



Critical Analysis of Government Initiatives for Unorganized Sector Workers in India

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Abstract:

The unorganized sector plays a pivotal role in developing economies, offering extensive employment opportunities while grappling with significant challenges such as low wages, lack of social security, and poor working conditions. This review explores the socioeconomic dynamics, mental health concerns, and gender disparities among workers in this sector. It highlights the impact of limited financial access, as seen in Assam, on business growth and performance. The Indian government has introduced several initiatives to address these issues, including social security schemes like PMSYM, financial inclusion programs such as PMJDY, and skill development initiatives under PMKVY and NAPS. Additionally, e-Shram Portal and labour reforms streamline welfare delivery. Women, a substantial workforce in this sector, face compounded challenges of economic dependence and familial responsibilities. Comprehensive strategies, including workspace planning and sensitive management systems, are crucial to improving the well-being and productivity of unorganized sector workers.

Keywords- Unorganized, Employment, Workers, India, Government.

Introduction:

The unorganized sector plays a pivotal role in the economic landscape of developing countries, particularly India, by employing a significant portion of the labor force and contributing to socioeconomic growth. However, it is characterized by poor working conditions, lack of legal protections, and limited access to financial and social security benefits. Previous studies highlight critical issues in this sector, including gender disparities, mental health challenges, and economic vulnerabilities. Government initiatives, such as the e-Shram portal, Atal Pension Yojana, and Ayushman Bharat, aim to bridge gaps in welfare and financial inclusion, while skill development

programs under the Skill India Mission enhance employability. This research explores the dynamic challenges and opportunities within the unorganized sector, emphasizing the need for robust policies and management systems to improve workers' welfare and socioeconomic conditions, thereby fostering inclusive development and sustainable growth.

Literature Review:

(Kulshreshtha, 2011) Small, informal enterprises have a significant impact on the progress of a developing economy undertaking structural reforms. The unorganized segment is labor-intensive and employs a substantial portion of the population. This study investigates the

issues of quantifying the unorganized sector and describes the strategy followed by the Indian Central Statistical Office. The informal sector is analyzed in terms of employment and value added.

(Prajakta Subhash Bhadgaonkar, 2023) The study's conclusions imply that there are notable differences between male and female laborers' levels of anxiety and mental health. It was also determined that there is a strong link between workers' mental health and anxiety in the unorganized sector. According to the study, working in the unorganized sector causes workers to experience moderate to high levels of anxiety. A management policy pertaining to these employees' physical and mental wellbeing is required. It should take into account the problems related to timely evaluation, treatment, and rehabilitation. By properly planning the workspace, human engineering techniques can help reduce work-related stress. A very sensitive and responsive management system must be used to develop the working environment and conditions.

(Maheswari, 2020) The purpose of the study is to determine the socioeconomic standing of women who work in the unorganized sector. The majority of women begin their careers in the unorganized sector. They must find a way to live in society even if they lose their family's financial assistance, which forces them to once more into the unorganized sector. In addition to working long hours in the unorganized sector's subpar working conditions, these women must also take care of their families and children without assistance from men. The unorganized sector is the largest source of work prospects for women. Due to illiteracy, poverty, ignorance, and a lack

of skills, the majority of women earn lower income.

(Baruah & Bezbaruah, 2020) This article is based on a study of such enterprises in the Northeast Indian state of Assam, where access to finance is relatively limited in general. The research investigates the degree to which the availability of financial services affects the expansion and financial performance of Assamese unorganized sector businesses using data from a customized survey. A generalized linear model, an ordered LOGIT regression, and a customized financial access index are among the tools used. The findings indicate that while the businesses' growth is heavily reliant on their level of financial access, their financial performance is not substantially correlated with it.

(Ramaswamy & Binnuri, 2023) The data is gathered and analyzed in the essay using the doctrinal approach of legal research. In the end, it demonstrates the shortcomings of the Codes in their current form and makes recommendations for future improvements. It also gives a summary of India's labor law system and how it

(Panda, 2021) In India, the unorganized sector has a higher labor participation rate than the organized sector. However, the lack of a legal framework and an unsystematic approach cause the unorganized sector to lose the trust of the stakeholders. As a result, the industry's stakeholders don't brag about their affiliation. This essay explains how India's unorganized sector can easily handle a large workforce, while having many gray areas. The problem is highlighted using the case study and in-depth interview methods, and a focus group discussion is

held to provide a framework for win win situatio

Data and Methodology:

This research employs a qualitative approach, analyzing government policies, schemes, and initiatives aimed at unorganized sector workers in India. Secondary data from official reports, academic literature, and policy documents is critically examined to assess their impact and effectiveness. Case studies and comparative analysis highlight successes and gaps. The study adopts a critical framework to explore the socioeconomic implications and provides recommendations for policy enhancement to support unorganized sector workers.

What is Unorganized Worker?

The term unorganized worker has been defined under the Unorganized Workers' Social Security Act, 2008, as a home based worker, self-employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any of the Acts mentioned in Schedule-II of Act i.e. the Employee's Compensation Act, 1923 (3 of 1923), the Industrial Disputes Act, 1947 (14 of 1947), the Employees' State Insurance Act, 1948 (34 of 1948), the Employees Provident Funds and Miscellaneous Provision Act, 1952 (19 of 1952), the Maternity Benefit Act, 1961 (53 of 1961) and the Payment of Gratuity Act, 1972 (39 of 1972).

eShram -The portal for the registration of Unorganized Workers across the Country

- **Atal Pension Yojana (APY):** [Atal Pension Yojana](#) (APY), a pension scheme for citizens of India is focused on the unorganized sector workers.

was launched on 26th August 2021. This portal will help build a comprehensive National Database of Unorganized Workers (NDUW) in the country. The portal will prove to be a huge boost towards last mile delivery of the welfare schemes for crores of unorganized workers for more than 38 Crore workers. The registration is totally free for the workers.

The government of India has introduced several initiatives and schemes aimed at supporting the unorganized sector, which accounts for a significant portion of the workforce. These initiatives focus on improving social security, financial inclusion, skill development, and working conditions for workers in this sector. Below are some key initiatives:

1. Social Security and Welfare Schemes:

- **Pradhan Mantri Shram Yogi Maandhan (PMSYM):** A pension scheme for unorganized workers aged 18-40 years, offering a monthly pension of ₹3,000 after the age of 60, with contributions matched by the government.

Year wise Total enrollment in (PMSYM)

Year	Total enrollment (in lakhs)
2024	49,99,978
2023	49,73,712
2022	49,19,840
2021	45,94,050
2020	44,76,901

Source- <https://labour.gov.in/pmsym>

Under the APY, guaranteed minimum pension of Rs. 1,000/- or 2,000/- or 3,000/- or 4,000 or 5,000/- per month will be given at the age of 60 years

depending on the contributions by the subscribers. Any Citizen of India can join APY scheme. Following are the eligibility criteria:

- The age of the subscriber should be between 18 - 40 years.
- He / She should have a savings bank account/ post office savings bank account.

Year wise disbursement under (APY) by banks (in lakhs)

Category of Banks	As on (March 31, 2022)	As on (March 31, 2023)	As on (March 31, 2024)
Public Sector Banks	278.49	365.09	453.32
Regional Rural Banks	75.28	99.55	127.41
Private Banks	29.21	34.35	39.80
Payment Bank	12.88	15.04	15.38
DOP	3.62	3.84	3.97
Small Finance Bank	0.86	1.65	2.41
Co-op Banks	0.93	1.07	1.23
Total	401.27	520.58	643.52

Source-<https://www.india.gov.in/spotlight/atal-pension-yojana>

- **Pradhan Mantri Jan Dhan Yojana (PMJDY):** A financial inclusion program ensuring access to banking, credit, and insurance services for workers in the unorganized sector. 54.40 Cr total beneficiary and 242911.36 total deposit in Jan Dhan account as on 01/01/2025.
- **Ayushman Bharat (PM-JAY):** Provides health insurance coverage of up to ₹5 lakh per family per year, benefiting low-income households,

many of whom belong to the unorganized sector. As Of Now There are **36,41,57,043** Ayushman Card Created.

2. Employment and Skill Development

- **Skill India Mission:** Focuses on enhancing the skills of workers through training programs under schemes like Pradhan Mantri Kaushal Vikas Yojana (PMKVY).

Scheme wise no.of beneficiaries in Skill India Mission

S.No	Name of the Scheme	Total Beneficiaries
1.	PMKVY(since inception (2015-16) to June, 2024)	1,48,11,506
2.	JSS (since 2018-19 to June, 2024)	26,38,028
3.	NAPS (since 2018-19 to June,2024)	29,91,072
4.	CTS (since 2018 to 2023)	79,51,834

Source <https://pib.gov.in/PressReleasePage.aspx?PRID=2041502>

- **National Apprenticeship Promotion Scheme (NAPS):** Encourages skill development through apprenticeship training with financial incentives for employers.

Year wise total apprentices engaged in (NAPS)

Year	Total apprentices engaged
2018-19	13818
2019-20	96501
2020-21	158382
2021-22	329477

2022-23	414581
2023-24	504653
2024-25	390461

- **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY):** Targets rural youth by providing skill training and placement support.

Number of Candidates Placed: As of November 2024, 10,97,265 candidates have been placed under DDU-GKY since the financial year 2014-15.

No of total loan sanction under PMMY

Financial Year	No. of PMMY Loans Sanctioned
2020-2021	50735046
2021-2022	53795526
2022-2023	62310598

- **Stand-Up India and Start-Up India:** Focus on supporting entrepreneurs, including those

Year	No of total beneficiary
2020-21	15,616 beneficiaries
2021-22	19,749 beneficiaries
2022-23	39,907 beneficiaries
2023-24	39,643 beneficiaries
2024-25(Till	7,152 beneficiaries

4. Labour Reforms and E-Governance:

- **E-Shram Portal:** A centralized database for unorganized workers to enable access to social security schemes and streamline benefits distribution.
- **Labour Codes:** Simplification of labour laws under the Code on Wages, Code on Social Security, Industrial Relations Code, and Occupational Safety, Health, and Working Conditions Code to enhance worker protection.

Source-

<https://www.msde.gov.in/en/schemes-initiatives/apprenticeship-training/naps>

Placement rate: 65% of the candidates who have completed their training under DDU-GKY have been placed in gainful employment

3. Financial and Digital Support:

- **Micro Units Development and Refinance Agency (MUDRA):** Provides loans under Shishu, Kishor, and Tarun categories to micro-enterprises in the unorganized

2023-2024	66777013
2024-2025	34741853*

Source- <https://www.mudra.org.in/>

Year wise total no of beneficiaries under stand up and start up India:

from the unorganized sector, with funding and mentorship.

June 2024)	
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Source-

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1913705>

5. Sector-Specific Initiatives:

- **National Urban Livelihoods Mission (NULM):** Targets urban informal workers by providing skill training, access to credit, and support for self-employment.
- **Rashtriya Swasthya Bima Yojana (RSBY):** Offers health insurance to workers in the unorganized sector.
- **Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014:** Protects the rights of street

vendors and regulates vending activities.

6. Women-Focused Initiatives:

- **Self-Help Groups (SHGs):** Promoted under the National Rural Livelihoods Mission (NRLM), SHGs empower women in the unorganized sector through financial assistance and skill-building.
- **Maternity Benefit Scheme (Pradhan Mantri Matru Vandana Yojana):** Provides financial support to pregnant and lactating women.

7. Other Initiatives:

- **Prime Minister's Employment Generation Programme (PMEGP):** Supports self-employment through loans and subsidies for setting up micro-enterprises.

These initiatives aim to address the challenges faced by workers in the unorganized sector, including lack of job security, low wages, and limited access to social benefits.

Suggestions:

Enhance Social Security Coverage: Extend the benefits of schemes like PMSYM, Atal Pension Yojana, and Ayushman Bharat to ensure all workers in the unorganized sector have access to healthcare, pension, and insurance.

Promote Financial Inclusion: Strengthen the reach of financial services through programs like PMJDY and MUDRA loans. Tailor financial products specifically for micro-enterprises and informal workers to boost economic resilience.

Improve Skill Development Initiatives: Scale up training under Skill

India Mission, PMKVY, and DDU-GKY to equip workers with skills relevant to evolving industry needs. Introduce programs focused on soft skills and mental health management.

Implement Gender-Specific Policies: Design targeted programs to empower women in the unorganized sector, such as increasing access to SHGs, improving maternity benefits, and addressing income disparities through skill-building initiatives.

Address Mental Health Challenges: Establish mental health support systems for workers, including counseling services, stress management programs, and timely intervention strategies to reduce anxiety and promote well-being.

Streamline E-Governance: Fully operationalize the e-Shram portal and ensure seamless integration with other welfare schemes. Encourage registration to build a comprehensive database and ensure benefits reach the last mile.

Develop Sector-Specific Policies: Address unique challenges in subsectors like street vending, home-based work, and rural enterprises. Strengthen the implementation of laws like the Street Vendors Act and ensure fair regulation and protection.

Encourage Workplace Ergonomics and Safety: Promote human engineering techniques to reduce workplace stress and improve safety. Mandate regular health and safety audits, even in informal setups.

Boost Access to Credit: Expand the outreach of financial schemes like MUDRA loans and Stand-Up India. Offer low-interest loans and subsidies for setting up micro and small enterprises to support sustainable growth.

Strengthen Legal Frameworks:

Simplify labor codes and strengthen enforcement mechanisms for worker protection under the Code on Wages, Social Security Code, and Occupational Safety Code. Regularly review these codes to address emerging challenges in the unorganized sector.

Conclusion:

The unorganized sector is a cornerstone of India's economy, providing employment to a significant portion of the population, particularly women and marginalized groups. Despite its economic importance, the sector faces critical challenges such as inadequate social security, poor working conditions, gender inequities, and limited access to financial services. Research highlights the urgent need for interventions addressing mental health, workplace safety, and skill development. Government initiatives like the e-Shram portal, PM-SYM, and Atal Pension Yojana have laid the foundation for improving workers' welfare, while skill development programs under PMKVY and DDU-GKY enhance employability. However, more targeted efforts are needed to address systemic challenges, including timely evaluation, legal reforms, and comprehensive financial inclusion. Strengthening support systems, enhancing workplace ergonomics, and promoting responsive management practices can create a sustainable framework for the sector's growth. A unified approach, integrating government policies and community participation, is crucial to ensure equity, dignity, and prosperity for unorganized sector workers.

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