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Research Paper

GLOBALISATION AND UNORGANIZED WORKERS: A QUESTION OF SOCIAL SECURITY

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ABSTRACT

The right from a manufacturing economy to a science economy from production of goods to production of ideas, and from the machine age to the information age has been accompanied by many transformations. Rather than producing 'goods', the science firms produce 'Idea'. Organization in the science era, such as software, financial science and biotechnology firms, depends on 'Intellectual Capital'. People create 'Intellectual Capital' and are therefore the most valuable asset of the firm. Even the environment within which firm conduct business today is very different and much more complex and dynamics when compared to the environment fifteen years ago. As the world becomes one global playing field the environmental changes in countries other than the home country of a firm affect business decision and the performance of firms/organized & unorganized sector. As industrial controls and trade restrictions are lifted, this could result in higher output growth leading to a creation of new employment opportunities and a visible fall in poverty and unemployment. But results are indifferent. This paper focuses on the effect of change in environment on economy in of generation employment in unorganized sector and what steps has to be taken to provide social security to them.

KEYWORDS: Unorganized sector, Environment, Social security

INTRODUCTION

Acceleration of growth and expansion of employment opportunities are the goals that are considered central to economic policy agenda in both developed and developing countries alike-provision of productive employment for the rapidly increasing labour force has become an integral part of the strategy of 'Inclusive growth'. In a broad sense, there should be no conflict between growth and employment. Higher growth tends to ensure enhanced employment at a given level of productivity. Employment elasticity, which measures the 'Employment intensity' of economic growth, can thus provide insight to the labour market

and the overall macro-economic performance of a country that are linked to the formers. Positive growth in a sector at times may lead to low employment elasticity. This may be the resultant effect of productivity growth that arises out of enhanced efficiency of labour. There might be structural economy changes that are brought about through the replacement of capital for labour leading to sustained decline in labour employment. This type of situation usually occurs when an economy is in its early stage of development. As the economy grows, the employment may shift from agrarian activities to manufacturing and science, leading to improvement in the situation.



OBJECTIVES

1. To analyzed the growth of employment in organized and unorganized sector.
2. Try to find out the answer-Is the growth is jobless?
3. Attention is lead on steps taken to provide social security to them.

THE SCENARIO IN INDIA

Amongst the fast growing countries of the world, India is at the forefront which has attained the growth of GDP above 9% in recent years. While providing gainful employment to the growing labour force remains the long terms goal of the development policy of the country, the main concern is about the labour market performance in the wake of country's declining employment elasticity of output, despite, the acceleration of the economy over the last more than the decade, employment growth has remained almost stagnant, while it may indicate possible increase in labour productivity growth, inadequate spread of employment opportunities is becoming a matter of grave concern as it may have a serious dent on poverty & depreciation.

Ministry of labour has categorized the unorganized labour force under four groups in term of occupation, nature of employment, especially distressed categories and service categories. In addition to the above categories, there exists a large section of unorganized labour force such as cobblers, hamals, handicraft artisans, handloom weavers, lady tailors, physically handicapped self-employed persons, rickshaw pullers/auto drivers, sericulture workers, carpenters, leather and tannery workers, power loom workers and urban poor.

The extent of unorganized workers is significantly high among agricultural workers, building and other construction workers and among home based workers. Agricultural workers constitute the largest segment of workers in unorganized sector. Construction workers constitute the second largest category of workers in unorganized sector.

In India, in 2004-05, labourforce committed of about 430 million growing annually at about 2%. Slightly has than 60% of it is employed in agriculture producing little over 20% of the domestic output. Industry employs around 18% of the workforce producing about 27% of the domestic output. More than 50% of domestic output is contributed by service sector but ironically, it absorbs only 33% of the total workforce. This is contrary to the situation as prevalent in other advanced countries of

the world or other fast growing Asian economies in their comparable stages of development.

Indian economy is characterized by the existence of higher of informal or unorganized sector. The workers in the organized sector contributed less than 20% of the country's total work force and the rest comprises of subsistence farmers, agricultural workers, fisher folk, dairy workers and those working in traditional manufacturing like handloom are grouped under unorganized sector.

REVIEW OF LITERATURE

Gupta Meenakshi (2007) in her study "*Labour welfare and Social Security for Unorganized Sector*" argued that unorganized sector is a vast and significant segment of Indian economy in terms of its worth through their economic contribution and the growing number of the workers the sector engages. Effective protection and welfare for unorganized sector is a shade more difficult and complicated. The study makes a humble attempt to understand what unorganized sector means and to study categories of unorganized sector. The study discusses the attitude of judiciary towards the rights of the workers engaged in unorganized sector. The conclusion of the study is that apart from constitutional mandate, social security for all considered as a basic human right under the Universal Declaration of Human Rights. As the unorganized sector comprises 92 percent in our working age population, both the central and state government must contribute a proportion of their revenue and also levy a cess from the employers, for extending the welfare and social security benefits to these workers.

S. Jeyanti and N. Prasanna (2010) in their article entitled "*Plight of Urban Unorganized Workers*" argued that the unorganized sector in India attracts the bulk of labour force constituted the main bulwark of total national labour force. The time is ripe for enacting legislation for the welfare of labour in unorganized sector and sooner the better. They analyzed the wage structure and working hours of urban unorganized workers. They concluded that the unorganized sector workers contributes in a large measure towards the growth of economy and it is time that workers in this sector receive good compensation for their work through a minimum wage law, full employment policy and social security scheme.

Dhas R. Albert Cristopher and M. Helan Mary Jacqueline in their article "*Globalization, Economic Reforms and Unorganized Labour force in India*" highlighted the major characteristics of unorganized labour. The unorganized workers will be in the highly

disadvantages position as there would be a shift in the technology from labour to capital intensive and use of unskilled to skilled workers. They concluded that along with globalization and restructuring economy, concerted efforts should be initiated to restructure the unorganized workers towards their benefit so that they would also benefit in that process on one hand, and on the other, contribute towards the success of globalization.

ORGANIZED v/s UNORGANIZED

The structure of employment may be studied by recognizing the following characteristics-

- I. Distinction between organized and unorganized sectors
- II. The relative share of self-employment, regular salaried employment and casual labour.

ORGANIZED SECTOR

It refers to the employment in the public sector and in private sector establishment employing 10 or more persons. It is commonly believed that wages in the organized sector are much higher than in the unorganized sector. Moreover, the organized sector being regulated also provides greater job security and other benefits. Within the organized sector, job in the public sector receive relatively higher wages and accompanying benefits than there in the private sector for similar skills. Besides this, public sector provides offers job security.

UNORGANIZED SECTOR

The term 'Unorganized Labour' has been defined as those workers who have not been able to organize themselves to pursuit of their common interest due to certain constraints like casual nature of employment, ignorance and illiteracy, small & scattered size of establishment etc. in order to understanding the impact of globalization on the people of our country, it is more appropriate to examine its impact on the unorganized labour, particularly on their employment and living. The major characteristics of unorganized workers could be listed below:-

- The unorganized labour is overwhelming in terms of its number range and therefore, omnipresent throughout India.
- As the unorganized sector suffer from cycles of excessive seasonality of employment, majority of the unorganized workers do not have stable and durable avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.

- The workplace is scattered and fragmented. The workers do the same kind of job in different habitation and may not work and live together in compact geographical areas.
- There is no formal employees- employer relationship small and marginal farmers, share rappers agricultural workers as they work together in situation which may be marginally favorable to one category but may be broadly described as identical.
- In rural areas, the unorganized labour force is highly stratified on caste and community consideration. In urban areas while such consideration are much less, it cannot be said that is altogether absent as the bulk of the unorganized workers in urban areas are basically migrant workers from rural areas.
- Workers in the unorganized sector are usually subject to a lot of fads, taboos and outmoded social customs like child marriage, excessive spending on ceremonial fertilities etc. which lead to indebtedness and bondage.
- The unorganized workers are subject to exploitation significantly by the rest of the society. The unorganized workers receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs i.e. where labour productivities are no different. The work status is of inferior quality of work and inferior term of employment, both remuneration and employment.
- Primitive production technologies and feudal production relation are rampant in the unorganized sector and they do not permit or encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the goings on the outside world are also responsible for such poor absorption.
- The unorganized workers do not receive sufficient attention from the trade union.

In general, unorganized workers are observed to be large in numbers, suffering from cycles of excessive seasonality of employment, scattered and fragmented work place, poor in working conditions and lack of attention from trade unions.

EFFECTS OF GLOBALISATION ON UNORGANIZED SECTOR

The impact of globalization and economic reforms on employment in general is said to be divergent. In fact, unemployment and disguised unemployment are the normal features of Indian economy. There is heavy dependency on unorganized sector by the labor force for their employment, income and livelihood. In such a situation, the economic policies towards delinking budgetary support to be public sector enterprises and reducing labour absorption in public sector as part of the globalization strategy leads to adverse effect on employment situation in India.

The growth rate of organized sector employment maintained its declining trends in the reform period. The organized sector employment grew at 1.2% pa during 1983 to 1994, which decelerated to 0.05% during 1994 to 2004. The decline is mainly due to the severe deceleration of public sector employment growth which averaged at -0.65% during 1994 to 2008 as against 1.53% during 1983 to 1994. However, the private organized sector experienced significant increase in employment growth from 0.44% during 1983 to 1994 to 1.75% during 1994 to 2008, so that the overall employment during the post reform period recorded a positive growth (through very small). However, the organized sector accounted for only 15% of employment in India and remaining 85% engaged in informal sector (including agriculture). Employment growth in the organized sector, public and private combined, has increased by 1.9% in 2010, which is lower than the annual growth for the previous year. The annual growth rate for the private sector was much higher than that for the public sector. However in respect of both sectors, annual increase in employment had slowed down in 2010 v/s 2009.

When the labour absorption in the organized sector declines during the period of reforms, it would naturally push the additional labour force to the unorganized sector leading to further swelling of unorganized workers. The situation gets worsen if pruning or retrenchment activities by the public sector are taken into consideration. Taking into account the backlog of unemployment and overall magnitude of additional employment to be generated, there lies a major challenge for the country. In the context of declining growth rate in employment generation in organized sector there is no scope for creating additional jobs. The additional labourforce has to find work as self-employment or remain casual workers.

As a large number of labourforce is pushed into the unorganized category of workers, the excess labour supply crates disequilibrium or imbalance in the labour market that leads to several adjustments in the unorganized labour economy. The surplus or excess labour supply into the unorganized category leads to partial or casual employment at low wages and without jobs or social security of any kind. The real wage rates were low for the unorganized worker compared to that of the organized labour. Among the unorganized workers, the wage rates were very much low for the agriculture labour compared to that of unorganized non-agricultural labour.

Coupled with the law and fall in the real wages, the widespread uncertainty about work and incomes among the unorganized workers, raising level of poverty and other socio- economic problems due to the effects of globalization.

Another significant impact of globalization on the unorganized workers is the jobless growth promoted by the new technological changes and structural shifts in the global economy in favor of the so called new economy. Through a country like India needs a labour intensive technology at least in the unorganized sector to process of globalization sets on a shift towards capital intensive technology. In order to meet competition and to increase productive efficiency, firms are forced to modernize their operational involving machineries, capital and high technologies. The choice of labour intensive technology becomes obsolete.

The immediate and direct consequence of the shift to the industrial technology is the replacement of unskilled personnel with skilled people. Under the new production environment, the nature of work changes and that warrants skilled workers. Taking into account the basic qualification and nature of an Indian unorganized worker, it is difficult to visualize the effort and time needed to shift an unskilled person into a skilled worker. Till then, the inefficiency would continue even in the new production environment. In the present context of globalization the unorganized sector warrants greater attention and protection to safeguard themselves from the evils of globalization.

SOCIAL SECURITY FOR THE UNORGANISED WORKERS: THE EXPERIENCE

India has a long tradition of social security and social assistance directed particularly towards the more vulnerable sections of society. But after independence, the state was concerned more with the problems of

organized workforce and neglected the rural labour force on social security matters to a greater extent, till recent past.

It is rightly true that when independent India's Constitution was drafted, social security was specially included in List III to schedule VII of the constitution and it was made as the concurrent responsibility of the central and state governments. The initiatives in the form of Acts such as, the Workmen's Compensation Act(1923), the Industrial Dispute Act(1947), the Employees State Insurance Act((1948), the Coal Mines Provident Funds and Miscellaneous Provisions Act(1948), the Employees Provident Fund and Miscellaneous Provision Act(1952), the Assam Tea Plantations Provident Funds/Scheme Act(1955), the Maternity Benefit Act(1961), the Seamen's Provident Fund Act(1966), the Contract Labour Act(1970), the Payment of Gratuity Act(1972), the Building and Construction Workers Act(1996) etc reveal the attention given to the organized workers to attain different kinds of social security and welfare benefits. Although not much has been done in providing social security cover to the rural poor and the unorganized labour force, the country has made some beginning in that direction.

In order to evolve comprehensive legislations for workers in the unorganized sectors, various commissions and study groups appointed. The First National Commission on Labour (1969) defined the unorganized workers and recommended the Minimum Wages Act to cover unorganized workers too. In 1984, the Economic Administration Reforms Commission constituted a six member working group on social security. The Second National Labour Commission constituted in 1999 submitted its report in 2002, and recommended in umbrella type legislation and drafted an indicative bill also to provide protection to the workers in the unorganized sector. Based on the commission's recommendations, the government launched the 'Unorganized Sector Workers' Social Security Scheme 2004' on pilot basis in 50 districts. The National Common Minimum Programme (NCMP) of the present government highlights the commitment of the government towards the welfare and wellbeing of all workers, particularly in unorganized sector. The government constituted a National Commission for the enterprises in the Unorganized Sector (NCEUS) under chairmanship of Dr. ArjunSen Gupta to examine the problems of the enterprises in the unorganized sector and make recommendations to provide technical, marketing and credit support to these enterprises. Based

on the committee's recommendations the government is in the process of enactment of Legislation (Bill) and formulation of social security schemes.

Poverty Alleviation Programmes (PAP) and Employment Oriented Programmes initiated in India are primarily focused on developing rural labour and unorganized workers. The involvement of Non-Governmental Organizations (NGOs) in the social security of unorganized workers could not be ignored. It is estimated that NGOs could cover 3 to 4 percent of the total workforce in the unorganized sector.

SOCIAL PROTECTION PROGRAMMES

Due to the importance of the informal sector's in total workforce, the government has been focusing on expanding the coverage of social security schemes so as to provide a minimum level of social protection to workers in the unorganized sector and ensure inclusive development. These include the following:-

1.Aam Admi Bima Yagna (AABY):-

Under this scheme launched on 2 October 2007, insurance is provided against natural as well as accidental and partial/permanent disability of the head of the family of rural landless households in the country. Under the scheme, the head of the family or an earning member is eligible for receiving the benefit of Rs.30000/- in case of natural death, Rs.75000/- for accidental death, Rs.75000/- for total permanent disability and Rs.37500/- for partial permanent disability. The scheme has provide insurance coverage to 1.97 crore lives in the country up to 31 January 2012.

2.Janashree Bima Yagna (JBY):-

The JBY was launched on 10 august 2000 to provide life insurance protection to rural and urban person living below and marginally above the poverty line. Persons between ages 18 and 59 years and who are the members of the 45 identified occupational groups are eligible for participation in this policy. The scheme provides coverage of 230,000 in case of natural death, 275,000 in case of death or total permanent disability due to accident and Rs.37500 in case of partial permanent disability. During 2010-11, a total of 2.09 crore lives has been covered under the JBY.

3.Rashtriya Swasthya Bima Yagna (RSBY):-

It was launched on 1 October 2007 to provide smart card based cashless health insurance cover of Rs.30000/- per family per annum on a family floater basis to BPL families (a unit of five) in the unorganized sector. The scheme became operational from 1 April 2008. The

premium is shared on 75:25 bases by the center and state government. In the case of north eastern states and Jammu & Kashmir the premium is shared in a 90:10 Ratio. The scheme provides for portability of smart cards by splitting the card value for migrant workers. As on 20 December 2011, the scheme is being implemented in 23 states/UT's. More than 2.55 crore smart card has been issued.

4. The unorganized workers Social Security Act, 2008:-

The act came into force from 16 May 2009 with the objectives of providing social security to unorganized workers. The 'Unorganized Workers' social security rules, 2009 have also been framed. Continuation of the National Social Security Board in 2009 was another significant step. The Board recommended that social security scheme, namely RSBY providing health insurance, JBY providing death and disability cover and Indira Gandhi National Old Age Pension Scheme (IGNOAPS) providing old age pension be extended to building and other construction workers, MGNERGA workers, ASHA workers, Anganwadi Workers and helpers, porters/coolies/ gagemen and casual ad n daily Wages.

5. National Social Security Funds:-

It is for unorganized sector worker with initial allocation of Rs. 1000 crore has been set up. Thus fund will support schemes for weaves, today tappers, rickshaw puller, bidi workers etc.

6. Bilateral Social Security Agreement:-

It has been signed with Belgium, Switzerland, the Netherland, Denmark and Norway to protect the interest of expatriate workers and companies on a reciprocal basis. Their agreement helps workers by providing exemption from social security contribution in case of porting, tantalization of contribution period and exportability of pinion in case of relocation to the home country or any third country.

CONCLUSION

The impact of globalization on the unorganized workers in India is more of warming signals. The unorganized workers would expand further due to globalization. Under the present deprived condition of unorganized sector, this would lead to imbalance in the labour market leading to more supply of labour, low wages and low level of income. This process of change was getting reflected in the low level of real wages and the trends in the relative real wages of organized and unorganized workers. This situation would affect the social and economic condition of the unorganized

working population. The unorganized workers will be in the highly disadvantageous portion as there would be a shift in the technology from labour to capital intensive and use of unskilled to skilled workers. Thus, the benefit of globalization on the Indian economy would get shattered and nullified, if the negative impacts on the unorganized workers are not settled on neutralized. Hence, along with globalization and restructuring the economy, concerted efforts should be initiated to restructure the unorganized workers towards their benefits. So that they would also benefit in that process on the one hand and on the other, contribute towards success of globalization government should implemented all the policies full heartedly so the benefits of all the policies reap by all the beneficiaries.

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