. The latest round of the 55th round of National Sample Survey (NSS) collected information regarding the coverage of provident fund among workers (specific data was obtained as to whether the workers were covered by provident fund or not and if yes, whether they are covered under (i) general provident fund; (ii) contributory provident fund; (iii) public provident fund; and (iv) combination of GPF, CPF, PPF). Irrespective of the quintile groups, results suggest that non-farm un-organised sector workers have been virtually been left out of social security arrangements. As far as organised sector workers are concerned, 90 per cent of the richest groups avail provident fund facility. Further, it appears that only 55 per cent of the poorest among non-farm organised segment of workforce are covered under the provident fund system in India. Overall, in the non-farm sector, as against a paltry 5 per cent of poorest, 35 per cent of the richest workers avail provident fund benefits.

3.2.2. Industry-wise Coverage of Social Security Benefit

Economic and Political Weekly May 27, 2006, suggests that 10 per cent of un-organised workers are covered under the scheme of provident fund. Further, it must be noted that in this sector, nearly 95 per cent of organised workforce is provided with the facility of provident fund. This is followed by (i) social, community and personal services; (ii) mining and quarrying; and (iii) finance, insurance, banking, etc; where the coverage is roughly in the range of 85-90 per cent among the organised labourers. In the organised manufacturing sector, 78 per cent of workers are estimated to be availing of this facility. However, since the organised sector contributes to a paltry 8 per cent of the total workforce, an examination of social security coverage among all workers would provide us a better understanding. Workers in construction, trade, hotels and restaurants appear to be receiving absolutely no social security benefits. Two sectors which are predominantly dominated by public sector, i.e., (i) electricity,
gas and water supply; and (ii) social, community and personal services, are found to receive maximum employees provident fund benefit. The respective shares of those covered under this scheme in these two sectors are 78 and 45 per cent. Further, evidence suggests that roughly 40 per cent of the workers engaged in finance, insurance, banking, etc, which is largely in the organised domain, provide social security benefits.

3.2.3. Social Security Coverage among Social Groups

India's workforce is typically characterised by labour segmentation where in employment and social security among socially vulnerable groups are against them. The last quinquennial (55th round – 1999-2000) National Sample Survey in India collected information regarding socio-economic and employment particulars of households. It also included data on caste groups, such as scheduled tribes (ST), scheduled castes (SC), other backward castes (OBCs) and others. Data extracted from unit level records of households revealed that 93-94 per cent are socially vulnerable groups, such as, STs, SCs and OBCs are under the unorganised segment. In the non-farm sector, SCs and OBCs each accounted for roughly 85 per cent of informal workers. On the other hand, nearly one-fourth of the other forward caste groups are found in the organised segment of non-farm sector. As far as the coverage of social security schemes are concerned, estimates from the survey show that 85 per cent of workers from non-farm sector belonging to the category of SCs and OBCs do not have social security benefits. For the other category, the same works out to 75 per cent. Among the unorganised segment of workforce, there is hardly any coverage of social security schemes. Estimates for the organised segment suggest that 85-90 per cent of the workforce belonging to the category of STs and others are covered under social security schemes. Further, it is noted that the same for SCs and OBCs are lower and particularly in the latter, the coverage is less than 80 per cent.

3.2.4. Social Security Bill, 2005

The National Common Minimum Programme of the Government of India states that "The UPA Government is firmly committed to ensure the Welfare and
well-being of all Workers, particularly those in the un-organised sector who constitute 93% of our Workforce". Earlier, the Second National Commission on Labour submitted its report to the Government in June 2002, which inter-alia, contained elements of legislation to ensure a minimum level of protection to the Workers in the un-organised sector. This Bill draws upon these recommendations and has given Statutory shape to National Common Minimum Programme's commitments.

3.2.5. Social security Act, 2005

To provide for social security and welfare of un-organised sector workers and to provide for other matters connected therewith or incidental thereto. Under this act, as on March 2005, there are an estimated 4,08,831 units and 4.11 crore workers covering 180 odd industries. The progressive contribution received towards the employees' provident fund as on March 2003 is put at Rs 1,08,510.14 crore.

NATIONAL SOCIAL SECURITY AUTHORITY (NSSA) FOR THE UN-ORGANISED SECTOR:

(a) With effect from such date as the Union Government may notify, an Authority, to be called as National Social Security Authority for the un-organised sector (The Authority), shall be constituted for the purposes of this Act.
(b) The Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose property, both movable and immovable, and to contract and shall by the said name sue or be sued.
(c) The Authority shall consist of a Supervisory Board and an Executive Office.
(d) The Authority shall formulate policy and undertake any and all activities to deliver the intent of this Act all over the nation in coordination with various State Governments, Welfare Boards and other agencies responsible for serving
workers in the un-organised sector as required in order to ensure effective implementation of the Act.

3.2.6. Workers' Facilitation Centers and Facilitating Agencies

"Facilitating Agencies" are to conduct the activities in the specifically designated geographical areas or a particular industry in a particular region. The Facilitating Agency will in turn set up, administer, and supervise Worker's Facilitation Centres, which will provide direct service to the worker members of the Facilitation Centre. The Facilitating Agency, for all practical purposes shall represent the Authority in the designated area, region, or industry and carry out all executive functions on behalf of the Authority under a specific contract with the Authority. The Facilitating Agency shall work wherever necessary with other Welfare Boards, and Departments of the Governments, State or Union or Panchayati Raj institutions..

The following may be appointed as the Facilitating Agencies for the purpose, after inviting proposals from organizations and institutions provided they agree to abide by terms of the contract determined by the Authority.

(i) Self Help Groups or their Associations
(ii) Post offices
(iii) All types of Co-operative societies
(iv) Micro-Finance Institutions
(v) Trade Unions
(vi) District Panchayat
(vii) Village Panchayat
(viii) Existing Welfare Boards
(ix) Urban local body
(x) Any other organization or agency dealing directly with un-organised workers as may be prescribed by the Authority.
Workers’ Facilitation Centres

The Worker Facilitation Centres shall be set up by the Facilitating Agency and shall be operated under its control and supervision. The core functions of the Centres shall be:

(a) Registration of workers and giving them unique identification social security numbers and identity cards.
(b) Mobilization of workers to become members of the Scheme.
(c) Securing the contribution of members to the funds.
(d) Assuring delivery of benefits to the members. In addition, the centres may undertake the following activities.
(e) Maintaining a database of members in such form as may be prescribed showing the details of employment of members registered with it.
(f) Skill upgradation training to increase the skill of workers.
(g) To maintain and provide information related to employment and marketing opportunities for workers. Training and assisting workers to form themselves into cooperatives, unions, federations and into any other appropriate form of organization.
(h) To constitute employment exchanges for un-organised sector.
(i) To create public awareness about schemes available for workers.
(j) To collect statistics and information of workers engaged in the employments of the un-organised sector.
(k) Other activities as may be prescribed by the Authority. The financing of the Workers Facilitation Centres shall be through implementation of appropriate schemes. The Workers Facilitation Centres may, with the approval of Facilitating Agencies, charge user-fees for specific services that the Workers Facilitation Centres may offer to individual workers or groups or organizations of workers, or it may accept donations or grants for purposes of its objects.

Registration of workers as members and for Unique Identification Social Security Number.
(a) Every un-organised sector worker, who has completed eighteen years of age shall on the payment of prescribed fee become eligible for registration as a member and for the purpose, get a Unique Identification Social Security Number and identity card under this Act. No worker shall be eligible for getting more than one social security number. Worker shall be registered as a member once and this registration shall be periodically renewed and updated as decided by the Authority.

(b) Registration of workers as members shall be done by Workers' Facilitation Centre following such procedures as may be prescribed.

3.2.7. The un-organised Sector Workers' Social Security Bill, 2007:

The Un-organised Sector Workers Social Security Bill 2007 aims to provide for the welfare of around ninety percent of the workers of India who have neither formal social security cover nor regulation over conditions of work. It identifies the un-organised sector and empowers the state and central governments to adopt suitable schemes with the help of advisory boards created at the central and state levels. While briefly providing for how these schemes would be funded, it also provides for the registration of all un-organised workers. Even though this Bill represents the first step in the direction of comprehensive definition and identification of the un-organised workers, it has been criticised for being vague about much else. At the same time, the advisory boards possess no such substantive powers. It has also been said that several valuable recommendations of the National Advisory Council and the National Commission for Enterprises in the Un-organised Sector have been ignored.

Employment policy:

The policy on employment growth in the un-organised sector is expected to be announced soon. The government has set to formalise a view in this regard, based on the recommendations of NCEUS (National Commission on Enterprises in the Un-organised and Informal Sector). According to a government source, the PMO has asked the Commission to submit periodic reports in this
regard. The Commission was set up to recommend measures necessary for bringing about improvement in the productivity and generation of large scale employment opportunities governing the un-organised sector for growth, exports and promotion in addition to reviewing the social security system for labour in the sector, such as

(a) Medical Care or sickness benefit scheme
(b) Employment injury benefit scheme
(c) Maternity benefit scheme
(d) Old age benefit including pension
(e) Survivor's benefit scheme
(f) Integrated Insurance Scheme
(g) Schemes for Conservation of natural resources on which workers depend for livelihood,
(h) Housing schemes
(i) Educational schemes
(j) Any other schemes to enhance the quality of life of the un-organised worker or her family.

3.3. CONCLUSION

Across the globe, neo liberal policies are uprooting social security mechanisms that have been long in place in most of the developed and developing economies. The state-based social security system is giving way to market-based fundamentalism. Although the need to provide employment and social security is crucial for the poor and other vulnerable sections of population, even after over half a century of development policies, there does not appear to be any effort to ensure this for large sections of the working force. Rather, recent efforts in many developing economies go to show that the un-organised labour force is left to fend for itself, as more and more workers are added to the army of informal job markets. Bulk of India's workforce is un-organised in nature. While
almost the entire farm sector can be characterised as informal, roughly 80 per cent of the workforce in the non-farm sector is informal.

Over half of India's national output comes from the un-organised sector. While employment in the formal sector has been stagnant in the last decade, employment creation in the informal segment of the economy has been tremendous. It is evident that throughout this period an overwhelmingly large portion of the workforce in India is found to be employed in the un-organised sector. Out of 399 million workers in 1999-2000, it is estimated that 371.2 million workers (nearly 93 per cent) are employed in the un-organised segment of the economy whereas only 27.8 million workers (7 per cent) are engaged in the organised sector. The share of un-organised employment in the economy has displayed remarkable steadiness over the years. The share of informal employment has risen from 92 per cent (nearly 276 million out of 300 million) in 1983 to 93 per cent in the 1999-2000. It is clear that employment opportunity in the organised sector has remained more or less stagnant, showing only a marginal increase from 24 million in 1983 to 27.8 million in 1999-2000. The near stagnancy of employment opportunity in the organised sector becomes evident from . This fact clearly indicates that un-organised sector served as a buffer for the workforce when the employment opportunity in organised sector dwindled. However, the un-organised sector also underwent a sharp slump during the 1990s with the growth rate of employment falling to 1.25 per cent.

Over the last two decades, agriculture, forestry and fishing absorbed an overwhelming proportion of workforce in the Indian scenario. Moreover, most prominent has been the un-organised pattern of cultivation. The size of the un-organised segment of the workforce in this category was 203.8 million in 1983, 209.9 million in 1987-88, 238.3 million in 1993-94, 238.6 million in 1999-2000 and 315.23 million in 2005-06 respectively. Growth rates for un-organised workers in mining, quarrying and construction industry were also quite high for this period (7 per cent growth for each of these industries). But in the post-
liberalisation phase, the situation changed dramatically. Between 1993-94 and 1999-2000, the highest growth rate for the un-organised workers was observed in transport, storage and communication (compound annual growth of 9 per cent). Growth rates for un-organised workers in construction industry (8 per cent growth rate) and in trade, hotels and restaurants (7 per cent growth rate) were quite high. But for electricity, gas and water supply industry as well as in the mining and quarrying industry, growth rates. In the post-liberalisation era, informalisation of the workforce is most prominent in the transport industry, construction industry and for wholesale and retail trade and also for the hotel industry. This is particularly visible in economically backward states such as, Bihar, UP, MP, Orissa and Rajasthan. These are the very same states whose share in agriculture and allied activities are extremely high relative to other states. It is estimated that over 94 per cent of workers in these states are engaged in informal economic activities. The significant presence of the government in the field of banking, insurance, education, health, handicrafts etc, enables close to half of the workforce engaged in these sub-sectors to be organised. But such trends may be reversed with the withdrawal of government from these sectors, as private sector cannot be expected to provide employment and social security for the un-organized.
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