

IMPACT OF COVID 19 ON UNORGANISED SECTOR IN INDIA
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Abstract:

A finest economy is one in which a condensed government controls the means of production and wealth. The economic growth plays a very crucial role in the enlargement of the country growth and development. But due to the Pandemic the market is disrupted to a great extent. Moreover governments make appropriate intercessions in reply to the corona virus, businesses are swiftly modifying to the changing desires of their customers, their people and suppliers, while negotiating the financial and proactive challenges. As India calipers for an extended lockdown to curb the transmission of the coronavirus, the economically weaker section of the society also calipers for its battle with poverty and crave. While few migrants have able to reach the safety of their homes, hunger, starvation, the heat and the cold, some are even now thrust in cities with no work or job and no home. Rest, who are fortunate enough to have a roof to live under, have been taken away of their jobs that give them their daily bread. India's GDP growth is swiftly increasing yearly as in 2015 it was 7. 6% compared to China which was 7. 1%, making India a fastest growing economy². But due to this pandemic the country is suffering a lot and has decided to save the people first rather of economy. Economy will definitely reach to an accurate and pleasant stage but the precious lives of the people will never be compensated. Therefore the government is protecting lives.

Key words: COVID-19, Unorganized Labors, Unemployment, Migration, etc.

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Introduction:

The unorganized sector of Indian economy is quite substantial, and according to International Labor Organization (ILO) estimates in 2020, more than 90 percent of 500 million working people in India are part of this segment of the Indian economy. It is estimated that around half of India's gross domestic product (GDP) is contributed by the unorganized sector. According to another estimate by Sarath Davala in 1991, the unorganized economy of India employed 91% of labor force, which reached 96% in 2014. The unorganized economy encompasses agriculture, self-employment, contract labor, household labor, and so on. The rapid growth of the unorganized sector in India happened with the opening and globalization of the Indian economy in the early 1990s. With the globalization, contractual labor increased and many of the employees of the formal or organized sector had to leave their jobs because of downsizing, and join the unorganized sector. The growth

of the unorganized sector is also related to growth of the medium, small and micro enterprises (MSMEs) in India. Migrant workers, and particularly women, are more vulnerable and face multiple deprivations from being poor and from their position as unorganized workers. Women face losing their livelihood, suffering human rights violations, and contracting COVID-19 (UN Women [2020](#)). Women are potentially affected more because in many contexts they are considered to be less productive and subsequently have a lower position and rank in society (Chakraborty [2020](#)). Female headed families are significantly affected by COVID-19 and are unable to meet household needs due to the lack of economic options. The pandemic also aggravates prevalent gender inequalities and vulnerabilities. COVID-19 has unevenly impacted women and girls in the domains of health, economy, social protection, and gender-based violence (UN [2020](#)).

Objective of the study:-

1. To study impact of COVID-19 on unorganized sector.
2. To find the solution for the crisis in unorganized sector.

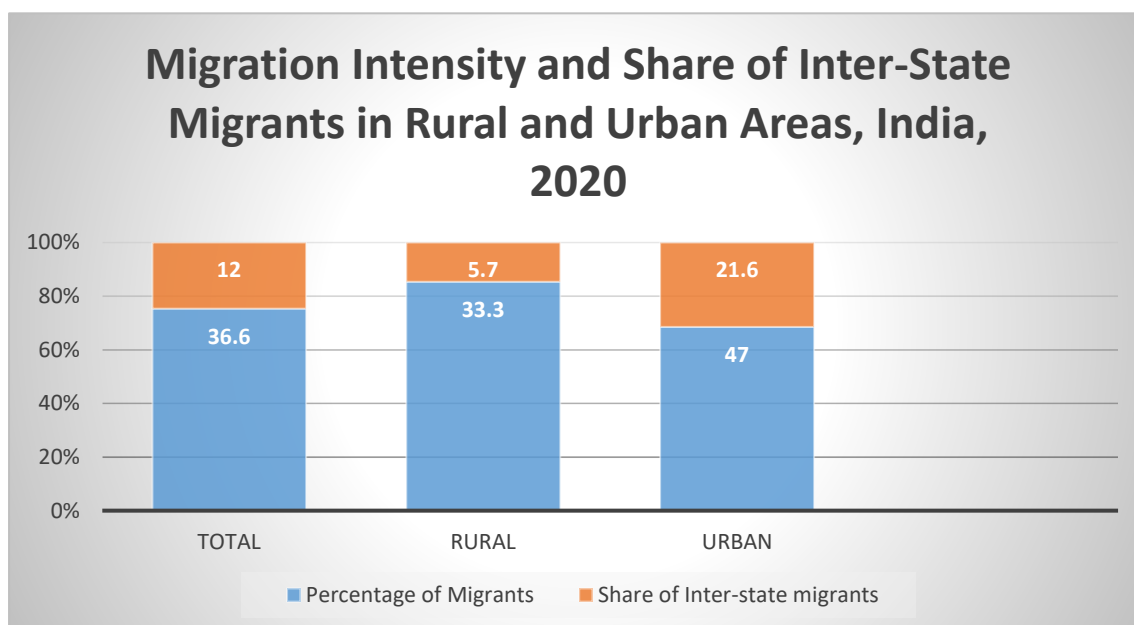
Research Methodology:-

The Research approach used in this project is a ‘Secondary Data Analysis’. The information existing in the following analysis is based on Government Surveys, Internet, Newspapers, Magazines and Books etc.

Unorganized enterprises:-

In India, unorganized sectors, so-called parallel economy, provide approx. 85% of overall employment and contribute around 40% of total GDP. Our nation is facing a big crisis right now when Covid-19 has had a significant impact on government services and business. The pandemic has already exposed the health vulnerabilities facing India, especially its rural poor and urban slum dwellers. From the sector which accounts for at least 60 % of Indian's economy, millions are reduced to subsistence living, and even worse, in some cases, consumption is set to spiral lower. There is no separate published data for the unorganized sector as a whole. During this lockdown period of more than two-months, almost all economic activities have come to a standstill, factories are not running, establishments are closed, and most markets are shut, there is a disruption in work, loss of wages and income and starvation due to the scarcity of food. All these issues are interconnected and created miserable situations for crores of people in India. Laborers in the unorganized economy are subject to unpredictable and irregular employment, bad working conditions, lack of workers' rights, lack of health benefits and other facilities such as life insurance, pension and so on. Even though the sector contributes substantially to the Indian economy, the government paid little attention to the plight and grievances of the workforce engaged in the sector. When the Indian economy was growing rapidly between early 1990s and 2014, it was estimated that more than 30 percent of the Indian population were brought above the poverty line. Many of the erstwhile poor people from the agricultural sector moved to urban centers and became unorganized laborers. They now had relatively more wages. Even if the improvements in their earnings and life conditions were only marginal, a fast growing Indian economy did provide them hope and encouragement.

Migration is a livelihood strategy adopted by millions of people in India. Most of the migration for work and employment is directed towards the urban centers. About half of the urban population are migrants and one fifth of them are inter-state migrants (See above Figure). Rural to urban migrants are mainly concentrated in 53 million plus urban agglomerations (with one million and more) that comprises 140 million out of 377 million urban population of the country equivalent to 43 percent of total urban population as per 2011 Census. Out of 53 million plus cities, eight of them are mega-cities with a population of 5 million and more (See above Table). As on 13th April 2020, the respective districts of eight mega cities reported about two-fifth of corona virus positive cases. The incidence of COVID 19 shows that these metropolitan areas are the centers from where the disease has been spreading to the near as well as far off places.



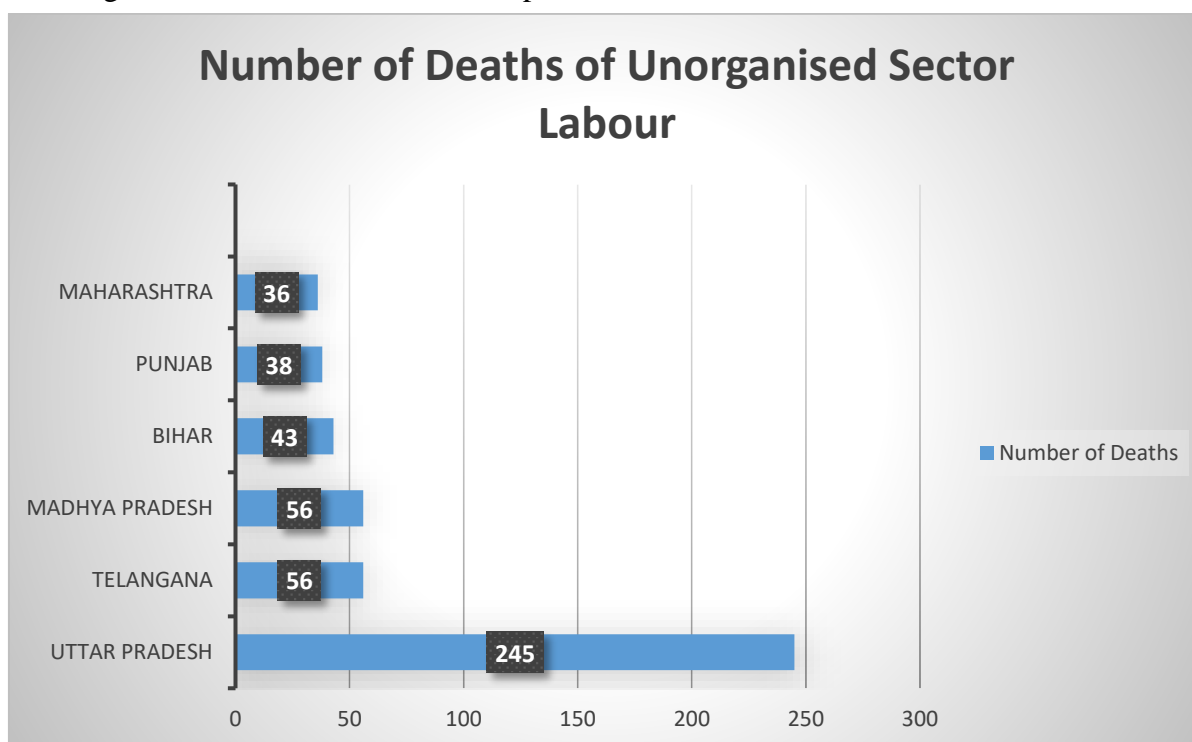
Source: D2 Migration Table, PRS India, 2021

In 2018 as per the report released by the NITI Ayog, India's 85 percent of the total workforce comes from the unorganized sector, which increases to 93 percent of the entire workforce of the nation according to the Economic Survey of 2019. As per The Periodic Labour Force Survey, 2017-18, workers from the non-agriculture sector, at least 71 percent of the regular and salaried employees in the unorganized sector do not have a properly written job contract defining their rights and employment security. About 49.6 percent of them do not even apply for social security schemes, and 54.2 percent do not get paid leave. India's vast unorganized sector is likely to be the worst hit and badly effected due to coronavirus pandemic and lockdown situation in the country.

In almost all over the country, the usual markets have been fallen silent as the regular noisy surrounding of business on the roads have been disappeared due to lockdown situations in the country. The small shops and food vendors on the sidewalks have gone, and almost every shop except the odd grocery store or pharmacy

usually is crowded shopping areas have been closed down and where the situation is quite liberal which are exempt from the lockdown, very fewer people who run venture out maintain distance from each other in queues at grocery shops.

According to Hindustan times, about 198 migrant unorganized workers have been killed during lockdown. There were at least 1,461 accidents over the course of the nationwide lockdown between March 25 and May 31 in which at least 750 people were killed, including 198 migrant workers. There were 1,390 who got injured, according to the data. Migrant workers, killed during their efforts to go back home, comprise 26.4% of the overall deaths during the lockdown whereas essential workers comprise 5.3% of the total deaths. The overall deaths involving other road users stands at 68.3 percent.



Source: Hindustan Times, June 02, 2020

Out of the reported deaths, Uttar Pradesh accounted for over 30% (245) of the total deaths followed by Telangana (56), Madhya Pradesh (56), Bihar (43), Punjab (38) and Maharashtra (36). “Since the lockdown began, nearly 200 migrant workers have lost their lives while walking, cycling back home, traveling in HMTV and LMV commercial vehicles, and in mass fatality crashes involving state organized buses. One of the recurring reasons for mass casualties in most of the incidents was speeding and driver fatigue due to continuous driving on tenuous routes”.

All the crisis occurred during could be avoided by constructive steps by the Government. Though various relief programs run by the authorities yet these obstacles has been experienced by migrant labours. It is expected that Government should focus more on protectionism and security of such population.

MONTH	UNEMPLOYMENT RATE (%)		
	India	Urban	Rural
APRIL 2020	23.52	24.95	22.89
MARCH 2020	8.75	9.41	8.44
FEBRUARY 2020	7.76	8.65	7.34
JANUARY 2020	7.22	9.70	6.06
DECEMBER 2019	7.60	9.02	6.93
NOVEMBER 2019	7.23	8.88	6.45
OCTOBER 2019	8.10	8.27	8.02

Source- The Economic Times

According to the latest survey of the Centre for Monitoring Indian Economy (CMIE), before the commencement of lockdown, the number of working populations was 404 million. During the first lockdown week period, around one-fourth of the total working-age population, i.e., 285 million people out of 1,003 million were working. It means the rest 119 million people lost their jobs within the starting week of the lockdown. The impact of this continuous lockdown shows that around one-third of India's households could be facing a relentless livelihood crisis. If we compare the rate of employment in January 2016, which was 40.7 percent, it remains unchanged till February 2020, with speed at 40 percent. Drastically this figure changed in March 2020 after the first week of lockdown and reached 29.9 percent and further declined to 27 percent in April 2020. This sudden increment in the unemployment rate is an alarming situation that is to be deeply considered by the Government of India.

Result and discussion: -

The unorganized sector has been the worst hit by COVID-19. Therefore cash-starved businesses have either shut search or delayed workers' salaries. An attempt ought to be created to form information of migrant employees is most important. The info ought to record the complete details, like the whole variety of migrants, urban-rural migrants, gender division in such information, and then forth. However, our recent expertise with the migration of employees to their native places was a forbidding lesson in focusing additional on maintaining holistic records that square measure updated often with crucial details that embody, inter-alia, current areas of labor, bank accounts, residence, and place of nativity. Such information may additionally make sure the delivery of targeted economic advantages.

Conclusion: -

We all tend to come together when faced with an external challenge and put our differences aside, resolving all common and territorial issues and this will be presumably the essential element for emerging more reliable and better, a time all nationals coming together around common goals: alleviating distress, protecting the

population, and creating better futures for every Indian. Modi Ji has supported indirectly to these unorganized sectors in the form of a 20 lakhs crores package. But the situation is worst for these sectors; they need direct and immediate support in the form of cash assistance. Instead, this package s has motivated the small businessmen and self-reliant areas to take more loans on easy terms and reduced rate of interest with delayed premium payments. But in today's scenario problem is worst, they need assistance for fighting current situation, if they would be unable to face current challenges, how they can expect a prospect of the business and secondly the Government department should be streamlined and expanded to reach out to the unorganized sectors and bring such workers under the code purview. The Government should announce carefully targeted stimulus packages for specific areas like MSME, NBFCs, unorganized labor, and traders to cover a large section of the population and to provide relief to sectors that generate employment and stability.

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