

## **CRITICAL REVIEW ON SOCIO-ECONOMIC VULNERABILITY OF INFORMAL WORKERS**

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### **Abstract:**

The literature showed that because they work in appalling conditions and have no social or job security, casual workers are the most vulnerable group in society. These laborers face extended workdays, physical difficulties, mental distress, and restricted access to clean and safe restroom facilities at work. Numerous studies suggested practical steps to create successful, inclusive social protection systems. The labor market needs to be regulated, and the economically disadvantaged segment of society needs to be protected. In addition, the urban informal sector needs administrative, institutional, and financial support. In this article, critical review on socio-economic vulnerability of informal workers has been discussed.

**Keywords:** Socio-Economic, Vulnerability, Informal, Workers.

## **INTRODUCTION:**

Workers in informal sector units are deemed to be informally which defines the informal sector as a group of production units comprised of unincorporated enterprises owned by households, including informal own-account enterprises and enterprises of informal employers. Consequently, employment in unincorporated small or unregistered enterprises is classified as informal sector employment, which also states that employment in the informal sector comprises all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or secondary job. The accepted rationally and consistently linked the enterprise-based definition of employment in the informal sector to a more comprehensive job-based idea of informal employment

## **REVIEW OF LITERATURE:**

Sumalatha et al. (2021) examined the working conditions of female domestic workers in the unorganized sector. The outcomes showed the appalling state of the livelihood, security, and health of domestic workers. 40% of women worked without any safety precautions, and they frequently faced prejudice at work. They dealt with health problems, an increase in household responsibilities, and domestic abuse. The study concluded that in order to address the persistent issues of poverty, health risks, and social exclusion, there is an urgent need for governmental assistance and national policy that explicitly targets women employed as domestic workers.

Mallick and Satpathy (2021) evaluated the socio-economic circumstances of women "Beedi" workers at the state and district levels in addition to estimating the number of these workers. Even Ministry of Labour and Employment publications showed notable disparities in the data that is currently available on women employed in Beedi. The study showed that over 80% of Beedi workers are female and primarily reside in rural areas. There are registered businesses that employ women. More than 90% of female beedi rollers work without a documented contract and are not entitled to social security or paid time off.

Khan (2021) used unit-level data from the "Employment-Unemployment Migration Survey" of 2007–08 to assess the effect of migration on the labor market outcomes for non-migrant workers in India. The study found that migrant workers' preference for non-migrant workers has a negative effect on employment in the informal sector.

Khanna (2021) looked into how trade liberalization affected the BRICS countries' informal economies. According to the study, there may be more to the informal sector than meets the eye. The informal economy's sizeable share of the economy may contribute to concerns with inequality, efficiency, and other aspects of development.

Mitra (2020) investigated the nature of the connection between migration, informal employment, and urbanization. The study showed that because there is a high likelihood of employment in the informal sector, migrant workers are drawn to it. Workers in the informal sector may not always earn more money because of the inter-sectorial connections between these sectors and formal businesses. The study recommended a distinct informal sector policy to improve the lives of informal workers.

Srivastava (2020) looked into the impact of social security benefits on informal workers. The study's main objective was to improve India's social protection programs for internal migrants, especially seasonal and circular migrants, who have limited civil rights both at the point of arrival and at the point of departure. The report made the case that social protection is on the concurrent lists of federal, state, and municipal governments, making it more difficult to connect with seasonal and circular migrants who move between states. The study concluded that higher levels of government apparatus should be in charge of coordinating basic financial and administrative procedures.

Dutta (2020) asked about the fragility of employment in India's urban informal sector. The study found that the decline in economic activity during economic shocks primarily affected daily wage earners and home businesses. The study suggests that, in addition to short-term requirements, long-term policy initiatives are also necessary.

Chakraborty (2020) used data from the Periodic Labour Force Survey (PLFS, 2018–19) to investigate the insecure nature of work for women who are informal workers. The study showed that women are disproportionately assigned to domestic tasks based on their gender and that this inequality grew worse during periods of economic shocks such as the COVID-19 pandemic and the subprime crisis. When it comes to paid employment, women typically work in dangerous, stigmatizing, and risky jobs without receiving the government-mandated minimum pay.

Natarajan et al. (2020) looked at the possibility of people advancing from lower-tier to higher-tier informal jobs as well as from informal jobs to formal jobs and vice versa. According to the survey, independent contractors move about comparatively more than salaried employees. Compared to lower transition, informal workers who experienced upward transition had a significant increase in income.

Srivastava and Padhi (2020) compared the growth rates of wages and salaries in India from 2004-05 to 2011-12 and from 2011-12 to 2017-18. The analysis discovered that the informal sector was most negatively impacted by the fall in wage growth, which occurred in the second period. They verified that the economic crisis is linked to a sequence of shocks to economic policy that started in the early 2010s and got worse following demonetization and other policy shocks.

Chakrabarti (2019) studied the expansion of the Indian economy's globalization. According to the report, the informal sector in India is growing in step with the country's general economic growth, with only a small portion of it exhibiting evolutionary trends and the majority stuck in stagnation. She maintained that, in order to survive, the unorganized sector must organize itself into clusters.

Yamuna and Babu (2019) talked about the unfairness that informal sector workers deal with as well as solutions to the issues that affect them. According to the survey, a sizable share of the vulnerable workers are women and children. The most vulnerable people face physical challenges, psychological distress, and abuse in addition to having the lowest-paying occupations. The report recommended resolving the disparities that impact employees in the unorganized sector.

In the Punjabi Malwa region, Garg (2019) investigated the working conditions and workplace prejudice experienced by female employees. According to the survey, women who work in the unorganized sector encounter a number of issues, including social instability, a lack of forums for lodging complaints, verbal and physical abuse, and access to clean, safe restrooms at work. The report recommended adult education as a means of raising these women workers' living conditions and providing for their children's education.

Bailey et al. (2018) provided an illustration of the subpar living conditions and precarious circumstances present in urban informal settlements. A large number of impoverished rural laborers moved to cities in search of employment. The need for reasonably priced housing rises along with the number of low-skilled and impoverished workers. Due to a lack of housing, they are forced to live in urban slums or on the outskirts of cities. To ensure that the slum residents could continue to live at a minimal quality of living, the author proposed a supportive and accommodating approach.

Stuart et al. (2018) looked into the government's trends and policies regarding the informal economy. The writers contended that governments had a difficult time formulating policies because of the informal sector's diversity. The report suggested implementing several policies together as a cohesive unit.

The benefit patterns of the "Atal Pension Yojna (APY)" social security system for unorganized workers in India were examined by Arora and Kundu (2018). They maintained that, compared to other saving and pension options available to employees, the interest rate on APY is marginally lower. Furthermore, the government is not making an equal contribution for participants who enrolled in the program before March 31, 2016. The study suggested that the program be made more appealing to informal workers and that the upper age limit for program eligibility be raised for them.

Bairagya (2018) conducted research on unemployment among India's educated labor force. The study examined whether or not there are differences in the factors causing unemployment between

the educated and unskilled workforces. For the analyses, the study used a multinomial probit model. The primary causes of unemployment, according to the study, were the lack of regular salaried work and educated people's reluctance to accept low-paying informal jobs. The study suggested that since technical and vocational education increases the likelihood of obtaining employment, it should be promoted for the purpose of skill upgrading among both educated and uneducated workers.

In his research, Kanbur (2017) quantified the informality of the Indian labor market. Using several rounds of the National Sample Survey Office (NSSO) on Employment and Unemployment, he attempted to investigate the trend, share, and productivity of informal sector employment in the industry. According to the survey, the majority of Indian businesses do not fall under the Factories Act since they employ fewer than ten people. In addition, the informal sector's labor productivity (Rs. 23,400) is lower than that of the official sector (Rs. 1,35,626). The study discovered a strong correlation between India's informal economy and poverty. It suggested placing a strong focus on financial inclusion for individuals in the unorganized sector who are shut out of the contemporary formal banking system.

Brzeska et al. (2015) investigated the main social protection policies for underprivileged, vulnerable, and impoverished populations throughout India's swift economic change. To identify any gaps in these social security measures, the study examined poverty patterns and policy reviews. The research recommended that the government take further action to create effective, cross-sectoral social protection programs. Protecting the social groups in metropolitan areas who are economically disadvantaged should be a top priority.

Williams (2015) looked into variations in the size of the informal economy between countries. The author used the dynamic multiple indicators method to analyze the informal economies of 33 nations worldwide. The study found that the three most crucial components for a sizable informal economy are under development, public sector corruption, and overregulation. The report included several recommendations for improving state operations, including efficient taxation, thwarting corruption, and modernizing for the growth of the unorganized sector of the economy.



Sawhney (2013) investigated the demographic characteristics of the Indian urban slum population. The study examined initiatives aimed at slowing the expansion of slums in India. The issue of the lack of affordable housing in conjunction with the quickening rate of urbanization was the main focus of the study. The report suggested that "good governance" be implemented at all governmental levels and that money be distributed to the intended population.

Bhowmik (2012) examined social protection strategies designed for workers in the informal economy. The study examined the different regulations and expenses related to offering social security benefits to workers in the unorganized sector. The author proposed that the federal government and the state governments should each contribute equally to the various programs intended for the unorganized labor force.

Kannan and Raveendran (2009) examined the economic and employment growth of the organized manufacturing sector before and after the economic reform era. Using data from the Annual Survey of Industries (ASI) for the manufacturing sector, the study looked at trends in employment and industrial growth. The study discovered that certain business groups expanded and added net jobs to the economy, whereas other business groups expanded primarily by cutting jobs, leading to growth in the unemployed population. The report expressed serious concern about the growing unemployment rate.

Ghose (2006) examined India's economic expansion and concluded that the modern sector benefited more from the rise than the traditional sector. Reviewing the employment, wage, and economic growth trends in the Indian economy was the author's method. He implied that the expansion of the contemporary sector by itself is unable to increase real wages or decrease labor surpluses in the traditional sector.

## **CONCLUSION:**

Informal labor currently dominates the Indian labor market and will do so for a longer period of time. In the informal sector, the majority of workers are underpaid, have unstable jobs, and get inadequate social security benefits, making them vulnerable. The self-employed or casual laborer

without a formal job contract makes up the informal sector. For migrant workers and low-skilled workers, finding work in the informal sector is relatively simpler and less difficult. The unofficial sector consists of unregistered, unregulated businesses that do not have official government support or recognition.

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