

A COMPARATIVE STUDY OF INDIAN UNORGANIZED AND ORGANIZED SECTOR WITH REFERENCE TO TEA PLANTATION WORKERS

Dr. Baloy Bhattacharjee

Assistant Professor, Department of Legal Studies, Arunachal University of Studies, Email: baloybhattacharjee@gmail.com, ORCID ID: 0000-0003-2436-0089

Sailesh Sharma

Research Scholar, Department of Legal Studies, Arunachal University of Studies

Abstract

With a population of over 130 million, India's economy has had both formal and informal sectors that have fueled economic growth so far. It is important to note that the term "formal economy" is used interchangeably with the term unorganized sector. One example of the informal sectors in India would be the tea industry and the workforce employed under it are unorganized or informal jobs and this industry, like others, has its own rights and protections. As part of the national level, the Constitution of India ensures that the rights of workers as citizens and workers of India are protected. According to the public policy principles of the directive, the state has the power to draft regulations that would ultimately protect the rights of citizens in the workplace. India, based not only on national laws but also on the basis of international treaty obligations, formulates policies and regulations to implement these conventions for the betterment of its citizens. It has been observed that India has largely ratified on the issues of minimum wages offered to informal workers. This study examines the unorganized sector in India in general and differentiates it from that of the organized sectors. It will specifically focus on the Indian tea plantation as an example of Indian unorganized sector and related laws and compare them with the existing scenarios of foreign unorganized sectors.

Keywords: Formal and Informal economy, International Labour Organization, Labour rights, unorganized sector, Tea plantation workers.

Introduction

With a population of over 130 million, India's economy has had both formal and informal sectors that have fueled economic growth so far. It is important to note that the term "formal economy" is used interchangeably with the term unorganized sector. In the early years of the Indian economy after the reforms of the 1990s, workers in the informal sectors were not protected because the state was not aware of their needs and demands. This was later removed,

but the question of whether or not existing safeguards and social legislation ensure that all aspects of the informal sector or the various classifications meet needs remains unresolved. One such sector is the Indian tea industry and its status. As part of the national level, the Constitution of India ensures that the rights of workers as citizens and workers of India are protected. These rights include working conditions, worker safety, protection of workers' lives, etc. Articles 13 and 14 of the Constitution of India ensure that labor is not exploited in workplaces such as factories or for the benefit of minor children. 14-15 year olds are prohibited from working. §§ 15 and 16 of the Constitution ensure that the state is not allowed to make any discrimination that ensures equal treatment of all citizens in public work. Under Part 4 of the Constitution, which also includes provisions relating to employment, the government has some discretion to take initiatives for the betterment and welfare of its citizens. According to the public policy principles of the directive, the state has the power to draft regulations that would ultimately protect the rights of citizens in the workplace. India, based not only on national laws but also on the basis of international treaty obligations, formulates policies and regulations to implement these conventions for the betterment of its citizens. The Indian parliament has ratified the ILO Conventions especially in terms of labor laws and reforms to implement the basic principles of these international conventions. India has also ratified the ILO conventions on unorganized sectors as part of its labor reforms. It has been observed that India has largely ratified on the issues of minimum wages offered to informal workers.

Unorganized Sectors in India

Difference between Unorganized and Organized sectors in India

Before looking into the status of the unorganized sector in India, the very nature of the Indian labour system must be looked into, and it becomes essential to differentiate the organized sector from that of the unorganized sector. These two sectors, otherwise called *Formal and Informal sectors*,¹ have been contributing to the Indian economy till now. The differentiation can be made in terms of *Job security in each sector, wage or salary ratio, working and health conditions, and also the number of workers in the respective sector etc.*² In all these areas, organized workers have comparatively more advantages than unorganized sector labourers. Let us decode why it is so. With respect to security over the job, labours in the organized sector

¹ Borkar, A., & Paul, B. (2015) Employment in Organized & Unorganized Retail. *Indian Journal of Industrial Relations*, 50(3), 517–532. <http://www.jstor.org/stable/24549112>

² Sen, R. (2013). Organizing the Unorganized Workers: The Indian Scene. *Indian Journal of Industrial Relations*, 48(3), 415–427. <http://www.jstor.org/stable/23510788>

hold the job security very tightly, and the termination shall not be made unnecessarily. This means that there is an organization that overlooks these labour matters, selection, appointment, and sometimes the monitoring of labours.

On the other hand, labourers in the unorganized sector (who contribute to almost 50-60% of total workers)³ either fall prey to uncertain employment terms with no proper terms in their contractual agreement that they enter with employers in the concerned sector or no contract at all. This seems to be quite impossible in the 21st century, but the remote villages in the country still suffer this issue merely because of fulfilling their daily needs. Legally speaking, this is called labour exploitation, which unfortunately became part of these informal sectors in India. It is noticed that in the case of workers in public sectors also, there remain huge salary gaps having the ratio of 1:11 between the permanent workers and the casual workers. When it comes to working conditions, organized sectors in India have become part of urban areas whereas, in the case of unorganized sectors, they remain in the rural and remote villages of the country. The main reason for this is the continuance of less literary rate when compared to urban areas with more development and the migration of so-called educated people from rural villages to urban areas.

Regulation of Unorganized sectors in India

Having seen who forms part of the vast unorganized sector and how they are different from the organized sector workers,⁴ it is important to focus on what the Indian legal system offers for the workers in India as a whole and in specific. In India, apart from the Indian Constitution, there are some other central laws relating to unorganized workers or employees. These laws are classified into three main types⁵. They are⁶

1. *Laws that are applicable to the whole of workers in the unorganized sectors,*
2. *Secondly, the laws that are applicable only to a specific segment within the unorganized sectors*
3. *And thirdly, the laws which can be applied or extended to the unorganized sector also.*

³ Regulation of conditions of Unorganized sector in India, August 2007, *National commission for Enterprises in Unorganized sector*; Pg: 154. https://msme.gov.in/sites/default/files/Condition_of_workers_sep_2007.pdf

⁴ Regulation of conditions of Unorganized sector in India, August 2007, *National commission for Enterprises in Unorganized sector*; Pg: 154. https://msme.gov.in/sites/default/files/Condition_of_workers_sep_2007.pdf

⁵ Ibid.

⁶ Ibid.

A total of 17 laws have been brought under the purview of these three categories. Apart from these general legislations, in the year 2004, the Indian government constituted a commission deals with unorganized sectors and its regulation which is national Commission on Unorganized Sector Enterprise. Its main purpose is to take various administrative initiative to ensure the well-being and social protection of all employees in the unorganized sector. According to the report⁷, this commission regulates of the total workers who constitute about 90 to 93 percent of the total workforce in India. The commission also helped increase the inclusive growth of the Indian economy.

Unorganized Sector and Indian Economy

According to 2018 statistics, India's agriculture, forestry and fisheries sectors contributed to this. Accounted for the largest share of the gross value and added 17 percent of the gross value to the Indian economy. Earlier, it was also observed that per capita income also has an equal share of 77 percent in both the formal and informal economy during 1990's onward.

Till the end of the year, the majority of employees belonged to the shadow economy. Daily wage 20 rupees. It is important to note that these workers, mostly informal or unorganized, they are not protected by other reform measures or the law protected their jobs, social security or poverty were not secure mitigation measures. Specifically, this industry has contributed to the Indian economy, but has never been partial to praising the performance of the Indian economy. After thinking about it the CMP (Common Minimum Program) ensured the implementation of the measures their goal of welfare and social protection of the common people, considering everyone concerns arising from the unorganized or informal sector. Unorganized sectors in other countries: To look at the unorganized sector of the world and its behavior requires analysis Reports and publications of the International Labor Organization, whose main motive is, ensure decent working conditions, develop policies and prevent discrimination between women and men around the world. According to the ILO 2018 report, there are almost 2 billion people in the world work in the unorganized or underground economy. The number remains high,

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⁷ Regulation of conditions of Unorganized sector in India, August 2007, *National commission for Enterprises in Unorganized sector*, Pg: 172. https://msme.gov.in/sites/default/files/Condition_of_workers_sep_2007.pdf

women and men in various parts of country in the world. According to the ILO's 2018 report, almost 2 billion people work in the informal or shadow economy, in the world. This number remains high, mainly in the emerging economies and developing countries of the world. The deplorable situation contained in the report is the international organization's finding that not all of these two billion workers have regular systems of social security or rights guaranteed by their employers⁸.

Most of the world's population consumes tea as a popular beverage it is considered the next most popular drink after water. Many countries are involved production and export of tea, which forms an important part of their economy. One the best examples of superior tea-producing countries are Sri Lanka, which is directly related unlike tea production in developed countries such as China and developing countries like India. Considering the total production of the year, it is clear that this production involves a huge amount of work and other structural balances to ensure that there is no exploitation of physical labour and their precious rights. Less understanding of the operating system The International Labor Organization has done this in the unorganized sector such as Tea Plantation prepare a report examining the prevailing working conditions in those unorganized sectors⁹. This section breaks down statistical information about each area of the tea plantation and its operation in India with the help of some empirical reports on it.

1. Working conditions:

According to a 2012 study by the International Labor Organization the total number of workers in the tea plantation in India is approximately 12,00,000 12 thousand (which is the figure up to 2012) and these workers represent 0.3 percent of the total workforce in the region workers in the unorganized sector in India, which is a significant workforce. One main point to note here is the percentage of women in the group, which is 40 percent. This industry is common for a number of women working in it, whether there is a proper employment structure or not. Comparing the number of hours worked by Indian workers in tea plantations with those of other neighboring countries, the data shows that Indian workers work approximately 54.3 hours per week, which is more than the total number of hours worked by a worker in the country¹⁰.

⁸ *International Labour Organization on Informal Economy*, Press release, April 2018, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm

⁹ Louis Pinedo Caro, Wages and Working conditions in Tea sector in India, Indonesia and Vietnam, *International Labour Organization*, 2020. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/projectdocumentation/wcms_765135.pdf

¹⁰ Ibid.

That's 50 hours a week for the average worker in the agricultural sector. It is also important to understand that the Indian tea industry employs more women workers and a significant number of children in tea cultivation and production¹¹. According to a 2019 Oxfam report, working in the tea plantation sector, women suffered significant stress as they had to work long hours, sometimes under the sun, and then walk many kilometers to their homes. If the houses are not close to their actual workplace¹².

2. Salary:

Having seen the number of hours worked by workers in the tea plantation sector, let us focus on the wages paid to those workers compared to the hours they worked¹³. The salary paid to these workers depends on several factors and varies from state to state or property to property. These workers in India get either a monthly salary or a daily salary in some places. They are also entitled to annual bonus packages, depending on the nature of production and employers. Some of the factors that determine the wage rate are the total weight of tea picked by the workers and the price set for that weight. Both the Plantation Labor Act of 1951 and the Minimum Wage Act of 1948 come into play when calculating the amount of wages to be paid to workers. According to the Minimum Wage Act, non-monetary benefits such as basic education, health care, etc. are not included in the calculation of the minimum wage. But unfortunately research shows otherwise, i.e. employers also consider these special benefits as part of the minimum wage¹⁴. As a result, the salary payment was calculated as cash and also as part of fringe benefits. The report says that the wage of a tea plantation worker in Assam state is less than the minimum wage of an unorganized worker in the state, which is two hundred and fifty four rupees as per 2019 statistics. According to an Oxfam report, the wage threshold for tea plantation workers in the state of Assam is estimated to be between Rs 137 and Rs 170 per day. According to current laws, wages should not include services and goods that he would receive as an employee. Whether such wage determination contributes to the economic growth and living conditions of such manual workers or not a question that needs an answer. Some of the survey results showed that there are wage differences between different states India, especially the four main states which produce considerable quantities of tea and it also employs approximately 12 million workers. If there are so many employees or workers, the salary

¹¹ Chakravarty, S. (2014). CHILDREN EMPLOYED IN THE TEA PLANTATIONS OF ASSAM 1880-1930. *Proceedings of the Indian History Congress*, 75, 478–483. <http://www.jstor.org/stable/44158421>

¹² Addressing the Human cost of Assam tea, (October 2017), Pg: 24, www.oxfam.org

¹³ Ibid. Pg: 16-17

¹⁴ Ibid.

difference between southern and northern states has decreased¹⁵. So whatever although the production of tea in India increases every year, the wage level and accounting that remains a mystery to every worker in the Indian tea industry.

3. Living conditions:

The poor workers of Indian tea estates also suffer from much lower wages a major setback, which is the lack or availability of low-quality housing of state governments or employers of similar private tea estates. mandate Sections 15 and 16 of the Mandate Plantation Act 1951 as the employer's duty. in the tea plantation sector, so that adequate housing is ensured for the employee and his work family, if such an employer works longer than six months²⁰. It is also getting stronger concerned State Governments to frame appropriate regulations.

4. Contribution to Indian economy:

As per the Tea board of India's statistics, India had a production of 1257.53 M. Kg in the year 2020 and a production of 1390 M. Kg in the previous year¹⁶. China has remained top in tea production since 2016¹⁷.

5. Literary rate:

The tea plantation in Assam saw a tremendous increase in the employment of workers in the time span of one century since it started its tea production under colonial rule in 1870¹⁸. The workers were hired mostly from nearby areas, and the main reason for such hiring was the illiteracy that prevailed during that time. This issue still continues where the workers in a tea plantation, in general, are not well aware of how their daily wages or the wages are being calculated¹⁹. This leads to the exploitation of manual workers and is a great violation of human rights. This system continues even today, and the current children of those tea plantation workers face a similar problem because of poor infrastructure and poor quality of education in the villages near those plantation estates.

Along with the issue of poor infrastructure, there is also less teaching staff, which makes children less motivated to pursue their primary education. It is observed that younger children

¹⁵ Ibid

¹⁶ http://www.teaboard.gov.in/pdf/Global_Tea_Website_pdf8107.pdf

¹⁷ Ibid.

¹⁸ Chakravarty, S. (2014). CHILDREN EMPLOYED IN THE TEA PLANTATIONS OF ASSAM 1880-1930. *Proceedings of the Indian History Congress*, 75, 478–483. <http://www.jstor.org/stable/44158421>

¹⁹ Neelanjana Mitra. (1991). Indian Tea Industry: Problems and Policies. *Economic and Political Weekly*, 26(48),M153–M156. <http://www.jstor.org/stable/4398369>

in Tea plantation areas of Assam find it difficult to reach their educational facilities as it requires transportation from their side to reach the school, which is around 5km away.

Unfortunately, the report also states that less than ten schools out of fifty offer bus services to their schools. Even if we consider that also, the bus services are not less affordable to these children of tea estate workers. But it is completely not a neglected factor as this bus service helps, as per the Oxfam report, the girl children in the tea plantation sector of Assam to get a primary level of education and not beyond that²⁰.

6. Health conditions:

As mentioned earlier, it is the duty of the government of the state to ensure the proper nutritional food for its people, which has been enshrined in the directive principles of state policy under Part 4 of the Indian Constitution—considering that in mind, one of the best practices of mid-day meals scheme was brought by the then Tamil Nadu Chief Minister – Thiru. Kamaraj during his tenure in the early 1960s. This later became part of the National Midday meals scheme across the country, which contributes to reducing the lack of nutritional food for children and also to lactating mothers through Anganbadis. In spite of these schemes, the report states the truth otherwise. These food schemes fail to fill the stomachs of the children, and some also claim that the food quality is again bad, leading to malnutrition of these children in the unorganized sector. In India, the tea estate owners or the employers, for that matter, have the responsibility to feed the workers with at least one-time meal, which would help women working in the plantation sector to alleviate their malnutrition. But, this has also been criticized for the lack of quality²¹.

It is essential to understand the fact that the works undertaken by the workers inside the tea plantation field have lot many disadvantages to their health than their advantages. Few of them were caused due to plucking of tea leaves, spraying the tea bushes, etc. It is observed that the works are hazardous in nature, and around 45% of the workers were suffering from diseases such as diarrhoea, typhoid and other water-borne diseases. The nature of work also leads to deterioration of the ability of the eyes and causes irritation, asthma, coughs and fevers due to the dust particles and the fumes. Women workers were suffering from dehydration. Some other common health issues that come as part of the work include the defects and illnesses caused due to the pesticides and bites of insects such as spiders, scorpions and even snakes. Apart from

²⁰ Addressing the Human cost of Assam tea, (October 2017), www.oxfam.org

²¹ Ibid.

these, the workers are not provided with adequate healthcare protection, such as additional protection while using harmful pesticides and chemical substances as part of social protection measures in India.

7. Plantation Labour Act, 1951:

The only legislation which deals with the welfare of the plantation worker in India apart from the state made rules under the labour laws is the Plantation Labour act of 1951. The preamble of the act of 1951 states that ‘*An act to provide for the welfare of the labour and to regulate the work conditions, in the plantations*²²’. The act defines the term *worker*; *what is plantation and labour* for the purpose of implementation of provisions of the act²³. Chapters 3, 4 and 5 of the act deal specifically with the health, welfare and the duration of the employment of a worker in the plantation sector. It states that no adult or a child shall be allowed to work for a period exceeding the limit of 48 hours, and such worker shall be provided with a day of rest after a period of work for a week. As part of health and sanitation, the act prescribes the employer of the plantation to provide medical care and other facilities as may be prescribed to the workers and their families. On the other hand, the educational and accommodation facilities must also be fulfilled for the benefit of such workers. Chapter 6 of the act provides certain penalties and procedures in case of failure to abide by the provisions of the act.

In order to ensure that the workers receive the wages separately by excluding the in-kind benefits, the Indian government has come up with a bill in the year 2019 – *Labour code on Occupational safety, health and working conditions bill 2019* – which will provide the worker with the fair wages. Through this bill, the workers shall be provided with the social protections schemes apart from mere wages, and these benefits shall not be deducted while calculating their wages. The bill also seeks to establish the authorities for the proper functioning of the schemes and implementation of provisions of the bill. It is important to note that this code, which forms part of four labour codes, will repeal and consolidate the existing labour laws. The implementation of these codes depends solely on the framing of rules from the side of the states, as the subject of labour falls within the purview of the concurrent list²⁴.

Findings and Conclusion

²² Preamble of the act, 1951

²³ Section 2 of the act, 1951

²⁴ Budget 2022: All eyes on implementation of Four labour codes, January 2022, <https://www.businesstoday.in/union-budget-2022/expectations/story/budget-2022-all-eyes-on-labour-codesimplementation-320636-2022-01-28>

As part of comparative study, the paper observes that the rights of tea workers in India remain untouched in various segments as the conditions existing prior the enactment of Plantation labour act and post its implementation remains to be same. Some of the issues such as Health conditions, improper housing etc directly contravenes the principles enshrined as part of Indian constitution and specifically disables the tea workers of their fundamental rights, for which they are entitled to. When it comes to economic contributions of these tea workers, it is clear that they have been continuously producing the tea products by working extremely. India remains as one of the top ten countries in tea production sector across the world. But, there are also instances where these productions slightly decrease with the failure and improper implementation of labour laws and the schemes related thereto.

Having compared the tea plantation sector in India with that of the foreign countries, it is clear that the sector is regulated only by the Plantation labour act of 1951 and there is definite need for the parliament to ensure that all the rights of those workers in the tea plantation sectors are fulfilled, which again falls within the field of both Directive principles of state policy and as part of Fundamental rights. In order to protect the workers of tea industry and their livelihoods, the discretion vests with the parliament to take note of all aspects which are discussed above and should come up with enough legal measures to prevent the workers and their livelihoods.