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# Impact of Covid 19 on Unorganized Sector in India

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MANSI CHAHAR<sup>1</sup>

## 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 economy<sup>2</sup>. 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.*

## I. INTRODUCTION

Companies and industries worldwide are undergoing workforce disordering at an unrivalled scale and speed. Eventually all companies are still determining how we will work in the short- and long-term. But speed is of the spirit, as our workforces and communities try to work and perform, while working hard to collaborate with what is happening in their daily routine lives. Companies, governments, people, and non-profits all play essential and effective roles in implementing a human-oriented, systems-minded approach that encourages shared workforce flexibility. This is not a one-time process. It needs the progress of determined potential and arrangement over stakeholder groups.

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<sup>1</sup> Author is a Student at Banasthali Vidyapith, India

<sup>2</sup> Economic survey 2014-15

## II. UNORGANIZED SECTOR IN INDIA

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<sup>3</sup>.

According to the Economic Survey of 2019, ninety percent of the overall workforce of the nation is from the employed in the unorganized sector. Moreover, government think tank NITI Aayog, in a report brought in 2018 said that 85 percent of the total workforce was a fragment of the unorganized sector. The recurring Work Force Survey of 2017-18 manifest that seventy one percent of the regular employees in the informal sector do not have a written work contract. 49.66 percent of them do not uniformly appertain for social security schemes and 54.22 percent do not get paid leave.

## III. INDIA'S UNORGANIZED SECTOR IS DWINDLING

The continuing lockdown over India has been resembled to the demonetization occurred in 2016. It was a drastic and even an extraordinary change, people supported it in large. This emergent lockdown was a quick decision decided by the Prime Minister. It has huge entanglement for society, the poor in accordance. Even the same happened in the implementation of GDP in the country. It shows an attentiveness of command at the highest level in the government, considering the magistracy of Indira Gandhi. But in disparity to government-functioning in the 1970s, the recent order has seen a diminishing of the state.

The small and medium enterprises, which recruit around 40 per cent of the Indian labour force, are facing the biggest smack due to the lockdown. The relax package does not acquire their fixed costs, which cover up to 30-40 per cent of the overall cost. This has evolved in enterprises reducing or deducting costs by dispersing workers, who are verbose during a lockdown. 94% of India's 500 million-plus informal labour force is covered in the unorganised sector. They work without contracts and do not have the preventive concealment of trade unions. Therefore, it is easy to remove these workers of their one time job which is their survival tool, this ultimate process that has eventually commenced. In factual basis, most of the unorganised labour were asked to leave the accommodation provided to them, under the irrelevant excuse that they

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<sup>3</sup> National sample survey organization report 2009-10

create health risk. Due to this they have turned into restless migrants without shelter and mere protection. They don't even know whether they will survive or not, they have fear of dying due to starvation rather of disease.

Actually, the problem of the weaker sections of the society is not just financial or economical. The lockdown has been started in such a way that it has already resulted in their misbalanced lives and settlement. The quantity of additional food that needs to be distributed under the PDS has not been considered essential in many states. But, Kerala is an exception and an inspiration for other states. Recovery rate of the patient is significantly much higher than the other states. It's the responsibility of government as well as the companies to protect and safeguard the lives of the needy who are jobless and dying of starvation and estimated poverty. Asking the depressed and tensed labour workers to go back to their villages and residents is inappropriate. They are left behind with no earning and shelter. They have financially being push down, their desires and demand from the government is still hidden. Their trust might fade away. Government role must be remarkable in the lives of people than only they will support the government in its initiatives and upliftment.

It has now become essential to protect the migrants by providing sufficient and necessary aid which will help them financially and economically otherwise the governance may be disturbed. The state has to protect its citizens physically and even financially to combat this situation of mere disturbance. The rights of the people should be preserved and should be given consideration.

#### **IV. POVERTY AND DISTRIBUTIONAL IMPACTS OF COVID-19**

This immediate impact of this virus is disastrous, it is taking the lives of people inhumanly. The cases are expeditiously rising. The lives of the people is in danger. Most of the people have realized this is long lasting process as it impact would be seen in near future, eventually for a year or more.

The COVID-19 crisis is having a disastrous impact on all points of our precious lives. There is a significant focus on the lives of people but it will remain the same in upcoming months. There is a concentration on the statistics too. The relevant data is provided through various means and medium. Also, there is a high level of interest in the many other impacts and effects of COVID-19, involving the many economic and market impacts including the migrant labour force, which have been immediate and very significant, and likely to continue in the near future or even beyond. The impact of the virus is severally on the workers all over the globe. Some are being dismissed from their jobs, some are facing immense loss of livelihood, some are

facing reduction in their salaries and wages, some are working online with a huge reduction in salary, and some are being asked to leave their accommodation and went off their villages. It's difficult to analyse or evaluate the overall or total impact of COVID-19 as it can be estimated only, the actual impact is much more severe and complicated. This is a condition of almost several countries across the globe they are dealing with so many problems and difficulties. They have chosen to save the lives of people over economy. The GDP is affected as the production is stopped and the economic cycle of capital formation is disturbed and will take time for recreation.

## **V. IMPACT ON EMPLOYMENT AND LABOUR**

The immediate accordance of the COVID-19 pandemic is commencing critical hit to the economies, businesses and workers. First and most importantly, states are increasing their health care facility in the programme that desires for medical services rush. The total no. Of medical facilities should be in accordance with the no. of patients increasing daily. The health care facilities are the key elements to combat the diseases.

States are taking several preventive measures to avoid corona virus transmission by restricting going on public places like restaurants, parks, malls, plaza, restaurants, hotels and so on. Government is seeking the advice of Medical Experts in this situation, the States are trying to spread awareness among people by providing relevant information and also to provide it ease the government has come up with an app that is arogya setu which gives its users basic and relevant information including the appropriate statistics of no. people suffering from corona with recovered rate and overall death nationwide, It also alarms people by provided information regarding corona positive patients nearby .

There are several challenges which are emerging nowadays. As the government has to come up with schemes and policies to protect the livelihood of needy as the drawback of this pandemic is a hazard throwing back people to their residents without job or earning.

## **VI. CONSEQUENCES OF IMPERFECT LABOUR MARKET**

The quality, quantity and effectiveness of workers is affected harshly. The rate of unemployment has increased drastically also with an increase rate in underemployment. There is employment crises due to a stop in production. This has resulted in decline of GDP rate significantly. Whereas, the organizations, industries have to implement policies and schemes such as insurance policy, allow online working should also provide incentives as the consequences of such a pandemic are severe and harsh. There is a huge loss in almost

all sectors whether formal or informal. This misbalanced in the economy is a long lasting process with a struggling future.

Over Ninety Percent of India's Labour force is in the unorganized sector. According to the survey report of Centre for Monitoring Indian Economy's, the Consequences of Corona virus has already led to a decline in urban employment rate which on 5<sup>th</sup> April was 30.9% and on 8<sup>th</sup> May it reached to 8.21%. Statistics shows that around 400 million Unorganized workers in India may not be able to get back to their work or job for a longer time, especially depends on the production process and capital formation in brief.

Without sufficient help or support from the government they can't stand in this race of life and if this situation continues they will force their children to work and earn, child labour will rise expeditiously without any intervention or interference.

The lives of children of farmers and agricultural labourers in India are at huge risk. As the government has restricted movements in harvesting time where their occurs a need of supporters or workers this will lead to an increase in child labour across the nation in absence of unorganized labour.

The situation will also be severe for lawfully working children of age group from 15 to 18. The Child Labour (Prohibition and Regulation) Amendment Act, 2016, which prohibits the working of children in hazardous places of work which are harmful for children. It provides several provisions to protect the lives of children from this danger<sup>4</sup>. The government has to look after this alarming situation by keeping a check on increase in no. of labor force of age group 15 to 18 and should prohibit their working in these places. People have to under that child labor is restricted and is punishable too also it violates the fundamental right conferred in part of Indian Constitution that is Right to education<sup>5</sup>

## **VII. MEASURES TO HELP UNORGANIZED SECTOR AND ECONOMY OF THE NATION**

The Bombay high court 12<sup>th</sup> may 2020 stated that the principle of 'No work no pay ' cannot be made applicable or impossible in such a difficult circumstances remaining in the country due to the pandemic of corona virus . The principle of "No work no wages" shall not be applied till further orders.

The Allahabad High Court on 14<sup>th</sup> May, 2020 issued notice to the U. P government in a Public Interest Litigation challenging the government order for relief of certain labour laws,

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<sup>4</sup> Inserted by the Child Labour(Prohibition and Regulation) Amendment Act,2016

<sup>5</sup> Article 21A,inserted by the Constitution (Eighty-sixth Amendment Act),2002

significantly the provision of the Factories Act, 1948. According to the notification no adult worker or labour shall be permitted to work in factory for more than 12 hours in a day and 72 hours in a week. Wages shall be in the proportion of the prevailing wages.

The no. of children who will be victims of the COVID-19 pandemic need urgent attention from states and Authorities. The emerging point should be the parents. Eventually, policy efforts should be taken to give employment and income protection to all unorganized sector workers to Restoring the labour and economy demand. As an immediate measure, states should empower efforts to continue education for all children, using all available and appropriate technology. Financial protection or relief of school fees and other related school expenses should be provided to those children who wouldn't be able to come back to school. Governments should also implement measures to ensure incorporation of children with disabilities. States can went out to NGOs working on children with afflictions and enroll with them at each level of the response.

It is a difficult to say that our world has converted drastically in the last few months. The novel coronavirus pandemic has resulted in severe loss to the global economy and the loss of human lives has been unparalleled in a period of global peace and harmony. The pace at which the challenges have appeared is frightening. Governments and health Experts are continuously measuring the response to this pandemic and sudden strategic alterations are being done.

We are now in lockdown, examining novel medical treatments and are on the search for a vaccine that will restrict this virus in its path. The scientists, doctors, Medical experts are constantly working to protect the nation from the pandemic. They are walking together with us by pushing their lives in danger, they are protecting us by giving us required treatment. The Government on the other hand is coming with immense initiatives. Their hard work is remarkable and fortunate. The index is long and not a single sector has been spared by the COVID-19 pandemic.

Furthermore, we must concentrate on re-setting the Indian economy. From the past few years there has been a decrease in India's GDP growth rates and the difficulty has been again aggravated by the COVID-19 pandemic.

Therefore, we can work to combat this situation by supporting the government in their policies and initiatives. We have to work in collaboration and have to understand the problems of each other. Because, even the government is facing severe difficulties and problems in this situation the support of people will definitely work for long. The condition which is prevailing is disastrous but we have to face it as we don't have an alternative plans.

## VIII. COURT DIRECTIONS

The Supreme Court on 13<sup>th</sup> May 2020 directed the State Government of Assam to respond to a plea seeking payment of wages and ration supplies to Tea Plantation workers within 10 days. On April 5, 2018, the Supreme Court had directed four States to make an interim payment of approximately Rs. 127 crores to tea garden labor's whose legal dues had still remained unpaid from 15 years now.

A bench of Judges consisting of Justice L. N Rao and Justice S. A Bobde decided and directed the states of Kerala, Tamil Nadu, Assam and West Bengal to do the payments on the petition filed by the International Union of Food Association and the Paschim Banga Khet Majdoor Samity.

The Karnataka High Court on 12<sup>th</sup> May 2020 decided and directed the Central and State government to take urgent decision on the question of paying railway fare to those migrant unorganized workers who want to travel back to their states but cannot do the same due to lack of capacity to pay the fare.

A Judicial Bench of **Chief Justice Abhay Oka** and **Justice B V Nagarathna** said:

“Prime facie, it seems to us that taking in view the constitutional rights or fundamental rights of the migrant workers, no one should be denied of a privilege to go back to his own state for the reason that he is incapable to pay for the transport. The reason is that inability to pay is due to loss of livelihood”.

It adjoined,

“The Central and the State Government, during this hard time, must encourage the great contribution done by the migrant workers in a huge number of various private and public projects which have donated to the improvement and development of the infrastructure in all the States and the development of the economy. At a time when the migrant workers who have made such a huge contribution are facing distress, both the Central and State Government must come in front to help them to guarantee that at the earliest, they went back to their home States. Furthermore, no migrant worker should be denied of an opportunity to travel back to his home State, if he desires to do so”

## IX. CONCLUSION

It's our responsibility to support the government in this pandemic. We should help the government by contributing in PM cares fund. The situation of the unorganized sector is vast and especially the migrants. The Government as well as the judiciary is providing directions to

protect the economically weaker section of the Society. “Several sections of the society have been adversely affected by COVID-19. If the category of gig workers have no protection, it is for them to make appropriate representation to the State government will consider the same expeditiously in accordance with the law and order with the judicial Bench of Judges.

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