

IMPACT OF COVID-19 ON LABOURS OF UNORGANISED SECTOR

SHARAD CHANDRA SRIVASTAVA¹

¹Assistant Professor, Department of Economics, DDU Gorakhpur University, Gorakhpur, U.P. INDIA

ABSTRACT

The whole world is struggling with Covid 19 and unfortunately countries are forced to lockdown their specific territory or the whole country, therefore world is facing the economic crisis along with health crisis. Indian economy is too facing the same type situation and the people of India are struggling on many front. Specifically the unorganized sector labours are under great pressure and they are fighting for their minimum survival as they are losing their jobs and returning back to their native places. This research paper is mainly focusing on unorganized labours to study their multiple statuses during the lock down period due to pandemic.

KEYWORDS: *Pandemic, Covid 19, unorganized, migrant labour, ILO, MNREGA, PLFS etc.*

INTRODUCTION

As the whole world is struggling with the pandemic Covid 19 and still the vaccine is not invented, countries are bound to take the precaution as the only major action lockdown the specific area or the whole country. In this situation after applying lock down Indian economy came under critical stagnation and consequently the people of India are stressed on the economic front for their survival individually. The condition in each sector is deteriorating but particularly the unorganised sector is worst affected due to lockdown. Unorganised sector or informal sector having a significant contribution to the Indian economy, around 90% of the workforce is engaged in this sector. Almost 50 % of the national production of the economy is shared by unorganised sector. The underprivileged people of the society are highly dependent on this sector hence the workers have been trapped severely in crisis during the lockdown period. The main aspect of pandemic is that it has unfolded the reality of workers and their working condition. How miserably most of the workers are living and how they are forced to survive under unsecured conditions.

DEFINITION

International Labor Organization (ILO) in its Kenya mission report introduced a new terminology the Informal sector in 1972 has defined this sector as the “way of doing things by (a) easy of entry; (b) reliance of indigenous resources; (c) family ownership; (d) small scale operations; (e) labor intensive and adaptive technology; (f) skills acquired outside of the formal sector; (g) unregulated and competitive markets”. After the inclusion of this terminology academic circles have adopted frequently.

Unorganised sector as the part of workforce has been defined by the first National Commission on Labour (1966-69) “who have not been able to organize in pursuit of a common

objective because of constraints such as casual nature of employment, ignorance and illiteracy, small and scattered size of establishments and superior strength of the employer operating singly or in combination” (Report Of The National Commission On Labour Government Of India Ministry Of Labour And Employment And Rehabilitation 1969, p 12)

CLASSIFICATION

The Ministry of Labour, Government of India, has categorized the unorganized labour force under four groups in terms of Occupation, nature of employment, especially distressed categories and service categories.

1st category (Terms of Occupation)

- ❖ Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, beedi rolling, labelling and packing, building and construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in saw mills, oil mills, etc. Included in this group.

2nd category (Terms of Nature of Employment)

- ❖ Attached agrarian manual worker, bonded workers, migrant labours, contract and casual workers are included in this group.

3rd category (Terms of Specially Distressed Category)

- ❖ Toddy tappers, scavengers, carriers of head loads, drivers of animal driven means of transportation, loaders and unloaders are included in this group.

4th category (Terms of Service Category)

- ❖ Midwives, Domestic hands, Fishermen and women, Barbers, Vegetable and fruit hawkers, Newspaper hawkers etc. are included in this group.
- ❖ Along with above four categories, here includes a huge section of unorganized workers such as cobblers, Hamals, Handwork crafts worker, Handloom weavers, Lady Tailors, Rikshaw pullers, Physically handicapped, Auto drivers, self-employed persons, Sericulture labours, Carpenters, Power loom labours and Urban poor.(Ibid)

STATUS

In 2009-10 NSSO have organised a survey which shows that the total employment was 46.5 crore which consists of 2.8 crore workers of organised sector and 43.7 crore from the unorganised sector. This sector also includes many sectors such as agriculture (24.6 crore workforce and construction engages 4.4 crore people and rest of the people engaged in services and manufacturing etc. the economic survey exhibits around 93% of total work force are getting employment from unorganised and self-employment activities. As per survey the agriculture sector of India approximately 52 % of the total workers of unorganised sector.

It is unfortunate to mention here that numbers of casual workers are increasing and the regular workers are decreasing, this trend has been verified in the report of NSSO in May 2011 which includes the comparison between duration of 2004-05 to 2009-10 and 1999-2000 to 2004-05. In this duration we have some considerable shift in the arrangement of labour force that means we can classify them into self -employed, regular and casual worker. This trend exhibit the decline of quality of job in terms of job security, terms and condition of work etc and moreover declining strength of their collective bargaining power, negligible social security arrangements. This may be due to enduring globalisation process pushing employers to diminish their cost of output. As per supply of labour the sector is unable to cater the need to generate the employment. This sector has the dominance of agriculture sector which engages around 65% of the workers of unorganised sector.

STATUS OF SOCIAL SECURITY MEASURES

Unfortunately the social security legislation are inappropriate for unorganised sector workers and the legislative provisions such as the Employees State Insurance Act (1948), Workmen's Compensation Act (1923), the Building and Construction Workers Act (1996), the Industrial Disputes Act (1947), etc. are mainly focussing on various types of social security and welfare aids for organised sector workers only. Although people claimed that these provisions are somehow related to the informal sector also but the contradiction is that prevailing acts are covering merely 8% of the entire work force of 459 million in India. Many certain particular schemes have

been formulated to provide back up the unorganised sector workers those who are unable to cater the real needs at the central and state level both.

According to the Periodic Labour Force Survey (PLFS) of 2017-18, 71.1% of the workers in the non-agricultural sector with a regular salary didn't have a written job contract; 54.2% were not eligible for paid leave; and, 49.6% for any social security benefits. The report says Employment in Informal Sector and Condition of Informal Employment of 2015, shows that 82% of those employed in both the agriculture and non-agriculture sectors (except crop and animal husbandry) didn't have a written job contract; 77.3% didn't get paid leave; and, 69% were not eligible for any social security benefits.

At the time of pandemic National Rural Employment Guarantee Act -2005 (NREGA), became the ray of hope for those who are returning back to their native places. When we analyse the current Unorganized Sectors' Social Security Act (2008), nothing is mentioned about what establishes suitable and tolerable social security for the bulk of unorganized workers and their wards, what admissibility standards, if any, should to be recommended, what shall be the range of assistances that the workers and their relatives are eligible to get and further what conditions, what will be the funding schedules that must be put in positions to encounter the cost of social security and subsequently on.

According to **Suman Doval (Delhi-based lawyer)** "Unfortunately, the latest Social Security Bill, 2019, is silent as well on whether special protections apply to migrant workers. Under the Bill, important areas such as employment injury benefits and provident fund for workers in the unorganised sector are left to the discretion of states.

To address these lacunas, here are a few steps:

One, migrant labour must be factored into any legislation or scheme on social security for unorganised workers. They must be treated at par with other workers in the destination state as well as should be allowed complete portability of welfare schemes, access to healthcare and allied benefits.

Two, instead of classifying them in various classes and categories, there should be only one class of worker. For this, the definition of workers given in Section 2.140 of the draft Labour Code on Social Security & Welfare, 2018, should be adopted.

Three, there should be a definitive move to a statute-based welfare provision from a scheme-based welfare, because the former empowers both, the latter empowers only the State.

Four, in a changing business scenario, there is a need to decode the web of complex supply chains to identify principal employers and impose on them liabilities and

obligations for social protection.

Five, the business model of e-commerce, which is layered with complex architecture, should be studied and tweaked to ensure social security and welfare of the workers. Their business model avoids giving social security for workers by treating them as partners in progress but not in welfare.

Six, provide social security where there is no well-defined employer-employee relationship. For example MSMEs.

Seven, ensure a minimal definition of social security to all. Basic necessities such as health care, old-age security, unemployment insurance, the minimum wage should be provided by the State.

Eight, social security should be visualised and conceptualised as a preventive measure — skilling, minimum safety in occupational conditions, insurance against the pandemic, epidemic, natural disasters and climate change.”

IMPACT OF COVID-19 ON LABOURS

Government of India has taken an action of lock down due to growing cases of coronavirus in this process transport services, factories, All sorts of public and private offices have been closed , even the mobilisation regulated perfectly. As per MRD report up to the end of 1st week of April, there are 40 million people who have lost their jobs in the country mostly in unorganised sectors. In this situation reports are forecasting that India may trap into recession distressing the unorganised sector severely. When we study the work-related structure, ten extremely vulnerable jobs such as small shops salespersons, labourers in construction, manufacturing and transport, domestic helpers, housekeeping, painters, street vendors, garbage collectors, restaurant service workers, and market and stall salespersons are there in which 40 million workers are engaged and those are worse affected throughout lockdown period along with their families.

According to a new report by international management consulting firm **Arthur D Little**, titled "India: Surmounting the economic challenges posed by COVID-19: A 10-point programme to revive and power India's post-COVID economy" (Published on 17th May in 'The Economic Times') said the 'collateral damage' of the forecasted GDP slowdown, will be felt most acutely in employment, poverty alleviation, per-capita income and overall nominal GDP. This report also predicts 135 million job losses which may push 120 million people in to poverty in India.

The report also said "Unemployment may rise to 35 per cent from 7.6 per cent resulting in 136 million jobs lost and a total of 174 million unemployed. Poverty alleviation will receive a set-back, significantly changing the fortunes of many, putting 120 million people into poverty and 40 million into abject poverty,"

The International Labour Organisation (**ILO**) also assuming “COVID-19 crisis can push 40 crore informal sector workers in India deeper into poverty”.

As per recent survey of Centre for Monitoring Indian Economy (CMIE) the total rate of unemployment has increased in the last week of March from 8.4% to 23.8% which means the jobless workers has mounted from 32 million to 38 million.

We cannot deny the estimation done by **Pronab Sen**, the former chief statistician of India who has reported that around 50 million workers might have lost their jobs within two weeks after the lockdown. This problem of growing unemployment may worsen the poverty in India.

We can assess the critical situation of unemployment in the formal and informal both by the fact that merely less than 10% jobholders can shift to work from home method in the duration of lockdown but the large number of workers are bound to die or struggle for their survival as they are daily wagers. As we know 40 to 50 million seasonal migrants are there who are under the great pressure during this epidemic.

MEASURES TAKEN BY GOVERNMENT

The main steps taken by the government to overcome crisis situation were targeted cash transfers, tax benefits, suspending the loan liability for some time period and lastly the economic package announced as 'Atma Nirbhar Bharat' was particularly for MSME sector but not focused on unorganised workers crisis. Although some observations are claimed that unorganised labours will also be benefitted but it was almost impossible in absence of data concerning to the informal economy. In this situation only universal self-targeting welfare scheme may be the actual step can be effective .Ultimately the existing tool as MNREGA (Mahatma Gandhi National Rural Employment Guarantee Programme) became relevant that need to improve and the budgetary allocations should be increased. Moreover Local solutions required to be invented to combat the battle against Corona which must be financially supported by the central level.

Here some of the major hurdles on the way to implement the policies i.e lack of statistics about the workers belongs to the unorganised sector and moreover large mass of the daily wagers are unable to get benefits due to the lack of accessibility of white ration cards as they are migrant labourers.

It is unfortunate to mention here that Uttar Pradesh suspended the at least 14 labour laws such as Minimum Wages Act and Industrial Disputes Act for next 3 years to attract the capital in the state in the name of economic crisis or slow down. In the same manner some other states like M.P and Gujarat have followed the Uttar Pradesh initiative. Therefore this step is an additional stroke to the weakening condition of poor workers.

It is more important to strengthen the demand side along with the creation of supply side that means people those who are at the verge of minimum survival should require at least support and immediate steps rather than preference given to the supply creators because without the demand supply cannot improve the declining condition of the economy.

CONCLUSIONS

As the crisis of pandemic still continued Government should prepare the strategies to save the lives of poor people and the economic indicators should be improved. These are the biggest challenges before the government. It is not the crisis of particular nation but the whole world in under pressure to combat this critical situation of pandemic of Covid 19. Therefore policy makers should design the policies carefully in view of people welfare centric and moreover to strengthen the particular sectors of the economy which are worse affected due to pandemic. There is a need to identify and prioritise the sectors and sections of the society which are really needed the immediate support. The unorganised sector is one in which workers are really worst hit by Covid 19 and those engaged in this sector are asking for immediate and long term support both on the economic front as well as the social security measures. Although government has taken some measures to overcome the crisis but they are insufficient. There is an existing govt initiative which is called **Pradhan Mantri Shram-Yogi Maandhan (PMSYM)** for workers with a monthly income up to Rs 15,000 those who belongs to the age group of 18-40 years

can also be implemented carefully and moreover government can assured a monthly pension for those who have attained the age of 60 years. Government should continue the labour laws in favour of workers and the suspension of 14 labour laws should be removed in view of the welfare of majority of poor segment of the society.

REFERENCES

- Covid-19: Define social security for migrant workers | Opinion” by Suman Doval, Updated: Apr 04, 2020,(<https://www.hindustantimes.com/analysis/address-the-gaps-to-help-migrant-workers-during-this-crisis-opinion/story-1TTIFickk6Ix5L4nGYDZBN.html>)
- <https://economictimes.indiatimes.com/news/economy/policy/covid-19-could-cost-135-million-jobs-push-120-million-people-into-poverty-in-india>
- NSSO Employment Data for 55th and 61st Rounds (for 1999-2000 and 2004-05)
- Periodic Labour Force Survey (PLFS), 2017-18 (Annual Report),Ministry of Statistics and Programme Implementation, Govt of India
- Report of The National Commission On Labour Government Of India Ministry Of Labour And Employment And Rehabilitation 1969