



A Study On Current Challenges And Issues Faced By The Unorganised Sector In India

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Abstract:

This study examines the issues and policies affecting conflict workers in India, which is a significant part of the Indian economy. Although workers in the non-cooperative sector contribute significantly to employment and GDP, they face poor working conditions, irregular wages and poor benefits. This study examines existing social security measures such as the Unorganized Workers Social Security Act, pension schemes, and health insurance, while also addressing the inequalities in their use. The paper examines recent data including the rise of unorganized workers and the government's efforts to create economies through digital measures such as e-Shram portals. The study highlights the importance of expanding health insurance, raising awareness and implementing better policies to improve the health of vulnerable workers. Suggestions for future policy reforms and inclusive development strategies are also discussed. It plays a significant role in the country's economy, employs a large number of workers and contributes to the GDP. The sector covers a wide range of activities including agriculture, construction, small-scale manufacturing and informal services. Despite its importance, the unorganized sector also faces many challenges and problems. Also, limited access to credit, technology and government support puts pressure on small players in the sector. Despite its significant support for the study, the unorganized sector, which lacks strong protection, is still an important area of research to address economic inequalities and promote growth in India.

Keywords: *Unorganised area workers, challenges, troubles and Indian economic system.*

Introduction and Statement of the Problem:

The unorganized sector in India plays a pivotal function in the United States's financial system, using a sizable part of the staff and contributing extensively to GDP. This quarter encompasses diverse sports, inclusive of agriculture, creation, small-scale production, and informal services. Notwithstanding its significance, the unorganized zone has numerous

challenges and issues. People in this quarter often lack formal contracts, activity safety, and social benefits, leaving them liable to exploitation and monetary instability. Additionally, restrained access to credit, technology, and government aid exacerbates the struggles of small-scale businesses operating inside the area. With its significant contribution to employment but stark lack of formal protections, the unorganized sector stays an important area to look at to

deal with socioeconomic inequalities and promote inclusive growth in India.

This has a look at pursuits to explore the challenges faced through the unorganized area, take a look at the factors contributing to its vulnerabilities, and recommend actionable techniques to improve the situations of employees and companies within this section.

Concepts and Definitions:**Unorganised area:**

It manner the financial activities that aren't regulated by formal establishments. It consists of corporations which might be small, unregistered, and operate with informal agreements.

Informal Employment:

Employment without formal contracts, activity security, or social security blessings, is frequently established within the unorganised zone.

Micro, Small, and Medium corporations (MSMEs):

Small-scale organizations often fall inside the unorganised quarter. They shape the backbone of India's financial system but face demanding situations inclusive of insufficient financing and absence of formal reputation.

Labour force Participation:

The proportion of the population engaged in or actively looking for employment, with a significant share worried in the unorganised region.

Social security:

Applications aimed at ensuring get right of entry to fundamental wishes including medical insurance, pensions, and unemployment advantages, which are often lacking within the unorganised region.

Livelihood:

Refers back to the means of securing requirements of life, which for a majority of people within the unorganised quarter, is fragile and dependent on abnormal profits resources.

Ability hole:

The difference between the talents possessed by using employees in the unorganised area and the abilities demanded by using the marketplace limits opportunities for increases and higher wages.

City informal region:

Incorporates unorganised financial sports in city areas, along with road merchandising, domestic paintings, and construction.

Rural casual area:

Consists of agricultural labourers, artisans, and small-scale rural enterprises that operate without formal systems.

Objectives:

1. To Identify Challenges Faced by the Unorganised Sector.
2. To Assess the Socioeconomic Impact.
3. To Suggest Policy Interventions.

Literature Review:

The political unrest in India has raised concerns in academic and policy circles due to its significant role in the economy. Studies show that the sector contributes nearly 50% to India's GDP and employs over 80% of the workforce (NSSO, 2019). Despite its economic importance, the informal economy still has a significant impact. Women and marginalized communities in particular face disproportionate hardship. Small businesses often rely on informal lenders with high interest rates, leading to

widespread financial instability. In the process, inconsistencies such as understaffing and under-resourced resources have emerged. It also increases competition and unemployment.

Together, these studies highlight the urgent need for policy reform, capacity building and support to address unaddressed challenges in India. Author:

Research Methodology:**Data Collection:**

This study is based on the following secondary sources:

- Articles
- Journals
- Reports and evaluation reports
- Books
- Legal documents

Significance of the Study:

Illegal workers often face poor working conditions, low wages and lack of social protection. This study helps find ways to bridge the gap between formal and informal businesses and thereby reduce social inequality. The insights from the study can guide policymakers in designing interventions to improve employment, strengthen social security and promote financial inclusion in business. By addressing the inefficiencies of informal businesses, the study helps ensure the growth of fair trade and ensures that disadvantaged workers benefit from improved measures. The findings of this study will not only be useful to policymakers and stakeholders but will also contribute to India's broader goals of ensuring job stability and inclusion.

Limitations:

Availability and reliability of data:

Obtaining accurate and comprehensive data on non-participatory activities is often difficult due to the lack of business rights and no data is stored.

This limits the depth and accuracy of the analysis. It was not possible to conduct a scientific study due to time constraints. It can be difficult to capture all the nuances in a study and often leads to unusable generalizations.

Time and resource constraints.

Challenges And Problems Facing Unorganized Workers:**™ Lack of job security:**

Workers often have no contracts, the quality of their relationships is unstable, and they can be terminated immediately without notice or payment.

Low and irregular wages:

Many workers are paid less than minimum wage and often unequal wages, putting them at financial risk. Health insurance, pensions, vacations, and other safety measures increase their financial insecurity. Precautions or protective equipment in hazardous areas.

Lack of skills and training:

Lack of skill development limits workers' ability to perform effectively adapt to work and earn more money. Challenges include economic discrimination, lack of maternity leave benefits, and negative consequences of bullying. Reduced and no access to services.

Informal and decentralized structure of the sector:

The decentralized and informal structure of the sector makes it difficult for workers to prepare for collective bargaining or to implement effective

reforms. to create unorganized workers and enable them to participate in India's economic growth.

Social Securities and Policy Framework:

The Government of India has introduced several social security measures and policies to address the challenges faced by workers in conflict. These measures aim to provide financial security, health benefits and social protection to these vulnerable workers. Providing benefits to employees. Euro pension scheme for non-participating workers between the age group of 18-40. which provides a guaranteed retirement based on the contributions made during their working life. Hospital health insurance. The purpose of the business is not good for disinterested workers.

Social Security Measures:

- **Unorganised Workers' Social Security Act, 2008:**

Enacted to provide social security to workers in the unorganised sector. Includes benefits like life and disability cover, health and maternity benefits, old-age protection, and others.

- **Pradhan Mantri Shram Yogi Maan-Dhan (PMSYM):**

A pension scheme for unorganised workers aged 18-40 with a monthly income below ₹15,000. Provides a monthly pension of ₹3,000 after the age of 60.

- **Atal Pension Yojana (APY):**

Focuses on workers in the unorganised sector, offering a guaranteed pension based on contributions made during their working years.

- **Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY):**

Provides health insurance coverage up to ₹5 lakh per family annually for secondary and tertiary hospitalization. Targets economically vulnerable unorganised sector workers.

- **Rashtriya Swasthya Bima Yojana (RSBY):**

Offers health insurance to Below Poverty Line (BPL) families and other unorganised sector workers, providing coverage for hospitalization expenses.

- **National Social Assistance Scheme (NSAP):**

Provides retirement pension, widow's pension and disability pension to workers falling below the poverty line and not receiving social assistance.

- **Labour Law, 2015:**

Focuses on skill development to enhance the performance of unorganised workers. And job security. The aim is to simplify the payment of health cess and extend it to undocumented workers.

- **Digitalisation Measures:**

- **E-Sham Portal:** A national repository of information for undocumented workers, enabling the government to connect them with social assistance programmes and benefits.

There is a guaranteed income for rural families and good social benefits for unorganized rural workers.

The Indian government has introduced various social security measures and policies to address the challenges faced by workers in the unorganised sector. These initiatives aim to provide financial stability, health benefits, and social protection to this vulnerable workforce.

Policy Frameworks:

- **National Policy on Skill Development and Entrepreneurship, 2015:**

Focuses on skill development to enhance the employability of workers in the unorganised sector.

- **Labour Codes (2020):**

Consolidates laws related to wages, industrial relations, social security, and occupational safety. Aims to simplify and extend social security coverage to informal workers.

- **State-Specific Initiatives:**

Several states have introduced their welfare boards for unorganised sector workers, such as the Kerala Construction Workers Welfare Board.

- **Digital Initiatives:**

E-Shram Portal: A national database for unorganised workers, enabling the government to link them with social security schemes and benefits.

- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** Provides guaranteed wage employment for rural households, benefiting unorganised sector workers in rural areas.

Challenges in Implementation:

- Absence of awareness among workers about available schemes.
- Lower coverage and reach of policies.
- Defective enforcement of laws and benefits.
- Administrative hurdles and inadequate infrastructure.

The Way Forward:

To strengthen the stability of a society in conflict, there is a need to increase media awareness of the distribution process and monitor the effectiveness of the policy. These measures can help bridge the gap

between policy and reality and support inclusive growth.

Recent Data on Unorganised Sector In India:

Facts About Unorganized Sector in India

The unorganized sector constitutes the majority of the workforce in India. The latest information gives an idea about its size and plans aimed at supporting these workers:

- **Career Survey:** According to the Economic Survey 2021-22 Employment 2019, around Rs 43.99 billion (439.9 million) people are in the unorganized sector. 20,000 respondents account for a large chunk of the total workforce in India.

- **eShram Portal Registration:** The eShram Portal was launched on August 26, 2021, to create a comprehensive database of the National Database of Unorganized Workers (NDUW). As of March 31, 2024, over 29.51 crore (29.51 million) independent workers have registered on the website to facilitate their availability of various social security benefits.

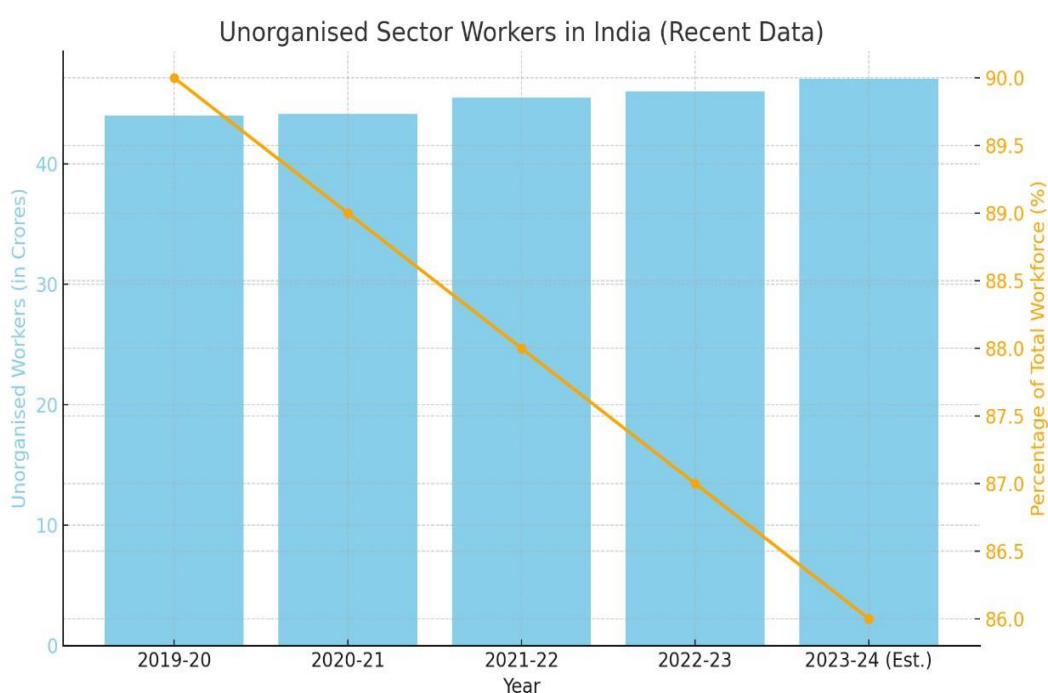
- **Sector Employment Data:** The Employment Survey 2021-22 shows that nearly 90% of the new employees who joined the labour market in 2019-20 were working in informal jobs and over 98% were working in informal labour departments of the organisation.

- **Informal work and employment:** New data shows that India's 65 million informal or unorganized enterprises will employ nearly 110 million people in 2022-23, demonstrating the important role of work in job creation.

This paper highlights the importance of unemployment in the Indian economy and the ongoing efforts to employ and support this large workforce through campaign programmes and digital campaigns.

Table: Unorganised Sector Workers In India (Latest Data)

Year	Unorganised Sector Workers (Crores)	Percentage of Total Workforce (%)
2019-20	43.99	90
2020-21	44.10	89
2021-22	45.50	88
2022-23	46.00	87
2023-24 (Est.)	47.00	86



Graph:

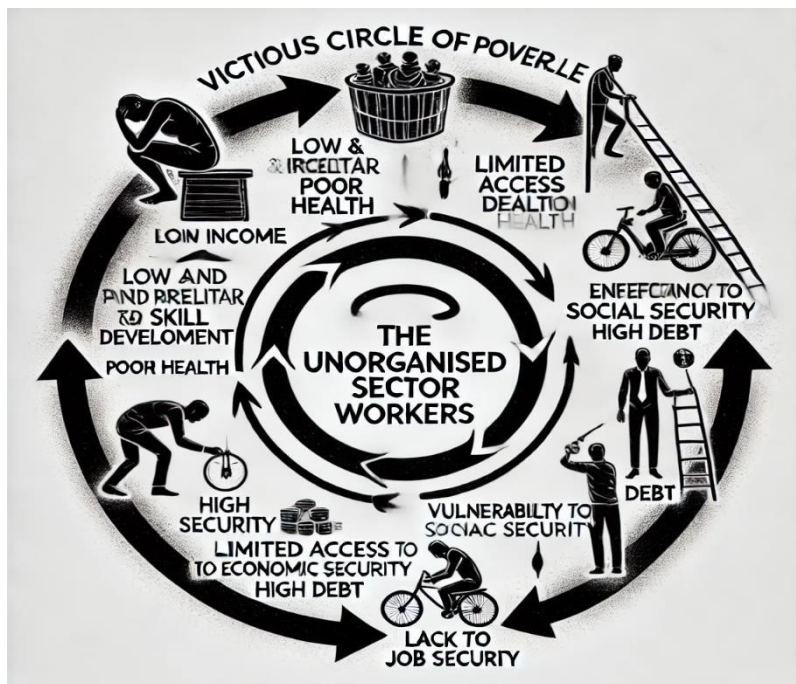
The graph displays the trend of unorganised sector workers (in crores) and their percentage in the total workforce over recent years. The graph above clearly shows the trends in the unorganised sector in India. The blue bars represent the number of unorganised sector workers (in crores), while the orange line illustrates the percentage of the total workforce that belongs to the unorganised sector. As seen in the graph,

the number of unorganised workers has steadily increased, but their percentage in the total workforce is gradually decreasing, reflecting the growing formalization of the workforce.

Source:

- Economic Survey 2021-22, Ministry of Finance, Government of India
- Ministry of Labour and Employment, Government of India

Vicious Circle Of Poverty And Unorganised Sector:



The figure above shows the vicious circle of poverty among workers in the informal sector of cooperation. It shows how factors such as low and unstable incomes, poor health, poor education, inadequate social protection, high debt and the risk of financial loss are linked to creating poverty. Each thing affects the next, continuing the cycle. A self-reinforcing circle. The following events trigger the cycle:

Low income prevents workers from paying for basic health care, which leads to poor health. Cleanliness is not good. Illness or injury further reduces their ability to work, leading to loss of income and deepening poverty. Workers' ability to move to better-paying jobs or engage in productive activities. As a result, they are trapped in low-skilled, low-wage jobs. Female. Without access to Social Security, retirement, or healthcare, they cannot improve their health or escape poverty. Inflation or recession. Such situations often have a significant

impact on workers' incomes and livelihoods, pushing them further into poverty. Access to credit increases poverty. Failure to repay these loans due to low and unstable income often leads to ongoing debt and financial instability.

Breaking The Cycle:

To address poverty, a comprehensive approach is needed that includes:

- **Social Security and Welfare Programs:**

Access to Social Security benefits such as health care, retirement plans, and unemployment benefits can help those in need. Improve the living conditions of workers in the informal sector and help them withstand economic downturns. The cycle of paid work.

- **Minimum Wage Law and Labor Law:**

Improving the enforcement of minimum wage laws and ensuring workers' rights to work can reduce spending money and improve financial security for disengaged workers.

Bringing together social benefits, financial inclusion, education, and labour law enforcement to break the cycle of poverty and create a better future for workers.

Conclusion:

Although the government has implemented various measures and policies to improve the health of unorganized workers, there is still a huge gap in implementation and services. The informal economy plays a significant role in the Indian economy and contributes to the creation of jobs and goods worldwide. However, workers in the sector face many challenges such as poor working conditions, irregular wages, job insecurity and limited access to security benefits.

The Unemployment Social Security Act, retirement schemes and digital initiatives such as the eShram portal are a step in the right direction, but there is still a long way to go to address the negative aspects of work. There is an urgent need for comprehensive reforms that focus on awareness, dissemination and ensuring that social security benefits are delivered to the workforce. Better support, protection, and opportunities for workers in partnership. It will take a concerted effort from the government and the private sector to improve conditions for a large and often marginalized group of workers.

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