

A Study On Social Security's Schemes For Casual Workers In India

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Abstract

The anatomy of Indian economy is often described in terms of a vector of sectors: Private Sector, Joint Sector, Core Sector, Worker's Sector and Tiny Sector so on and so forth. To this list, now we add one more the Informal Sector. The 'Informal Sector' is a respectable designation used by the economists who have their own ways of covering up urban poverty by inventing rather neutral phraseology. The informal sector plays a major role in Indian economy and begins to dominate in providing gainful employment opportunity and livelihood to millions of people. It is contributing a significant share in the nation's output. It is estimated that two-fifths of India's gross domestic product is generated from the informal sector and 90 per cent of the families are depending on this sector directly and indirectly for their survival. It is well known that informal sector is a vital segment of the economy in the urban areas of the developing countries. The informal sector includes the self-employed people like the hawkers, fish and meat seller, the cobbler, the shoe shiner, the barber, the construction worker, the mechanic at a repair shop, the rickshaw driver, vegetable, fruits vendors and so on. These self-employed people do not have regular flow of income, holidays, fixed working or job specification, social security, dearness allowances, bonus, uniforms or even the right to strike for their rights. Therefore, an attempt is made in this paper to analyze the nature of informal units, problems, characteristics and various security schemes for informal sector workers in India.

Key words: Urban, informal, formal, workers, wage.

Introduction

The informal sector plays a major role in Indian economy and begins to dominate in providing gainful employment opportunity and livelihood to millions of people. It is contributing a significant share in the nation's output. It is estimated that two-fifths of India's gross domestic product is generated from the informal sector and 90 per cent of the families are depending on this sector directly and indirectly for their survival. It is well known that informal sector is a vital segment of the economy in the urban areas of the developing countries. The study of informal sector has become increasingly popular not only in economics but also in sociology and anthropology. Keith Hart was the first person to introduce the term "informal sector". The formal and informal sector dichotomy was also first found by Keith Hart while making a presentation on "Informal income opportunities and urban employment in Ghana" in the Institute of Development Studies (IDS) at a conference (1971) co-organized by Rita Cruise O'Brien and Richard Jolly on urban employment in Africa months before the International Labour Organization (ILO) Employment Mission to Kenya came with its report "Employment, Incomes and Equality". Hart distinguished formal-informal (both legitimate and illegitimate) income opportunities on the basis of whether the activity entailed wage or self-employment. His

definition is restricted to small self-employed individual workers. The terms, informal income generating activities, unorganized sector, unremunerated sector, self-employed individuals and urban proletariat, are used by Keith Hart in his study more or less alternatively and interchangeably.

The United Nations Development Programme (UNDP) and the International Labour Organization (ILO) Employment Mission to Kenya adopted the term informal sector to analyze the employment situation and to work out a strategy for employment generation in Kenya. According to the study the informal sector has the following characteristics: easy entry for the new enterprises, reliance on indigenous resources, family ownership, rural scale operations, unregulated and competitive markets, labour intensive technology and informally acquired skills of workers. Papola made a distinction between the formal sector labour market and informal labour market in the urban economics. The scope of the former would be confined to the workers in the informal sector establishments while the latter would, in addition, include casual, contract, and irregular workers in the formal sector establishments.

The 'Informal Sector' is a respectable designation used by the economists who have their own ways of covering up urban poverty by inventing rather neutral phraseology. The Ministry of Labour has categorized the unorganized labour force in terms of occupation, nature of employment, especially distressed and service categories. The informal sector includes the self-employed people like the hawkers selling vegetables, fish, meat and chat, the cobbler, the shoe shiner, the barber, the carpenter, the construction worker, the mechanic at a repair shop, the rickshaw driver and so on.

The informal sector in India originated mostly as surplus farm labour (underemployed) eventually becoming migrants to the neighboring states. Within the sector, there is high degree of income inequalities resulting from different levels of skill formation, without involving any capital investment. In this context, the present study attempt to examine the nature of informal units, problems, characteristics and various security schemes for informal sector workers in India.

International Definition

As per System of National Account (SNA) (1993), the informal sector consists of units engaged in the production of goods or services with the primary objective of generating employment and income to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. The informal sector forms part of the household sector as household

Enterprises or, equivalently, unincorporated enterprises owned by households.

Definitions Used in India

The First Indian National Commission on Labour (1966-69) defined 'unorganized sector workforce' as – "those workers who have not been able to organize themselves in pursuit of their common interest due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments".

The National Sample Survey Organization (NSSO), which has been conducting surveys of unorganized enterprises at periodical intervals, generally adopted the following criteria for the identification of unorganized sector:

- i. In the case of manufacturing industries, the enterprises not covered under the Annual Survey of Industries (ASI) are taken to constitute the un-organized sector.
- ii. In the case of service

industries, all enterprises, except those run by the Government (Central, State and Local Body) and in the corporate sector were regarded as un-organized. The employment relationship even in the so called organized sector is not formal in a good percentage of cases and many workers are working in the formal sector without any protection and social security. At the same time, there are at least a few employees in the unorganized/ informal sector that enjoy formal employment relationship. The National Commission for Enterprises in the Unorganized Sector (NCEUS) took note of these aspects and decided to complement the definitions of unorganized/ informal sector with a definition of informal employment. “Informal workers constitute of those working in the informal sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers”.

Informal Workers

To estimate the contribution of informal sector to gross domestic product the definition of informal sector was included in the System of National Accounts (SNA), 1993. The definition is, therefore, in terms of characteristics of the enterprise rather than in terms of the characteristics of the worker. Thus a large number of workers with informal job status were excluded. Some of the reasons for the exclusion are:

- i) The persons engaged in very small-scale or casual self-employment activities may not report in statistical surveys that they are self-employed or employed at all, although their activity falls within the enterprise-based definition. ii) Certain groups of persons such as out-workers, sub-contractors, free-lancers or other workers whose activity is at the borderline between self-employment and wage employment are likely to be missed or wrongly classified. iii) An enterprise based definition of the informal sector will not be able to capture all aspects of the increasing “informalization” of employment, leading to various forms of informal employment even in the formal sector. iv) Persons employed in private households as domestic servants, gardeners, etc. are likely to be left out in an enterprise based definition.
- ii)

Table-1
Trends in Employment in organized and unorganized sectors in India

Year	Organized	Unorganized	Total workforce (in million)
1983	24.01 (7.93)	278.74 (92.07)	302.75
1987-88	25.71.(7.93)	298.58 (92.07)	324.27
1993-94	27.37 (7.31)	347.08 (92.69)	374.45
1999-2000	28.11 (7.08)	368.89 (92.91)	397.00
2005-06	26.46 (7.54)	358.54 (92.46)	384.91
2011	30.30	447.50	477.8

Source: Ministry of Labour and Employment, Director General of Employment and Training and Economic Survey (various years).

Table-2
Projected growth of population, labour force and employment growth (in million) in India

Years	2012-13	2013-14	2014-15
Projected population	1224	1239	1254
Labour Force	552	563	574
Employment Growth (@2%)	537	548	559

Source: Population Projection, RGI, 2006

Characteristics of informal economy

The informal economy is characterized in terms of the employment, enterprises, habitat and credit rather than in terms of the characteristics of the workers.

In terms of employment

- Absence of official protection and recognition.
- Non-coverage by minimum wage legislation and social security system.
- Predominance of own-account and self-employment work.
- Low income and wages, rare and irregular wages.
- Little job security.
- No fringe benefits from institutional sources.
- There is scarce capital.
- Working hours are irregular

In terms of enterprises

- Unregulated and competitive markets.
- Small scale operation with individual or family ownership.
- Ease of entry and exist.
- Reliance on locally available resources.
- Family ownership of enterprises.
- Labour intensive and adapted technology.
- Absence of access to institutional credit or other supports and projections.
- No permanent place for work.
- Prices for goods are often negotiable.

In terms of habitat

- Unauthorized use of vacant public or private land.
- Illegal subdivision and/or rental of land.
- Unauthorized construction of structures and buildings.
- Reliance on low cost and locally available scrap construction materials.
- Absence of restrictive standards and regulations.
- Reliance on family labour and artisanal techniques for construction.
- Non-availability of mortgage or any other subsidized finance.

In terms of credit

- Unregulated and non-subsidized.
- Easy accessibility.
- Availability in very small size and for short terms.
- Low administrative and procedural costs.
- Little of collateral requirements.
- Flexible interest rates.
- Highly flexible transactions and repayments tailored to individual needs.
- Credit for workers from personal, moneylenders and non-banking institutions.
- Profits are low on small turnover.
- State aid is almost nil.

Nature of informal units in India

The informal sector in India broadly consists of the following three types of units: production units, service units and casual labour units. For the purpose of present study these units are defined as follows:

Production Unit

A production unit is defined as a unit producing goods which are used for direct consumption or subsidiary or spare parts required by the organized industries in which the employer-labourer relationship is not governed by fixed rules and regulations connected with wages, work time, bonus and other benefits to the labour.

Service Unit

Service sector is the dominating sector of the informal economy of India. A service unit is rendering a service or selling products, which has a permanent place for service or selling.

Casual Labourers

The informal sector consists of a considerable number of casual labourers also. The casual workers do not own a permanent place of work. They do not have unit like production or service unit. Their earning is also not regular and systematic. Most of them self-employed and they do not receive the benefits like leave, holidays, bonus, advance payment, insurance, pension, etc. The casual labourers belonging to the informal sector may be broadly classified into mobile labourers and immobile labourers. The mobile labourers move from one street to another street, without any fixed schedule of time and place. However, the immobile casual labourers have a selected place for their work. Mostly, the place of work is the roadside or the platform. In certain cases, they do work in their houses also.

Review of literature

Papola (1981) observes that independent workers constitute the smallest units in the category of establishments and are the simplest forms of product units in the informal sector.

Ruddar Dutt (1999) points out that the labour market in developing countries is markedly different from that in the developed countries. The more striking feature of labour market in these countries is its sectoral composition with vast majority of employment being in the formal sector in the developed countries whereas it is predominantly informal in developing countries. According to **Meera Bai and Merlin Joseph (2009)** the informal sector in India is over represented by women. Feminization of labour force has heavily taken place in agriculture and related activities which often considered as informal. In many cases, women workers in the informal sector work in deplorable conditions. This is very free in sectors like garment making, electronics, export processing zones etc. In these sectors little consideration is being given to health and safety.

Vinod K. Anand (2010) defined that the classical development theories claimed that with more and more industrialization, urbanization and modernization, gradual shrinking of the traditional or informal sector will be taking place. However, the existence of the voluminous empirical literature on the subject found just the opposite of the claim where instead of slowly disappearing, the informal sector is thriving along with the process of modernization and industrialization.

Problems of informal workers

Labourers in urban informal sector are not able to protect their interests due to lack of organization. The small size of enterprises and scattered labour with diverse interests make the organization of labour difficult. The basic difficulties are:

1. Absence of clear employee-employer relations leaves these workers in flexible structures. The relationship varies from one employment to another employment. Further their working in very small scattered units makes the mobilization and organization extremely difficult.
2. Standardization of working conditions is practically impossible. There is no clear occupational classification, therefore, no uniformity in labour employed in low-technology, low-productivity and low-earning occupations.
3. A large section of these workers have little education and poor skills.
4. Workers are unable to enjoy access to institutional credit and other facilities.
5. Many of the workers, especially women workers, are exploited with low wages and bad working condition.
6. Prevalence of child labour and its exploitations.
7. Absence of any type of social security.
8. Poor living conditions with most of them living in slums, under unhygienic working condition.
9. Little access to formal or non-formal education and training, leaving workers, illiterate and unskilled.
10. Lack of political and social will to influence policies and plans.
11. Lack of enough physically productive assets.
12. Dependence on kinship, caste, regional ties for employment and survival.
13. Lack of equal wages for equal work for men and women.
14. Low wages for hard work.
15. There is sexual harassment on female workers in working places.
16. Uneven wages between male and female workers for the same work.

Social security for informal workers

India has a workforce of around 458 million, of which approximately 63 million is engaged in the organized sector. This sector consists of workers who have a direct employer-employee relationship within an organization. Thus 395 million (86 percent) of our workforce is engaged in the informal sector. The informal workers contribute to around 60 percent of the country's national economic output. As they are the contributors towards the growth of the economy they should have the privilege of social security as labour right.

Social security is defined as, "a set of public measures that a society provides for its members to protect them against economic and social distress caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner), the provision of healthcare and provision of benefits for families with children".

There is increasing awareness that the goal of development has to be social justice and not economic growth alone. To put it differently, economic growth is worthwhile only if it leads to social justice in the form of equitable distribution, reduction in poverty, reasonable incomes, meets basic securities such as health and education and promotes political, cultural and economic freedom. In developing economies with a large informal segment in the labour force, the notion of social justice would require social protection measures to cover both basic needs and economic security. Poor quality of employment on a large scale would mean that economic

growth would not cater to the needs of many workers. The original concept of social security that covered only contingencies is not sufficient. The growth of the informal economy, particularly in developing countries, implies increasing income insecurity and vulnerability of the workers. It is our contention that the concept of social protection needs to be broadened to include economic security and not just social security for contingencies, or what is termed here as basic security.

The difference between basic and economic securities as a framework for social protection. Social protection includes basic securities such as income, food, health, education and shelter following from a human rights approach, and economic securities such as having income generating productive work and benefiting from labour standards in all forms of work. While basic securities are citizen based and universal, economic securities are work based. In this approach to social protection, the link between basic and economic securities is recognized.

Unorganized workers social security act 2008

The government of India enacted new act for the unorganized workers social security act in December 31, 2008. The act has the objective of providing social security to unorganized workers. This act came into force on May 16, 2009. It provides for constitution of a National Social Security Board and State Social Security Boards which will recommend the social security schemes of these workers. Under this scheme labour of age group 18-35 years has to contribute Rs.50 per month while Rs.100 per labour per month will be contributed by the employer. For the age group 36-50, these amounts will be Rs100 and Rs.200 respectively.

Government social security schemes in India

To ensure social security in unorganized sector, the schemes like Public Distribution System (PDS), Targeted Public Distribution System (TPDS), Annapurna Scheme, Antyodaya Anna Yojana and Mid-day Meal Scheme (MDMS) have been launched especially to provide food security to all age groups in unorganized sector. Similarly schemes like Food for Work Programme (FFW), Jawahar Rozgar Yojana (JRY), Sampoorna Gram Swarozgar Yojana (SGSY), Jawahar Gram Samridhi Yojana JGSY, Employment Assurance Scheme (EAS) and Pradhan Mantri Gram Sadak Yojana (PMGSY) have been launched to provide employment opportunities in informal sector. Schemes like National Old Age Pension Scheme (NOAPS), National Maternity Benefit Scheme (NMBS) and Janani Suraksha Yojana (JSY) are undertaken to provide social security for workers in unorganized sector. These schemes are basically implemented at national level. Similarly, at State level the schemes like National Family Benefit Scheme (NFBS), National Old Age Pension Scheme (NOAPS) and Madhu Babu Pension Yojana (MBPY) are being implemented to ensure social security in unorganized sector in Odisha. It is the right time to assess and examine the working and operation of those schemes in ensuring social security as well as their efficacy for the betterment of those socially deprived section.

The Union Cabinet, on 20th March 2010, approved a proposal of the Labour Ministry to amend the Employees State Insurance Act, 1948, to provide medical facilities to unorganized workers in ESIC hospitals and recognized private hospital under the Rashtriya Swasthaya Bima Yojana (RSBY), a cashless health insurance scheme. This scheme was originally started to cover the Below Poverty Line (BPL) families in the unorganized sector. There are about 43 crore unorganized workers in the country, which make up about 94 per cent of the total work force in India. The central government has distributed about 1.14 crore smart cards under the RSBY. A smart card issued to each beneficiary under the scheme covers a family of five persons, providing health cover for hospitalization upto Rs.30000 per annum.

Pilot Scheme for informal sector

On January 23, 2004, on birth day of Netaji Subash Chandra Bose, the government of India was inaugurated the Pilot scheme for the welfare of labourers of informal sector. This scheme will ensure various facilities of family pension, insurance and medical to these labours.

Swavalamban Pension Scheme

Swavalamban is a Co-contributory Pension Scheme for workers in unorganized sector, has been launched on 26th September 2010. The central government contributes a sum of Rs.1000 to Rs. 12000 per year in their pension accounts during the financial year 2010-11, are not in regular employment of the Central or the State Government or any of their entities, or not covered by any of the Social Security Scheme. The government has targeted 10 lakh workers from unorganized workers from unorganized sectors each during the initial four years of the implementation of Swavalamban Scheme totaling to 40 lakh subscribers by March 2014-15.

In this context, the following securities needs for the informal workers in India.

1. Food security

It is considered as an important component of social security. The rural workers and weaker sections of the community are badly affected during the times of drought, flood and famine, and due to similar natural calamities.

2. Nutritional security

The weaker sections of the community and the informal workers are not conscious about the nutrient intake. Particularly, the children and women, pregnant women and aged do not receive adequate nutrient requirements. Lack of nutrient leads to poor growth, poor health and sickness, poor performance and shorter life. In this case; the central, state and local governments have to create awareness on health and nutrient intake for the targeted groups.

3. Health security

It can be described as ensuring low exposure to risk and providing access to health care services along with the ability to pay for medical care and medicine. Such health security should be given to all citizens in India. But health security is not available adequately for the people particularly for informal workers. The poor health care infrastructure growing healthcare needs and healthcare expenses of these workers. Establishing hospitals in rural areas with required infrastructure will protect health conditions of the poor and weaker sections of the community.

4. Housing security

It is one of the basic needs of every individual and family. The housing needs of the informal workers are ever increasing in the context of the decay of joint family system, migration and urbanization. The organized sector workers are supported by House Rent Allowances (HRA) or by providing houses through housing boards and by providing accommodation in the quarters but these facilities are normally not available for informal workers.

5. Employment security

The informal sector workers are greatly affected by the seasonal nature of the employment opportunities. The problem of under employment and unemployment persist to a large extent among the informal workers in India. Though, many initiatives have contributed in reducing the problem of unemployment for the urban and rural informal workers.

6. Income security

Income and number of days of employment are positively related, this relationship holds good mainly for formal workers. As far as informal workers are concerned, their income is highly influenced by nature and type of products produced, market value, competition etc., there are various insurance schemes available for the organized sector workers but there is no income security for these self-employed workers.

7. Life and accident security

The death of worker in a family is a great loss to the entire family. It raises the question of survival of the family left behind due to the permanent loss of income to the family. Accident is also a major problem for an informal worker since it leads to loss of income, permanent or partial disability and cost of treatment.

8. Old age security

The workers of the informal sector face the problem of insecurity when they reach to life stage of aged when they could not work for themselves. The dependency on others is a major threat to the old age informal workers in the context of disappearing joint family system in India.

Conclusions

The growth of informal economy creates more employment opportunities for millions of people and it is growing rapidly rather than the formal economy. The central and state governments have enacted different laws and are implementing various security schemes for the informal sector workers. Unfortunately, they are not able to get required amount of the social security cover. But these workers should be utilized the government social security schemes to improve their standard of living and the NGOs and local body authorities should come forward to familiarize the government schemes among these workers to protect the welfare of this people and informal Indian economy.

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