

A STUDY OF PROBLEMS FACED BY INFORMAL (UNORGANIZED) WORKERS IN MAHARASHTRA

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ABSTRACT

The aim of present study is to highlight problems faced by professionals in unorganized sector. The area includes unorganised sector professionals (hawkers, peddlers and street vendors) in Maharashtra. Literature Review analysis was used to analyse the Secondary data obtained from different sources. The study showed that significant percentage of professionals were suffered from threat of change in location, insufficient space for business, harassment from Government specially municipal employees/officials, harassment from anti-social elements, insufficient business facilities and rules and regulations. However the problems such as insecurity for goods, environmental problems due to rain and temperature, health problems due to pollution and loss of goods due to some incidences had not affect the business of unorganized sector professionals severely.

Key words: *Unorganised Sector, Problems, Professionals, Employment*

INTRODUCTION

Unorganised / informal sector may be characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at low level of organisation, with little or no division between mostly on casual employment, kinship, or personal or social relations rather than contractual arrangements with formal guarantees.

Urbanisation is the most significant all India phenomena of our times. The city has today become an engine of growth, the main job provider. Twenty nine per cent of the people of the country generate 60% of the GDP. However, our cities remain ill-prepared to address the problems of poverty. Planning and governance continues to be the preserve of the politician-mafia- bureaucrat nexus. Whatever policy that does exist is poorly implemented. There is

unabated official and social hostility towards the unorganized sector, even though the formal sector has ceased to grow, having reached saturation point. As the cost of creating jobs in the unorganized sector is very low, it needs to be integrated into the context of the overall macro-economy.

Unorganised or informal sector constitutes an essential part in the Indian economy. More than 90 per cent of workforce and about 50 per cent of the national product are accounted by the informal economy. A high proportion of socially and economically underprivileged sections of society are concentrated in the informal economic activities. The high levels of growth of the Indian economy during the past two decades are 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. Sustaining high levels of growth are also intertwined with improving domestic demand of those engaged in informal economy, and addressing the needs of the sector in terms of credit, skills, technology, marketing and infrastructure. The 1999-2000 NSSO survey reported that 92 % of the Indian workforce (370 million workers and professionals) was employed in the unorganized sector; any macro analysis would find it hard to ignore these figures.

Size of the Unorganised Sector

NCEUS prepared estimates of employment in the unorganised sector. As on January 2005, the total employment (principal and subsidiary) in the Indian economy was 458 million, of which the unorganised sector accounted for 395 million, that is, 86 per cent of the total workers in 2004-05

Table 1
Sector-wise Total Employment (In Million)

Sector/year	Informal/Unorganised workers	Formal/Organised workers	Total
1999-2000			
Informal/unorganised sector	341.3 (99.6)	1.4 (0.4)	342.7 (100.0)
Formal/organised sector	20.5 (37.5)	33.6 (62.2)	54.1 (100.0)
Total	361.8 (91.2)	35.0 (8.8)	396.8 (100.0)
2004-2005			
Informal/unorganised sector	393.5 (99.6)	1.4 (0.4)	394.9 (100.0)
Formal/organised sector	29.1 (46.6)	33.5 (53.4)	62.6 (100.0)
Total	422.6 (92.4)	34.9 (7.6)	457.5 (100.0)

Note: Figures in brackets are percentages.

Source: NSS 61st Round (2004-05), and NSS 55th Round (1999-00), Employment-Unemployment Survey: Computed by NCEUS.

From the data given in Table 1, it is evident that out of the 62.6 million employed in the organised sector, 29.1 million are unorganised workers applying the criterion of social security benefits. Similarly out of 395 million workers employed in the unorganised sector,

1.4 million workers avail of social security benefits and are, therefore, classified as organised workers. After applying the two criteria, out of a total employment of 457.5 million workers, only 34.9 million are entitled for social security benefits, that is, 7.6 per cent of the total workers in 2004- 05 and the remaining 422.6 million (92.4 per cent) are treated as unorganised workers. Comparing this, with 1999-00, it is revealed that though during 1999-00 and 2004-05, total employment in the economy increased from 397 million to 458 million, that is, an increase by 61 million during the five year period, the number of organised workers remained stagnant at 35 million and the entire increase of employment was in the category of unorganised workers.

Estimate of Organised and Unorganised Workers

Out of a total of 458 million workers, agricultural workers constituted 259 million (56.6 per cent of the total) and non-agricultural workers were about 199 million (43.4 per cent of the total). Out of 458 million workers, males constituted 310 million (67.7 per cent of the total) and females accounted for 148 million (32.3 per cent of the total).

Distribution of Organised and Unorganised Workers, 2004-05

Worker	Total (million)	Percentage of total
Total workers	457.5	100.0
(a) Agriculture	258.9	56.6
(b) Non-agriculture	198.5	43.4
Organised workers	34.9	7.6
(a) Agriculture	2.9	0.6
(b) Non-agriculture	32.0	7.0
Unorganised workers	422.6	92.4
(a) Agriculture	256.0	56.0
(b) Non-agriculture	166.5	36.4

Source: NCEUS (2007, p. 200).

Data provided in Table above reveals that unorganised workers constituted 92.4 per cent of the total workforce, accounting for about 423 million workers. As against them, the organised sector workers constituted 7.6 per cent of the total workforce and were only of the order of 35 million. This indicates that the development process pursued in India during the last six decades has not been able to reduce the share of unorganised workers in the economy.

Distribution of Informal and Total workers by State, 1999-00 (In million)

In most States the share of informal workers is around the national average; however many smaller States have a lower share than the national average. Only five States show a share that is around 80 per cent or below. These are Delhi (70 per cent), Goa (72 per cent), Nagaland (74 per cent), Sikkim (79 per cent) and Kerala (80 per cent). The relatively more industrialised States do not show significantly lower share of informal workers. In fact, it is closer to the national average with Tamil Nadu at 90 per cent, Gujarat with 92 per cent and

Maharashtra at 88 per cent. The Table below presents the estimates of informal workers in the States and Union Territories.

State	Informal workers			Total Employment			Percentage of informal employment		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Andhra Pradesh	21.03	14.41	35.44	23.35	15.05	38.40	90	96	92
Arunachal Pradesh	0.17	0.11	0.28	0.18	0.11	0.30	90	98	93
Assam	5.60	1.33	6.93	6.53	1.59	8.12	85	83	85
Bihar	23.35	7.28	30.63	24.83	7.40	32.24	94	98	95
Goa	0.27	0.08	0.35	0.38	0.10	0.49	69	80	72
Gujarat	12.72	7.23	19.95	14.27	7.47	21.74	89	97	92
Haryana	4.55	1.59	6.14	5.39	1.65	7.04	85	96	87
Himachal Pradesh	1.32	1.26	2.58	1.55	1.29	2.85	85	97	91
Jammu & Kashmir	1.85	0.96	2.81	2.19	0.99	3.18	85	97	88
Karnataka	13.92	8.05	21.97	15.56	8.32	23.88	89	97	92
Kerala	6.36	2.77	9.13	7.90	3.53	11.42	81	78	80
Madhya Pradesh	20.97	12.32	33.30	22.70	12.57	35.26	92	98	94
Maharashtra	22.93	14.02	36.95	27.48	14.65	42.14	83	96	88
Manipur	0.38	0.19	0.57	0.45	0.21	0.66	85	93	87
Meghalaya	0.42	0.31	0.73	0.46	0.33	0.80	90	91	92
Mizoram	0.13	0.10	0.22	0.16	0.11	0.26	81	90	85
Nagaland	0.12	0.10	0.22	0.18	0.12	0.30	66	87	74
Orissa	9.19	4.89	14.08	10.04	5.00	15.04	91	98	94
Punjab	5.96	2.36	8.32	6.70	2.51	9.20	89	94	90
Rajasthan	11.71	7.53	19.23	12.80	7.67	20.47	91	98	94
Sikkim	0.10	0.04	0.14	0.13	0.05	0.18	78	81	79
Tamil Nadu	16.71	10.16	26.87	18.99	10.84	29.83	88	94	90
Tripura	0.70	0.08	0.78	0.78	0.10	0.88	90	78	88
Uttar Pradesh	40.93	14.41	55.35	43.96	14.71	58.67	93	98	94
West Bengal	19.69	5.48	25.17	22.12	5.82	27.94	89	94	90
Delhi	2.80	0.36	3.17	3.92	0.57	4.49	72	64	70
Pondicherry	0.20	0.09	0.29	0.25	0.10	0.35	80	91	83
Chandigarh	0.24	0.03	0.27	0.32	0.06	0.37	75	56	72
Dadra & Nagar Haveli	0.05	0.03	0.07	0.05	0.03	0.08	89	99	92
Daman & Diu	0.04	0.01	0.05	0.04	0.01	0.05	91	93	91
A & N Islands	0.06	0.02	0.08	0.09	0.03	0.12	63	79	67
Lakshdweep	0.01	0.00	0.01	0.01	0.00	0.02	57	58	58
Total	244.47	117.61	362.08	273.78	122.98	396.76	89	96	91

Source: Computed from unit level data of NSS 55th Round, 1999-2000, Employment-Unemployment Survey.

PROBLEMS FACED BY INFORMAL (UNORGANIZED) SECTOR

Security Needs of Informal Workers

The International Labour Organisation's notion of social security as expressed in the International Convention No. 102 includes nine core contingencies that lead to stoppage or substantial reduction of earnings. These are sickness, maternity, employment injury, unemployment, invalidity, old age, death, the need for long-term medical care and supporting families with children. An interesting aspect of this study was that about 7.7 percent of the sample workers were unwilling to rank their priorities for security. It was found that these were the highly vulnerable category of households for whom obviously all these insecurities were not important enough since their basic entitlements had not been satisfactorily met.

Health Security

Health security can be thought of as having low exposure to risk and having access to health care services with the ability to pay for medical care and medicine when necessary. Such health security should be equally available and accessible to all citizens. A number of studies show that risks and crisis situations due to low level of health security is endemic for informal sector workers. A field study in India (Noponen and Kantor, 1996) observed that among the stress events that households faced, which placed their income and resources under great strain, illness episodes were the most important. Stress events associated with

health, dominated the outflows comprising 48 percent of annual household expenditure, while rituals and marriages account for 30 percent.

Maternity Needs

India has a high maternal mortality rate even judged by the standards of developing countries as a whole not to speak of the Asian region. The National Human Development Report prepared by the Planning Commission states that, as of 1999 the maternal mortality rate (MMR) was 407 (indicating deaths per 100,000 delivery based on the Sample Registration System, SRS). The National Family Health Survey (NFHS) I and II however recorded a higher MMR and worse still an increase in MMR from 424 in 1992-93 to 540 in 1998. The national average however conceals the considerable regional variation within India with Kerala registering a maternal mortality rate of 198 and Uttar Pradesh 707. Even after half a century of independence, one of the most frequent causes of death among women is maternal mortality. Abortion, haemorrhage, toxæmia and anaemia account for the large majority of all maternal deaths. This cause of death suggests that a large number of maternal deaths are preventable. While nutrition and adequate spacing between births are important, the crucial factor very often is the availability of professional help during delivery.

Life and Accident Security

The death of a breadwinner is a tragic event, but in the case of the informal workers it is also a question of survival for the family left behind due to the permanent loss of income. Further, death entails additional expenses for which the family has to borrow money, often on onerous terms, spend savings or sell assets.

Old Age Security

The share of the aged (60+) in India is lower than its Asian neighbours in East and South East Asia. However as the demographic transition picks up in India, the share of the aged is likely to increase. Projections indicate that the current share of 7.47 per cent is likely to increase to 9.8 per cent by 2021. What is important from a social security point of view is the institutional mechanism for taking care of the aged former informal workers in general and the poor in particular. For the large proportion of old aged persons expected in the future, the insecurities will arise due to various reasons. First, adults in poor households themselves face insecurity of work and income to lead a life of security and some dignity. Successive Population Censuses have shown a declining work participation rate among the elderly.

Unemployment Insecurity

The micro studies quoted earlier indicated that another source of insecurity reported by the informal workers was unemployment. In India, poor workers were unlikely to remain unemployed for long and this was reflected in low rates of open unemployment. In 1999-2000 the unemployment rate by daily status was 7.3 percent and there were 26.6 million unemployed workers in the country. Even this becomes a large number, but a greater proportion of these workers are likely to be urban educated youth. For the informal/unorganised workers, underemployment and low productivity employment with the consequent risk of low incomes and high levels of poverty is the greater source of insecurity.

STATE LEVEL INITIATIVES

The Mathadi Workers Welfare Board

The Maharashtra Government brought out a legislation in 1969 called “The Maharashtra Mathadi, Hamal and other Manual Workers (Regulation of Employment and Welfare) Act, 1969”, to provide a range of social security measures to the manual workers engaged in loading and unloading of goods. This legislation was a culmination of series of demands and representations made by the trade unions for a number of years. Since 1969 Mathadi labour market is regulated by the Mathadi Tripartite Boards. Today there are around 50,000 registered employers with almost 150,000 workers registered under 39 different Mathadi Boards in the State of Maharashtra. Each of these Boards (sometime group of smaller boards) is headed by a Chairman appointed by the Government of Maharashtra and in addition there is equal number of representatives from the workers’ unions and employers’ associations. Each Board has its own staff including secretary, personnel officer, chief accountant, inspectors and clerks. All the staff gets paid out of the levy, which is negotiated every 3-4 years, charged on the employers.

Main Features of Two Mathadi Boards are listed in the table below:

	The Goods Transport Unprotected Workers (1971)	The Cloth Market and Shops, Mumbai (1971)
As on	MAY 2005	MARCH 2005
Registered Employers	4558	30505
Actual Workers	10499	4489
Number of Tollies	2000 (Size 2 to 200)	Variable but very small
Average Monthly Wages for all workers (Rs in lakhs)	4,88.72	1,13.95
Wages + Levy (Rs in lakhs)	6,84.21	1,69.27
Average monthly wages of workers (Rs.) (Inclusive of benefits)	6,516 (including levy)	3770
Total annual Turnover (Rs. crores)	90.00	22 .00
LIC Policy holders	3,523	473
Income Tax-payers	200	None (Prof. Tax paid in Rs. 1,98,490)
Administrative staff	80	24
Administrative expenses(Rs lakhs)	14.35	2,48.94
Unions	10 +	2
Membership fees (Rupees per annum)	101	51
Dearness Allowance	CPI linked	CPI linked
P.F. contribution by workers	8.33%	8.33 %
Hospital contribution by workers (Rs. Per month)	50	50
Profession Tax (Rs. Per month)	15-30	15-30

Source: Ramesh C. Datta, 2005.

Financial Resources

A 2 per cent levy is deducted from each of the employers' total contribution given to the Mathadi Boards every month. Each worker pays an annual payment of Rs. 600/- from his wages towards health care for himself and his family members. Further details are given in the table below:

Item	Year 2002-03	Year 2003-04
Workers Contribution	190.16	179.14
Board's Contribution	304.72	322.38
Employees' & Employer's Contribution	6.24	6.25
Interest on Bank S/B & F.D. A/c.	78.28	75.52
Sundry Receipts	0.45	0.36
Non Mathadi Patients receipts (Investigation)	0.76	1.94
Total:	580.63	585.62

Maharashtra Security Guards Boards

The Maharashtra Security Guards Boards were set up under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1961. They work on the same lines as the Mathadi Boards. Under the Act the employer as well as security guards is to be registered with the Boards. The registered guards are assigned to the various employers. Through a single window system the Boards provide training and benefits such as provident fund, gratuity, leave with wages, uniform, ex-gratia and ESI.

Financing

The Boards on the basis of the negotiated settlement between the workers and the employers fix wage rates. If there were no agreement between them the board would fix the rates by itself. The current rate fixed by the Boards for a security guard is Rs. 2.750, which is much higher than the minimum wages fixed by the state government. The employers have to deposit the wages earned by the guards with the Boards together with a premium of 46.75 per cent for covering social security and other benefits.

CONCLUSION

The basic problem faced by the unorganized workers is that of their right to exist in the urban informal sector, because their occupation is illegal. Hence, they cannot enjoy either the dignity or the right to work. The government should thus provide the vendors with legal space for their activities besides also simplifying the rules and regulations that prevent them from carrying on their occupation with dignity and freedom. The key respondents clearly stated that most of the vendors try to avoid following formal rules and regulations, which is difficult for them to follow. It was also observed that significant percentage of professionals were suffered from threat of change in location, insufficient space for business, harassment from Government specially municipal employees/officials, harassment from anti-social elements, insufficient business facilities and rules and regulations. However the problems such as insecurity for goods, environmental problems due to rain and temperature, health problems due to pollution and loss of goods due to some incidences had not affect the business of unorganized sector professionals severely.

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