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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# A Study on Problem Faced by People Working in Unorganised Sector

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**ABSTRACT:** The unorganized sector is an important part of the economy of most developing nations as it offers working opportunities to most of the labor force. As important as it is, the workforce in this sector is exposed to various challenges that affect their living standards and financial stability. This article discusses the different issues faced by workers who are involved in unorganized work, such as no job security, low wages, no social security benefits, poor working conditions, and exploitation by the employer. Moreover, occupational health risks, gender discrimination, and lack of legal protection further increase their vulnerability.

One of the primary issues for workers in the unorganized sector is the lack of job security. Work in this industry tends to be casual or contractual, which exposes employees to instant loss of employment with no financial protection. The absence of formal employment contracts also denies such employees substantial legal recourse against employers in case of wrongful dismissal or conflict. In addition, the nature of irregular work tends to generate uncertain income, and this hinders the ability of workers to budget for the future and take care of their everyday financial needs.

**KEYWORDS:** Unorganised sector, Informal employment, Employment instability, Poverty, Health issues, Livelihood challenges.

## I. INTRODUCTION

The unorganized sector is an important contributor to the economic growth of most nations, particularly in developing economies such as India. It involves a large number of occupations, such as agricultural workers, construction labourers, domestic servants, street vendors, artisans, and small-scale producers, among others. As compared to the organized sector, with its structured employment, fixed salary, and legal protection, the unorganized sector does not enjoy these protections and is thus exposed to exploitation and economic uncertainty. Though they generate a large part of national income and employment, workers in the sector are mostly invisible in official economic planning and labour policy.

One of the major issues confronting workers in the unorganized sector is job insecurity. The nature of employment in this sector is informal in the sense that no contractual arrangements are in place, leaving workers vulnerable to abrupt termination of employment. Moreover, wages tend to be low, irregular, and subject to outside influences such as changes in demand, seasonal labor, and economic crises. The lack of a minimum wage law also widens financial distress, compelling workers to accept unfavorable working conditions to maintain their livelihoods.

The second most critical problem is the absence of social security and welfare entitlements. Organized sector workers are eligible for benefits like health insurance, pension plans, leave pay, and safety standards in the workplace. But the unorganized sector workers are mostly deprived of these benefits, and therefore they are prone to economic shocks like illnesses, accidents, or sudden unemployment. Female workers, in specific, encounter other difficulties such as wage discrimination, unsafe working conditions, and no maternity benefits.





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### OBJECTIVES OF THE STUDY

- To understand socio-economic conditions of unorganized sector workers in Tirupur.
- To assess the workplace treatment of workers in the unorganized sector.
- To identify the key challenges faced by workers in the unorganized sector.
- To analyses the level of job security among unorganized sector workers.

### STATEMENT OF THE PROBLEM

The unorganized sector accounts for a large share of the labor force, particularly in emerging economies. Though it plays an imperative role in employment creation and economic growth, it still remains loosely organized, with workers denied proper legal coverage, job security, or social security entitlements. Unorganized sector workers are beset by many ills, such as irregular and low compensation, denial of access to medical care, hazardous working conditions, and susceptibility to economic decline. The lack of labour legislation controlling their employment conditions aggravates their exploitation, resulting in long-term socio-economic inequalities. One of the most pressing problems faced by the unorganized sector is income uncertainty and financial insecurity. A large number of workers do not receive a fixed salary and depend on daily wages or seasonal work, making their earnings unpredictable. The financial instability results in struggles to meet basic needs such as food, shelter, education, and healthcare.

Secondly, the absence of written contracts makes it impossible for employees to appeal against wage robbery or unexpected firing. A serious issue is the absence of social security and welfare programs. While workers in the organized sector benefit from services like pensions, insurance, and leave with pay, the unorganized sector is deprived of all such protections. This deficiency in social security renders them extremely vulnerable to economic shocks like medical exigencies, layoffs from work, or economic downturns. Women workers have their own set of additional problems in the form of discrimination based on gender, lower pay than their male counterparts, and absence of maternity benefits. Unhealthy and exploitative working conditions further compound the miseries of unorganized workers. These are often high-risk occupations that entail dangerous surroundings, including toxic substance exposure in manufacturing jobs, adverse weather conditions in construction industries, and manual labour in the agriculture sector. Labourers lack exposure to safety equipment, first aid, or labor protection regulations, thus they have a greater probability of getting injured or developing occupational diseases.

The situation is also aggravated by a shortage of education and skill-building opportunities. Numerous workers in the unorganized sector receive limited formal education, limiting their chances of finding higher-paying employment or moving to the organized sector. The lack of skill development opportunities specific to their needs holds them back in low-level, labour-oriented employment with limited economic mobility.

Moreover, the COVID-19 pandemic has highlighted the deep vulnerabilities of unorganized workers. Mass layoffs, migration crises, and the absence of financial support during lockdowns demonstrated the precarious nature of employment in this sector. The pandemic-induced economic slowdown further pushed many workers into poverty, emphasizing the urgent need for reforms to protect their livelihoods.

### LIMITATIONS OF THE STUDY

The study is under taken to the Tirupur district.

1. The survey has been conducted only with the district of the Tirupur
2. Sample size in limited to 120 respondents.
3. The result of the analysis made in this study in fully based on the answer given by the respondents.

### SCOPE OF THE STUDY

- **Challenges:** Examines major issues such as job insecurity, low wages, lack of benefits, and poor working conditions. Analyses the impact of workplace exploitation and long working hours.
- **Impact:** Evaluates the financial instability faced by workers due to irregular income. Assesses the role of social discrimination in employment opportunities. Studies the effect of unorganized employment on families and communities.



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- **Legal and Policy Framework:** Reviews existing labour laws and their effectiveness in protecting unorganized workers. Identifies gaps in policy implementation and enforcement.
- **Role of Government and NGOs:** Analyses government initiatives for improving working conditions and providing social security. Examines the contribution of NGOs in skill development and worker welfare.
- **Possible Solutions and Recommendations:** Suggests policy reforms to ensure fair wages and job security. Explores ways to improve access to healthcare, financial support, and education. Recommends strategies to formalize informal employment and enhance workers' rights.

### II. RESEARCH METHODOLOGY

#### Data Collection

Information was gathered from primary and secondary sources.

- The primary data was collected freshly and through specially designed questionnaire. For the purpose of collection of primary data. The questionnaire was filled by the respondent.
- Information that already exists was gathered from many sources, such as books, research article journals, magazines, and websites.

#### Research Design

This descriptive study analyzes challenges faced by unorganized sector workers in Tirupur City using surveys, structured questionnaires, and interviews. Purposive sampling ensures diverse representation, supplemented by secondary data. Quantitative and qualitative analysis, including percentage analysis and correlation, will be conducted. Ethical considerations, including confidentiality and informed consent, are prioritized.

#### AREA OF THE STUDY

The area of the study focuses on Tirupur City.

#### SAMPLE SIZE

The sample are collected in the various places in Tirupur. Data was collected from 120.

#### STASTICIAL TOOLS

The various tools and techniques used to analyse the data are given below

1. Simple Percentage Analysis
2. Ranking
3. Chi-Square

### III. REVIEW OF LITERATURE

#### Ghosh and Sharma (2021)<sup>1</sup>

Highlight the crucial role of mobile banking and digital payments in improving financial access for informal workers. These digital tools enable workers to securely manage their earnings, make transactions, and save money without relying on informal credit sources, which often come with high interest rates and financial risks. However, to maximize these benefits, expanding digital financial literacy programs is essential. Many informal workers face challenges in using digital platforms due to a lack of awareness or technical skills. By promoting financial education and training, workers can confidently navigate digital banking systems, ensuring greater financial security and inclusion. Strengthening these initiatives can empower informal workers, reduce economic vulnerability, and foster long-term financial independence.

#### Ghose (2020)<sup>2</sup>

Rising automation and digitalization are restructuring the labour market, with employment in the informal economy being no exception. The displacement of several conventional low- skill occupations is a result, making it hard for workers with little or no digital skills. In the absence of intervention, the change can see millions losing jobs and having their economic insecurity elevated. For this challenge to be met, digital literacy training programs are vital in preparing



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workers with the appropriate skills to shift to new employment positions forged by technological innovation. Training programs should incorporate education of fundamental digital knowledge, e-financial transactions, and technology-inclined vocational training. Governments, schools, and private industries can join together to offer affordable training courses, thus not leaving behind the informal workers in the changing employment landscape. With digital inclusion and skill acquisition, workers can respond to shifting employment patterns and gain improved prospects in the digital economy.

<sup>1</sup> **Ghosh, A., & Sharma, R. (2021).** The Role of Mobile Banking and Digital Payments in Financial Inclusion of Informal Workers. *Journal of Financial Inclusion and Development*, 18(3), 45-62.

<sup>2</sup> **Ghose, P. (2020).** The Impact of Automation and Digitalization on Informal Employment: Challenges and Opportunities. *Journal of Labour Economics and Development*, 15(2), 78-95.

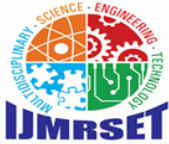
**Awasth (2019)<sup>3</sup>**

Most informal workers reside in poorly overcrowded slums with limited access to basic services like clean water, appropriate sanitation, and decent housing. Poor conditions of living not only impact their health and well-being but also create economic and social instability. Unaffordable housing leaves workers no option but to live in poor and unsanitary conditions, making them prone to diseases and environmental disasters. This problem can be addressed through specific affordable housing projects that offer safe, clean, and affordable places to live for informal workers. Governments need to invest in low-cost housing schemes, improve current slums, and provide basic facilities such as sanitation and access to clean drinking water. Further, policies offering financial assistance towards home ownership or rental subsidies can enhance housing stability. By giving informal workers a priority for improved living conditions, policymakers can improve their quality of life, minimize health risks, and make the urban environment more sustainable.

<sup>3</sup> **Awasth, R. (2019).** Housing Challenges and Living Conditions of Informal Workers: The Need for Policy Intervention. *Journal of Urban Development and Social Policy*, 12(4), 55-72.

### DEMOGRAPHIC PROFILE OF THE RESPONDENTS

AGE	FREQUENCY	PERCENTAGE
Below 18	19	15.8
18 to 30	34	28.3
31 to 45	35	29.2
Above 45	32	26.7
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
GENDER	FREQUENCY	PERCENT
Male	63	52.5
Female	57	47.5
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
EDUCATIONAL QUALIFICATION	FREQUENCY	PERCENT
No Formal Education	23	19.2
Primary	27	22.5
Secondary	29	24.2
Higher education	21	17.5
Graduate or above	20	16.7



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<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
<b>NATURE OF WORK</b>	<b>FREQUENCY</b>	<b>PERCENT</b>
Domestic	24	20.0
Constructive	28	23.3
Agriculture	25	20.8
Street vending	22	18.3
Newspaper vending	21	17.5
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
<b>YEARS OF EXPERIENCE IN THE SECTOR</b>	<b>FREQUENCY</b>	<b>PERCENT</b>
Less than 1 year	26	21.7
1-5 years	31	25.8
6-10 years	32	26.7
More than 10 years	31	25.8
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
<b>MONTHLY INCOME BRACKET</b>	<b>FREQUENCY</b>	<b>PERCENT</b>
Below ₹5000	34	28.3
₹5,001 - ₹10,000	30	25.0
₹10,001 - ₹15,000	28	23.3
₹15,001 - ₹20,000	17	14.2
Above ₹20,000	11	9.2
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
<b>TYPE OF HOUSING ARRANGEMENT</b>	<b>FREQUENCY</b>	<b>PERCENT</b>
Rented accommodation	35	29.2
Own house	26	21.7
Shared accommodation	27	22.5
Temporary or makeshift housing	22	18.3
Homeless	10	8.3
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>
<b>EXPERIENCE OF WORKPLACE VERBAL ABUSE OR HARASSMENT</b>	<b>FREQUENCY</b>	<b>PERCENT</b>
Never	18	15.0
Rarely	23	19.2
Sometimes	30	25.0



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Often	27	22.5
Always	22	18.3
<b>TOTAL</b>	<b>120</b>	<b>100.0</b>

### IV. TYPE OF HOUSING ARRANGEMENT

#### INTERPRETATION:

It is clear from the above table that 29 percent of the respondents live in rented accommodation, followed by 22 percent in shared accommodation, 21 percent in own houses, 18 percent in temporary or makeshift housing, and 8 percent are homeless, highlighting diverse housing situations among the unorganized sector workers in Tirupur city.

**Most (29 percent)** of the respondents reside in rented accommodation.

### EXPERIENCE OF WORKPLACE VERBAL ABUSE OR HARASSMENT

#### INTERPRETATION:

The above table shows that 25 percent of the respondents have sometimes experienced verbal abuse or harassment at the workplace, followed by 22 percent who reported it often, 19 percent who experienced it rarely, 18 percent who faced it always, and 15 percent who have never encountered such issues.

**Most (25 percent)** of the respondents have sometimes experienced verbal abuse or harassment at their workplace.

### RANKING TOWARDS PRIMARY REASON FOR CHOOSING EMPLOYMENT IN THE UNORGANIZED SECTOR

Factors	Total Score	Average Score	Rank
Lack of formal education	4920	41.00	6
Lack of job opportunities in the organized sector	4930	41.08	5
Family tradition	4885	40.71	7
Better flexibility	5022	41.85	3
Work preference	5027	41.89	2
Lack of awareness	4984	41.53	4
Better income prospects	5392	44.93	1

#### INFERENCE:

From the above table shows that the ranking towards primary reason for choosing employment in the unorganized sector 'Better income prospects' at first with the highest mean score 44.930, followed by 'Work preference' at followed by second with the mean score 41.890, 'Better flexibility' at third with the mean score 41.850, 'Lack of awareness' with the mean score 41.530, 'Lack of job opportunities in the organized sector' at fifth with the mean score 41.080, 'Lack of formal education' at sixth with the mean score 41.000, and finally 'Family tradition' at seventh with the mean score 40.710.



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### V. CHI-SQUARE ANALYSIS

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between age group and awareness of government schemes for unorganised sector workers

**Alternative Hypothesis (H<sub>a</sub>):** There is a significant relationship between age group and awareness of overnment schemes for unorganised sector workers

#### AGE GROUP AND AWARENESS OF GOVERNMENT SCHEMES FOR UNORGANISED SECTOR WORKERS

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2- sided)
Pearson Chi-Square	24.237 <sup>a</sup>	6	.000
Likelihood Ratio	23.414	6	.001
Linear-by-Linear Association	8.020	1	.005
N of Valid Cases	120		
a. 1 cells (8.3percent) have expected count less than 5. The minimum expected count is 3.64.			

#### INFERENCE:

From the above table it is clear that the Pearson Chi-Square value is 24.237 with a significance value of 0.000, which is less than the standard significance level of 0.05. Therefore, the null hypothesis (H<sub>0</sub>) is rejected, and the alternative hypothesis (H<sub>a</sub>) is accepted. This indicates that there is a significant relationship between age group and awareness of government schemes for unorganised sector workers.

### VI. FINDINGS

- Most (29 percent) of the respondents belong to the age group of 31 to 45 years.
- Majority (53 percent) of the respondents are male.
- Most (24 percent) of the respondents have completed secondary education.
- Most (23 percent) of the respondents are engaged in constructive work.
- Most (27 percent) of the respondents have 6–10 years of experience in the unorganized sector.
- Most (28 percent) of the respondents earn a monthly income of below ₹5000.
- Most (29 percent) of the respondents reside in rented accommodation.
- Most (25 percent) of the respondents have sometimes experienced verbal abuse or harassment at their workplace.
- The top reason for working in the unorganized sector was better income prospects (Mean = 44.930), followed by work preference (41.890), flexibility (41.850), lack of awareness (41.530), and limited job opportunities in the organized sector (41.080). Lower ranks included lack of formal education (41.000) and family tradition (40.710).
- There is a significant relationship between age group and awareness of government schemes for unorganized sector workers

### VII. SUGGESTIONS

1. Government should increase awareness programs on welfare schemes for unorganized sector workers.
2. Employers must ensure the provision of basic amenities such as drinking water and clean restrooms.





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3. Formal grievance redressal mechanisms should be established at the workplace.
4. Periodic breaks during work hours must be mandated and monitored for worker well-being.
5. Financial literacy programs should be introduced to help workers manage health and wage-related expenses.

### VIII. CONCLUSION

The research on unorganized sector workers in Tirupur City highlights significant social, economic, and occupational challenges affecting their well-being and job satisfaction. A majority face verbal abuse and harassment, with complaints often unheard due to inadequate redressal mechanisms. Poor workplace amenities and long working hours without proper breaks take a toll on workers' physical and mental health. Healthcare is a major concern, as most workers pay medical expenses out of pocket and lack awareness of government support schemes. Financial instability is prevalent, with delayed wage payments forcing them to cut down on essentials. Many workers express dissatisfaction with irregular schedules, underscoring the need for structured work hours and employer accountability. Key challenges include limited access to social security, job insecurity due to a lack of contracts, and unsafe working conditions. Many workers believe that skill training would enhance job prospects, and the study identifies links between age, education, and perceptions of job improvement strategies. The findings call for comprehensive reforms, including policy interventions, skill development programs, and awareness campaigns. A collaborative effort from the government, NGOs, and employers is essential to create a safer, more secure, and empowering work environment for unorganized sector workers in Tirupur City.

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