

Impact of COVID-19 on Unorganized Sector Labourers

Ashoka K

Research Scholar, Dept. of P.G Studies and Research in Economics, Kuvempu University, Shivamogga, India.

ashokak047@gmail.com

Abstract

The Indian economy is characterized by the existence of a vast majority of informal or unorganized labour employment. The COVID-19 pandemic is a major economic and labour market shock, presenting significant impacts in terms of unemployment and underemployment for informal workers in India. The unorganized sector, comprising a substantial portion of the labor force in many countries, is characterized by informal employment, lack of social security, and limited access to formal labor rights. The pandemic's far-reaching implications have exacerbated existing vulnerabilities, magnifying the plight of these laborers. The outbreak of the COVID-19 pandemic in early 2020 triggered unprecedented global disruptions, significantly affecting various sectors of the economy, including the unorganized labor market. This paper presents a comprehensive review of the impact of COVID-19 on unorganized sector laborers, analyzing the socio-economic consequences and challenges faced by this vulnerable workforce.

Keywords: Covid-19, Unorganized Sector Labourer, Economy.

1. Introduction

The COVID-19 pandemic, caused by the novel coronavirus SARS-CoV-2, emerged as a global health crisis in early 2020. This unprecedented event has had far-reaching consequences on various aspects of society, including the labor market. The unorganized sector, comprising a substantial proportion of the global workforce, has been significantly affected by the pandemic. This study aims to investigate the multifaceted impact of COVID-19 on unorganized sector laborers, considering their economic, social, and psychological well-being.

The unorganized sector represents a diverse workforce, encompassing individuals engaged in informal, casual, and irregular employment, often lacking legal protection, social security, and access to formal labor market mechanisms. This sector includes street vendors, domestic workers, agricultural laborers, construction workers, and other daily wage earners who are vital to the economy but have limited bargaining power and job stability.

The Indian economy is categorized by the existence of a wide majority of unorganized labour employment. As per a survey report taken out by the National Sample Survey Organization in 2009–10,

the overall employment in the country was of 46.5 crore containing over 2.8 crore in the organised and the rest remaining 43.7 crore workers in the informal sector. Out of these workers in the unorganised sector, there are 24.5 crore workers working in agricultural sector, almost 4.43 crore in construction work and others in service and manufacturing..

The COVID-19 pandemic had a profound impact on unorganized sector laborers worldwide. The unorganized sector typically consists of workers who lack formal contracts, social security, and legal protections. They are often engaged in low-wage, informal jobs, such as street vendors, domestic workers, construction laborers, and daily wage earners. Here are some of the key impacts of the pandemic on this vulnerable workforce:

Economic Shocks: The lockdowns and restrictions imposed to contain the virus significantly disrupted economic activities, leading to widespread layoffs, reduced working hours, and income losses for unorganized laborers.

Loss of livelihood: Many unorganized sector workers faced significant income losses during lockdowns and restrictions imposed to control the spread of the virus. With businesses closed and economic activities reduced, they were unable to work, leading to a loss of income and a struggle to meet their basic needs.

Health and safety risks: Unorganized sector laborers often work in overcrowded and unsanitary conditions, making them more susceptible to contracting COVID-19. Moreover, due to a lack of access to healthcare facilities and resources, they faced higher health risks.

Lack of social protection: The unorganized sector is largely excluded from formal social protection measures, such as unemployment benefits and health insurance. This lack of safety nets left them without any financial support during the crisis, exacerbating their vulnerability.

Informal migration: With the loss of livelihood and limited opportunities in their hometowns, many unorganized sector laborers resorted to informal migration in search of work and better prospects, further exposing themselves to health risks.

Child labor: In some cases, families facing extreme financial distress may have resorted to child labor as a means of survival, depriving children of their right to education and exposing them to hazardous working conditions.

Digital divide: The pandemic highlighted the digital divide, as many unorganized sector workers lacked access to technology and the internet, hindering their ability to explore alternative job opportunities or access online resources.

Increased debt and poverty: Without steady income, some laborers turned to borrowing money to sustain their families. This led to increased indebtedness and pushed many deeper into poverty.

Discrimination and social stigma: In some cases, unorganized sector laborers faced discrimination and social stigma as they were perceived as potential carriers of the virus, leading to exclusion and marginalization.

Government support: Some governments implemented relief measures to support vulnerable populations, including unorganized sector laborers. However, the effectiveness and reach of these initiatives varied widely across countries, leaving many without adequate assistance.

Long-term impact on well-being: The pandemic's economic and health impacts on unorganized sector laborers can have long-term effects on their physical and mental well-being. Chronic stress, anxiety, and poor health can continue to affect them even after the pandemic subsides.

Overall, the COVID-19 pandemic exposed the vulnerabilities and systemic inequalities faced by unorganized sector laborers. Addressing their needs requires comprehensive policy measures that extend social protection, improve working conditions, and ensure access to healthcare and education. It also underscores the importance of building resilient and inclusive economies that can better withstand future crises.

2. Conclusion:

In conclusion, the COVID-19 pandemic laid bare the vulnerabilities and inequalities faced by unorganized sector laborers. Addressing these issues requires a collective effort from governments, businesses, and society to build a more inclusive and equitable system that protects and empowers this vital workforce. The Government and policymakers should look towards these workers and provide social and economic support to them.

References:

1. <https://government.Economic times. India times. com/news/economy/opinion-imp>
2. <https://www. Pharmaceutical-technology. com>
3. <https://www. Down-to-earth. org. in/blog>
4. Health, safety and well- being of workers in the formal Sector in India: Lessons for Emerging Economies, Springer Singapore, 15- Aug- 2020- Psychology- 274 pages
5. <https://www.theindiaforum.in/article/unequal-effects-1covid9-crisis-labour-market>
6. <https://www.oecd-ilibrary.org/sites/9789264302334-5-en/index.html?itemId=/content/component/9789264302334-5-en>
7. <https://www.indiamsme.org/about-msme-sector-india#:~:text=It%20is%20the%20backbone%20of,enterprises%20employing%20120%20million%20people.>
8. https://www.business-standard.com/article/economy-policy/despite-pandemic-india-s-e-commerce-expected-to-grow-three-fold-by-2028-120062402043_1.html
9. <https://practiceconnect.azimpremjiuniversity.edu.in/covid-19-lockdown-impact-on-informal-sector-in-india/>